

HOW TO HIRE AND KEEP EMPLOYEES

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ABSTRACT

A survey of swine farm employers and employees was undertaken to better understand the issues of human resource management in the industry. It was not surprising to find out that swine farm employees want the same thing as employees in other industries – respect, to feel valued by their employer and fair rewards for work performed.

BACKGROUND

Labour Force Survey data from Statistics Canada indicate that farm workers receive lower wages than jobs in other industries that require similar skills. For example, in Ontario in 2003 construction trade helpers received \$17.26/hour compared to \$10.79/hour for general farm workers. Also, truck drivers received \$17.23/hour while farm managers received \$15.27/hour. In terms of hours worked per week, Ontario farm workers reported that they worked about 46.5 hours. This is about 5 hours more than similar jobs in other industries.

As Ontario swine farms have grown in size labour requirements have often exceeded what can be provided by family members. These farms have come to rely on hired labour to fill their human resource needs. Many farms report that it is a challenge to attract, keep and motivate employees who have many employment opportunities to choose from. Added to this is the perception that agriculture is low-paying, requires long hours of work and the working conditions may not be ideal (i.e. smell, dust, physically demanding, etc.).

RESULTS

Hours of Work and Compensation

Results from the employer survey showed that the swine farm employees worked about 45 hours per week. For general labour this is about 3 hours/week more than for jobs in other industries that require similar skills, for example construction trades helpers (Source: Statistics Canada). Not surprisingly, with respect to pay swine farm employees receive lower compensation than some other industries. General and skilled swine farm labour in particular received wages up to \$6/hr less than, for example, full-time truck drivers and construction trades helpers (Source: Statistics Canada). Cash wages ranged from \$10.93/hour for general

swine farm labour to \$18.65/hour for supervisors/managers. The biggest complaint heard from employees in the survey was regarding wages.

Table 1. Hours worked/week and compensation for swine farm labour.

| | General Labour | Skilled Labour | Supervisor/Manager |
|---------------------------|----------------|----------------|--------------------|
| Average hours worked/wk | 44.8 | 47.0 | 48.2 |
| Cash wage \$/hr | \$10.93 | \$15.00 | \$18.65 |
| Additional benefits \$/hr | 0.80 | 1.92 | 2.85 |
| Total compensation \$/hr | \$11.73 | \$16.92 | \$21.50 |

Swine farm employers indicated that they provide a wide range of additional benefits. These benefits included medical or dental coverage, housing, paid utilities, use of farm vehicle, the provision of pork and so on. These benefits increased the total value of the compensation package by \$0.80/hour for general labour up to \$2.85/hour for supervisors and managers.

Job Attributes

The employees that participated in the survey were asked what attributes they look for in a job. Naturally, compensation rated the highest with 24% of responses followed by appreciation for work done and having a job that is interesting each garnering 15% of responses. Figure 1 shows the response rate distribution for job attributes that employees look for and compares the responses to what employees would like to see changed in their current jobs. Compensation was reported the most often with 22% of responses for the job attribute that employees would like to see improved in their current job. Appreciation for work done and hours worked received 14% of responses with respect to other areas where improvements could be made. Although compensation was indicated to be an attribute that employees look for in potential jobs it was also the highest ranked attribute where they would like to see improvements made in their current jobs.

Comparison by Farm Size

Using gross farm sales, farms were categorized as “large” if they had annual sales greater than \$2 million and “small” if their sales were between \$500,000 and \$2 million. Small farms reported employee turnover at 52% compared to 76% turnover on the large farms. Analysis was undertaken to find out what may cause the turnover to be lower on small farms.

As shown in Table 2, while general labourers tended to receive close to the same wage on small and large farms, skilled labour and supervisor/manager employees received higher wages on small farms. The hours of work were similar between the two farm sizes for general and skilled labour but supervisor/managers worked almost 3 hours/week less on small farms than similar employees on large farms. It is likely that the higher wages on the small farms is a factor that contributes to lower turnover on these farms.

Figure 1. Job attributes.

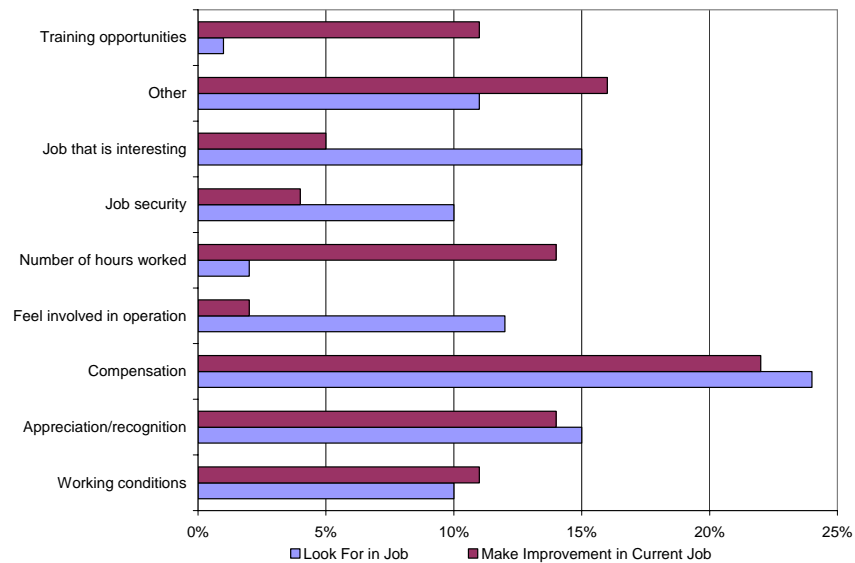


Table 2. Wages and hours per week versus farm size.

| | Small Farms | Large Farms |
|-----------------------|-------------|-------------|
| Wages \$/hr | | |
| General Labour | \$10.76 | \$10.99 |
| Skilled Labour | \$15.27 | \$13.94 |
| Supervisor/Manager | \$19.31 | \$17.87 |
| Hours Worked Per Week | | |
| General Labour | 44.8 | 45.4 |
| Skilled Labour | 47.6 | 47.3 |
| Supervisor/Manager | 47.0 | 49.8 |

Employee Turnover Rate

An attempt was made to analyse why employee turnover was low on some farms and high on others. An analysis of farms with low employee turnover (i.e. farms that had 0% employee turnover in the last 2 years) and farms with high employee turnover (farms with more than 70% turnover in the last 2 years) was undertaken. It was determined that the high turnover farms were more likely to give employees written job descriptions outlining duties and responsibilities and were more likely to give their employees job titles than low turnover farms. These results were surprising because it was thought that providing this information to employees would result in lower turnover.

Some key differences were noted when hours of work and compensation were compared between the low and high turnover groups. The results, displayed in Table 3, show that employees on low turnover farms received higher wages, worked slightly fewer hours, received more weekends off each month and more paid vacation days than employees with

similar skills on high turnover farms. These are thought to be important indicators of possible reasons why one group of farms experiences 0% turnover while the other group reports high turnover. The employers of the low turnover farms used word of mouth advertising to find employees and were more likely to check references than employers on high turnover farms.

Table 3. Hours of work versus turnover.

| | | Low Turnover | High Turnover |
|-------------------------|-------------------------|--------------|---------------|
| i) General Labour | Average hours/wk* | 45.7 | 44.7 |
| | # weekends off/mth | 3.2 | 2.0 |
| | # paid vacation days/yr | 12.5 | 9.3 |
| | Wages - \$/hr | \$10.10 | \$10.08 |
| ii) Skilled Labour | Average hours/wk* | 44.8 | 51.6 |
| | # weekends off/mth | 2.2 | 2.1 |
| | # paid vacation days/yr | 13.5 | 10.1 |
| | Wages - \$/hr | \$15.21 | \$14.61 |
| iii) Supervisor/Manager | Average hours/wk* | 47.0 | 49.3 |
| | # weekends off/mth | 2.5 | 2.0 |
| | # paid vacation days/yr | 11.3 | 10.2 |
| | Wages - \$/hr | \$18.25 | \$16.75 |

*Calculated number = average # hours/day x average # days/week

Cost of Employee Turnover

Staff turnover can be costly. Survey participants assisted in determining a value for turnover. Costs related to the time for an exit interview for a departing employee and record-keeping associated with their leaving was estimated to be \$252. Replacement costs totaling \$1,138 included advertising and the salaries of individuals who discuss and interview candidates. Training costs involve manuals provided to new employees, training workshops, the salary of another employee who works with and trains the new employee and the salary of the new employee until they are fully productive. Training costs totaled \$7,018. In summary, the average total cost of turnover is \$8,408 each time an employee leaves the business. It was also reported that the average beginning salary and benefits of a new employee is \$26,653 depending on the job and it takes about 52 days for a new employee to become fully productive.

RECOMMENDATIONS

Many of the following recommendations are not unique to the swine industry. Most employees simply want to feel valued and respected for their skills and for their time working.

1. Hours of work – Indicate at the time of hire what the typical hours of work are and if flexible hours are offered.

2. Compensation – Compensation should be fair for the work done. Offering benefits such as dental and health insurance, housing, providing pork, etc. increase the total value of the compensation package.
3. Employee interaction – Let employees know when they are doing a job well and when improvements can be made. Interaction amongst employees may prove beneficial.
4. Statutory holidays and weekends – Trying to establish a mutually agreeable and acceptable schedule ahead of time shows consideration for employees. The provision of additional money or time off on another day may be incentive to work holidays/weekends.
5. Vacation time – Providing paid vacation time off is a way to reward employees for the work they have done.
6. Training – Employees who improve their skills through training will be enthusiastic about using their new talents.
7. Job Description – A written job description should outline duties to be performed, hours of work, rate of pay, additional benefits, problem solving, vacation time, how weekend and statutory holidays are provided for, training, promotion, what may cause termination, etc. This should be provided to all employees.

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