# Risk in Human Resource Management and Implications for Extension Programming – Results of Focus Group Discussions with Dairy and Green Industry Managers

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**Abstract**

Employees are both a source of risk and means of addressing risk, and good employee management practices can increase risk resilience. Forty green industry managers (greenhouse operations, nurseries, landscape contractors) and 22 dairy managers participated in moderated focus group discussions about personnel issues related to their industry. Most participants were experienced managers with a mean of 18 years in the same position for dairy operators and 15 years for green industry managers. They represented a broad cross-section of their industry, including small operations (under $100,000 in sales) and large ones (Over $70 million in sales). Five green industry and four dairy focus groups met in different regions of Michigan. Each meeting lasted about two hours and was tape-recorded and transcribed. In addition, researchers took observation notes and participants filled out a short survey after the group discussion.

Currently labor supply is no longer considered a major problem by the discussion participants. Due to the economic downturn and the influx of immigrant labor of Hispanic descent, managers have been able to hire suitable employees for the last two years. However, the long-term viability of this labor supply is risk prone with respect to immigration provisions and legal eligibility of individuals for employment in the U.S. In addition, working with employees with limited English language proficiency has changed many agricultural enterprises. The necessity for bilingual intermediaries for translation purposes had changed work and communication processes.

Hiring additional personnel relies almost completely on referral by current employees. In addition, farmers use word of mouth in the community and walk-ins for recruiting general labor. For supervisory and specialized positions, advertising was a means of recruitment. Screening general labor applicants is uncommon in the green industry. The majority would hire anyone willing to learn and ready to do the job. Dairy managers often have a selection process in place.

Depending on the size of the operation, training is either done by managers, supervisors, and co-workers. Time and effort spent on training varies considerably. Job performance was rarely mentioned as a problem and formal evaluations are done rarely. Employees with substandard performance often experience pressure by co-workers to either adjust or look for employment elsewhere. Behavioral problems reported include not following safety procedures, tardiness, and absenteeism. Because dairy farms operate on a year-round basis and do not have a seasonal lay-off, they tend to keep employees longer. Therefore dairy managers have to terminate an employee more often than green industry managers. In some case, legal risks and other problems can be associated with the process.

While most managers want to develop their employees' loyalty, most do not want to achieve this through having close personal relationships with their employees. They desired to avoid being involved in their employees' personal problems and struggle to maintain a professional relationship. In the green industry the seasonal pattern is the major concern with respect to maintaining loyalty. Still successful managers take pride in achieving a sizeable share of returning employees every year. These loyal employees are a source of continuity and risk resilience.

In general, wages are above the legal minimum. Benefits range from the legally mandated minimum to an inclusive benefit package, especially for supervisory employees. Benefits offered or planned to offer include health insurance, and in some cases housing. Paid vacation is more common in the dairy industry than in the green industry. Other perks include

assistance with personal issues and paperwork, occasional free meals and drinks, and for landscapers, lending equipment or vehicles.

Managers agreed that they and their supervisory personnel could benefit from human resource management training and also with respect to the legal environment. Working with people is a skill that needs to be learned, and many managers see room for improvement. Yet, they do not want to leave their businesses for more than a day at a time for training purposes.

## Introduction

Economists, particularly agricultural economists, have studied risk all through the last century with varying intensity (Barry, 1984). Risk has become a focus of interest, again. Stating that agriculture is a risky venture, has become a mantra in publications on agricultural finance and risk management in agriculture (e.g., Anderson, 1999: 103; Harwood et al., 1999: 1; Barry et al., 2000: 219; Musser and Patrick, 2002: 537). Risk is such a commonly used word in the agricultural economics literature that many authors do not define or explicitly clarify what particular risk specification they are assuming. Beginning with Knight (1921) who suggested a distinction between risk and uncertainty, fundamentally different risk concepts can be found in the literature, ranging from objective concepts, such as probability of loss, variance of profit, and size of maximum possible loss (Young, 1984), to subjective probability concepts (Bessler, 1984) and psychological concepts of risk perception (Musser and Musser, 1984). For the purpose of this paper we follow Hardaker et al. (1997: 4f.) who suggest that the distinction between risk and uncertainty is not useful "since cases where probabilities are objectively 'known' are the exception rather than the rule in decision making." The authors define risk as exposure to unfavorable consequences," taking a "significant chance of injury or loss" (1997: 5). Therefore uncertainty (imperfect knowledge) is necessary for risk to occur, but uncertainty need not lead to a risk situation (Harwood et al., 1999). A significant perceived negative welfare impact changes uncertainty to risk.

While Hardaker et al. (1997: 6) and Barry et al. (2000: 219) distinguish between business risk and financial risk, and then further differentiate between different types of business risks, other authors (Baquet et al., 1997; Harwood et al., 1999: 7; Musser and Patrick, 2002: 538;) consider different types or sources of risks as being on the same level. Except for Barry et al. who conceptualize two additional risk groups (losses from severe casualties and disaster, risks of technological change and obsolescence), the literature converges on five major sources or types of risk: (1) production and yield risks, (2) price and market risks, (3) financial risks, (4) human resource risks, (5) institutional, legal, and environmental risks.

Although Musser and Patrick (2002: 551f.) imply that financial risks, human resource risks, and institutional risks are more important to farm survival than production and marketing risk, the literature does not reflect this. Theoretical and empirical publications addressing production and marketing risks are numerous. Financial risks also have received considerable attention, whereas legal and human resource issues have been treated only marginally. Several recent edited publications (Canavari et al. 2001; Babcock et al., 2003) show that this trend is changing for environmental risk. Labor related risks, particularly with respect to hired labor, are still treated only cursory.

## Labor-related Risks

Competitive pressure and technological progress have led to increased farm sizes. The largest 5% of all farms account for more than half of U.S.'s farm output (Martin, 1998). This

trend has increased the demand for hired employees. The substitution of capital for labor has slowed the growth in the demand for labor for some types of farm businesses but not others. With some commodities, such as fruits and vegetables, the requirement of hired labor is seasonal and large. With others, such as nurseries and landscapers, a more permanent workforce is needed with only the winter months off. Still others, such as dairy and livestock production, need a year round workforce, though often in smaller numbers.

In total, hired farm employees accounted for about 31% of the farm workforce in the 1990s (Runyan, 2000). In 1997, North American farms reported over $14.8 billion spent on hired labor. Greenhouses and nurseries lead the list of hired labor expenses, with expenditures of $3.8 billion nationwide. Fruits and nuts follow with $2.3 billion, vegetables with $1.7 billion. Next are cash grains with $1.6 billion, and dairy and cattle with $1.5 billion and $1.3 billion, respectively (USDA).

During the past decade, research supported the premise that people are an important source of sustainable competitive advantage for organizations able to develop a competent human resource management strategy (Pfeffer, 1994; Becker and Gerhart, 1996; Delery and Doty, 1996; Youndt et al., 1996; Lawler, 2000). This strategy stresses "that the effective management of human capital, not physical capital, may be the ultimate determinant of organizational performance" (Youndt et al., 1996: 836) and risk resilience.

This expresses the fact that, although other sources of risk are important, the nature of the agricultural workforce creates a unique set of management challenges. On one hand, people can be a source of sustained success and a competitive advantage in an industry increasingly depending on hired labor (Pfeffer, 1994). Working with plants and seeing them grow can be a source of job satisfaction and a significant retention tool (Bitsch, 1996; Billikopf, 1999). On the other hand, the competition for employees by service industries, and a wide variety of agricultural enterprises is fierce. Also, the nature of agricultural work can make it difficult to compete with non-farm employers.

Not only are agricultural economists thus becoming more concerned about labor related risks, but also agricultural businesses become more cognizant of the importance of people to the success of the operation. Increasingly, managers face the challenge to find both the quality and quantity of labor needed to support the business. Any decision on the farm (e.g., production, marketing, finance) is affected by the availability and quality of human resources. Family as management and employees and non-family employees working together, provide for a complex human resources management environment for every farm.

There are significant risks related to engaging and managing human resources that go beyond owner and family related risks, such as divorce, major illness or accidental death, which are discussed in the literature. Both external factors (e.g., the legal and regulatory environment and the overall labor market), and internal factors (e.g., organizational design and personnel management practices) contribute to increasing risk associated with production dependent on hired labor (Rosenberg, 1999; Erven, n.d.). Five types of labor-related risks have been identified as being more pertinent in agriculture and the green industries than in other industries. These risks are partly caused by the often short time frame for getting key tasks performed (Rosenberg, 1999).

(1) A major labor-related risk is not getting essential tasks completed. Examples of significant risks are: fields not being planted, mature crop perishing in the fields or on the trees. Fewer workers than jobs in the local labor market (Findeis, 2001), more preferable job options, ineligible employees forced from employment or deported, or workers

participating in a collective job action are some of the causes that impact supply of labor. Research in the pork industry indicates that rapidly expanding operations may need to offer a wage premium in order to ensure labor supply (Hurley et al., 1999).

(2) A second risk relates to tasks being done poorly and/or not in a timely manner. This results in poor productivity, which results in higher labor costs per unit output, or the lowering of product value. Bruised apples in the bin, extensive pest damage, or a mastitis epidemic in the dairy herd are examples. Reasons for this problem are many, including unclear instructions, inadequate training, workers lacking essential job skills, outdated or poorly-kept tools and equipment, a pay system rewarding the wrong kind of performance, and deliberate employee misconduct. Evidence for the significance of skill differentials is provided by Hurley et al. (1999), who found a related wage differential in the pork industry. Rosenberg et al. (1994) report a two-tiered workforce between directly employed workers and those hired by farm labor contractors (FLCs). They also show that California farmers are aware of the perils of incentive pay and have in many cases returned to time-based pay in the wake of technological change.

(3) The third risk is incurring high indirect labor expenses. High employee turnover, absenteeism, and mandatory benefit costs (e.g., unemployment) are examples of indirect labor costs. High turnover raises the costs of recruiting, selecting, orienting, training and supervising employees. Farm operators try to reduce this type of risk by obtaining a larger share of labor through FLCs (Rosenberg et al., 1994). Another related risk is worker safety. An understaffed workforce is prone to accidents due to job stress or negligence. Other more subtle indirect costs include avoidable equipment damage, wasted feed or chemicals, and missing tools. Hurley et al. (1999) show a trade-off between salary level and providing benefits, such as insurance premiums, working environment and providing safety equipment for the pork industry. Larger farms seem to offer fringe benefits more often (Rosenberg et al., 1994; Hurley et al., 1999).

(4) The fourth risk category, conflict with employees, can lead to any of the previously discussed risks. Legal suits against employers are becoming more frequent. Defending against them is expensive, not the least being lost managerial and employee's time at work. Even before a formal legal action is taken, a smoldering conflict reduces employee productivity and can damage workplace morale. A dysfunctional conflict can arise from being inattentive to employees' basic needs for information, poor communications, having unrealistic performance expectations, abusive supervision, or ignorance of legal mandates and prohibitions.

(5) The fifth risk, usually associated with any of the previous risks, is the chance of incurring fines or having penalties imposed for violation of laws and regulation, or the cost of proving compliance with the laws and regulations. Rosenberg et al. (1994) show an increase in the share of labor provided by farm labor contractors, custom harvesters, and pest control operators after the enactment of the Immigration Reform and Control Act of 1986.

This study was conceived as a first phase to identify risks in managing personnel in agriculture, which has received considerably less attention than other types of risk in agricultural economics research. Given the limited availability of prior research, the nature of the study is explorative, based on qualitative research methods. The results highlight the significance of human resource risks for participating agricultural managers, but should not be generalized to a

broader population at this point. It may, however, be concluded that labor risks indeed are a major concern and need to be included in risk research.

## Material and Methods

The study focuses on agricultural firms in Michigan. Agriculture in Michigan is one of the three largest income-producing industries along with manufacturing and tourism. In addition, agriculture in Michigan is very diverse, including a wide variety of specialty crops, livestock and service operations. Ranked by cash receipts livestock and livestock products are the major commodity groups with $1,489 millions in 2001, followed by field crops with $911 million and floriculture and nursery with $501 million. Vegetables ($332 million) and fruits ($214 million) are also important in Michigan agriculture (MASS, 2002).

To represent the diversity of Michigan agriculture both animal and plant operations have been included in the study. The dairy industry was chosen to represent the livestock industries and the green industry (greenhouse production, nursery production, and landscape contractors) represented the plant side, as a labor intensive sub-sector. This design enables the comparison of year-round operations (dairy) to seasonal operations (green industries), which have varying lengths of seasons. In addition, differences in competition and business structure were expected to influence personnel management risks.

The study includes two data collection phases: (1) focus group discussions with managers and supervisors of greenhouses, nurseries, landscape enterprises, and dairy farmers and managers to attain a broad overview of their human resource concerns; (2) individual interviews with industry leaders to validate and prioritize concerns identified in phase 1.

### *Focus Group Discussions*

The focus group discussion method was chosen as the primary data collection method. Morgan (1996) defines focus groups as a research method where data on a topic defined and structured by a researcher is gathered through group interaction. Focus group discussions are resource efficient data collection instruments, when the time frame is short and the research resources are limited. More detailed information can be obtained in individual interviews, but they are less resource efficient.

Focus group discussions are also a very flexible research instrument, adaptable to many situations (Basch, 1987; Morgan, 1996). Frey and Fontana (1991) indicate that focus groups can be held in a highly structured and closely moderated formal interview setting; alternatively they can be held in an informal setting with non-directive and minimally structured guiding questions (Knodel, 1993; Morgan, 1996). The level of control depends on the number of guiding questions. For the project's focus group meetings, a set of guiding questions were prepared, that enumerated different aspects of human resource management generally defined in the literature. The group discussions were, however, moderated in a non-directive way, intervening only to keep the discussion focused and to address topics that were target areas of the project.

Morgan suggests six to ten participants per focus group meeting (Morgan, 1996: 42 f.). On average, eight participants joined the green industry focus group meetings. While the first dairy meeting included nine participants, this size seemed to hinder the depth and breadth of discussion when compared to the green industry groups. Later meetings were therefore reduced in size. The average group size for the dairy meetings was 5.5 participants. In general, one researcher facilitated the discussion, while the second researcher co-moderated and served as an

observer. In addition, one or two extension agents co-observed the discussion. Each meeting lasted about two hours and was tape-recorded and transcribed.

The purpose of focus group research often forgoes random selection of participants. Morgan (1997: 35) recommends purposive or theoretical sampling, e.i., selecting participants with a personal interest in the research question and/or based on theoretical considerations. Selection of participants is based on segmentation variables with the purpose of having homogeneity within groups and heterogeneity between groups. Homogeneity is not attempted with respect to similar opinions about the research question, but with respect to significant background variables. The purpose is not necessarily showing differences between groups but enabling an open, stimulating discussion on an equal basis. Segmentation variables depend on the research question and the researched population. This project's focus groups were segmented by location and production focus. Location was deemed important, because different regions will have different labor markets, including different levels of competition and different availability of qualified labor. The production focus (e.g., greenhouse production, nursery production, landscaping, and dairy) was deemed important, because of different duration and time of seasonal peak labor demand and different requirements with respect to qualifications.

Total number of focus group meetings necessary increases with the number of segmentation variables. Morgan (1997: 43 f.) suggests three to five groups for a simple design. Heterogenic groups require more meetings because it takes longer until coherent opinions and experiences can be identified. Theoretical saturation is the key question for deciding the number of meetings. When additional meetings do not contribute significant new perspectives, a sufficient number of meetings have been conducted. The original design called for five focus green industry group meetings and four dairy group meetings, which proved sufficient for theoretical saturation. Twenty-two participants attended the dairy meetings; 40 participants attended the green industry meetings.

After the focus group meetings participants were asked to fill out a one page questionnaire, asking for information regarding demographics, the participants' position in their company, their experience, and the size of the company. The background information obtained through the questionnaire helped to make sure that a broad spectrum of the industry, with respect to company size and management and experience levels, was included in the focus groups.

Participants were recruited through Michigan State University Extension. After being informed about the project purpose, extension agents in different horticultural and dairy regions were asked if they were willing to co-sponsor a focus group in their region. The interest in hosting focus groups was sufficiently high in the major production regions. Contacting potential participants, informing them about the focus group purpose, finding a suitable meeting location, and reminding participants of their commitment, were the responsibility of the extension agents involved.

All participants were informed about the study purpose and sponsors of the study before beginning the focus group discussion. After an overview of the research procedures, potential participants were asked for their consent to the procedures. It was emphasized that participating in the focus group meetings or any follow-up research was not a prerequisite for participating in an educational workshops based on the study results.

One of the shortcomings of the focus group research method is that outsider and minority perspectives tend to be suppressed by the group. Individuals with significantly different opinions and experiences tend to hold back and not articulate their viewpoint. Although a skilled

moderator can mediate this problem, there are still chances that differing perspectives were missed. Therefore additional individual interviews served to supplement the focus group results.

### *Individual Interviews*

Patton (1990: 280-290) differentiates three basic approaches of collecting qualitative data through open-ended interviews: (1) informal conversational interviews, (2) general interview guide approach, and (3) standardized open-ended interview. For this project, the interview guide approach was deemed most appropriate. An interview guide outlines a set of issues to be addressed during the interview. The issues to be addressed during this phase of the project were the major findings of the focus group discussions with respect to risks related to human resource management. Therefore, the summary of the focus group results could serve as interview guide. The interview guide approach, however, does not imply any particular order of addressing the issues, and is open to following leads provided by the interviewees. The actual wording of the questions also remains within the discretion of the interviewer. The interview guide approach assumes that there is common information to be obtained from each interviewee, in a context flexible enough to be adapted to specific respondents.

Similar to the focus group meetings, the number of individual interviews needed depends on the theoretical saturation criterion. When additional interviewees do not add significant differences in perspectives, a sufficient number of interviews have been analyzed. As a minimum number of interviewees, three had been deemed appropriate for the green industry, one for each industry group (greenhouse production, nursery production, and landscape services). After three individual interviews with green industry managers, comparison of interview results and focus group summaries showed no significant differences. The exception being that there are size and strategy related differences in the general approach to human resource management. Because the differences were minor, no further interviews were scheduled. Based on these results a more detailed interview guide has been developed for further in depth case studies in the dairy and the green industries. A preliminary analysis of these in-depth interviews also supports the focus group results.

## Results

The operations represented at the focus group meetings were predominantly family businesses and family also contributed to the workforce. While some of dairy farms were organized as partnerships between family members, only the largest operations had grown into different organizational structures. The majority of focus group participants were male. Their ages ranged from late twenties to mid sixties. Reflecting difference in industry structure, more than three quarters of the dairy participants were owners or co-owners of their operation, while the ratio of owners to hired managers was almost 1:1 for the green industry participants. The average focus group participant has held the current position for 15 years in the green industry (minimum 1 year, maximum 34 years) and for 18 years in the dairy industry (minimum 6 years, maximum 40 years). A difference between dairy managers and green industry managers shows with respect to education (table 1). Of the 19 dairy managers who answered the survey question 47% had a high school diploma or less, 32% took some college courses, and 21% have a college degree or studied for an advanced degree. More than half of the 33 green industry managers that responded to this question have taken some college courses and 39% graduated from a four years college or studied for an advanced degree.

| | Green industry managers (n=33) | | Dairy farm managers (n=19) | |
|---|---|---|---|---|
| Education level | Frequency | Percentage | Frequency | Percentage |
| High school or less | 3 | 9 | 9 | 47 |
| Some college | 17 | 52 | 6 | 32 |
| Four years college graduate | 8 | 24 | 3 | 16 |
| Advanced degree study | 5 | 15 | 1 | 5 |

Table 1: Education level of respondents

Participants represented a broad cross-section of their industry, ranging from under $100,000 to over $70 million in annual gross sales for the green industry operations and from under $400,000 to $14 million (estimated based on number of cows) in annual milk sales for the dairy farms. The largest green industry operation is a multi-state operation with 1,600 people, including seasonal workers, employed in the U.S., half of them in Michigan. The largest dairy farm in the group employs 55 people and milks 5,000 cows. The smallest nursery has only one permanent employee, the owner, seasonally adding 2 fulltime employees and several part-time helpers. The smallest dairy farm milks 125 cows and employs 4 people, but none full-time except for the owner.

Agricultural operations represented at the focus group meetings employ a diverse workforce: full-time and part-time, adults and youth, male and female, and different ethnicities. While the supply of local labor, including high school students, has decreased over the last decade, the share of Hispanic employees has increased during the same time period. Due to the economic downturn of the last two years, agricultural employers are currently seeing more job applications by the local workforce. However, those employers who made the transition to an immigrant Hispanic workforce prefer not revert to hiring from the local workforce. One the other hand, with a major share of their employees coming from the south of the U.S., Mexico, Central America, and beyond, agricultural employers are concerned about their future labor supply and the legal eligibility for work in the U.S. of the current workforce. There is a risk associated with hiring someone with fraudulent papers. For green industry managers, this includes the risk of losing staff at peak periods and substantial fines.

An important result of this study is that agricultural managers typically do not frame their human resource risks in risk terminology. While they are aware of a number of potential "dangers," "problems," and face a number of "challenges," the term risk hardly ever came up in the focus group discussion. Although most of the specific risks involved in human resource management could be conceptualized in the framework Rosenberg (1999) suggested, we use a framework that stays closer to the perception of the study participants. A similar approach has been suggested by Baquet et al. (1997:18) in using the human resource management process with (1) job analysis and job description, (2) hiring, (3) orientation and training, (4) employer/employee interaction, (5) performance appraisal, (6) compensation, and (7) discipline.

Based on the empirical evidence the following framework has been developed for analyzing the results of the focus group discussions: (1) recruitment and selection, (2) employee training and development, (3) performance, retention, conflict, and discipline, (4) compensation packages, (5) cultural differences at the workplace, (6) labor laws and regulations.

### *Recruitment and Selection*

The current higher rate of unemployment has made it easier for agricultural employers to recruit suitable employees. Still the sheer number of employees required during the spring peak season poses a challenge for greenhouse operations. In general, mangers report being able to hire an adequate number at an acceptable wage at this point. In the green industry many managers also have succeeded in attracting a sizable share of returning employees who are re-hired the following year. Some nursery managers use wage increases and seniority-based benefits, such as vacation or health insurance to attract returning employees. In addition, promotion, such as supervisory responsibilities, is offered to qualified employees.

The most common recruitment method is asking current employees for referrals. This method seems to work particularly well for Hispanic employees. Hiring also occurs through word of mouth in the community, walk-ins, and, in rare cases for supervisory or specialized positions, advertising. Green industry managers also use temporary services and labor contractors. While these services demand higher wages, they are perceived as providing a legal and motivated workforce and they take care of employee benefits.

Screening of job candidates is rather uncommon in the green industries. The majority would hire anyone willing to do the job and learn. Selection then becomes a post-hiring activity. Job incumbents not suited for the work either leave voluntary or experience pressure from their co-workers to adjust. The few managers that reported selective hiring seemed to be satisfied with the results. Green industry managers most often hire entry level, general labor, because supervisory positions are typically filled from within. Therein lies one of the reasons for not being very selective in the hiring process.

Different from the green industry, dairy managers often have a selection process in place. They take several factors into consideration: the applicants work history, reasons for leaving prior employment, prior dairy related work experience, expectations of the applicant, impression of the applicant during the job interview, and in some cases references. In addition, some managers have preconceptions about qualities that make an individual more suited to working at a dairy farm. These preconceptions are not based on sound evidence and potentially create legal risks for the managers, e.g., age (some managers perceive younger workers as preferable, whereas, others prefer older workers), ethnicity, and valid driver license for a job that does not require driving. Also, in both the dairy and the green industry some managers embrace having individuals that are members of the same family work for them, while others do not. The first group believes that hiring families increases employee's loyalty. The latter group is afraid of having a high proportion of their workforce associated with one family and if they leave the business would have a major problem, particularly during times of high labor intensity.

### *Employee Training and Development*

Training is perceived as reducing safety risks and the risk of inferior work quality, and improves the efficiency of employees. Particularly in the green industry, approaches to training vary widely. Some manager decided to offer only minimum training. Also the tasks in which they need to train their employees are becoming more basic over time, such as watering plants, using a shovel or a rake. These managers are concerned about employees demanding higher wages or leaving after a significant training investment. Other managers believe that whatever they invest in training will pay off. These managers take a comprehensive approach to training. Beyond explaining and demonstrating the basic tasks, they provide the context of the task in the operation, why this task is important, and why it should be done in a certain way. In addition,

some managers acquaint employees with processes and equipment beyond their current job responsibilities.

In larger operations, supervisors are responsible for the training, whereas in small operations managers and/or co-workers do the training. Training quality varies depending on the job skills of the trainer and the person's training skills. Some dairy managers reported problems when co-workers did the training. In fear of losing their own job, a co-worker might train incorrectly, in hopes of making their own job performance appear better. Dairy managers therefore see a greater need than others to direct new employees for appropriate task performance. They are also more likely to provide additional outside training, at least for milkers. Other types of training unique to the dairy industry, include standard operating procedures (SOPs) based training and using an outside consultant to train employees. The former has the drawback that procedures develop over time and the SOP manual is not always current.

Except for the "College of Knowledge," an advanced training program for green industry employees offered by Michigan State University Extension, outside training is rarely seen as an option in the green industry. With high turnover, training becomes a distinct strain on managers' time and is at times over-burdening, especially during peak season. On the other hand, many managers perceive training as gratifying, when their employees take pride in their work, are able to support a family, grow into responsible citizens, and become successful in their lives.

Beyond training and development required by laws and regulations, employees of small and mid-size firms rarely get additional development opportunities. Presentations and seminars at trade fairs and exhibitions is the only access to advanced job training for small operations in the green industry. Dairy farmers at times send employees to programs offered by Michigan State University Extension. Larger operations offer on-site training to supervisory employees and middle management. But most supervisors are promoted into their position without prior management training. Although they are typically very competent with respect to their technical skills, they may not be equally apt at managing people.

### *Performance, Retention, Conflict, and Discipline*

Job performance was rarely mentioned as a problem. However, for a variety of reasons formal performance evaluations are rarely done. Examples of the reasons stated are employees perceive evaluations as negative and an accessory to termination, middle management makes inappropriate use of evaluations and show too much leniency, employees expect raises after each positive evaluation, and communication and language barriers with limited English proficiency employees. Most managers evaluate informally in the context of offering yearly raises. Co-workers tend to do on-site performance evaluation with each other and particularly with new employees. If someone is performing sub-standard, other employees apply pressure to be more productive. In the green industry an employee who is not performing at a satisfactory level is expected to be looking for a different job, without being explicitly told so. A formal termination for performance reasons is uncommon.

While most managers want to develop their employees' loyalty, they do not want to achieve this by having very close relationships with their employees. They desired not to become involved in their employees personal problems or "parent" their employees. They struggle to maintain a professional relationship in the workplace. Green industries in the northern U.S. face a pronounced seasonal pattern. Businesses with an emphasis on bedding plant production experience an even greater challenge with respect to retention and loyalty issues

because their season is short. Some greenhouse managers have found means to extend the season and therefore increase the likelihood employees will return the next year. For nursery operations and landscaper contactors seasonality poses less of a problem because most of them have at least a nine months season which seems to fit well with the lifestyle of many of their employees. Again, some of these operations have diversified into different activities, e.g., building houses, raising Christmas trees, or snow removal, to provide year round employment for those of their employees who care of a steady job. Dairy farmers hire on a year-round basis, with few exceptions. Still, some managers reported employees moving to different farming operations or to higher paid or socially more valued positions.

Conflict is seldom recognized as a problem in the green industry; it is mentioned more often by dairy farmers. Three types of conflict were alluded to by dairy farmers: (1) conflict between co-owners regarding responsibilities and work load of family members working in the operation, (2) conflict between employer and employee, e.g., regarding fairness of compensation, (3) conflicts between employees regarding differences in work attitude or pace, or challenging the authority structure on the farm. Several dairy managers report a lack in conflict management skills and interest in training in this area.

Workplace problems that are reported frequently include safety procedures, tardiness, and absenteeism. The later two are less of a problem in greenhouse operations. In season everybody works at capacity. In the off season the employees are given more leeway in deciding their work hours. Ignoring safety procedures is a frequent reason for employee dismissal in green industry operations. In general, even operations that have a formal multi-stage discipline process in place rarely use the process for dismissal. Again, employees either change their behavior after the first or second warning or quit on their own terms.

Because of long-term, year-around employment, dairy managers reported more often than green industry managers having to terminate an employee. Still, especially of the smaller farms, only a minority has a formal discipline system in place. Although Michigan is an at-will employment state, termination has been difficult for some farmers and wrongful discharge law suits and vandalism by terminated employees were mentioned. In addition, other reasons may compound disciplinary decisions, including long-term employment, the feeling of responsibility on the side of the employer, relationships between the families of employer and employee, and a perceived labor shortage with respect to possible replacements.

### *Compensation Packages*

Dairy focus group participants compared themselves to other employers such as Wal-Mart or McDonalds and dairy farms in other states, and estimated themselves as paying competitive or higher wages. Green industry managers, especially greenhouse operations, are concerned about the competition from other employers. Some greenhouse managers mentioned that they would like to pay higher wages, but financially it is not possible for the business. Another area of concern is health insurance, which more employers would like to offer but deemed too expensive.

In general, wages are above the legal minimum. Wages reported started at $6 per hour and went up to $14 and above for general labor, depending on the benefit package offered, language command, and the type of work—piecework can afford higher wages. Supervisory employees, such as herdsmen in the dairy industry and middle managers in the green industry earn significantly higher wages depending on the size of the operation and their skills. In addition to wages, many employers offer some kind of a bonus system, such as a loyalty bonus

for employees staying until the end of the season in the green industry, a quality bonus depending on milk receipts in the dairy industry, or a profitability bonus if the farm has had "a good year."

Some employers perceive overtime provisions as a benefit for their employees. Most need not pay time and a half, because they are exempt from overtime provisions as being agricultural employers, still several managers chose to pay more for overtime. Dairy farmers, however, typically do not consider anything below 50 hours or in some cases 60 hours per week as needing extra compensation. On the other hand, several dairy farmers or during seasonal peaks also green industry managers would allow their employees to work for as many hours as they prefer.

Benefits for general labor are often limited to the legally mandated minimum. If a more comprehensive benefit package is provided, eligibility depends on job tenure, hours worked, and often position. Health care insurance and in the green industry retirement plans are often only available for supervisory employees. Managers report that their Hispanic employee have limited interest in either one of these benefits and prefer cash payments instead. However, if health care insurance is offered—often with a co-payment or premium sharing, only a few farmers allow employees to receive a cash payment if they opt out of the insurance. Dairy farmers often provided a paid vacation, e.g., one week after one year, two weeks between one and nine years, and then three weeks after 10 years of job tenure at the same farm. Paid vacation is rare in the green industry. Other benefits provided irregularly include meals and non-alcoholic drinks, end of season celebrations in the green industry and housing in the both industries. Lending of equipment or vehicles is also possible with some operations, while others decided against that practice. Green industry managers mentioned helping employees with paperwork and offering assistance with personal issues.

### *Cultural Differences at the Workplace*

Some managers depend almost completely on Hispanic employees for getting the work done; others have just started working with Hispanic employees or no experience at all in this regard. Managers employing a major share of Hispanic employees generally perceive them as polite, willing to learn, loyal, dedicated, and hard working. Most feel that cultural differences are positive and enriching. Green industry managers expressed an interest to learn more about their employees' cultural background. Hispanic employees are also perceived as commanding a strong sense of community, family attachment, and concern for each other. Dairy farmers mentioned that Hispanic employees do not like to work on a farm where no other Hispanic workers are employed.

Three areas seem to cause friction when working with employees of Hispanic descent, particularly with new immigrated individuals and migrant workers: (1) communication, (2) housing and/or transportation, (3) eligibility for work in the U.S.

Communication is a daily challenge for managers who are not fluent in Spanish. Some managers have started to take classes and learn some Spanish; few have reached a fluency level. Managers perceive learning another language as a challenge, and some also think it would be better for their employees to learn English. Managers support their Hispanic employees who want to learn better English in numerous ways, ranging from paying for an instructor to come to the operation on large farms to paying employees for the hours spend in classes. They also encourage supervisors and middle management to learn Spanish. Managers hire some bilingual employees to have translation capability readily available. The need for intermediaries has in

some cases led to additional management layers. Still, misunderstandings and incomplete communication occur more frequently. Managers rely on body language to identify communication problems because their employees will not admit to not understanding instructions. When performing repetitive jobs, these problems diminish rapidly over time. Jobs with more task variety require a constant effort.

Finding affordable housing is a challenge for migrant employees and for newly immigrated individuals. They prefer not to spend a large share of their wage on rent, and the migrant employees only need the housing for part of the year. Often migrant employees prefer to live close to where other migrants or other Spanish speaking people live. This might be far from the place they work, requiring reliable transportation. Good local transportation services are not always available, creating attendance problems. Some employers provide housing for the employees. This drastically reduces some of the housing and transportation related risks. However, providing housing creates additional challenges, e.g., meeting housing regulations.

A major issue almost every participant who is hiring migrant employees is concerned about is their eligibility for work in the United States. Managers take great care to fill out employment eligibility forms (I-9 forms) correctly, and make sure every new hire is providing appropriate documentation. Yet, managers are not experts in immigration and can hardly tell fraudulent documents from proper documents. Legally, they also need to guard against document abuse (e.g., asking for specific documents, requiring over-documentation). They feel they are in a double-bind and cannot avoid making mistakes.

### *Labor Laws and Regulations*

Managers in both the dairy and the green industry had several concerns about labor laws and regulations. Labor regulations regarding the employment of minors were perceived as overly restrictive. They found the details about who could work when, type of tasks acceptable, and how many hours confusing and difficult to follow. This is particularly valid in the green industry where in some cases the distinction between what is and what is not agricultural work is ambiguous. On the other hand, many managers think it is important to introduce young people at an early age to agricultural work to ensure an adequate labor supply for the future.

Because a dependable workforce is a prerequisite in modern agriculture, managers have been hiring Hispanic and often newly immigrated employees with an interest in working in agriculture. But managers are concerned about the long-term viability of this labor supply due to immigration provisions. As stated above, managers perceive a risk of their workforce being ineligible for work in the U.S. even if their documents appear to be genuine. For green industry managers this includes the risk of losing staff at peak periods and substantial fines, while dairy farmers are less worried about this type of consequences.

Although Michigan is an at-will employment state, being brought to court by an employee for a wrongful discharge is another concern for some managers. This could be an additional reason why managers rarely fire employees. Termination as a legal issue was more often mentioned by dairy managers than green house managers.

Green industry managers perceived rules and regulations in the context of Occupational Safety and Health Administration (OSHA) as an additional problem area. Though very concerned about safety, some managers felt unable to comply with all the regulations that apply to their operations. They were also not sure whether training provided and tests given were appropriate to prevent accidents from happening. In landscaping, even managers who carefully trained their employees were still concerned about being liable for their mistakes.

## Implications for Extension Programming

Based on the results of the focus group meetings and the individual interviews, themes for an educational pilot workshop crystallized. Due to managers' educational preferences articulated during the focus group meetings, the original plan to offer two or three days of intensive training was abandoned. Managers preferred one-day workshops, and were reluctant to leave their operations for more than one day at a time. Workshop content, therefore, needed to be limited to the most pertinent topics. In spite of the similarities between the green industry and the dairy farms, differences seem significant enough to warrant separate workshops with slightly different emphasis. The major concerns of green industry were addressed first. The decision of which topics to include in the first pilot workshop was based on the priorities identified, and on the overall fit of potential topics with each other in a stringent and coherent program. In-depth discussion between the co-researchers and an external consultant resulted in the theme of the pilot workshop "Achieving Better Employee Relationships: Developing a High-Performance People-Oriented Horticultural Business."

The following topics were included in the workshop agenda:

**People-Oriented Management: Attaining Extraordinary Job Satisfaction and Superior Performance.** Background information about the differences between a traditional control-oriented management approach and a people-oriented approach, prerequisites to implementing a people-oriented management approach, and organizational culture conducive to a people-oriented management approach.

**Develop Your Employees Into High Performers: The Role of Training and Development.** Importance of training and development in a high performance environment, assessment of training needs, implementation of training and achieving results from training programs, evaluation of training.

**Changing Face: Workforce of Agriculture in 2000 and Beyond.** Demographic developments in U.S. population and agricultural workforce, increasing share of Hispanic population, Hispanic and Latino cultures and values, heterogeneity within Hispanic cultures, consequences at the workplace, importance of workplace communication and understanding.

**Growing Motivation and Trust Through Feedback.** Changes at the workplace to enable high performance and trust building, implementing change, background information on feedback, formal and informal feedback, feedback in difficult situations, skill practice.

**Chalking the Field: Shared Meaning and Empowerment.** Developing and utilizing the capabilities of all personnel, through providing a frame of expectations and procedures and rewards for superior performance, business vision, mission, and core values implementation.

Active and experiential learning was emphasized during the workshop. Participants did have the opportunity to practice various methods and techniques, and to exchange experiences and ideas with fellow participants. About 25 individuals attended the workshop, with a high proportion being in a labor management role. Most of them participated actively in the different sessions. The workshop concluded with a feedback and evaluation session. Both verbal and written feedback was provided by the participants. A two-page evaluation form was filled out, benefits were discussed, and additional suggestions were made.

Participants found the pilot workshop addressing their specific needs and the workshop format appropriate for the topics presented. Participants particularly liked the small group size that enabled an interactive setting and intense exchanges. They appreciated the variety of speakers, the diversity of teaching forms (presentation, discussion, and role play), and the examples provided that made application easier. Participants thought, the different topics and

speakers blended together nicely, and they enjoyed the interaction between the speakers, which encouraged them to ask questions. In addition, they appreciated being given the opportunity to meet other people with similar problems, and exchange ideas with their colleagues.

One question referred to participants' perception of the market value of the workshop, and their willingness to pay a fee for a similar workshop. Thirteen participants answered this question. Perceived market value, as well as willingness to pay, ranged from $35 to $500. The mode of the perceived market value was $100. An amount up to $250 was also a frequent answer. Willingness to pay showed a bimodal distribution with $50 and $100 as modes.

Participants were also asked to suggest topics that they would like to see addressed in additional workshops. It can be assumed that topics suggested indicate areas of risk not addressed or not sufficiently addressed during the pilot workshop. Suggested topics included: (1) building a high performance workforce, motivating long-term employees; (2) communication, conflict resolution, discipline, relationships, and business culture; (3) managing upwards; (4) goal setting and implementation of vision and mission; (5) establishing and managing teams; (6) training; (7) understanding a diverse workforce; (8) screening and hiring; and (9) laws and regulations.

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