

# Competing for Agricultural Labor

Ranch work has shifted from family to nonfamily employees, tightening the availability of reliable labor.

Story & photos by **Troy Smith**

**T**here was a time when many American farms and ranches ran on homegrown labor. Back when plenty of rural families included a passel of kids, most agricultural operations were labor-intensive, with more than enough work to go around.

This writer's grandmother often recalled how, at an early age, she and her several siblings were expected to hitch up teams of horses, work in the fields and tend livestock. Granny remembered, rather bitterly, that her father viewed his children as a workforce that was cheap and available seven days a week. It wasn't so much the hard work as their father's attitude that inspired the youngsters' yearning for a better "job."

Today, fewer farmers and ranchers raise big broods of field hands or cowpunchers to meet labor needs. Many are more dependent

on nonfamily employees, but the market for qualified and capable labor is tight. Frequently, agricultural producers consider their neighbors and fellow producers to be their main competitors for labor.

This isn't necessarily true. People having interest and previous experience in agriculture often turn to other areas of employment, seeking better pay or more attractive working conditions. And other industries often recruit employees with ag backgrounds, perceiving their knowledge, skills and rural work ethic as assets.

So how do farmers and ranchers compete for employees? Kansas State University (K-State) ag economist Sarah Fogleman says the factors that bring employers and employees together fall within the categories of compensation, reputation and situation.

## Compensation

"Compensation is not all about money. It's about meeting the needs of employees," Fogleman stresses. "Compensation has evolved beyond just an hourly wage or yearly salary. Successful employers utilize both direct and indirect elements in creating compensation packages."

Direct compensation includes an employee's base pay and any performance-based pay, such as a profit-sharing bonus. Indirect compensation is more varied, including everything from legally required protection programs (Social Security) to health insurance, retirement programs and paid vacation. Some employers provide employee housing. The most common benefit offered to ag employees is farm produce, such as beef for the freezer.

According to Fogleman, employees expect wages to:

- (1) cover basic living expenses;
- (2) keep up with inflation;
- (3) provide some funds for savings or recreation; and
- (4) increase over time.

Fogleman says the most important consideration when developing compensation packages is fairness. People working for the same employer may receive different levels of compensation, depending on their skill levels, assignment of responsibility or length of employment, but the reasons for variation in pay should be

## Harmony in the family workforce

"Family farms and ranches are very 'American,' but it's not an easy way of doing business," states Bernard Erven, an Ohio State University (OSU) ag economics professor specializing in human resource management. Family operations offer benefits perceived to be unavailable anywhere else, but they can create challenges, frustrations, hard feelings and stress.

On the positive side, the agricultural way of life can provide great satisfaction to family members. Often, the operation provides the family's identity in the community. Family pride, history and values drive the business. And the family farm culture values self-

employment, sowing the desire to participate in the ownership and management of the family business.

However, opportunities on some family operations may not fit the strengths of family members. For example, it's common for multiple family members to enjoy production management, but the operation may really need someone to concentrate on marketing or finances.

"The family business also may limit opportunities for career growth. This isn't a criticism — just a reality," Erven states. "If a capable, young family member joins the family business while the parents are in the middle of their careers — and maybe grandparents still play dominant roles — the young person's first taste of top-management decision-making may be 30 years down the road."

Erven says family members often come into the business with vague job descriptions, unclear placement in the operation's hierarchy and questionable compensation packages. Confidence that "everything will work out" substitutes for careful discussion of these important matters. A young person who grew up in the business or married into it may become resigned to the belief that nothing can or will change. From frustration grows friction.



**"Don't be like the husband whose wife complained that he never expressed his feelings for her. The husband said, 'I told you I loved you when I married you. I'll let you know if I change my mind.'"**

— Bernard Erven



**"It's about meeting employees' needs. Innovative employers think of things, other than money, that help attract and keep quality employees."**

**— Sarah Fogleman**

## Situation

Most situations that bring people together, or pull them apart, are influenced by communication or the lack of it. Fogleman advises employers to make every effort to recruit and hire the right person for each position, and to provide orientation and training for every employee. Lay down ground rules so employees know what they can expect from the boss. Use written job descriptions so employees know, without a doubt, what the boss expects of them.

It's important to realize that situations change — sometimes beyond anyone's control. Personal life changes may affect an employee's ability to perform, or the operation may change and require different employee skills. Revisions to job descriptions and different training may be necessary to implement new technology. The best employers are flexible and innovative, keeping the lines of communication open and making every effort to allow positions to evolve.

"Employers are making a big mistake when they look like they are making up the rules as they go along. Every business needs clearly defined policies and procedures that are communicated to employees," Fogleman adds. "It is a good practice to allow quality employees to have a voice in setting policies. They have to believe that you really want their input, and you should."

CONTINUED ON PAGE 94

stated clearly and easily understood.

Employees watch each other and judge fairness, but compensation also should be fair when compared to alternative sources of employment. If employees perceive a lack of either internal or external equity, dissatisfaction may result in employees leaving or attempting to balance their performance through decreased productivity or absenteeism.

## Reputation

Fairness is reflected in the reputation of most businesses, but it isn't the only factor. In nearly every community, there are operations known to be good places to work. Their distinction goes far beyond compensation, mainly because of the

employer's honesty, integrity and caring attitude.

Fogleman cites the example of two brothers running very similar farming and cattle production systems. One brother has a positive attitude and treats people as he himself would like to be treated. The other brother does not.

"Who do you think has the happiest employees and the lowest turnover? And when they're looking for help, who attracts the best applicants? The attitudes of people involved make the difference between otherwise similar operations," she adds. "A good reputation is the best recruitment tool. Often, it is the deal-maker when compensation is equal."

Divorce carries the potential for huge business calamity. There are many factors, over which the family has little control, that may upset business plans and expectations. Chronic health problems and economic difficulties for some family members can impede the progress of the business.

According to Erven, the key to successful management of many family operations is knowing where family stops and business begins. A producer may have to learn to separate his feelings for his wife from his feelings toward the bookkeeper, who happens to be his wife. Sometimes it is best to avoid talking business at family mealtime.

Erven offers tips, ideas and strategies for top managers of family farms and ranches, starting by recommending development of a mission statement and goals for the business. The *process* of planning actually helps more than the resulting plan. Involving all family members gives assurance that everyone knows and understands the goals and applies the concept of "all of us together are smarter than any one of us."

Write job descriptions for each family member. Job descriptions serve as a valuable communication tool, so make sure everyone understands the responsibilities of all family members involved in the business.

Communicate clearly and often. Top managers should provide leadership and coaching, but they must promote open communication, including feedback from family members.

Have fun! The wisest people in agriculture emphasize the importance of liking their industry, their operation, the people, and

day-to-day life on the farm or ranch. You face a serious challenge when people in your business stop looking forward to going to work each day.

Success in a family business is a two-way street. Top managers should try to create an environment in which people can succeed; Erven urges family members to take advantage of the opportunities presented.

Show that you are willing to take responsibility. Regularly taking an extra turn at the operation's "dirty" jobs will build goodwill. Admit what you don't know, and be willing to learn. Confess your mistakes. Making excuses doesn't help, and it causes others to be suspicious of you when similar things next go wrong.

Read the signals sent to you. Family members may be more likely to hint at what they want than to assert it clearly. Paying attention, asking questions and promoting improved communication enhance relationships.

Establishing a home independent of your parents can be good for business relations. If Mom still washes your underwear, you are not ready for a business relationship with Dad. Family business relationships should be adult-like and not mirror those of parent and child.

"Families in business together should regularly ask themselves how they are doing and evaluate their business relations. Then, work together to make changes when needed," Erven suggests. "You don't have to give up on the family business, but you have to accept the realities and face the challenges."

## Keeping your best employees

The ag employer's challenge is to provide jobs that are attractive to people who have alternatives in the nonfarm labor market. However, farmers and ranchers sometimes have an advantage in that most operations offer opportunities to use a variety of skills, as opposed to assembly-line jobs where workers stand in one place, doing the same thing over and over again.

No job is perfect, admits Bernard Erven, Ohio State University (OSU) human resources specialist. But employees are more likely to be satisfied and motivated when their job offers variety, a measure of responsibility and enough freedom to be creative. Creative employers are those who can build employee commitment to the success of the operation.

Erven's guidelines for job design and team building also contribute to the building of a reputation as an outstanding employer. They include:

**Like, enjoy and appreciate employees.** Bad experiences with one or two workers can sour an employer's attitude, but don't concentrate on business problems or problem employees to the extent that quality workers and their contributions to the operation are ignored.

**Show trust.** Without trust the employer-employee relationship has a weak foundation. Show trust in employees by delegating authority and responsibility.

**Develop pride.** Building pride in an organization or operation is a long-term effort. Employee recognition and a public show of appreciation can make employees glad to be part of the team. As teams work together to accomplish goals, they should celebrate together when goals are accomplished.

**Communicate clearly and often.** Staff meetings, message boards,

two-way radios, regular performance appraisals and planning sessions (that include employees) are examples of how employers can facilitate communication. Employees seldom complain about too much communication.

**Compensate fairly.** Considering their abilities and experience, employees should be paid salaries comparable to what could be earned elsewhere in the community. Remember that employees should be compensated according to their performance and value to the operation, and not just on the basis of length of employment. A highly motivated, above-average, valuable worker should not be paid less than someone who has worked longer but delivers an average performance.

**Make the business family-friendly.** This means anticipating family frustrations and pressures and helping employees deal with their family responsibilities. Ideas to consider include offering child care (or at least helping employees to find it), allowing flexible hours, job sharing, health insurance with family coverage, gifts for the children of employees or scholarships for employees' children who have been employed by the operation.

**Promote from within.** Promoting an employee shows recognition of past contributions to the operation and employer confidence in the worker. It also sends a signal to other employees that they have career-advancement opportunities without changing employers.

"Employee turnover, lack of qualified applicants and 'me-caring' employees are chronic frustrations for many farm and ranch managers," Erven says. "But making the farm or ranch an appealing place to work helps overcome these frustrations. The operation's success goes hand in hand with employee success."

