


# Chapter 49

## The Role of Human Resource Management in Agriculture Sector Enterprises

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### ABSTRACT

*Agribusiness firms are faced with several challenges like globalization, internationalization of business, the introduction of new technologies, especially the digitalization process, higher competitiveness of foreign agribusiness firms, etc. One of the very important challenges is the effective management of human capital. Although it is one of the most important management activities in each firm, human resource management (HRM) in the agribusiness sector is still unexplored in terms of scientific research and practical implementation. This chapter explores the nature and specifics of human resources management in agribusiness enterprises, and presents the practice of the basic and most important HRM activities in agribusiness firms in Serbia, on the example of 12 organizations that were investigated. The methodology used in the research is based on a theoretical investigation of available literature and data from worldwide databases but also from Cranet project, one of the largest and well-known, world-wide HRM projects.*

### INTRODUCTION

Agribusiness firms are faced with several challenges like changes brought by globalization, internationalization of business, the introduction of new technologies, especially the digitalization process, higher competitiveness of foreign agribusiness firms, strategic integrations, etc. New business conditions and challenges initiated new models in the area of agriculture policies, rural development strategies, and management practice of agribusiness companies. One of the very important challenges is the effec-

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tive management of human capital, the attraction, motivation, and retention of human potentials that are employed in agribusiness sector enterprises (Chacko et al., 1997; Berde, 2006; Conto et al., 2012; Ratković, 2015). Although it is one of the most important areas in each firm, human resource management (HRM) in the agribusiness sector is still unexplored in terms of scientific research and practical implementation (Hyde et al., 2008; Bitsch, 2009; Konja & Uzelac, 2015). This is important since HRM is seen as one of the most important factors for gaining sustainable competitive advantage and success in the long term for each organization (Wright et al., 1994; Shipton et al., 2006; Kloutsiniotis & Mihail, 2017). As a managerial concept and process of effective and efficient management of human capital in an organization, HRM consists of several interconnected activities, such as HR planning, recruitment and selection, socialization, training and development, performance appraisal, compensation and benefits, employee relation, retention, health, and safety, etc.

According to many authors, human resources are very important for agribusiness success. Besides technology, natural resources, state politics, and laws regarding agribusiness, “human capital directly influences agricultural productivity by affecting the way in which inputs are used and combined by farmers. Improvements in human capital affect acquisition, assimilation, and implementation of information and technology. Human capital also affects one’s ability to adapt technology to a particular situation or to changing needs.” (Zepeda, 2001, p. 10). “Human resource management plays an important role in agriculture and food processing sector and represents one of the most complex issues in agro-food companies, being influenced more by social than economic determinants” (Ratković, 2015, p. 355). Also, “human resources makes agribusiness firms successful, and human resources management is a tool that helps firms to accomplish sustainable competitive advantage” (Konja & Uzelac, 2015, p. 312). Although it is considered as an important factor for gaining competitive advantage in agribusiness, there are still only a few researches that make a strong contribution to this area. Most of them focus on the macro-economic level, by exploring employment and unemployment in the area of agribusiness, but there is a small number of researches that are based on samples or cases of agribusiness firms, in which HRM is explored in more details.

This chapter is dedicated to the exploration of the gap between well-known HRM practice, developed in the industry and in service firms, and the nature of HRM in agribusiness firms. The objective of the chapter is to analyze the nature and specifics of human resources management in agribusiness enterprises, and also to present the practice of the basic and most important HRM activities in agribusiness firms in Serbia, on the sample of 12 organizations that were investigated. The methodology used in the research in this chapter is based on a theoretical investigation of available literature and data from worldwide databases but also from Cranet project, one of the largest and well known world-wide HRM project. The authors will present the data from the mentioned project in order to investigate the way that agribusiness companies in Serbia are managing their employees. Special attention will be dedicated to the exploration of differences between SMEs and large agribusiness firms and between family owned and other types of companies.

## **THEORETICAL BACKGROUND**

Human resources determine the success of each organization and they are seen as one of the most important factor that helps organizations in achieving competitive advantage in contemporary business conditions (Wright et al., 1994; Bowen & Ostroff, 2004; Shipton et al., 2006; Chadwick & Dabu, 2009;

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