

# fact sheet

## PEOPLE



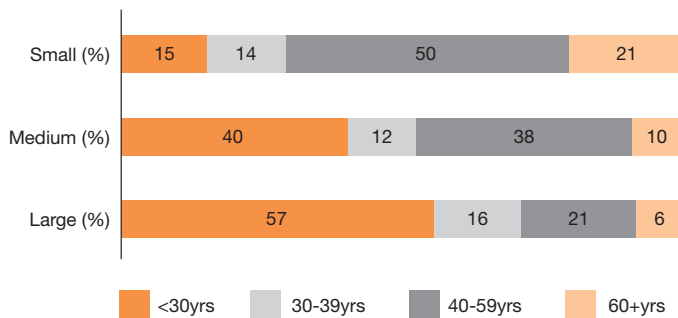
## Medium-sized employers - attracting and retaining staff in the pastoral livestock industry

### Medium-sized employer profile

Based on the findings of a national workforce survey of the pastoral livestock industry<sup>1</sup>, the key features of medium-sized employers are:

- Employ between 6 and 14 full-time employees.
- Have a mix of mature and younger workers.
- A mixed age workforce with 40% being younger than 30 and 38% between the age of 40 and 59 (Figure 1).
- Employees work long work hours and weeks.

Figure 1 – Age distribution based on size of enterprise



### Hidden cost of staff shortages and turnover

There are compelling reasons for medium-sized 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 \$15,200 and \$51,000 per annum (Figure 2).
- The cost of staff turnover, on average, is between \$90,160 and \$187,920 per annum based on costs of recruitment, loss of productivity and training (Figure 3).

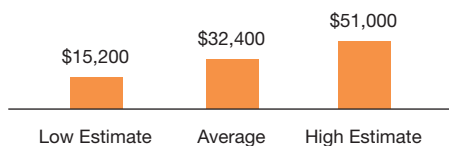
<sup>1</sup> The 2007 Workforce Survey had a total sample of 842 individuals, comprising 136 owners, 155 managers and 551 employees.

### 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 losing workers to the mining industry, a shortage of skilled people, low wages and the perception that young people lack a work ethic.
- Medium-scale employers are well placed to attract employees through offering job variety, their reputation and the quality of their operation.
- Long-term financial security and employment certainty are crucial; pay by itself is not sufficient to provide financial security.
- Fatigue is a greater challenge for medium properties due to too many work hours exacerbated by a high number of weeks worked a year.
- 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.

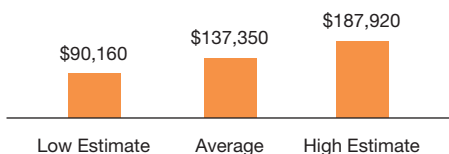
While most of these costs are not transparent, they potentially have a significant impact on the long-term financial viability of medium-scale pastoral livestock businesses.

Figure 2 – Cost of staff shortage for medium farms



Staff shortage estimates based on average shortage of 1 full-time equivalent (FTE) (+/- 0.5) and average employee cost of \$33,500 (+/- \$1,300)

Figure 3 – Cost of staff turnover for medium farms



Staff turnover estimates based on average turnover of 4.1 FTE (+/- 1.3) 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

Medium-sized employers experience significant recruitment challenges, namely:

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

Because medium enterprises employ a significant proportion (40%) of younger employees (< 30 years old), 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 medium-sized employers

The three key attractions to medium-sized employers are:

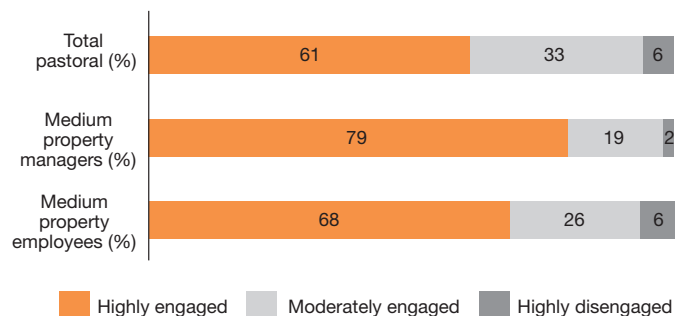
- reputation of their pastoral enterprise
- variety within the job
- quality of operation

## Engaging employees

Employees working for medium-sized 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 79% of managers and 68% of employees are highly engaged. These results compare favourably with the overall Australian average of 21% of Australian employees who are engaged.<sup>2</sup>

Figure 4 – Level of engagement – medium-sized 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. Working as a team.
3. Being open and honest in dealings with each other.
4. Feeling trusted and valued as a person.
5. Developing and improving their skills and knowledge.

Highly engaged employees on medium-sized farms had this to say...

“We work for wonderful people who appreciate my husband and myself. They are very keen to help us reach our goals and they support all our ideas and dreams. We know how lucky we are – I don’t think we will be leaving anytime soon.”

“My job is of a high standard and my boss is top class to work for.”

“I am passionate about the agricultural industry and have found that I am accepted as a woman.”

### Burnout is a critical issue

Highly engaged employees run the risk of fatigue and burnout when not working in a sustainable manner.

“There is clear evidence that employees working more than 48 hours per week are at significantly greater risk of poor health, safety and social outcomes.”<sup>3</sup>

Nearly two-thirds of employees (61%) on medium-sized properties work more than 50 hours a week. This is exacerbated by the fact that 84% also work

<sup>2</sup> Gallup Australian Engagement Study, 2006.

<sup>3</sup> Professor Drew Dawson from the Centre for Sleep Research, School of Psychology, Social Work and Social Policy, University of South Australia.



Photo courtesy of MDH Pty Ltd

between 46 to 52 weeks per year, leaving little time to recuperate. This is demonstrated in the following comments:

“I do find that as specialists in our field, most employees in agriculture work dreadfully long hours with little time for a life with family etc.”

“Farms need more access to information on work hours for employees, time sheets etc. Managers need to ensure fatigue does not affect employees.”

“The workload, cost of living and lack of good wages is very discouraging.”

Medium properties can utilise their ability to be flexible to help staff manage their work-life balance.

“I work seven days a week for upwards of five weeks in a row; don’t get paid enough and the days are too long. The best thing about it is the lifestyle and flexible hours. We have never been knocked back for a weekend off,” said one employee.

## Retaining employees

The key reasons for leaving a medium-sized employer are:

- better career opportunities elsewhere
- not feeling valued/lack of recognition
- working too many hours
- uncompetitive wages
- lack of job security

### Financial security and certainty are basic needs

Financial security and stability 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.

Two comments from the survey include:

“Agricultural industry does not pay enough salary to employees for hours worked.”

“I love the work but the hours are long and we don’t get paid if we work on our days off.”

### Managers are key in engaging and retaining their current workforce

Employees are more likely to leave an employer than to 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:

- 5% indicated that they plan to leave the industry
- 23% planned to leave their employer
- 29% saw themselves in a more senior, better qualified or permanent job
- 15% of employees 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 working with managers of different ethnicity and opposite gender.

One manager from the survey said the key is, “helping direct them in career, working efficiently, giving responsibility and ownership, giving credit and saying thanks and showing appreciation.”

### 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:

- staff development and support through training, qualifications and career opportunities
- providing flexible work hours
- upgrading accommodation
- ensuring job satisfaction

## 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 medium-sized enterprises is to avoid burning out employees through too many work hours. Employees will stay if they feel valued, respected, supported and are doing rewarding work. Engaging employees in the following manner will assist their sense of certainty about the future:

### 1. 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 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.

### 2. Ensure job tasks provide variety and learning

- Ensure employees have a clear understanding of the expectations of their role.
- 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.

### 3. Provide a career path for each individual

- Provide a career plan 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.



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### 4. 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 with fellow workers.

### 5. Ensure managers are approachable, supportive and good communicators

- Provide training to managers so they have the necessary communication, coaching and feedback skills to engage employees, specifically younger employees (Generation Y) and foster teamwork.
- Provide regular informal and formal performance feedback.
- Recognise hard work, commitment and experience.
- Address immediately individuals who are not performing effectively.

### 6. Provide a positive future of the farm and its reputation

- Communicate the farm's track record, financial stability, demonstrated success and show that the company is well run, organised and is a quality operation.
- Provide guaranteed work where possible.
- Make employees the farm's 'ambassadors' and reward them for any staff referrals.

## Acknowledgement

Meat & Livestock Australia acknowledges the matching funds provided by the Australian Government to support the research and development detailed in the publication.

## 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](http://www.mla.com.au/publications) (for fact sheets) or [www.mla.com.au/research](http://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: *Large-scale 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](http://www.mla.com.au) or email: [publications@mla.com.au](mailto:publications@mla.com.au)

Published September 2011 ISBN: 9781741916287 © Meat & Livestock Australia 2011 ABN 39 081 678 364

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