Human Resource Management: Employee Compensation Guide
Compensation Can be Linked to:

- Business Structure
- Employee Recruitment
- Retention
- Motivation
- Performance
- Feedback
- Satisfaction
Compensation is a Total Reward System

- Non-monetary compensation

- Direct compensation
  - Base pay
  - Incentive pay
  - Stock Options
  - Bonuses

- Indirect compensation
Indirect Compensation Alternatives

- Flexible working schedules
- Retirement programs
- Insurance (health, dental, eye)
- Paid leave (sick/holiday/personal days)
- Tickets to events (ball games, concerts)
- Boots and Clothing
- Wellness Programs
- Farm Produce/Foods/Meals
- Child Care
- Elder Care
- Moving Expenses
- Subsidized Housing
- Subsidized Utilities
- Magazine subscriptions
- Laundry service
- Use of Farm Trucks, Machinery
- Cellular phones/pagers
- Use of Farm Pastures and Gardens
Fair and Equitable Compensation

- Internal equity: between employees in the same business
- External equity: relative to other farm businesses
What Constitutes a Fair Wage?

- Informal survey – what are other producers paying
- Job evaluation technique
- Skill-based pay
- Broadbanding
Checklist for Building and Implementing an Equitable Wage Structure

- Decide what you want your compensation package to do.
  - Recruit new employees
  - Motivate current employees
  - Reward well-performing employees
  - Minimize risk of violating federal laws
  - Build employee loyalty
  - Any combination

- Pick your compensation philosophy; either:
  - Job Evaluation
  - Employee Evaluation
  - Combination of both (like the Cornell Study)

- Determine your internal wage structure; either:
  - Evaluate the jobs
  - Evaluate the employees
  - Create Competency Groupings
Checklist for Building and Implementing an Equitable Wage Structure (cont.)

- Talk to your employees about their indirect compensation needs:
  - ✔ Health Insurance
  - ✔ Paid Vacation
  - ✔ Housing
  - ✔ Child Care
  - ✔ Retirement Planning

- Structure your total rewards system; including:
  - ✔ Indirect compensation (based on your employee’s needs and your compensation objectives)
  - ✔ Direct compensation (based on labor market information and your compensation objectives)
Checklist for Building and Implementing an Equitable Wage Structure (cont.)

- Implement your new system, remembering to:
  - Communicate with your employees about their needs
  - Review your compensation package regularly. Make sure it is fair, equitable, and competitive
  - Be flexible and innovative to maintain a competitive advantage
  - Maintain both internal and external equity
Bringing Out the Best in Your Employees

- If you want your employees to be innovative – reward them for new ideas.

- If you want your employees to stay with you for a long time instead of training new employees every season – offer bonuses or tie their wages to their tenure.

- If you need employees that show up on time, work hard, and can be trusted with the most challenging of tasks – recruit those people; reward those people; promote those people.

- The future of your business could depend on it.