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PERSONNEL DEVELOPMENT AS A BASIS FOR THE AGRICULTURAL ENTERPRISES' SUCCESS

Abstract

Introduction. At present, under the conditions of science and technique development, personnel have an important role in providing the efficiency of enterprises and development of the national economy in the whole and the agroindustrial complex in particular, where over 3 million people are employed and the share of created national GDP was about 8.2% in 2014. Therefore, the personnel development as the base for achieving a desirable level of competitiveness will create conditions for implementation of modern technical and technological development.

Purpose of this paper is to work out new theoretical and methodological bases and improve existing ones, as well as to offer practical recommendations concerning staff development as an essential condition for improving the competitiveness of agricultural enterprises in the context of Ukraine's integration into the global economic environment.

Results. The article addresses the issue of staff development, conditions of development of the human resources of agricultural enterprises, in particular, in Kyiv region of Ukraine. The agrarian sector in Kyiv region needs high-skilled staff. In 2013, the percentage of workers with higher education was 26%, against 52% in industry and construction. The essence of personnel development at the agricultural enterprises is specified. The types of staff development are classified. The principles of the personnel development are suggested. The main ways for improving the organization and information bases of development of the personnel are determined. The research results provide forecast and recommendations for development of the personnel and enterprises in agriculture, when the competition is strengthening. Those are: designing the methodological estimation; studying general conditions of staff development.

Conclusion. Implementation of the above-mentioned recommendations will enable to react adequately if in the nearest future for any changes occurred.

Keywords: Personnel; Competitiveness; Professional Development; Agricultural Enterprise.

JEL Classification: J50; M12; Q10

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РОЗВИТОК ПЕРСОНАЛУ ЯК ОСНОВА УСПІШНОСТІ АГРАРНОГО ПІДПРИЄМСТВА

Анотація. У статті представлено розроблені авторами теоретико-методологічні засади та практичні рекомендації щодо розвитку персоналу в контексті підвищення конкурентоспроможності сільськогосподарських підприємств. Розкрито й уточнено сутність розвитку персоналу як економічного поняття, здійснено класифікацію його видів, визначено фактори впливу на професійне зростання працівників, запропоновано систему показників та схему аналізу підготовки, перепідготовки і підвищення кваліфікації персоналу.

Висвітлено стан та основні тенденції розвитку персоналу сільськогосподарських підприємств Київської області, встановлено зв'язок між рівнем розвитку працівників і конкурентоспроможністю підприємницьких структур, складено середньостроковий прогноз професійного зростання керівників та спеціалістів.

Ключові слова: персонал; конкурентоспроможність; професійний розвиток; сільськогосподарське підприємство.

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РАЗВИТИЕ ПЕРСОНАЛА КАК ОСНОВА УСПЕШНОСТИ АГРАРНОГО ПРЕДПРИЯТИЯ

Аннотация. В статье представлены разработанные авторами теоретико-методологические основы и практические рекомендации по развитию персонала в контексте повышения конкурентоспособности сельскохозяйственных предприятий. Раскрыта и уточнена сущность развития персонала как экономического понятия, осуществлена классификация его видов, определены факторы влияния на профессиональный рост работников, предложены система показателей и схема анализа подготовки, переподготовки и повышения квалификации персонала.

Отражено состояние и основные тенденции развития персонала сельскохозяйственных предприятий Киевской области, установлена связь между уровнем развития работников и конкурентоспособностью предпринимательских структур, составлен среднесрочный прогноз профессионального роста руководителей и специалистов.

Ключевые слова: персонал; конкурентоспособность; профессиональное развитие; сельскохозяйственное предприятие.

1. Introduction

In accordance with «The Employment Program of Kyiv region for 2013-2017», the advanced renewal of the skilled labor and improving its competitiveness, development of labor potential are specified as the main tasks. At present, only every fifth employee has higher education, at the same time, every eighth manager does not have it. It has a negative impact on competitiveness of agricultural enterprises and their business reputation both in domestic and foreign market. The issue of staff development is topical especially in the field of agriculture, where over 3 million people are employed and the share of GDP is 8.2%. However, the level of personnel development of enterprises is insufficient to provide effective management in conditions of market relations and integration into global economy.

In general, in Ukraine in 2013, the share of personnel of agricultural enterprises with an associate's and bachelor's degree was 16% and 13% – with master's degree, as against 22.5% and 24.6% – in industry, 18.6% and 28.4% – in construction [1]. The most troubled issue regarding personnel is the professional level of managers and specialists, as only a half of them have a higher education degree. The same situation one can observe in Kyiv region known as an advanced industrial and agrarian administrative region. In 2013, according to the GCI (Global Competitiveness Index), Ukraine took only the 76th place in general and the 40th place by the level of higher education and training (local availability of specialized research and training services – 84th; extent of staff training – 92nd) labor market efficiency rate ranked 80th (reliance on professional management – 115th; country capacity to retain talent – 132nd; country capacity to attract talent – 130th; hiring and firing practices – 64th), innovation pillar ranked 64th among 143 countries [2]. The above mentioned data allow specifying the poor competitiveness level of Ukraine and its economy.

2. Brief Literature Review

Plenty of scientific domestic and foreign researches and papers confirm topicality, as well as theoretical and practical importance of personnel development problems of agricultural enterprises. Issues of Ukraine's agriculture sector are described in papers of P. Haidutskyi (2004) [3], M. Malik (2007) [4], O. Shpykuliak (2004) [5]. Works of O. Velychko (2010) [6], V. Diesperov (2007) [7], A. Chykurkova (2012) [8] are devoted to the problems of competitiveness and personnel development, including agricultural companies. The foreign experience in human resource development is presented within works of P. Partington (2002) [9], D. Torrington and L. Hall (2005) [10] etc.

Nonetheless, issues of employees' professional growth are gaining relevance under the conditions of competition strengthening in the context of firms' competitiveness preserving and growth. They require adequate scrutiny. In addition, social and economical essence, types and principles, working out of common methodological approaches in studying personnel development as a prerequisite for ensuring enterprises financial stability and competitiveness, creating proper information and legal support and methods of stimulation of improving workers' professional level have to be specified. It explains the topicality and necessity of the investigation of meaningful theoretical and practical issues regarding staff development and substantiation of its impact on the competitiveness of agricultural enterprises, which is of great importance today.

3. Purpose

To form indices system for analyzing the personnel development level; to detect the personnel development influence on the level of competitiveness of agricultural enterprises; to identify primary areas for improving professional level of workers and for activation of its role in enhancing the competitiveness of agricultural enterprises.

4. Results

Learning and summarizing the works of economists, such principal approaches to the interpretation of personnel development have been identified: first – complex of measurements providing development of workers' skills; second – development focused on company goals; third – a system of the definition of training needs. The ambiguity of definitions makes it difficult to analyze and estimate the level of personnel development.

Therefore, the extended definition of personnel development is offered and determined as the complex system and interrupted operation improving an employees' quality level by means of performing the totality of educational, practical, social, cultural, communicative and motivating measurements aimed at studying, advanced training, development of business skills, social self-development, workers' adaptation to manufacturing changes, taking into account the mission of enterprises. The mentioned definition is prudent, facilitating understanding the economic context of this term and allows characterizing personnel development as a part of the general enterprises' strategy.

For a detailed study of personnel development, one ought to determine its types by classification features: participants' number (individual, collective); time period (current, scheduled); strategy distinctness (expected, unexpected); implementation mode (willing, obligated); target direction (personnel-goal, personnel-method); frequency (permanent, periodical); stipulation (encouraging, operating) of the personnel development.

Being based on the systemic examination of the conditions for the personnel forming of agricultural enterprises, the factors which influence forming, distribution, using and development of staff have been determined and suggested. Macro level consists of the factors' group determining macroeconomic characteristics: forming (a natural outflow of rural population, provision of social and cultural institutions, the living conditions, duration of labor-active period of life); distribution (the level of employment in rural areas, the level of hidden unemployment, supply of qualified workers); using of the personnel (the level of pay, a system of retraining for employees etc). The factors affecting at the micro level should be divided into the following groups: forming (development of the staff planning and marketing, a company image); using (production level and profitability of companies, the level of labor mechanization); personnel development (availability of programs for training and adaptation of the personnel, the level of corporate culture, a corporate idea and promotion of corporate spirit).

When investigating personnel development of agriculture enterprises one ought to take into account the combined effect of factors determining its features: *socio-demographic* (deceleration of the demographic reproduction, aging of employees, a low level of training, retraining, the staff development, activation of labor migration, especially young people); *socio-economic* (insufficient social assurances, a low level of the social infrastructure development, lack of access to recreation resources, imbalance between staff demand and supply); *organizational* (an inadequate level of training, retraining, development of personnel, imperfection of the human resources policy and labor system); *cultural* (lack of Corporate Code in the majority of companies); *legal* (lack of a proper regulatory framework on personnel development).

When analyzing the level of personnel development one should apply the indices system for analysis of the personnel development of business entities divided into groups of assurance, mobility, efficiency of workers use, personnel development costs (Figure 1).

The agrarian sector in Kyiv region needs high-skilled staff. In 2013, the percentage of workers with associate's, bachelor's or master's degree was 26%, as against 52% in industry and construction. At the same time, the part of specialists having a higher education degree made 48% and only every 10th manager and specialist did not have it, in particular: 58% of deputy heads, 22% of line managers, 13% of engineers, 10% of chiefs of staff, 9% engineers-mechanics and 20% of other employees occupying the posts of specialists (Source: Annual report of agriculture enterprises on the number, structure and turnover of employees holding office of managers and specialists, 2010-2013, Kyiv region).

Due to lack of qualified personnel at agricultural enterprises, there is a tendency to reduce the total number of employees. An insignificant number and negligible part of workers (2.4%) had an opportunity to improve their professional level in 2013. The personnel development costs are insignificant, regarding the wage bill, the personnel development costs were less than 1% [1]. Meanwhile, companies are applying effective human

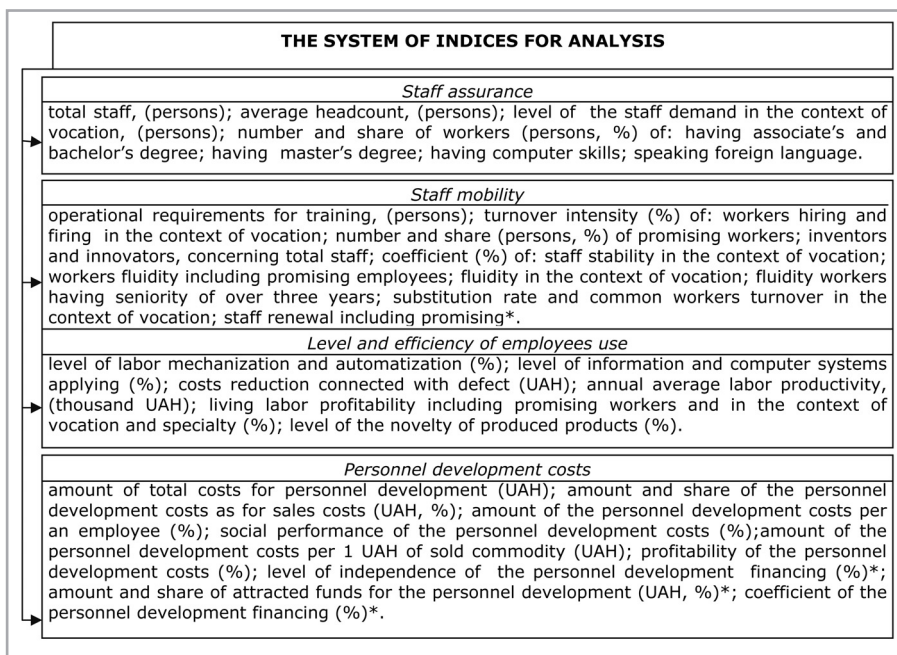


Fig. 1: The system of indices for analyzing development of the agriculture enterprises' personnel

* Offered by V. Chetveryk.

Source: Systematized by V. Chetveryk

resources policy, in particular, an agrarian holding Ltd JV «Nibulon» (location: Tetiivskiy and Pereyaslav-Khmelnytskyi districts of Kyiv region), allocates about 10% of payroll bill for improving workers' knowledge and skills (Source: Author's calculations based at the Companies Report Data). Therefore, such entities dispose high-qualified staff.

During the last five years, the proportion of managers and specialists taking part in refresher courses is still deficient with same level of 2%. It shows that staff have an opportunity to improve their professional skills only once within their employment period (once in 50 years), while in the public sector of Ukraine – once in 12 years. For instance, in Japan the average frequency of improvement of the staff quality characteristics is once in one-two years and in the EU countries – once in three years respectively [11]. Unwillingness of agricultural enterprises to spend money on personnel development is caused by poor financial conditions, the significant share of loss-making companies in Kyiv region – 30% in 2013 (Source: Author's calculations based at the Companies Report Data).

The root cause of low motivation for professional development, low professional mobility and high turnover of staff is low salary. In 2013, the average monthly salary in agricultural sector was UAH 2340 [1]. It was 1.6 times less than in industry. Consequently, the coefficient of fluctuation of managers and specialists of agriculture enterprises in Kyiv region was 58%, including chief zootechnicians – 15%, zooengineers and zootechnicians – 17%, engineers and technicians-mechanics – 14%, economists – 12% (Source: Author's calculations based at the Companies Report Data).

Grouping of companies in Kyiv region was carried out by the integral indication of the personnel development, in order to scrutinize the staff quality, implement the prediction and make managerial well-grounded decisions. In the context of districts enterprises have been divided into three groups, according to the personnel development (first – pre-intermediate: from 2.40 to 4.80 points, second – intermediate: from 4.80 to 7.20 points, third – upper-intermediate: over 7.20 points). The highest personnel development level (9.11 points) was detected at the most competitive companies (7.23 points), and it is the third group (Bilotserkivskiy, Brovarskiy, Boryspilskiy, Volodarskiy, Vyshhrodskiy, Kaharlytskyi, Myronivskiy, Pereyaslav-Khmelnytskyi, Stavyshchenskiy districts) where significant investments are made into development of agricultural sector. Meanwhile, companies in Kyiv region with slow economic growth (Bohuslavskiy,

Ivankivskiy, Kyievo-Sviatoshynskiy, Makarivskiy, Poliskiy, Yahotynskiy districts) have a pre-intermediate level of workers' development (3.83 points), with the level of competitiveness of 2.91 points, which is 2.5 times lower than the results of the third group. The group of companies having an intermediate level consists of enterprises of Baryshivskiy, Borodian-skiy, Vasylkivskiy, Zghurivskiy, Obukhivskiy, Rokytnianskiy, Skvyrskiy, Tarashchanskiy, Tetiivskiy and Fastivskiy districts. As one can observe, the competitiveness level of agricultural enterprises depends on the employees' quality and qualification, the human resources policy, especially concerning improvement of their professional level.

Strong connection between the personnel development and the competitiveness of companies is confirmed by obtained results of correlation and regression analysis. Thus, 68% of the level of competitiveness of enterprises is influenced by the following indicators: the proportion of managers and specialists having a higher education degree, the proportion of perspective managers and specialists, relation of personnel development costs to payroll bill.

While planning and developing strategic programs to increase the professional level of staff, forecast data are to be taken into consideration, in order to form differentiated ways for improvement of staff quality. Therefore, it is necessary to make prediction variants (optimistic, pessimistic) of the personnel development. In Kyiv region the rise of the level of the integral indication of the personnel development of agricultural enterprises is expected (from 5.10 points in 2011 up to 10.20 points in 2017 generally in Kyiv region – optimistic forecast, namely twice, and for crisis (pessimistic) version – almost unchanged). The best activity state under effect of adverse economic trends will be probable for enterprises holding an upper-intermediate level, and the worst – in the companies of: Obukhivskiy district (reduction from 6.20 to 3.34 points), Tetiivskiy district (fall from 6.41 to 3.75 points) and Yahotynskiy district (decrease from 4.15 to 2.63 points).

The modern conceptual approach concerning enhancement of the personnel professional level of agricultural enterprises is to be based on reframing of the personnel development under the conditions of execution of an innovative model of the economic development of the agricultural sector of economics (introduction of advanced methods, approaches to the qualitative renewal of the staff). It requires a clear statement of objectives and the science-based strategy of the human resources development as an integral part of the company's mission aimed at improving the efficiency of enterprises in the agricultural sector of economy in Kyiv region, in particular – at creating the competitiveness of enterprises and taking into account the basic elements such as: analysis of external and internal environment; the personnel development concept (group, individual plans and programs, potential obstacles, setting tasks, previous estimation of the staff professional level, principles and methods); stimulation of the personnel development; summing up available resources and opportunities; external and internal changes and adaptation to them; provisions on staff development; connection with the company's mission.

When setting strategic directions for improving the quality of workers, one should apply a differentiated approach. At enterprises with a pre-intermediate personnel development level, the following modern methods of development of employees are to be introduced: secondment, budding and shadowing. It will allow to decline barriers of the personnel adaptation under changing labour conditions and the work specifics. It is worth using the experience of advanced companies holding foreign

capital, where: workers take part in the implementation of different projects; non-standard tasks are delegated to employees; workers' career is planning etc.

Enterprises keeping an upper-intermediate personnel development level ought to take into account the experience of social companies and to apply a lump-sum premium payment making strategy. For instance, managers having an academic title obtain the bonus of 15-20% of their monthly salary, and at the end of the year – 10% regarding annual earnings, under the conditions of a high professional level of the performance. For example, within 2-3 years promotion is guaranteed for young specialists in case of high-quality performance of their professional duties.

The Key Performance Indices are to be used for stimulation of the personnel development of agricultural enterprises by means of: assistance of managers; the feedback; planning of workers' growth; and reward in accordance with the level of attainment of the set goals (that is 10% for execution of tasks or 20% for overfulfillment of the plan, Figure 2). This approach will allow identifying the bonus and estimating the achieved final outcome, to compare it with dynamics of previous years, and also to improve training management and consultancy of managers and staffing workers of companies in Kyiv region.

5. Conclusions

Establishing the balance between supply and demand of personnel in the context of professional and qualification workers level under the condition of structural changes of the national economy is a necessary prerequisite for ensuring competitiveness of agricultural enterprises. At the same time every fifth employer in Ukraine ascertains imbalance between a professional level of workers and the position they hold, as well as the average frequency of improving personnel professional level in Ukraine is three times lower than in economically developed countries. Personnel development is to be defined as the complex of educational, practical, socio-economic, communicative and motivational measures aimed at studying, improvement of the professional level, gaining business skills, social-self development, estimation of personnel, adaptation of staff to operational changes. Efficiency of personnel development is assured by an interaction and an interconditionality of the mentioned measures and the company's mission.

Investigation of the workers' professional level is to be implemented at three basic stages: preparatory, procedural, final. It is worth using a generalized system of indices for analyzing the personnel development level combining the following blocks of indices: assurance, costs, mobility, efficiency of workers' use, and to apply offered integral indication of personnel development, which consists of two indices groups concerning the personnel professional level and the personnel development costs, for achievement the above-mentioned purpose and providing the comprehensive research approach.

Measures of improving the professional level of workers of enterprises in Kyiv region are to be based on such conceptual principles: concordance between the enterprises development strategy and the strategy of personnel development; implementation of global practices; following basic principles and approaches regarding motivation of employees' development. Stimulation and activation of personnel development of enterprises as a prerequisite for forming their competitiveness and gaining competitive advantages, due to creating the reputation of a social entity, require using lump-sum premium payment; performance related pay; planning career of young specialists based on the high professional level of performance; motivation of improving workers' professional level grounded on Key Performance Indicator; planning expenses on ensuring favorable and safe circumstances for employment; providing transparency of social-labor relations. Introduction of the pro-

RESULTS	Rate increase, %	Coefficient of validity	BONUS SCALE			Payments, %
			0% (outstanding plan)	10% (executed plan)	20% (over plan)	
Increase of proportion of promising workers <i>Goal: enhancement of promising workers' quantity</i>	2.0	0.10	< 4.5	4.5-5.0	> 5.0	-
Increase of the coefficient of the personnel development financing <i>Goal: costs optimization concerning personnel development</i>	10.5	0.25	> 10.0	9.5-10.0	< 9.5	-
Increase of the coefficient of labor satisfaction <i>Goal: improving the labor satisfaction level</i>	15.1	0.20	< 14.5	14.5-15.0	> 15.0	4.0
Increase of total staff turnover <i>Goal: enhancement of staff stability</i>	2.2	0.10	> 10.0	9.5-10.0	< 9.5	2.0
Increase of living labor profitability <i>Goal: enhancement of efficiency of the personnel use</i>	+8.5 pp	0.35	< 8.1	8.1-13.5	> 13.5	3.5
In total	X	1.0	X	X	X	9.5

Fig. 2: Bonus share in accordance with successful performance by chief of staff, 2013 (one of the agricultural enterprises of Bilotserkiivskiy district, Kyiv region, was taken as an example)
Source: Compiled and offered by V. Chetvernyk

vision «On Staff Development of Agricultural Enterprises» and the Register of personnel development of agricultural enterprises will facilitate legal and information support of staff development. It will allow analyzing personnel development sources and costs, its types and continuance, career growth of each employee. The Provision should involve such parts: objects, subjects, goals, tasks, forms, methods of staff development, criteria for encourage of personnel development, and it should be based on the basic principles of staff development. While using the Provision in a certain company one should consider its producing features and individuality of business, rights and duties of each worker and staff as a whole.

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