

# Dollars to Donuts: How to Compete for Agricultural Labor

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## Introduction

In the popular movie “What Women Want,” Mel Gibson’s character is involved in a freak accident that leaves him with the ability to read women’s minds. Many times, employers wish they had that ability as they spend a lot of time wondering exactly what employees want.

While the possibility of learning how to read minds is very remote, there are certain practices, tools, and pieces of advice that can help employers to better understand employees and the employee marketplace. Recent economic struggles aside, the market for qualified and capable labor is always tight and until that mind-reading technology is perfected, employers will be stuck competing the old-fashioned way.

## Who’s competing?

Frequently, agricultural producers consider their neighbors and fellow farmers and ranchers to be the main competitors for agricultural labor. This isn’t necessarily the case. Agricultural employees may have had previous agricultural experience or an interest in farm or ranch work, but that doesn’t necessarily limit them to employment within that one industry. Qualified agricultural employees would typically be desirable in a number of industries that utilize the same sets of skills. To be competitive, an agricultural business must consider all the options that employees have available to them and then compete with those businesses, regardless of the industries they represent.

How employers compete: Compensation, Reputation, Situation

There are many factors that put employees and employers together, and other factors that keep them together. Each of those factors may be classified into one of the following groups: compensation, reputation, or situation.

Certainly compensation is the item that comes to mind first when most people think about recruiting and retaining employees. If an employer’s compensation package is severely below what competitors are paying, that employer is likely to have a difficult time recruiting and retaining employees.

But compensation is far from the only factor when it comes to competing for potential employees. A business’s reputation is going to carry considerable weight in most agricultural communities. In almost every community, there are businesses that are considered the best places to work. Sometimes compensation plays a role in that, but it is seldom the only factor. Ultimately, the best competitors are the best employers and that’s a distinction that goes far beyond compensation.

The other factor that will bring employers and employees together, or pull them apart, is the situation. People do not exist solely within the confines of the business. They have families, personal interests and needs. Understanding these situations and how to use them to your advantage will give your business a huge competitive advantage.

### **Elements of Successful Compensation Packages**

According to Schuler, “Total compensation involves the assessment of employee contributions in order to distribute fairly and equitably both direct and indirect organizational rewards in exchange for these contributions.” In other words, compensation has evolved beyond just an hourly wage. It’s no longer a matter of answering the question, “How much do I have to pay?” Today, successful employers utilize both direct and indirect elements to meet the needs of their employees.

Direct compensation includes an employee’s base salary which can be an annual salary or hourly wage and any performance-based pay that an employee receives, such as profit-sharing bonuses. Indirect compensation is far more varied, including everything from legally required public protection programs such as Social Security to health insurance, retirement programs, paid leave, and life cycle benefits, for example child care or moving expenses (Schuler). Both of these types of compensation are important in developing a competitive compensation package.

### **It’s not about money....It’s about meeting the needs of your employees**

Employers who wish to create and maintain competitive compensation packages need to concern themselves first with the needs of their employees. Most agricultural businesses are small, and most agricultural business managers consider that a limitation of creating competitive compensation packages. True, a business with three employees might have a more difficult time setting up a 401(k) or health insurance package, but small businesses have the opportunity to know their employees much better, therefore better understanding their needs.

The success of compensation packages is not measured by the dollar cost to the employer. The success of a compensation package is measured in how difficult it would be to duplicate those same benefits from a competing employer. This refers not just to cash wages but also to direct and indirect benefits, including such items as flexibility in scheduling or working conditions.

So, step one for any employer who is trying to create a competitive compensation package is to develop an understanding of what his/her employees need. Step two is to gain an understanding of what competing employers are currently offering.

### **Reputation**

In every community there are employers with excellent reputations who seem to have a never-ending supply of qualified applicants. These are commonly referred to as “The Employers of Choice.” What determines an “Employer of Choice”? What magical formula do these businesses abide by that makes them such worthy places of employment? What does a business have to pay to become one of these chosen few?

That isn't the question. "Employers of Choice" are not employers who got ahead simply by paying more. They are employers who got ahead by being better employers, a distinction that goes far beyond compensation. In short, they are employers who have managed to treat employees as they, themselves, would like to be treated. While there is no medicine or vaccine that can enable an employer to master this skill, there are six basic steps that potential "Employers of Choice" would do well to follow.

Communicate—99.9% of all labor problems stem from a lack of communication. If every person within your business can honestly make the following four statements, then the majority of your labor headaches will go away.

I know what to expect.

I know what's going on.

I know how I am doing.

I know how we are doing.

Use job descriptions—These are the most basic tools available for human resource managers and they are the tools that managers are least likely to use. A job description is a simple document that helps an employee to know what is expected of him/her. They don't have to be any more complex than that.

Recruit and hire the right people for the positions—labor-related problems have been created by hiring the first "warm body" that comes through the door. This is an important cycle to stop. If you have a feeling that an applicant will not work out but you're desperate for help and want to extend an offer anyway, don't. Be patient if at all possible. It's better to be short-handed than to have an unqualified, untrainable person on the payroll.

Provide proper training—don't let turnover or a hectic schedule stop you from training new employees and providing learning experiences for existing employees. The time you take to train an employee will come back to reward you ten times over if it's done well.

Lay out the ground rules—in other words, employees should know, without a doubt, what they can expect from you and what you will be expecting of them.

Meet your employee's needs—again, this isn't always solved with money. Take some time to get to know your employees and then do your best to provide them with the resources they need to be happy in their jobs.

Certainly in most agricultural communities, word of mouth works. Your business is going to have a reputation, whether you like it or not. That is why following the above steps is crucial. Become a good employer, and becoming the "Employer of Choice" is not far behind.

The other aspect of developing a reputation involves managers taking an active role in promoting their business as a place of employment. This may be as simple as participating in local career days

or as complex as an extended public relations campaign. Whatever method used, however, the objective should be the same: to improve the reputation of the business and the industry.

### **Situation**

Situations that bring employers and employees together, or pull them apart, are sometimes largely out of the control of the participating parties.

An employee has a wonderful job that makes him very happy and then a change in his personal life forces him to move, thus leaving that great job behind.

A business has a group of very capable employees until the business decides, or is forced, to change, modifying the skills and competencies that are expected of its people and, suddenly, those employees can't perform their jobs.

Those are just a couple of examples of the situations that change a business or a person and, therefore, change the employee/employer relationship. It is very difficult to compete against factors that are out of your control. The best any business or employee can hope for in this situation is to examine the situation and create new alternatives. Perhaps that new parent who would like to stay at home would actually be interested in doing some part-time work. Perhaps an existing employee would be willing and able to learn a new technology. But no matter how flexible employers and employees try to be, there are certain limitations. After all, it's very hard to telecommute to a farm.

Just as situations can come between employers and employees, they can also bring people and jobs together. When competing for agricultural labor, it's important to make sure that your business is put forward in the best possible situation.

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