



PEOPLE MANAGEMENT

Which aspect of agribusiness management is most important? Are marketing decisions more important than capital investment decisions? Are production decisions more important than those affecting employees? Obviously, each is important and they all interact to make a business operate smoothly and profitably. But it is easier to make decisions involving things than decisions about people. The result is that personnel problems are frequently not recognized as being critical until a crisis develops.

The success of an enterprise is dependent upon the proper functioning of machines, employees, and all of the other categories of inputs, which are necessary to carry on business. One of management's primary functions is to insure that these resources are blended together in such a way that the business has the greatest possible chance of achieving its objectives.

Some would say that a business with GOOD MANAGEMENT operates like a finely tuned machine. In our technological society, people have come to look upon a well-designed machine as the most efficient means of doing a job. Hence a business, which operates like a finely tuned machine, is efficient and most likely to achieve its goals. But, it is this concept of a business, which underlines most of the problems in personnel management. Even though the concept may describe a successful business, the analogy should not be applied to its component parts. People are not machines, yet many managers tend to view employees only as cogs in the business

machine. Frequently such managers will say, "We pay them well, give them many fringe benefits and provide a pleasant place to eat their lunches. What more do they want us to do?" Their answer, I think, would be, "Quit viewing us as pieces of equipment. You do as much for the plant's equipment. You provide a good environment for it, supply it with the necessary utilities and make plans for its repair and disposal when it wears out. If you insist on thinking of us as pieces of equipment then at least do the whole job. You recognize ALL the needs of the machine and often do not recognize all of ours."

Employee Needs

The needs of people can be divided into two categories: 1) physical needs, and 2) psychological needs. Some of the needs in each category cannot be satisfied within the business enterprise. Conversely some can only be satisfied within the business. The manager who refers to pay levels, fringe benefits, and physical working conditions is apparently cognizant of the physical needs of his employees. However, when it comes to meeting an employees' psychological needs, an employer frequently stubs his toe.

Psychological Needs of Employees

Every employee must be made to feel comfortable with his boss and with his coworkers. He must feel secure and be able to derive non-material pleasures as well as material rewards from his accomplishments. He must feel that his work is important to the success of the enterprise. Frequently the costly problems of absenteeism, alcoholism, employee conflict, and high turnover can be

traced to psychological problems developed on and surrounding the job.

Many of the disastrous effects of neglecting employee psychological needs can be overcome with a well-planned personnel policy. Some agribusiness firms do not have a formal policy and should consider formulating one. An established personnel policy should be constantly reviewed and modified to insure that it is serving its intended purpose.

Factors to be considered in Developing a Personnel Policy

Policies should be developed to meet the needs of employees and aid them in finding their niches in the enterprise. Top management can then blend labor and other productive resources more effectively. The smoother the blend, the lower the costs of performing a given task. As a consequence higher profits result.

There are several approaches to the development of sound personnel policies. One, which is quite helpful, involves dividing the personnel management function into three component parts. These are: 1) selecting and hiring; 2) training, directing, and rewarding; and 3) disciplining and firing. Some guidelines for personnel policies within each of the divisions will be considered.

Selecting and Hiring

Before hiring an employee a firm must assess its needs. Frequently a new position is created or an old one filled without giving adequate consideration to fulfilling the overall needs of the firm. For example, when a position is vacated the manager should determine whether or not that exact position needs filling, or whether a completely new position would better suit the needs of the company. In addition, he may take this opportunity to reshuffle job assignments of other employees and add a new employee

only if vital functions will remain undone. In the long run, careful thought along these lines will help the manager determine what kind of person the firm should be looking for.

The second stage of the selection and hiring sequence can best be described as a screening process. After the firm's needs are determined, screening of potential employees helps the manager decide which applicant or applicants are most likely to satisfy those needs.

Some companies use a number of procedures in the screening process. Aptitude and personality tests may be used and these are followed by personal interviews. Aptitude tests are generally more useful when the test is designed to determine specific aptitudes. For example, a general intelligence test in which the job applicant sits at a desk and fills in blanks does not provide a very satisfactory measure of a man's ability to drive a truck. In addition to a certain level of intelligence, the employee must also have certain physical skills, which allow him to perform the intended task. The agribusiness manager who uses aptitude tests should be constantly aware of what is being tested and its relevance to the open position.

Personality tests are generally thought to be misleading and very imprecise. They are particularly so in the hands of inexperienced test administrators. Therefore, as a general rule, these tests should not be used. If used, they should not weigh very heavily in making a hiring decision unless an industrial psychologist is available to administer the test and interpret the results.

Personal interviews are one of the most important and most difficult of screening methods. It is extremely difficult for the interviewer to remain objective. It is particularly easy to overestimate the potential value of someone we like. Most managers can force themselves to be more objective

about people they dislike or those who provoke no emotions, but find it easy to excuse away deficiencies of people whose personalities appeal to them.

Frequently, the screening process does not provide a candidate who corresponds precisely to job requirements. At this point, the manager must make a decision to let the vacancy stand in hopes of turning up new prospects or hire an applicant with less than optimum qualifications. He should weigh the costs of the vacancy (cost of not doing the job) against the costs of hiring someone who may not get the job done properly. In situations where a tight labor market exists, the firm frequently has to hire an individual with less than the desired qualifications. Due to the high degree of imprecision inherent in the screening process, such an individual may become a valued employee.

It is usually inadvisable to hire overly qualified personnel. A highly qualified mechanic is not very happy installing light bulbs, and his morale, and that of those around him, generally suffers as a result.

Once an acceptable candidate is found, he should be brought together with his immediate supervisor and be informed that he is hired. Generally, it is a good policy to let his supervisor inform him of the decision. The supervisor thereby plays a major role in this meeting and develops early rapport.

Training, Directing, and Rewarding

Training: A new employee walks into a completely foreign environment. Even if he is performing the exact same tasks that he has performed with other companies, he still needs a great deal of training.

The firm's goals and objectives, as well as the policies and procedures developed to attain them, should be carefully explained to the new employee. His particular job should be

explained in even greater detail. In the process the new employee gains a good overview of what the company expects from him. He learns the company's rules and policies and the established procedures for changing them. It is particularly important that he understand the reasons for any established rules or policies. If satisfying reasons cannot be expressed, or if the only reason is, "because we have always done it this way," then management should consider eliminating the policy or rule. Firm objectives, policies, rules, and the employee's job description should be explained verbally AND should be provided in written form. The new employee may also have to be trained to improve his skills so that he can perform the assigned tasks. His supervisor, or someone with a high degree of technical skill should work closely with him for a period of time. There is no general procedural guideline for the training of employees. However, it must be understood that people learn at different rates. Furthermore, the learning rate is not necessarily correlated with final performance. The slow learner may, when fully trained, be a very competent and valuable employee.

Directing: Up to this point the discussion has centered on the new employee. From this point on it concerns old as well as new employees. Directing and coordinating employee activities are the management functions referred to earlier as blending. This is the process of combining people and other resources in such a way that the job is efficiently completed.

A foreman doesn't have to worry about the feelings of a machine. Flip a switch or turn on a valve and a machine will do exactly what it is designed for; no more and no less (assuming of course that it is properly adjusted and in good working order). The machine will perform just as well if he uses a hammer to flip the switch as it will if he uses

a white glove and very gently turns it on. A person will not respond in a certain and fixed way to a command regardless of how it is given. Any commands should be given courteously and as pleasantly as possible.

Some students of personnel management classify the approaches to direction of employees into three categories. However in practice, any given directing activity does not fall neatly into any one category. The three approaches are: (1) autocratic, (2) consultative, and (3) free reign. These are difficult to describe. Therefore, an example will serve to point out differences in the three approaches to directing people.

Each of the three approaches can be used by a football coach. The “autocratic approach” is exemplified by the coach who sends in a lineman with each play. He consults with his spotters and coaching staff, decides on a play, and sends the play in, expecting the quarterback to execute it regardless of how the defense lines up. At no time during the game does he ask the quarterback what he thinks, or gives him the opportunity to point out conditions, which the coach may not be aware of.

A coach using the “consultative approach” should use every opportunity (time outs, half-time, and periods when the team is on defense) to talk the situation over with the quarterback. In addition, he would make suggestions regarding play execution and strategy.

Prior to the opening kick off, the coach using the “free reign approach” would simply say to his quarterback, “Well go out and win the game.”

The football coach, who relied solely on any one of the three approaches at the exclusion of the other two, would probably have a losing season. The successful coach would use the approach which was best suited to a

particular situation and/or a particular group of people. Agribusiness managers must also tailor the approach to the situation and the people. For example, if a fire broke out in the plant, the consultative or free reign approaches would not work. In such emergencies, the autocratic approach is the only satisfactory one. However, many managers tend to over-use this approach and, as a result, inefficiencies start to show up. Such managers do not have the advantage of hearing another person’s ideas with regard to a certain task. In addition the individual employees tend to become robots and, like machines, do only what they are told, no more and no less. Such managers find that they have to spend more and more time giving orders, which result in fewer and fewer accomplishments.

Each of the other approaches can involve problems too. The free reign approach is merely an abdication of responsibility for directing. Under such a situation, employees may become frustrated for lack of guidance. “The boss is telling us to do something which he doesn’t know how to do himself,” is a common reaction to this approach. However, this approach may be quite successful in accomplishing non-routine tasks. It is the approach most commonly used with research and development personnel or other creative people.

Each approach is valuable in certain circumstances and/or with certain people. The manager must know his people in order to successfully direct them.

Rewarding: An individual performs work only because he has personal objectives which he hopes to achieve. If an employee performs work well, he must be rewarded (paid). An employee who is sincerely complimented for job well done gains the respect of his colleagues and a sense of inner pride in knowing that he can and does things

which are important to the firm. As a result, he is apt to look for ways to do more jobs better so that he can again be rewarded. Too many employees have to wait 25 years (when they receive their gold watches) to find that their efforts have been appreciated. Most people cannot survive that long without recognition. Compliments and recognition *MUST BE DESERVED AND SINCERE* if they are to be meaningful to the employee or his co-workers.

In addition to pay and recognition, promotion is also an important part of rewarding. Promotion policies should be explained to and understood by all employees. Moreover, promotions, like other awards must be earned and should be given graciously. Some large corporations are promiscuous in passing out impressive titles. Such a policy minimizes the reward value of a promotion.

Disciplining and Dismissing

The most difficult job of any manager of people is the one of disciplining or firing. Even with the best policies and procedures for hiring, training, directing, and rewarding employees, discipline is sometimes necessary. When disciplining an employee for violation of policies or rules, the manager must realize that the handling of the violation is important not only to the individual being disciplined, but also to the group, which operates under that rule or policy. Penalties which are either too severe or those which are too mild can upset the morale of the work group.

The properly trained employee should be thoroughly indoctrinated with respect to rules and policies and the reasons for them. In addition, he should be informed of the procedures to be followed to change them. Therefore, when violating a rule or policy, an employee does so consciously. A manager should not use an employee as a scapegoat for an ineffective training program.

It is almost axiomatic that every rule is made to be broken. Therefore, every violation must be considered on a case-by-case basis. Circumstances may have made violations necessary or even desirable from the business's point of view. Possibly the rule has become outdated, in which case it should be reviewed and updated or eliminated. If the rule or policy is relevant, and the violation was not a necessity in view of the goals and objectives of the firm, the problem of determining penalties rears its ugly head. Penalties must be fair, just, and bear a relationship to the seriousness of the violation. The natural tendency for a manager to penalize the violator for all the things he doesn't like about the man must be subdued. If he is to be disciplined, he must be disciplined only for the violation under consideration.

Occasionally, a firm will run into a chronic troublemaker. An attempt should be made to uncover the cause of the problem. A sincere effort to find out why will often be fruitful. The employee's personal problems may affect his attitude and often an understanding of the cause of his behavior will indicate better approaches to directing and rewarding such an employee. If the business firm can salvage rather than fire such an employee, it has avoided loss of its investment made in hiring and training him. Needless to say, firing is used only after all other alternatives have proved to be fruitless.

Summary

A good personnel policy is one, which is well planned and carefully administered. A good "people manager" has the ability to recognize that individual employees have different goals and aspirations and, as a result, need different types of directing and rewarding. He has the ability to stand in an employee's shoes, cognizant of his objectives, and determine what can be done within the constraints of the

business to better meet that man's needs. The manager must understand the employee's physical and psychological needs, and exhibit competence in all personnel management functions: 1) selecting and hiring; 2) training, directing, and rewarding; and 3) disciplining and firing.

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