INTRODUCTION TO AGRIBUSINESS

Agri-business as a concept was born in Harvard University in 1957 with the publication of a book “A concept of Agri-business”, written by John David and A. Gold Berg. It was introduced in Philippines in early 1966, when the University of the Philippines offered an Agri-business Management (ABM) programme at the under-graduate level. In 1969, the first Advanced Agri-business Management seminar was held in Manila.

Definition of Agri-business:

“Agri-business is the sum total of all operations involved in the manufacture and distribution of farm supplies, production activities on the farm, storage, processing and distribution of farm commodities and items made from them” (John David and Gold Berg)

Agri-business involves three sectors:

1. Input sector: It deals with the supply of inputs required by the farmers for raising crops, livestock and other allied enterprises. These include seeds, fertilizers, chemicals, machinery and fuel.

2. Farm sector: It aims at producing crops, livestock and other products.

3. Product sector: It deals with various aspects like storage, processing and marketing the finished products so as to meet the dynamic needs of consumers.

Therefore, Agribusiness is sum total of all operations or activities involved in the business of production and marketing of farm supplies and farm products for achieving the targeted objectives.

Importance of Agri-business:

1. It deals with agricultural sector and also with the portion of industrial sector, which is the major source of farm inputs like fertilizers, pesticides, machines, processing and post-harvest technologies.

2. It suggests and directs the government and private sectors for development of sub sectors.

3. It contributes a good part of the national economy.

Dimensions of Agri-business:
1. It deals with different components of both agricultural and industrial sector, their inter-dependence and influence of one sector on other.

2. It deals with decision making process of farm either private or government in relation to production and selling aspects.

3. It deals with strengths and weaknesses of a project and thereby their viability in competing enterprises.

Agri-business is always market oriented. The Agribusiness sectors contribute over 60% of Sub-Saharan Africa economies and employ over 70% of the population in most developing countries. This makes it necessary to understand the management of people in agribusiness sectors. This course borrows heavily from Human Resource principles studied in other business courses.

Human Resource Management (HRM) is a relatively new approach to managing people in any organisation. People are considered the key resource in this approach. It is concerned with the people dimension in management of an organisation. Since an organisation is a body of people, their acquisition, development of skills, motivation for higher levels of attainments, as well as ensuring maintenance of their level of commitment are all significant activities. These activities falling the domain of HRM.

Human Resource Management is a process, which consists of four main activities, namely, acquisition, development, motivation, as well as maintenance of human resources.

**NATURE OF HUMAN RESOURCE MANAGEMENT**

The nature of the human resource management has been highlighted in its following features:

1. **Inherent Part of Management:**

   Human resource management is inherent in the process of management. This function is performed by all the managers throughout the organisation rather that by the personnel department only. If a manager is to get the best of his people, he must undertake the basic responsibility of selecting people who will work under him.
2. Pervasive Function:

Human Resource Management is a pervasive function of management. It is performed by all managers at various levels in the organisation. It is not a responsibility that a manager can leave completely to someone else. However, he may secure advice and help in managing people from experts who have special competence in personnel management and industrial relations.

Basic to all Functional Areas:

Human Resource Management permeates all the functional area of management such as production management, financial management, and marketing management. That is every manager from top to bottom, working in any department has to perform the personnel functions.

People Centered:

Human Resource Management is people centered and is relevant in all types of organization. It is concerned with all categories of personnel from top to the bottom of the organization. The broad classification of personnel in an industrial enterprise may be as follows: (i) Blue-collar workers (i.e. those working on machines and engaged in loading, unloading etc.) and white-collar workers (i.e. clerical employees), (ii) Managerial and non-managerial personnel, (iii) Professionals (such as Chartered Accountant, Company Secretary, Lawyer, etc.) and non-professional personnel.

Personnel Activities or Functions:

Human Resource Management involves several functions concerned with the management of people at work. It includes manpower planning, employment, placement, training, appraisal and compensation of employees. For the performance of these activities efficiently, as separated apartment known as Personnel Department is created in most of the organizations.
Continuous Process: Human Resource Management is not a one shot ‘function’. It must be performed continuously if the organizational objectives are to be achieved smoothly.

Based on Human Relations:

Human Resource Management is concerned with the motivation of human resources in the organization. The human beings can’t be dealt with like physical factors of production. Every person has different needs, perceptions and expectations. The managers should give due attention to these factors. They require human relations skills to deal with the people at work. Human relations skills are also required in training performance reappraisal, transfer and promotion of subordinates.

Personnel Management VS Human Resource Management:

1. Personnel management is a traditional approach of managing people in the organization. Human resource management is a modern approach of managing people and their strengths in the organization.

2. Personnel management focuses on personnel administration, employee welfare and labor relation. Human resource management focuses on acquisition, development, motivation and maintenance of human resources in the organization.

3. Personnel management assumes people as a input for achieving desired output. Human resource management assumes people as an important and valuable resource for achieving desired output.

4. Under personnel management, personnel function is undertaken for employee's satisfaction. Under human resource management, administrative function is undertaken for goal achievement.
5. Under personnel management, job design is done on the basis of division of labor. Under human resource management, job design function is done on the basis of group work/team work.

6. Under personnel management, employees are provided with less training and development opportunities. Under human resource management, employees are provided with more training and development opportunities.

7. In personnel management, decisions are made by the top management as per the rules and regulation of the organization. In human resource management, decisions are made collectively after considering employee's participation, authority, decentralization, competitive environment etc.

8. Personnel management focuses on increased production and satisfied employees. Human resource management focuses on effectiveness, culture, productivity and employee's participation.

9. Personnel management is concerned with personnel manager. Human resource management is concerned with all level of managers from top to bottom.

10. Personnel management is a routine function. Human resource management is a strategic function.

**OBJECTIVES OF HUMAN RESOURCE MANAGEMENT**

The basic objective of human resource management is to contribute to the reallocation of the organizational goals. However, the specific objectives of human resource management are as follows:

1. To ensure effective utilization of human resources, all other organizational resources will be efficiently utilized by the human resources.

2. To establish and maintain an adequate organizational structure of relationship among all the members of an organization by dividing of organization tasks into functions, positions and jobs, and by defining clearly the responsibility, accountability, authority for each job and its relation with other jobs in the organization.
3. To generate maximum development of human resources within the organization by offering opportunities for advancement to employees through training and education.

4. To ensure respect for human beings by providing various services and welfare facilities to the personnel.

5. To ensure reconciliation of individual/group goals with those of the organization in such a manner that the personnel feel a sense of commitment and loyalty towards it.

6. To identify and satisfy the needs of individuals by offering various monetary and non-monetary rewards.

In order to achieve the above objectives, human resource management under takes the following activities:

Human Resource Planning, i.e., determining the number and kinds of personnel required to fill various positions in the organization.

(i) Recruitment, selection and placement of personnel, i.e., employment function.

(ii) Training and development of employees for their efficient performance and growth.

(iii) Appraisal of performance of employees and taking corrective steps such as transfer from one job to another.

(iv) Motivation of workforce by providing financial incentives and avenues of promotion.

(v) Remuneration of employees. The employees must be given sufficient wages and fringe benefits to achieve higher standard of living and to motivate them to show higher productivity.

(vi) Social security and welfare of employees.
FUNCTIONS OF HUMAN RESOURCE MANAGEMENT.

The main functions of human resource management are classified into two categories:

(a) Managerial Functions and (b) Operative Functions

Managerial Functions

Following are the managerial functions of Human Resources Management.

Planning:

The planning function of human resource department pertains to the steps taken in determining in advance personnel requirements, personnel programmers, policies etc. After determining how many and what type of people are required, personnel manager has to devise ways and means to motivate them.

Organization:

Under organization, the human resource manager has to organize the operative functions by designing structure of relationship among jobs, personnel and physical factors in such away so as to have maximum contribution towards organizational objectives. In this way a personnel manager performs following functions:

   a. Preparation of taskforce;
   b. allocation of work to individuals;
   c. integration of the efforts of the task force;
   d. Coordination of work of individual with that of the department.

Directing

Directing is concerned with initiation of organized action and stimulating he people to work. The personnel manager directs the activities of people of the organization to get its function performed properly. A personnel manager guides and motivates the staff of the organization to follow the path laid down in advance.
Controlling;

It provides basic data for establishing standards, makes job analysis and performance appraisal, etc. All these techniques assist in effective control of the qualities, time and efforts of workers.

(b) Operative Functions:

The following are the Operative Functions of Human Resource Management

1. **Procurement of Personnel**: It is concerned with the obtaining of the proper kind and number of personnel necessary to accomplish organization goals. It deals specifically with such subjects as the determination of man power requirements, their recruitment, selecting, placement and orientation, etc.

2. **Development of Personnel**: Development has to do with the increase through training, skill that is necessary for proper job performance. In this process various techniques of training are used to develop the employees. Framing a sound promotion policy, determination of the basis of promotion and making performance appraisal are the elements of personnel development function.

3. **Compensation to Personnel**: Compensation means determination of adequate and equitable remuneration of personnel for their contribution to organization objectives. To determine the monetary compensation for various jobs is one of the most difficult and important function of the personnel management. A number of decisions are taken into the function, viz., job-evaluation, remuneration, policy, inventive and premium plans, bonus policy and co-partnership, etc.

4. **Maintaining Good Industrial Relation**: Human Resource Management covers a wide field. It is intended to reduce strife’s, promote industrial peace, provide fair deal to workers and establish industrial democracy. It the personnel manager is unable to make harmonious relations between management and labor industrial unrest will take place and millions of man-days will be lost. If labour management relations are not good the moral and physical condition of the employee will suffer, and it will be a loss to an organization.
5. Record Keeping: In record-keeping the personnel manager collects and maintains information concerned with the staff of the organization. It is essential for every organization because it assists the management in decision making such as in promotions.

**IMPORTANCE OF HUMAN RESOURCE MANAGEMENT**

Human Resource Management has a place of great importance.

(a) It helps management in the preparation adoption and continuing evolution of personnel programs and policies.
(b) It supplies skilled workers through scientific selection process.
(c) It ensures maximum benefit out of the expenditure on training and development and appreciates the human assets.
(d) It prepares workers according to the changing needs of industry and environment.
(e) It motivates workers and upgrades them so as to enable them to accomplish the organization goals.
(f) Through innovation and experimentation in the fields of personnel, it helps in reducing casts and helps in increasing productivity.

Thus, the role of Human Resource Management is very important in an organization and it should not be undermined especially in large-scale enterprises. It is the key to the whole organization and related to all other activities of the management, i.e., marketing, production, finance etc.

Human Resource Management is concerned with the managing people as an organizational resource rather than as factors of production. It involves a system to be followed in business firm to recruit, select, hire, train and develop human assets. It is concerned with the people dimension of an organization. The attainment of organizational objectives depends, to agree at extent, on the way in which people are recruited, developed and utilized by the management.
Therefore, proper co-ordination of human efforts and effective utilization of human and others material resources is necessary.

**FUTURE CHALLENGES BEFORE THE MANAGERS**

Because of continuous changing socio-economic, technological and political conditions, the human resource managers of the future shall have to face more problems in the management of labour. The challenges include:

1. **Increasing Size of Work force:**
   The size of organizations is increasing. A large number of multinational organizations have grown over the years. The number of people working in the organization has also increased. The management of increased work force might create new problems and challenges as the workers are becoming more conscious of their rights.

2. **Increase in Education Level:**
   The governments of various countries are taking steps to eradicate illiteracy and increase the education level of their citizens. Educated consumers and workers will create very tough task for the future managers.

3. **Technological Advances:**
   With the changes coming in the wake of advanced technology, new jobs are created and many old jobs become redundant. In the competitive world of today, industry cannot hope to survive for long with old technology. The problem of unemployment resulting from modernization will be solved by properly assessing man power needs and training of redundant employees in alternate skills.

4. **Changes in Political Environment:**
   There may be greater Government’s interference in business to safeguard the interests of workers, consumers and the public at large. Government’s participation in trade, commerce and industry will also pose many challenges before management. The Government may restrict the scope of
private sector in certain areas in public interest. It does not mean chances of co-operation between the Government and private sector are ruled out.

5. **Increasing Aspirations of Employees:**
   Considerable changes have been noted in the worker of today in comparison to his counterpart of 1950s. The workers are becoming more aware of their higher level needs and this awareness would intensify further in the future workers.