

THE IMPORTANCE OF MANAGEMENT IN BRAZILIAN AGRIBUSINESS

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ABSTRACT: The increasing global demand for food and the reduction of agricultural areas makes Brazil one of the largest suppliers of food, which gives prominence to agribusiness in the Brazilian economy. Still, Brazilian agricultural sector has a poor management system. Thus, the objective is to analyze the importance of modern management for Brazilian agribusiness and show farmers that good management can strengthen and expand their activities. Unlike other sectors of economy companies, which regardless of its size or area of expertise have great concern with their management, the agricultural sector has as usual feature the necessary of care to the management of its activities. It can be observed that despite the considerable technological advances, there are still many rural enterprises, small, medium and large farms, which handle millions of reais per year and even have a plan of their activities. It is essential that the rural entrepreneur becomes aware of the importance of their role in the national and world stage and constantly seek to improve its production techniques and the administrative and financial management of their company.

Keywords: Administration. Agriculture. Planning. Technology.

1 INTRODUCTION

Given the large and growing global demand for food and the reduction of agricultural areas around the world, Brazil has established itself as a major world food suppliers, thus assuming great responsibility for the future of humanity. That same approach, agribusiness becomes one of the most important sectors in the Brazilian economy and have moved millions of real resources, generating thousands of direct and indirect jobs and turning the country into a large barn farming. Even with all this significance, the Brazilian agricultural sector still has a poor management system, both by the producers themselves and ranchers, as by the government

agencies involved, making it less competitive on the world stage. This brief study aimed to analyze the importance of modern management for Brazilian agribusiness and show the agropecuarista that with good management can not only stay but also to strengthen and expand its activities, regardless of their field of expertise. A literature review was carried out covering the Brazilian agricultural sector, its composition, and the importance of strategic planning for the sector.

2 BRAZILIAN AGRICULTURAL SECTOR

The Brazilian agricultural sector consists of many small and medium producers, and few large properties (Table 1), these properties that belong to large financial groups, usually made up by foreign investors. A very common fact observed in Brazil is the management of small and medium-sized properties held by the owners, who often inherited the land and did not adhere to the new techniques of management and planning in order to manage them.

Table 1 - Composition of the Brazilian agricultural sector

Class	Number of Properties	%	Area (millions ha)	%
Great Property	139.829	2,8	375,0	60,2
Average Property	368.326	7,5	108,5	17,4
Small Property	1.280.371	26,0	81,6	13,1
Ranches	3.045.883	61,8	42,6	6,8
Not Rated (*)	97.199	2,0	11,9	1,9
Not Rated - Technical Project (**)	116	0,0	3,8	0,6
Total	4.931.724	100,0	623,4	100,0

(*) Rural Properties that do not have exploitable area information or information between the Forms Data on Structure and Data on the Use

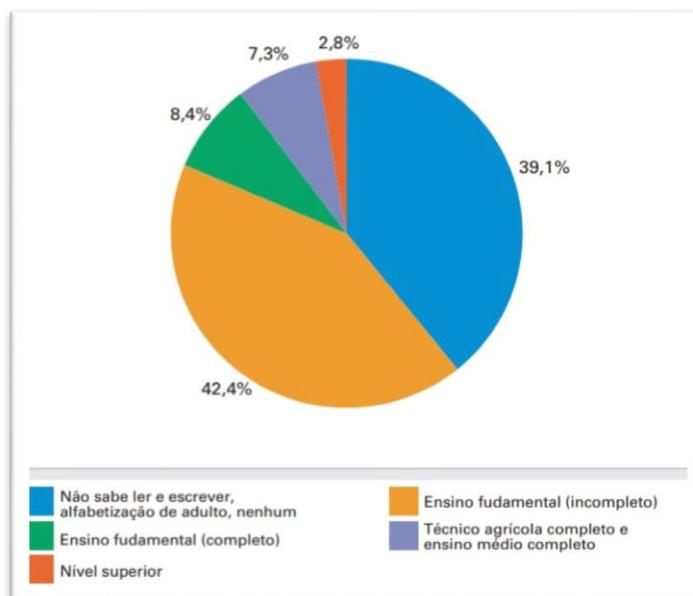
(**) Rural Property not classified technical design statement, according to Art. 7 of Law no. 8629/1993

Source: Secretariat of State for Agriculture, Livestock and Supply of Minas Gerais, in 2011.

Even if the producer does not have a high level of education, it does not necessarily mean that they will present a low operational capacity, however, a low level of education hardly provide a good capacity management. The 2006 Agricultural Census, published in 2009, reveals the low level of education of Brazilian producers, a situation that can be pointed out as the main factor responsible for poor management in the Brazilian rural enterprises.

As the chart 1, approximately 40% of Brazilian producers can not read and write and have no literacy. A portion of 8.4% has Full Fundamental Education, while 42.4% did not finish. In Education Full Agricultural Technical and Complete High School we found a share of 7.3%. The case of Higher Education, only 2.8% of farmers reported having a university degree.

Chart 1 - Percentage of Brazilian farmers by level of education. (Source: IBGE Agricultural Census, 2006).



Despite the great technological advancement, it is common nowadays to use the famous "notebooks" for manual annotation on the movement of production and forecasts. In this case, the farmer measures the financial performance of their property by increasing its facilities and machinery, or simply by your bank balance or even the purchase of a new car (PROCÓPIO, 1997).

Usually these acquisitions aggravate the financial situation of the producer, because without knowing actually how much their production cost and what was their profit margin with its sale, it is impossible to examine whether it was possible to achieve a positive result in that productive period.

Another commonplace behavior perceived to producers is to conduct financing followed in public banks and / or Private to choose their working capital, thereby increasing their indebtedness. It is common fact the producer borrow capital funding and use it to purchase a new pick-up, recently launched on the market or building a luxury house in the city (PROCÓPIO, 1997).

In addition to these limitations, the lack of management also affects the farmer in basic activities, such as the choice of culture, time or planting area; or else the breed of animal to create the squad size or breeding season. Decisions such that taken without proper planning, significantly increases the risks of the operation.

3 THE IMPORTANCE OF STRATEGIC PLANNING

According to Duarte (2002), Strategic Planning has been used since the Industrial Revolution and before this fact, studies in business management area are contributing to the success of micro and medium enterprises. Thus the justification of this article is based on demonstrating to the producer as strategic planning makes a difference with regard to the future expansion of production capacity and reduction in cost of rural property.

Barros (2012) states that before this management mechanism, companies can achieve a degree of maturity, achieving an economic and financial growth. The plan is an administrative function and therefore aims to achieve results through strategic, tactical and operational processes.

Strategic planning also explains Barros (2012), covers analysis of both the external environment as the Organizational Environment. In the External Environment, opportunities and threats are factors that can be recovered or avoided. Already, analysis of the Organizational Environment allows the producer to know the strengths and weaknesses of their company, focusing, for example, in products, financial resources, the relationship with suppliers and customers, the delivery time, productivity in time and type of marketing, demand, productivity, the direct and indirect competition, among others.

Based on data provided by both strategic planning as the accounting of their rural enterprise, producers can programme with respect to the actions that will take in a given season or year or in the coming years, in a clear, efficient and close to success. Thus minimizing the risk that their activity offers (PEREIRA; NAGANO, 2002).

4 CLOSING REMARKS

Based on the literature review conducted is undisputed vocation that our country has to agribusiness and the importance that this activity is for Brazil and the world.

Therefore, it is necessary that our country has an efficient agricultural sector, dynamic and strengthened, each agricultural company reaches its excellence, from production to the marketing of its products.

This level will only be achieved through the implementation of appropriate management processes and an efficient strategic planning within the farms of our country, and substantial that government agencies provide support to producers through subsidies so that you can achieve the degree of information and knowledge required for such strengthening, by offering courses, advisory services and increasing the number of educational institutions focused on agribusiness, the agropecuarista and business management. The use of planning for decision-making and prevention are keys to success.

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