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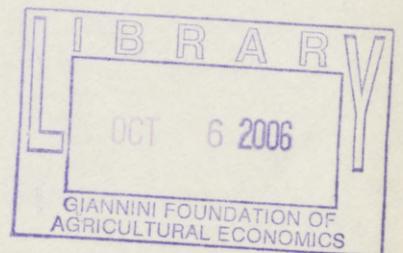
**Agricultural Labor  
 Research Symposium  
 June 1991-Proceedings**

**Labor Market Information Division**



California.

Employment  
Development  
Department



### III. AGRICULTURAL LABOR MANAGEMENT PANEL



## AGRICULTURAL LABOR MANAGEMENT

### Panel Members

#### Howard R. Rosenberg, Ph.D. Panel Chairperson

Howard R. Rosenberg is a Cooperative Extension Specialist in Agricultural Labor Management, Department of Agricultural and Resource Economics, University of California at Berkeley. In this role since 1981, he has spoken, written, consulted, and conducted applied research on various facets of personnel management in agriculture. His articles have appeared in a broad range of industry and academic publications, such as *California Farmer*, *Western Fruit Grower*, *American Nurseryman*, *Agribusiness Growers' Review Quarterly*, *Preventative Veterinary Medicine*, *Coastal Grower*, *California Agriculture*, *Organizational Dynamics*, and *Choices*. He is co-author of a 1990 book on federal and state regulation of farm labor management. Much of his other recent work has focused on labor market adjustments to the 1986 immigration reform law. Dr. Rosenberg earned his Ph.D. in business administration from the University of California and has taught in the management and human resources fields at the UC Berkeley's Haas School of Business and at California State University, Hayward. He has also worked in banking, insurance, medical research, public housing, and has been a consultant to private firms and government agencies. Since 1988, Dr. Rosenberg has served as Director of the Agricultural Personnel Management Program, UC Division of Agriculture and Natural Resources.

Topic: Findings from a study on personnel management in the iceberg lettuce industry: Implications for future research.

#### John W. Mamer, Ph.D.

John W. Mamer graduated from San Diego State University with honors in economics, and completed his graduate work at the University of California, earning a Ph.D. in agricultural labor economics in 1957. He taught in the areas of farm labor, agricultural policy, and applied statistics at the University of Connecticut before beginning a career at the University of California, Berkeley in Cooperative Extension in 1962, with responsibilities in the area of farm labor and community resource development. Initially, farm labor extension work was dominantly of a labor economics nature. It became evident to Dr. Mamer, as he pursued labor economics extension work, that an extension program in farm labor management would

also be appropriate. With grant funds, and cooperation from the Employment Development Department, Dr. Mamer and colleagues developed a farm labor management extension program in the 1970s. The California State Legislature in 1980 provided permanent funding for this program. California farm employers and their staffs organized the Agricultural Personnel Management Association, a professional statewide organization devoted to improved labor management in California agriculture. The major areas that he has researched are farm labor economics, farm labor management, and community resource development. He has had approximately 200 extension and research papers published. In 1990, Dr. Mamer attained emeritus status.

Topic: Review of the need for a seasonal labor pool and review of research into labor requirements.

### **Zach Berkowitz**

Zach Berkowitz was appointed the Vice President of Vineyard Operations at Domaine Chandon in May 1990. Mr. Berkowitz moved to the Napa Valley in 1973 following graduation from UCLA with a degree in sociology, and began working in vineyards while studying viticulture at Napa College. By 1975 he was managing Domaine Chandon's Carneros Vineyard, returning to U.C. Davis to earn his B.S. degree in plant science in 1980.

Topic: Experiences with supervisory development, incentive pay for pruning, and performance appraisal.

### **Tim Pedrozo**

Tim Pedrozo is a life-long resident and dairy producer in Merced County. He serves as a volunteer leader for Merced County 4-H, and attends Merced Community College. Mr. Pedrozo is currently working as a part-time research assistant on a statewide dairy labor survey conducted by the Merced County Cooperative Extension Dairy Advisor.

Topic: Dairy labor management survey and labor related challenges faced by dairymen.

### **Alfonso A. Guilln**

Alfonso A. Guilln, the Executive Vice President and Corporate Secretary of Limoneira Company, has had a distinguished career as an agribusinessman and community leader in the Ventura region. A 1962 agribusiness management graduate, Mr. Guilln was selected as the 1990 Distinguished Alumnus of the College of Agriculture at California State Polytechnic University, Pomona. Prior to his position with Limoneira, he was a farm labor officer for the

Employment Development Department's Farm Labor Service. Currently, he serves on a number of agriculture industry boards including Ag Producer, Agricultural Issues Center at the University of California, Davis, and the Council of California Growers. Mr. Guilin is the director and past president of the Ventura County Citrus Growers Committee and a member of the California Avocado Commission. He is a founding member and past president of the Politically Active Latinos of Ventura County and a member of Class 1 of the California Agricultural Leadership Program.

Topic: Effects of competitive pressures on employment practices at Limoneira.

**Gregory Encina Billikopf**

Gregory E. Billikopf was born and raised in Chile's Central Valley. He obtained his Bachelor of Science in plant science from the University of California, Davis, and acquired a Master of Arts in labor management from California State University, Stanislaus. Since 1981 Mr. Billikopf has been employed with UC Ag Extension as a Labor Management Farm Advisor, where his research emphasis has been in the area of employee selection and testing, and in incentive pay issues. Other areas of interest include worker motivation, performance appraisals, and employee discipline. Mr. Billikopf produces a monthly newsletter *People in Ag: Managing Farm Personnel* on labor management issues—free to all farmers and related industries. He regularly gives presentations on labor management throughout California and other states. Before coming to the University of California, he worked for Migrant Education and with farm worker upgrade training. In 1988 he spent a half-year sabbatical in Chile, where he taught a graduate course on farm labor management for the University of Chile, and worked with fruit growers and dairymen. Mr. Billikopf was awarded the 1989 Achievement Award by the California Association of Farm Advisors and Specialists and the National Association of County Agricultural Agents.

Topic: Research: Individual differences in agricultural labor



Howard R. Rosenberg  
Panel Chairperson  
Department of Agricultural and Resource Economics  
University of California, Berkeley

Somewhere amidst all the mandates and constraints imposed by public policy, the needs and aspirations of current and potential farm workers, the competition from other domestic and offshore producers, the services available from farm labor contractors and custom harvesters, consumers reading labels and inspecting produce, and lenders scrutinizing their balance sheets--somewhere, there are a few farmers trying to run their businesses and make a buck. To do so they need to procure and manage labor. A fine panel assembled for this part of the symposium will discuss how farmers manage labor and why.

Farmers make decisions virtually every day about all the resources brought to agriculture, including land, water, plants and animals, pests, equipment, chemicals, money, and, of course, labor. Human work is critical to all agricultural production, and an overall average of 20-25% of operating expenses on California farms goes to pay for it.

This kind of aggregate statistic and the use of cost-per-acre averages in farm budgeting tend to reinforce a misconception that labor costs are fixed by formula. But costs for labor and other production inputs are subject to human control. Differently managed farms with the same total wage bill can exhibit considerable differences in output. How workers perform is determined by what they can do and what they want to do. Personnel management decisions affect both, and through them, ultimately, business results and the quality of worklife for employees.

What are these personnel management decisions? We can conceptually sort them into several topics, as shown in the second-from-left column of Figure 1. How to formally engage labor--through direct employment, farm labor contractors, or independent contractor agreements--is basic. Other important management issues include what tasks to combine into jobs, which jobs to group into crews or other units, where to recruit for employees, and how to select them for specific assignments, orient them to work conditions and performance expectations, help them develop skills, establish pay rates and benefits, deal with problems that arise, and provide for ongoing communication.

These decisions are themselves influenced by several factors on and off the farm: the production technology, product and labor market conditions, financial status of the firm,

employer attitudes and values, tradition, laws and regulations, union contracts, and worker interests and needs (left-most column of the figure).

Figure 1

**PERSONNEL MANAGEMENT IN CONTEXT**

| <b>Influences and Constraints</b> | <b>→ Management Decisions</b> | <b>→ Personnel Outcomes</b> | <b>→ Results</b> |
|-----------------------------------|-------------------------------|-----------------------------|------------------|
| Technology                        | Organizational Structure      | Ability                     |                  |
| Product Competition               | Job Design                    | Motivation                  |                  |
|                                   | <b>PRODUCTION</b>             |                             |                  |
| Labor Market                      | Recruitment                   | Satisfaction                |                  |
| Financial Status                  | Selection                     | Absenteeism                 | <b>COSTS</b>     |
| Manager Attitudes/Values          | Training and Development      | Turnover                    |                  |
| Tradition                         | Supervision                   | Accidents                   | <b>WORKLIFE</b>  |
| Laws and Regulations              | Performance Appraisal         | Mistakes                    |                  |
| Union Contracts                   | Compensation and Benefits     | Ideas                       | <b>EARNINGS</b>  |
| Worker Interests/Needs            | Employee Communications       | Grievances                  |                  |
|                                   | Problem Resolution            |                             |                  |

This paradigm suggests four types of research on labor management practices. All four can build knowledge about the second column, and articulated empiricism that cuts recourse to unsupported generalization is always welcome. It has been lamented that we know little about the farm workforce. We know even less about how it is managed, so any careful description is to be valued.

1. The first type of research, focusing narrowly on the second column, is simple description of the policies and practices used within a population of farmers. This research answers such questions as: "In what ways do San Joaquin Valley dairy owners go about recruiting, determining wages, or training their herdsmen, milkers, and calf feeders?" "On what basis do coastal strawberry growers decide whom to lay off as plant yield wanes at the end of a season?"
2. The second type of study, examining links between the second and either third or fourth columns, is assessment of relationships between respective management practices and business or personal outcomes. Examples of the questions addressed are: "How does provision of family health insurance affect turnover and overall cost of production in Southern California nurseries?" "How does shifting from hourly to piece rate or instituting regular performance reviews affect employee earnings and quality of pruning in a Napa vineyard?"

3. A third type considers effects of the constraints and influence (first column of the chart). Viewing personnel management as "dependent" on these factors, studies of relationships between the first and second columns may be intended to find out: "What happens to wages in fresh market tomato production when tariff barriers come down?" "When immigration is reduced, do labor contractors change the way they supervise citrus harvesting crews?"
4. Studies of a fourth type, perhaps a hybrid of number 2 and number 3, may investigate how contextual factors (first column) moderate the relationship between management practices (second column) and outcomes (third and fourth columns). "Do investments in employee training pay off better in accident avoidance under a relatively capital-intensive or labor-intensive production technology?" "Does a profit-sharing bonus plan affect productivity of migrant workers as much as local residents?"

A few years ago, I got involved in a type 1 study with type 2 aspirations but which may ultimately be most interesting as part of a type 3. The project was designed to be a basic reconnaissance of personnel management in the iceberg lettuce industry. Its main goal was to compare current practices and outcomes among a fairly representative sample of eight lettuce shipping firms in 1982. The firms varied by size, location, form of ownership, product mix, and employee union affiliation (Figure 2). The two largest, based in Salinas, both worked "around the horn," harvesting in all of California's major lettuce growing districts. The other six included two smaller firms from each of the Salinas, Santa Maria, and Imperial Valley areas.

Data were obtained through lengthy, structured interviews with managers and harvest supervisors. A companion survey of nearly 500 workers, also in eight firms (of which seven were common to both studies), was conducted at about the same time.

Figure 2  
**FIRMS COOPERATING IN 1982 LETTUCE INDUSTRY STUDY**

| SIZE                          | A  | B                  | C                         | D           | E           | F                  | G                  | H                  |
|-------------------------------|--|--------------------|---------------------------|-------------|-------------|--------------------|--------------------|--------------------|
| Acres Overall                 | 32,000                                   | 12,000             | 3,400                     | 2,100       | 2,500       | 4,000              | 1,340              | 600                |
| Acres Lettuce                 | 25,000                                   | 7,000              | 3,400                     | 1,500       | 500         | 2,000              | 600                | 600                |
| Total Employees               | 3,000                                    | 1,300              | 200                       | 225         | 220         | 220                | 350                | 88                 |
| Employees Lettuce             | 1,200                                    | 240                | 200                       | 120         | 42          | 75                 | 90                 | 83                 |
| Lettuce Crews                 | 35                                       | 6                  | 6                         | 3           | 1           | 1                  | 2                  | 2                  |
| <b>MARKET &amp; OPERATION</b> |  |                    |                           |             |             |                    |                    |                    |
| Ownership                     | Corporate Subsidiary                     | Family Corporation | Family Corporation        | Cooperative | Cooperative | Family Corporation | Family Corporation | Family Corporation |
| Location (Base)               | Salinas                                  | Salinas            | Salinas                   | Salinas     | Santa Maria | Santa Maria        | Imperial           | Imperial           |
| Grower                        | Others                                   | Self               | Others                    | Members     | Members     | Self               | Self               | Self               |
| Sales Function                | Internal                                 | External           | External                  | Internal    | External    | External           | External           | External           |
| Number of Products            | 4  | 25                 | 1                         | 2           | 4           | 7                  | 3                  | 1                  |
| Number of Lettuce Labels      | 3  | 3                  | 4                         | 5           | 4           | 6                  | 3                  | 3                  |
| Technology                    | Ground Crew, Wrap Machine, Naked Machine | Ground Crew        | Ground Crew, Wrap Machine | Ground Crew | Ground Crew | Ground Crew        | Ground Crew        | Ground Crew        |
| Employee Representation       | Teamsters                                | No-Union           | No-Union                  | UPW         | IUAW        | No-Union           | UPW                | No-Union           |

In the employer survey we sought information about five aspects of personnel management: (1) harvest crew structure and job design, (2) recruitment and selection, (3) orientation and training, (4) supervision, and (5) compensation and benefits. Findings are briefly reviewed in the sections below.

The lettuce harvest is a "mass production" technology. It involves specialized, coordinated efforts of many people working together to produce large quantities of a relatively uniform output--cartons of lettuce. Jobs in the technology are narrowly defined, repetitive, routinized, and interdependent with others. They are not necessarily easy to learn or perform

but are simple in the sense that they have few steps, short cycle times, and fairly predictable, homogeneous inputs. Harvest crews all transform fields of lettuce into loaded cartons through highly routinized procedures.

Basic to job definition and crew organization are the human tasks of: (1) making cartons and carrying them to where they will be used, (2) selecting, cutting, and trimming heads of lettuce, (3) packing heads in the cartons, (4) closing and stapling the cartons, (5) loading packed cartons onto a truck, and (6) driving the truck to a cooler. In most cases, a small *truck crew* is responsible for taking unassembled cartons to the field, assembling them there, and driving packed cartons to the cooler. The *harvest crew* is responsible for selecting, cutting, trimming, packing, closing, and loading packed cartons on to trucks. Harvest crews are of two main types: the more traditional *ground crew* and the *machine crew*.

Work is much more physically strenuous in ground than machine crews. Ground crews were self-paced, typically producing more than twice as many cartons per hour as machine crews, and earning substantially higher wages. Ground crew jobs were said to be favored by the youngest and strongest employees. Unlike ground crews, the machine crews contained many women, who held nearly all the Wrapper, most Waterer, and some Cutter positions.

Though none of the cooperating firms had written job descriptions, the respective crew positions were virtually the same in all companies. Rotation of tasks within ground crew trios was common in six of the firms.

The most frequently used recruitment channels for new crew members were social networks of current employees. The only "advertising" was by word of mouth. Job seekers aware of possible openings typically contacted crew supervisors, usually accompanied by a relative or friend working for the company. Walk-ins without introduction could gain access by showing up at pick-up points in the morning. In two companies, the collective bargaining agreement (with UFW) stipulated that new recruits be sought first through the union hiring hall.

Information on most new recruits or applicants was gathered through informal references from within the networks. Other common sources of information on potential employees were an unstructured interview with the foreman and, in six of the companies, subsequent completion of a written application form. The foreman generally had a major influence if not the final authority in selecting new employees.

Managers in our sample reported two different philosophies on harvest employee selection. The more common belief, held in six of the firms, was that previous experience harvesting lettuce is the most important qualification for similar employment in the industry. Though all six reported that they would not hire a new employee without skills learned through previous experience, none of these companies checked employment records to make sure.

The second philosophy, held within two firms that enjoyed reputations for top quality packing, was that the most important selection criteria are such "character attributes" as honesty, loyalty, integrity, and responsibility, and learning potential. Although experience did not necessarily exclude a person from these two firms, previous employment with another company was viewed as a potential liability. It may have bred "bad work habits" more costly to correct than to train from scratch a fresh recruit of high potential and character.

Regardless of which criteria were used, most selection decisions were based on information that was informally obtained. Whether claiming to select on skill or character, no company attempted to systematically assess either in pre-employment inquiries. Six of the eight firms had a probationary period, however, during which performance of a new hire would be reviewed informally by peers and formally by the supervisor. This period served as kind of a performance test in an extended selection process. Crews could drive away what members considered to be unsatisfactory newcomers by giving them too much work, socially ostracizing them, or in other ways making their workdays miserable.

After the probationary period in these six firms, workers obtained seniority status, which entitled them to company benefits (beyond those legally required upon hire) and relative security of employment. All but one company used a seniority system to guide promotions within crews, the reassembly of crews at the beginning of a new season, and preference for work hours. Company, area, and department seniority all figured in job allocation decisions. Managers had found that the seniority policies added to the order and stability of employment relations. Most firms tried to follow their seniority systems closely, but accommodations to crew preferences were often made.

Since vacant positions were first offered to present crew members or other employees of the company, external recruits usually entered into the least desirable positions (i.e., Waterer, Cutter, and Packer). Some companies hired additional workers on a temporary basis during peak season or when extraordinary market circumstances arose. Although temporary

employee status offered no security, it was a favorable point from which to compete for any regular harvest crew position that opened.

Promotions to open supervisory positions also considered seniority but were based more on such criteria as perceived leadership, mathematical ability, human relations skills, and knowledge of harvest work.

Orientation in six of the eight firms was quite casual, and the crew supervisor handled virtually all of it. In two Salinas-based firms a Personnel Manager presented the new employee with a written summary of company policies, work and safety rules. In one, the written material was complemented by an audio cassette presentation (1/2 hour) for the new hire.

The more common practice at entry was for the supervisor to introduce a new hire to crew members and work flow arrangements. In most cases company work rules, wages and benefits were centrally posted for employee perusal. New employees entering via kinship and friendship networks tended to be pre-oriented to the terms of employment. Continuing orientation and socialization centered on social and familial relationships.

There were two schools of thought on skill training, obviously linked to philosophies on employee selection. The more common belief was that new employees should already be skilled in lettuce work and need not be taught how to do their jobs. By this thinking, skill training was an irrelevant, unnecessary expenditure of time. Even firms subscribing to it, however, engaged in a form of training when periodically specifying quality standards and attempting to enforce adherence to them.

The second school of thought had it that, since new employees should be selected primarily for character attributes, the company was responsible for actively helping good people to become skilled, reliable lettuce workers. Applicants with lettuce experience were not to be avoided, but neither were they to be sought above others meeting the character criteria. Experience in another firm's production system may have reinforced work habits at least as objectionable as abject inexperience. Managers in this second school, then, saw skill training as a worthwhile, necessary investment in developing competent crews for high quality production.

Any skills training given was delivered informally by supervisors and co-workers on the job, most often in response to problems that arose. There were no set programs or terms for training. All companies asserted that training in safety standards and procedures was a high priority, but none had translated its concern into a program. Now, the State Legislature says they had better do so and write it up by July 1, 1991.

Three companies (all Salinas-based) had designated Personnel Managers, who tended to promote consistency of personnel management throughout the firm. Two others had Personnel Representatives whose main function was to facilitate communications.

Six of the eight companies had some form of work rules and personnel policy documented in a union contract or information sheet distributed to employees. All companies reported following progressive discipline policies and documenting actions taken pursuant to them. Formal disciplinary action for unexcused absenteeism, insubordination, poor performance, or other violations of company rules included verbal and written warnings, suspension, and discharge. Steps preceding discharge ranged from one verbal and one written notice in one company to four written notices with a warning after the third in another.

Direct supervision of the harvest work was carried out both by peers and designated supervisors. Peer supervision was fostered by the crew piece rate pay system and insured collective concern for an individual's quantitative performance. A major function of the firm's designated supervisor was therefore to assure quality. Other supervisory duties included: recruiting and selecting new crew members; recalling and reassembling crews at the beginning of a new season; providing instruction (usually corrective); taking and documenting disciplinary action; providing equipment for the crew (e.g., boots, toilets, rain gear); keeping production records; giving feedback to workers about the quality of their output; and, in unionized companies, making sure rules and regulations outlined in the contract were followed.

Both machine and ground crews in six of the companies had two first-line supervisors. The titles and combinations of these supervisors varied--e.g., Foreman and Sub-foreman, Foreman and Row Boss, Supervisor and Pusher. Crews in the other two firms were supervised by a single Foreman. While the functions of these teams or individuals were quite similar from company to company, their methods varied considerably. For example, supervisors usually stood with or walked in the midst of their crews to oversee work in progress, but in one company they stood in front of the crews to slow the work in hopes of

improving quality. Styles of interpersonal communication appeared to range widely. Crew supervisors reported to a Harvest Superintendent in all of the companies in our sample.

Lettuce harvest workers were among the most highly paid of agricultural employees. The average guaranteed hourly wage of employees in the sample was roughly \$6.17, compared to \$4.69 for all field workers in California and \$3.80 nationally at the time. Average hourly piece rate earnings were about \$15.40, compared to \$6.63 for all agricultural workers in California and \$4.81 nationally.

Except for hourly paid Waterers, ground crew members were paid the greater of an amount based on a piece rate formula or an hourly wage. Earnings based on the piece rate were almost always higher. Transportation time, waiting time, and other non-productive work time were paid on an hourly basis. The piece rate was distributed differentially among different job classifications in five of the companies, while in the other three, all crew members shared equally. Hourly wages and estimated piece rate earnings, by position, are shown in Figure 3.

Figure 3

### LETTUCE GROUND CREW WAGES, 1982

|                 | <u>MINIMUM HOURLY RATE</u> |                 | <u>PIECE RATE EARNINGS/HOUR</u> |                   |
|-----------------|----------------------------|-----------------|---------------------------------|-------------------|
|                 | <u>Average</u>             | <u>Range</u>    | <u>Average</u>                  | <u>Range</u>      |
| Cutter & Packer | \$6.17                     | \$5.00 - \$7.40 | \$14.29                         | \$13.32 - \$17.40 |
| Closer          | As Above                   | As Above        | \$15.43                         | \$13.32 - \$17.52 |
| Loader          | As Above                   | As Above        | \$16.55                         | \$14.15 - \$21.00 |
| Water Sprayer   | As Above                   | As Above        | \$7.29                          | \$7.29            |

Some differences in compensation were related to size and location of the firm. The highest average hourly earnings for all positions (\$16-18 per hour) were in the two largest companies, both based in Salinas. The two smaller Salinas and both Imperial companies

paid in a comparable middle range (\$14-16 per hour) of piece rate earnings, and the two small Santa Maria firms were at the lower end of the scale (\$13-14 per hour).

Machine crews were also paid on a piece rate or hourly basis. They exceeded their hourly guarantees, however, only about one day out of three, typically earning another \$.50 - 1.00 per hour over the basic wage of \$6.40 to \$6.59.

All companies provided seniority status employees with the mandatory benefits required by law (unemployment, disability, and worker's compensation insurance, and social security) plus group health insurance. One non-union company went no further. Another paid a ten percent "automatic" cash bonus and an additional ten percent end-of-season bonus in lieu of fringes. The other six, including all four unionized firms, provided relatively similar packages of benefits, including: pension plan, paid vacation, five or six paid holidays, paid jury duty, paid funeral leave, and some sick leave. These six reported spending an average of thirty-three percent of direct wages on employee benefits.

Most firms provided the opportunity for crew members to retain group rate health insurance during lay-off periods (up to 11 months) at their own expense. Health insurance included dental coverage in only one company. The paid vacations that were offered had nearly identical terms: two percent of earnings in the past year plus one week off for the first three to four years and four percent plus two weeks thereafter. The number of work hours annually needed to qualify for this benefit ranged from 700 - 1,000.

Regular holiday pay was calculated as eight times "normal" hourly earnings, usually based on the immediately preceding pay period. Compensation for holidays worked was generally 1.5 times normal earnings.

We tried to examine four outcome dimensions for the lettuce firms: absenteeism, turnover, grievances, and production quality. Although uniform measures were not available across all participating companies, a blend of carefully kept records and managerial reckonings provided indicators for comparison.

Absenteeism was estimated to be one percent to five percent of scheduled work days. Managers expressed no concern with either the absence level or its associated costs and inconvenience. Yearly turnover ranged from zero to five percent. Managers saw turnover as

virtually no problem and ascribed minimal cost to it. They believed that high employee retention rates were due to the attractiveness of wages and benefits in the lettuce industry.

The number of formal complaints filed by workers during the previous two years ranged from none to 240. Most were settled by the parties involved before going to arbitration or court. A normalized measure of grievances per employee ranged from 0 to .15.

Lettuce-pack quality was an outcome of great importance to lettuce shippers but was the most difficult to measure objectively. Subjective ratings by all cooperators plus one knowledgeable outsider in each area were used, and inter-rater reliability within a region was quite high. Inter-area comparisons were made more difficult by the dispersion in time and place of markets for lettuce grown in different areas.

The companion survey of workers yielded some findings that added to our understanding of personnel management outcomes, particularly employment stability and earnings, in the 1982 lettuce industry. Workers had been employed in lettuce for an average 11 years, and nearly half were still with their first lettuce employer. Average employment was 8.4 months per year, 7.6 in lettuce harvest, and the average work week was 37.2 hours. The workers reported a high level of satisfaction with pay, lower with supervision, and lowest with advancement opportunity among five aspects of their jobs. Other selected survey findings, by worker age and crew type, are presented in Figure 4 , on the next page.

What could we draw from these findings and the research process itself? For one thing, it is difficult to acquire comparative data on management practices and results. Company principals and upper-level managers often did not have the familiarity with various facts that we had sought. Even absenteeism and turnover rates were surprisingly not known to most respondents at first inquiry. These are classical indicators of employee satisfaction and considerably easier to measure than the performance depressing effects of "silent grievances." Many questions about day-to-day aspects of employee selection, training, and on-site supervision might have been better directed at the outset to field foremen.

Beyond the goal of describing how lettuce harvest jobs are designed, filled, managed, and compensated had been a secondary objective, to explain variations in employee performance outcomes. Pack quality, grievances, absenteeism, and turnover are meaningful both for their own sake and in combination as a barometer of management effectiveness. To have found particular management practices associated with better outcomes would have

been to empirically discover what constituted more effective management, a desirable kind of result from type Figure 2 studies. The descriptive results of the study could then have been turned into direct implications for managers. Given our sample size and the number of variable company factors, however, no such relationships could be discerned within the study data.

Noteworthy points emerged from the descriptive analysis alone. The ground crew pay system appeared to work against achievement of top pack quality, which management claimed to value highly. Crew cohesiveness fostered by traditional recruitment and selection practices, the nature of the work flow, and the group piece rate magnified pressure to achieve one dimension of performance--quantity. Given the relatively long employment relationships in lettuce work, it was surprising that firms tended to put so little effort into entry screening, orientation, and skills training.

Perhaps most striking was the complexity and importance of the first-line supervisory role. Foremen bore responsibilities for personnel management far out of proportion to the support they received in the form of training and coaching, policies to guide decision-making, and even clarification of their duties.

What else comes into focus when we step back from the leaves of this forest? Trappings of rationalized, structured management and employee relations were clearly evident in the lettuce industry of a decade ago. Worker earnings and employment security, if nothing else, were quite good compared to what other farm employment offered.

We wondered at the time if these conditions were what the rest of agriculture was coming to, or what it was about the lettuce industry that made it different from most labor-intensive crop production. My understanding of practices in the industry today is not informed by such a detailed study as described, but it is clear from the reports discussed so far in this symposium that not only has the rest of agriculture not come, the old lettuce norms have gone. A substantially increased proportion of lettuce harvest work is now performed by employees of farm labor contractors who offer lower wages and fewer benefits than growers and shippers did in 1982. To the best of my knowledge, only one of our eight cooperating firms employs as many workers as it did at the time of the study, and three are out of business altogether.

Why has labor management in the lettuce industry changed? Perhaps insufficient attention to manager-foreman relationships, orientation and skills training, and incentives for

quality were resulting in unsustainable costs. What appeared to be a state of equilibrium molded by adjustments to previous forces might actually have been a system poised for further transition. On the other hand, maybe something funny happened in the environment, and it unbalanced a relatively quiet system.

There is evidence that contextual factors have made a difference before. I came across an article about recent changes in labor management policies. The author claimed that most employers had been using a system of driving workers rather than developing their good will and cooperation. This "drive system" was characterized by employers: (1) breaking work down into very narrow, routine, easily learned jobs; (2) hiring poorly educated, hungry, often newly immigrated people to fill these jobs; (3) "driving" or pushing them to perform repetitive tasks rapidly; (4) paying wages as low as possible; and (5) vesting in foremen full discretion to hire, promote, and set piece rates their own way.

But this observer saw a wave of beneficial changes occurring in the modern era. He found that more employers were providing worker protections from arbitrary treatment, particularly by shifting of discharge authority to a central manager or personnel officer, enrolling foremen in communications training, and establishing internal shop and grievance committees. He noted rewards for continuous service in the forms of regular pay raises tied to length of employment, and salaried pay status for previously hourly workers. Advancement opportunities were being expanded through defined promotion sequences and policies to fill higher level jobs from within, as well as company-sponsored education and training. Enhancement of job security was being codified in layoff avoidance policies, and employers were even providing fringe benefits (e.g., insurance and vacation pay) and assistance in personal matters (e.g., acquiring housing and investments). All of these measures were strengthening the commitment of employer and employee to one another.

Was this article about California agriculture in the early 1980s? Not hardly. It was entitled "The Current Labor Policies of American Industries," written by Sumner H. Slichter, and published in the May 1929 issue of *The Quarterly Journal of Economics*. Slichter pointed out that industries had adopted these policies in response to a dramatic change in the labor market after World War I--the end of a massive immigration from Europe, which suddenly tightened the labor supply. The old drive policies only drove people to quit or to strike. Managers got religion and decided that they wanted to win favor with their employees. No surprise.

What was surprising was that while the new policies were adopted to attract sufficient quantities of labor, most companies found that they also helped elicit better performance from the people providing that labor. Despite an economic slowdown in the early 1920s that turned the labor market back to buyers' advantage, most employers were staying with these new policies. They had discovered a relationship between morale and productive contribution. Managers had sought and received worker aid in saving materials, reducing wear and tear on equipment, reducing spoilage, improving quality of workmanship, and even soliciting additional business. Human resources could be invaluable when they were on your side. And then there was always the fear of renewed labor trouble.

Environmental influences (remember the leftmost column in Figure 1?) can have their impacts. What factors are strongly driving farm business decisions today, and what labor management adjustments have they inspired? Is there anything we think we know to be true about farm labor management independent of its context? Where are agricultural employment relations headed? Are there obvious needs for new or differently delivered services from the Employment Development Department? What questions, if any, should our future research address? After hearing from the five distinguished speakers to come, we ought to have a better idea.

John W. Mamer  
Cooperative Extension Economist Emeritus  
Department of Agricultural and Resource Economics  
University of California, Berkeley

### Introduction

Seasonal farm work and seasonal farm workers are fundamental features of California agriculture, and they have been for about a century. Without a seasonal farm labor supply, the farm and regional specialization in labor-intensive crops probably would not be economically feasible. The labor-intensive crops do not constitute the total of crop production of California agriculture, but they are of dominant importance with respect to hired farm labor. Farm and regional specialization in labor-intensive crops and heavy dependence on the availability of a seasonal labor supply was initiated more than a century ago when the completion of the transcontinental railroad released vast numbers of workers. That labor supply made it possible to recruit large numbers of workers for short periods to perform seasonal farm work, mainly hand labor tasks.

The continued importance of seasonal farm labor might lead us to conclude that little has changed over the past 50 or more years. Although much remains the same, much has changed with regard to seasonal and regular hired farm labor. Over the past half a century most of the social insurance and protective programs that were initially developed to protect non-farm workers have now been extended to farm workers. Social security, unemployment insurance, workers' compensation, health and safety regulations, the right to engage in collective bargaining, the same publicly supported unemployment insurance that applies to non-farm workers, which refer unemployed farm workers to any jobs for which they are qualified (not exclusively to farm jobs), are among the public policy changes that have contributed to, but have not completely ended, the institutional separation of the farm from the non-farm labor markets. The changes have had a favorable impact on the welfare of the farm workers, particularly seasonal farm workers, but the work life of the farm worker, particularly the seasonal farm worker, has not improved sufficiently to result in a stable domestic seasonal farm work force for California agriculture.

### The Need for a Seasonal Labor Pool

The need for seasonal workers arises because labor cannot be stored and held in readiness for employment during periods of intense need. To meet their seasonal labor needs, farm employers commonly depend upon the availability of a pool of labor from which workers are recruited as needed. If the pool of unemployed and underemployed workers is insufficiently large, nonlocal workers who are unemployed or underemployed tend to migrate,

or can be induced to migrate, to the areas of seasonal labor supply need. In many areas of the country and world, migration of seasonal farm workers is a yearly event.

This process of recruiting and employing workers on a temporary basis to perform seasonal jobs is widespread in the non-farm as well as the farm sectors of the economy - summer resorts and winter resorts are commonly staffed in large part by temporary workers. Canneries and other food processing firms hire a temporary labor force each year. Department stores and other non-farm businesses each year employ more seasonal workers, some of them migratory, than are employed in agriculture. In Western Europe, particularly in the French wine grape producing areas, thousands of migrants, many from beyond the borders of France, participate in the harvest work and return home upon the completion of harvest. This pattern of depending on a labor supply from outside of the local area and the nation has prevailed for many decades in California and elsewhere. Its termination is not an obvious prospect, for it may actually be increasing.

#### Immigrant Workers Augment the Pool

In meeting its seasonal labor needs, California agriculture has depended heavily on a pool of labor, from which crews of workers are recruited. This pool of labor concept and its operation is described concisely as follows:

California's agri-business industry relies heavily on the availability of a large pool of low-cost labor to competitively produce and market its agricultural products. The industry has historically been unable to draw from California's vast labor force of established residents to meet all its need for workers. The short duration of jobs, low wages, tedious and physically demanding nature of the work, lack of housing, and sometimes unhealthy working conditions make labor recruitment difficult. Modifying these conditions to make the work more attractive to the resident labor force carries a higher price tag than most operations can afford. So California's agricultural employers have continued to rely heavily on immigrants to satisfy their labor requirements.

Agricultural Employment Pattern Study: 1988. California Agricultural Studies 91-1, California Employment Development Department, Sacramento, CA, January, 1991, p. 7.

While there is a substantial employment of workers on a seasonal basis in the farm and non-farm sectors of California, other states, and in other parts of the world, the California agricultural labor market is unusual in several respects. Geographical size, numbers of workers and jobs involved, and the relative and absolute importance of seasonal workers are among the factors that set off the California farm labor market.

Referring to the year 1988 as typical, we observe that in the course of the year, slightly less than 100,000 seasonal farm workers were employed in the month of lowest employment, and almost 200,000 were employed during the month of peak employment. The employment of regular workers varied by about 25,000 in the course of the year, with annual average employment slightly less than 90,000. Of course, the number of individuals who work in California agriculture in the course of the year is much larger than the average number employed. In 1989 for example, 881,900 individuals worked for wages in California agriculture. For 712,000, farm work was the main source of income. About 307,000 were seasonal workers and, of these seasonal workers, 100,100 were migrant workers.

#### Seasonal Labor Remains Critical to California Agriculture

Despite the development and application of significant new hand labor-saving technology in the production of many crops, a labor supply to perform the seasonal hand work in California agriculture remains of critical importance. New technology has reduced the seasonal labor requirements of an impressive list of crops. Some of these crops have been transformed from labor-intensive crops to crops that can be produced with very limited or no seasonal labor. Cotton and sugar beets are illustrative of crops transformed. Aside from these two crops, which are also important in many other states, there are other crops grown almost exclusively in California for which the production processes have been similarly transformed, e.g., carrots, canning tomatoes, prunes, walnuts, almonds, to name a few. However, seasonality of employment in California agriculture has not declined in importance in terms of degree of seasonality or in terms of numbers of seasonal workers employed in the course of the year. Increased acreage of fruits and vegetables, for which there is no available hand labor-saving technology, and increased acreage in new labor-intensive crops have together tended to keep the need for seasonal workers at about the same level for two decades or more.

Given the importance of seasonal farm work, it is logical to inquire about the actual physical pattern of labor inputs required by labor-intensive crops in California.

### Physical Demand Underlies Economic Demand for Labor

Labor inputs required expresses a physical relationship (the number of hours of labor required to perform an operation) which underlies an economic concept, demand for labor, which describes a relationship between the amount of labor that will be hired at various wage rates, a price-quantity relationship. In research on labor inputs required in the production of a specific crop, the focus is on the physical relationships, the number of hours of labor required to perform the various operations. These data reflect the experience of commercial producers — neither very small scale marginal producers, nor producers at the forefront of technological advance who are experimenting with or developing new labor-saving technology. Labor input requirements data are not a substitute for economic analysis of demand for seasonal labor. Rather, it is an effort to determine what the labor input requirements are for specific crops, given a typical or representative producing farm. The aim is to obtain data that will help assess the contribution that specific crops and operations make to seasonal farm employment patterns.

Of course, the labor requirements of crops are not the exclusive determinants of employment patterns that prevail. Wage rates and the amplexness of labor supply are also among the factors that influence the level of employment of seasonal agricultural workers.

Labor input requirements research was done on a substantial scale in 1963, a year before the Bracero Program was terminated. That work was updated to some extent in 1973. However, a research grant from the California Employment Development Department made possible a comprehensive assembly of labor requirements data in 1989. With the cooperation of about 35 Farm Advisors in the University of California Cooperative Extension County offices we were able to again assemble these data, published in a report entitled *Seasonal Labor in California Agriculture: Labor Inputs for California Crops*.

As in previous reports, the labor requirements are reported in the two common categories of farm work: seasonal and regular. In this report we used the term temporary labor instead of seasonal. And again these data are reported on a per month and per acre basis, and job tasks are specified, and briefly described, as are the production processes.

When we examine the pattern of labor required per acre per month in the production of specific crops, we find a wide variation in patterns. In the case of some crops, the harvest work extends over several months, a pattern illustrated by strawberries, oranges, lemons, and several others. The raisin grape and apricot harvest work is a month or less in duration, which

is perhaps the most common pattern. Among the labor-intensive crops there are also wide variations in total seasonal labor required: strawberries require about 1,300 hours of seasonal labor per acre and olives require 90 hours. In Sutter and Yuba Counties cling peach production requires 81 hours per acre to thin the crop and 86 hours to harvest and sort the fruit, resulting in two rather sharp peaks in seasonal labor required per acre.

Over the years since the first report of this type was prepared, requests for these data have come from diverse individuals and groups--labor unions, farm operators, law firms, employment referral agencies, economic analysts, public agencies, agricultural lending agencies, and economists, to mention a few.

This assembly of data will not solve or mitigate seasonality of employment or associated problems, but they will be useful to those who want to analyze the underlying factors and relationships that give rise to seasonal employment in California. These data should also prove useful to those seeking to develop and structure institutional arrangements to improve the efficiency of the seasonal farm labor market, to help meet the labor force needs of the producers and also increase the annual employment of seasonal farm workers. Farm operators can use these data to evaluate their crop mix, to be able to offer more stable employment, and to compare the data derived with data from their own operations.



Zach Berkowitz  
Vice President of Vineyard Operations  
Domaine Chandon  
Yountville, California

The dynamics of the agricultural labor situation in the Napa area are very different from other places in California. What I describe might not sound that familiar. Domaine Chandon Winery is owned by Moët-Hennessy-Louis Viton, a large French corporation famous for its luxury products. Champagne is a very image conscious commodity and as a company we think about our image and producing a quality product. There are two components to Domaine Chandon: the super-premium, sparkling wine (champagne) and the people who make it. I'm going to tell you about the people who make the champagne.

We have about 1,500 acres of grapes in Napa, Sonoma and Mendocino counties and we manage about two-thirds (1,000 acres) of that ourselves. A management company takes care of the vineyards on the other third (500 acres). I will be describing the 1,000 acres we manage ourselves. The company and the management of this company is a little unconventional. There is no formality, policy books, or job descriptions. I think spontaneity and innovation are something that is more important to us.

Our vineyard year begins in November. Workers come back from their after-harvest trip to Mexico and start pruning. Pruning runs from November through February. There is a little dip in the action in March. Things pick up in the Spring again and June is the peak employment month. Activity drops off in July and August, and September is harvest. September employment is not very high, relative to other months, because we do most of our picking by machine. A lot of that is because we are making a white wine out of black grapes, so we do all the picking at night when the grapes are cold and don't give off the color.

We have two classifications of workers: what we call regular workers and seasonal workers. Regular workers are people who have worked 1,000 hours or more. They get full benefits, including vacation, medical and dental benefits and retirement. Seasonals receive benefits also, but the benefits are not as good as for the regulars. There is a base level of about 30 to 40 people that we need virtually all year and these workers make up the regulars. We only add seasonals for the peak times. We would rather take care of the regulars and supplement with seasonals. As a result, many regulars own their own homes in Napa and the

surrounding area. Their children attend local schools and the workers are truly a part of the local community.

We have five vineyards and each vineyard has a manager, supervisors and field workers. The main goal of management is a stable, and what I call, professional work force. I would like to debunk the myth of the unskilled field worker. We recently had a field tour for our tour guides from the visitor's center. We thought it would be fun for them to plant a few vines. It turned out all the vines they planted didn't grow. So much for the unskilled. When I talk about professional workers, I mean we are trying to make our workers experts at what they do: experts at pruning, experts at driving a mechanical harvester, experts at tractor driving or shoot thinning or any of the tasks that we do. Like everybody else, we're trying to keep our costs in line by having a stable work force.

Our crews are getting a little older and they're not quite as hungry as they were when they were new to the job and eager to become regular. This is a concern of ours. We are always trying to produce the best grapes we can, so we can make the best wine, sell a lot of it, and employ a lot of people. It is kind of a trickle down effect. We are also interested in innovations in technology and practices. Things are changing in viticulture right now and we like to keep up with these changes.

One of the areas that is changing is personnel management. One of the biggest problems that we have in maintaining a stable work force is finding qualified people—people who can drive equipment and who know how to prune. We did a survey of the whole company a few years ago and the only thing that was common to every department was that people wanted to know how they were doing. Another problem is that there really is very little room for growth for field workers. We are trying to give people other opportunities, especially those who have other family members working in the winery where workers tend to earn higher wages.

Returning to this idea of a professional work force and innovations in personnel management, a few years ago we started a new planting cycle and needed to add some regular workers. We wanted to make sure we were going to get qualified people, not just another body out in the field. We interviewed about 100 people in a week. We conducted a five to ten minute interview with each potential worker. We asked them what experience they had in tractor driving, and how much knowledge they had about pesticide regulations. The results were very surprising. Those that had worked for the larger companies were ignorant of

the pesticide laws. They didn't know a Category 3 Pesticide from a Category 1 Pesticide, even though by law they were supposed to be trained in pesticide use.

In terms of the older work force and holding costs in line, we have gone to a piece-rate pruning method. It started out on an hourly basis and the production was fantastic. But production eventually eroded. So we went to an incentive program which provided for the workers to get paid the same amount as last year if they pruned the entire ranch quicker than they did last year. This was a spin-off of the practice of paying the workers for the entire day if they could finish the job early. This worked pretty well for the first year, but not the second year. It then evolved that all workers were one crew and we had one price. That worked out the best. After the first year, when we did things on an hourly basis, we switched to offering an incentive and the hours per acre went down. But the next year the hours per acre went up, so we switched to piece rate. The hours per acre came down and this past year the hours per acre went down even further.

Originally, in 1986-87 when we were paying workers on an hourly basis, the hourly rate was \$8.17. With the incentive added, the hourly rate went up a little bit, but not enough to really get the workers going. The following year they made a little more per hour. However, with the piece rate workers were more motivated. This year I think workers averaged about \$15.00 per hour.

The next question is quality. If workers are going to go faster, is the quality of the work maintained? How are you going to apprise them of how they are doing? At the same time we went to the piece rate system, we went to an evaluation system. It included a weekly report card that graded the work in five categories. The categories were: 1) spurs and where they were positioned; 2) how clean the cuts were made; 3) if the suckers coming from below the ground were pruned correctly; 4) if they cleaned and threw the brush between the rows; and 5) the size of the spurs they left. We scored workers on a one to five scale in each of the five categories. We didn't know who had worked on the row until after it was graded. We then posted the results. The carrot for this whole thing was that at the end of the season, the three highest scorers and the worker who had improved the most over the course of the season got to go to lunch at our winery restaurant. When they went to lunch we took their pictures and put them in the employee newsletter. We have continued this practice and it seems very successful.

As far as giving people an opportunity to grow, we've instituted a program that gives people an opportunity to be a supervisor. In the past, when we did need a new supervisor our own workers were at a disadvantage because, while they knew the ranches and the work, they didn't have any supervisory background or experience. So, to give them a chance to get that experience, as well as to give them a perspective of what it is like to be a supervisor, we periodically give someone the job of supervisor for a day. This seems to be working out well. It's building so that in the near future when we need another supervisor, we can hopefully move up one of our own people.

Finally, we encourage education for the workers, especially the supervisors. We have given our supervisors training, though I am not completely satisfied that it has been enough. We encourage them to take classes at Napa College and we pay for the classes. Once again, rather than growing only through promotion, we hope to have them grow to become more valuable workers for us.

Tim Pedrozo  
Dairyman  
Merced, California

The dairy industry has gone through a tremendous amount of change in the past 30 years. The number of dairy cows and the number of single owned dairies has actually dropped, but the amount of milk per cow has increased. So there is a real demand for specialized labor in the dairy industry.

My survey was designed to get an idea of how dairymen and dairy managers are handling their employees. I am still conducting the survey, so findings presented here are preliminary. The survey begins with the question, "In what county is the dairy located?" This is important because as you move farther south in the state, the dairies get larger and have more employees. It seems that Merced county is the dividing point for Northern and Central California. North of Merced County, family work crews dominate in the dairy industry.

We ask what language is spoken on the dairy. Most dairies are trilingual, with workers speaking English, Spanish or Portuguese. We ask what size the herds are, and what is the herd average for milk. We also use some other management indicators. For example, we ask if dairymen are using the technology that is available to them right now? We ask how many workers they employ, including all family members, but excluding those that are working just in the farming operation since many dairies also do farm work. Jobs are broken down into various categories: owner-operator, herd manager, milker, relief milker, feeder, breeder, calf feeder, maintenance, outside worker and other. The "other" category usually includes the wife of the owner who is the office manager and the brains behind the dairy. Even though dairy products are the largest commodity in the San Joaquin Valley, the dairy is still very much a family-run operation.

Next on the survey we ask if there are written job descriptions and if any aptitude tests are necessary. We also ask who trains the new employees. For milkers, we ask if the training includes prevention and treatment of mastitis, which is a disease affecting milk quality. Then we ask if the employees receive further training on or off the farm to increase their job skills. Many dairymen utilize their extension office and groups such as the Western United Dairymen for training in farm safety.

The next questions asked concern farm employee performance. Are dairymen discussing performance with employees, either in a group or individually? Since dairy work is a seven-day a week job, 24 hours a day, we ask how work is scheduled. Is it six days on, two off or four on, two off? Many dairymen are concerned about overworking their employees and are very cautious about making sure employees get enough days off. Next we ask if the labor is single or split shift. How many hours a day, on the average, do employees work?

Then we move on to find out how many employees are directly involved in a dairy labor union. That number is very small. I have not been to Southern California or completed mailing all questionnaires, so I don't have any figures, but so far I have come across only three employees in the San Joaquin Valley that are in a dairy labor union.

Next we address the wage and benefits portion of the survey. We ask dairymen if they pay hourly or on a salary basis. We find that pay varies. About half pay hourly rates and half pay salary. Some go as far as paying on a daily rate, and then after a certain number of cows they add \$0.25-0.30 per cow milked over that limit. For example, if a dairyman is milking 250 cows on average and then gets up to milking 280, he will receive additional money for the extra 30 cows. We also ask if they offer paid vacation, paid holidays and sick leave. Most dairymen offer paid vacation and sick leave. Smaller dairymen in the northern part of the State offer paid holidays since they don't have the work force to rotate in. In larger dairies, milkers are on a rotating schedule and each one is guaranteed a major holiday, like Christmas or the Fourth of July. Most smaller dairies, with only one or two milkers, pay extra if employees are required to work on major holidays.

The next topic we ask about is health insurance. Do they offer health insurance only to the employee or to the whole family? What I have found so far is that most dairymen do offer health insurance and are very generous about offering it to the whole family. One of the major concerns of dairymen today is that milk prices continue to be tight while health insurance costs continue to rise. Health insurance is one of the first places dairymen are looking to cut. But at the same time, it is something they think is really important for their employees. So they are looking at alternatives. For example, putting a limit on the amount of health insurance they provide. We ask if there were any other benefits such as meat, milk or any other farm products they might give to employees. Dairymen will say they give out meat, but not milk, because giving milk to employees is against the law.

We ask if dairymen are offering an incentive program to their employees. Incentive programs call for employees to be given extra money if they are assigned to work with fresh cows, calf rearing, milk quality, milk quantity, breeding or any other specialty work. So far, probably less than 50 percent of the dairies have an incentive program. Any incentive program is dependent on the creamery or processor the dairyman is shipping to. If there is no direct correlation between incentives for workers and good, high quality milk, the dairyman is not going to make incentives an important issue on his farm.

We then ask dairymen if they have a bonus or profit-sharing plan. Most dairymen have some type of bonus or profit sharing plan, even though it may be just a Christmas bonus. A few are involved in a retirement program—the larger dairies think that retirement plans are very important.

We then ask if they were providing housing for workers. Housing has changed dramatically in the dairy industry in the past five years, as dairies have gotten larger and required more employees. Many dairymen do not want to pay for another house or dwelling and so a phenomenon new to the dairy industry is occurring as some employees are living off the dairy. Ten years ago this was not very common. We also ask if dairymen are providing any free housing. Many are providing housing including utilities at no cost. Those that are not offering free housing are usually providing reasonably priced rentals to workers. Comments I have heard from dairymen indicate that they can maintain a much more stable work force if they pay their employees enough wages so that workers can afford to buy their own homes and remain in the area.

Next we ask dairymen if they use any specialty services. All dairymen use a veterinarian. So we ask how often does the veterinarian come out to the dairy. Are they using nutrition consultant services or a milking management service?

The purpose of all these questions and the survey in general, is to identify managerial styles and their effects on production. When we correlate the size of the herd, the number of employees and the level of milk production with the incentive programs, we want to find out if dairies with higher milk production treat their employees differently. What kind of employees do they have? Are they treated better and are their working conditions better than other dairies? Are they getting bonuses and health insurance benefits? We also want to know if there is any correlation between herd size and milk production and written job descriptions. Does it improve production overall? Then we will be able to see if there is a differential in herd

size and job specialty and wages. Are larger dairies actually paying more than the smaller dairies? I have been around the San Joaquin Valley and it's not true. Larger dairies don't pay any more than smaller dairies. They may offer a slightly better bonus, but smaller dairymen compensate for that in some other way. They may offer paid holidays, for example. So size has nothing to do with how they treat their employees. In fact, one of the largest dairies that I surveyed actually treated its employees very poorly, but paid them very well. This employer offered no health benefits, no housing, no paid vacation and no bonuses; so there is no correlation with size and benefits.

Alfonso A. Guilin  
Executive Vice President  
Limoneira Company  
Santa Paula, California

I would like to start with just a couple of comments about myself and my company and some things we're trying to do. In reality, most of the things have already been said in one form or another. However, it might be a good idea to summarize them, because I might put a different spin on some of the topics that you might find interesting. I've been involved in the farm labor business all my life. My dad was a farmer and we used farm labor. With the Limoneira Company, I was in the farm labor part of the business for about 10 to 12 years, and more recently I have been involved in the management end. This period of time has been a fascinating period for farm labor. I have been involved from the pre-Bracero days, through the Bracero program and the immediate post-Bracero period, to unionization, to deunionization, to IRCA and to the present quasi-illegal farm labor force.

Limoneira Company is an interesting company. We're in Ventura County and we own about 3,000 acres of citrus. We own the land, grow, pack and ship the fruit. We employ 250 to 500 workers. We are considered a progressive company from a farm labor standpoint. Now what does that mean? We're progressive because we provide a lot of the benefits that are provided by non-farm employers. We provide all the benefits from retirement to health, optical, dental insurance, including coverage for dependents. I was astonished to hear early on that some growers are paying overhead of 20 to 25 percent of their workers through farm labor contractors. In our area the figure is more like 42 to 45 percent. The cost to Limoneira is approximately 60 percent. What does Limoneira get for all this largess that we provide our employees? Has it brought us labor peace? Has it brought us efficient workers? Has it brought us low turnover? The answer is yes and no. I have come to believe that you can actually pay too much and you can be too much of a good employer. I think that growers and employers have, in addition to providing good employment, the right to continue to survive and to maintain their operations. If you are providing so many benefits that you are not going to be in business, you have not accomplished a thing either for yourself, or for your workers, or for anybody else.

So what have we done? Let me give you an example using our medical plan. We have a medical plan that costs annually, excluding dental and optical, close to three quarters of a million dollars. That's the equivalent of the dividends to our shareholders. Medical rates

are going up at 20 percent per year. So, we change companies frequently. We cut benefits so that we can afford the benefits for all the employees. Lately we've been telling the employees that this is not going to last any longer.

There is the notion that if you provide all these benefits and you treat people well, you will not be unionized. That's not necessarily so. I promote the theory that employers who do such things to stabilize the work force are probably more attractive to unionization simply because they provide a captive audience. I would urge any grower that doesn't want to be unionized not to stabilize his work force.

Let's assume that we want to help the farm worker. Curiously enough, I've been promoting Public Law 78 (The Bracero Program) for the last seven or eight years to the chagrin of fellow growers and certain friends. I've looked at the farm labor situation as it exists now. I've seen situations throughout the country. I've seen the situations in San Diego and some of the living conditions in that area. I know personally of many of the terrible things that happened under Public Law 78. At least now, Public Law 78 is being discussed in the open without people leaving the room. Ten years ago, if somebody mentioned Public Law 78 or the Bracero program, half the people would get up in arms or have heart attacks. Now at least they're talking about it. My point is this, with all its faults, with all the terrible things that happened under Public Law 78, it was a lot better than the system we have now. I didn't think so when I started in the business thirty years ago. I thought the farmers were wrong. Probably the worst thing that happened under Public Law 78 was that farmers got used to a hard working, efficient, readily available labor force.

I have a warm place in my heart for the Employment Development Department (EDD). I had a lot of fun when I worked for them for three years in the desert. One of the interesting things about working for EDD, particularly in Blythe, is that one can be extraordinarily creative because no one is going to check up on you. In our area, however, EDD is not a big player. I'll give you a good example of EDD and its problems. On December 22 we had a disastrous freeze. The first week in January we decided to take a look at unemployment insurance and find out if it could be used to alleviate some of the problems caused by "The Freeze." So we called the local EDD office and asked if there was an unemployment insurance program that could be helpful. We were told to call somebody named Tony in Sacramento to get this information. We called Tony and ten days later we got a big package explaining unemployment insurance. My point is that we were probably the largest employer in Ventura County and we had a very serious problem. We went to people who are knowledgeable

about unemployment insurance, were referred to Sacramento, and ultimately received information that was not useful. EDD should remember that if you are selling services, you need to sell yourself. EDD does not place its best workers out in the fields with farmers and I think that's kind of sad.

I would like to say a couple of things about farm labor contractors. I've done a lot of thinking about farm labor contractors because they are a new phenomenon. In our area, within the last four or five years, labor contractors have become a big factor. They cause a very serious moral dilemma for us. I misled you earlier. I told you that we had about 250 to 500 employees. That is partly true. What I didn't tell you is that at our peak, we sometimes use as many as 600 to 700 employees. We provide all the benefits that I mentioned earlier to the core people. We do not provide benefits for our other workers. Our problem is that we have one group of people who will receive extraordinarily generous benefits in the context of farm labor, and we have another 100 folks who are receiving no benefits. Our rationalization is that we need to protect our permanent, long-time workers, and we don't see or hear the other seasonal workers. We really avoid getting to know them and thereby avoid the problem. So we average our wages by having high paid employees and somewhat lower paid employees, but our average is still extraordinarily high.

We have been forced to use labor contractors. In the early sixties there was a tacit gentleman's agreement in Ventura County that growers would not compete for labor. They would tear your heart out on any other thing: production, technological production, sales, fertilization, etc., but they would not compete on labor. As long as everyone was paying more or less the same amount for labor, labor was not a competitive issue. But the United Farm Workers unionized the whole business in less than two months. They pushed the wages up to the point where by getting out of the system growers could make a big difference. For example, we pay about \$.20 more per box to produce lemons than the guy down the street. We pack 2,000,000 boxes. Twenty times two million is a big number that somebody is putting in their pocket and laughing at us. We rationalize these added costs two ways. First, our shareholders are willing to put up with lower dividends, and second, our dividends may not be as big, but you can count on them being there every quarter, because we do run a profitable organization.

Farm labor contractors, on the other hand, have the ability to find jobs and people. They have an uncanny, innate ability—an entrepreneurial spirit, that somehow needs to be harnessed. I would hope that EDD, or other organizations, will work with this group because

they are here, and they are going to be a big factor. I think farm labor contractors are doing a good service for the worker and for the employer because no one else is providing this service. We can point out the terrible things farm labor contractors are doing, but if they weren't there, the people wouldn't be working at all. However, I propose that farm labor contractors go through continual training. We also ought to take a look at the disincentives created by government through public policy. We say we want to help the contractors, yet those farm labor contractors that are doing a good job are the target of frequent audits. We are a big company and we get audited all the time. Being audited takes a lot of time and effort and puts large organizations at a competitive disadvantage.

EDD can do a lot of good things for employers. For example, EDD could provide training. We do a lot of training ourselves and through grower organizations, but EDD has funds to do training. There are some tremendous needs in agriculture and organizations like EDD can fill these needs. Let me give you an example. The computer explosion is reaching the farm. I foresee that within the next few years, our pick-ups are going to have a gun rack, a dog and a computer. We already have computers in the field. We don't know how to use them, or exactly what we are going to do with them. We already have them in the packing operations. We have people working with computers that have worked for us for 20 years and only have an eighth-grade education. They are running a multimillion dollar computer system in Spanish. We had a great incentive for them to learn how to use the computer. We told them to learn how to use the computer or go back to picking lemons. Within three or four days, they learned how to use them. Almost every one of our foremen has a PC. They realize that if they don't have a PC, or are not computer literate, they are not going to move up in the company. Computerization is going to be big in the field and growers need a lot of help. I think organizations like EDD ought to be working on what's going to happen ten years down the road. If somebody could provide our employees computer training, not only would you help the employees, but as those people move up in the system, you would be helping those who replace them.

Generally, we are extraordinarily proud of what we do. We're called a very paternalistic organization. We literally had a company store until just a few years ago. We were criticized by many people for providing things like company housing. It is curious that those are some of the things that public policy makers are promoting now. We knew all along that we were right. But it does cost an extraordinary amount of money and you have to have stockholders and a board of directors that permit you to do those things. Most companies, particularly those managing on a quarterly basis, can't do those kinds of things. Fortunately, in

our area, owners are very patient with us. They are in it for the long run and expect that they are going to share the earnings among themselves and their employees and management. It has worked so far. I must admit, however, we're concerned about how long its going to last. We are looking to Mexico and Spain for expansion, because we think we need to keep the core business alive. If the only way of doing that is being in Mexico, you can assure yourselves that I will be speaking Spanish very shortly.



Gregory Encina Billikopf  
UC Ag Extension  
Modesto, California

- Are workers different from one another?
- How are they different?
- Are certain workers better qualified than others?

To answer these questions, I conducted a labor study in fresh market tomatoes. I wanted to know what would be the difference in the picking ability of workers during a half hour period. I went to a location where there were 200 workers. I asked to conduct a little experiment to see how many tomatoes the workers could pick in a half hour. About 110 workers participated. Every time they collected a pair of buckets they got one chip.

What do you think might be the range of pairs of buckets that could be picked in one-half hour? On the lower limit, three pairs of buckets and on the higher end, twelve. If we do this again for another half hour, will we get the same results? The answer is yes. The faster workers in the first half hour continued to be fast in the second half hour, and the slow workers in the first half hour continued to be slow in the second half hour. Later, we arranged to test workers when they did not know they were being tested. The workers ranged from eight buckets of tomatoes to 41. The test was able to predict quite well—in fact, better than most industrial psychology tests—for on-the-job performance. We were able to predict how well people would do in their jobs. Some workers were very excited about the test, because it was a fun thing to do. We had a five-minute period to wait between the first test and the second. Some of the workers were sneaking tomatoes, trying to get a head start. Had all workers waited, I think we would have gotten an even better correlation coefficient.

We did the same thing in the vineyard study. This study included about 15 to 20 different crews on four different farms for a total of about 300 workers. I asked the workers if they wanted to participate—it was all voluntary—and we had some pretty interesting results. Each worker was given a row. Half the workers were employees and half of them were applicants. Each worker was given a couple of vines to prune. They were told how we wanted the vines pruned. Again, a few of them wanted to start a little bit early, but this time we had much better control. The test consisted of two 45-minute periods. Again, the workers rushed. They went as fast as they could. We used a starting pistol to signal the start of the test. We told them to keep as good a quality as they could and go as fast as they could. There

was an extremely high consistency between the first 45-minute period and the second 45-minute period.

Are these workers unskilled? When I go out and do this type of work, I have had some pretty embarrassing experiences. I used to go out in our vineyard, pick a row and start pruning along with the workers. I figured out that it was so embarrassing that I better go and help somebody else because I was otherwise always left behind. The same thing for harvesting other crops. These guys really go fast. When you interview them, they will tell you that they are already looking at the next vine to see where they are going to make their cuts after making the cuts on that vine. I don't think the word unskilled can be used when referring to these workers.

At the end of the study, I went back and counted all the vines and decided how much each worker had pruned. We were trying to determine if a test can predict how well a worker can perform on the job. Can you predict one month later or two months later how well they will do on the job, when workers know they are being watched, when they buy into the test, when they try their very, very best? The answer is a very big "yes." People who were slow in the test were slow in their work. Those that were fast remained fast. That is a little bit discouraging, because one would hope to see workers who were slow build up their skill. Of course, this is only in a season's time. I suspect that over a longer period of time people do increase their skill level to a much higher degree.

We also looked at quality and found that some fast workers had the best quality and some had the worst. Some slow workers had good quality and some had poor. In other words, we saw no differences in quality based on speed, though the difference in quality among workers was enormous.

For those of you not involved in agriculture, I'll give an example of this same phenomenon for a nonagricultural position. We advertised for a secretarial position and got 120 applications. We asked them how many words per minute they could type. Because we said 60 words per minute was the minimum, 98 percent of the applicants said they could type 60 words per minute or more. When we gave the test, those who had said they could type 60 words per minute actually ranged from 15 words per minute to almost 60 words per minute. The fastest applicant typed 85 words per minute. I wonder if the people who never give tests to find out whether the people are qualified, aren't ending up with some of those 15 words per minute employees. In those situations, the employee is not happy and the employer is not

happy. Now, being a foreigner, I also gave them a grammar test to see if they could correct my letters. We gave them a dictionary and plenty of time to finish a test which consisted of retyping a letter that contained ten mistakes. The best secretary found mistakes that we didn't know were there, and the worst took some of the words that were correctly spelled and misspelled them.

I have used some of these tests for many jobs including those for management positions. As a part of an interview, we showed videos to candidates for farm supervisory jobs and farm management jobs depicting a worker who comes in late or appears to be drunk. We asked the candidates what they would do in these situations. Some applicants are very good and have a lot of questions. Before solving the difficulty they asked: Is this person a good worker? How long has he worked for you? Others just take out their guns and fire the employee. It becomes very evident which ones have better people skills.

When it comes to worker skills, there is something a little bit scary about rating. The first time we looked at quality we went out with a grape grower and three supervisors and rated how the vines had been pruned. All three supervisors disagreed. This concerned me because if the supervisors don't agree on what's the best quality of pruning grapes, what are the workers going to do. Each time we repeated this test we had the same problem. On different occasions and in different contexts—with fruit trees, with vineyards, with table grapes—until finally I had an interesting situation. In one farm there were seven supervisors and they invited me to do some organizational development. I wanted to go out and see how well the supervisors agreed. They told me their supervisors had just had a lot of training and they really knew what they were doing. Finally, they agreed to humor me so we went out and looked at four trees. Pointing to one tree, I asked the supervisors, "How many of you think this is the best prune?" Two hands went up. I asked, "How many of you think it's the worst?" Two hands went up. The next tree, the same thing.

Elsewhere, I took four of the best vineyard managers and two farm advisors and told them to rate ten different vines. After they rated the vines, I told each one as they finished to go back and start again. They gave me a strange look, but they went back and rated the same vines they had just rated. We didn't wait a year or a day or a month, it was immediately afterwards. I compared each rating. Some of these people agreed with themselves 27 percent of the time. The best person agreed with himself almost 90 percent of the time. When you look at quality of work, it's a very good idea to have rater reliability studies. Because if you're not rating accurately, then you have what happens many times at the Olympic Games.

In some sports the announcers know exactly what score people are going to get because there are very definite principles that guide the evaluation. In other sports, the judges seem totally confused and are as surprised as we are when the winner is announced.

Individual performance is equal to "ability" x "motivation." Once you have really able workers, what are you going to do to motivate them? This brings us to another very important subject—motivation of workers—everything from pay, to working conditions, to how workers are being treated. Let's use pay as an example. There is a normal distribution of piece-rate pay, because people vary in their ability. On the other hand, when you drive down the road and you see workers all in the same row you know they are being paid by the hour. The analysis of variance in five different vineyards pruned on piece rate, compared to four vineyards that were pruned on an hourly rate, showed more change from day to day in hourly pay than from worker to worker. On the other hand, on a piece-rate basis, the analysis of variance showed that worker individual differences were more dominant. So, what I really suggest is that the farmers who manage effectively can have a more professional work force. The workers are being paid more, they are being treated as professional because they are professional. They're asked to come back. The pride in the workmanship of people selected through this system and paid in a way that recognizes their abilities is very positive.

I would like to make a few disassociated, unrelated comments which I think might be interesting. I know a boysenberry farmer who employs one year-round worker and then, when harvest comes, he has to have 250 workers. By the end of the week he needs 1,000 workers. At the end of the two-week harvest period he goes back to one worker. He has a turnover rate of 600 percent. That's a lot of I-9 forms to fill out.

The great majority of attorneys helping farmers to have better employment policies are telling them to plaster their handbooks with what is called the "at-will statement." The "at will doctrine" states that an employer has the right to fire you at any time, for any reason, just like you have the right to quit at any time, for any reason. Sadly enough, this kind of arbitrary treatment along with lack of job security are the very things that cause major problems in stability for farm workers, and are the major cause for worker unhappiness leading workers to organize.

I'll finish my presentation with the following story. After giving a presentation on incentive pay, a farmer got very excited when he heard about the great increases in productivity. He told his workers who were picking four bins of fruit a day, if you pick five, you

can go home. The next day the workers were ready to go home by eleven o'clock. For a week the grower was very excited by the increased productivity. But then he started thinking that the workers had been cheating him for all these years. So he increased the number of bins. I've heard of this situation several times and, in one case, the workers unionized and, in another, the best workers left. People are hesitant to give their best if they know they are going to be punished for doing so. Good labor management will benefit both the worker and management.



## AGRICULTURAL LABOR MANAGEMENT GENERAL DISCUSSION

Valerie Small-Navarro, Attorney, California Rural Legal Assistance Foundation

My question concerns passing on the cost of actually paying workers well and paying for benefits. It seems that some employers have actually managed to incorporate that into their businesses, and I would like to know how realistic that is for California agriculture in general. Maybe we have just got wonderful examples here and it is impossible to do across the board—or maybe it is not impossible. I would like to hear your reactions. Can agriculture really pay people a decent wage and make normal benefits available to their workers, or is that something impossible to do? Will everyone go out of business, and we will not have fresh fruit on our tables? How much will it cost?

Al Guillin

In California, we grow many specialty crops. Many are easily substituted for others, and I am afraid that the American consumer will be the first one to abandon us, even when they are going to help the farm workers. I think the poor farm workers will be quickly forgotten if the price of food hits 25 percent of the budget. Farmers need to keep costs under control in one of two ways. They cut their profits, or they do it on the back of the farm workers. I must admit they do both. The real problem is that if you do not already own the land, you are in real trouble. Then you have 10 percent interest on top of everything else, so there is no way you can do it. My company can do all of the things that I just mentioned because we happen to own our 3,000 acres. If we were buying them, we would be a different kind of company.

Zach Berkowitz

The dynamics in Napa are completely different. We are dealing with crops and land that are worth a lot of money. In a recent survey, vineyard land here was appraised at \$35,000 to \$52,000 an acre. I cannot speak about somebody growing some other crop in the Central Valley, but as a consumer it seems to me that fruit and vegetables are pretty reasonably priced here compared to other places. I would also agree that labor management is good for the worker and the employer, but I cannot give a number to your question.

Howard Rosenberg

With your mechanized harvest technology, about what proportion of production expense is labor?

### Zach Berkowitz

It is still over half. In Australia, where we have a sister winery, there is virtually no labor. The country is huge and hardly anybody lives there. They do not have a country on the border or nearby to bring people in, so everything is done mechanically. We visited a vineyard in which they were able to farm the whole thing for about \$100 labor per acre. They went through and pruned by machine, sprayed a few times, and picked by machine. So, I would agree, if the price of labor goes up, I think there will be more mechanization.

### John W. Mamer

I would comment that it depends on the particular crop. The most extreme example I can think of is rice. The total labor input is 8 man-hours per acre. In the Orient, it is 400 man-hours per acre. It is easy to see how rice produced in California can compete with rice produced in Taiwan. Of course, that is an extreme. You would have to look at particular crops to really analyze how far you could go.

### Gregory Billikopf

When it comes to labor management innovation that brings about higher wages, there are vast differences that range from farmers who say this can never happen here, to somebody who says we are already doing it; from farmers who think that their workers are uneducated, so you cannot make changes; to those who cannot see how paying an incentive can actually reduce their cost per acre and benefit both the worker and himself. My guess is that 40 percent of farmers would fall into the category of "never being innovative." A few, probably 20 percent, are going to be extremely innovative. I think most, even within this category, are going to be innovative in some areas and not in others. If farmers want to be competitive, they really do have a management advantage if they exploit some of the ideas that are available to them. They can actually compete against others who are paying less and not managing well.

### Howard Rosenberg

The logical extension of that, however, is that fewer people doing more work, more efficiently, does not help the unemployment problem. There are still going to be a lot of people looking for fewer jobs, but the people in the jobs are going to be happier.

### Kathy Gillespie, Attorney, California Rural Legal Assistance Foundation

The numbers that I heard thrown around several years ago were that labor was something like one to two percent of the cost of the finished product, both for fresh market and

even some processed commodities. Is that true? The farmer is not getting the money, but someone is. How much is the labor? Are there any statistics on what the labor cost is in terms of the finished product and how much raising wages by "x" amount would raise the cost of the finished product?

Al Guillin

Wages in our company are probably 40 percent of our expenses. That is a huge amount for direct labor and if you tack on related things that go with employment, it is close to half.

Howard Rosenberg

I think that even with a 50 percent increase in wages for farm labor, where labor is 50 percent of the farm production, the cost is diluted considerably and has a far smaller effect on retail price to the consumer.

Al Guillin

I can bet you the middle men are not going to stand for it. For example, we sell a box of lemons in Ventura County for \$25, and that box is \$50 by the time it gets to Tokyo. Somebody is taking a shot in between there.

Steve Rosenbaum, Attorney, California Rural Legal Assistance Foundation

A number of you have said, or if you have not said it, I think it is implicit that you think that what you want is the people down the line to bear liability. You do not want to take responsibility for enforcement for labor laws or immigration laws, but you realize that often liability may be peeled off and passed on to someone below, whether it is the labor contractor or the foreman. I am wondering whether you think it would be acceptable to the grower and management community to accept, in certain instances, joint liability as the only place to peg some responsibility for compliance with these laws?

Tim Pedrozo

Dairymen are different. We do things quite a bit differently. With an employer and employee it is one to one. Most of the time the employers are very concerned about complying with the laws, because they work with a smaller work crew. You mentioned that labor costs are a small percentage of their expenses. A dairyman's major expense is feed for his cows. That takes about 50 percent of his expenses and his labor cost is actually pretty small.

Al Guillin

Speaking for the farming community, I think we would be reluctant to take more responsibility than we already have. In a sense, if you are using a labor contractor, he is doing it to provide some services. I would attack the problem by making sure he provides the services that he purports to provide. The joint liability, however, is an extreme. You could carry it to that extreme, but I think that would cripple the system. It is extraordinarily difficult to do that and comply with all the laws that we are already complying with. Some of us that are close to urban areas are complying with laws that some of you folks do not have to comply with—ridesharing, for example.

Steve Rosenbaum

It seems somewhat implicit in what you said today that for business to become unionized would be seen as a failure, as opposed to simply another way to structure labor management relations. Would you agree with the premise that the best thing an employer can do is to actually avoid unionization? Is that seen as a legitimate, desirable goal in personnel management?

Al Guillin

Maybe being the only one that has had any experience, the unionization itself is not the problem. It is the inability of the union to administer its operation, to be complementary. I understand that this notion of unions being complementary to an organization is a real problem, but if a union is such an antagonist to the operation that the operation goes out of business, nothing happens. An extraordinarily fine organization is no longer around because it was unionized and the union refused to realize that if it killed the golden goose, they were gone too. The growers don't like unions, to be honest with you. On the other hand, if you make the assumption that you can work with the unions you have made a big mistake. We found that we could not and survive—at least with the most prominent one in California.