

# IMPROVEMENT OF EMPLOYEES' CORPORATE TRAINING IN THE COMPANY TOPVAR BREWERY INC.

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## 1. Introduction

Slovakia's concept is to reach the life standard of the developed Western European countries as soon as possible. This objective can only be reached by targeted creation of favourable conditions for the development of a knowledge-based economy. This means strongly supporting and investing into education, science, research, information and communication technologies and innovations. In relation to the activities aimed at enhancement of Slovakia's competitiveness, the Slovak government adopted the „National Competitiveness Strategy of Slovakia until 2010“.

This basic document has its roots in the goals and principles of the EU Lisbon Strategy and it became the government's official programme for developing a knowledge-based economy in Slovakia.

The primary goal of the National Lisbon strategy is to develop the talent and the knowledge of the Slovak citizens so as to increase their ability to work with new information and use it in everyday practice.

## 2. The Company Topvar Brewery Inc.

The Topvar Brewery Inc. was established on 1st January 2007 after completing the fusion of two companies Šariš Brewery Inc. and Topvar Inc. in Slovakia. The brewery is located in Topoľčany.

Topvar Brewery Inc. is part of SABMiller Company, which is a leading international brewer and one of the world's largest soft drinks bottlers. SABMiller is listed in London and Johannesburg and has, either through majority ownership or associate relationships, a brewing presence in over 40 countries across the world. In those countries, where the SABMiller breweries are active, the company invests a lot of money into the development and modernization of the breweries and its brands.

The company produces and supplies beer assortment to the Slovak market, brewed by using the most modern equipment and guaranteed high quality standards for all products. The product portfolio includes traditional Slovak beer brands Šariš, Smädný mních, Topvar, and Czech beer brands Velkopopovický kozel, Gambrinus, Radegast Birell and Pilsner Urquell. Two brands from this product portfolio are produced in licence in Slovak factories in Veľký Šariš and in Topoľčany: Velkopopovický kozel and Gambrinus.

The Topvar Brewery Inc. employs almost 900 people all over Slovakia; more than 350 employees work in two above-mentioned factories. Each year, the company significantly supports its employees' training and development. The Šariš Brewery branch is the largest Slovak brewery as to its production volume. For over 40 years of its existence, it has produced more than 25 million hectolitres of beer. Nowadays, the market share of this branch in Slovakia is about 41 %.

## 3. Call for Project Proposals

On 19<sup>th</sup> August 2004, the Slovak Ministry of Social Affairs opened a Call for Project Proposals within the framework of the Sectoral Operational Programme Human Resources, Priority 3: „Improved Qualifications and Adaptability of People in Employment and of Those Entering the Labour Market, Measure“ 3.2: „Development, improvement, and more extensive provision of further education with the aim of improving the qualification and adaptability of people in employment“. The call was oriented towards support of further education in accordance with changing labour market demands for qualification of human resources and for their effective management. The aim of the call was to improve the human resources management and the employees' training in enterprises based on an analysis of the actual

**Tab. 1: SWOT Analysis of the Project**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Existing system of employees' training</li> <li>• Increased interest in training</li> <li>• The need of further education</li> <li>• Long-term experience in implementing training programmes</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Missing concept of key employees' training</li> <li>• Weak cooperation with external training agencies</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Implementation of new managing and working methods into practice</li> <li>• Enhancement of employees' effectiveness through improvement of their competencies</li> <li>• Supporting of human resources from EU funds</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Big employee fluctuation based on regional differences</li> <li>• Existing working places under threat</li> <li>• Loss of key employees</li> </ul>

Source: own

training needs and personal audit. The employees' training focused on achieving the necessary labour skills and on helping the employees that could lose their jobs because of the company restructuring.

The measure did not support activities aimed at increasing the qualification level, however, it supported general and specific education activities necessary for the target group. The financial budget (from EU funds and the Slovak state budget) for this call was 250 million SKK. The lower budget limit for every project was 1 million SKK and the upper limit was 20 million SKK. The managing authority received 72 project proposals in the framework of this call.

#### 4. Preparation of the Project Proposal

During August 2007, the education and training needs in Šariš Brewery were analysed, including individual work positions, required skills, working methods and the results of interviews with the company supervisors. This analyse became the base document for the internal system of employees' training called „SAŠA“ (Sales Academy Šariš), which was prepared by the Human Resources Department in cooperation with the mother concern SABMiller. The Šariš Brewery has been part of this brewing group since 1997. The project was prepared in compliance with the requirements defined in the Call for Project Proposals, considering the specific features of the internal training system. The Šariš Brewery applied for a financial contribution in the amount of 4.3

million SKK, which is 50% of the entire project budget planned for 13 project cycles.

The project „Improvement of Employees' Training in Šariš Brewery, Inc.“ and the application form were elaborated by an external agency. It included:

- a) Grant application form for the private sector;
- b) Formal structure;
- c) Project management plan;
- d) The logical framework.

The application form contained information on the applicant, the company profile, statutory bodies and project partners. The project described the objectives and activities, measurable indicators and expected impacts. The total costs were calculated and presented in detail.

One of the important project parts was the SWOT analysis (Tab. 1), which defined the main strengths, weaknesses, opportunities and threats of the project.

#### 5.Targets and Project Implementation

The main project target defined was to improve the employees' learning scheme by using an integrated system for training the key employees by internal and partially external professionals and lecturers.

The main targets of the project included:

- Training the employees to increase the overall competitiveness of the firm;
- Launching regular educational activities/seminars for key employees;

- Optimisation of human resources management in working groups;
- Improvement in the quality and quantity of the offered educational activities, in particular implementation of new educational procedures and technologies;
- Overall increase in the number of employees participating in further education offered by the firm.

The specific targets of the project were based on the specific targets of the programme document; they also coincided with the eligible project activities. The target group of the project was the project applicant's employees. Upon successful completion of the project the main aims were to develop the working skills of the employees and optimise the human resource management.

The Topvar Brewery Inc, one of the main employers in the country, is located approximately 10 km from Prešov in the town called Veľký Šariš. Veľký Šariš is a small town with a mixture of countryside and town influence. The town has 4,320 inhabitants, including 470 ethnic Roma population, 270 of which live in a separated settlement near the brewery and the rest lives spread around the city. At the time of implementing the project, the applicant employed 550 people on average, and besides the brewery in Veľký Šariš it had six trade and logistics centres around Slovakia.

Three of the trade and logistics centres were located in Eastern Slovakia in regions with a high unemployment rate, namely: Strážske, Spišská Nová Ves and the last one is still near the brewery in Veľký Šariš. The reason why Topvar Brewery Inc. applied for government support for the project was the urgent need for a swift technological advancement, an ever increasing demand for employees' professionalism and skills and, of course, competition pressure.

After the analysis of the training needs a selection of participants followed. The participants were chosen on the basis of criteria set by the employer. The majority of the participants were employees of the trade-distribution/logistics departments. A group of participants in each cycle created a working team. When selecting the participants the principle of equality of opportunities was observed, since the main selection criteria was only the result of the analysis - the training needs identified.

The project was implemented in the area with the highest unemployment rate and with the lowest GDP per capita within the Prešov region. This region is characteristic for its low communication infrastructure development, low education spending and also for low investment activities aimed at new technologies development.

After acceptance of the project, the first phase of the project followed consisting of creating a project working and development team. The implementation of the project, the preparation of the relevant documentation and the administration of each activity represented a highly demanding task. It was necessary to take care of the flow of information and relevant papers between the departments, and therefore employees from different departments and working groups became members of the project team. The following departments were involved: Human Resources, Finance, and Trade and Logistics Department.

According to the Slovak Public procurement law, the applicant has to carry out public procurement or public tenders (VOS - „verejná obchodná súťaž“ in Slovak) for all goods, works and services connected with the project. In the first phase of the project, the applicant organized predominantly public tenders and market research activities in order to select subcontractors for all the services and material that were essential for the implementation of the project.

In September 2005, the applicant prepared six public tenders. Two public tenders (VOS) were announced in order to provide accommodation, catering services and the renting of facilities for participants and lecturers in the two locations in Slovakia. The next VOS were organised for the purpose of providing services connected with outdoor training for the participants of each training course cycle. Another VOS was called to provide bus transportation for the participants and to prepare a multimedia educational programme, and to ensure delivering of the learning material to participants and lecturers. Each of the VOS was published on the project website and it comprised precise selection criteria. Based on the results of VOS, suppliers were selected and the contracts were signed.

The project was launched in September 2005 and finished in March 2007. The project consisted of 13 courses, each lasting eighteen days. During the project duration, 227 employees of

the company were re-trained. The courses took place every month except for the summer months and December when the applicant faces a peak in beer sales.

Each of the courses consisted of a series of lectures and presentations. The lectures were given by internal employees and specialists, which significantly decreased the expenses for the training activities. At the same time, this way of organizing the lectures allowed a more intense engagement of the internal specialists in the company's training system. Each course consisted of 23 presentations, two outdoor activities, a visit to the factory and to the market. Out of the 23 topics that formed part of the project, 18 topics were generally applicable to all fields of economics. The topics that concerned exclusively the applicant were not included in the eligible project activities. All the topics were presented in the form of presentations with some of them being carried out in the form of interactive presentations. The outdoor teambuilding exercises were performed as playing team games, role model situations and experience based learning.

All the training activities were ensured by the project applicant. The teambuilding and the outdoor activities were provided on a subcontracting basis by an external partner company.

The participants to the courses were divided into groups during individual activities. Each activity was rated and the teams were given points. In the end of every cycle the best team was announced. After attending all the presentations, the participants took a final exam to test the knowledge gained throughout this project. Every successful participant was awarded a certificate of the SASA academy.

Modern training methods (topic presentations, case studies, video training and team activities etc.) and didactic techniques were used to run all SASA courses. Each presentation was part of the multimedia training programme shown during each course. Every participant was given a detailed study material.

The Šariš Brewery does not own any suitable premises for training activities and hence it was necessary to hire a suitable room as well as accommodation for the lecturers and participants. Every learning cycle was divided into two parts. The first part took 5.5 days and during this time the participants got familiar with the majority of

the prepared topics. All participants took part in an outdoor training in order to build their team and get to know each other at the beginning of each academic cycle. The first part of the cycle took place in the High Tatras in the Prešov region. This location was chosen because of its relaxing, natural environment and its the short distance from the brewery in Velký Šariš which was visited by the participants. The second part of the seminar was organized near the border with the Czech Republic in order assess and compare the distinctive Czech beer traditions and market.

To sum up, this part of the seminar offered two presentations, a visit to the Slovak and Czech beer markets, tests, presentations of the tasks, and finally the evaluation of the whole educational cycle.

## 6. Project Financing

The managing body considers as eligible costs only those, which are real, correct, current, which do not overlap and are full related to the project. These costs must be approved by the managing body before the project implementation.

The Šariš Brewery reported the following eligible costs:

- Personnel costs - reimbursement of the participants' wages, subcontracted course (outdoor teambuilding), per diem allowance and accommodation for lecturers;
- Costs of equipment and didactic technology (video camera, beamer, camera);
- Rent of training rooms;
- Operative and educational media costs;
- Subsistence allowance, travelling and accommodation expenses for participants;
- Costs of multimedia training CD design and production, including 23 presentations.

The Šariš Brewery sent seven applications for payment to the managing body during the implementation of the project and one final application. The budget drawing table formed part of the application for payment, i.e. the percentage results of the current drawing of costs from the total amount of the eligible costs.

The managing body approves these applications for financial aid and submits them to specific payment units which inspect the application for payment. Then the payment units send the entire application for payment to the payment body

(PB). The PB is expected to check the entire application at its respective level, which means to evaluate the applications, having in mind the budget limit as per individual priorities and measures. PB should inform the payment unit of this fact after the approval of the complete applications. Those are subsequently entitled to transfer the financial funds to the accounts of the final beneficiary.

Supporting documentation in two copies formed part of all the applications. Every document had to be stamped by the applicant and signed by an authorized person of the applicant. Salary cheques, lists of participants, attendance sheets, summary payroll sheets, summary travel sheets for applicants and lecturers, bills and their annexes, account coding bank statements, order sheets, contracts, various tables, lists, declarations in word of honour, photos from particular cycles etc. were included into supporting documentation.

The administration of the whole project was inadequately extensive and difficult to handle, and it represented a substantial part of project as for the time aspect. The preparation of all the documents related to one application for payment and to one monitoring report took several days.

## 7. Project Benefits for Topvar Brewery, Inc.

The decreasing beer consumption in Slovakia and the subsequent markets decrease force the applicant to continually improve its sale techniques and its ability to keep up and increase its market share.

The following main measurable indicators were given for the purpose of evaluating the implementation of the project:

- The number of employees trained;
- The number of trainings cycles performed;
- The number of new-created training products;
- The number of women involved in the training programmes;
- Changes in the rate of employees participating in further training programmes;
- An increase in market productivity and competitiveness of the company,
- The number of newly created programmes of further training to be carried out after the end of the project.

Thirteen programme cycles took place throughout the project and 227 employees were retrained. After the implementation of these 13 cycles, 144 men and 84 women were retrained. The estimated rate of retrained workers was 82% of women and 18% of men. The actual rate upon completion of the project was 58:42. During the entire period, 41% of all the employees of the Šariš Brewery were retrained (which is 24% of all the employees employed in Pivovary Topvar.)

The project contributed to a considerable stabilization and support of the economically active people living in the respective region and created better conditions for life and work. The project also helped to stop the outflow of economically active inhabitants from the region to larger agglomerations (Bratislava, Prague, EU) and this is also a way how the project supported a sustainable development of the region. The project with all its activities and impacts noticeably supported the competitiveness of this developing region and contributed to a balanced development both at the regional and national levels.

In spite of the decreasing Slovak brewing market Šariš Brewery achieved an increasing market share mainly because of its acquisition of Topvar, Inc. The increasing market share was reached via innovations and investments into the company brand. The total drop in the Slovak beer market represented 4%, but the rate of sales decreased by only 3% during the same period in Topvar Brewery. Throughout the duration of the project, the labour productivity of the company increased by 23%, which was nearly double in comparison with the estimated rate (12%) prior to the project start.

The project fully complied with the global objectives and priorities of the programme and of the Call, since the project noticeably contributed to a more extensive providing of further training for employees and improved their qualification, adaptability and competitiveness on the labour market.

The others benefits of the project are the following:

- One work place was created as a result of the implementation of the project;
- The number of women work places kept is 84 (the number of women participating in the project)
- The rate between men's and women's salaries is 50:50. (There is no possibility to

calculate this data, since it is not possible to filter out employees as per gender from the personnel database. The applicant abides by the principle of gender balance and employees are paid only according to their working position.)

- The number of disadvantaged people involved in the programme was approximately 35 (again, it is impossible to calculate the accurate number, as the personnel database cannot filter out the employees according to their disability. We calculated the approximate number based on the birth dates of the project participants.)

The increase in the number of PC and Internet users can be considered as an indirect impact of the project. Sales representatives did not use PCs prior to the project. Since all the information related to the project, e. g. invitations, planned programme, instructions were distributed by e-mail only, they started to use PCs and their newly created e-mail accounts.

## 8. Conclusion

The projects supported by the EU should address and stress the needs of the new modern civil society and the knowledge economy. The objectives and the tasks of the projects prepared have to reflect the society's needs as well as to meet the government's targets presented in its operational programmes. The uniqueness and the success of the project in the acceptance process depend on the quality of its elaboration and on the vitality of the applied organisation. A successful drawing of financial sources depends on cooperation with the managing authority and is strongly influenced by the human factor on the one side of the beneficiary and of the managing authority on the other.

Our experience shows that the most important phase on the project applicant's side is the preparation of the project proposal and the first phase of its implementation. The identification of the right and measurable objectives plays a crucial role in the effective use of public resources and it will ensure benefits for the applicants, too.

The results of evaluation confirmed an effective use of the financial resources within the project carried out by Šariš Brewery. The same result confirmed the ex-post analysis of the project

impacts and evaluation of the project goals. All the project goals were met. The realization of the project contributed to the development of the company, increase awareness of its trade mark, and to improving its effective management and stabilisation of its market position. The realised programme offered wider applicable knowledge and skills. The applicant appreciates the contribution of the project to the human resources development and plans to continue with similar activities.

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**ABSTRACT****IMPROVEMENT OF EMPLOYEES´ CORPORATE TRAINING IN THE COMPANY TOPVAR BREWERY INC.****Helena Šimková, Miriam Šebová, Renáta Horňáková**

Slovakia's accession to the European Union offers new possibilities for financing various areas of economy. The European Social Fund, one of the EU structural funds, is aimed at decreasing the differences between the member countries. It supports, among others, the development of human resources.

This paper analyses the rules of the EU support based on a case study - human resources development project in the Šariš Brewery. The company prepared the project in the framework of improving the employees´ training and received financial support from the ESF for its implementation. The EU resources are the public resources and in this sense it is important to evaluate the effectiveness of their use. One of the main conditions of the rational and effective using of the EU funds is transparency. This paper presents the proposals for a successful project implementation both on the side of the applicant and of the managing. For the applicant it is important to manage the preparation of the project and the first part of the implementation process. The managing authority has to prepare transparent rules, publish all relevant information and manage the evaluation of projects at several ministries.

The projects supported by the EU should address and stress the needs of the new modern civil society and the knowledge economy. The objectives and the tasks of the projects prepared have to reflect the society's needs as well as to meet the government's targets presented in its operational programmes. The uniqueness and the success of the project in the acceptance process depend on the quality of its elaboration and on the vitality of the applied organisation. A successful drawing of financial sources depends on cooperation with the managing authority and is strongly influenced by the human factor on the one side of the beneficiary and of the managing authority on the other.

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