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**Off-Farm Employment in Agribusiness:  
A Policy Perspective For Child  
Care And Family Support Programs**

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OFF-FARM EMPLOYMENT IN AGRIBUSINESS:

A POLICY PERSPECTIVE FOR CHILD CARE AND FAMILY SUPPORT PROGRAMS

ABSTRACT

The research-based policy position is documented that the agribusiness sector of corporate America has an expanding and critical role to play in the provision of family-support and child care options for the growing numbers of off-farm employed individuals and their families, especially as family and child issues are at the top of legislative agendas at the federal and states levels.

## OFF-FARM EMPLOYMENT IN AGRIBUSINESS:

### A POLICY PERSPECTIVE FOR CHILD CARE AND FAMILY SUPPORT PROGRAMS

#### Overview

Child care and family support issues continue to rise to the top of legislative and policy agendas across the United States, and as agribusiness seeks to mediate wage and benefit concerns among its employees, child care arises as a non-salary perquisite leading to employee' job satisfaction and efficiency. This article presents the research-based policy position that the agribusiness sector of corporate America has an expanding and critical role to play in the provision of family-support and child care options for the growing numbers of off-farm employed individuals and their families.

#### Economic and Work Force Growth

Although dual-career couples out-number single-earner couples, social scientists are just beginning to understand how dual-earner couples integrate work and family roles (Cromley, 1987; Kingston and Nock, 1987). Two-career families and working single parents now are a fact of life in America. Nearly 60 percent of U.S. mothers work outside the home, including over one half of all mothers with infants under a year old (Dole, 1989; Weikart, 1989; Seligson, 1986; McCormick, 1986; and Zigler, 1986). Projections are that nine out of ten mothers--married or single--will be in the work force in 1990 (McCormick, 1986). In the early 1970s, only 52 percent of mothers with school-age children were in the out-of-home work force; in 1987, that figure is 72 percent (Trotter, 1987).

Since 1965, the number of preschool children with working mothers has increased 65 percent (Hofferth, 1979).

While many mothers choose to work because they have meaningful jobs or because they prefer not to be cooped up at home all day, most mothers work because they need the income. Zigler (1987) states, "In the current economic situation, a young family needs two incomes if they are to have what we consider a decent level of life. Furthermore, there has been a tremendous shift in the nature of jobs in the United States, with only one job in four paying enough to support a family of four comfortably" (p. 34).

During the 1980s, the U.S. economy grew at an annual rate of 2.3 percent, based on the growth in the Gross National Product (GNP). Employment statistics indicate that over 200,000 new jobs were created monthly to satisfy this economic and business growth (Infanger, 1989). Coincidentally, inflation increased annually at an average of ~~6.9~~<sup>5.6</sup> percent while wage rates increased only 3.9 percent annually during the 1980s so that consumer purchasing power actually declined during the period 1980-89. With this decline in actual consumer purchasing power, additional employment (second job, spousal employment, etc.) became necessary for many households, ala Zigler's comments.

This was especially true for agriculture which found itself in the grasp of an agricultural economic recession following the 1970s. In areas with a substantial agricultural base, there is often the view among policy leaders, economic development specialists, and farmers that the agribusiness sector should be

targeted in the creation of off-farm jobs. Raw farm commodity processing establishments and inputs supply businesses close to production agriculture have immediate appeal to farm families as sources of off-farm employment. The agribusiness sector, representing production inputs and services plus food and fiber transporters, manufacturers and marketers, grew economically at an annual rate of 8.5 percent during the 1980s, while showing a net positive index to recession (employment stability) and consistently employing about 20 percent of the nation's workforce (Smith and Stegelin, 1988).

The work force trends, set into motion almost accidentally during the post-war eras of this century, continue to shape dramatically the lifestyle of the rural American family and contribute significantly to the social fabric in which we all exist. Projections for the 1990s are that child care issues will become even more significant for rural families, as both maternal and off-farm employment climbs. Of particular concern are the employment trends of mothers of newborn infants. With the current employment rate of this population being over 50%, it is anticipated that infant/toddler child care needs will rise dramatically by the year 2000.

#### **Child Care Needs and Public Policy**

Few subjects reemerge for public policy debate with the regularity accorded child care for working mothers (Rosentraub & Harlow, 1983). Public policy related to child care issues in the 1980s and 1990s assumes the continuation of the maternal employment

role. Leaders of industry and commerce are taking the initiative and speaking out in support of quality child care options for young children (Weikart, 1989). At both the federal and state levels, legislators are competing to introduce bills that initiate new programs and add money to the system at all levels of government--city, state, and federal (Weikart, 1989). According to Kagan (1989), there can be no doubt that concern about child care issues is at an all-time high. The 100th Congress introduced more than one hundred child- and family-related bills, many of them with bipartisan sponsorship.

Other evidence of the mounting political momentum for child care issues is seen in corporate America. Recent reports by the Committee for Economic Development testify to the emerging role of corporate America in addressing child care and family support needs. In 1987, the Committee for Economic Development released a publication entitled Investing in Our Children: Business and the Public Schools in which the research link is documented between quality early child development programs and later success in the work force (Committee for Economic Development, 1987). A second report by the Committee for Economic Development, entitled Children in Need (1988), also reinforces the notion that corporate involvement in child care is escalating.

The concept of family support programs calls upon corporate America to address the growing mutual dependence between businesses and the family. Consequently, new employer strategies are emerging to strengthen both the family and the workplace. The family of the

1990s is profoundly affected by the workplace environment and, in turn, businesses are impacted by the concerns and responsibilities of employees. As more women work, men are beginning to share equally in child care responsibilities. Thus the need for increased support for working families is not, therefore, a totally female problem. Employers bear the burden of the shortage of child care and the problems associated with obtaining quality care for children of employees. Since financial problems and family demands, such as inadequate child care, invariably lead to absenteeism, turnover and lower productivity, the business or company ultimately pays for the time lost as families try to resolve these problems.

In a "CBS This Morning" television interview (December 14, 1989), Elizabeth Dole, Secretary of Labor, stated that in spite of the fact that nearly 60 percent of mothers are employed outside the home, only two percent of businesses provide on-site child care services, only three percent offer financial assistance for child care, and another 11 percent offer assistance to families through the provision of a clearinghouse of information (resource and referral) regarding available child care services. Dole (1989) goes on to reiterate the benefits to business in providing child care services to families: 1) lower turnover rates of employees; 2) greater employee satisfaction and security; 3) higher levels of employee productivity; and 4) the economic benefits to employees. Of American businesses, 61 percent have flexible work schedules and parental leave policies. Labor Secretary Dole encourages expanded



corporate involvement in the child care issue since the labor force is growing at a slower rate than the economy, leaving a very competitive market for employees in terms of actual jobs and corporate benefit packages.

### **Economic Development in Rural America**

With more than two-thirds of the total income of farm families being earned from non-farm sources, the capacity of rural communities and of agriculturalists to absorb the shock of agricultural crises (financial, weather, policy, etc.) is directly related to the diversity and the health of the nearby economic environment. Rural areas adjust to crises in a variety of ways.

### **Statewide Child Care Survey**

A review of the results of a 1987 child care study in a rural state provides insight into the current and growing needs for child care options for most rural American families. In April 1987, a comprehensive, randomized survey of all Kentucky families was conducted under the auspices of the Kentucky Office of Child Development (Stegelin, 1988). The purposes of this statewide study were: 1) to determine the kinds of child care being used by Kentucky families, 2) to assess existing current child care needs, and 3) to study attitudes of Kentucky families toward publicly-sponsored early childhood programs. The study contrasted the above variables in rural versus urban areas.

Types of Child Care Used. Kentucky families reported using a variety of child care resources:

| <u>Type of Care</u>                  | <u>Percentage</u> |
|--------------------------------------|-------------------|
| Relatives                            | 33.7%             |
| Formal day care                      | 27.0%             |
| Neighbors/friends                    | 23.0%             |
| Day care homes                       | 3.6%              |
| <u>Other (private sitters, etc.)</u> | <u>18.7%</u>      |

These findings indicate that Kentucky families rely heavily on informal child care resources (relatives, neighbors and friends). Few reported the use of day care homes. Formal child care arrangements with day care centers were reported by just over one-fourth of the respondents, with a heavy concentration of this type of child care in the urban areas. Rural areas reported higher percentages of the use of informal child care arrangements. In place of formal arrangements, both eastern and western Kentucky families used more informal support systems such as neighbors, and relatives. In contrast, urban areas (Central and Louisville areas) reported the highest use of day care centers. For rural farm families in western and eastern Kentucky, these results may reflect 1) less availability of formal day care centers; 2) a preference for informal child care resources; 3) insufficient income to pay for more formal child care arrangements; or 4) a combination of these factors.

Level of Income. The level of income appears to be a major factor in determining whether Kentucky families use child care and what types of child care they use. The lower the family income, the less use of child care was reported:

| <u>Income Level</u> | <u>% Use of Care</u> |
|---------------------|----------------------|
| \$10,000 or less    | 27.3%                |
| \$10,000-20,000     | 39.6%                |
| \$20,000-30,000     | 41.8%                |
| \$30,000-40,000     | 42.4%                |
| \$40,000 or above   | 43.4%                |

These results have implications for rural Kentucky families with and without off-farm income. Rural families with off-farm incomes have both the need and the additional resources to obtain child care services, but their availability seems limited in both eastern and western Kentucky. Therefore, rural families may experience more stress in obtaining dependable child care for both financial and availability reasons.

The results of this comprehensive statewide study which examines rural versus urban child care needs has implications for the agribusiness sector. As more rural families turn to off-farm employment to increase family income, the need for child care support for these families also increases. Linking the agribusiness sector to child care options is discussed in the next section.

## Linking Agribusiness to Child Care Options

Agribusiness is often viewed as the support mechanism of the rural economy. Among Kentucky's family farms with two adults, 58 percent had at least one adult working off the farm in 1986 (Skees, et al, 1987), but this figure rose to over 64 percent in 1988 (Stephenson, et al, 1990). On 28 percent of the farms both spouses had some type of off-farm employment in 1986, and this percentage increased to about 33 percent in 1988, which places a burden on family child care and provides interesting insights into the welfare of farm households. These part-time farms, on the whole, tend to be smaller than full-time operations: only 9.4 percent of the part-time farms had gross sales of \$40,000 or more, and over 60 percent of the part-time farms had gross farm sales of less than \$10,000 in 1986. Since net farm income is a relatively small fraction of gross sales, the family farm income is at or near the poverty level. Depending upon the level of family income generated from off-farm sources (government program support, agribusiness employment, etc.), the ability to pay for adequate child care services by non-family sources is indeed limited, unless this family need is provided as an employment perquisite or fringe benefit. This is especially of concern to the 20 percent of Kentucky's farmers who are less than 35 years old.

In locales where agribusinesses are the economic backbone of the rural communities, for the agribusiness to succeed, the employment prospects and the job specifics must compete against the metro wage and benefits. For a limited few agribusinesses, this

wage/benefit package includes child care compensation or provision. However, examples of child care are scarce among agribusinesses. Fewer than one percent of the company respondents to the Indiana agribusiness compensation survey, 1987-88, reported child care as an employee benefit (Whipker, et al, 1988). This is not to imply that such benefits are not being evaluated or offered; Proctor & Gamble offers child care services to its Cincinnati-based employees while several Mid-South and North Central region agribusinesses reported in personal conversations that either child care provision or compensation/referral was being considered as a perquisite for their off-farm employees.

What can an agribusiness realistically expect to gain from instituting family support and child care systems for their employees? Perry (1978) reported in a comprehensive survey of companies that seven benefits could be directly correlated to the provision of these support systems: 1) Attract new employees and gave company recruitment an advantage; 2) Lower absenteeism rates; 3) Improve attitudes toward employer; 4) Increase and enhance publicity; 5) Lower job turnover; 6) Improve employee work attitudes; and 7) Improve community relations.

As for most corporations, there are a number of prevalent options available to agribusinesses interested in addressing the child care concerns of their employees. These options fall into four major categories: (1) financial assistance; (2) time availability; (3) direct care services; and (4) provision of information. Each option has its own advantages and disadvantages.

The options that an agribusiness selects should reflect the employer's benefits philosophy, identifiable problems in need of resolution, the financial and personnel resources available to implement the program, the preferences and needs of the present and anticipated employee population, and a knowledge of available community child care resources. (Catalyst, 1987).

### **Conclusions**

This article presents research-based information on the need for increased involvement of the agribusiness sector in the provision of child care and family support systems, particularly for off-farm employed individuals and their children. Since family and child issues are currently at the top of legislative agendas at both federal and state levels, this position paper advocates for the necessity of agribusinesses to become more competitive in the market for qualified employees by offering attractive benefits packages that give employees options from which to choose in order to meet their families' varied needs. Research indicates that corporations which offer family support packages reap many benefits ranging from lowered absenteeism to recruitment advantages.

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