

fact sheet

PEOPLE



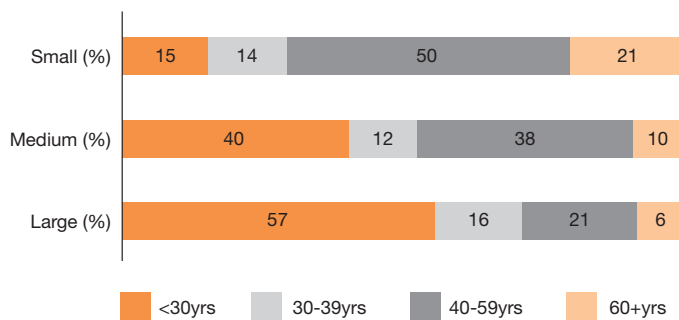
Small employers - attracting and retaining staff in the pastoral livestock industry

Small employer profile

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

- Employ five or less full-time employees.
- Have an ageing workforce with half aged between 40 and 59 and 21% aged 60 plus (Figure 1).
- 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 small 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 \$13,800 and \$31,800 per annum (Figure 2).
- The cost of staff turnover, on average, is between \$22,540 and \$38,280 per annum based on costs of recruitment, loss of productivity and training (Figure 3).

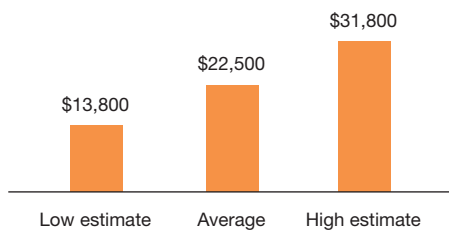
While most of these costs are not transparent, they potentially have a significant impact on the long-term financial viability of pastoral livestock businesses.

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 in industry, losing workers to the mining industry, low wages, the level of hard work expected and an ageing/retiring workforce.
- Small-scale employers are well placed to attract employees through offering job variety and autonomy.
- Long-term financial security and employment certainty are crucial; pay by itself is not sufficient to provide financial security.
- Fatigue and farm viability are greater challenges for small properties currently relying on an ageing workforce working too many work hours and weeks.
- Employees are more likely to leave an employer, than to leave the pastoral livestock industry altogether.
- Managers are key in engaging and retaining their current workforce.

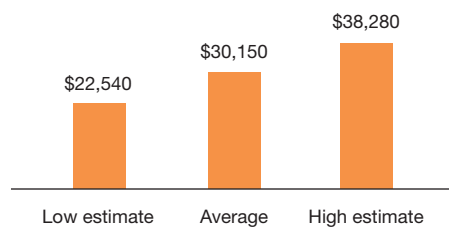
¹ The 2007 Workforce Survey had a total sample of 842 individuals, comprising 136 owners, 155 managers and 551 employees.

Figure 2 – Cost of staff shortage for small farms



Staff shortage estimates based on average shortage of 0.7 full-time equivalent (FTE) (+/- 0.24) and average employee cost of \$33,500 (+/- \$1,300)

Figure 3 – Cost of staff turnover for small farms



Staff turnover estimates based on average turnover of 0.9 FTE (+/- 0.2) 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

Small-scale employers experience significant recruitment challenges, namely:

- shortage of skilled people in the industry
- wages/salaries that are considered too low
- losing skilled workers to the mining industry
- hard work is expected

Although 48% of managers indicate losing skilled workers to mining, only 3.3% of employees consider moving to mining in the next five years. 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 small-scale employers

The most significant attraction to small employers is job variety. Some employers have been successful in attracting staff through targeted advertising, improved working conditions and working relationships as well as giving staff additional bonuses and financing assistance. Some realise the importance of encouraging young applicants.

² Gallup Australian Engagement Study, 2006.

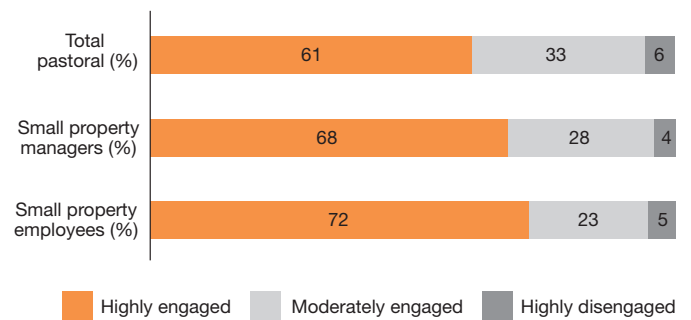
³ Professor Drew Dawson from the Centre for Sleep Research, School of Psychology, Social Work and Social Policy, University of South Australia.

Engaging employees

Employees working for small-scale 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 68% of managers and 72% of employees are highly engaged. These results compare favourably with the overall Australian average of 21% of Australian employees who are engaged.²

Figure 4 – Level of engagement – small employers



Meet employee expectations

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

1. Feeling trusted and valued as a person.
2. Having pride in working for the farm/station/company.
3. Understanding what is expected at work.
4. Being open and honest in dealings with each other.
5. Having equipment and workplace that are well-maintained.

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

"I enjoy being part of the family business. I also have opportunities to work off-farm in the agricultural industry. This gives me wider experience. I like to attend seminars and industry related training days to meet other people. I enjoy being actively involved in the local community eg Apex, CFA."

"I am extremely content with my present position. Minimum stress, stimulating and diverse duties and the lack of a feeling of 'going to work' is priceless. Freedom and contentment unknown to those in the 'big smoke.'"

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."³

Over half of employees (53%) on small-scale properties work more than 50 hours a week. This is exacerbated by the fact that 86% also work between 46 to 52 weeks per year, leaving little time to recuperate. This is demonstrated by the following comments:

“My boss works long hours and I feel obliged to work with him. I do get days off to make up, but sometimes I find the long days a real drag. I feel it would be better to work 8-5, five days a week except for the busy times.”

Small 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.”

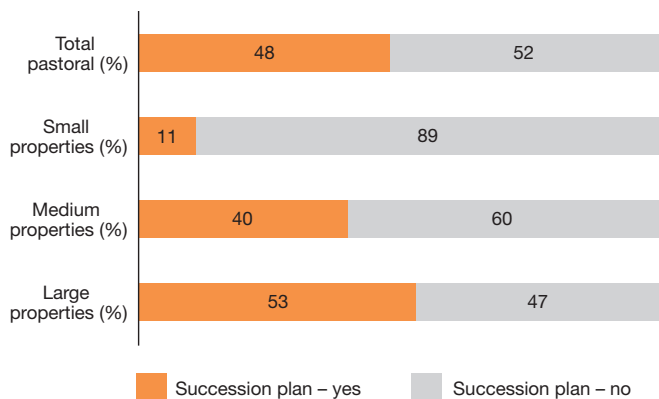
Property sustainability impacts engagement

Small properties appear to be at risk as they rely on the high level of work commitment from an ageing workforce.

Furthermore, succession plans are in place for only 11% of small properties compared to 48% of properties within the pastoral livestock industry as a whole (Figure 5). This could impact the long-term sustainability of the properties and affect the perceived job security and engagement of employees, as this comment demonstrates:

“As I am involved in a family farm, most of my job dissatisfaction comes from succession planning issues (or lack thereof) and communication problems (older generation poor communicators).”

Figure 5 – Succession planning in the pastoral livestock industry



Retaining employees

The key reasons employees leave a small-scale employer are:

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

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 nor 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 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:

- 4% indicated that they plan to leave the industry
- 28% planned to leave their employer
- 26% 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. Effective and inclusive communication between management and staff make staff feel valued and develop a real sense of pride and community in the property. One comment from the survey said:

“I have a good working relationship with my employers – they are good people to work for.”

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:

- job variety that small farms are able to provide
- autonomy and being able to work independently

“I personally like being in control of my own destiny even if it requires up to 100 hours/week,” said one employee.

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 small farms is the ageing workforce and 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.
 - Structure the remuneration package for pay on an hourly basis.
 - Link remuneration to workplace performance, rewarding specific concrete achievements.
- Provide good quality accommodation and well-maintained equipment.
- Foster an efficient, safe, healthy and harassment free work environment.

2. Provide a career path for each individual

- Ensure a clear agreed and documented succession plan that operates in a timely manner for family members.
- Provide a career plan with clear roles and responsibilities and how long it will take to progress.

3. Provide a positive future of the farm, its reputation and a sense of ownership

- Communicate the farm's track record, financial stability, demonstrated success and show that the farm is well run and organised.
- Provide guaranteed work where possible.
- Develop a sense of personal ownership through high levels of autonomy. Promote this as a benefit of working on a small farm.
- Explore the possibility of actual farm ownership for interested employees.
- Participate in school/industry partnerships that expose school students to working on a farm to encourage a younger workforce.

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 and foster good working relationships.
- Provide regular informal and formal performance feedback.
- Recognise hard work, commitment and experience.
- Address immediately individuals who are not performing effectively.

6. Promote the benefits of small farms providing job variety and learning

- Encourage multi-skilling and provide training and opportunities to improve qualifications.

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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: *Large-scale employers – attracting and retaining staff in the pastoral livestock industry*
- Fact sheet: *Medium-sized 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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