

Everything You Need To Know About Human Resource Management...

But were afraid to ask.

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Introduction

As agricultural businesses expand to keep up with economies of size, it is natural that many more producers are going to find themselves in the dual roles of farmer/employer. For many individuals, this is a daunting possibility. Hiring your first employee is never an easy process, but it certainly isn't something which should be avoided at all costs—especially if that is a crucial aspect of your operation's future success.

Below are six steps which are crucial to the employment process. Keep in mind that, despite the title of this paper, this is not an inclusive list and there are legal as well as other items to consider, some of which will soon be available in a separate article. However, these are the basics and a great place to start.

1. Job analysis and job description
2. Hiring
3. Orientation and training
4. Performance appraisal
5. Compensation
6. Discipline

1. Job analysis and description

Whether you're in the process of hiring your first or your fiftieth employee, the first question every employer must ask is "what is this person going to do?" Before you begin searching for a new employee, you have to know what you are looking for. First, ask yourself if the vacancy must be filled at all. Can the job responsibilities of that opening be absorbed by other positions or eliminated altogether? Can it be reduced to a part-time or temporary position? Always consider restructuring to accommodate any changes without additions to staff before you automatically begin an employee search.

If you decide that you must hire a new employee, you must determine your target candidate. Perform a Job Analysis. A job analysis is simply the process of determining the tasks an individual in a certain position will have to perform. You may be able to accomplish this by working with current employees to write down the typical tasks associated with a certain job. Once the tasks are

established, you can follow up with the Job Specification. The Job Specification answers the question, “What skills and qualities are necessary to perform those tasks?” In other words, if one of the tasks is to run errands in a farm vehicle, one of the items on the job specification should be a valid drivers’ license.

Use the results of the Job Analysis and Job Specification to create an employee profile, or "wish list." Items may range from education to work experience, job skills to initiative. By following these steps, you can develop a job description that can help you determine the rate of pay, recruit potential candidates, and set performance standards for each employee.

Job Descriptions

Next, you should write (or revise) the job description. Job descriptions are instrumental in documenting a job's essential functions and other crucial features such as effort required, performance expectations and work environment. All job descriptions are summaries - their purpose is simply to offer employees an idea of what the employer will expect from them and vice versa.

Many employers cringe at the thought of writing job descriptions for their employees because they either don't have the time or fear their employees will begin to under-perform by refusing to do jobs which “aren't in my job description.”

Please don't let this argument deter you from this process. Ultimately, the job description is a tool which helps to make sure both the employee and the employer have an understanding of what is expected—which is never a bad thing. Also, job descriptions are very beneficial to family employees, especially in instances when a member of the family is taking on a new role within the business—one which may very well vary from his/her perception of what he/she will be required to do.

It is important to continually review job descriptions because they should evolve with the position and the employee. When tasks are added or taken away, or in instances when the original job description simply didn't accurately portray the position, the job description must be revisited.

2. Hiring

Recruitment

Now that you have a clear understanding of the job you're hiring for and the skills and experience you want the new employee to possess, you must determine how you'll find your target candidates. A good place to start is with your best current employees. Where did you discover your top hires in the past?

Some good options include:

- Internal Job Postings
- Employee Referral Program
- Employment Agencies and Search Firms
- State Agencies
- Educational Institutions

- Online Recruiting Sites
- Classified Advertising
- Word of Mouth

When hiring and selecting employees, be sure to focus on the job. For example, don't advertise that you are hiring for a "hired man" because this may very well put you at risk of being sued for discrimination—especially since a woman may very well be able to perform the job. If you believe that a woman could not physically perform the required tasks, that's still no defense. Instead, advertise for someone who is "able to lift fifty pounds" or whatever other physical requirements you have outlined. This will both insulate you from legal risks and also help to ensure that you attract applicants that can, in fact, perform the job.

Selection

When selecting employees, consider it a race. The person who most easily clears the hurdles wins. It is up to the business managers to choose the hurdles which will best determine how successful an applicant will be in a position. To do this, refer back to the Job Specification to review what skills, competencies, licenses, and abilities the job will require. Then you may evaluate the applicants by utilizing any of a variety of hurdles which may include some of the following:

Written applications gather essential information and gauge the applicant's ability to read and write, whether or not they are qualified to be employed in this country, if they have a valid drivers' license, etc.. These forms may be used to narrow a large field of applicants based on basic qualifications—a good first hurdle.

Written tests are an excellent tool when technical knowledge is required. The format of the test can vary—multiple choice, short answer, or essay. They may be "open book", allowing the applicant access to the materials available on the job.

Oral tests may help assess the applicant's communication ability and technical expertise. Examples may include asking the applicant to give instructions to other employees or discuss the structural conformation of a cow. Another good test question is to give the applicant a hypothetical problem and ask him or her to walk you through the steps he or she would take to solve it.

Interviews allow potential employers and employees to get to know each other. Interviews may take a serious, grilling tone or be very laid-back and conversational. Well-planned interviews that ask open-ended questions work best. Of course, some applicants may sound very impressive during an interview and disappoint once on the job. Other applicants may be made very nervous in an interview and miss their opportunity to shine. This is why it is always good to combine an interview with a practical test.

Practical tests require the applicant to perform one or more of the skills the job requires through a mock situation. The applicant may be asked to operate a piece of machinery, sort through a pen of livestock, etc. A committee of other employees and farm managers can evaluate the applicants' performance on practical tests, reviewing their ability to perform the tasks. These tests also demonstrate the applicants' thought process—did they ask questions, prioritize tasks, and keep their composure if something went wrong? It is important to stress safety during a practical test. The test

should be strictly supervised. If the applicant is at risk of injuring himself or anyone else at any point, the test should be stopped immediately.

References require the applicant to provide the names and phone numbers of past employers. Keep in mind, some employers may hesitate to provide negative information about a former employee out of fear over lawsuits. Other employers may give glowing recommendations of unsatisfactory employees they want to get rid of. References from people you know and trust are the only references you can really rely on to give an accurate picture of a potential employee. Even then, people have different perceptions and personalities. So consider all these things when weighing the value of an employer's reference.

Interview Do's and Don'ts

One of the most frequently used hurdles is the interview. A selection interview's objective is to obtain information - facts, opinions, impressions - from which to predict the future performance of an applicant for a particular position as well as to inform the applicant about the operation and the open position.

Prepare for the interview by developing a list of core question which will be asked of all candidates and determine who will be involved in the interview process. It's good to keep interviews conversational, but don't let the discussion stray away from your pre-determined questions and the information you need to learn. Always allow time at the end of the interview for the candidate to ask questions of you.

When preparing your questions, keep in mind that there are many things which it is actually illegal for an employer to ask. Any question which doesn't directly pertain to the person's ability to perform the job or is discriminatory should not be asked. The guiding principle behind any interview question is that there is a demonstrated job-related necessity for asking the question. Questions should be focused on obtaining information necessary to assess the skills, qualifications, and overall competence of the candidate.

3. Training and Orientation

New Employee Orientation

Employee retention begins at orientation. When an employee begins a new job, it is important that he or she feels informed, comfortable, supported, and prepared to handle the responsibilities of the new position. A well-planned, organized and thorough approach to orienting an employee to a new position can enable the employee to quickly get accustomed to your operation and become a key contributor more quickly.

The Training Process

Without a doubt, the single most important aspect of human resource management is employee training. If there is one area where producers frequently fall short, it is in new employee training and orientation. Many times, employers wait until the last minute, either out of necessity or design, before they hire a new employee. What this means is that the new person isn't always just thrown

into the deep end of the pool to see if they can swim. They are sometimes thrown off of a cliff to see if they can fly.

Some new employees have no experience in the agricultural industry. You may expect to hold that person's hand and give him/her some guidance for the first few days. The trouble is that a few days is not enough time. It takes thirty days for a new employee to be fully-oriented into a business. It takes a minimum of 365 days for an employee to be fully trained—that meaning, a person has to see one full year of an operation before they can know exactly what can and will happen within a business.

Even employees who are experienced in the industry but are new to your business will need training and orientation. Just because a person has worked in a farming operation, for example, does not mean that there will not be things that he or she will have to learn about your farm specifically. Every business speaks its own, individual, language. Be patient and thorough with people who are trying to learn to speak yours.

4. Performance Appraisals

Performance evaluations are often viewed as a once-a-year, necessary evil. But, if your operation's most important asset is its investment in human capital, then it is imperative that managers take steps to make sure that asset is functioning well. Furthermore, keep in mind that one of the four core dimensions of job satisfaction is feedback—the only dimension over which employers have complete control. So while performance reviews and employee feedback may not be one of the most pleasant tasks that managers have to complete, it is one of the most important.

Establishing the “Hoops”

A frustrated employee once said of his employers, “If they'd only show me the hoops, I'd jump through them.” Optimists believe that most people want to be good at their jobs. After all, employees spend most of their waking hours at work. It makes sense that they would want those hours to be enjoyable and productive. However, when employees do not receive proper guidance and training, when they do not clearly understand the goals and objectives of their positions, when they are forced to “figure things out as they go along” it is unlikely that they will be top performers. In other words, employees find it difficult to jump through hoops no one ever has ever shown them.

Every employee should have specific performance expectations. These expectations should be presented plainly and frequently and then the employees should receive the training and support necessary to make sure the expectations can be met. When possible, the expectations should be quantifiable. More abstract expectations (have a positive attitude, be a team player) should also be communicated as clearly as possible.

The On-Going Process

If a performance appraisal only takes place once a year at an annual review, it will likely come too late to correct the mistakes an employee might make throughout the year. Therefore, it's important for a manager to utilize a system of both informal and formal appraisals.

Informal Performance Conversations

- By approaching the appraisal process as on-going, positive event, you can:
- Increase communication
- Establish clear expectations
- Reinforce good performance
- Improve satisfactory performance
- Foster a spirit of cooperation and teamwork

Formal Performance Reviews

Two questions frequently come to mind when managers are told they should frequently conduct formal performance reviews. First, how frequent? Second, how formal?

The first question, how frequently, will vary business-to-business and employee-to-employee. Since performance evaluations are most important for new employees who are undergoing training and getting oriented to a business, managers may want to adopt the following performance review schedule: Once a day for the first week; once a week for the first month; once a month for the first year; at least once a year for the remaining of their tenure with the business.

Of course the first evaluation meetings may be more like conversations and may not resemble a formal evaluation at all. That's a good thing. The first few months of any relationship will establish what is "typical". Having scheduled times to communicate will only help the relationship maintain that important habit.

Annual performance appraisals for long-term employees may take on a slightly different feel and should require more advance work.

5. Compensation

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.

Compensation Package Values in Kansas

Perhaps the most common labor-related question asked of extension professionals is in regard to employee compensation. Unfortunately, “What should I pay my employee?” is not easily answered. There are dozens of factors to consider and they will vary with every situation. But the fact that the question is not easily answered does not mean that it does not address an important issue. To help producers make more informed decisions in regards to employee compensation, the Kansas Farm Management Association conducted a survey of its membership during the fall of 2001. In this survey, participating operations provided detailed information about employee characteristics and compensation, including cash wages and complete benefit information.

Employee Competency

A single business may employ people who possess a wide range of experience, skill, and decision-making authority. Trying to compensate employees within such a wide spectrum of competency can cause managers to struggle with issues of internal and external equity. Internal equity refers to the challenge of making sure that individuals within a single business are compensated at rates that are appropriate based on their relative competencies. External equity applies to the comparison of compensation packages of businesses competing within the same industry. Across an industry, employees with comparable competencies would be expected to receive comparable wages and benefits; otherwise there would be considerable labor migration as employees seek out the highest paying employers. But, before this is possible, levels of competency must be identified and associated wages quantified. Consider this the “apples to apples” approach to comparing and analyzing employee compensation.

Employee Compensation Results

Tables 1-2 outline the compensation packages found during the 2001 Kansas Farm Management Association survey. Compensation packages can be broken down into their individual elements (annual cash wages, hourly cash wages, benefit values and prevalence) or considered as a whole (total compensation and hourly total compensation.) As you look through the following tables you will likely notice some interesting trends.

Table 1.

Full-Time Employees (>1800 hours/year)						
	All	Employee Competency Level				
		1	2	3	4	5
count ¹	245	22	60	64	42	54
Employees paid an annual salary, #	130	4 ³	22	35	28	40
Employees paid an hourly wage, #	114	18	38	29	13	14
Compensation and Wages						
Total compensation, \$	28,188	20,871	25,008	29,016	33,060	30,139
Hourly compensation, \$	10.13	8.07	9.10	10.77	11.73	10.21
Compensation and Wages						
Total cash wage (hourly & salaried)	22,651	18,415	20,462	23,527	27,155	22,351
Annual cash wage (salaried)	23,126		18,963	23,176	27,229	22,710
Hourly wage (\$paid/hour)	8.36	7.01	7.94	8.88	10.63	7.94
Hourly wage equivalent (salaried)	8.08		6.78	8.65	9.27	7.52
Benefits²						
Health insurance, \$	3,676		3,118	3,382	3,987	4,281
Receive health insurance, %	38	18	25	41	45	54
Benefits²						
Housing, \$	4,036	4,300	3,914	3,552	5,520	4,060
Receive housing, %	35	27	45	42	24	26
Benefits²						
Utilities, \$	1,828		1,724	2,047	1,925	1,770
Receive utilities, %	37	18	38	38	38	43
Benefits²						
Farm products, \$	934	392	472	832	1,569	1,266
Receive farm products, %	56	55	60	48	67	52
Benefits²						
Personal use of vehicles, \$	1,160		1,132	1,113	1,171	1,275
Receive use of vehicles, %	21	14	25	23	17	22
Benefits²						
Use of equipment, \$	2,011		357	1,692	3,400	3,714
Receive use of equipment, %	16	0	20	19	14	17
Benefits²						
Retirement program contribution, \$	1,538		675	972	1,900	2,935
Receive retirement contribution, %	11	1	8	14	12	11
Benefits²						
Profit sharing, \$	3,767					
Receive profit sharing, %	4	0	5	3	0	7
Bonuses, \$	730	360	968	681	1,014	481
Receive bonuses, %	38	55	45	45	26	24
Average hours worked per week	53	49	52	52	54	57

¹ Competency information was not provided for three of the full-time employees included in the study.

² Benefit values are included in the average only when an employee receives that benefit.

³ Due to confidentiality concerns, results are not reported when responses < 5.

Table 2.

Part-Time Employees (12 months/year, <35 hours/week)						
	Employee Competency Level					
	All	1	2	3	4	5
Count ¹	64	13	28	12	5	5
Employees paid an annual salary, #	20	0 ³	7	6	3	4
Employees paid an hourly wage, #	43	13	20	6	2	1
Compensation and Wages						
Total compensation, \$	8,953	4,600	8,242	11,234	18,484	7,655
Hourly compensation, \$	9.82	6.09	8.43	13.00	18.36	11.04
Total cash wage (hourly & salaried)	6,938	4,499	7,584	7,861	8,572	4,004
Annual cash wage (salaried)	1,790		1,389	2,665		
Hourly wage (\$ paid/hour)	7.26	5.95	7.48	7.67		
Hourly wage equivalent (salaried)	6.66		7.06	7.00		
Benefits²						
Health insurance, \$	3,829		2,208	5,806		
Receive health insurance, %	23	0	18	42	40	60
Farm products, \$	1,681					
Receive farm products, %	27	31	11	25	80	40
Personal use of vehicles, \$	900					
Receive use of vehicles, %	8	0	4	0	0	80
Bonuses, \$	94	36	139			
Receive bonuses, %	27	38	25	8	20	40
Average hours worked/week	18	15	20	20	17	15

¹Competency information was not provided for one part-time employee included in this study.

²Benefit values are included in the average only when an employee receives that benefit.

³Due to confidentiality concerns, results are not reported when responses < 5.

6. Discipline

Another part of performance management is discipline. Just as it is imperative for you to recognize and praise your employees, there are times when you must speak with your employees about their unacceptable or below average work habits, conduct, attitude, attendance, or performance.

Disciplining (or discharging) employees always presents the potential of conflict which can quickly ripen into costly lawsuits. Therefore, the following legal and practical checklist from the National Pork Board's Human Resource Management Curriculum for employee discipline and terminations should be at the side of every manager before taking final action. There are seven basic guidelines that go a long way to keep an operation out of trouble:

1. Forewarn your employees of their deficiencies and the disciplinary consequences of their continued failure to remedy those deficiencies. Do it in writing. Without such documentation, you are at risk when the employee claims: "The never told me they had a problem with my work. I was just fired!"
2. Confirm that the rule violated, or the direction that was insubordinately ignored was reasonably related to the operation of the business; and, the performance requested was that which employers might properly expect from employees. Without such "reasonableness" the rule or order may not be enforceable, or considered to be no more than a convenient excuse to get rid of the employee.
3. Before administering discipline, a manager should make an effort to confirm whether the employee in fact violated or disobeyed the rule or order. The employee should be told the nature of the charge and should be given an opportunity to defend.
4. There should be an investigation conducted fairly, impartially, and without discrimination to determine if the employee's guilt was charged. Basic due process considerations can be persuasive and, as a practical matter, help to support employer defenses to litigious issues.
5. There should be objective and substantial evidence of guilt. Suspicions, unsupported drug tests, and "generalities" will not withstand challenge.
6. Rules should be applied uniformly, fairly and without discrimination. If other rule violators have been tolerated, or present employees have even worse records than the offender, the discipline will be subject to attack.
7. The degree of discipline should be reasonably related to the seriousness of the offense and the employee's past record. Discharge is the ultimate workplace penalty. If the punishment exceeds the crime, your action may be ruled excessive.

Progressive discipline is a popular method of dealing with unacceptable or below average work habits, conduct, attitude, attendance, or performance. The process may vary from company to company, but it normally is a four-step process: verbal correction, first written correction, second written correction (with possible suspension) and termination of employment. The process is usually effective as long as the intent to change an employee's undesirable behavior is realized.

Supervisors must remember that progressive discipline and documentation is important and necessary. It is an accepted management tool that helps to encourage dialogue with employees. Privacy and confidentiality must be maintained.

Verbal corrections may begin with a sense of "How can I help to improve your job performance? I am interested and concerned with your success at [Operation Name]." As with performance evaluations, don't speak about the employee's motivations - stick strictly to the performance issues.

At this stage, both the manager and the employee must take ownership of the issue at hand. The manager must be part of the solution because the manager is part of the problem. Did you make a bad hiring decision? Have you not been an effective leader? Are your communication skills lacking? If the unsatisfactory behavior continues and does not change, a written correction must be made. In the second and final written correction stage, you should be very forthright with the employee and say, "Do you realize that if this [insert specific behavior] continues, it will be grounds for discharge?" This conversation is critical, as you have now given up responsibility of the corrective action and it all lies with the employee.

If you must use progressive discipline measures, remember that consistency and documentation are key (as with any human resources-related function).

1. *Consistency.* Administer progressive discipline equally to all employees regardless of any legally protected statuses. And, do not give preferential treatment to your best employees should they also commit minor or infrequent infractions while you discipline others.

2. *Documentation.* Ensure that each disciplinary action is accompanied by a written report indicating the date of the incident, the nature of the incident, all previous disciplinary actions within a relevant period (usually one year), and the consequence of any future incident within a relevant period (again, usually one year).

Conclusion

Employers face many challenges—from legal threats to problems with worker morale. There are no easy answers or “quick fixes” for any of these situations. However, help is available and if hiring employees is necessary to make your business as efficient as possible, then don’t be afraid of venturing into this exciting and challenging area of management.