Managing for Compliance and Beyond

The types of decisions made in hiring and working with employees are listed in the second column of Figure 1.1. Managers face these decisions in a context of influences (first column) that at times seems to dominate their attention. In particular, the large, complex body of laws and regulations around labor management has continued to grow, and many agricultural employers are understandably obsessed with it. At its core, however, personnel management is about getting the work done, and that means dealing with the people who are engaged to do it, not governmental agents.

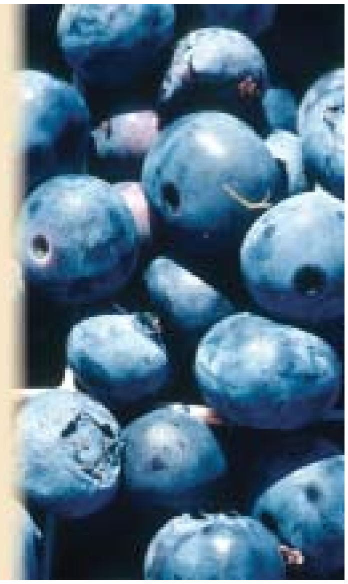
Figure 1.1. Personnel management in context.

Influences and constraints	Human resource management decisions	Personnel outcomes	Results
Own attitudes and values	Organizational structure	Staff capability	
Tradition and local norms	Job design	Motivation	Products
Technology	Recruitment	Task performance	
Labor market	Selection and promotion	Accidents	Costs
Laws and regulations	Training and development	Satisfaction	
Worker interests/needs	Supervision	Attendance	Worklife
Union contract provisions	Performance appraisal	Ideas	
Financial position	Pay and benefits	Complaints	Earnings
Product markets	Communications	Turnover	
	Problem resolution		

While most acts of personnel management have both behavioral and potential legal consequences, a prudent awareness of regulatory bounds need not, and ought not, curdle into a “compliance mentality.” Surely, violations of law can result in embarrassment, wasted time, and costly penalties.

A tractor driver working for $6.50 per hour was paid $455 for 70 hours one week. He thought that working such a long week should entitle him to an overtime premium rate, but the grower for whom he worked told him that exceeding the straight-time rate would set a “bad precedent” on the ranch. The driver found his way to the local labor commissioner, who enforces the state mandate of time and one-half premium pay for hours over 60 in a week. The commissioner dropped in on the grower and asked to peruse his payroll records. Later that week, the commissioner ordered the ranch to pay time and one-half for the 10 hours exceeding 60 that the tractor driver had worked, plus another $6,500 in overtime premiums to other employees who had not received their due over the previous three years. Had the grower broken the law? Yes. Did it hurt him to have done so? Certainly.

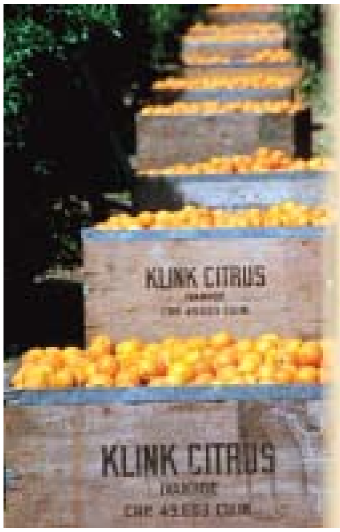
Six people responded to a newspaper ad placed by a fruit processing cooperative that had a truck driver position to fill. Only one among the six was a woman, and she was considerably smaller in physical stature than the five men. A company personnel representative gave her a cursory interview, asking mostly about her family situation and whether adequate daycare could be arranged for her children. He either did not notice or disregarded the six years of big-rig driving experience listed on her application form. The five male applicants, in contrast, were each interviewed at length and given an elaborate test of driving skills. After she was notified that somebody else had been hired, the woman charged the company with unlawful discrimination in its selection process. When litigation was completed some 10 months later, the cooperative had been found guilty of sex discrimination and ordered to pay her the $18,600 that she would have earned in the position, plus court costs. Was a law broken? Yes. Was it costly? Of course.



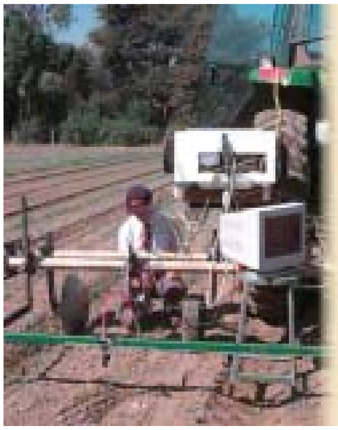
Two laborers hoeing weeds in a vegetable field were working for $5.75 per hour, and they heard that a nearby farm was paying $6 an hour for the same work. They approached their foreman to ask for a raise. The foreman tried to brush them off, but they kept stating their request and wanting a straight answer about it. He told them only to get back to work, but they kept at him. One thing led to another, and the foreman, in a show of frustration and authority, fired the two for their persistence. The erstwhile employees complained to regional Agricultural Labor Relations Board staff. Three months later the foreman was found to have violated employee rights under the California ALRA to engage in (protected) concerted activity. The company was ordered to reinstate the two hoers and to pay them what they would have earned (at $5.75 per hour) in the past three months had the "unfair labor practice" not been committed. Did the foreman break a law? Yes. Did something bad happen as a result? You bet.

Obviously, it is necessary to know and abide by the legal rules if one wants to avoid risks. But is simply operating by the rules sufficient? In their determined efforts to stay within bounds, unfortunately, many growers have adopted policies and practices that are influenced disproportionately by legal constraints to the relative exclusion of other important factors.

While dealing with workers is not the whole of labor management, neither is it a minor part. After you have complied with everything and you have taken care of all of those many legal exposures, are there any risks left? Consider a few other cases:



An orchard operator wanted to get better control of his pruning costs. He decided to put his temporary crews on a piece rate rather than an hourly pay system. He divided the previous year's total pruning cost by the number of trees on the ranch to get a base rate and then subtracted 10 percent from that. Sure enough, the crews finished all the pruning in a little more than half the time it had taken them the year before. So they were able to earn at a much higher rate — 90 percent of the previous year's income in about 55 percent of the time. A few days later, however, the operator found several areas in the orchard where the limbs of trees had been severely lopped rather than carefully pruned and where clippings were strewn about. He thought it would take three years for the trees to regain their shape and productivity. Had he violated any state or federal law in revising the pay system? No. Did his decision lead to a bad outcome? Sure.



A mechanic who had been employed one year in a large field crop business and was known for his fine craftsmanship was promoted to the position of shop foreman when the previous one retired. Six other mechanics, with an average 10 years length of service, were surprised by the promotion of their junior coworker. Suddenly, most repairs became big deals, taking longer than usual to complete and often requiring special order parts. The next month an OSHA inspector appeared and cited the ranch for missing safety shields that the foreman swears were there the day before. Shortly thereafter, the two most experienced mechanics in the shop left for other jobs nearby. Was the promotion decision a violation of law? Not at all. How did it turn out?

A mechanical grape harvester crew of five was sent home two nights in a row because of a faulty valve on the machine. Three other crews in the vineyard operation worked slightly longer hours those nights to achieve required production. Three members of the idled crew called in absent the following day. Later in the week, a neighboring firm called for a reference on another member, who had applied there for a job. Was there a violation? No. A bad outcome?

What do all six incidents have in common? All were touched off by personnel management decisions, and all ended up hurting the employer, to say nothing of the employees. But laws were violated in only the first three cases. Some perfectly legal managerial moves can yield very poor outcomes. Just because a decision or practice is legal doesn't mean it is smart.

Adverse outcomes like those in the last three cases may be toughest to take because the risk of their occurring is most subject to an employer's control. Growers' decisions have considerable influence on the abilities, motivation, and the performance of their employees. Not much can be done about the aggregate number of people looking for farm jobs at a given time in a region, but managers definitely can do a lot to attract, retain, and elicit good work from those around them. Farmers, ranchers, contractors, and other agricultural personnel managers have to think well beyond compliance if they plan to reduce their labor risks, control their costs, and build high performance into their businesses.

Essentials for the Manager

Farm and ranch decisions about enterprise selection, cultivation, animal care, and marketing, for example, require knowledge and ability in three realms: (1) external factors—constraints and opportunities imposed from the outside, (2) techniques—feasible methods for doing things, and (3) nature of the manager and the managed—how an operator and the organisms to be influenced are wired or how they tend to respond to various stimuli. Managing agricultural labor depends on this same triad of "intelligences." Whether training a vine or an irrigator or trying to cope with a whitefly or a whiner, all three areas come into play.

According to Daniel Goleman, the way managers handle themselves and personal relationships matter more than conventional IQ or technical skill in determining effectiveness.

Understanding external forces and rules (e.g., laws, labor market conditions, and advocacy groups) can be dubbed "environmental intelligence." Command of techniques for organizing information to support principled decisions (e.g., creating and using budgets, job descriptions, recruitment ads, hiring interviews, wage structures, and appraisal systems) is "technical intelligence." And awareness of personal needs, values, learning processes, and behavior is "emotional intelligence."

As labor managers, farm and ranch operators often gear their attention most to the environmental and least to the emotional, perhaps because labor laws and regulations are easier to know than those of human behavior. Yet management guru Daniel Goleman, who popularized the "EI" shorthand for emotional intelligence, argues persuasively that the ways managers handle themselves and their personal relationships (their EI) matter more than conventional IQ or technical skill in determining leadership effectiveness. Great leaders excel not just through determination, industry savvy, and smarts, he says, but by using emotional intelligence competencies like empathy and self-awareness to diagnose situations and vary management styles to fit.

Another theorist, Richard Daft, observes that effective organizations depend on a balanced interplay of "strong forces"—financial results, formal procedures and controls, power, and lines of authority—with "subtle forces"—interpersonal