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Agribusiness: A Great Career Opportunity for Talented People

Global Networks, Global Perspectives and Global Talent
Discussions on the Development of Human Capital in Agribusiness¹

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Abstract

An Agribusiness boom is underway in India, and it needs big talent to drive its growth. Growth in agricultural productivity will build incomes and assets, and although somewhat cyclical, at the macro level, agriculture in India will inherently be recession proof over the long term. The greatest achievement for India will come from sustained self-sufficiency in food.

Food consumption is leading the boom in agriculture. India is expected to overtake China as the world's largest nation. With the world's youngest population, food and Agri sector is set to triple by 2020 from US \$328 to US \$895 Billion in just six years from now. Huge opportunities in Agribusiness are attracting investments in primary production as well as on the output side in food processing and distribution. Organized retail is growing at 35% CAGR and so are many input industries, all of whom are demanding more capable people to manage growth. This is resulting in a shortage of trained agribusiness talent. Recognizing the opportunities that will continue to grow in the future, leading corporates are reinventing their induction, retention and leadership plans for expanding their Agribusiness talent pool in India. The article provides insights and opportunities that are attracting talent to agribusiness.

Keywords: agriculture, new horizons

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Introduction

Talent follows opportunity and opportunity has different connotations to different people. At a young age, career decisions are often driven by one's interest and passion. Others look for organizations where they can learn and grow, whereas a few just see a long road ahead that does not seem to have a destination! Whatever career choices are made, are usually determined by education, the environment and one's values, beliefs and aspirations.

When I completed my M.Sc. in Agriculture in 1982, the prime objectives that drove career choice in India was job security and social status. The first choice, therefore, was a Government job – preferably via competitive examinations of the Union Public Services Commission. Thereafter came the Public Sector Banks where job security was a given. Private sector (except MNC's) was least preferred as their salaries were low; jobs had an element of insecurity about them and insignificant social status. Multinationals were preferred as they paid well and also had strong HR practices. Input industries were at the bottom of the heap for obvious reasons. There were hardly any multinationals outside of the agro chemicals sector, and other input industries were usually local companies that lacked stability with the exception of the Fertilizer and the Farm mechanization sector.

Training, talent retention, coaching, mentoring and other HR initiatives to nurture, train and develop human capital were not the norm of the day.

Policy Influencers in Agriculture

Back in the 60's and 70's, agriculture in India was a "way of life" for a myriad number of farmers. Technology in agriculture was primitive, and agrarian India was poor with low productivity and widespread unemployment. The focus of the Government was on food security, and hence, over time, a lot of business grew out of Government's initiatives on self-sufficiency in cereal based grain production (i.e., Wheat and Rice) and the PDS system which delivered subsidized food grain to the rural and urban poor. The PDS program has since emerged as the largest intervention of its kind in the world and now sits on upwards of 54 million tons of food grain stocks with another procurement season of at least 25 million MT food grains in 2012, to support the underprivileged in India.

Food Security in India

India has a huge problem with food security. With 1.2 billion people expected to expand to 1.85 billion by 2050, the migration of rural India to the cities is urbanizing an additional 1.8 million hectares of agricultural land every year. Despite growing labor shortages, dimly low agricultural productivity arising from small sized Indian farms that limit mechanization efficiencies; the Indian economic juggernaut still somehow continues to grow and baffle with its impressive 7% year on year GDP growth. Hence, rising per capita incomes and growing domestic consumerism define the changes that are driving the Indian economy today.

Winds of Change

India is a young country with a median age of 26 years, which is also pushing the envelope in changing dietary habits from cereals to proteins, processed foods and beverages. Over the last seven to eight years, this phenomenon is influencing change in policy to modernize and diversify agriculture relatively rapidly, and we are already beginning to see positive action with forward looking policies such as partial decontrol of fertilizer, progressive removal of agri marketing bottlenecks, relaxations in the Essential Commodities Act, introduction of forward trading in agri commodities, enhancement of agriculture credit and a frenzied thrust on micro irrigation, watershed management, horticultural development, food processing and agri infrastructure.

To give a perspective of this growth, Organized Retail and Modern Trade is presently growing at 35-40% CAGR. It is further estimated that the Food and Agri Sector is set to triple in the next six years from the US\$ 328 billion today to \$895 billion. This will be led by consumption arising out of income growth, expanding urbanization and a new breed of consumers, which, by 2020, expect to comprise 75% of the country's population (then at about 1.45 billion people) with 60% of primary wage earners seeking a branded shopping experience.

New Opportunities in Agribusiness

This growth will invariably cause major structural shifts in the management of agribusiness enterprises and also will throw up a million opportunities beginning with the agglomeration of land, most likely via lease arrangements with the intent of improving production efficiencies – resulting in expansion of the farm mechanization business, micro irrigation, reorganization of supply chains, investments in food processing, cold chains and agri infrastructure, to name a few. Appropriate change in government policy is already headed in that direction, and one can be sure that more such supportive policies will follow. The corporate sector in India has begun to experience and respond to changes, and one now finds a growing number of interesting career opportunities in agriculture as corporates drive the talent acquisition and retention component. There are a growing number of new companies in the Billion Dollar plus club in the area of processed foods, beverages, nutrition and the plantation sector. Inputs and farm mechanization have several such companies. Mergers and acquisitions, IB and PE activities have emerged, signaling interest in this sector and appetite for investment. In the last ten years, PE has invested \$8 billion into Agriculture and the sector is poised to see a further \$50 billion invested by 2020. So perhaps a career in this domain deserves closer attention, particularly since compensation too has been expanding apace and for individuals with the right skill sets, is now at levels that deserve closer attention.

Capability and Skills Required

While there is no doubt that with growing incomes, consumption will drive massive growth, particularly when a nation the size of India is on the move. The point is: where are the people with the requisite skills, knowledge and capability that are required in driving this growth? Opportunities will exist at each step of the value chain. So what are the resourcing issues that businesses and institutions will face in the management of growth described above?

Complex Business Environment

As mentioned earlier, so far, agriculture was generally seen as a livelihood. People with competence in technology or the capability to deal with a range of issues across the value chain was limited. Agriculture is an industry that has its own and unique uncertainties, making it an area with high complexity. Various dynamic variables influence agriculture outcomes. Vagaries of weather, incidence of diseases and pests, price movements, shortages, oversupply impact due to changing global trade flows, interest and oil rates and perhaps just about anything can impact supply.

Each product value chain has its own dynamics and nuances, It is therefore necessary that food and agri professionals learn to handle uncertainty effectively and that they factor these issues into their planning and execution to allow them the flexibility to deal with such surprises and non-visible risks.

Today's talent places big value to emotional well-being. Loyalty and commitment to organizations is on the decline and work/life balance is emerging as a prime concern.

What is required, therefore, is to address the talent issue at several levels and create an atmosphere that places a premium on those who have the talent and the competence to straddle the product chain while handling uncertainties and still drive growth. Most Agribusinesses need to focus on the long term since reaching out to the customer, communication and creation of farm and rural networks is physically demanding and time consuming. Moreover, agriculture is seasonal and corrections to contracts, their administration and execution can only happen once annually, hence the need to “get it right the first time,” to grow and build at a pace that allows midstream remodeling of contracts, processes required for farmer engagement and consequent building of results.

Long business cycles, therefore, necessitate the importance of building retention and rewards to key resources over the long term.

Training of individuals on quality of inputs, methods of generating resources, structuring contracts, etc. are of critical importance. Marketing, Finance and Human Resources are the mainstream of any business enterprise, and cross-functional exposure is imperative to develop an understanding that facilitates adjustments to maximize returns and minimize risks.

Models of procurement based on price, quality, availability and seasonal variation should find prominence in training and education. In bringing product to market, the need for value addition, storage, and delivery should form a strong part of the learning. Training should cover government policy, tariff and nontariff barriers and operational tax structures. Given our institutional voids, a thorough understanding of how rural India operates and thinks is, to my mind, of seminal importance for a successful Agri professional. Focus on customer behavior both uneducated and educated at the same time requires knowledge of what is feasible in time and circumstance.

Building the Agri Talent Pipeline at Mahindra

Mahindra has been a market leader in India in the farm mechanization space for the last 29 years. It is now the global leader, as well, in the number of tractors sold worldwide. The employment profile has overwhelmingly been tilted in favor of those with an engineering background. In the last few years, however, Mahindra has made a conscious decision to strengthen its roots into agriculture with a stronger farmer engagement as well as progress into the vast agriculture domain at both input and farm output levels. This necessitates a product chain approach, and it all begins with building a high potential (“Hi Pots”) Agri talent pipeline. The first initiatives are, therefore, the hiring of talent with a pure Agricultural education and some with a secondary management degree and then putting them on par with graduate engineers in terms of pay and perquisites. Thereafter, these “Hi Pots” are placed on live training assignments in our various agribusiness projects and are strongly supported with cutting edge technical and business training programs where they can learn, innovate and grow. Assessments via development centers across what we call the Mahindra Leadership Competencies are aimed at understanding potential strengths and determining best fit. Increased participation in Leadership development interventions, e-learning through Harvard Manage Mentor and U21 Global courses, higher education offerings at premium B-schools and inroads into the Executive Coaching space are some of the beginnings here. Career planning and retention incentives are then built into expanding and nurturing this high potential Agri talent pool. I am pleased to report that the efforts are beginning to bear fruit.