



Full Length Review Article

THE IMPORTANCE OF ENTREPRENEURSHIP IN TOBACCO PRODUCTION AS A FAMILY BUSINESS

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ABSTRACT

Family business is quite common form of doing business in Macedonia and the Balkans. There are two ways of operating: by starting family business or by inheritance. In both cases there is equal amount of advantages and disadvantages which have a beneficial or detrimental effect on business. On the side of advantages are: being your own boss, flexible working hours, long-term job security for members of the family, possibility to increase family wealth, work with people you know and trust, possibility to engage in various aspects of the business and to acquire a variety of skills. There are also some disadvantages, e.g. disputes can disrupt business or family values, there is no strict line between business life and private life, family conflicts may have reflection on business and vice versa, financial risk is higher than usual, higher stress at work and in private life, less "private" time and more obligations, etc. Modern tobacco economy requires good management of all activities and proper motivation of the engaged members. It will help to achieve higher effectiveness in work, lower production costs, increased productivity and better supply of necessary resources. Tobacco has a special place in agricultural industry. About 10% (over 200,000) of the population of R. Macedonia is engaged in production of this crop and 4,500 people are employed in tobacco industry. Investigations show that tobacco production organized in small farms or other types of organization needs management and organizational skills, with special emphasis on motivation of the involved members in order to improve and increase the quality of the overall production process. Beside that, reliable family business requires well developed entrepreneurial skills of the owner-farmer.

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INTRODUCTION

Entrepreneur's motto

Do not go blindly where the path may lead; *go instead where there is no path and leave a trail.*

In the modern business conditions, good management, motivation of people, flexibility and entrepreneurial activities are primary functions necessary to succeed in any organizational form (joint stock company, enterprise, farm or other). In family business with tobacco production as a core activity the role of management is particularly important. It stems from the fact that tobacco manufacture represents a complex of interconnected and interdependent activities of production, processing, financing and market realization.

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It can be stated that good execution of all activities requires a good management. Among other things, management must be understood as a set of activities through which certain functions are performed in order to efficiently provide, deploy and utilize human resources and to allocate physical resources in order to achieve the final goal. Management is especially important in tobacco production, which covers about 24 companies and over 50,000 individual tobacco grower-families, some of them organized in mini farms or all family enterprises with tobacco production as a core activity. Regardless of the organizational form, whether it comes to large, medium or small enterprise or mini farm, the most important role is always played by manager of the company or by owner of the farm. No matter who the leader is, he must have special value qualities and managerial skills, because modern business cannot exist without good plan, organization, management, coordination and control. Tobacco entrepreneur who wants to expand his business or develop a new one must first identify opportunities for development and placement of

manufactured tobacco (contract with purchase enterprise) and pay attention to several aspects: supply of necessary resources (material, intangible, human), opportunities to provide long-term personal gain (profit), method of use of resources, continuous improvement and promotion of business, etc. Having in mind the business conditions, as well as the findings from practical research, we believe that tobacco industry offers great opportunities for promoting entrepreneurial activities of tobacco growers and support to increase their tobacco production.

Table 1. Tobacco production in R. Macedonia (2000-2015)

Year	Tobacco production, in R.Macedonia
2000	22175
2001	23217
2002	22911
2003	23986
2004	21630
2005	27691
2006	25036
2007	22056
2008	17087
2009	24122
2010	26537
2011	26537
2012	27333
2013	27859
2014	27578
2015	24237

Year	Income, in €
2009	22.800.000
2010	22.786.000
2011	25.000.000
2012	23.000.000
2013	19.670.000
2014	23.800.000
2015	25.000.000

In recent years, the production of tobacco in R. Macedonia has stabilized to an average of 25.000-30.000 t per year, which can be also attributed to government subsidies to this sector.

Key factors for development of successful family business in tobacco growing

Tobacco grower can run a successful family business if it is properly managed. It includes good planning, organization, leadership, motivation and control. Success in business will not fail if the following conditions are fulfilled: quality, quantity, good leadership, engagement of family members, i.e. employees in the company, team work, improvement of skills, use of scientific and technical consulting services, control and finally - love for work, the most important principle for achieving optimal results. Modern business cannot be imagined without quality of all processes, procedures, activities and quality of the end product. Tobacco quality is the main indicator and reflection of tobacco grower's work, regardless whether the production of this crop is main or additional activity. Quality based on quantity, i.e. the yield and volume of tobacco production reflected in the obtained profit is the basic principle and motivating factor for tobacco growers. The inseparable trinity quality-quantity-profit is the best reference for successful operation and future development. Higher tobacco yield per unit area means more profits, and thus greater reliability and motivation of tobacco grower - entrepreneur for further actions. Skillful leader or manager of a small tobacco enterprise is a very important

factor for successful operation. He should be involved in improving the quality and productivity of all processes and activities in tobacco production. All members engaged in tobacco production should be committed to increase the quality and productivity. Although home-growing tobacco involves almost all members of the family, the main responsibility falls on family leaders. They need to react promptly to every problem and make continuous control of operations. Tobacco is an activity that is performed in groups, with special care for each operation. Each member performs his tasks and becomes specialized in particular operation which he is doing better than other members. E.g., some of the members pick tobacco from field, others are stringing the leaves (manually or mechanically) or hang the tobacco strings to dry on wooden scaffolding, etc. Together they make a team that performs the operations most efficiently.

Tobacco production, like all other jobs, requires special skills, knowledge and continuous improvement for better performance of individual operations. Practical work, written material and advice from advisory body are conditions for continuous improvement of tobacco growing. Modern tobacco production requires development and use of scientific and professional services, cooperation with scientific- research institutions, training and regular information on the application of modern methods of production, control of varietal purity, quality etc. Motivation of family members is an important factor for obtaining the desired quality and productivity. Leader, i.e. manager (owner) must take into consideration the demands of family members and other persons engaged and to know how to respond to them. At this stage of development, it is necessary to establish constant control over each operation, in order to get the best quality and highest productivity. No factor is more important in achieving quality, productivity and efficiency in work than love for the job. To work with love means to love the work and to work with full commitment, knowledge and skills.

Developing an entrepreneurial venture

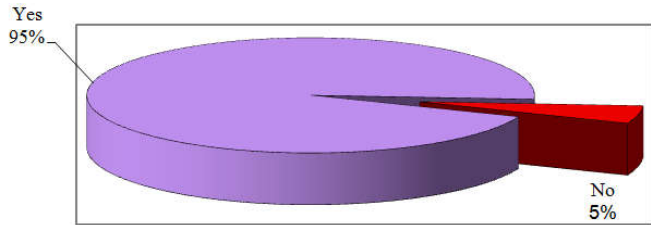
The term "business development" usually means mobilization of human and material resources in a particular business activity or particular job. Tobacco grower who wants to develop a family business through farm production must be able to recognize the opportunities and try to use them. In this respect, attention must be paid to the following:

- Modernization of previous way of tobacco growing;
- Proper perception and estimation of possibilities to expand business by increasing tobacco yield or by supplementary activities;
- Finding reliable potentials for continuous business development;
- Creating a long-term strategy for business development.

Business development is based on idea, vision, desire, innovation, motivation, self-confidence, perception of working conditions, determination and courage. To develop appropriate business it takes courage and confidence that hard work, persistence and dedication will lead to success. In general, everyone who runs own business must obey the basic principles for achieving success: self-knowledge, i.e. self-evaluation of one's capacities for business development, good evaluation of the conditions for business development, good business plan and realization of one's goals.

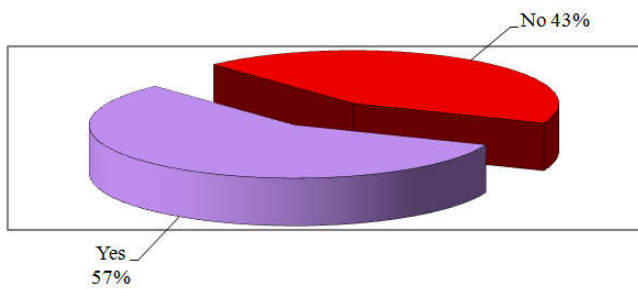
RESULTS AND DISCUSSION

The poll of tobacco growers revealed that most of them will continue to grow tobacco and are planning to modernize the production, but they intend to carry out some additional activity too. The analyses show that only a small number of tobacco growers prepare a business plan. The results of this research are presented in the following diagrams: Will tobacco farmers continue to grow tobacco?



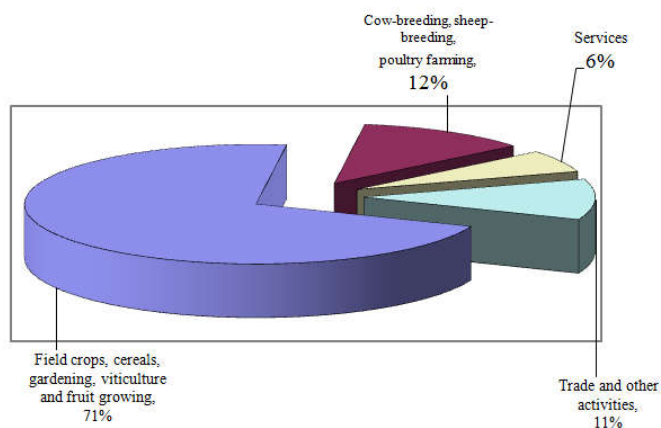
Due to the fact that most of tobacco growers are experienced in the production of this crop on one hand and to the favorable natural and climate conditions on the other, majority of them (95%) responded that they will continue to grow tobacco.

How many tobacco growers are planning to modernize and increase their tobacco production?



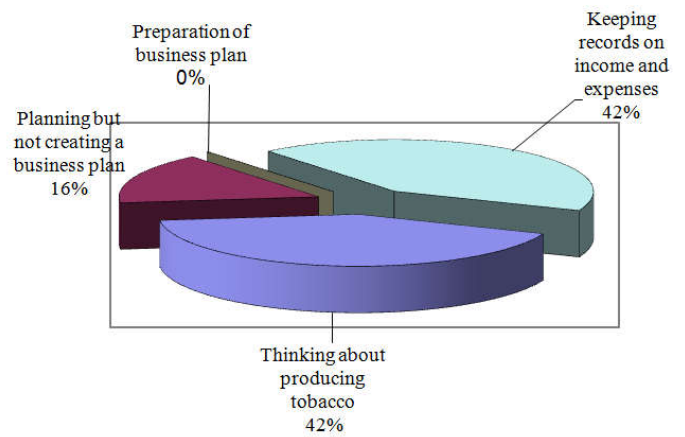
Most of tobacco growers (57%) are planning to modernize and expand tobacco production in the future, while 43% do not intend to take any activity in this respect.

Planning of additional activity of the respondents



Most respondents (71%) plan to expand tobacco growing with additional production of field crops, cereals, gardening, viticulture and fruit growing, while the remaining 29% plan to expand on cow breeding, sheep breeding, poultry farming (12%), service activities (performance of services or transport) (6%) and trade and other activities (11%).

Do you make planning of tobacco production and prepare business plans?



From the responses received from tobacco growers it could be stated that they consider or plan to grow tobacco, but have not created special business plan. Only a few tobacco growers keep detailed records on income and expenses, but it cannot be called a business plan.

Conclusions

From the data obtained in our investigations it could be stated that entrepreneurship in tobacco production is not developed in accordance with its significance. Knowing the fact that entrepreneurship implies understanding of the conditions and possibilities for development of tobacco production as a core activity and additional activities in other fields of production and services, it can be stated that tobacco growers have no correct approach in developing a real entrepreneurial venture. Each tobacco producer or any other person who wants to be involved in entrepreneurial activities in tobacco production must take into consideration the main characteristics of entrepreneurship and entrepreneur. Tobacco producer who decided to be involved in entrepreneurial activities must know that the key to success lies in himself. First, he must create a plan for each entrepreneurial venture. The results of investigation showed that a great number of tobacco growers have real opportunities to develop a more organized tobacco production, either in a form of farm or in some other type of small family enterprise.

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