

Occupational Safety and Health Administration. Links to rule summaries are at *AgHelpWanted.org*.

On many farms and ranches, a few hired employees are supplied housing as a part of their employment package, and their house is located near the owner's. This situation can give rise to the following problems that demand attention:

- **Privacy.** Hired employees and their families need and have a right to privacy, visual and otherwise. Invasion of it can lead to tension and friction that carry over to the work relationship.
- **Time off.** It can be tempting to ask for assistance that will only take a minute when an employee is handy, even if not on duty. Though employees may be willing to help out, taking advantage of their good nature can build resentment and virtually force them to leave the property to be sure of having free time. When urgent help is needed and provided, it can be compensated in some tangible way beyond “thanks.”
- **Repair and maintenance.** Responsibility for repair and maintenance of the employee's house can be batted back and forth if not clarified up front. An employee's family is no better able to live with non-functioning essentials, such as a stove or hot water heater, than the owner's.
- **Kids and dogs.** Noise and safety problems may arise in relation to pets or children. It may be a manager's dog that howls all night and keeps employees awake or the other way around. Disagreements between children of the manager and the worker sometimes arise. There are no easy answers, but it is generally a wise move to discuss these issues before anger builds.
- **Family safety.** The safety of all children in a farm situation is a matter for mutual discussion and cooperation. It is best for everybody if safety-related restrictions on children's whereabouts and activities are set forth in clear policies. Everyone on the ranch can help ensure adherence to the rules.

Aligning Benefits with Business Objectives

Like pay, fringe benefits can help management achieve multiple objectives—induce people to apply for job, accept a job offer, stay in the job, produce high-quantity and high-quality results, come to the job reliably, work safely, cooperate with supervisors and coworkers, offer useful ideas, and not complain without good cause. They usually have more of an effect on attraction and retention, however, than performance.

In the following case of Bubba Hart Shrimp, the owner is prepared to put more money into employee compensation, and he is not sure how to make his dollars do the most good. He grapples with whether to increase the wage scale or enhance the benefits package. The owner and his vice-president try to anticipate differences in how employees will respond to various alternatives, and they seem to have a few business objectives in mind.



**Increasing compensation at Bubba Hart Shrimp:
Profit shares or fringe benefits?**

Sam Hart, at 66, had achieved everything that he had ever imagined for the shrimp business that he and his wife started in a small tank 40 years ago. The business has grown into the state's largest producer of jumbo shrimp. It currently employs 140 people year-round and has never failed to turn an annual profit.

Sam feels that life has treated him well. He has worked hard himself but also realizes that he could never have made it without the dedicated, skilled work of his fine employees. Contemplating his own retirement from active management of the business, he has decided to leave a suitable legacy to those responsible for his personal and business success. Fred Foot, vice-president for human resources, has advised that the best legacy to leave for employees would be an improved benefits package. Fred has argued that using the available money on pay raises would not make nearly the impression on employees as adding important new benefits, which also may yield a tax advantage.

The company's benefit package already includes the following items:

- 1. Social security*
- 2. Workers' compensation insurance*
- 3. Two-thirds of health and major medical insurance premium for employee*
- 4. Low-cost group auto insurance eligibility*
- 5. One-half of term life insurance premium, up to \$15,000 per employee*
- 6. Cafeteria where full lunches (for example, salad, meat, two vegetables, dessert, and drink) cost \$2*
- 7. Usual holidays and rest periods off work*
- 8. Paid vacation of one week the first year, two weeks annually the next four years, and three weeks per year thereafter*
- 9. Up to five days of paid sick leave per year*
- 10. Matching contribution to an employee pension fund, up to \$2,000 per year*



Fred has proposed that the following benefits be added:

- 1. Free daycare center for children of working parents*
- 2. Dental insurance for employees*
- 3. Longer vacations*

Sam is not sure that these additional benefits would do much for employee morale. The trouble with so many benefits, as he sees it, is that once employees get them, they regard them as entitlements. Employees would neither appreciate them enough nor work any harder for having gotten the benefits, he feels.

After reading an article, he has begun thinking about a profit-sharing plan. The more he thinks, the better he likes the idea. At the end of every fiscal year the business could pay out one-third of its profit to Sam and other stockholders, retain one-third for improved tools and machinery, and distribute one-third to employees as profit shares. Each employee's share would be proportionate to his or her regular wage. That is, if the employee's wage were 1 percent of the total payroll, she would get 1 percent of the profit-sharing kitty.

After reviewing profit and payroll figures for the last several years, Sam has called Fred into his office. He explains his plan and his rationale that it would encourage harder work among employees. Fred says, "Sam, this is a very generous plan. But don't you think that we ought to ask the employees about this – whether they would rather have profit sharing or dental care, for instance? Not all profit-sharing plans have proven to work the way you expect this one to. Are you sure that you want to go ahead with it?"

Sam is taken aback because he had been very excited with his plan and thought that Fred also would be. Fred's reaction continues to disturb him as he goes through the rest of the day.

What kept Sam and Fred from quickly converging on an approach? A major contributing factor is that they never settled on an objective for increasing compensation, either individually or as a management team. Sam had started out with a desire simply to show gratitude and to reward past work, but then he focused more on improving morale and getting people to work harder. Without knowing clearly where he wanted to go, it was difficult to choose the road to get there. Different forms of compensation tend to serve different purposes.

Costing out Fred's expanded benefit plan against real economic constraints would provide information needed for the decision at hand, as would learning more directly about employees' interests. People in different circumstances put different values on various types of added compensation. A young person with healthy teeth and a large family in Mexico counting on him for income, for example, would probably rather have a share of profit than dental insurance and daycare.



Assessing Employee Performance

Agricultural business operators cannot afford to be unconcerned with people's performance, and most people want to improve their own work and their lot. Accurate appraisals can help both employers and employees to pinpoint areas for extra effort and development. Without them, both managers and employees are at a disadvantage in planning for the future. Even on farms and ranches without a "performance appraisal system," managers pay attention to performance. The organization may not have a system, but it does have a performance appraisal.

In a broad sense, performance appraisal is a continuous informational process. Its essence is the observation and evaluation of behavior. Although appraisals may not be conducted once per year by an immediate supervisor or recorded on forms, they may show in something as commonplace as a smile in the barn, the cheer of the crowd, and the half-joking "you blockhead." Informal performance appraisal takes place all the time. Comments from a boss, buddies, family, clients, and a voice inside provide the employee a sense of how he or she is seen.

Management's decision is not *whether* to have a performance appraisal, but rather *what form* the appraisal takes. Monitoring performance is an ongoing responsibility of all first-line supervisors. Many companies also provide for a regular periodic evaluation of each employee's work—a relatively formal process of evaluating performance, clarifying expectations for the future, and soliciting the employee's ideas for improving the business.

***Appraisal goes on
continuously.***