

DEPARTMENT OF AGRICULTURAL ECONOMICS

Farm and Ranch Personnel Management

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People, human capital, are an important resource in making a farm or ranch business more competitive in today's business environment. Participatory management is a management style that provides opportunities to realize human capital potential. This fact sheet summarizes a few ideas from the many books that are written on the subject of personnel management in modern business management. These ideas provide insight on ways to attain a farm or ranch's business goals through its people. Topics briefly reviewed include management style, leadership, and taking care of employees.

Management Styles

The old command-and-control management style is fading and is being replaced by a participatory management approach involving everyone in defining objectives, decision making and accountability. Better trained personnel, performance measurement, improved information systems, and two-way communication facilitate the idea that all personnel need to be involved and responsible. The owners and managers need to take the responsibility for including employee participation rather than simply giving orders and then checking if the job was done. Walk around management and two-way communication show respect for the ideas of all employees and are part of successful personnel management. Implementation of participatory management also requires the sharing of written goals, strategies, financial and production performance information. Tying reward systems to strategies and improved performance is part of the participatory management style. Reducing the levels and number of commanders may also reduce costs and lead to improved employee satisfaction.

A change in management style requires a major change in philosophy. New skills must be developed or a change in the people in the top of the organization may be required. The development of communication and performance evaluation systems is necessary to achieve a change in personnel management philosophy.

Management by objectives and rewarding performance is much more achievable if everyone is participating in defining goals and objectives and being accountable for both their own and collective efforts. All efforts toward participatory personnel management begin with everyone knowing their job responsibilities, the goals and objectives of the business, and how to work as a team.

Changing Management Style

Production agriculture has been and is still dominated by the command-and-control management style. Many employees find this style convenient. If things go wrong it's the manager's fault. They would rather not be accountable for their actions. On the other hand, as the ranch manager's responsibilities broaden, employees must be expected to do their own thinking. It does not make sense for managers to try to be everywhere and to make all decisions. The leadership role is more important. Communication, participation, and performance analysis must replace the command-and-control style. Most people want to make a difference and performance needs to be quantified and measured when it happens.

Ownership must initiate a change in management style. They must motivate participation. They must begin to identify and employ workers that respond to the participatory style. Again, the communication of

goals and sharing of financial and performance objectives becomes the motivation. In many situations the current commander that enforces the style must be replaced or retrained. A change in management style often needs to be facilitated by training and motivational efforts by an outside professional that does not have a vested interest in changing working relationships.

Modifying the reward system, enhancing communication, and providing support with an effective management information system can facilitate the management style transition. The sooner an organization makes the commitment to change, the sooner the benefits can be achieved.

Job Description

Employee participation is enhanced by developing written job descriptions that clearly define responsibilities, the basis for measuring performance and the reward system that recognizes varying levels of achievement. A commitment toward continued training and sharing of training costs needs to be spelled out to all personnel as part of their job description. The expectations toward the team efforts should also be spelled out in the job description. This reinforces the philosophy that there is a mutual dependence required to accomplish individual job and overall business objectives.

Job descriptions are also helpful in identifying and hiring of employees, especially when developed through a participatory effort and closely tied to business strategies.

Team Efforts

Although most farms and ranches have too few employees to justify forming teams, they can benefit from owners, managers and employees working as a team. In the words of Katzenbach and Smith, the reason to use a team or group approach is that “teams outperform individuals acting alone especially when performance requires multiple skills, judgement, and experience.” The key to successful team efforts summarized from Katzenbach and Smith are the following:

1. Group agreement on a common purpose – established urgency and direction.
2. Measurable performance goals established.
3. A defined working approach to accomplish tasks is followed.
4. Holding each employee mutually accountable for results for all involved.

The team effort must have a commitment to a purpose and have a measurable performance goal. Participants need to be rewarded for achievements through the efforts of the team. The team leader is a facilitator and is not expected to have the answer – that’s the purpose of the team – to be more effective than an individual. Even small teams in a farm or ranch environment can greatly facilitate participatory decision making and motivate participants to a higher level of achievement.

Taking Care of Employees

In today’s farm/ranch management environment, it is challenging to be the operations manager and be responsible for working through employees to see that everything is done right and effectively as possible, while also completing other objectives. Too many times managers spend time doing the jobs that someone can be hired to do at the minimum wage rate and letting critical marketing and financial management decisions go undone.

Employees cannot be neglected. Successful management begins with employee considerations. The best trained and self-motivated personnel often do not stay in agriculture. This reality places an even higher value on participatory management, continued training, employee reward systems, benefit packages and living conditions that make a ranch job as favorable as possible. The total employee “family” must be part of the package. Often it’s the spouse and children and their education that have to be part of the total package. The high cost of maintaining employees means they have to be efficient and effective in their jobs. Training and reward systems cannot be neglected.

Temporary Service

The high cost of permanent employees has encouraged hiring specialized help by out-sourcing specific jobs. Day labor is common for farm and ranch activities during peak seasonal requirements such as custom pesticide and fertilizer application, and custom hay harvest. When evaluating the benefit of out-sourcing these services, the cost of full-time employees and the associated personnel management cost have to be of primary concern.

One of the advantages of temporary employees and services is if the job is not done correctly, it’s easier to get out of the arrangement. Just as in the service and manufacturing business, expect temporary service or outsourcing to be increasingly important in meeting personnel needs.

Employee Training

To better ensure employees' have and maintain the necessary skills to perform their job duties, continuing education and training have to be an ongoing part of the employee management and maintenance package. Employees need to be rewarded for a job well done and encouraged to explore and learn new and more efficient ways of performing job duties. Greater access to education and information through computer systems will have to become part of the new rural working environment.

Participatory management is extremely important in selection and terminating employment. To succeed in this new strategy, there is no more important task than getting employees to participate in finding how to bring about a change in attitude or how additional education and training can be utilized so the person can rise to the expectations of the job.

Selecting and Terminating Employees

Likely the most difficult task of personnel management is selecting and terminating employees. One has to remember when facing this reality that "it is not the employees or providers of services you terminate who makes your life miserable, it's the ones you don't." Too often ranchers keep employees that do not meet the job requirements. Incompetent employees are tolerated because the task of letting them go and hiring and training new employees is perceived as being too difficult. The cost of an employee not doing their job is not only the cash outlay but the cost of opportunities lost or the recurring cost of correcting problems because the job is not being done correctly.

The whole hiring and dismissal process is more effectively accomplished if the job description, performance evaluation, and mission, and objectives are clearly communicated. Employees need feedback to know how they are doing and what needs to be changed. Both managers and employees need objectively measured performance results. Documented underachievement can clearly establish when termination is required. This information also facilitates selection of replacements.

The job description and performance analysis need to communicate the expectations that ongoing training is the responsibility of all employees. Many farm/ranch owners and managers could join together to encourage private and public offerings of continuing education and training opportunities. Managers, professionals, and other top employees of the farm or ranch must stimulate and encourage continuing education and training efforts.

It is hard to expect high performance and continued improvements if the human capital is not growing in capability and expectations.

Leadership

No area of personnel management is more important than the leadership ability of the farm or ranch owner(s) or top manager. Few operations can justify having a specialized chief executive officer (CEO) whose primary responsibility is business leadership. The normal owner-manager or manager must be both a leader and an operations manager. Leaders make sure that employees are doing the right thing. Leadership is about effectiveness and results. Managers make sure that things are done right. Management is about efficiency.

The business leader must provide the vision, face reality and communicate reality and direction to the business participants. Leaders identify with the customer's needs, insuring the farm or ranch is customer focused.

Important functions of leaders in personnel management are impressing upon employees that they are capable, and empowering them to maximize their human capabilities. This cannot be accomplished with the command-and-control management philosophy.

Leaders must generate and sustain trust to gain employees following. Business leaders must develop employees that can identify problems and assist them in finding solutions. Leaders must motivate employees to achieve excellence in everything they do. Leaders also need to be decisive and timely in decision making when dealing with employees. Loyalty that is built among employees will carry through to customers. For successful business leaders, experience, competency, and a commitment to life-long learning have never been more important.

Communications – Using Outside Professionals

It is common in any business for problems to arise between employees and management. Bringing in an outside professional who understands farm and ranch personnel management and general ranch production, marketing, and financial issues can facilitate better communications by identifying opportunities for improvement. Experienced outsiders, without a vested interest, can identify employee-manager situations requiring change. They can listen to employees' frustrations and communicate alternatives for improvement in a manner that is more objective and that protects employees. An outside professional can

communicate reality without worrying about job security as might be the case if an employee were to communicate the same information. Another advantage in using experienced outsiders is they can communicate findings and solutions from other businesses that will help the business being evaluated. This information is often difficult to acquire as owners and managers tend to protect the type of information that might reflect their shortcomings.

Business Plan and Execution

Personnel management must center on a well developed business plan that clearly defines management philosophy, goals, and performance analysis procedures that monitor accountability and achievements. The focus must be on execution. All must understand that it is not the strategy that makes for success, it is the execution – getting it done, getting it done right and getting it done on time. Leader tenacity is a virtue that is most important in achieving desired results.

Conclusion

For a farm or ranch with multiple personnel to be competitive, there is no more important activity than personnel management. Modern management style

focuses on the participatory involvement of all employees. The old command-and-control management style allows little opportunity for employees to fulfill their human capability in the modern information, performance, and accountability work environment. Job descriptions, building team effort, effective communications, office personnel, continuing education and training, a written business plan and business leadership are all necessary areas of focus. The participatory management style can lead the business to enhanced competitiveness through its people – the most valuable resource for the lasting success of the business.

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