

**CAN HUMAN RESOURCE PRACTICES
IMPROVE STAFF RETENTION ON
CANTERBURY DAIRY FARMS?**

By

Gail Woods

A Kellogs Rural Leadership Project

November 2004

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Acknowledgments

I would like to thank the Kellogs Leadership programme for the opportunity, skill development and encouragement to do this project.

To Errol Costello and Cora Bailey, thank you for your encouragement, sense of humour and the opportunity to bounce ideas off you both.

To my fellow Kelloggers, the e-mail and phone support throughout the year is greatly appreciated, you are a wonderful bunch of people and I have been privileged to meet and work with you.

To Dr Rupert Tipples and Jude Wilson, thank you for being a starting point for this project and helping source statistical information, your help has been invaluable and greatly appreciated.

I would like to thank Reuben Edkins for his encouragement and assistance in heading me in the right direction in my profile of the Amuri Dairy Employment Group (ADEG).

To my great friend Nicky Murray, a very big thank you. Without your encouragement and the mailing of Kellogs applications for 3 years, I would have never undertaken let alone completed this project. You have been a sounding board, inspiration and a source of wonderful practical advice.

To the people that were an integral part of this study, that helped with the information and were willing to answer my endless questions: Simon Sankey (Dexcel), Peter Vaughn (Rakaia Island) and Elizabeth McCraw-Neill (ADEG), a very big thank you.

I would like to say a big thank you to Dr Terry Hughes (our farm consultant) for his technical advice, editorial skills and encouragement.

To our boys at home on the farm, Colm, Alistair, Rob and Jim: you have been great and without you we would be nothing, your laughter and cheek while we

tried out different things has kept us on track and we appreciate everything you do.

Lastly, my family, they simply are the best, our children Kylie, Andrew and Megan have been very supportive of me in this project and encouraged me to do this leadership course. My husband Brendon who is my team mate, soul mate and business partner has willingly given me the time and encouragement I have needed to complete this project. He helped me get back on track after I broke my ankle and wanted to throw it all in, you are just fantastic, thank you.

PART ONE

SECTION 1: Introduction

1.1 Background

The issues surrounding retention and training of staff in the dairy industry have become a 'catch cry' over the last five years as the industry expands and skill shortages intensify. "Are we achieving the results we need to help grow the industry and are the training methods we are currently using meeting the needs of employers and employees?"

I have chosen to research this topic because I feel that there will be several benefits to improving Human Resource (HR) practices on farms:

1. Better communication and inter-staff relationships – recognition, skill development, praise, team work.
2. Improved staff retention – listening and providing opportunities and skill development.
3. Enhanced productivity – largely a consequence of staff retention, development and knowledge of systems and skill levels.
4. A better perception of the dairy industry as a potential career option – staff who exhibit ownership and pride in communication and interaction with the community: a positive, unsolicited advertisement for your business.

1.2 My background

With my husband Brendon and three children I have been dairy farming in partnership for 24 years, 13 years sharemilking and 11 years on our own farm at Burnham, Canterbury. We developed and converted our current property in 1993 and have seen our business grow considerably.

I am actively involved with the farm and have enjoyed the challenges it has involved. I have always been involved in various community committees and enjoy assisting and participating. I am passionate about the dairy industry and like to keep myself informed about issues that surround the industry. The Kellogs Leadership programme has opened up an opportunity for me to explore a subject that interests and stimulates me.

1.3 Value of the study: The importance of dairy farming to the New Zealand economy

The New Zealand dairy farming industry has approximately 14,000 farms with 3.45 million cows producing 13 billion litres of milk per year, of which 95% is exported. This provides New Zealand with \$7.5 billion in export earnings (Verwoerd & Tipples, 2004) or about 23% of all export earnings (Hughes, 2004).

The industry is a big employer nation-wide. According to the 2001 census, there were 35,000 people employed directly on dairy farms while many more were employed in associated industries such as transportation, processing and marketing (Department of Labour, 2003). With a 4% growth target every year the importance of training and retaining staff in the dairy industry, both on and off farm, is paramount (Fonterra, 2002).

1.4 Aims of the study

The aims of this study are twofold.

1. First, I wish to examine why HR practices have become increasingly important to the dairy industry.
2. Second, I want to analyse some of the HR practices that are currently in use and assess their effectiveness.

While there is a variety of training available in the dairy sector, industry specific HR training is relatively new. In this study, therefore, I focus on the available material and courses, such as the Dexcel HR Toolkit and courses. I

ask whether endeavours to improve HR practices on dairy farms have resulted in improved productivity and staff retention.

1.5 Method

First, I examined what Dexcel have developed in HR training in the last two years and the courses and written material they have developed. I assessed the value of this material by using three examples:

1. The Amuri Dairy Farmers Employers Group who operate in Culverden.
2. Rakaia Island, which is a large scale dairy unit south of Christchurch employing 23 staff.
3. Our own farm, which is situated at Burnham and employs four staff.

These examples were researched by the use of semi-structured interviews. The field work was complemented by extensive use of dairy industry reports, talking to both those directly involved in the industry and those researching it and my own personal knowledge.

SECTION 2: Human Resource Practice in the Dairy Industry

2.1 Human Resources: What is it?

My definition of Human Resource (HR) management is the use of a range of techniques and tools to assist interaction between employers and employees, which encourages individual behaviour and performance that enhances an organisation's effectiveness.

2.2 Human Resources in the dairy industry

Nation-wide Dexel is the only provider of specific HR resources for the dairy industry, but there are various private consultants who run courses and will help with some private on farm training. To obtain the latter, the farmer has to go out and specifically source the providers of HR training, which may be difficult at times.

PART TWO: CASE STUDIES

SECTION 1: The Dexcel HR package: the HR Toolkit and courses¹

1.1 Dexcel: Dairying for People Background

Dexcel was formed from the merger between New Zealand Dairy Group and Kiwi Dairy in 2001, which resulted in the dissolving of the New Zealand Dairy Board and the formation of Fonterra. Livestock Corporation, a subsidiary of the Dairy Board, became a separate organisation after the merger. The herd testing and breeding programmes became Livestock Improvement Corporation and the farm consulting and dairy research component became Dexcel. Dexcel is funded predominately by a farmer generated levy operated by Dairy Insight.

For some time the dairy industry has had a problem attracting and retaining staff (Department of Labour, 2003). To cope with an increasing demand in an increasingly competitive labour market the dairy industry has taken a hard look at what it currently provides in training and what it needs to provide. With this in mind, Dexcel initiated a programme two years ago to look at what was required now and in the future.

Dexcel appointed two facilitators who visit schools to promote and provide information to school leavers on opportunities and training available in the dairy industry. They also oversee 50 scholarships which are available annually for university education. Dexcel have also appointed two people who are dedicated to the area of programme development.

Dexcel carried out surveys which suggested an improvement in the use of Human Resource practices would help improve productivity and add directly to

¹ All the information in this section has been obtained from Dexcel HR Toolkit and courses and from discussion with Simon Sankey, the programme developer.

the bottom line of farmers' income. However, most dairy farmers are unable to employ a specialist HR person. Therefore, they must either improve their own skills or buy in services.

Farmers tend to enjoy a 'hands-on' approach to learning and doing things themselves. It was with this in mind that the Dexcel team set out to develop with the input of outside professionals and Dexcel consultants, the HR Toolkit. They also developed in conjunction with the Toolkit a series of workshops which are run with the help of the Department of Labour throughout New Zealand.

1.2 The HR Toolkit

The HR Toolkit was launched in October 2003 and is available by mail order for \$175.00, or it can be downloaded from the Dexcel website at no cost. The Toolkit is set out in easy to find sections with templates and examples that encourage the employer to use the Toolkit on their own farm.

The Toolkit is set up on the adult training cycle: 'Why-What-How-What if-What do I do next'. This is a simple to follow system and is set up to encourage the farmer to move away from just the 'How to do things' step. The idea is to encourage staff to look more closely at why they are doing things, what they are doing them for, how to do things, what happens if it doesn't go right and what to do next. If staff have a better understanding of the whole picture they are more likely to take ownership of their own responsibilities and feel a part of the team.

1.3 Details of the HR Toolkit

The Toolkit covers a good range of topics and provides a good base for on farm use. The following section outlines the components of the Toolkit.

1.31 Where do I start?

This section lays out in easy to understand terms the employers' legal requirements and covers topics like the Holidays Act, minimum wages, legal responsibilities with IRD (Inland Revenue Department) and ACC (Accident Compensation Corporation) and health and safety. As there have been many changes to these areas in the past few years it is useful to be able to access quickly an updated reference. The Toolkit encourages employers to set up very clear job analysis so that employees are clear on their role and of the employers' expectations. The Toolkit emphasises that the more specific you can be the less likelihood of conflict.

The section on person specifications is clearly laid out to help employers work out exactly what they require, the type of attitude they may be looking for and whether potential employees will fit in with the current team.

1.3.2 How do I find the right person?

This section takes the employer through the steps to help them make the right decision in selection and encourages the employer to be well prepared before they get to interviewing. It again emphasises the need to have very clear job descriptions and the Toolkit gives good tips on advertising and interviewing techniques and what to look for in a prospective employee.

1.3.3 How do I get my staff off to a good start?

This section deals with issues that may arise with new staff joining a team and gives some useful tips on orientation and how to put together an orientation package to help staff fit into the farm. Some of the suggestions are commonsense but yet again emphasis is put on clear instructions and making sure new staff are aware of how the farm operates.

The Toolkit goes into more detail in setting up system manuals for the operation of the farm and suggests having details on milking plant operation and plant wash, for example.

Performance management is covered in detail and gives a good example of identifying the important components of performance. It encourages the farmer to enable the staff to take ownership and pride in their job and encourages achieving that by helping staff to see the clear objectives of the farmer and why he/she does things certain ways to achieve results.

Managing non performance is an area that farmers often have a problem with. The HR Toolkit suggests that it is better to deal with this as it arises, as quite often if you don't staff members may resign. Performance appraisals are recommended and templates are provided to assist with making appraisal forms. The Toolkit takes you through the steps of successful appraisals and how to make them a positive experience. It also covers the identification of areas where extra training may be required.

1.3.4 How do I keep my team working?

Time Management is covered with the view of getting people to think about planning and good time management practises. This section is focused more on the farmer using proactive planning rather than being reactive. If the employer has good time management and planning skills, the flow down effects to employees is very positive and encourages a good team environment.

The HR Toolkit encourages the use of good roster systems on farm for:

- Time off
- Daily farm duties.

1.3.5 How do I retain and motivate staff?

This is probably one of the most frequently asked questions by employers and this section covers topics like remuneration and identifying specific training areas that staff may require. The training section gives ideas for effective on farm training and also encourages staff to want to learn. It covers bonuses and incentives and appropriate remuneration that is fair to both parties.

1.3.6 People skills

This is the last section in the HR Toolkit and it covers leadership skills and identifies the differences between management and leadership. Employers are encouraged to develop good leadership skills, which in turn helps the employee become a part of their vision and helps empower them in their own roles. Effective and proactive communication is an integral part of good relationships between employer and employee and there are good ideas to help encourage effective communication and resolutions of problems.

1.4 Assessment of the HR Toolkit

The biggest thing to be learnt from the Toolkit is that as employers, farmers need to be aware that everybody doesn't think or interpret things the same. This means that the clearer they can communicate things the better the result. The HR Toolkit encourages farmers to adapt the Toolkit to suit their individual situations and tailor the manuals for their own farms. The Toolkit, whilst not the answer to all problems, does provide questions and answers for the farmer in an area that at times can be like walking through a minefield. It encourages farmers to think about the way they do things and because of its layout it is easy to pick up and find the area that is relevant without having to read the whole document.

The Toolkit can be easily updated as Dexcel develops new information. Dexcel could consider some changes to the Toolkit to help with the integration of increasing numbers of immigrants to New Zealand into dairy farming. While new immigrants can help overcome some of our labour shortages, there are various technical and cultural differences. The HR Toolkit could provide information that would assist with most commonly encountered issues.

1.5 Training Courses

There are currently four training courses available:

1. Farm staff/manager communication.
2. Performance Management.
3. Recruitment.
4. Code of good employment practice.

These courses are mainly targeted at farm owners, sharemilkers and farm managers but the communication course was developed to be used for all farm staff. In the next section, I examine in detail the communication course which I attended with our own farm manager.

1.6 The Dexcel Communication Course

This course was developed to be quite interactive and encourages a lot of input from participants. The course gives practical advice on identifying effective communication, different types of questions and the different results that may be achieved, listening skills, effective ways of giving praise and reprimands. The course covers areas like why communication may fail and how you can rectify that and also how different personalities may interpret communication differently. There are some exercises in identifying different personalities which may help in how you can communicate effectively.

There was a great deal of hilarity from participants when we covered the different personalities as participants recognised different strengths and weakness in their own personalities. This helped them with a better understanding of how and why people may react to them at times. We covered the setting up and running of effective meetings and what makes an effective meeting.

Our farm manager was a participant in the course. He was apprehensive about it as he is reasonably quiet and was unsure about participating in a group situation. He found aspects of it very useful, especially the section on personalities and interpretation. He enjoyed the interaction and swapping of ideas and felt that it gave him some skills that he could easily work into his management role. For him the main thing was how people interpret things differently and that he had to be more aware of this in his dealings with others. He felt that it would be easy to use in his day to day management and, as course participants are given a small booklet that covers the course, he had an easy reference for future use.

As his first season as manager has progressed, there have been some staff performance issues which he has had to deal with. He found some answers to the problems out of his course booklet and he has changed the way he communicates with other staff members. One of the key points he found to be useful was making sure that his communication was clear and his expectations were understood.

The other courses run by Dexcel are set up and run on the same lines, being interactive, easy to follow, understand and interpret for individual use.

1.7 Summary

The combination of the courses and the HR Toolkit is quite well done. Whilst some farmers were unsure how to implement some facets of the HR Toolkit, feedback from farmers that have the HR Toolkit and have also attended the courses was that the two complimented each other well. Some of the information would be regarded as commonsense by some people. However, we have to remember that everyone views things with a different perspective. The HR package of courses and HR Toolkit available from Dexcel offers all farmers an easy to use tool that is very accessible and uses information that is relevant to their specific needs. Dexcel consulting officers are also using facets of the courses and the HR Toolkit in their discussion groups.

One of the key factors is in getting farmers to recognise that the use of some HR in their day to day farming operation can provide increased productivity and staff retention. There is effort required from both employers and employees but the benefit is there for both parties. Dexcel does need to be able to promote both the courses and the HR Toolkit to employers and encourage employers to have a go.

There is room to perhaps look at developing more courses that are applicable to farm staff, as there is a gap between what is available for employers and employees. There is merit in helping employees have a better understanding of how HR practices may assist them in their jobs and help them develop as a team member.

At this point Dexcel are pleased with the initial results. Simon Sankey (Dexcel programme developer) said that in the first 6 months they have had 52,000 hits on the Dexcel website for the HR Toolkit and they have currently sold over 300 copies. Indications are that employers are going to the website and targeting the information that they require.

1.8 Where to in the future?

Dexcel are currently working with other research organisations in the further development of labour productivity and time management. In the next year they hope to have out some examples of how people can work more efficiently, for example, '25 ways to save time'. As yet they have not finalised how this will be made available to farmers but it could be in a similar format to the HR Toolkit and courses.

SECTION 2: Amuri Dairy Employers Group

2.1 Background

The Amuri Dairy Employers Group (ADEG) was first formed in April/May 2000, when a group of farmers called a public meeting to look at the problems of attracting and retaining good staff in the Culverden area. A key issue was a rapidly expanding industry with a lack of new skilled entrants and a small labour pool. The creation of ADEG was driven primarily by David Jones, a local dairy farmer. Ever since he had arrived in the Culverden area in mid 1999, he had been concerned with the difficulties in recruiting and retaining staff and the negative impact of this on his business. David had discussions with other farmers in the area who also were experiencing significant problems and with this the basis of forming the ADEG was born (Edkins, 2003).

From the public meetings the ADEG group was formed in April 2000, as a non profit organisation. They set up a constitution and worked out their main objectives which were defined as:

- a) To function as a group of high quality employers who promote the Amuri Dairy Employers group as such. Staff and employer training were seen as integral to this role.
- b) To promote the Amuri dairy industry as a positive career choice and an attractive employment option.
- c) As a secondary function, to provide a dairy employer network offering local area industry support.

One of the key things the group first set up was a code of practice with aims and expectations that employees who belong to the group are expected to implement. These include providing all employees with a contract, having a mediation and advice facility in place, maximum hours in any one week, and a maximum of days in work before rostered time off. The code sets a minimum standard of accommodation for employees and outlines training (Edkins, 2003).

2.2 Staffing issues

Due to the rapid growth of dairying in the early 1980s in the Amuri area, there were issues with the change of land use as a lot of the properties were owned by large corporates, for example Applefields, Tasman Agriculture or syndicates. As a consequence a lot of the farms were run by either managers or sharemilkers with a small pool of knowledge and few people experienced in operating large scale units. A lot of staff were sourced from the North Island and for a lot of them it was their first experience with dairying in the South Island. This had the effect of adding inexperience and social dislocation to the mix (Edkins, 2003).

With managers and sharemilkers arriving in a new area to large scale operations and being away from family and friends, there were lots of problems and stress involved. A lot of the employers had never employed staff and lacked the ability to cope with training, handling staff related issues, and ensuring staff didn't work absurdly long hours with inadequate time off.

The area developed a reputation for long hours, high staff turnover and struggled to attract quality employees. These problems were rife through the 1990s which led to the development of the ADEG. (The Amuri area was not the only area to experience these problems).

2.3 Response to staffing issues

The ADEG has worked hard to redress the problems and has put a lot of emphasis on identifying areas where staff may need training, and in association with Agriculture ITO, the National Trade Academy and Dexcel has establish training groups.

The ADEG has worked as a group to introduce a Code of Practice which ensures that all staff are paid a reasonable wage, have adequate time off, good housing and staff training to suit their needs. The Code of Practice is seen by the group as being integral to ensuring deliverance of a minimum

standard of employment to employees. ADEG put a lot of thought and effort in deciding what they needed to achieve as a group to make the Culverden area a place where dairy workers wanted to live and work, bring up their families and become a part of the community. Their response was to examine the 'big picture' as opposed to just what happened on farm.

As a group they identified the major problems and sought solutions. They consulted outside training providers to help put in place both technical and HR practices to help up skill employers and employees. ADEG put in place an accreditation process which all members of the group must undergo each year. They are assessed by a group called Investors in People New Zealand (IPNZ). The assessors are completely independent, skilled in the field of assessment and outside of the dairy industry. Some members of ADEG were initially not that happy about being assessed but accepted that it was necessary if the group was to be successful in achieving its goals. As part of the assessment the assessor talks to both employer and employee and both parties are able to get feedback which they wouldn't always necessarily get in a normal farm situation (Edkins, 2003).

Members of the ADEG do have differing opinions on the level of training that is available but as a group as opposed to individuals they have managed to meet a consensus. Before the formation of ADEG there was a lack of training available locally. In general, the training that is available is therefore appreciated by members of the ADEG.

A comment by one member, "It's on going, we are going to have to keep improving". We can't just say we are retaining staff and that everything is fine. We then would have a problem" (Edkins, 2003, p.118).

2.4 The use of HR Initiatives²

ADEG facilitate approximately 10 training groups a year. These may be practical in field training, for example, chainsaw skills, animal health and safe

² The information for the following section was resourced from Elizabeth McCraw-Neill, Public Relations Officer for Amuri Employers Dairy Group

use of motorbikes. These are available for all farm employees. There are also communication and time management courses for senior staff. The HR based courses are exclusive to senior staff to help encourage employees to strive and achieve. These two courses are HR based and are targeted at senior staff to help them become more skilled and to encourage and help them forge a clear career path in dairying.

ADEG have found the skills staff develop in HR are integral to helping staff find their own strengths and weaknesses, which in turn motivates them to improve themselves and the way they interact with others. The HR based courses have proved to be successful and have been enjoyed by participants. They are providing a good base for staff in management positions or for those who are heading in that direction. ADEG also has implemented social activities for employees, employers and families, which has resulted in the development of good community interaction. Through the process of development and training ADEG is constantly assessing what is required to improve and keep the group moving forward.

2.5 Benefits of changes to HR practices

With ADEG having developed their group as a whole package it is hard to say that all the improvements made by the group are because of their HR strategies, but the HR initiatives have helped with the successes that the group has had to date with increased staff retention in the Amuri area. There has been a lift in staff retention from a two year average of employment within the Amuri area to a six year average as of February 2004. A key improvement has also been the ease of recruiting new staff. The Amuri area is now seen as an area that people want to work in. Employers from ADEG feel that the HR based courses that senior staff attend have helped employees maintain focus, motivation and self-confidence.

2.6 Future plans

ADEG has adopted a continuous improvement policy; with a plan to continue to lift the bar in relation to the Code of Practice. A level two Code of Practice

has been adopted for 2005. Already planned for 2005 is a staff only discussion group. This will be a field day for staff only facilitated by their local Ag ITO tutor with a barbeque and an opportunity to socialise. The group is continuously assessing the training available to staff to ensure that it is meeting the requirements of employers and employees. They also will be holding a farm skills competition day which is aimed to train, inspire and also provide opportunities for people to socialise.

2.7 Summary

Currently in the Amuri area there are forty eight dairy farms, of which thirty farms are members of the ADEG. They have had farms join every year since the inception of ADEG. Of the eighteen not in the group, nine of those farms are owned by one corporate and they organise and run their own staff training programmes.

ADEG has achieved a lot of the goals they set when they formed in 2000. They have lifted the standard of employees' conditions through implementing the Code of Practice. This combined with their emphasis on providing good quality training has been very positive for the Amuri area. The spin off from their success is employers and employees who enjoy the area they live in and contribute more to their local community. The sense of social dislocation has really disappeared and they have developed strong support networks in the district.

With the development of the Hurunui academy in conjunction with the local high school they are helping to provide opportunities for local school leavers and motivated unemployed to enter dairying in a professional and measured way. ADEG has been proactive in their approach to what was a district problem with positive results. The challenge for them as a group will be to maintain vision and not to let complacency set in. One of the keys to their success is that it has been driven by farmers themselves who have had the foresight to recognise they had the power to improve their labour difficulties.

SECTION 3: Rakaia Island³

3.1 Background

Rakaia Island is owned and operated by Doug, Helen, Dave & Margaret Turner. The farm is unique in that it is an island and is approximately 14 kms long and 2.5 kms wide and situated 55 kms south of Christchurch. The island is bordered by the Rakaia River, Rakaia North Branch and the sea. The farm was converted nine years ago and was quite challenging as it was covered in gorse and broom. Previously it was run as a sheep and beef unit. Initially the Turners started with 400 cows and one dairy shed but currently milk 3300 cows through three dairy sheds and as three different farms. Each farm is quite different in climate and soil type. The conversion was done in stages and in earlier years the Turners employed contract milkers to run the farm.

3.2 Staffing Issues

With contract milkers employing their own staff the Turners found they had no input into the type of people employed on their farm. There were major problems with staff retention and a number of unreliable staff caused problems and a generally unhappy situation. Contract milkers tended to under resource themselves with staff to keep costs down which also impacted on productivity and profitability of the farm. Six years ago they changed the structure and employed a full time operations manager with the responsibility of employing all staff and maintaining good inter-staff relationships.

3.3 Response to staffing issues

Their current operations manager, Peter Vaughn, has been employed at Rakaia Island for 3 years, and is responsible for employing and training staff. He also oversees farm operations and works closely with the managers of each farm. Peter puts a lot of effort into employing new staff as he feels this forms the structure for the future. He looks for people with a good attitude and

³ The information in this section was obtained by interviews with Peter Vaughn, operations manager Rakaia Island.

sometimes if all the technical skills are not there but the attitude is right they may be employed. Interviews are often reasonably long in an attempt to carefully assess the type of applicants. There is an emphasis on trying to have happy staff, who are proud of their work and who are able to bond into a team.

Rakaia Island provides very good accommodation and excellent facilities. Each farm has its own group of housing with all managers and assistant managers having a house of their own. All other staff are accommodated in 4 bedroom houses with their own ensuite and a communal kitchen and living area. Each farm has a manager and 6 staff with the same roster for all staff except managers, 8 days on and 2 days off. There is some flexibility with the farm size that enables Peter to move staff between farms if he feels they are not quite suited where they are.

On the Island there is a policy that whenever someone is away, the next person down is capable of stepping up to accomplish that job. This has an empowering effect for staff as they feel valued and trusted.

3.4 The use of HR initiatives

Rakaia Island won the Human Resource award in the 2003 Westpac Dairy Farmer of the Year competition and part of the prize was some time with an HR consultant. The farm is very proactive with staffing issues and encourages staff to plan well ahead to avoid putting themselves under pressure. All jobs were rostered at calving for the first time in the 2002/2003 season. While Peter was a little concerned that it would be too structured, staff responded well to having fixed jobs in the extremely busy time which eliminated a lot of pressure on all concerned.

While they do not do structured team building, the approach of Rakaia Island is that staff are number one priority, which then ensures good productivity and profitability for the farm. Once a month all staff meet with the farm advisor without management present. At this meeting there is a chance to raise issues and discuss things without management. Staff are also kept informed

with what is happening on the farm. These rostered meetings also provide an opportunity for any training if needed. Management do the farm chores for the day and cook a barbeque lunch for staff.

Rakaia Island has excellent facilities with their own recreation room that has showers and toilets, a fully equipped kitchen, pool table and T.V. with Sky installed. It gives everyone a place to socialise and during the rugby season they often all get together with their families and watch the rugby. With the scale of the operation they are unique with Peter using HR on a daily basis to deal with any issues which arise. There is a concentrated effort to make staff feel valued and where warranted to promote staff within the farm.

3.5 Benefits of changes to HR practices

Staff retention has improved dramatically over the past three years with only three staff (13% of all staff) leaving at the end of the 2002/ 2003 season. Part of the challenge with staff not moving on is that suitable staff cannot always be promoted as the herd manager's jobs are not becoming available. There is good camaraderie between staff and healthy rivalry between the farms.

Rakaia Island has developed a strong community involving staff and families together. This has evolved because of the efforts of the Turners and Peter Vaughn in making everyone feel valued. With better staff retention the benefits to the farm are an increase in productivity and profitability plus a happy team of staff who have pride in what they have helped to achieve.

3.6 Future plans

Rakaia Island has moved into once a day milking for the 2004/2005 season. Cow numbers have increased to 5000 cows and staff that left at the end of the 2003/2004 season have not been replaced, leaving 18 farm staff, one maintenance person and one office person for the season. The intention of once a day milking is to lift production without increasing the infrastructure on farm i.e. new housing, extra cow sheds.

Cows will be milked in the mornings with milkings being approximately 6-7 hours long. All staff working will have a break for breakfast during milking, so there will be staff moving in and out. Rakaia Island did not move to once a day milking to improve conditions for staff. They felt it was important to have staff already happy with their work environment and felt they needed to have staff situations sorted before they undertook a major change to their farming practice.

3.7 Summary

Rakaia Island has taken a proactive approach to their staff management practice and provides a good example of a farm that has turned its staff issues around from being negative to very positive. Having a person responsible for overseeing staff issues is not something that smaller farms can do, but a lot of the HR practices they use can be scaled down for smaller farms. When they changed structure from contract milkers to an operations manager they managed to achieve their goals of improving staff retention and increasing productivity and profitably.

SECTION 4: Ribbonwood Farms

4.1 Background

Ribbonwood Farms is owned by Brendon & Gail Woods and is located 30 km south of Christchurch. It has a milking platform of 200 ha and an adjacent runoff of 75 ha. The farm was converted 10 years ago and initially was a town supply unit which changed to seasonal production six years ago. One of the influences in the decision to change to seasonal supply at the time was the problem of retaining staff when milking all year round. As there was no quiet time, staff found it very intense, which had a negative impact on staff retention.

4.2 Staffing issues

When Brendon & Gail moved to Burnham they milked 290 cows and employed 1 full-time employee. Within 5 years they milked 600 cows and employed 3 full-time and 1 part-time employees. With the rapid growth, initially most of the emphasis was on growing the business and increasing production. With the rapid growth however problems arose, with staff turnover becoming a major issue. There were more inter-staff problems that hadn't been encountered before and Brendon and Gail found they were called in to act as an intermediary between staff.

An issue that arose was if staff members fell out, this sometimes resulted in staff turnover which impacted on staff, caused management stress and affected the financial success of the business. Brendon and Gail found they had to upgrade their staff management skills and had to put more effort into making sure they had the best environment possible to offer staff.

4.3 Response to staffing issues

One of the first responses was changes to the roster. Currently milking 730 cows, the farm now employs 4 full-time employees and run a permanent roster of 7 days on, 2 days off, 7 days on 2 days off, 7 days on 3 days off. This roster was implemented 4 years ago, for several reasons:

- With 3 permanent employees and a casual employee, there were problems when a permanent employee was off, as sometimes casual employees were more inclined to do as little as possible. This led to frustrations with permanent employees having to catch up when they came back to work.
- Tired employees who were finding it hard to cope
- Problems with staff retention

Changes to the roster meant a marked improvement in staff morale. They liked the flexibility, especially families, as it gave the parents time to go to school functions or after school activities with their children. It made a big difference in staff productivity on the farm as they were less tired and even in the very busy spring period they could see time off at the end of 7 days, which helped motivate them. Staff commented that with the structured regular roster they felt that they could achieve a better balance between work and home life.

4.4 The use of HR initiatives

After implementing the roster Brendon & Gail looked at whether introducing more human resource practices into the running of the farm could help with staff retention. They felt that high staff turnover was causing a negative impact on the farming operation. It affected their productivity and enjoyment of their business and also was unsettling to remaining staff. It is hard to put an exact cost on high staff turnover.

With this in mind they looked to their farm consultancy firm to see what resources were on offer. Peter Gaul of Farmright specialised in people management so they started by getting him to help with staff recruitment. They felt that if they could get the right people at the start to suit the positions it would lead to less conflict. Peter was also very good at working out how people would gel together. They found it was a good place to start and were also able to use Peter if there was any staff conflict. Staff liked having someone from outside the

farm to discuss issues with and Peter also helped with staff development and training. Sometimes that involved being at regular staff meetings and opening up discussions on different issues that were concerning staff, either on a personal or a farm level. Staff responded well to the input and often improved themselves in areas without realising it.

HR was implemented in little ways, for example, a cooked breakfast with all staff together. Brendon and Gail found that sometimes if they were busy with other things, staff sometimes didn't feel involved enough and felt that they were too removed from what really was happening on the farm. It was important to keep open lines of communication and if outside issues were keeping their focus slightly off farm, it was best to keep staff as fully informed as possible.

Brendon and Gail have learnt a lot more over the past 5 years about working with staff and have tried to improve their knowledge by attending courses to help with communication, motivation and getting the best out of people.

4.5 Benefits of changes to HR Practices

There have been improvements in staff retention in the last 10 years and for several years staff retention has been up to 90%. This year three staff were replaced but two of the staff members moved to further their careers in the dairy industry in management roles.

Three new staff this season provided the opportunity to try and implement some more HR techniques. With this in mind, the farm manager is doing a series of workshops to help with the people management side of the business. The HR Toolkit has also been purchased to aid with day to day matters.

4.6 Future plans

These are two areas that Brendon & Gail felt were important in the development of a new team: team building and communication. They felt if their staff could understand each other that this would lead to better team bonding together and more respect for each others differences.

Sarah Watson (Farmright) has been involved in the running of two workshops on farm to help specifically with team building and communication. The workshops involved focusing on working together; understanding their own personalities and that of others. There was a focus on communication, listening and understanding. Interestingly on the day of the first workshop staff were reluctant to contribute but after about 15 minutes they started to respond and got more involved. By the end of the session they were quite enthusiastic and eager to participate in the second workshop. Later on in the season there will be at least one more workshop focusing on stress management. At this stage it is too soon to tell whether the workshops have made a difference but there appears to be a better understanding of each other and the response from the staff has been positive.

Brendon & Gail feel that the more specific you can be in your goals, visions and expectations the less likely you are to encounter problems.

4.7 Summary

Brendon and Gail have learnt that it takes some effort to think what is best for the farm but with the resources that are available from Dexcel and farm consultants it is possible to design something to fit your own farm. The key is to make it right for you, your farm and staff, and to listen to other people's ideas and modify them to fit what you need.

While HR is not all things to all people, in the experience of Brendon and Gail there are benefits in taking some time to make improvements to HR on the farm. Brendon and Gail feel that they have made progress with staff issues in the last four years and staff retention has improved. They feel that they have developed a clearer and better defined direction. Brendon and Gail are more aware of where problems may arise and are more proactive in their approach with staff.

They have made a commitment to implementing changes which keep improving staff conditions as their business grows and matures.

PART THREE: DISCUSSION AND CONCLUSION

Section 1: Discussion

With the challenge from Fonterra to increase on farm production by 4% annually, there is pressure on dairy farmers to perform to their best. In Canterbury in the 2003/2004 season the statistics released from Livestock Improvement and Dairy Insight showed that there was an annual increase of production of 5% (New Zealand Dairying Today, 2004).

Census statistics show 933 people employed in dairy farming in Canterbury in 1991, 1446 employed in 1996 and 1857 employed in 2001. In ten years employment in the dairy industry has doubled in Canterbury (Statistics New Zealand, 1991, 1996, 2001). This in turn makes the retention of staff a real issue as the impact of turnover on productivity and profitability can be quite marked.

It is widely accepted in Human Resource circles that the cost of recruitment, engagement and training of new staff can range from one, to as high as two and a half times, the annual salary of the new recruit. This cost takes into account the recruitment process along with reduced productivity until the new staff member is established (King, 2003). In the New Zealand dairy industry, employees increasingly feel that to advance they must move on. This practice is not sustainable long term, so we need to take a good look at how we as an industry can improve retention and enable employees to grow and learn on farm.

If employees feel more valued and empowered are they more likely to stay where they are? There is evidence within other industries that an improvement in HR practices can lead to an improvement in how employees view their place of employment, which in turn can lead to better retention.

If you are a dairy farmer, where can you go to get help to improve this area? Sometimes this is not clear to farmers but in 2003/2004 Dexcel released the

Human Resource Toolkit and introduced courses throughout New Zealand that focused on staff recruitment, performance management and a code of good employment practice. Dairy farmers have the opportunity to source HR information relatively easily. This does raise the question of how to help farmers see the potential in improving or using HR on their farms.

Most farmers are extremely practical people and view HR as something that only big businesses use. It is also viewed as perhaps being “wishy washy, feel good stuff.” There has to be a change of mindset to produce real change in the industry, but successful farmers have to come to that conclusion for themselves.

A key problem is that the dairy industry is a rapidly expanding industry with a lack of new entrants and a small labour pool to source employees from. This is not a short term problem as world wide there is a shortage of skilled and competent staff (King, 2003). Skilled and competent staff are not going to just arrive on our doorstep. We need to initiate change within our industry and promote it in a positive light.

We also need to improve our image and promote our industry to people as one where they can see a positive future. An essential part of this ongoing promotion begins on farm where employment policies require constant monitoring and improvement. There is a problem in promoting dairying as a career option to school leavers as it is often viewed as being suitable for unskilled people only. As an industry there are several things we can do: promote and encourage training, keep pressure on training establishments to provide good quality training and as employers, keep ourselves informed of new information and be proactive in implementing new ideas.

Is HR the answer to our problems? It is not the complete answer but the evidence that I have provided shows that it can make a difference. Using some HR will help an employer see and recognise areas they can improve on their farms. Inevitably employers become more aware of how decisions they make can impact on their staff. In turn HR can assist employees to better understand decisions their employer makes. HR is a two-way street. For

many people some of these tools are instinctive and in their eyes just plain common sense but for other people it can be like learning a foreign language.

Section 2: Conclusion

In this study I have only touched on a small area related to my concerns. There is room for more in-depth study but the people I have been involved with are unanimous in their view that a change in HR practice does make a difference. Amuri Dairy Employers Group, Rakaia Island and Brendon and Gail Woods all feel that changes they have made have seen positive results. Peter Vaughn impressed with his enthusiasm for the staff he worked with. Rakaia Island is unique in that the scale of the farm allows them to employ someone specifically who can monitor, encourage and train staff but the principles that Peter uses can be downscaled to smaller properties. ADEG, Rakaia Island and Brendon and Gail Woods have turned negative employment problems into a positive result. Their success with improved staff retention has resulted in a general feeling of wellbeing. I believe that success breeds success and everyone involved in this study has found staff recruitment easier as employees are keen to be employed by people that are proactive in their approach to staff.

A key point I found while researching this topic was that with improved and positive interaction there was a positive spin off to families and communities. In the Amuri area this was quite noticeable as there is a large number of farms involved and there has been an improvement in social and community interaction.

A lot of dairy farmers in Canterbury have expanded farm area and cow numbers. They have found themselves moving from the position of managing cows to managing people who manage cows. This has proved to be difficult for some as the growth has crept up on them quite quickly. They can find themselves in the position of having staff issues that they haven't encountered before.

With the development of the Dexcel HR Toolkit and the associated courses this information is now easily available to all dairy farmers. The information is easy to implement and the courses provide information that senior staff members can pick up quickly. They can come out of a course with some new skills which they can instantly use. This can build their confidence and sense of achievement and be infectious to all who come in contact with them. When staff are feeling confident and motivated they are better able to cope with stressful or conflicting situations that can arise. There is no one else in the agriculture sector that has such an easily accessible HR tool.

Dairy farmers must be willing to give it a go, recognising that it is a very competitive job market, which means they have to provide an environment where employees feel they can grow. The benefits to farmers are huge because staff that are happy, contented, challenged, motivated and focused will increase productivity which in turn increases profitability.

Is it really necessary for dairy farmers to change their mindset?

Yes I think it is. We are an industry that is driven by overseas markets and the pressure is on us to be efficient, productive and profitable. We need to maintain a competitive edge in our overseas markets and as an industry with our predominately grass based feeding system we do well. We are admired overseas for the opportunities we provide for young people to progress through our industry from being farm workers through to managers, sharemilkers, equity owners and farm owners. To continue this momentum we need to maintain our innovation and address problem areas; be proactive rather than reactive. As skilled labour shortages are a world-wide problem, as well as being a local problem, it is important that we address the issues we face.

In the past there has been a tendency for dairy workers to move jobs frequently, often in the quest to improve their knowledge and learn new skills. We cannot afford to keep losing good staff so we need to address some of those issues and improve our staff training on farm. A lot of these problems can be addressed with improving our HR practices, in conjunction with technical training. The dairy industry is a successful growing industry that has

a lot to offer future employees. The people involved in this study were enthusiastic and positive about the changes they had made to their businesses with their adoption of HR practices and felt it provided them with a good tool to build on. The changes and improvement were achieved quite quickly and it is encouraging to see an improvement in results and know that you are heading in the right direction. It also provides you with the impetus to keep striving to improve.

“HR can be like a small seed, leave it to soak, plant it gently in the soil, see it germinate and watch it grow.”

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