

**Dollars to Donuts:
How to Compete for Agricultural Labor**

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Introduction

In the popular movie “What Women Want,” Mel Gibson’s character is involved in a freak accident that leaves him with the ability to read women’s minds. Many times, employers wish they had that ability. Farms, ranches, and agribusinesses have become more dependent upon non-family labor and this has left countless employers wondering exactly what employees want.

While the possibility of learning how to read minds is very remote, there are certain practices, tools, and pieces of advice that can help employers to better understand employees and the employee marketplace. Recent economic struggles aside, the market for qualified and capable labor is always tight and until that mind-reading technology is perfected, employers will be stuck competing the old-fashioned way.

Who’s competing?

Frequently agricultural producers consider their neighbors and fellow farmers and ranchers to be their main competitors for agricultural labor. This isn’t necessarily the case. Agricultural employees may have had previous agricultural experience or an interest in farm or ranch work, but that doesn’t necessarily limit them to employment within that one industry. Qualified agricultural employees would typically be desirable in a number of industries that utilize the same sets of skills. To be competitive, an agricultural business must consider all the options that employees have available to them and then compete with those businesses, regardless of the industries they represent.

How do employers compete: Compensation, Reputation, Situation

There are many factors that put employees and employers together, and other factors that keep them together. Each of those factors may be classified into one of the following groups: compensation, reputation, or situation.

Certainly compensation is the item that comes to mind first when most people think about recruiting and retaining employees. Certainly, if an employer's compensation package is severely below what competitors are paying, that employer is likely to have a difficult time recruiting and retaining employees.

But compensation is far from the only factor when it comes to competing for potential employees. A business's reputation is going to carry considerable weight in most agricultural communities. In almost every community, there are businesses that are considered the best places to work. Sometimes compensation plays a role in that but it is seldom the only factor. Ultimately, the best competitors are the best employers and that's a distinction that goes far beyond compensation.

The other factor that will bring employers and employees together, or pull them apart, is the situation. People do not exist solely within the confines of the business. They have families, personal interests and needs. Understanding these situations and how to use them to your advantage will give your business a huge competitive advantage.

Elements of Successful Compensation Packages

According to Schuler, "Total compensation involves the assessment of employee contributions in order to distribute fairly and equitably both direct and indirect organizational rewards in exchange for these contributions." In other words, 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.

While many schools of thought exist on what constitutes a fair wage, there are no hard and fast rules. Research indicates that compensation is among the leading things potential employees

consider when looking for employment. So the question employers should be asking is, what do employees expect wages to do? Research from the University of California says employees expect wages to 1) cover basic living expenses, 2) keep up with inflation, 3) provide some funds for savings or recreation, and 4) increase over time (Billikopf). While recent research has been devoted to the links between employee pay and satisfaction (Fogleman, et al), the general consensus of these types of studies is that pay should be tied to performance to be effective. However, with agricultural jobs, that cannot always be done easily. Incentives offer the most common type of performance-based pay but there are other alternatives for managers to consider. Time-based pay is another performance-based option but before this, or any other alternatives can be discussed, it is important to develop a clear understanding of wage structures (Billikopf).

The first thing employers should consider when developing compensation packages is fairness. It is crucial that businesses maintain internal and external equity. *Internal equity* refers to fairness between employees in the same business while *external equity* refers to relative wage fairness compared to wages with other farms or businesses. No matter the compensation level, if either internal or external equity is violated, a business will most likely experience employee dissatisfaction and employees will begin to balance their performance through a variety of ways ranging from decreased productivity to absenteeism and eventually to leaving the business (Billikopf).

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, if not hundreds, 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.

To help respondents and researchers better understand the variation seen in agricultural workforces, farm owners and managers were asked to provide information on employee competency when filling out the survey. As a result, survey respondents were asked to classify each employee reported on this study into one of the following five competency levels:

Level 1: Employees who are either new to the farm or have no advanced skills. They are, for example, individuals who are assigned their tasks by another person and who then perform miscellaneous jobs that require no previous training or experience.

Level 2: Specialized individuals who perform anywhere from one to many tasks that require training. Although these employees may make decisions such as the order in which to perform certain tasks, they do not have the authority to make decisions relating to their job responsibilities, area of production, or coworkers. As a result, a Level 2 employee has no supervisory authority.

Level 3: Employees who are highly skilled in at least one specified area. These employees may make decisions related to their areas of expertise and may administer those decisions through other employees, therefore giving a Level 3 employee some supervisory capacity. However, this person’s decision-making authority does not extend into other areas of the operation.

Level 4: Because of his or her exceptional skill level, this person is in a position to make decisions that impact entire areas of the operation. Many employees may have to carry out those decisions, giving this person a potentially large supervisory authority.

Level 5: Level 5 employees are the most skilled and qualified full-time employees with a farm. They have complete supervisory authority and the most decision-making authority given to any full-time employee.

Another important distinction was made in regard to the various workloads that individual employees may carry. Some farm workers are certainly full-time but the seasonality of agriculture lends itself to a reliance on part-time and seasonal workers that are available during busy times. For reporting purposes, the number of hours an employee works and the number of months he or she is employed dictated that every employee included in the survey was classified into one of the following categories.

Full-Time: Any employee working more than 1,800 hours in one year for a given business

Part-Time: Any employee employed twelve months per year who works fewer than 35 hours per week

Seasonal: Any person employed fewer than twelve months per year for a given business

Survey Participant Information

To understand the employees considered in the study, consider Table 1. Overall, information was submitted for 446 employees, with the majority of those individuals classified in Levels 2 and 3. While, overall 13% of participating employees owned all or part of the business, that number rose to 63% of employees in Level 5. The same is true when considering the percentage of employees related to the owners, with 34% of the overall group holding that distinction as compared to 79% of Level 5 employees.

The sample was predominantly male, 87%, with 12 years of formal education and 15 years of experience in the agricultural industry. Overall, employees have been with their current businesses an average of 8.6 years but that number is dramatically different for employees in Level 5 where the average employee has spent over 21 years with his/her current employer.

Fifteen percent of employees received sick leave, from 3% of Level 1 employees to 28% of employees in Level 5. The same trend holds for vacation time but it is a more common benefit, with 39 percent of respondents receiving that particular benefit.

Table 1.

All Employees	Employee Competency Level					
	All	1	2	3	4	5
	Count ¹	446	80	135	100	59
Own part of business, %	13%	0%	1%	5%	17%	63%
Related to owners, %	34%	15%	19%	28%	51%	79%
Male, %	87%	85%	85%	86%	90%	90%
Average age	37	26	35	41	40	46
Years of formal education	12	11	12	13	13	14
Receive overtime (OT), %	4%	3%	4%	6%	0%	3%
Average hrs/week when OT applies	45	40	50	42		
Years in industry	15.2	3.9	12.5	17.1	18.8	28.0
Years with current business	8.6	2.3	5.8	8.7	8.8	21.4
Years in current position	7.4	2.3	4.8	7.6	6.8	18.6
Receive sick leave, #	69	3	12	18	16	19
Receive sick leave, %	15%	4%	9%	18%	27%	28%
Receive vacation leave, %	173	15	41	51	32	32
Receive vacation leave, #	39%	19%	30%	51%	54%	47%
Employer pays unemployment tax	25%	31%	27%	21%	32%	18%
Employer pays workers' compensation insurance	8%	13%	7%	8%	5%	4%
Employer pays employee's share of SS	27%	30%	21%	20%	39%	38%

¹Competency information was not provided for four employees included in the study.

Employee Compensation Results

Tables 2-5 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.) For complete information about the terms and calculations represented on these tables, please see the Appendix A for a definition of terms.

As you look through the following tables you will likely notice some interesting trends.

Compensation across levels—As seen in the following tables, compensation and wage rates tended to trend upward across the competency levels. Unsurprisingly, as competency increased, so did compensation. But that typically did not hold true in regard to employees in Level 5, where compensation typically dropped off below that of employees in Level 4. This is something which researchers were not expecting and, as a result, have formed a couple of theories.

Note from Table 1 that employees in Level 5 were more likely to be business owners and/or related to the owners. The results seen here could be explained by the tendency for owners or family members to take less in compensation and more in business equity.

Also in Table 1 you will see that the average Level 5 employee has been with his/her current employer over 21 years, as compared to just under 9 years for average employee in Level 4. This information means that Level 5 employees are under less market pressure than their counterparts in Level 4. In other words, Level 5 employees are probably very situated in their jobs and do not frequently negotiate raises.

Hourly wage vs. hourly wage equivalent—As seen in the Appendix, the average hourly wage represents the average amount paid to employees who are paid on a per hour basis. However, the hourly wage equivalent is a figure that is calculated to represent the amount that a salaried employee is paid for an hour of his/her time. The trends present throughout the compensation results show that, for the lower competency levels, employees paid an annual salary receive more per hour of work than their coworkers who are paid an hourly wage. But as competency increases, typically so does the number of hours worked per week, resulting in the higher level salaried employees actually receiving less per hour worked than the employee paid an hourly wage.

Prevalence of benefits—Cash compensation, rather through hourly wages or annual salaries, are certainly the backbone of most compensation packages. But as seen in the following tables, benefits are very prevalent, particularly with full-time employees who receive, on average \$5,537 in non-cash compensation per year. The most common benefit was farm products, followed by health insurance and bonuses. While housing was not the most common benefit, it was, on average the most costly, valued typically at just over \$4,000 per year. Profit sharing was the least common benefit, received by 2% of all employees and 4% of full-time employees.

Table 2.

All Employees						
		Employee Competency Level				
	All	1	2	3	4	5
Count ¹	446	80	135	100	59	68
Employees paid an annual salary, #	155	4 ³	29	41	34	46
Employees pain an hourly wage, #	280	76	105	57	23	16
Compensation and Wages						
Total compensation, \$	19,696	8,983	15,512	22,424	29,186	27,355
Hourly compensation, \$	9.65	7.20	8.73	10.83	12.22	10.45
Total cash wage (hourly & salaried)	15,867	8,089	13,179	18,257	22,577	20,349
Annual cash wage (salaried)	20,262		3,378	8,648	14,156	15,196
Hourly wage (\$ paid/hour)	8.01	6.68	7.92	8.85	10.51	8.15
Hourly wage equivalent (salaried)	7.97		6.85	8.41	8.86	7.66
Benefits²						
Health insurance, \$	3,649	2,644	2,820	3,696	3,806	4,105
Receive health insurance, %	27	6	16	32	44	54
Housing, \$	4,185	4,300	3,914	3,541	5,683	4,649
Receive housing, %	21	8	20	29	20	25
Utilities, \$	1,800		1,724	1,979	1,947	1,702
Receive utilities, %	22		17	25	32	40
Farm products, \$	1,006	292	562	744	2,047	1,170
Receive farm products, %	37	23	30	36	59	49
Personal use of vehicles, \$	1,387	880	1,155	1,075	1,171	2,025
Receive use of vehicles, %	14	6	12	16	12	29
Use of equipment, \$	1,845		349	1,754	3,021	3,418
Receive use of equipment, %	10		10	13	12	15
Retirement program contribution, \$	1,455		514	972	1,628	3,373
Receive retirement contribution, %	7		7	9	10	10
Profit sharing, \$	5,991					6,400
Receive profit sharing, %	2					7
Bonuses, \$	617	243	809	581	931	520
Receive bonuses, %	27	24	27	36	20	24
Average hours worked per week	42.9	33.0	40.0	44.2	50.0	52.6

¹ Competency information was not provided for four 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 3.

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
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
Housing, \$	4,036	4,300	3,914	3,552	5,520	4,060
Receive housing, %	35	27	45	42	24	26
Utilities, \$	1,828		1,724	2,047	1,925	1,770
Receive utilities, %	37	18	38	38	38	43
Farm products, \$	934	392	472	832	1,569	1,266
Receive farm products, %	56	55	60	48	67	52
Personal use of vehicles, \$	1,160		1,132	1,113	1,171	1,275
Receive use of vehicles, %	21	14	25	23	17	22
Use of equipment, \$	2,011		357	1,692	3,400	3,714
Receive use of equipment, %	16	0	20	19	14	17
Retirement program contribution, \$	1,538		675	972	1,900	2,935
Receive retirement contribution, %	11	1	8	14	12	11
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 4.

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.

Table 5.

Seasonal Employees (<12 months/year)						
	All	Employee Competency Level				
		1	2	3	4	5 ¹
Count	105	39	37	18	7	4
Employees paid an annual salary, #	5	0	0	0	3	2
Employees paid an hourly wage, #	99	39	37	18	4	1
Compensation and Wages						
Total compensation, \$	5,575	3,738	5,613	7,411	9,182	
Hourly compensation, \$	8.42	7.07	8.35	9.62	10.73	
Total cash wage (hourly & salaried), \$						
Total cash wage (hourly & salaried), \$	5,229	3,461	5,452	7,272	7,278	
Annual cash wage (salaried), \$	7,420					
Hourly wage (\$ paid/hour), \$	7.84	6.73	8.13	9.12		
Hourly wage equivalent (salaried), \$	10.28					
Benefits²						
Health insurance, \$	3,512					
Receive health insurance, %	5					
Farm products, \$						
Farm products, \$	489					
Receive farm products, %	7					
Bonuses						
Bonuses	333			150		
Receive bonuses, %	9			33		
Average hours worked/week						
Average hours worked/week	34	31	36	33	47	
Average number of months worked/year						
Average number of months worked/year	4.7	4.1	4.4	5.4	5.7	

¹Due to confidentiality concerns, results are not reported when responses <5.

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

Employee Compensation Across Kansas

As seen in Table 6, survey response rates varied across the state with the bulk of the participants coming from the Southeast area. The Northwest and Southwest respondents were grouped into one category.

Overall, employees in the West received the most total compensation, followed by employees in the Southeast. These two regions are also the areas where employees worked the most number of hours. Therefore, to consider all things equally, hourly compensation is a better gauge. In that regard, western employees are still the most highly compensated, receiving \$10.37 in compensation per hour. Those employees also have the most valuable benefit packages, \$6,473. Employees in the eastern portion of the state received just over \$4,000 per year in benefits as compared to over \$2,000 for employees in the state's central region. Because employees in the western region were more likely to be paid an annual salary, and because of the hours that they work, it is no surprise that the hourly wage equivalent calculation shows that those employees do not receive the most cash per hour worked, a distinction that goes to employees in the South Central area.

Table 6.

<i>Employee Compensation and Wage Rates for All Employees, by area</i>					
	Southeast	South Central	Northeast	North Central	West
count	157	73	98	70	48
Own part of business, %	11	7	26	3	23
Related to owners, %	29	33	48	26	31
Employees paid an annual salary, #	47	12	44	16	36
Employees paid an hourly wage, #	106	61	48	54	11
Total compensation, \$	22,699	17,817	16,188	15,332	26,360
Hourly compensation, \$	9.89	9.48	9.87	8.55	10.37
Hours worked per year, #	2,295	1,879	1,640	1,793	2,542
Total cash wage (hourly & salaried)	18,562	15,389	12,021	13,082	19,887
Annual cash wage (salaried)	7,308	4,425	7,424	4,290	16,492
Hourly wage (\$ paid/hour)	8.22	8.22	7.84	7.41	8.68
Hourly wage equivalent	8.80	9.65	7.02	7.03	7.89
Average annual benefits, \$	4,137	2,428	4,167	2,250	6,473

Reputation

In every community there are employers with excellent reputations who seem to have a never-ending supply of qualified applicants. These are commonly referred to as “The Employers of Choice.” What determines an “Employer of Choice”? What magical formula do these businesses abide by that makes them such worthy places of employment? What does a business have to pay to become one of these chosen few?

That isn’t the question. “Employers of Choice” are not employers who got ahead simply by paying more. They are employers who got ahead by being better employers, a distinction that goes far beyond compensation. In short, they are employers who have managed to treat employees as they, themselves, would like to be treated. While there is no medicine or vaccine that can enable an employer to master this skill, there are six basic steps that potential “Employers of Choice” would do well to follow.

1. **Communicate**—99.9% of all labor problems stem from a lack of communication. If every person within your business can honestly make the following four statements, then the majority of your labor headaches will go away.

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

2. **Use job descriptions**—These are the most basic tools available for human resource managers and they are the tools that managers are least likely to use. A job description is a simple document that helps an employee to know what is expected of him/her. They don’t have to be any more complex than that.
3. **Recruit and hire the right people for the positions**—labor-related problems have been created by hiring the first “warm body” that comes through the door. This is an important cycle to stop. If you have a feeling that an applicant will not work out but you’re desperate for help and want to extend an offer anyway, don’t. Be patient if at all possible. It’s better to be short-handed than to have an unqualified, untrainable person on the payroll.
4. **Provide proper training**—don’t let turnover or a hectic schedule stop you from training new employees and providing learning experiences for existing employees. The time you take to train an employee will come back to reward you ten times over if it’s done well.

5. **Lay out the ground rules**—in other words, employees should know, without a doubt, what they can expect from you and what you will be expecting of them.
6. **Meet your employee’s needs**—again, this isn’t always solved with money. Take some time to get to know your employees and then do your best to provide them with the resources they need to be happy in their jobs.

Certainly in most agricultural communities, word of mouth works. Your business is going to have a reputation, whether you like it or not. That is why following the above steps is crucial. Become a good employer, and becoming the “Employer of Choice” is not far behind.

The other aspect of developing a reputation involves managers taking an active role in promoting their business as a place of employment. This may be as simple as participating in local career days or as complex as an extended public relations campaign. Whatever method used, however, the objective should be the same: to improve the reputation of the business and the industry.

Situation

Situations that bring employers and employees together, or pull them apart, are sometimes largely out of the control of the participating parties.

An employee has a wonderful job that makes him very happy and then a change in his personal life forces him to move, thus leaving that great job behind.

A business has a group of very capable employees until the business decides, or is forced, to change, modifying the skills and competencies that are expected of its people and, suddenly, those employees can’t perform their jobs.

Those are just a couple of examples of the situations that change a business or a person and, therefore, change the employee/employer relationship. It is very difficult to compete against factors that are out of your control. The best any business or employee can hope for in this situation is to examine the situation and create new alternatives. Perhaps that new parent who would like to stay at home would actually be interested in doing some part-time work. Perhaps an existing employee

would be willing and able to learn a new technology. But no matter how flexible employers and employees try to be, there are certain limitations. After all, it's very hard to telecommute to a farm.

Just as situations can come between employers and employees, they can also bring people and jobs together. When competing for agricultural labor, it's important to make sure that your business is put forward in the best possible situation.

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APPENDIX A

Definition of Terms

Total Compensation: The sum of the values (in \$/year) of
Total cash wage, House, Utilities, Farm products received, Vehicle, Use of equipment,
Health insurance, Employer contribution to retirement program, Profit sharing, Bonuses,
Other benefits

Hourly Compensation = Total Compensation / Total hours worked per year

Total Cash Wage (hourly & salaried):

Total Cash Wage is either the employee's annual salary as reported by the employer or, for hourly employees, is calculated by multiplying the employee's hourly wage by the hours worked per year.

Annual Cash Wage (salaried):

An average of the cash wages of all those employees receiving annual salaries as reported by their employers.

Hourly Wage (\$ paid/hour):

The average hourly wage received by those employees who are paid by the hour as reported by their employers.

Hourly Wage Equivalent =

Annual Cash Salary / Hours worked per year (salaried employees only)

This figure is calculated to represent what salaried employees receive per hour of work. It can be compared to Hourly Wage to determine whether an employee is better off being paid a salary or an hourly wage.