



salaries & benefits

Employee Rosters Rise; Wages On The Upswing

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The average size of pork production operations continues to increase, albeit at a slower pace. And, as multiple-site production gains in popularity, the number of full-time employees edges upward.

The percentage of producers with one or two employees has stabilized

since the last survey (Table 6).

In 1990, nearly three-fourths of the employers had two or fewer employees. The '95 tally held near that level, but a sizeable decline was noted in 2000 when 56.1% of producers had just one or two employees. The 2005 survey reflected a similar count (55.3%).

The percentage of producers reporting nine or more employees increased dramatically in 2000 and 2005 compared to the first two surveys. In 1990 and 1995, the operations with nine or more employees came in at 4.6% and 4.9%, respectively. That number jumped to 12.2% in 2000, and it held



at 13.4% in the most recent survey.

Growth in the number of employees working in the largest operations, with more than 50 employees, rose 1.6% since 2000.

The increase in the average number of full-time employees further demonstrates this trend. Between 1990 and 2000, the average number of full-time employees increased by 179%, from 2.9 to 8.1.

Larger staffs translate to an increased demand for employees. This greater demand puts added pressure on employers to offer competitive salaries, incentives and fringe benefits. Larger staffs also require greater people skills and better employer-employee communications.

Distribution of Wages

The wages of employees continues to climb, most notably at the \$40,000-plus levels where nearly one-third of employees reported their salary, and at the \$60,000-plus levels, which has more than doubled since 2000 (Table 7).

In general, increases in employee wages between 1990 and 1995 were equitably distributed. Between 1995 and 2000, general increases continued, but the wage disparity grew wider. This trend continued between 2000 and 2005, when the number of employees earning more than \$40,000 doubled.

In 1990, nearly two-thirds (64.2%) of employees earned between \$10,000 and \$25,000. By 1995, just over half of employees fell in that payment range, which by 2000 accounted for about one-third. By 2005, 17.9% of employees fell between the \$10,000 and \$25,000 range and, more significantly, 45.1% earned between \$20,000 and \$35,000.

In the 1990 survey, the highest salary benchmark offered was \$40,000-plus, which just 3.5% of employees reported earning. The percentage of employees reporting wages above \$40,000 has doubled every five years, rising to 7.2% in 1995, 15.3% in 2000 and 30.3% in 2005. Similarly, the percent earning more than \$60,000 more than doubled from 2000 to 2005, increasing

Table 6: Number of Full-Time Employees Reported by Producers

Number of Employees	2005	2000	1995	1990
1	37.2%	34.6%	47.4%	46.1%
2	18.1%	21.5%	24.6%	25.6%
3	11.4%	12.2%	11.4%	11.6%
4	7.5%	8.1%	5.5%	6.3%
5	4.7%	3.8%	2.4%	2.4%
6	4.1%	4.7%	1.4%	1.9%
7	2.1%	1.5%	0.9%	1.4%
8	1.6%	1.5%	1.5%	1%
9	1.3%	0.6%	0.5%	0.6%
10	2.3%	2.3%	0.7%	0.2%
11 – 50	6.2%	7.3%	2.9%	2.5%
More than 50	3.6%	2%	0.8%	0.3%
Conditional Average ^a	6.7%	5.9%	3.2%	2.8%
Average ^b	8.8%	8.1%	NA	2.9%

^aIn 1995, responses in excess of 100 were recorded as 99. This average is calculated by applying the same conditions to the 1990, 2000 and 2005 data. This makes the average comparable across all four surveys, but biases it downward.

^bThis average is calculated without any restrictions on the maximum number of full-time employees reported by respondents. This makes the 1995 responses not applicable (NA), but the 1990, 2000, and 2005 averages are no longer biased.

Table 7: Base Salary Range Reported by Employees

Salary Range	2005	2000	1995	1990
\$10,000 or less	5.9%	3.3%	6.3%	14.1%
\$10,000 – 15,000	3.1%	3.5%	6.6%	17.8%
\$15,000 – 20,000	3.3%	8.4%	17.5%	23.8%
\$20,000 – 25,000	11.5%	18.9%	26.8%	22.6%
\$25,000 – 30,000	16.9%	21.5%	19.9%	10.6%
\$30,000 – 35,000	16.7%	15.8%	9.6%	5.4%
\$35,000 – 40,000	12.4%	13.2%	6.1%	2.1%
\$40,000+	30.3%	15.3%	7.2%	3.5%
\$40,000 – 50,000	14.5%	8.7%	5.5%	NA
\$50,000 – 60,000	6.5%	2.6%	1.7%	NA
\$60,000+	9.3%	4%	0%	NA
\$60,000 – 75,000	3.6%	NA	NA	NA
\$75,000+	5.7%	NA	NA	NA

Note: NA means this response was not offered.

from 4% to 9.3%. Approximately one in 17 employees (5.7%) received more than \$75,000 of base salary in 2005.

Factors Affecting Wages

As one would expect, level of education and experience, employer size and location affect wage rates. To better understand the impact of these factors on wages, statistical techniques can help compare the average wages of employees that differ only by the factor of interest, such as gender.

Table 8 shows how various factors affect wages using these statistical comparisons. For example, a woman

with the same education, experience, and tenure working in the same type of operation as a man earned 27.3% less, on average.

Although the discrepancy remains a concern, the difference is narrowing. For example, in 1990, a woman earned 34.2% less on average than a man. By 1995, the gap narrowed further, but then widened again between the last two surveys.

The differences in wages across employees in the pork industry are consistent with findings in other industries. In the labor market as a whole, women earn less than men.



5,000-10,000 annual production. This difference has grown since 1990.

On average, employees working for operations producing more than 10,000 head vs. 1,000 head, annually, earn considerably more. The difference was 55% more in 1990, 35.9% more in 1995, 12.3% more in 2000 and 20.2% more in 2005.

Reinforcing Table 7, in 2005, the average worker in the Midwest earned 8.9% more in an identical operation in the Northeast, 2.6% more in the Southeast and 8.9% less in the West. The increase in wages in the Northeast brings them back to a level similar to what they were in 1990 (11.8%). In 2000, they were 4.1% under Midwest wages. In 2005, wages in the Southeast were 2.6% above Midwest wages as compared to 7.2% greater in 2000. Wages in the Southeast have become more similar to Midwest wages.

For civilian workers in 2002, U.S. Census Bureau data indicate 38.5% less. Employees with more education, tenure and experience earn more. Employees working for operations with more full-time employees or higher levels of production are also paid better.

Another example, the difference in wages for a high school graduate vs. high school dropout was 9.9% in 2005. This comparison assumes the same gender, same amount of experience and tenure and same size of operation in the same region.

The value for having a two-year college degree vs. a high school diploma increased from 8.9% to 12.5% from 1995 to 2005. And, the value of having a four-year college degree vs. two-year degree doubled between 2000 and 2005. And, the value of a four-year college degree vs. a high school diploma grew from 23.1% to 34.4% between 2000 and 2005.

As experience increases by one year, the value in wages increased by 1.9% in 2005, similar to previous surveys. An additional year of tenure in an operation was worth 0.8% in wages in 2005.

For each additional 10 full-time employees hired by an operation, an employee's wages increased very little in 2005, continuing a trend noted in the 1995 survey. However, in 2005,

employees working for operations producing more than 10,000 hogs, annually, averaged 32.4% higher salaries than employees of systems with

Table 8: Differences in Wages by Selected Differences in Employees

	2005	2000	1995	1990
Gender				
Female vs. Male	-27.3%	-24.8%	-17.6%	-32.4%
Education				
High School Diploma vs. No High School Diploma	9.9%	15%	19%	24.5%
Two-Year College Degree vs. High School Diploma	12.5%	12.4%	8.9%	10.2%
Four-Year College Degree vs. Two-Year College Degree	21.8%	10.7%	12.6%	21.3%
Four-Year College Degree vs. High School Diploma	34.4%	23.1%	21.5%	31.6%
Experience and Tenure				
One More Year of Experience vs. Average Experience	1.9%	1%	1.7%	2.3%
One More Year of Tenure vs. Average Tenure	0.8%	0.2%	0.4%	0.8%
Operation Size				
10 More Employees vs. Average Number of Employees	0.3%	1.2%	2.1%	2.5%
Annual Hog Production				
1,000 – 2,000 vs. Less than 1,000	-3.5%	-17.3%	-0.4%	16.1%
2,000 – 3,000 vs. 1,000 – 2,000	-20.9%	-3.5%	4.8%	11.5%
3,000 – 5,000 vs. 2,000 – 3,000	13.4%	6.6%	9.4%	4.6%
5,000 – 10,000 vs. 3,000 – 5,000	-1.1%	5.4%	7.8%	9.1%
Over 10,000 vs. 5,000 – 10,000	32.4%	21.1%	14.3%	13.6%
Over 10,000 vs. Less than 1,000	20.2%	12.3%	35.9%	55%
Region of Employment				
Northeast vs. Midwest	8.9%	-4.1%	2%	11.8%
Southeast vs. Midwest	2.6%	7.2%	7.5%	4.9%
West vs. Midwest	-8.9%	-4.6%	-1.2%	-0.3%

Wage Growth

In the first pork industry employment survey (1990), the average wage in the pork industry was substantially less than that of the average civilian worker in the United States. But, due to strong wage growth in the past 15 years, the salaries of pork production employees are almost comparable to the average wage of civilian workers.

The average wage in the pork industry increased between 1990 and 1995 by 23.5%, from \$19,847 to \$24,515 (Table 9). Between 1995 and 2000, another 26.1% salary bump was seen, pushing the average wage to \$30,959 in 2000. The 2005 survey recorded a 15.4% increase over the previous survey, placing the average salary at \$35,718 currently.

In the 15-year span covered by the four surveys, the average salary of pork production employees has increased almost 80%. During this same period, the average civilian wage, as measured by the Bureau of Labor



Statistics Employment Cost Index (EIC), increased by only 60.8%.

While stronger than average wage growth over the past 15 years is certainly good news for industry employees, wage growth in the industry between 2000 and 2005 was not

as strong: 15.4% for pork industry employees vs. 21.2% for the average civilian worker.

In 1990, the average civilian worker in the United States earned about \$23,074, which was 16% higher than average earnings in the pork industry. Based on EIC data, this annual earning increased to about \$37,097 in 2005, which is 3.9% higher than average pork industry earnings.

Wages by Gender

Men in the pork sector have enjoyed stronger than average wage growth, attributed to high education levels, working for larger operations and having more experience. But women enjoyed even stronger wage growth.

Between 1990 and 2005, average earnings for men grew by 82.4% from \$20,123 to \$36,712, while average earnings for women grew by 85.4% from \$15,300 to \$28,364. However, in the past five years, wage growth for men has been stronger than for women – 15.9% vs. 12.8%.

Wages by Education Level

As education levels continue to climb, wages follow.

Employees with a four-year college degree had stronger than average wage growth, increasing 21.3% from 2000 to 2005. While high school dropouts, high school graduates, and two-year

Table 9: Annual Wage Comparisons

	2005	2000	1995	1990
Average for All Employees	\$35,718	\$30,959	\$24,515	\$19,847
Gender				
Male	\$36,712	\$31,687	\$24,796	\$20,123
Female	\$28,364	\$25,141	\$21,630	\$15,300
Education				
No High School Diploma	\$26,679	\$24,611	\$18,197	\$14,301
High School Diploma	\$30,727	\$27,611	\$22,948	\$17,991
Two-Year College Degree	\$34,735	\$31,070	\$24,129	\$19,105
Four-Year College Degree	\$42,279	\$34,859	\$27,486	\$24,242
Annual Hog Production				
Under 1,000	\$32,639	\$29,118	\$19,622	\$14,811
1,000 to 2,000	\$34,148	\$23,320	\$19,173	\$17,078
2,000 to 3,000	\$24,612	\$23,520	\$19,891	\$18,435
3,000 to 5,000	\$28,752	\$24,541	\$21,762	\$19,328
5,000 to 10,000	\$26,608	\$25,333	\$23,070	\$20,931
Over 10,000	\$38,157	\$33,227	\$28,136	\$26,124
Region				
Midwest	\$35,516	\$30,318	\$23,465	\$19,090
Northeast	\$34,589	\$28,105	\$23,233	\$19,502
Southeast	\$39,787	\$35,606	\$28,449	\$23,402
West	\$34,387	\$31,454	\$26,258	\$21,385
Title				
Managers	\$38,060	\$32,277	\$25,570	\$20,983
Assistant Managers	\$33,115	\$30,199	\$23,105	\$18,211
Farrowing Managers	\$30,780	\$28,288	\$23,621	\$18,571
Barn Worker/Herdsman	\$29,400	\$27,781	\$22,249	\$17,570



under the prescribed level. This may be explained, in part, by realizing the duties in a small production unit may not be limited to hogs.

The average earnings of employees in operations producing more than 10,000 hogs annually were more than \$11,000 higher than those producing between 5,000 and 10,000, and about \$9,500 higher than those producing 3,000 to 5,000 head.

Wages increased by 48.8%, from \$19,328 to \$28,752, in operations producing 3,000-5,000, and by 27%, from \$20,931 to \$26,608, in operations producing 5,000-10,000 (Table 9). In units with 10,000-plus annual production, wages increased from \$26,124 to \$38,157, or by 46%.

Part of this wage disparity may be attributed to likelihood that employees working in 10,000-plus operations may have more education. However, as Table 8 showed, even without more education, these employees still would have earned substantially more. If this disparity remains, medium-sized operations may find it difficult to attract and retain quality employees.

Regional Wages

Wage growth in the Midwest again exceeded the average, primarily because education levels and size of operations continued to increase.

In 1990, average wages were highest in the Southeast, but wage growth shifted between 1990 and 2005, with the strongest growth in the Midwest (86%), followed by the Northeast (77%), Southeast (70%) and West (61%).

More recent trends in wage growth (2000 to 2005) favor employees in the Northeast (23.1%), followed by the

college graduates were also paid more, the growth fell short of the industry average.

From a broader perspective, employees with a two-year college degree had an 81.8% increase in wages, from \$19,105 to \$34,735, between 1990 and 2005. Wages for employees with a high school diploma grew by 70.8%, from \$17,991 to \$30,727, during the period, while those with a four-year college degree increased 74.4%, from \$24,242 to \$42,279. Ironically, high school dropouts enjoyed the largest percent increase over the four-survey span, 86.6%, moving from \$14,301 to \$26,679. However, their wages only increased 8.4% between 2000 and 2005, the lowest growth rate of all groups.

Wages by Annual Production

Comparing wages by annual hog production in the 2005 survey reveals a disparity that is difficult to explain, except to say that the survey parameters of 3,000-plus annual production drew a limited number of surveys

Table 9a. Estimated Average Wages of Survey Respondents, by Region and Title in 2005

Title	Region			
	Midwest	Northeast	Southeast	West
Manager	\$37,586	\$37,997	\$41,772	\$37,242
Assistant Manager	\$33,517	\$30,338	\$34,734	\$30,887
Farrowing Manager	\$31,821	\$26,562	\$27,139	\$19,942
Barn Worker	\$30,138	\$27,310	\$29,285	\$25,447

Midwest (17.1%), Southeast (11.7%) and West (9.3%).

Wages by Job Title

The wage disparity between managers and assistant managers has widened since the 2000 survey. However, the wage difference between assistant managers and farrowing managers appears to have stabilized.

Naturally, managers' salaries consistently average higher than assistant managers and farrowing managers, although the spread increased in 2005.

Interestingly, farrowing managers were the second-highest paid employees in 1990 and 1995. By 2000, assistant managers' salaries surpassed them and held the second-ranked position for salary in 2005.

Wage growth between 1990 and 2005 was highest for assistant managers (81.8%), followed closely by managers (81.4%). Farrowing manager salaries increased 65.7% during the period.

The current five-year trend in wage growth favors managers with a 17.9% increase, followed by assistant managers (9.7%), farrowing managers (8.8%) and general barn workers (5.8%).

Regional Wages by Job Title

A comparison of wages by region



and title offers some clues about competitive salaries in various areas.

For example, managers in the Southeast garner the highest wages, averaging nearly \$42,000 annually,

over \$4,000 more than the next-closest region, the Midwest (Table 9a).

At all levels except assistant managers in the Northeast, employees in the West region receive the lowest salaries

Table 10: Incentives Offered to Employees

	Producer				Employee			
	2005	2000	1995	1990	2005	2000	1995	1990
Number of Employees Who Receive Bonuses & Incentive Pay	38.1%	46.2%	39.7%	43.5%	54.8%	57.9%	55.9%	48.6%
Base of Incentive Pay:								
Pigs Farrowed/Sow/Year	3.2%	4.3%	4.1%	4.5%	5.4%	5.5%	4.8%	5.3%
Pigs Weaned/Sow/Year	15.2%	20.7%	11.7%	16.7%	24.3%	25.1%	18.1%	15%
Pigs/Crate/Year	2.4%	1.1%	0.7%	2.3%	2.4%	1.7%	1.3%	2.1%
Conception/Farrowing Rates	4.7%	3.8%	0.9%	3.3%	5%	3.9%	1.8%	4.2%
Conception Rates	3.2%	NA	NA	NA	3.8%	NA	NA	NA
Farrowing Rates	3.2%	NA	NA	NA	4.2%	NA	NA	NA
Pounds of Pork Produced/Year	4.1%	5.9%	1%	8.9%	6.6%	6.6%	4.5%	16.9%
Feed Efficiency	3.9%	6.8%	4.8%	0%	5.9%	8%	4.1%	0%
Death Loss	5.6%	9%	2%	4.9%	9.6%	9.8%	1.5%	6.8%
Other	13.5%	13.5%	11.4%	16.8%	22.1%	21.4%	18%	14.7%

Note: NA means this response was not offered.

Table 11: Percentage of Employees Indicating the Availability of a Benefit

Benefit	2005	2000	1995	1990
Medical Insurance	65.6%	69.7%	80.2%	79.5%
Dental Insurance	36.3%	35%	46.7%	47.7%
Disability Insurance	25.4%	31.6%	54.6%	58.9%
Life Insurance	36.5%	44.1%	65.2%	68.9%
Paid Vacation	71.8%	85.5%	78.3%	68.2%
Paid Holidays	57.3%	68.5%	63.4%	48.8%
Workers' Compensation	54.5%	66.2%	64.7%	53%
Unemployment Insurance	33.8%	35.9%	34.3%	25%
Paid Sick Leave	44.1%	60%	51.8%	41.4%
Pension/Retirement Plan	54.1%	49.7%	35.7%	47.2%
Profit-sharing Plan	18.2%	24.4%	18.4%	27.1%
Housing	21.1%	30.2%	36.6%	42.4%
Paid Utilities	14.6%	16.8%	21.9%	27.6%
Vehicle	21.3%	20.3%	23.3%	22.6%
Processed Meat	43.8%	42.2%	38.7%	42.1%
Continuing Education (Tuition/Travel)	19.9%	23%	26.2%	20.7%
Other	6.4%	10.4%	8.3%	NA

Note: NA means this response was not offered.

across the board.

Assistant managers in the Southeast are also the highest paid, but Midwest employers are competitive.

The discrepancy in farrowing man-

ager salaries across the regions is most remarkable, with nearly a \$12,000 spread between the top-paid Midwest employees (\$31,821) and those in the West that average just short of \$20,000

annually.

Barn workers in the Midwest are paid best, followed closely by those working in the Southeast.

Incentive Plans

Incentive plans and bonuses can serve to augment employee wages and make it easier to attract and retain quality employees. The percentage of producers and employees who reported bonuses and incentives between 1990 and 2000 increased. However, between 2000 and 2005 this percentage declined, particularly as reported by producers.

The percent of employees receiving bonuses and incentive pay declined from 57.9% in 2000 to 54.8% in 2005 (Table 10), while producers reporting incentive/bonus programs dropped from 46.2% to 38.1% for the period.

By far, the most common measure used to determine the incentive/bonus remains "pigs weaned/sow/year," although the number of producers offering this incentive dropped by



5.5% since 2000.

A slight increase in the number of employees receiving, and producers paying, bonuses based on pigs weaned/crate/year was registered in 2005. Feed efficiency and death loss became less of a factor in determining bonuses in 2005, particularly as reported by producers.

Benefits Offered

Employees reported the benefits offered by employers have slipped slightly in 2005, following a trend that began in 1995 (Table 11).

All major benefit packages – medical and dental insurance, disability and life insurance, paid holidays and vacations, worker's compensation, unemployment insurance, sick leave and profit-sharing plans – declined by 1% to nearly 16% from 2000 to 2005.

The largest reduction was 15.9% fewer employees receiving sick leave, down to just 44.1% of employees receiving the benefit. Paid vacations and holidays slipped 13.7 percentage points and 11.2 percentage points, respectively, although nearly three-fourths have paid vacations as a benefit. Just over half of employees had paid holidays in 2005.

Between 1990 and 2005, the average number of vacation days increased from 10.7 to 13.2 days, which reversed the previous downward trend. The average number of sick days fell from 7.6 to 6.3 between 1990 and 2005, but has increased from a low of 6.0 in 2000. The average number of holidays remained stable (six days).

Between 1990 and 2005, 13.9% fewer employees reported receiving medical insurance, and 11.4% fewer employees received dental coverage. The number of employees receiving disability insurance declined to 25.4%, while those receiving life insurance slipped to 36.5%. The decline in medical coverage is troubling, although some employees no doubt obtain medical coverage through a spouse.

Although the table does not report it, the employee's share of medical insurance premiums was 26.2%, about



half the 55.4% cost incurred in 1995. The employee's share of dental insurance premiums was 40.6% in 2005. And, their share of disability insurance premiums fell from 77.4% in 1995 to 33.4% in 2005. Similarly, their share of life insurance premiums fell from 82.6% in 1995 to 25.0% currently.

The percentage of employees who received workers compensation declined to 54.5% in 2005.

The most notable increase in benefits was a 4.4% jump in the percentage of employees provided a pension/retirement plan compared to five years ago. This benefit is a natural strategy to counteract the increased mobility of the labor force. Because pension contributions need not be fully vested until the employee has been with the firm for five years, pension plans serve to provide an incentive for the worker to stay.

Employees typically received fewer in-kind benefits in 2005 when compared to 1990. Employees receiving housing has been cut in half during the 15-year time span. In 2005, about 21% received this benefit. Nearly 28% received paid utilities in 1990, but less than 15% did in 2005.

Company vehicles and processed meats held fairly steady, with 21.3% and 43.8% of employees enjoying these benefits, respectively, in 2005. About 20% received continuing education expenses in 2005, down slightly from 2000.

Generally, larger employers offer more generous benefits packages, with the exception of housing and utilities.

Producers/employers were also polled on the medical and dental benefits, life insurance and disability insurance offered to employees. Their responses reflected the general trends depicted in Table 11. □