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Kiev, Ukraine – A year ago, the owner of one of the largest agricultural holdings in Ukraine regained operational control due to the company’s precarious financial situation.



Within a year he had abandoned unprofitable projects, cut headcount, and reduced the debt burden of the holding by almost 60%. He says that he is now once again concentrating on the minutiae of the business, such as the composition of pig feed and fertiliser; the senior management were unable to cope with the new challenges faced by the agricultural holding during the crisis.

It is becoming clear that over the past decade, companies have not been adequately training their senior executives. “Previously, large agricultural holdings paid scant attention to the staff, but now

the issue of attracting and retaining highly skilled employees is more relevant than ever,” says Kateryna Syrotynska, a senior People Advisory Services consultant for [EY](#). “After all, the professionalism, expertise and involvement of the employees are what ensure high performance.” We talked to HR agencies, company owners and top managers to find out their requirements for hiring managers, the people to whom they are willing to entrust their business and the best ways to motivate managers.

Believe it or not

During the crisis, a substantial number of company owners returned to operational management. “Many company owners do not have a number of strong employees who are willing to consistently pursue strategy and provide oversight, so there is no other way out,” says [Vladimir Kolomoets](#), Client Partner and Country Manager for Ukraine at Pedersen & Partners.

Another reason is the lack of legal protection for Ukrainian company owners. They have no way to prevent their managers extracting money from the company by writing off losses and attributing them to the financial crisis. However, a control-freak owner who refuses to delegate authority to managers can also lead the company to collapse.

Agricultural holdings will continue to take advice from independent non-executive directors in the future. However, the speed of decision-making turns out to be a very risky issue for Ukrainian owners who are forced to live in conditions of constant market fluctuations. According to the research from EY and Pedersen & Partners, 25% of managers in Ukraine changed jobs in 2015.

The right choice

Relevant agribusiness experience is of the most important requirements for the recruitment of senior managers. Almost all key positions are filled by candidates with relevant experience in this field. A track record of successful projects is also very important. “This is the most reliable method of assessment,” explains Kolomoets. “It is possible to analyse the challenges that managers have previously faced, and how successful they were in coping with them.”



Many owners are looking to hire managers who will treat the business as their own, with Ukrainian managers favoured over foreign management. According to EY's research, in 2016 foreign managers amounted to only 0.14% of managers in the agricultural sector.

According to Kolomoets, top managers who make it through the current crisis successfully will someday be the most expensive managers in Ukraine.

Money is not everything

The annual bonus size for managers depends on the profitability of the company. "Company owners are trying to link the performance of managers to their remuneration," says Syrotynska. "Thus, a large part of executive remuneration should directly depend on the individual results of their work, and of the results of the company as a whole."

What is interesting is that the loyalty of top managers does not depend on their salary levels. The key issues are the company's atmosphere and values. However, according to the EY study, remuneration of top managers in Ukraine increased by 20% over the past year.

These days, top managers in Ukraine are much more interested in the transparency of their work and in their own teams. Oftentimes, they are the ones to initiate the introduction of innovative technical solutions, such as the installation of GPS sensors on cars and the establishment of monitoring centres.

Who will manage Ukrainian agricultural holdings in the future? Some companies will be passed down as family businesses, which may collapse if the younger generation are unable to manage them. However, most owners will recognise that it is in their best interests to appoint a board of directors and entrust the business to professional managers. "Creating the right corporate governance will contribute to the revival of the capital markets, at which point our agricultural holdings will be able to re-enter the stock exchange," says Kolomoets

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[Vladimir Kolomoets](#) is a Client Partner and the Country Manager for Ukraine at [Pedersen & Partners](#). Mr. Kolomoets has more than 15 years of extensive experience in the field, with over 300 Executive Search and recruitment assignments across all practice groups. He puts a particular emphasis on the Industrial (Heavy Industry, Mining, Metallurgy, Agribusiness), Telecommunications, Technology, and Consumer Products sectors across the CIS region. Prior to re-joining the firm, Mr. Kolomoets held senior roles with two international Executive Search firms in which he served as Partner and Client Manager.

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