

# HRM Risks and Strategies

in

Fruit Production

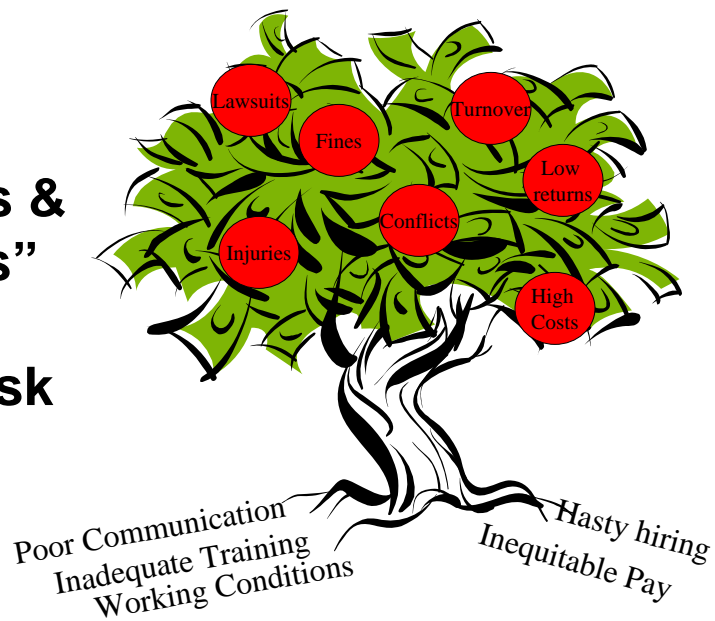
by

Vera Bitsch, Michigan State University

Sarah Fogleman, Kansas State University

Richard Stup, Penn State University

The  
“Roots &  
Fruits”  
of  
HR Risk



## Labor Risks on Farms

- Turnover
- High operational costs
- Low productivity
- Penalties and fines for non-compliance with labor laws
- Interpersonal conflicts
- Legal actions by employees & advocacy groups
- Workplace accidents and injuries

## Turnover

- While some turnover is unavoidable and advantageous, high turnover is not, because
  - Substantial investment in the hiring and training process
  - Loss of know-how
  - Employees leaving may be the more productive individuals
- E.g., your most trusted employee leaves during a busy time and now you and the rest of your team have to work even harder to get a crop planted before it rains.

## High Operational Costs

- While not every farm opts for a low cost strategy, paying more than necessary is rarely a good idea.
- Potential sources of costly mistakes are
  - not hiring qualified & motivated employees
  - insufficiently trained employees
  - unclear communication
  - careless use of resources
- E.g., an inexperienced employee sprays the wrong chemical on the wrong crop.

## Low Productivity

- Reaching the highest possible productivity is only possible when all teams and systems on the farm fit together to strive for common goals and objectives.
- Barriers to maximum productivity are
  - Motivational: people do not want to achieve the same goals
  - Technical: the system does not allow people to strive for the top
  - Unclear goals and objectives
- E.g., two feuding employees do not tell each other when equipment needs repaired.

## Penalties and Fines

- Agricultural employers are subject to many federal and state labor laws, lack of compliance with these laws can result in penalties and fines
- Examples of these laws include:
  - The Migrant and Seasonal Agricultural Worker Protection Act
  - Child labor laws
  - Equal Employment Opportunity laws
- E.g., a vehicle used for running farm-related errands was not up to code; an accident happened and expensive fines are pending.

## Interpersonal Conflicts

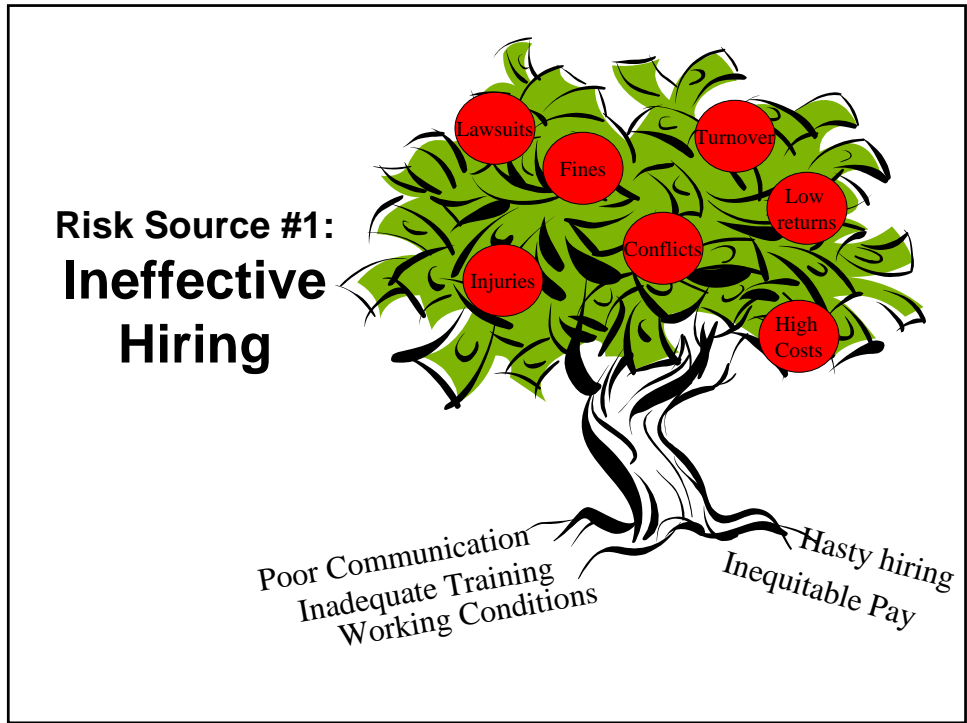
- Conflict among employees at a minimum leads to stress and work disruptions, at worst it can lead to injuries or even deaths
- Employers have an obligation to build a workplace culture that promotes positive interpersonal relations and conflict resolution, and minimizes the incidence of harassment and other antisocial behavior

## Legal Actions

- Legal actions (lawsuits) can be time-consuming and costly problems for a business
- It isn't enough to try to take the steps necessary to win lawsuits that may be brought by current or former employees—employers should strive to prevent lawsuits
- E.g., you fired an employee for being late at least 5 times, however, you never really pointed out to her that this would happen and you have been lenient with other employees before. She's now suing you for discrimination.

## Workplace Accidents and Injuries

- The agricultural industry remains one of the most dangerous in the country. Employers need to work proactively to prevent accidents and injuries
- Risk factors for workplace accidents and injuries include:
  - Poorly trained employees
  - Poor supervision
  - Understaffing that leads people to rush through their work and also long periods of work with few days off



## How Poor Hiring Can Increase Risk

- Selecting applicants with undesirable traits leads to unqualified employees with substandard performance and low productivity
- Training expenses and costs resulting from employee mistakes will increase
- Hiring one “difficult” employee can spoil a team, leading to decreased productivity
- Eventually, termination and turnover will increase, leading to additional lost time and the costs of a new hiring process

## Prepare for the Hiring Process

- Make sure you have sufficient time available for finding the right employee
- If you are under pressure, use a temporary service or ask someone for short-term help—most hiring mistakes are made under pressure to hire
- Think about the job you want to fill—what skills does the applicant need?
- Also think about your farm and what type of employee will work best in the long-term

## Recruiting

Expand your options—focusing on just one source of employees is risky. Try these sources:

- Walk-ins: encourage applications with big signs near a well traveled road  
Caution: careful selection needed
- Employee referrals: reward your employees for recommending a motivated applicant
- Word of mouth: tell your friends, consultants, extension agents, and others about the opening
- Advertisements: newspapers, trade journals, radio (e.g., local programs in Spanish)

## Selection

- Hire selectively
  - Time devoted to careful selection of the best employee for the job, your team, and your farm repays many times in years to come.
- Learn how to use outside information
- Learn how to conduct an effective interview
- Learn how to conduct a selection test

## Using Outside Information

Consider using

- an application form
- background investigation
- reference checks
- Note: Pre-employment physical examinations and substance abuse screening is only legal after a job offer, contingent on the outcome of these exams, has been made



## Effective Interviewing

- Involve the supervisor and/or a future co-worker in the process
- Avoid basing your decision on the first impression
- Do not make up your mind until you have interviewed all candidates
- Know what you want to ask, use a list
- Ask all candidates the same questions
- Take notes and review them with the team

## Work Samples: a Selection Tool

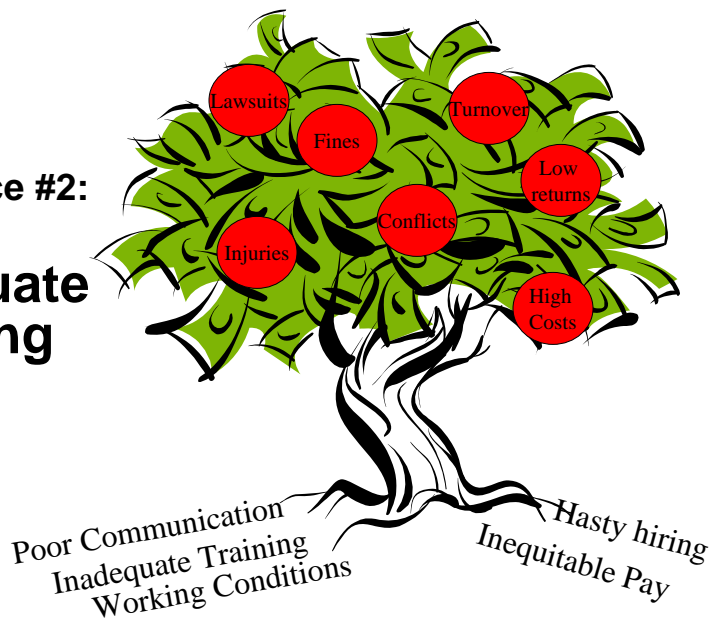
- Using actual tasks in deciding whom to hire is a powerful tool to weed out inept workers.
- Put different sample tasks together that reflect the major tasks of the job:
  - e.g., set up an “obstacle course” and ask an applicant to maneuver pieces of equipment through it to determine their ability to handle machinery.

## Seasonal Employees

- Hiring inept employees wastes your time and theirs. Consider hiring selectively for seasonal employees, too.
- Consider arrangements with complementary employers to provide long-term employment for your seasonal workers.
- Consider prolonging your season with more diversified activities.
- Establish long-term relationships with returning employees who will come back every year.

**Risk Source #2:**

**Inadequate Training**



## How Training Helps to Reduce Risk

- Provides employees with knowledge and skills that are essential for good performance and safety
- Improves employee attitudes toward procedures
- Helps to reduce performance errors
- Can be used to help employees adapt to changes
- Promotes best use of resources (less waste)
- Boosts motivation and reduces turnover by building employee confidence, reducing frustration, and fostering a sense of teamwork and unity

## When Is Training Appropriate?

- Training's main purpose is to transfer or improve an employee's knowledge, skills, or attitude
- Other problems such as lack of feedback or unclear procedures may reduce performance but can not be corrected through training
- Training is essential for both new hires and existing employees

## Effective Training...

- Is planned in advance
- Has specific learning objectives that answer:
  - What will be learned?
  - How will it be learned?
  - What level of performance is expected?
- Is delivered in an environment that minimizes interruptions and distractions and encourages learning
- Is evaluated to measure effectiveness

## The Tell-Show-Do-Review Method

- **Tell** the learner *how* and *why* the procedure is performed
- **Show** the learner how to perform the procedure with physical demonstration
- **Do** allow the learner to perform the procedure while you observe
- **Review:** point out and correct any errors that the learner made, recognize steps that the learner did well

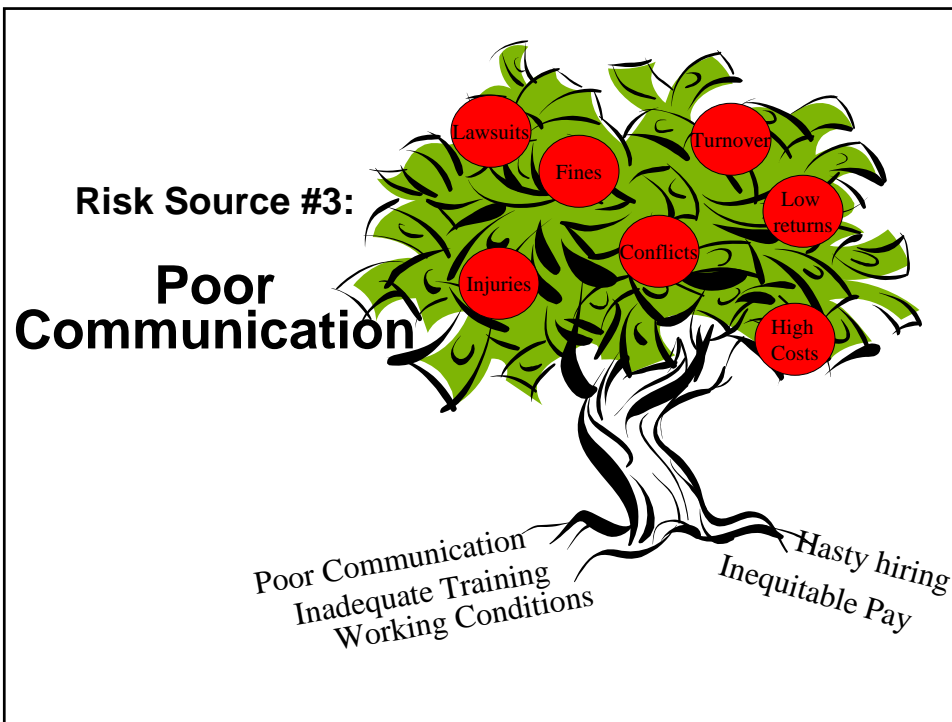
## Learning Styles

- Everyone has a preferred learning style. Tell-Show-Do-Review reaches several of them.
  - **Watchers** prefer to be shown and learn best by demonstration.
  - **Readers** prefer to read written instructions. Learn best when left alone with materials.
  - **Doers** learn best by doing hands-on trial and error.
  - **Sensors** need to understand the meaning of the entire procedure and how the steps fit together.

[Source: Gray, K.C. and Herr, E.L. (1998). Workforce Education: The Basics. Boston: Allyn and Bacon.]
- Trainers should adapt to learners' styles when possible, and should always be flexible and sensitive to learners' needs.
- Many people learn best when a combination of learning styles are used.

## Beyond Training...Development

- Training should not stop with the initial transfer of job skills
- All employees need periodic refresher training to increase the breadth and depth of their job knowledge
- Developmental activities may be used to prepare employees for future positions
- Employees moving into supervisory positions in particular need specialized training and development to help them move beyond technical skills



## How Communication Helps Reduce Risk

- Most human resource management practices depend somewhat on communication (training, compensation, selection, etc.)
- Good communication practices enable information to flow between the individuals, divisions, and locations within a business.
- Timely and relevant information is vital for making decisions and taking appropriate actions.

## Two Types of Communication

- “Hard” communication
  - the practice of conveying facts and information
  - has very little to do with emotions
  - can be done, in part, by using written instruments
- “Soft” communication
  - the practice of conveying feelings and emotions
  - very sensitive to personalities
  - is usually accomplished through honest conversations

## “Hard” Communication

- Deals with information--not emotions
- Typically consists of written documents which outline business policies and details of the employer/employee relationship
  - Handbooks and policies; compensation package details; job descriptions; safety protocols; etc.
- These items clearly communicate to employees
  - what you expect from them
  - what they can expect from you
- Requires a commitment of time and resources
  - For example, documents such as handbooks should always be reviewed by an attorney
- Items must be shared with employees to be effective

## Job Descriptions

- Basic framework for all HRM practices
- Should outline the entire position
- Subject to change--should evolve with the employee and the job
- Will typically include the following sections:
  - Title
  - Position summary
  - Qualifications
  - Opportunities and responsibilities
  - Goals and performance objectives

## Example Job Description

- **Title:** Machinery Operator
- **Position Summary:** Operate machinery related to crop production. Also, perform regularly scheduled machinery maintenance and emergency repairs.
- **Qualifications:** Experience with machinery and mechanics.
- **Responsibilities:** Scout fields and monitor crop production. Plant, spray, and harvest crops. Conduct soil tests. Stock and monitor supplies for equipment maintenance. Organize machinery shed and tools. Conduct regularly scheduled maintenance and emergency repairs as needed. Maintain a safe work environment.
- **Goals & performance objectives:** Maintain a professional attitude and demeanor. Have equipment ready and operational when needed. Be prepared to work long hours during crunch times. Maintain an injury-free workplace.



## Handbooks May Contain Segments That Cover...

- Courtesy and expectations toward other employees
- Terms of employment, details on arrangements such as probationary periods
- Disciplinary practices
- Policies on
  - Attendance, breaks, work scheduling, use of equipment and tools, etc.
- Conditions and elements of compensation packages

## Good “hard” communication can usually be tracked to good systems.

- Information can be transferred through
  - established processes and protocols
  - non-verbal tools (notes, signs, etc.)
- Never underestimate the power of a bulletin board to communicate simple, yet important, notices and pieces of information
- Orientation and training should teach all newcomers how information is shared throughout a business

## Improving “Soft” Communication

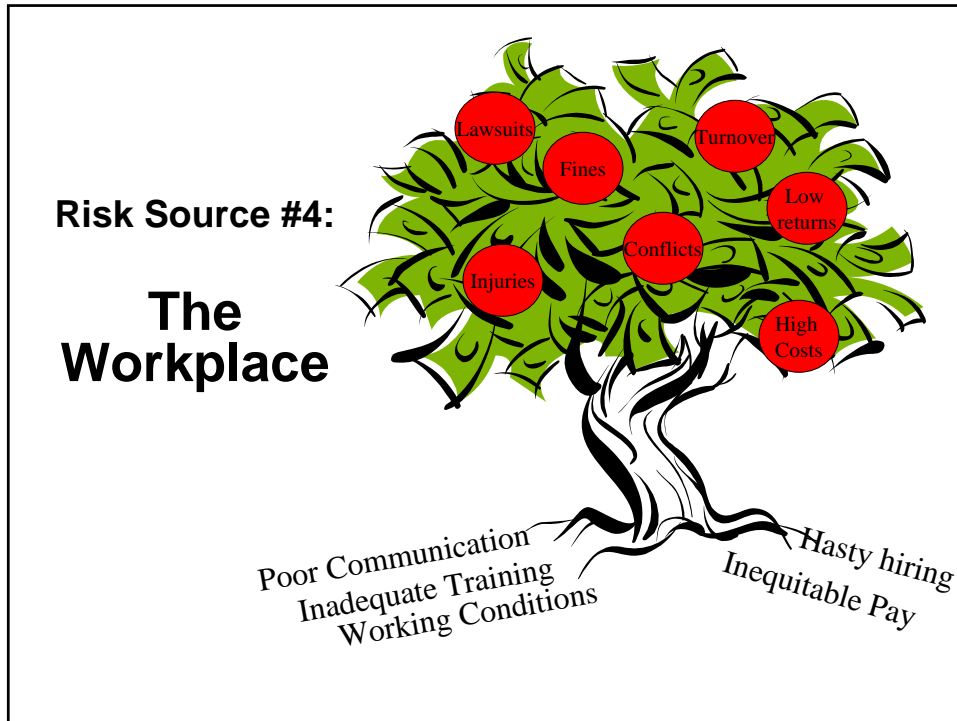
- Remove barriers
  - Be aware of physical barriers like static on the cell phone as well as emotional barriers like personality conflicts that may interfere with the message you are trying to send.
- Find a “common language”
  - Acronyms and nicknames are great ways to communicate quickly and easily, but remember that not everyone may speak your “language.” Be patient with newcomers and translate when necessary.
- Establish communication as a core value

## The Test of Communication

Everyone in your operation  
should be able to say:

- I know what’s going on.
- I know what to expect.
- I know how I am doing.
- I know how we are doing.

*By providing comprehensive training, regular evaluations, and maintaining communication as a core value, your business should pass this test with flying colors.*



## How the Workplace Can Increase Risk

- Substandard working conditions demotivate and reduce productivity
- Insufficient communication leads to mistakes, higher costs, decreased trust and commitment
- Conflicts may increase costs and reduce productivity; ultimately, they may lead to legal actions, penalties, and fines

## Working Conditions

Potential sources of workers' dissatisfaction at the workplace:

- Boring, routine work
- Long hours, no time off
- Stress—too much to do for too few people
- Physically demanding
- Unsafe work environment

## Adapting Working Conditions

- Consider job rotation: e.g., after two hours of harvesting, let the combine operator and truck driver trade places.
- Consider flexible hour schemes, where employees can replace each other and have time off as needed
- Consider hiring additional help
- Consider mechanical or technical help
- Provide training and encouragement for safe behavior, strictly enforce safety rules

## Relationships at the Workplace

Building trusting relationships at the workplace is an effective retention tool and facilitates managing employees.

Consider these options:

- Sponsoring lunches during the season
- Participating at employees' family celebrations
- Cook-outs and other recognition events after major accomplishments

## Sharing Information

Sharing information about the farm can be a powerful motivation tool. How much a farmer is willing to share with employees depends on personal preferences and the specific situation. When sharing, it is important to be honest.

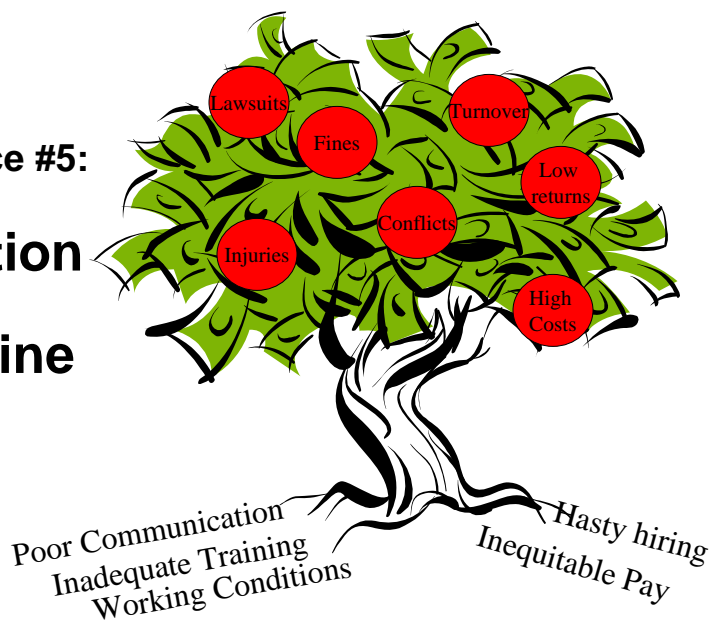
- How does the farm do overall? What are your plans and expectations for the future?
- Can employees be involved in goal setting?
  - E.g., How much can we reduce spray costs by scouting?
- How can each employee best contribute to the overall objectives?
  - E.g., ask "What is one thing we can change to work better around here?"

## Conflict Management

- Conflicts between employees—should you interfere? Yes, make sure you know what is going on. Teach your employees civil behavior by example.
- Dealing with a problem employee—find out what the real problem is. Assigning the employee to a different task or team may help.
- Conflicts between employees and management—get all the facts before making a decision, but then follow through.
- Get outside input, when necessary.

**Risk Source #5:**

**Evaluation  
and  
Discipline**



## How Evaluation and Discipline Reduce Risk

- Timely and fair evaluations help gauge employee performance and set goals for improvement
- Well documented evaluation practices and disciplinary policies help insulate the business against legal threats
- Fair and judicious discipline fosters a stable work environment where problems are dealt with fairly and efficiently

## Performance Evaluation Can Take Three Forms

- Formal Feedback--typically accomplished during a regular review period and consist of a “closed door” meeting between an employee and his/her manager
- Informal Feedback--varies in time and duration and is frequently casual and relates to a timely topic
- Business Feedback--the communication of business or unit performance: e.g., yield per acre and cost per bushel.

## Continuous Feedback

- Daily, informal feedback is the basis of superior employee performance
- Feedback should be
  - constructive
  - open
  - specific and descriptive
  - timely
  - balanced
  - enabling
- E.g., “I just want to let everyone know how much I appreciate you staying late tonight. Thanks to you, we got everything planted, so let it rain.”

## Before conducting performance evaluations, ask the following questions:

- Does every employee understand...
  - what the job is?
  - what it takes to be successful in that job?
  - what the consequences are if expectations are not met?
- Do employees have the skills and tools necessary to fulfill the job requirements?
- Do employees know that performance evaluations are designed, not to punish, but to improve the overall business performance?
- Do employees have a chance to evaluate the people evaluating them?



## Performance Appraisals

- Are times to...
  - formally compliment employees on areas in which they excel
  - determine areas in which employees can improve or grow
  - designate performance objectives and goals for the next evaluation period
- Should be conducted for everyone within a business
  - new employees should be evaluated at least monthly for at least the first six months of tenure
  - existing employees should be evaluated at least annually

## What is the link between performance evaluations and bonuses or raises?

- Raises and bonuses should always be based on performance
- Performance appraisals (formal and informal) should occur much more frequently than raises
- Managers should avoid conducting performance appraisals and giving raises at the same time.
  - Keep the focus of the performance appraisal on improving performance
  - Then reward top-performing employees with raises and advancement

## 4 Tips in Dealing with an Under-Performer

- Let him/her know what's being done right
- Do a "Compare and Contrast" list
  - both the manager and the employee examine the performance objectives and rate task importance and the employee's performance; then, compare scores
- Get the person to make a commitment
- Find out what makes that person tick

Ann Marie Sabath

*101 ways to conduct business with charm and savvy*

## Discipline and Termination

- Although discipline is always difficult, a manager owes it to the problem employee, to the business, and mainly to the other employees to enforce a fair disciplinary system.
- Before disciplining an employee for poor performance, consider:
  - Were performance expectations made clear?
  - Was the employee properly trained?
  - Did the employee receive performance feedback?
- The function of Discipline is to...
  - monitor and manage overall employee performance
  - lead poor performing employees to improve through a progressive approach

## Progressive Discipline

This is an increasing process that may be used to correct problems. Usually the oral warning will change the problem behavior.

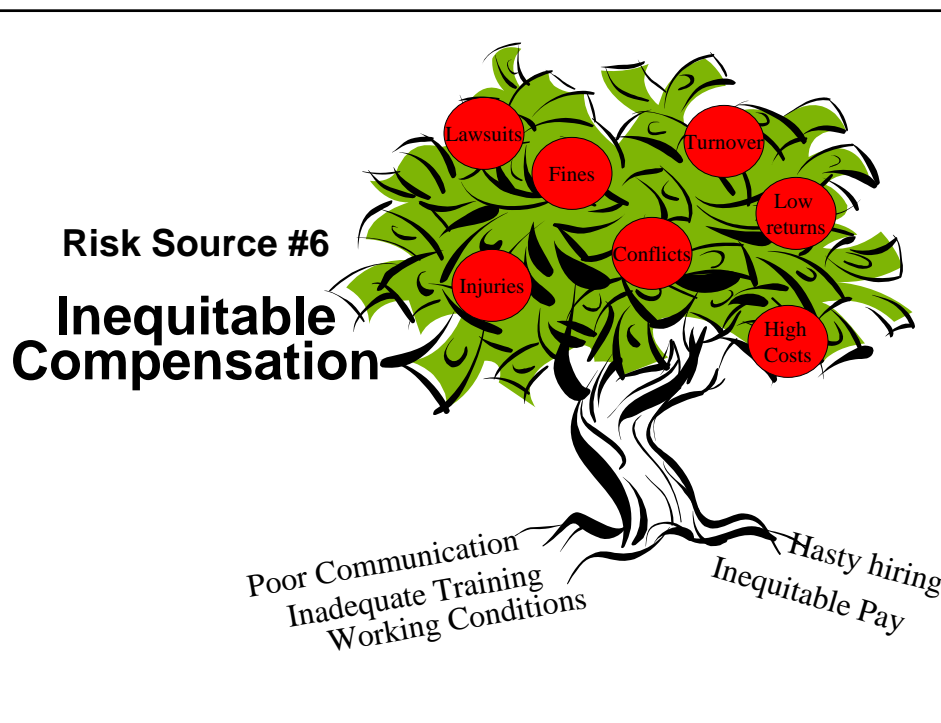
1. *Oral warning.* Discuss the problem behavior with the employee in a private interview. Your goal is to end the interview positively with the employee agreeing to change. Be specific about steps the employee must take to show improvement.
2. *Written warning.* If a second incident arises within a short period of time (such as six weeks), issue a written notice. Give the employee a copy and put another copy in the employee's personnel file. Hold another private interview and seek agreement to change.

## Progressive Discipline (Cont'd)

3. *Decision-making suspension.* Give the employee a one-day (or more) period of leave. The leave may be paid or unpaid. The purpose of the leave is for the employee to decide whether to change his behavior or to find a different job.
4. *Termination.* If the employee decides to return and another incident occurs, then termination is necessary. If no incidents occur in an extended period of time, such as one year, the employee's file should be purged of the disciplinary records.

## Checklist for Managing Discipline Risks

- Do you always terminate “For Cause” even if you work in an “At-Will” state?
- Do you always document reasons for discipline? (These may eventually become your reasons for termination.)
- Do you only threaten termination when you are prepared to follow through?
- Do you know and understand that discipline is a delicate situation and treat it as such?



## How Well-designed Compensation Packages Help Reduce Risk

- Turnover may increase for a business if its employees are unhappy with their compensation packages or do not understand their true value.
- Poorly-conceived incentive systems may reward undesirable behavior and result in increased production costs, unsafe work practices, or overly-competitive work environments.
- Incentive systems may attract higher-caliber applicants.

## Compensation is an important aspect of HR Management because...

- It's an issue that all employers have to eventually address
- It can be linked to most aspects of HR management—recruitment, evaluation, communication
- For employees, compensation is not just a function of what they are paid, but, ultimately, how they are valued

The best compensation packages  
really are  
**Total Rewards Systems**

- Compensation is the total benefit an employee receives from his or her work
  - non-monetary (job security, career growth, friendships)
  - monetary (wages, insurance, bonuses)
- Monetary rewards may be direct or indirect
  - direct (annual salary, hourly wage, cash bonuses)
  - indirect (health insurance, child care, vacation time)

**Successful compensation  
packages are...**

- Based on the employees' needs and business's objectives
- Flexible and provide unique benefits to employees
- Carefully planned
  - know what behavior your incentive plans (bonuses) will encourage
- Equitable

## Equitable Compensation

- Internal Equity--fairness between employees in the same business.
  - Base compensation package values on fair and quantifiable criteria so that employees understand discrepancies when they arise.
- External Equity--relative wage fairness between comparable farms or businesses.
  - Monitor compensation package values by doing informal surveys of competitors and keeping up with the marketplace.

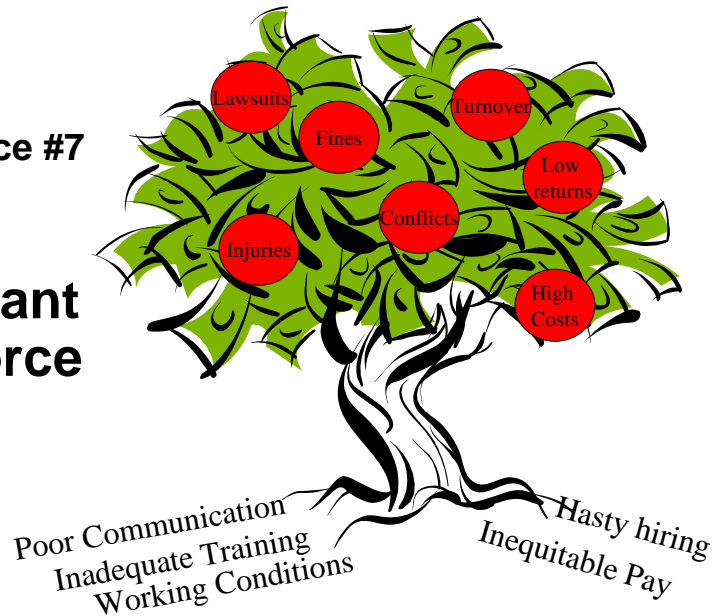
*\*If either internal or equity is violated employees will adjust their performance. If external equity is violated, employees will leave the business in search of a more competitive wage.*

## Indirect Monetary Rewards

- Indirect monetary rewards (aka...benefits or “perks”) are typically very important elements of compensation packages.
  - They will have different values to different employees
  - The importance of these benefits will change over time, so compensation packages should be reviewed regularly
- Employers should ensure that employees know the total value of their compensation packages
  - An employee receiving \$10.00/hr in wages may have a compensation package valued at \$15.00/hr if he/she receives several indirect monetary rewards like health insurance or contributions to a 401(k).

Risk Source #7

## An Immigrant Workforce



## Immigrant Employees and Risk

- Hiring immigrant employees (mainly from Latin America) is a rapidly growing practice in production agriculture
- Some producers see these employees as a way to avoid risk, especially the risk of not having enough workers
- Some human resource risks remain the same with immigrant employees as with other employees, while some are different



## Risks that Decline with Immigrant Employees

- Immigrant employees are recognized for their availability and willingness to work, thus they reduce the risk of insufficient labor
- When these employees need to leave, they often first find their own replacements
- The risk of poor productivity often declines due to a strong sense of peer pressure

## Risks that Increase with Immigrant Employees

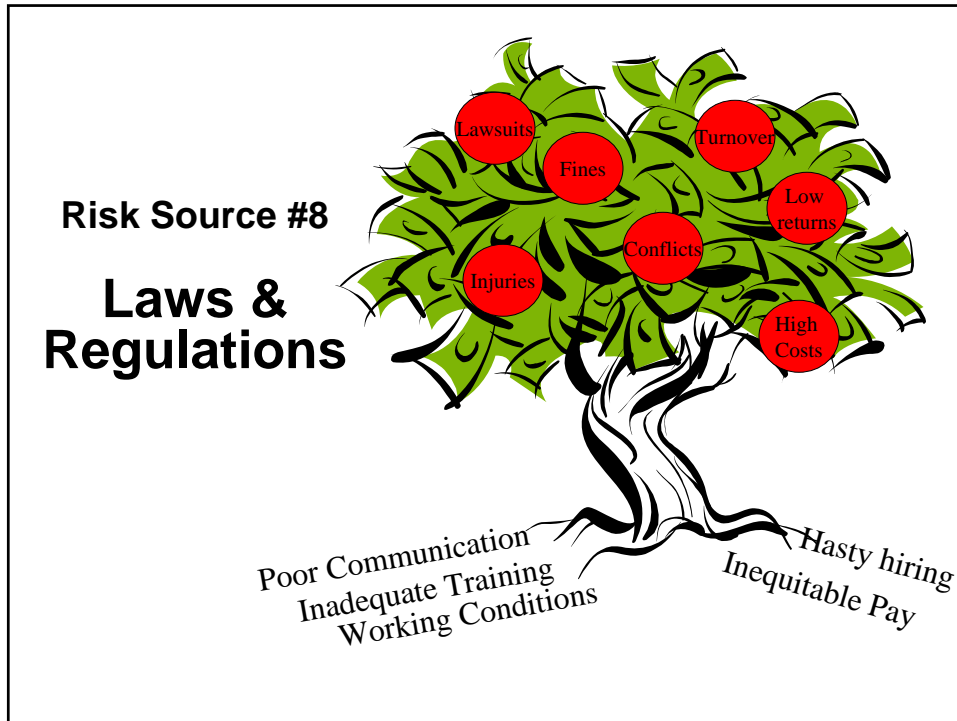
- The risk of hiring undocumented workers who could be deported
- Language and cultural barriers interfere with communication, thus increasing the risk of errors and poor productivity
- Producers risk creating negative attitudes and perceptions in the community when immigrant employees are hired
- These employees have been known to leave their employer as a group, thus the risk of sudden, massive labor shortages

## Recommended Management Practices

- Always complete required Employment Eligibility Verification Form (I-9) for ALL employees, immigrant or not.
- Do not accept obviously falsified documents.
- Overcome language barriers
  - Hire employees who speak some English
  - Learn your employees' language
  - Use interpreters frequently and have documents translated. (This is only a temporary solution.)
- Abide by all laws governing farm worker housing.

## Recommended Management Practices

- Learn about cultural differences
- Communicate frequently with employees to learn about them as individuals and to build personal relationships
- Treat employees with respect and dignity
- Customize training programs to meet employees' special needs
- Emphasize positive feedback for employees
- Create social opportunities to help build camaraderie (parties, soccer games, etc.)



## Keeping up on Labor Laws

Some areas where many agricultural employers face compliance risks:

- Employment eligibility
- Employing minors
- Occupational Health and Safety Administration (OSHA)
- Worker Protection Standards (WPS)

## Tips Regarding Labor Laws

- Develop a good filing system and keep records
- Subscribe to a newsletter on labor laws and regulations to receive regular updates
- If you have web access, make a link list of good websites to visit once a month and check for new developments
- Read the business section of your newspaper to know what is happening outside of agriculture

## Conclusions

- Employees can be a significant source of risk to agricultural operations
- Human resource management (HRM) is a set of practices that are designed to encourage high performance, safety, and a rewarding work experience
- Farm managers should evaluate their current HRM practices to identify opportunities to reduce human resource risks

## Resources—The Web

- Agricultural Labor Management
  - [nature.berkeley.edu/ucce50/ag-labor/](http://nature.berkeley.edu/ucce50/ag-labor/)
- Penn State Dairy Alliance's HRM pages
  - [www.dairyalliance.org](http://www.dairyalliance.org)
- K-State's site for Ag Risk Management
  - [www.agmanager.info](http://www.agmanager.info)
- Personnel Management in Agriculture MSU
  - [www.msu.edu/user/bitsch](http://www.msu.edu/user/bitsch)
- Cornell ProDairy's HRM pages
  - [www.ansci.cornell.edu/prodairy/hrm.html](http://www.ansci.cornell.edu/prodairy/hrm.html)

## Resources—Written Material

- Billikopf, G. Labor Management in Agriculture: Cultivating Personnel Productivity, 2<sup>nd</sup> ed., University of California, 2003: [nature.berkeley.edu/ucce50/ag-labor/7labor/001.htm](http://nature.berkeley.edu/ucce50/ag-labor/7labor/001.htm)
- Rosenberg, H. et al. Ag Help Wanted: Guidelines for Managing Agricultural Labor, Western Farm Management Extension Committee, 2002: [AgHelpWanted.org](http://AgHelpWanted.org).
- Canadian Farm Business Management Council. (2002). *Managing People on Your Farm*. CFBMC: Ontario (<http://farmcentre.com/english/products/index.htm>)
- Canadian Farm Business Management Council. (1997). *Managing the Multi-Generational Family Farm*. CFBMC: Ontario (<http://farmcentre.com/english/products/index.htm>)

## Additional Reading

- Bitsch, V. and S. Harsh (forthcoming): Labor Risk Attributes in the Green Industry: Business Owners and Managers Perspectives. Journal of Agricultural and Applied Economics.
- Bitsch, Vera and Hogberg, Michael (2004): Employee retention: Components of job satisfaction of green industry employees. American Agricultural Economics Association Annual Meeting, Selected Papers: [http://agecon.lib.umn.edu/cgi-bin/pdf\\_view.pl?paperid=14114&ftype=.pdf](http://agecon.lib.umn.edu/cgi-bin/pdf_view.pl?paperid=14114&ftype=.pdf).
- Bitsch, Vera, Harsh, Stephen B., and Muger, Amin W. (2003): Risk in human resource management and implications for extension programming: Results of focus group discussions with dairy and green industry managers. American Agricultural Economics Association Annual Meeting, Selected Paper: [http://agecon.lib.umn.edu/cgi-bin/pdf\\_view.pl?paperid=8975](http://agecon.lib.umn.edu/cgi-bin/pdf_view.pl?paperid=8975).