

**Labor Motivation in Agrarian Business: Possibilities of Adaptation  
to European Experience**

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## **1. Introduction**

In today's environment of increased competition for dominance in the agricultural market among producers of agricultural products, one can notice increasing demand not only for improving agricultural technologies, implementation of international and European standards for safety and quality of agrarian and food products, but also to emerging new view of the business model of the future agribusinesses. The major trend of this model should be the motivation process that will contribute to a sense of usefulness for management of land and formation of agribusiness as the most important sphere of Ukrainian economy.

## **2. Data and Methods**

Market essence of the category "labor motivation" takes into consideration not only the reasons that motivate the entity to meet the material and spiritual needs, but also the system of incentives, that encourage production activities and is the main tool for implementing employee interests. Thus, the most effective motivation system is provided under the joint of coordination, motivation and incentives to work.

The problem of motivation traditionally comes to payment, based on a system of tariff rates and salaries, which are becoming less effective. In Ukraine, during the years of agrarian reform, there occurred negative changes in the organization and wages system, which led to a reduction in total income of people, employed in agriculture, lower wages, strengthening the role of financial incentives by sales of private farms. As a result, priorities have shifted to factors motivating employment and sources of income and the relationship between work and motivation to obtain the final result was lost.

## **3. Results**

Functioning in agriculture material incentives system enhanced differentiation between different categories of workers and employees in enterprises of different legal forms. The material needs of the majority of workers employed in agriculture are not satisfied even with increasing productivity. Average monthly wage is one of the lowest among the sectors of the national economy. According to the State Statistics Service of Ukraine in January-June 2015 salaries of employees in agricultural production amounted to 2846 UAH (about 120 US dollars). For comparison: in industry - 4444 UAH, in the fields of wholesale and retail trade - 4303 UAH, transport, warehousing, postal and courier activities - 4212 UAH. Share of rural population with average incomes below the subsistence level is more than 25%. The level of unemployment reaches 9.6% of the active working population, employed in the system of agribusiness.

Critical is the situation with ensuring the agricultural production sphere with young specialists. Despite the fact that rural youth is active in obtaining higher education in agriculture, only 20% of graduates return to rural areas after graduation. The main reasons are the low pay and lack of adequate living conditions. Reserves of growth of wages, organizational and economic mechanism of motivation and stimulation intangible factors are significantly behind other industries. As agribusiness is quite heavy, intense and risky sphere of labor activity in which natural processes associated with conditions of life and living organisms, it is appropriate to explore and adopt positive European and international experience for labor motivation.

European integration prospects significantly expand the scope and instruments of labor motivation in agribusiness. Among them, we should highlight the need for professional growth and full use of individual abilities of workers, autonomy, responsibility, recognition of the importance of work, the use of alternative forms of employment and so on. Strengthening the motives and methods of work conducive to motivational monitoring: the state system of monitoring of migratory movements, unemployment, a minimum wage, supporting the development of farming through financial subsidies, provision of social benefits and other measures related to job security, social orientation and ensuring efficiency in agriculture. In practice of management personnel of EU Member States, motivation is a key feature, which task is to study the motives and the behavior of staff. Motivation is an important tool to influence the employment behavior of worker.

The main innovations that should be used, based on the practice of European experience in forming a civilized system of national motivation in agribusiness, adapted to international requirements, should be considered differentiated. On the one hand, it is a system of pan-European priorities in financial and non-financial incentives; on the other hand, these are the means of tangible and intangible incentives, which are effectively used in some European countries. For example, all Member States have established a mechanism of motivation of farmers. The main elements of this mechanism are: - Financial advice to farmers, who are beginners; - Developed network of social contacts between the urban populations outside the farm; - Professional advice on business planning and conducting of business training; - Ensuring a high level of mechanization of agricultural labor; - Financial compensation in case of management in adverse natural conditions and the transfer of land use by young farmers; - Subsidy under conditions of early retirement of the farmer; - Financial support of producers, who use environmentally friendly production methods and organic agricultural products; - Providing opportunities for free education in professional areas - environmental protection and quality management; - Issuing subsidies to low-producing farms (1250 Euros per year); - Providing loans for start of production (for the purchase of livestock, construction and repair of agricultural buildings, etc.); - State support activities related to the farmer in the field of culture, art, national and ethnic heritage, streamlining land and improve landscapes, etc.

However, an interesting experience to follow is motivation, widespread in some countries. In particular, Bulgaria popularizes the idea of self-development of the village through the development of business potential farmers and their employment in the process of diversification of enterprises. Australia and Finland, complying with the parameters of water and soil quality in the implementation of agricultural production, as well as diversification of crops, pay 30% of the budget for the development of farming. In Ireland, where 1/3 of agricultural areas are swampy and belong to depressed areas, 5% of direct payments from the national budget annually involved in agricultural development of the country and compensation for crop losses.

#### **4. Conclusions**

Thus, the system and the level of motivation in Ukraine compared with developed European countries do not meet modern requirements of market economy, being significantly behind world and European conditions for the functioning model of labor motivation in agribusiness, not adapted to the individual worker and cannot ensure maximizing productivity. Using the already accumulated international experience in this field, will contribute to the formation of socially oriented agricultural economy, leveling the proportions of economic, social and environmental development of rural areas and the creation of appropriate working conditions and living in rural areas.