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Aligning Incentives for Employees

Changing Roles of On-Farm Managers

Production agriculture is rapidly changing. Producers are constantly being asked to learn the latest technologies, new production practices, and keep up with regulations coming from an increasing number of interested agencies and parties. Not surprisingly, the skills necessary to successfully manage today's increasingly complex farming operations are rapidly evolving as well.

Perhaps the most evident change is the size and scale at which farms are operating. For an operation to remain economically viable, farms must often hire additional labor beyond the family labor available. Hiring non-family employees is becoming more common for farms across the country.

Managing an on-farm workforce is becoming increasingly complicated and time consuming for many operations. Managers are making production decisions, whole-farm strategic decisions, and managing their workforce simultaneously. As a farm manager with a lot of demands on your time, when is the last time you put yourself in your employee's place and asked what motivated them, what 'makes them tick', or why they would want to come to work and strive to make your farm a better place to be – rather than simply come to work to pass the time and take home a paycheck?

Communication is Key

Both the farm and the employees can benefit from open lines of communication. An often overlooked point on farms is that it can be beneficial to create an environment where employees are encouraged to – or incentivized to – communicate about what is going well or not going well on the farm. If a manager is defensive when an employee brings forth a concern or ignores the issues that employees are raising, rewards systems or bonus structures will do little to motivate or incentivize employees.

Managers must realize that aligning incentives for employees with those of the farm so that both are working towards a common goal cannot be completed through a new bonus system or rewards system in a vacuum. Retaining employees who are actively working to better your operation is a delicate balance which requires providing appropriate rewards to employees who are creating value for your business.

Identifying appropriate rewards can be difficult. Different people will value different things, such as flexible time off, recognition by peers or managers, or different titles/responsibilities on the farm. Communication with your employees is not only helpful in managing the farm efficiently and effectively – and identifying bottlenecks – but is also key in identifying what your employees want. Clearly and effectively communicating your wants and needs and actively listening

to the wants and needs of your employees will go a long way towards being able to provide incentive structures that motivate your team.

Employee Reviews to Provide Motivation

Most people want to feel that their contribution at work is appreciated and that their work matters to the farm. While it is a tendency of farm managers, particularly those new to managing employees, to put off evaluations to a single meeting a year or to avoid evaluations or providing feedback completely, this can be damaging to the communication between employer and employee. Farm managers often respond that, "He knows when he is doing a good job" or, "He knows we appreciate his work around here" but employees are often left in the dark wondering if they are doing what is wanted of them.

Employees who repeatedly feel as though they are going above and beyond the call of duty who are never recognized will eventually tire of providing unrecognized effort. Often managers do recognize such employees, describing their dedication or status as an exceptional employee to others, but not to the employee him/herself. It is not uncommon for an employee to state that he or she has no idea whether the boss has even noticed their work, while their manager is raving about their work to others. Such situations are often not revealed until there is a problem or dispute, at which point it is often too late to fully remedy the situation.

Important points to remember for a review of an employee's on-the-job performance include:

- Allow for the employee to provide input and include a section of the review explicitly for the employee to add that input,
- Be sure to ask the employee how they felt the past period went (an opportunity for self-assessment on the part of the employee),
- Ask where they see opportunities for improvement, and
- Find out what components of their job description they think might need to be changed or discussed.

While the employees' input might not be immediately implemented, this practice provides an opportunity for the employee to share and provides management with insight. The review process and job performance in the upcoming year will be far more successful if the employee sees this process as conversational and two-sided.

Employees are people with feelings and their own individual personalities. Farm employees are often even more vested in their employer as they are often called upon to work irregular hours during certain seasons, such as planting or harvest, or to spend major holidays on the farm, rather than at home with family. Extenuating circumstances for on-farm labor make small gestures of appreciation for good work even more important at keeping employee morale up and not damaging key working relationships.

Incentive Structures

Creating proper incentives for your employees is key to keeping employees motivated to work to make your farm better and to ensure that they are doing the best job possible. However, aligning incentives, or putting the right rewards system into place, isn't easy. First, human resources is an area of farm management which farm managers are often quite unfamiliar with when compared to production management or commodity marketing. Further, complicating any effort to motivate employees is the fact that each employee is unique in what motivates them. While one employee might enjoy being praised at your monthly farm meeting in front of his/her peers, another employee might find such public praise very uncomfortable. Many employees enjoy small gestures of recognition throughout the year to show appreciation for good work. Employees are unique and successful managers are those who can identify these differences and know how to play the right cards at the right time.

Oftentimes, it is the Small Gestures

Many of the forms of recognition that employees talk about valuing the most are not expensive to provide. Think of the small gestures that make everyday life on the farm more enjoyable:

- Does the farm recognize and celebrate employee birthdays? Recognition doesn't need to be a burdensome chore for management. Something as simple as a card and donuts in the break room can be a simple way of recognizing employees and create a sense of belonging.

- Does the farm have a mechanism for recognizing exceptional work over a given time period? For example, does the farm have a pizza lunch, or the like, if morbidity or motility rates exceed the target/goals of the farm?
- If the farm has employees working major holidays like Thanksgiving and Christmas, is there some kind of recognition of the sacrifice those employees are making by giving up that time which is generally spent with family? Is there a meal provided? Is there another day which employees can take off to celebrate with family?
- Is there a mechanism in place to allow flexible time off for employees who are 'in good standing' with the farm and may require time to provide care for a family member or occasionally provide child care?
- Do farm managers/owners make it a point to communicate with employees and make them feel like 'part of the farm'? Do managers attend functions of employees if/when invited? Alternatively, do farm managers have a policy for attendance of such functions so that involvement can be clearly communicated to employees and situations of unmet expectations or perceived favoritism can be avoided?
- Does the farm have an event to which farm employees can bring family members to see the farm and feel like part of the operation? Is there an annual Labor Day picnic, holiday party, or harvest celebration that employees and their family members are invited to? Given the holidays and late nights spent on the farm, family involvement may be helpful in creating a situation in which employees' families feel united in the goals of the farm – rather than competing with the farm for a loved one's time.

Don't Forget Family

While managing non-family hired labor is a challenge of its own, it is critical that farm operators don't fail to align the incentives of family members involved in the farm business. Some of the above mentioned incentives for non-family employees, like holidays off, could mean family members are expected and needed to pick up the slack on the farm. Make sure that performance reviews and incentives are in place for everyone involved in making the operation a success.

Summary

As a manager, putting yourself in your employee's shoes to determine how to incentivize the behavior and commitment you desire can be time consuming and difficult. Employees are individual people with their own sets of values and differences in what 'makes them tick'. Creating an environment of open communication in which you empower employees to tell you what they need will facilitate the development of incentive programs that achieve desired results. Do not overlook the small gestures which can help to create a cohesive workforce on your operation. Creating an environment in which good workers feel valued and appreciated can go a long way towards the success of the farm when difficulties arise. It is much easier to incentivize employees who are happily vested in the operation than those who feel underappreciated and unsupported.

Aligning incentives for employees so that your team is working towards the same goals as the farm operation is an ongoing process. Designing compensation and incentive programs to provide employees encouragement to do 'the right thing' for the farm business can be a great step towards developing a long-term, productive, and efficient workforce.