

Salary Levels in the Swine Industry

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ASL-R1398

Summary and Implications

In general, employees in the pork production industry indicated that receiving a fair salary that was reflective of their work responsibilities was quite important to them. In addition, other factors such as personal communication between the employer and the employee and other working conditions were quite important. While receiving a fair salary was important to job satisfaction, there was little additional satisfaction from salaries above what they considered fair. Given a fair salary, other benefit issues became important for employee job satisfaction.

Salary levels for employees in the swine production industry have increased from the 1990-1995 time period. As shown below, this increase was about 26%, a relative increase that was greater than for the workforce in general during this time period. However, while the relative increase was greater, the salary levels in 1995 lagged behind the salary levels for a typical individual in the workforce. Thus, while the salary levels in the swine production workforce have gained ground during the five-year period, there still remains some ground to be made up for the salary to be competitive with other industries.

The swine industry is beginning to focus on the area of employee retention. This is an important item when looking at the long-term competitive structure of the industry. It is important that the industry does not become expert at finding and training labor, only to lose that same labor to higher wage employers. The industry needs to recognize that once workers become trained, they become not only more valuable to that operation, but they also become more valuable to others, as well. These changes in labor can be felt throughout the entire operation and may be quite costly. In many cases the employee may be working with hundreds of thousands of dollars of capital. An additional few thousand dollars worth of salary, along with good employee-employer relationships may be a small price to pay to get the right combination of individuals into the workforce to improve the profitability of the large capital outlay of the production facility.

Introduction

During the winter of 1995 the National Pork Producers Council, along with *National Hog Farmer*, conducted a survey to look at the job market and employee situation in the swine industry. This survey followed a similar survey

that was completed in 1990 to track any changes that were occurring in the industry. Both producers/employers and employees were surveyed. The *National Hog Farmer* qualified mailing list was used to conduct the survey. In 1995 there were 1,482 employees that responded to the survey, while there were about 3,900 producers responding. Producers were surveyed if they marketed 2,000 head or more market hogs in a typical year, or their herd size was 100 sows or more.

The goal of the survey was to obtain up-to-date information on the employee-employer relationships, as well as salaries and other information in the swine production labor market. To track this information the survey was structured to collect information on salary and benefit concerns, levels of experience and education of employees as well as employers in the swine production industry, ways in which the job could be made more appealing, weaknesses perceived in personnel management in the industry, and overall levels of job satisfaction of the employees.

This report will focus on the salary levels and other descriptive characteristics of the labor market in the swine industry.

Results and Discussion

Information in Table 1 provides an overview of the producers/employers and employees between 1990 and 1995. In 1990 the average age of a producer was 41.9 years of age; this increased to 44.3 years of age by 1995. While this may not appear to be a dramatic shift, a 2.4 year increase in age is rather significant because this increase occurred over a five year period. The average age of the employee increased by 1.3 years, or went from 33.2 years of age to 34.5 years of age in 1995. For producers/employers, there was a smaller percentage of the population under 30 years of age, while the percentage of the population that exceeded 55 years of age increased. A similar trend occurred for employees, where the percent of the respondents between 35 and 50 years of age increased, while those less than 35 and over 50 declined in relative percentage. As seen in Table 1, the average years of education also increased during this time period. The average size of operation increased for both the producer and the employee, however the increase occurred at a much more rapid rate for the employee than it did for the producer. Likewise, in 1995, the typical employee worked with 12.6 full-time employees, while this was 6.9 full-time employees in 1990; a rather dramatic shift over a short period of time. An interesting comparison is that employee responses indicated that they felt their average workload per week went from 45 hours in 1990 to 50 hours in 1995. In contrast, producers indicated that they felt the average work load for their employees went from 47 hours to 45 hours per week during this same time period.

Information in Table 2 provides a breakdown of where the respondents were located as far as region in 1995. As expected, the majority of the employees, as well as the employers/producers, were located in the Midwest. Of the employee respondents 9% were female, while 4.2% of the producer respondents were female. The typical employee had about 15 years of work experience, while the typical producer had about 25 years of work experience. The number of years of education increased during the 1990 to 1995 time period. On the employee side, the percent of the employees in 1990 with a high school diploma or less represented 40% of the workforce; by 1995 this had declined to 33% of the workforce. The percent of the employees that had a four year college degree increased from 23% to 29% of the overall workforce during this time.

Clearly, salary was recognized as an important issue for job appeal by both the producer and the employee. Comparing the results of average salaries for the 1990, as compared to the 1995 survey, clearly points out that the industry recognizes the salary issue. The average salary levels in the pork production industry increased by 26% between 1990 and 1995; from \$19,577 to \$24,721 (Table 3). This growth in salary level is greater than it was for the typical employee across all industries during this same time period. However, the industry has more ground to gain as the average salary in 1995 in the pork production industry was below that of the average employee across all industries. Thus, the salary issue will likely remain into the near future. Without further relative increases in the salary level for employees in pig production it will be difficult for the industry to retain the high quality labor that is needed to keep the industry competitive.

Also evident in Table 3 is that the salaries on average for employees in the Southeast and Western regions of the United States tended to draw higher salaries than employees in the Midwest and Northeastern. While these numbers may appear significant, detailed analysis showed that there were not any significant regional differences in salary being offered. The main reason for the differences that show up in this table is that employers/producers located in the Western and Southeastern United States were larger firms and were hiring employees that had higher levels of education, higher levels of training, and other job attributes that would command higher salaries. Thus, the difference in salary is not a regional effect; it is a difference due to the type of employee that is being hired in the different regions of the United States. Detailed analysis showed that there were not any significant differences between salaries offered in the different regions of the country in salaries offered for individuals with similar characteristics, such as education, years of experience, etc.

As expected, managers of production systems received the highest salary, while assistant managers were next in line. As shown in Table 4, the managers, on average, received a salary of about \$28,000. Assistant managers received a salary of \$21,298, while farrowing managers

received salaries of \$20,884 and herdsmen were at the \$18,862 level.

Regression analysis allowed for the determination of the value of human capital, along with firm size and gender, in the swine production workforce. Results of these analyses are shown in Table 5. For example, one year of additional education above the average number of years of education, increased the average annual salary of the employee by 5.29%. An additional year of work experience increased the average annual salary by about 1%. Take note that these percent increases were both significant at the 1% level. Females, on average, earned about 19% less than the average annual salary. These would be females as they compared with their male counterparts with similar years of education, work experience, and tenure in swine production. Thus, there are similar traits with respect to salaries in the swine labor market as seen in many labor markets in the United States where females are paid at a lower rate than their male counterparts. Firm size was also a significant factor with respect to pay scales. For example, employees in pig production systems that produced 10,000 hogs above the annual number of hogs produced by the average firm received on average 8.5% more salary. Here, again, we see a trait that is similar to other firms in other types of industries where the large firms are the firms that also pay higher wages.

Table 1. Changes in producer and employee characteristics from 1990 to 1995.

Item	Producer		Employee	
	1995	1990	1995	1990
Age (yrs)	44.3	41.9	34.5	33.2
Education (yrs)	13.9	13.8	14.0	13.7
Pigs produced	6,066	4,920	14,364	8,055
Full-time employees	3.2	2.9	12.6	6.9
Hours worked per week - employee	45	47	50	45

Table 2. Averages for selected items in 1995.

Item	Producer	Employee
Midwest	78.9%	68.3%
Northeast	4.9%	4.8%
Southeast	9.2%	15.3%
West	6.9%	11.6%
Female	4.2%	9.0%
Experience (yrs)	25.3	14.7
Number of Responses	1,744	1,138

Table 3. Employee average salary.

Region	1995	1990
Average	\$24,721	\$19,577
Midwest	\$23,598	\$18,821
Northeast	\$23,750	\$19,398
Southeast	\$28,278	\$22,541
West	\$26,932	\$21,694

Table 4. Employee average salary by job title in 1995.

Job Title	Salary	Percent Change from 1990
Manager	\$27,729	30
Assistant Manager	\$21,298	22
Farrowing Manager	\$20,884	31
Herdsman	\$18,862	21

Table 5. Salary impacts by item (percent of average annual salary).

Item	Unit	Percent
Human Capital		
Education	1 year	5.29*
Experience	1 year	.94*
Tenure	1 year	.47
Gender		
Female		-18.85*
Firm Size		
Annual Production	10,000	8.45*
Number Full-time Employees	10	1.62*

*Significant at 1% level.