

## STRATEGIES REGARDING PRODUCTION AND HUMAN RESOURCES DEVELOPMENT IN INTEGRATED FARMING UNITS

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### Abstract

*Developing a strategy is a process which requires solving many problems, and competence, authority and responsibility of the ones involved in such task must be strongly manifested, in close connection, taking in account the consequences for the future of S.C. AgroComplex Lunca Pașcani S.A. Activity orientation of agricultural exploitation S.C. AgroComplex Lunca Pașcani S.A. for a certain period of time, by strategy, suppose that, previously, to be know the current situation of the firm, the obtained results, its financial potential and the place of the firm among the similar enterprises. The targets will be correlated with the real possibilities of exploitation, with internal and external factors, from the last ones, market having a decisive role. In fact must be known, for substantiate the strategic variants, the size and structure of demand, its tendencies, real and potential competitors, their offer, insurance market inputs and consumers, the last ones as bearers of demand.*

**Key words:** strategies, human resources, agricultural yields, SWOT matrix

### MATERIAL AND METHOD

For completing the paper was utilised a case study, as a major research strategy and for evaluation of enterprise performance level was utilised a diagnosis analysis focused on firm's history, activity domain, patrimony, social capital, production and managerial structural organization, production structure etc. For gathering the data were utilised specific techniques and instruments for qualitative research, analysis of internal documents and discussions with employees on departments and for elaboration of strategies was utilised the SWOT matrix.

### RESULTS AND DISCUSSIONS

The studied enterprise S.C. Agrocomplex Lunca Pașcani S.A. is representative regarding the ownership, exploitation and structure for the agriculture in the Moldova area. The company collaborates with other Romanian agricultural units for seed production (Pioneer Hi-Bred Seeds Agro SRL and KWS Seeds SRL), with University of Agricultural Sciences and

Veterinary Medicine "Ion Ionescu de la Brad" from Iași for completing the training period of the students. Together with the university employees, is working for research and development of aspects connected with plants crop technology, animal rearing and also for elaboration of modern technologies for agricultural products processing.

Nowadays the society exploits 3246 ha land for which exist long term contracts for lease and concession, from which 3061 ha of arable soil and the rest of 185 ha is used as pastureland. The society is also involved in dairy cattle rearing with a number of around 545 heads and in the rearing of sheep for milk with a number of 779 heads. As service providers the enterprise owns a modernized bakery in according with the European Union demands which was in use starting with 15<sup>th</sup> of April 2005, with a daily production of 13000 breads. The incomes of the society came in a rate of 60% from vegetal production, 25% from animal husbandry production, 7% from commercial department and 8% from service providing. The geographical area of the market served by the products and services of the firm is represented by Pașcani City mainly for all the agricultural and foodstuffs products

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and services, then the rest of the county, other localities from the bordering counties and a part of other Romania's counties.

The concern about providing safe and quality products is worldwide recognized from December 2005 when S.C. AgroComplex Lunca Pașcani S.A. obtained TUV CERT certification for management system in according with EN ISO 9001:2001 and certification of HACCP concept. System recertification from 2008 in according with EN ISO 9001:2008 and EN ISO 22000:2005, represent a good guarantee for S.C. AgroComplex Lunca Pașcani S.A., for the safety and quality of the foodstuff processed there. This thing is also mentioned in the Environmental Policy of the company. Those ones lead in 2006 at obtaining the certification in conformity with the international standard EN ISO, and from 2010 in according with EN ISO14001:2009.

In the case of S.C. AgroComplex Lunca Pașcani S.A. management is assured by high qualified and experienced personnel. To achieve the targets S.C. AgroComplex Lunca Pașcani S.A. uses qualified and nonqualified labour force in according with the specific activity requests. Labour force consists in employees with individual employment contract for an indefinite period and seasonal workers with fixed-term employment contract.

Sources of labour force are the bordering villages and localities situated at a distance of 3-20 km, but also labour force recruited from Moldova as seasonal workers. The personnel structure is represented by tractor and agricultural machines operators, animal caretakers, drivers, bakers, engineers and auxiliary personnel, as it is shown in figure 1.

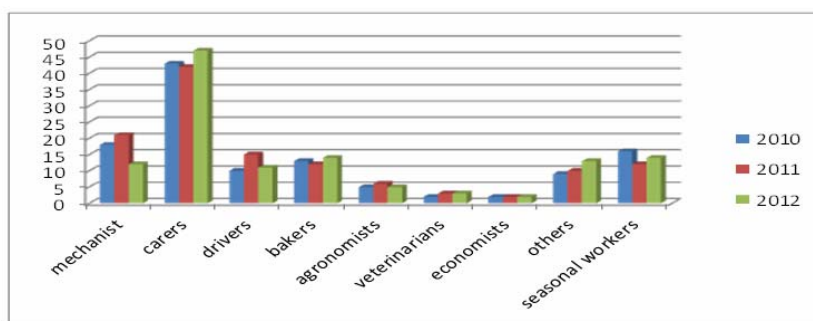


Fig. 1 Personnel structure on categories of employees

Manager and administrator of the company assured to each employee good working conditions, a proper and adequate training for working security and safety, especially as theoretical lessons, suitable to the job, both at employment and during working period, but also when a new working equipment was achieved or when the already existed equipments were modified.

Each employee works in according with its experience and job description, following

the instructions ordered by the society manager, so to be able to avoid the dangerous situations which could endanger its own safety or the security of co-workers.

Quantitative analysis of labour force was realised in dynamics by an ensemble of specific indicators such as: number of employees at a certain moment, personnel average number, and maximum admissible number of personnel [1] (table 1).

Table 1 Dynamics of personnel number per total and categories

Nr. ctr.	Categories of personnel	Realizations in the previous period		Actual period			
		Nr.	%	Estimated		Realised	
				Nr.	%	Nr.	%
1	Personnel, from which:	107	100	112	100	110	100
	- directly productive	84	78.5	86	76.7	86	78.1
	- indirectly productive	23	21.5	26	23.3	24	21.9
2	Turnover (thousands RON)	12,956	-	13,102	-	13,062	-

Maximum number of employees, the upper limit in which a company could be enrolled for an efficient utilization of labour factor is:

$$N_{\max} = \frac{N_0 \times I_q}{100} = \frac{110 \times 107}{100} = \frac{11770}{100} = 117$$

Dynamics of the number of staff per total and categories have the role to enlighten the dimension of technical-economical potential connected with this production factor, in according with the previous realisations and the default necessary. In consequence will be established the absolute modification ( $\Delta N$ ), per total personnel and categories.

$$\Delta N = N_1 - N_0 = 110 - 86 = 24 \text{ in which:}$$

$N$  – number of personnel (average or scripting) realised (1) and the comparison one (0).

Comparative with the previous period it is estimated an increase of employees especially in the directly productive department in the conditions of an increasing of turnover and increasing of economical efficiency.

Analysis of personnel structure may concern its grouping function of job, age, total work experience, stage for appreciation of situation at a certain moment.

For productive and service operating personnel, dynamics could be tracked in correlation with the evolution of labour productivity, establishing in this way a relative change based on the formula:

$$N - N \times I_q = 112 - (107 \times 1.02) = 112 - 109.1 = 2.9$$

Comparatively with the previous period was estimated:

$$112 - 86 \times \frac{13102}{12956} = 112 - \frac{1126772}{12956} = 112 - 87.3 = 24.7$$

Realizations are the following:

$$110 - 86 \times \frac{13062}{12956} = 110 - \frac{1123332}{12956} = 110 - 86.7 = 23.3$$

As regarding the fundamentation strategies of production on a long-term S.C. AgroComplex Lunca Pașcani S.A wishes a geographical expansion in county, in which is already known, and to penetrate on new markets and a significant increasing of activity, and also, in a natural way, of selling's and incomes.

Method of SWOT analysis (*name came from the initials, in English language, of the words: Strengths – strong points, Weaknesses – weak points, Opportunities – opportunities, Threats – threats or dangers, and it is an important method in strategic management*), from the perspective of strategies at firm level offer a complete image of economic systems through the concomitant studies of internship characteristics and external influences exercised on them, taking in consideration also the positive and negative variables [4].

With the help of SWOT matrix (Strengths, Weaknesses, Opportunities, Threats) is given a general frame which allow to define some alternative strategies, on the basis of a combined analysis for S.C. AgroComplex Lunca Pașcani S.A and external environment. Sometimes simple analysis of the four specific elements allows the achievement of information regarding management and other useful data. The main elements of matrix, respectively presentation of strong and weak points is shown in table 2.

Table 2 Main elements of SWOT matrix (S and W – strong and weak points) after the strategy was implemented

<i>Strong points - S</i>	<i>Weak points - W</i>
High quality products	High prices
Good relationships with distributors, customers	Highly perishable products
A very good exhibition	A low recognition at national level
Promotional prices	A weak local market
Well-known brand	Reduced storage capacity
Strong advertising campaign	High interest on loan
Good distribution	Poor capitalization of production
Well trained and highly qualified personnel	
Wide range of products	
Strong brand	
Capacity of supplying the demands	
Efficient management	
Insurance of production	
Economic and financial situation	
Organizational structure organization chart	
Labour force and equipments	

Working way using SWOT method is as follows: - (intersection of strong points with opportunities) will be taken the decision to invest in intensifying the strong points, to capitalize at maximum the opportunities; - (intersection of weak points with opportunities) will be establish if the respective opportunities are quite important for investing in their transformation from weak points in strong points, if yes will be utilised for

this another strong point or another opportunity; - (intersection of strong points with threats) will be establish a realistic plan so the threat to be overcome on their own [2].

At the end of analysing the internship and external factors from SWOT matrix were identified the main strategic ways which will be mandatory for the company (table 3).

Table 3 Secondary elements of SWOT matrix (O – opportunities and T – threats) after strategy implementation

<i>Opportunities - O</i>	<i>Threats - T</i>
Wide range of consumers	Inflation
Advanced equipments	Legislation
Distribution places	Competition
Field of activity	Fluctuation of RON face to the main currencies
Integration in European Union	Influence of environment factors
Lifestyle of inhabitants	Inhabitants standard of living
Attitude towards labour of population	Rules imposed by government
Consumers loyalty	Loans validity
Unemployment rate	Interest rates
Productivity level	Inflation rate
Number of brands	Fluctuation of prices
Influence of production technologies	Fiscal policy

After crossing the above presented elements could be taken the most important strategies such as: production increase through a highly productivity due to investment; utilisation of additional labour force to develop new production facilities; increasing capitalization efficiency of milk and bread production by selling it close to production area; finding of additional income sources or liquidation of some assets which produce under the breakeven.

The final purpose of SWOT analysis is to find new strategies, divided into different groups. So, the SO strategy propose intensifying of strong points for a maximum capitalization of opportunities, strategy WO suggests transformation of weak points in strong points, strategy ST indicates the company forces which are able to overcome the threat and strategy WT propose identification of some solutions which will avoid the threat or a defensive solution. Regarding the diversification of products these one could be applied on more levels [3].

One of the approached strategies relates to **renewing of products**. We recommend that the specialists from S.C. AgroComplex Lunca Pașcani S.A. to be in a permanent search of the ideal formula which must satisfy the most exigent tastes, improving continuously even the already successful recipes.

As regarding the human resources strategy, during time in the company, have been developed and applied different stimulation techniques for personnel and employees, reaching at the same conclusion: the best results are obtained when the working environment is a motivating one, not when are taken punctual measures.

In a first stage will be adjusted the rules of company manager, which aim to bring employees closer one to other and to create friendly and motivating environment. The most important rules are: *Notification of employees about the long and medium term development plans of company, Existence of feedback, Maintaining of the employees on the positions where they feel better, Rewarding of performances, Introduction of original grounds for motivation of employees* such as: the best employee in a certain period of time, monthly or yearly (employee of the month/employee of the year), *Creating a family feeling* at working place fact which increase significantly the loyalty of employees face to firm, *Conflict resolution between employees* when appears despite the competition between them. Represent an efficient method of outturn increasing, but in some cases can leave employees with repercussions image.

Continuous training of employees is a problem which could be approached from

different angles by more categories of humans, respectively employees. Continuous training is imposed like an indispensable process to be able to resist on labour market, in the context of competitiveness, reduced number of working places, lack of incomes, higher professional requirements of employers. Regarding for the angle of employee, motivation of continuous training could have certain directions function of professional and educational level; for the lower categories is enlightened the need of keeping the working place and for the upper levels the need of professional evolution in accordance with the evolution of professional area in which they are involved. From employer angle, education and motivation of the staff lead to fruitful collaborations for both categories. Following continuous training of an employee benefits will increase both for employee and employer, by achieving experience and in evolution of the labour quality.

This problem must be approached not only by employees and employers but especially by the authorities, through creation of stimulation programs for population towards continuous and diversified education to be able to survive on labour market and to assure qualified personnel for the various professional areas.

## CONCLUSIONS AND PROPOSALS

The activity up to now of S.C. AgroComplex Lunca Pașcani S.A was one of the main factors which contributed at creation of a powerful image. Using the most modern technologies for an industrial rearing of animals into an specialised integrated chain and by cereals processing into a bakery department, firm produce and sell yearly on the national and international market cereal products, dairy milk and bakery products.

Activity orientation of exploitation for a certain period of time, through strategy, presume that previously to be known the real situation of it, the obtained results, its financial potential and the place among the similar exploitations.

We consider that the performance in business of S.C. Agrocomplex Lunca Pașcani S.A. must have four strategic directions as follows:

- first direction must be focused on the investments in animal husbandry which will lead at apparition of new products with a

high utility and which will have an own identity on market;

- second strategic direction implies building up of cereals' warehouses which are mandatory in obtaining a better price for firms' products and especially for corn which will be capitalized in animal husbandry department;

- third strategic direction must be focused on obtaining a superior capitalization of products by their diversification on certain market segments less competed;

- fourth strategic direction must be involved in the development of animal husbandry department for closing the economic circuit on corn sector and other fodders necessary for feeding the animals.

Realization of strategy must be accompanied by the control on aims' achievement and, generally, of the measure in which the strategic variant, hypothetically imagined, and after that implemented is in close connection with reality and succeeded in catching all the various implied factors.

We recommend allocation of all the necessary resources for development, implementation, maintaining and continuous improving of management system which coordinates the production activity, environment preservation, security and health in labour.

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