

fact sheet

PEOPLE



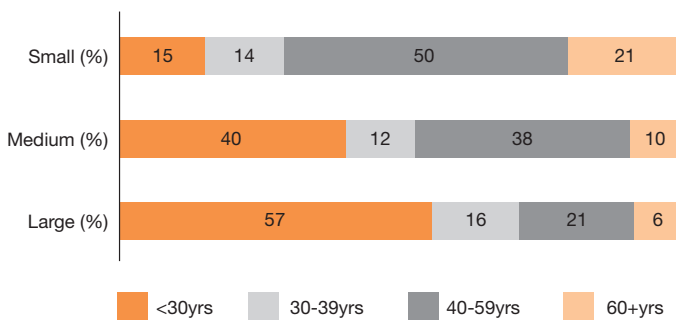
Large-scale employers - attracting and retaining staff in the pastoral livestock industry

Large-scale employer profile

Based on the findings of a national workforce survey of the pastoral livestock industry¹, the key features of large-scale employers are:

- Employ 15 or more full-time employees.
- Have a younger workforce with more than half under 30 years of age (Figure 1).
- Manage several properties.
- Employ significant numbers of female employees.
- Face the possibility of losing employees to the mining industry.

Figure 1 – Age distribution based on size of enterprise



Hidden cost of staff shortages and turnover

There are compelling reasons for large-scale employers to review their current attraction and retention practices, based on the results of the workforce survey.

- Staff shortages account for a loss of productivity between \$14,300 and \$218,600 per annum (Figure 2).
- The cost of staff turnover, on average, is between \$186,700 and \$459,360 per annum based on costs of recruitment, loss of productivity and training (Figure 3).

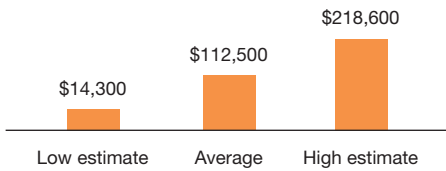
Key points

- Enterprise size, based on employee numbers, is the most important factor for determining staff attraction and retention strategies, rather than region or type of livestock activity whether beef, sheepmeat or pastoral wool.
- Staff shortages and turnover cause considerable cost, although not always transparent.
- Recruitment difficulties are due to a shortage of skilled people, low wages, losing workers to the mining industry and perception that young people lack a work ethic.
- Large employers are well placed to attract employees through their reputation and for offering career opportunities for applicants and their partners.
- Long-term financial security and employment certainty are crucial; pay by itself is not sufficient to provide financial security.
- Employee engagement and retention is a greater challenge for larger properties due to a younger workforce.
- Employees are more likely to leave an employer, than to leave the pastoral livestock industry altogether.
- Managers play a key part in engaging and retaining their current workforce.

While most of these costs are not transparent, they potentially have a significant impact on the long-term financial viability of large pastoral livestock businesses.

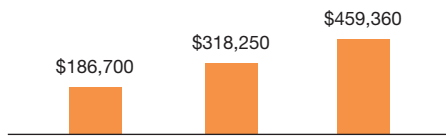
¹ The 2007 Workforce Survey had a total sample of 842 individuals, comprising 136 owners, 155 managers and 551 employees.

Figure 2 – Cost of staff shortage for large farms



Staff shortage estimates based on average shortage of 3.4 full-time equivalent (FTE) (+/- 2.92) and average employee cost of \$33,500 (+/- \$1,300)

Figure 3 – Cost of staff turnover for large farms



Staff turnover estimates based on average turnover of 9.5 FTE (+/- 3.7) and average employee cost of \$33,500 (+/- \$1,300)

Attracting employees

Employees are attracted to the pastoral livestock industry more so if they have grown up in the industry and prefer the lifestyle that comes with working outdoors and with animals.

Recruitment challenges

Large employers experience significant recruitment challenges, namely:

- shortage of skilled people in the industry
- wages/salaries which are considered too low
- losing skilled workers to the mining industry
- young people perceived as not having a strong work ethic
- lack of skilling up existing workers

Because large enterprises employ a high proportion of younger employees, supervisors and managers than medium and small farms, it is important to recognise that their employment is transitional. One employer from the survey said:

“Many young people use this industry as a stepping stone into their working life. We need to accept this and promote the benefits and personal growth they get by having spent a year or two on a station.”

Although 48% of managers indicated losing skilled workers to mining, only 3.3% of employees considered moving to mining in the next five years, at the time of the survey. Those who had worked in the mining industry returned to the pastoral livestock industry because of the unsuitability of the lifestyle, lack of job security, social isolation and issues with management practices.

Attractions to large employers

The four key attractions to large employers are:

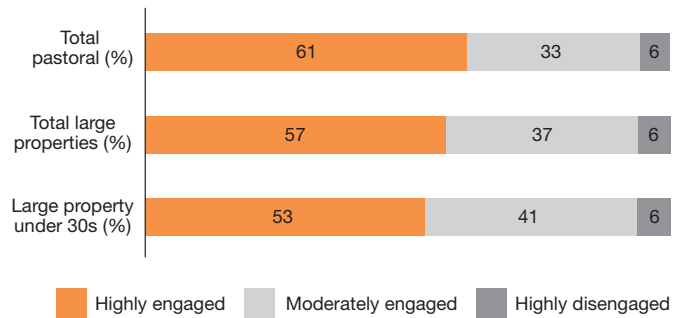
- career opportunities that large farms are able to provide

- reputation of the large pastoral enterprise
- pay and benefits
- employment opportunities available to partners

Engaging employees

Employees working for large employers are highly engaged. They are satisfied with their job, committed, loyal, proud of working for their farm, have good morale, feel trusted and valued, go the extra mile and believe they have a long-term future with their employer. Figure 4 highlights that 57% of employees are highly engaged. This is only slightly lower (53%) for those under 30 years of age. These results compare favourably with the overall Australian average of 21% of Australian employees who are engaged.²

Figure 4 – Level of engagement – large employers



Meet employee expectations

The key to engaging employees is meeting their expectations. The top five expectations in order of importance are:

1. Understanding what is expected at work.
2. Feeling trusted and valued as a person.
3. Developing and improving their skills and knowledge.
4. Good quality accommodation.
5. Effective communication between managers and staff.

Highly engaged employees on large farms had this to say...

“My job is extremely rewarding and I am given a number of different roles and responsibilities. The work environment is always pleasant, positive and encouraging. The managers are approachable and provide feedback on the performance of all staff.”

“Being recognised and appreciated for hard work done is more satisfying than a pay increase.”

“Fantastic place to work and an excellent boss – he has taught me heaps.”

“Good variety of jobs, lots of fun.”

“I enjoy the challenges of my workplace, as well as the lifestyle I get to live. To work with quality cattle, quality people and a well run property make for an excellent work environment. It makes you want to excel.”

² Gallup Australian Engagement study, 2006.

Communication is critical

The key area for improvement is communication between managers and staff. Poor communication diminishes employees' feelings of trust, value and pride in their farm/station or company. It is well summarised in these comments from young employees:

“Communication is very bad and unclear – we are not encouraged to think for ourselves and never trusted to do anything.”

“I enjoy the work involved in being a jillaroo. However the current management has left me dissatisfied in my occupation. It would be nice to work on a station which treats the employees better than the cattle.”

Retaining employees

The key reasons for leaving a large-scale employer are:

- uncertain future
- poor leadership and communication
- uncompetitive wages
- better career opportunities elsewhere
- boring and unchallenging jobs

Financial security and certainty are basic needs

Financial security and certainty are key motivators for retention. Pay, by itself, is not sufficient to provide financial security where individuals are working in an uncertain environment. Addressing an employee's sense of long-term employment certainty will assist with their retention.

Pay becomes an issue for employees where they are uncertain about their future or feel they are not valued or appreciated. Future certainty also becomes more important when their personal circumstances change eg starting a family.

Managers are key in engaging and retaining their current workforce

Employees are more likely to leave an employer than leave the pastoral livestock industry altogether. So, this means managers play a key role in engaging and retaining their current workforce.

When employees were asked where they see themselves in five years:

- 7% indicated that they plan to leave the industry
- 26% planned to leave their employer
- 40% saw themselves in a more senior, better qualified or permanent job
- 14% considered farm ownership or contracting as a long-term career plan

An approachable, consultative and supportive management style is required for all employees, particularly for the younger employees under 30 years of age (Generation Y). The younger employees are ready to learn and are comfortable with working with managers of different ethnicity and opposite gender.

“These days, nobody wants to teach the young people. If we don't, the meat industry doesn't have much of future,” said a manager from the survey.



Photo courtesy of Jumbuck Pastoral

Current retention strategies

Employers reported that increasing pay was an effective retention strategy. However, the survey results show that an increase in wages, by itself, did not contribute to an increase in staff attraction or retention.

Other strategies managers used to retain staff included:

- upgrading accommodation – especially addressing entertainment and communication needs of younger employees and the needs of employees with families
- offering ongoing training and career development

Recommended strategies

In summary, individuals who are attracted to the pastoral livestock industry want more than wages – they are looking for long-term security for themselves and their family so they can plan for their future. The key challenge for large enterprises is to engage a younger workforce. Employees will stay if they feel valued and respected and are doing rewarding work.

Engaging employees in the following manner will assist their sense of certainty about the future:

1. Provide a positive future for the farm and its reputation

- Communicate the company's track record, financial stability, demonstrated success and show that the company is well run and organised.
- Promote the enterprise's reputation to build pride amongst employees.
- Provide guaranteed work where possible.
- Make employees the farm's 'ambassadors' and reward them for any staff referrals.
- Develop a 'keep in touch' approach (eg newsletter, birthday cards, invitations to a family or community function etc) to keep in contact with employees who leave to encourage their return in the future.

2. Ensure the basics are met

- Effectively communicate the total remuneration package showing the overall dollar figure for cash and non-cash items, incentives, bonuses etc.
 - Ensure fairness and consistency in the remuneration packages for similar roles.
 - Structure the remuneration package for pay on an hourly basis.
 - Link remuneration to workplace performance, rewarding specific concrete achievements.
- Assist younger employees with saving and financial planning.
- Investigate the ability for employees to have portable employee benefits.
- Explore opportunities for staff to establish and run a small herd on the property and the possibility of farm ownership for interested employees.
- Provide good quality accommodation and well-maintained equipment.
- Foster an efficient, safe, healthy and harassment free work environment.
- Offer retention bonuses or incentives for valued staff.

3. Ensure job tasks provide variety and learning

- Ensure employees have a clear understanding of the expectations of their role.
- Clearly communicate the realities associated with the rural lifestyle and demands of the job.
- Align job tasks to the employee's knowledge, skills and experience.
- Find out what skills employees have and encourage multi-skilling.
- Provide training and opportunities to improve qualifications.
- Provide job enrichment (interesting jobs) for spouses/partners working on the property.

4. Provide a career path for each individual

- Provide a clear vision of their future and career with their employer.
- Show a defined hierarchy with clear roles and responsibilities, the steps to move up the career ladder, what education and experience are required and how long it will take to progress.
- Provide leadership opportunities for male and female employees.
- Provide managers with training on career coaching.

5. Ensure managers are approachable, supportive and good communicators

- Provide managers with training so they have the necessary communication, coaching and feedback skills to engage employees, specifically younger employees (Generation Y) and foster teamwork.
- Listen to their ideas and involve employees in decision-making.
- Provide regular informal and formal performance feedback.
- Recognise hard work, commitment and experience.
- Immediately address individuals who are not performing effectively.

6. Ensure employees have a work-life balance

- Monitor work hours and workload to avoid fatigue and risk to personal health.
- Encourage flexible hours, time in-lieu and taking holidays.
- Enhance the sense of well-being through employees experiencing a sense of community or family with fellow workers.
- Honour traditions (birthdays, special days etc).

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Further information

The following information on how the beef and pastoral industries can improve staff attraction and retention strategies based on the size of their workforce is available from the MLA web site at www.mla.com.au/publications (for fact sheets) or www.mla.com.au/research (for final reports):

- Final Report: *B.NBP.0370 Attracting and retaining staff in Australia's beef, sheep and pastoral wool industries*
- Fact sheet: *Attracting and retaining staff in the northern beef industry*
- Fact sheet: *Attracting and retaining staff in the southern beef, sheepmeat and pastoral wool industries*
- Fact sheet: *Medium-sized employers – attracting and retaining staff in the pastoral livestock industry*
- Fact sheet: *Small employers – attracting and retaining staff in the pastoral livestock industry*

For more information contact MLA phone: 1800 675 717, visit www.mla.com.au or email: publications@mla.com.au



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