

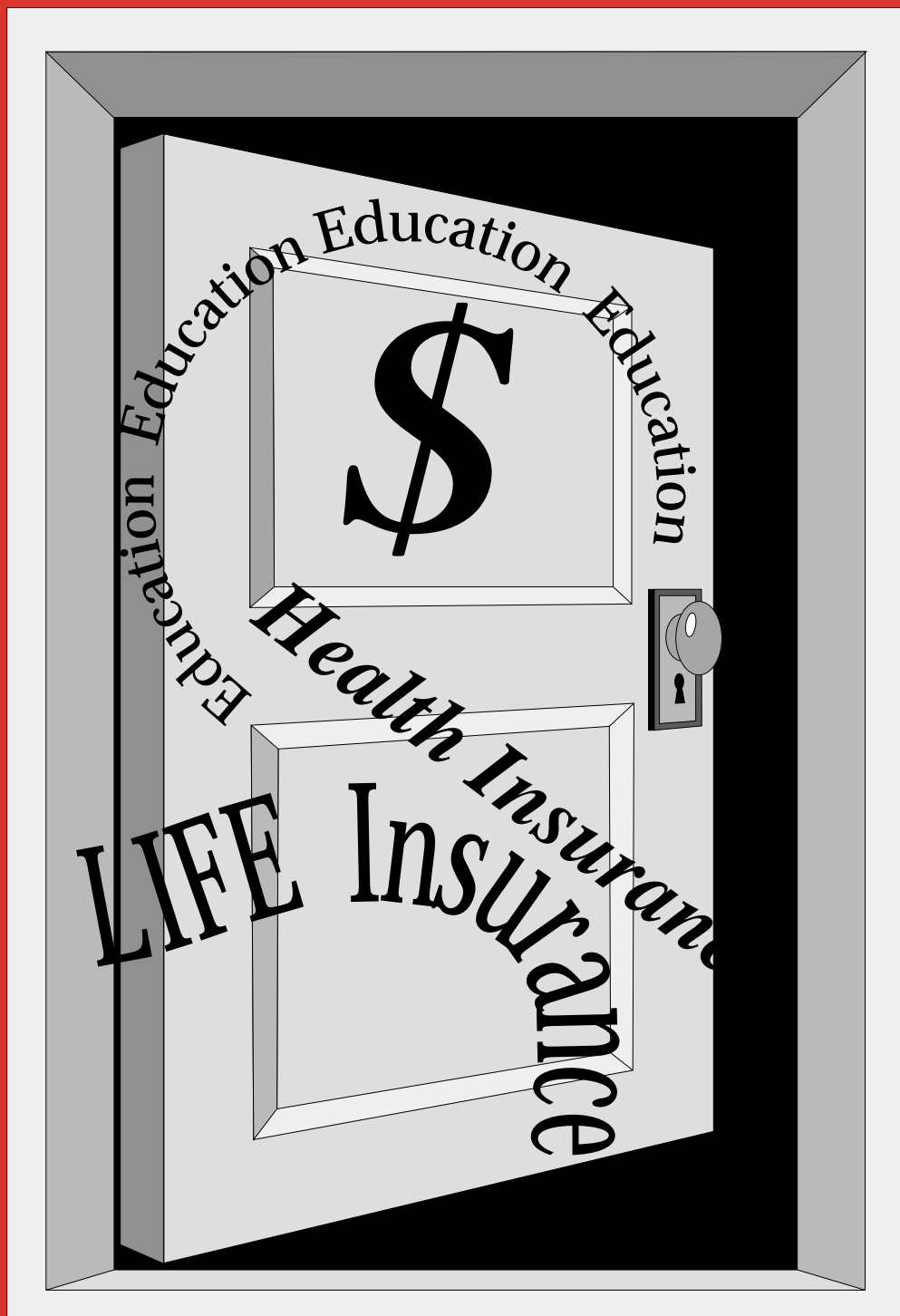


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Service

RBS Research
Report 189

Cooperative Employee Compensation, 1999



Abstract

This report updates a 1993 study and looks at how education, cooperative function, and geography influence compensation of cooperative employees. Unlike the original report, this one addresses director compensation. Compensation varied from per diem and travel to set fees for attending meetings.

Financial performance of the cooperative was the basis for bonuses, setting salaries, and evaluating employees. Compared with other regions, employees in the East/South Central received the largest salaries. The exception were sales representatives in the West.

Benefits—life and disability insurance and educational assistance— were paid solely by the cooperative. Paid vacations/holidays and paid sick days were most commonly offered to all employees.

Keywords: Salaries, compensation, benefits, cooperative.

Cooperative Employee Compensation, 1999

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Preface

This report updates a 1993 study and takes a comprehensive look at salaries and fringe benefits that cooperatives offer to their mid- to upper-level employees, as well as comparing new information with information obtained from cooperatives in the original report. Added to the "new" survey was a question pertaining to the compensation of directors which the original survey did not address.

Out of 400 cooperatives, 300 were randomly selected. One hundred cooperatives were respondents from the original study. Included in this sample were marketing and farm supply cooperatives with sales of at least \$500,000.

From the population, 4 percent either were out of business or did not meet the criteria for the report. This brought the population down from 400 to 384 and the response rate to 45 percent. Fifty-five of the original cooperatives responded. Of the remaining cooperatives, 119 or 48 percent returned completed surveys.

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Highlights

As with any organization, cooperatives seek to hire competent employees. Salaries and benefits are key in attracting some employees. Other factors includes geographical locations and job titles.

Benefits may be direct (retirement, health and life insurance, educational assistance, and bonuses—performance based and yearly) or indirect (paid vacations, sick/personal days, use of company car, or payment for mileage when a private car is used on cooperative business). These benefits may be paid solely by the cooperative, by the employee, or by both.

Unlike the original, the "new" survey inquired about director compensation. Although directors' fees and expenses were a small part of total costs, director compensation was important to many cooperatives. This fee served as a small incentive for farmers to sacrifice time normally spent on their own operations devoting several hours of service each month to guiding their cooperative.

Some of the most significant survey findings are:

- Most respondents said that employees had bachelor's or associate's degrees.
- Job responsibility was ranked first by a majority of respondents for all job categories in setting salaries. Performance ranked next.
- Thirty-four percent indicated that all employees listed in the survey received bonuses, usually based on financial performance of these cooperative.
- Cooperatives alone were more likely to pay for life and disability insurance and educational assistance for the general and office managers. Retirement benefits were usually shared by the employee and the cooperative. More responses indicated that programs of locals were tied to their regional's retirement plan.
- Directors were usually given per diem for travel while on cooperative business along with a fee for attending board meetings. Annual expenses for directors ranged from \$1,200 to \$6,000.
- The East/South Central region had the highest salaries for all job categories except for sales representatives in the West.

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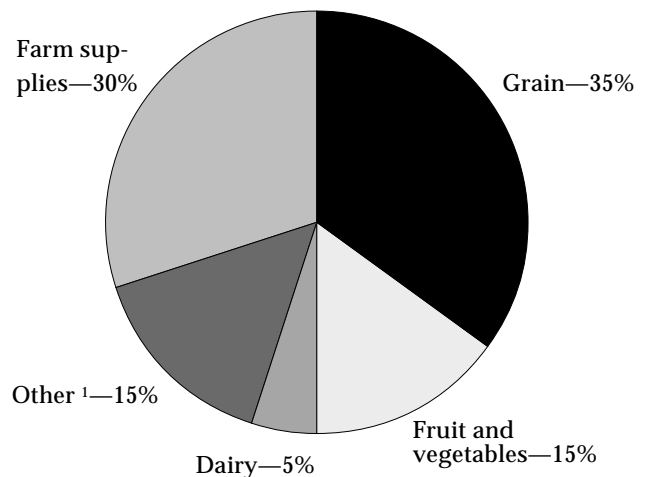
In today's economy, companies are undergoing major downsizing and mergers. The loss of competitive employees may cost some companies margins. Attracting and keeping a smaller productive workforce may be a challenge. Cooperatives must offer employees compensation commensurate with their skills and experience if they are to meet this challenge. Compensation can be both direct (e.g., salaries) and indirect (benefits). It is important to provide a proper mix of direct and indirect compensation to attract and keep competent employees. Competent employees will enhance margins and membership savings for cooperatives.

Although there are no universal norms to guide the choice of what to pay any particular employee, some internal and external factors should be considered. Cost management (sales and operating expenses); job responsibilities; the employee's background, experience and/or skills; and the number of employees needed are some of the internal factors that may influence salaries and benefits for employees. External factors include Federal and State Government policies and regulations, the labor market, and geographical locations.

General Survey Results

Data for this report were obtained in 1999 from 100 original respondents as well as 300 cooperatives from a random sample. A total of 174 surveys were returned--or 45 percent of the active cooperatives in the sample. Figure 1 shows 35 percent were grain, 30 percent farm supplies, and 15 percent fruit and vegetables and other marketing cooperatives (livestock, poultry, dry beans and peas, rice, sugar, fishing and miscel-

Figure 1—Cooperative type



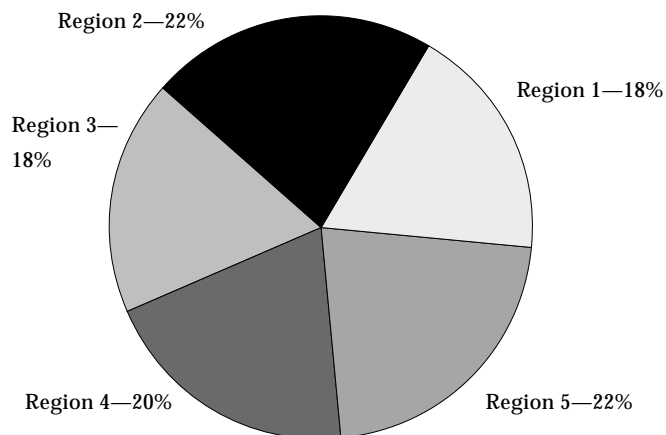
¹ Other includes marketing cooperatives, cotton, livestock, poultry, dry beans and peas, rice, sugar, fishing, and miscellaneous.

aneous). Sales ranged from a low of \$524,895 to a high of \$800 million. Cooperatives sampled provided marketing services and farm supplies.

Questions regarding educational background, salaries, benefits offered, principal products marketed or sold, sales, directors' compensation, and any changes that occurred in the past 5 years were included.

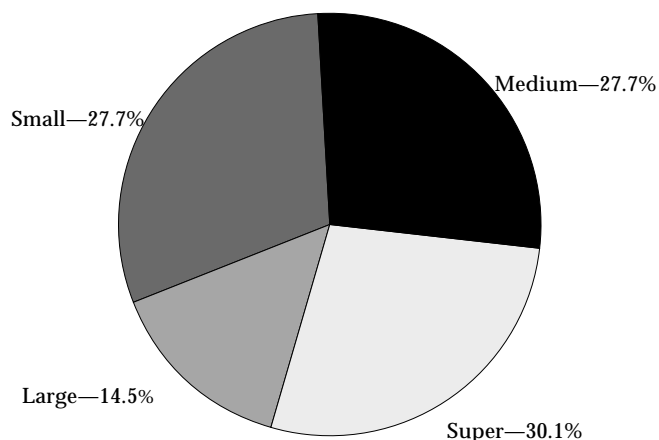
This report also looked at overall responses. They were broken down by overall results, cooperative function, region, and sales groupings. The breakdown by cooperative function is limited to salaries and benefits for the five job categories. Figures 2 and 3 depict the percentages for five regions and four size groups.

Figure 2—Regions ¹



¹ Region 1 = East/South Central; Region 2 = Corn Belt; Region 3 = Lake States; Region 4 = Northern Plains; and Region 5 = West

Figure 3—Cooperative Size



There were five job categories in this study:

1. *The chief executive officer (CEO), president, or general manager:* executes policies established by the board to achieve the cooperative's objective.

2. *The office manager, accountant, or controller:* keeps timely and accurate records of cooperative's financial standing and, in some cases, carries out policies set forth by the CEO or cooperative board.

3. *The division manager:* carries out and supports policies and objectives as they apply to a particular division.

4. *The field representative:* uses expertise on how best to cultivate land through soil testing and other tools and recommends appropriate products and innovative technological trends to improve farm operations.

5. *The sales representative:* keeps abreast of new products on the market and meets with farmers to take orders and inform them of new products. Some sales representatives also make deliveries.

Education

The survey sought to learn of the educational level of employees in each job category. Levels of education included a high school, some college, or college graduate with a bachelor's, associate's, master's or doctoral degree. None of the employees had a doctoral degree so this level was not included in the tables.

Through all job categories, most employees had associate's or bachelor's degrees. Except for division managers and sales representatives, the trend was for employees to have some college experience. The per-

centage of division managers with a high school education or bachelor's/associate's degrees was the same, 38 percent (table 1).

Compensation

Compensation for employees came in indirect and direct forms. Indirect compensation included benefits that ranged from paid vacations to educational assistance. Direct compensation included most exclusively salary, wages, pay, and bonuses. The survey did not ask respondents to differentiate between base salary and additional bonuses. Some salaries probably included bonuses.

Salaries—These are usually affected by longevity. Some reported a salary range rather than the current salary for each of their positions to protect privacy of employees. When the salary range was given, the average of the high and low was used to produce a single observation for aggregating the data.

In a few instances, it appears that respondents reported salaries for part-time or seasonal employment. Reporting part-time employment makes the averages lower. Table 2 includes descriptive statistics for salaries: low, high, median, average, and the number of observations below and above the average. In this case, the median or midpoint more reliably indicates what most cooperatives are paying employees because unlike the average, it is not affected by observations that might be clustered at one extreme or the other. The data may be skewed as indicated by this latter measure and by the difference between the mean

Table 1—Educational background of employees, 1999 ¹

Level of education	General manager	Office manager	Division manager	Field representative	Sales representative
	<i>Percent</i>				
Number of respondents	163	168	112	83	105
High School	16	24	38	27	37
Some College	25	26	21	22	20
College Graduates					
Bachelor's/Associate's	51	43	38	51	40
Master's	8	7	4	1	3

¹ There were no employees with a doctoral degree.

Table 2—Annual salary by employee category, 1999

Job Category	Salary range ¹				Responses below/above average
	Low	High	Median	Average	
	<i>Dollars</i>				<i>Number</i>
General Manager	18,000	600,000	40,300	34,494	30/122
Office Manager	8,750	164,496	35,000	40,184	111/44
Division Manager	25,000	135,000	40,000	47,129	66/34
Field Representative	17,500	75,000	35,000	37,987	38/34
Sales Representative	10,750	135,000	30,000	38,471	69/29

¹ Respondents gave salary information for full- and part-time employees. Also, not every respondent answered for all jobs or salary ranges.

and the median. Except for the general manager, the average is larger than the median. More observations fell below the average because of fewer relatively high salaries.

As expected, the general manager had the highest median salary followed by the division manager's and office manager's salary. Some respondents may have substituted division manager for assistant manager. The office manager's and field representative's median salaries were the same at \$35,000.

Salary Ranking—Respondents were asked to rank specific factors that contribute to setting salaries. Rankings were from 1 (most important) to 6. Evidently, more explanation in the survey's instruction may have been needed because many respondents used the 1 to 6 as a measure of importance for each factor separately, rather than indicating each factor's order of importance. As a result, two or more factors were often

given the same rank.

Also, some factors were assigned no rank, presumably because respondents considered these as having no impact on salary determination.

Job responsibilities, decision-making capabilities, performance, experience, education, and the impact of other firms in the area were the ranking factors. The survey had listed these factors in the expected order of importance for most jobs. The results generally reflected this pattern. Some bias seems to have occurred, but critical factor differences did show up. For example, job responsibility was ranked "1" by a majority of respondents for all job categories except sales representative. For that job, the third listed factor (performance) was the most important. This may reflect that it is more feasible to monitor a sales representative by using sales performance. It is also interesting to find that performance was the next highest ranked factor for all job categories except for the general manager.

Decision-making capabilities was a key factor for general management. Respondents ranked it just slightly less than job responsibility for that job category. What other firms in the area were paying was regarded as the least important factor in all job categories except the office and division manager. For the remaining job categories—general manager, field, and sales representatives—the least important factor was education.

The survey also asked if performance was a factor in setting salaries, how performance was evaluated/measured, and by whom. Evaluations are usually conducted by the board of directors for management and by general management for all other employees. Most respondents indicated that the cooperative's financial and employee's job performance were the basis for evaluating most employees. Unlike in the previous study, personality and attitude traits (neatness, ambition, dependability, accuracy, timeliness, and common sense) were less important factors for evaluation, although in some cases they were mentioned by a few respondents. About 10 mentioned personality and attitude traits.

Some new responses included: 1) cost of goods manufactured, 2) how fruit is stored, 3) expenses, 4) return on invested capital, 5) controlling cost, 6) salary surveys, 7) rebates to members, 8) attitude productivity, 9) meeting objectives, 10) return vs. competitors, 11) employee management, 12) effectiveness of each department, 13) CENEX's evaluation method, 14) job responsibilities, 15) gallons of sale, 16) membership feedback, 17) innovation, 18) market pay ranges, 19) management by objectives, 20) competitiveness, 21) achieved goals, 22) return on assets and local equity, 23) total volume handled, 24) operation smoothness, and 25) how nearly objectives were met.

Bonuses—These were used to reward performance of the employee and can be viewed as an added benefit and/or salary. Respondents were asked if bonuses/commissions were given to employees. The number of responses is larger than the total number of cooperatives because in some instances, all employees in all five job categories were given bonuses. There are 870 possible responses (one response for 174 cooperatives with five job categories). Thirty-four percent of the responses indicated bonuses were given. The percentages of bonuses were divided almost evenly between all job categories, from 24 to 18 percent.

The basis for receiving bonuses included financial performance factors (margins, net earnings, profit centers), gross volume/sales, percentage of top quality

product, performance, sales growth, return on equity, how cooperative performs compared with industry averages, management by objectives, nonmember activities, and "other." Some respondents indicated bonuses were paid but they did not indicate the basis and were placed in the "other" category. Table 3 indicated responses given.

In some instances, the job category revealed the reasons a bonus was given. General managers, office managers, division managers, and field representatives were more likely to be given bonuses based on financial performance factors. Sales representatives were more likely to be given bonuses based on gross volume or number of sales.

Benefits

Those such as retirement; health, life, and disability insurance; and educational assistance can be paid for by the cooperative, the employee, or both parties. Educational assistance may range from paid seminars and short courses to full college courses. Most benefits across all job categories were either paid by the cooperative or shared by it and the employee. Two patterns surfaced. First, the cooperative paid for life, health and disability insurance, and educational assistance for the general manager and office manager. Secondly, more than likely retirement was paid by both the cooperative and the employee (table 4).

Responses ranged widely about what formula was used for retirement/pension plans. Some plans are financed solely by the cooperative, the employee may have shared some percentage based on salary or service time, the employee pays all, or there was no retirement plan. Some cooperatives may offer more than one retirement plan. Twelve cooperatives said they paid all retirement plan costs under a defined program. In most cases, these cooperative retirement plans were tied to years of service. When the cooperative and employees shared the cost of retirement benefits, a variety of formulas were used.

These formulas included: "cooperative matches," "cooperative pays a percentage," and "profit sharing" (percentage of net profit/wages). The formulas ranged from employer paying 2 percent of gross salary, employer contributes 1 1/2 percent if profit is \$100,000; cooperative matches 50 percent of employees contribution; minimum 2 percent of salary or 10 percent of net divided by all participants whichever is greater; cooperative pays administrative costs plus matches 50 percent of employees' contribution; cooperative matches 6 percent of employee contribution (cooperative pays 5 percent to employees 10 percent);

Table 3—Responses of basis of bonuses for specified employees, 1999 ¹

Job category	Number of responses	Responses
General manager	36	Percent of net, annual pay, profit, percent of local earnings, percent of gross sales, yearly profit/volume, board decisions, annual cooperative income, discretionary performance, how cooperative performs compared to industry average, net profits, performance, percent of years and wages, Christmas bonuses, shopman gets 20 percent of shop labor, and return on equity.
Office manager	22	Percent of annual pay, percent of salary, 1 percent of local earnings, 2 to 5 percent, gross sales, annual profit, how cooperative performs compared to industry averages, local earnings, local net profits, local profits, local returns, profit, work done and profit, sales, net of department, percent of wages, and return on equity.
Division manager	24	Performance, annual cooperative profits, cooperative annual income, how cooperative performs compared with industry averages, local earnings, local profit, local net profit, net profits, profits, sales, percent of wages, and return on equity.
Field representative	16	1 percent of local earnings, acres applied, cooperative annual income, growth, local net profits, net profits, performance, sales (five times), sales increase, sales volume, profit centers, and volume.
Sales representative	21	Profit center, percent of wages, sales (seven times) volume, sales volume, sales increase, performance (two times), net profit, local profit, local net profits, how cooperative performs compared to industry averages, 2 to 5 percent of gross sales, and 1 percent of local earnings.
All categories given bonuses	46	Merit, profit, performance, cooperative net income, profitability, and non-member activities, pretax profit, percent of profit, net margins, obtain goals and objectives, net, longevity, local net profit, year-end financial statement, cooperative performance compared to private business, cooperative and individual performance, overall profitability, bonus tied to performance and management by objectives, Christmas bonus, board decisions, 6 percent of salaries, 5 percent of net local savings, percent of everything over \$5,000, 4 percent based on a 40-hour work week salary, 12 percent of annual salary, 1 percent of profit, percent of yearly profits, percent of local profits, percent of improvement on profit, and percent of net profit.

cooperative matches employees' contribution (anywhere from 1 to 50 percent of employees' contribution); cooperative contributes 5 percent of net savings; investment mutual funds; cooperatives matches 2/3 to employees' 1/3 contribution; employee contributes 75 percent, cooperative 25 percent; etc. In most cases, there was a "cut off" of the amount or percentage of the cooperative's contribution—usually a percent of salary. Three respondents were affiliated with their regional's retirement plan.

For other cooperatives, pension plans such as the 401K plan were used. These were either paid exclusively by employees or by both the cooperative and the employee. Again, the contribution by cooperative and employee varied greatly.

Other Benefits—These included "perks" or extras that an organization may offer of employees. Respondents were asked if their cooperative offered paid vacations/holidays and sick days, use of company car, first class travel, and mileage (private

Table 4—Benefits offered and how paid, 1999

Job category and who pays	Retirement	Health insurance	Life insurance	Disability insurance	Educational assistance
	<i>Percent</i>				
Number of respondents	150	153	138	133	91
General Manager					
Cooperative pays	30	50	70	85	62
Employee pays	5	1	7	2	8
Both pay	65	48	24	13	31
Number of respondents	147	153	138	130	95
Office Manager					
Cooperative pays	30	50	69	86	64
Employee pays	5	3	8	2	7
Both pay	65	48	23	12	28
Number of respondents	104	106	99	93	75
Division Manager					
Cooperative pays	27	43	68	86	64
Employee pays	6	2	7	4	8
Both pay	67	55	25	10	28
Number of respondents	74	76	70	65	58
Field Representative					
Cooperative pays	26	41	69	83	67
Employee pays	3	0	4	5	9
Both pay	72	59	27	12	24
Number of respondents	93	97	91	85	67
Sales Representative					
Cooperative pays	31	44	65	86	64
Employee pays	3	1	9	4	7
Both pay	66	55	26	11	28

car). For all job categories, paid vacations and holidays were more widely made available to employees (table 5). From 92 to 97 percent of respondents also paid their employees' sick days. The remaining "perks"—paid training, mileage (private car), and use of cooperative car—were next in order. First-class travel was the least offered "perk" but most likely given to general managers.

Director Compensation

Although director fees and expenses were a small part of total costs, director compensation was important to many cooperatives. This fee was a small incentive for farmers to sacrifice time normally spent on their own operations and devote several hours of service each month to guiding their cooperative. The original survey did not address the area. Of the 155

responses, 83 percent gave directors some type of compensation. Most compensated their directors by giving them per diem for travel when they were on cooperative business. Also, there was an attendance fee paid per regular meeting. These fees ranged from a low of \$15 to a high of \$100 per regular meeting. For annual meetings, meals and lodging were provided for both the spouse and director.

Other benefits given directors included mileage for travel when using private cars—21 cents to 33 cents per mile. The most common rate was 30 cents per mile.

Some board chairmen were paid a "salary," but not many cooperatives reported using this practice. Those that did report salaries for the board chairman paid as much as \$5,000 per year. Surprisingly, two cooperatives also reported compensating directors through accidental death/disability or dental insur-

Table 5—Other Benefits offered, 1999

Benefit	General manager	Office manager	Division manager	Field representative	Sales representative
Number of responses	162	159	108	77	97
	-----Percent-----				
Paid vacations/holidays	100	100	100	100	100
Paid sick days	92	92	97	97	93
Use of cooperative car	59	18	45	60	42
First class travel	12	6	9	5	6
Paid training	78	82	93	96	87
Mileage (private car)	73	70	72	68	66

ance. Finally, discounting extraordinary cases, total expenses for all directors ranged from \$1,200 to \$6,000 annually.

Cooperative Types

Of 174 respondents, 35 percent were grain cooperatives; 30 percent sold farm supplies; 15 percent marketed fruit and vegetables; and 5 percent were dairy cooperatives. The rest (15 percent) were "other" marketing cooperatives—cotton, livestock, poultry, dry beans and peas, rice, sugar, fishing, and miscellaneous cooperatives.

Education

Grain and farm supply cooperatives had the highest percentage of general and office managers with high school diplomas and some college. Also, the general and office managers in all cooperatives had associate's or bachelor's degrees. Few employees had a master's degree and none had a doctoral degree (table 6).

Salary

Table 7 shows low, high, median, average salaries, and the number of observations below and above the average, by cooperative function. The low end of the salary ranges may be skewed because some reflect seasonal employment wages. More observations fell below the average because of a few relatively high salaries and the mean was larger than the median in each instance. Consequently, the median is a more representative measure of cooperative salaries.

The median and average salaries for general manager and office managers were highest in the

"other" category of cooperative. For all job categories, the median salary ranged from \$24,500 to \$105,000 and averaged from \$28,564 to \$129,133. Fruit and vegetables cooperatives had the highest actual salary for general managers as well as the highest sales. Statistically, the number of respondents reporting may have affected averages. There were many more respondents in farm supply and grain cooperatives. Responses to salary information by the "other" and dairy marketing cooperatives were small. Therefore, salary data for this group may be skewed because of a relatively few high or low salaries.

Bonuses and Basis

Although most cooperatives did not give bonuses, those that did generally gave to all of the five job categories. However, distribution of bonuses to job categories varied by type of cooperative. On average among job categories, cooperatives were pretty evenly spread. In the 1993 study, more sales representatives received bonuses than field representatives in all types of cooperatives except grain cooperatives. Data from the present survey indicates that grain cooperatives had the highest percentage of bonuses given across all job categories (table 8).

As a rule, bonuses were tied to the job functions. For example, sales representatives' bonuses were based more on sales. Financial and employee performance and sales were the most commonly indicated factors for basing bonuses for other job categories. Generally, more bonuses for grain and farm supply cooperatives were based on financial performance and/or performance and sales.

Table 6—Educational levels by cooperative type, 1999 ¹

Job category and education	Dairy	Fruits and vegetables	Grain	Farm Supplies	Other ²
	<i>Percent</i>				
General manager					
High school	13	8	17	24	6
Some college	13	20	34	20	26
College graduate					
Bachelor/Associate	75	52	45	51	46
Masters	0	20	3	4	23
Office manager					
High school	30	21	28	28	14
Some college	20	7	36	28	23
College graduate					
Bachelor/Associate	50	61	36	37	55
Masters	0	11	0	7	9
Division manager					
High school	25	50	32	43	44
Some college	0	19	30	13	6
College graduate					
Bachelor/Associate	75	31	34	43	50
Masters	0	0	5	0	0
Field representative					
High school	57	50	15	26	17
Some college	14	30	30	17	0
College graduate					
Bachelor/Associate	29	20	52	57	67
Masters	0	0	3	0	17
Sales representative					
High school	57	20	33	53	9
Some college	29	20	21	19	9
College graduate					
Bachelor/Associate	14	60	44	25	82
Masters	0	0	3	3	0

¹ No employees had a doctoral degree.

² Other includes marketing cooperatives—cotton, livestock, poultry, dry beans and peas, rice, sugar, fishing, and miscellaneous—with low responses.

Benefits and Other Perks

The survey showed that a larger percentage of respondents of all cooperative types were more apt to pay for life and disability insurance and educational assistance, while health insurance and retirement was paid for by both the cooperative and employee for all employee groups (table 9). The exception was dairy and other cooperatives. In this case, the cooperative paid solely for the retirement for general and office managers and field and sales representatives. This

trend has remained the about the same as that of the 1993 survey, when the largest percentage of cooperatives paid retirement insurance for general managers, office managers, and sales representatives.

"Other" benefits (table 10) were usually offered by cooperatives such as paid vacations and sick days, along with first-class travel, use of company car, and mileage reimbursement (private car when on cooperative business). The availability of these benefits were more broadly spread across all cooperative types and

Table 7—Salaries for specified employees and cooperative type, 1999 ¹

Cooperative type and job category	Salary range				Responses below/ above average
	Low	High	Median	Average	
	<i>Dollars</i>				<i>Number</i>
Dairy					
General manager	18,000	185,000	84,500	87,125	4/3
Office manager	18,000	64,000	24,500	41,523	4/3
Division manager	61,232	85,000	76,000	74,077	1/2
Field representative	20,000	40,000	33,574	33,191	3/3
Sales representative	20,000	60,000	39,250	39,350	3/2
Fruit and vegetables					
General manager	30,000	600,000	65,000	108,154	15/7
Office manager	16,224	164,496	45,500	49,730	15/9
Division manager	25,000	87,250	48,000	55,214	9/5
Field representative	30,000	71,431	43,500	48,643	6/4
Sales representative	22,000	120,000	78,000	68,060	3/6
Grain					
General manager	25,000	175,000	55,000	61,508	40/15
Office manager	8,750	180,000	32,250	34,542	26/24
Division manager	25,000	95,000	33,000	41,276	22/16
Field representative	20,000	51,512	35,500	36,204	15/12
Sales representative	15,000	50,000	29,000	32,111	20/15
Farm Supply					
General manager	20,000	300,000	46,000	60,775	33/16
Office manager	16,515	120,000	26,750	32,128	34/16
Division manager	25,000	83,500	37,500	40,901	17/11
Field representative	17,500	52,500	33,000	33,391	12/11
Sales representative	10,750	47,500	28,952	28,564	17/19
Other ²					
General manager	36,000	300,000	105,000	129,133	9/6
Office manager	15,000	160,000	47,500	67,882	11/6
Division manager	32,000	135,000	61,000	64,077	7/6
Field representative	41,500	100,000	50,000	60,250	4/12
Sales representative	40,000	135,000	70,000	70,722	6/3

¹ Respondents gave salary information for full- and part-time employees, but not in all job categories or salary ranges.

² Other includes marketing cooperatives—cotton, livestock, poultry, dry beans and peas, rice, sugar, fishing, and miscellaneous—with low responses.

job groups. By cooperative type, at least one-fourth or more of the respondents indicated general and office managers were paid vacations and sick days. It was more likely that first-class travel was offered to general managers than to any other job categories in all cooperative types.

Mileage reimbursement for all employees in grain and farm supply cooperatives were more evenly distributed, but responses were limited.

Director Compensation

By type, dairy had 9 responses, fruit and vegetable, 20; grain, 56; farm supply, 45; and "other," 19. Responses varied. Dairy cooperatives paid mileage plus \$5 per meeting, per diem, paid expenses to convention, health insurance, paid travel and dinners; travel and meals; and phone, accidental death/dental insurance.

Table 8—Bonuses for specified employees, 1999

Type	General manager	Office manager	Division manager	Field representative	Sales representative
	<i>Percent</i>				
Dairy	6	5	5	6	7
Fruit and vegetables	10	9	7	6	10
Grain	39	50	41	42	42
Farm Supplies	29	22	29	32	28
Other ¹	16	13	17	14	14

¹ Other includes marketing cooperatives—cotton, livestock, poultry, dry beans and peas, rice, sugar, fishing, and miscellaneous.

Fruit and vegetables paid travel; \$100 plus per diem; \$600 per director, travel/dinner; \$50/meeting, \$200 per year, \$25/meeting; \$20/meeting; \$100/meeting plus expenses; board chairman received \$5,000 annually, \$15/meeting; mileage; and \$3,600 per year per director. Grain, farm supply, and "other" cooperatives had responses similar to other types of cooperatives.

Other benefits given directors included mileage for travel when using private cars—from 25 cents to 32 cents per mile. Most commonly mileage reimbursement was 30 cents per mile.

Regions

The United States was divided into five geographic regions—Corn Belt, Lake States, Northern Plains, West (Pacific and Mountain), and East/South Central (the Southeast, Northeast, and South Central regions)—to maintain anonymity due to insufficient data, number of cooperatives in a region, and for statistical analysis. In this section, results of the surveys are presented by region (figure 4). Most respondents

Figure 4—Regional Breakdown

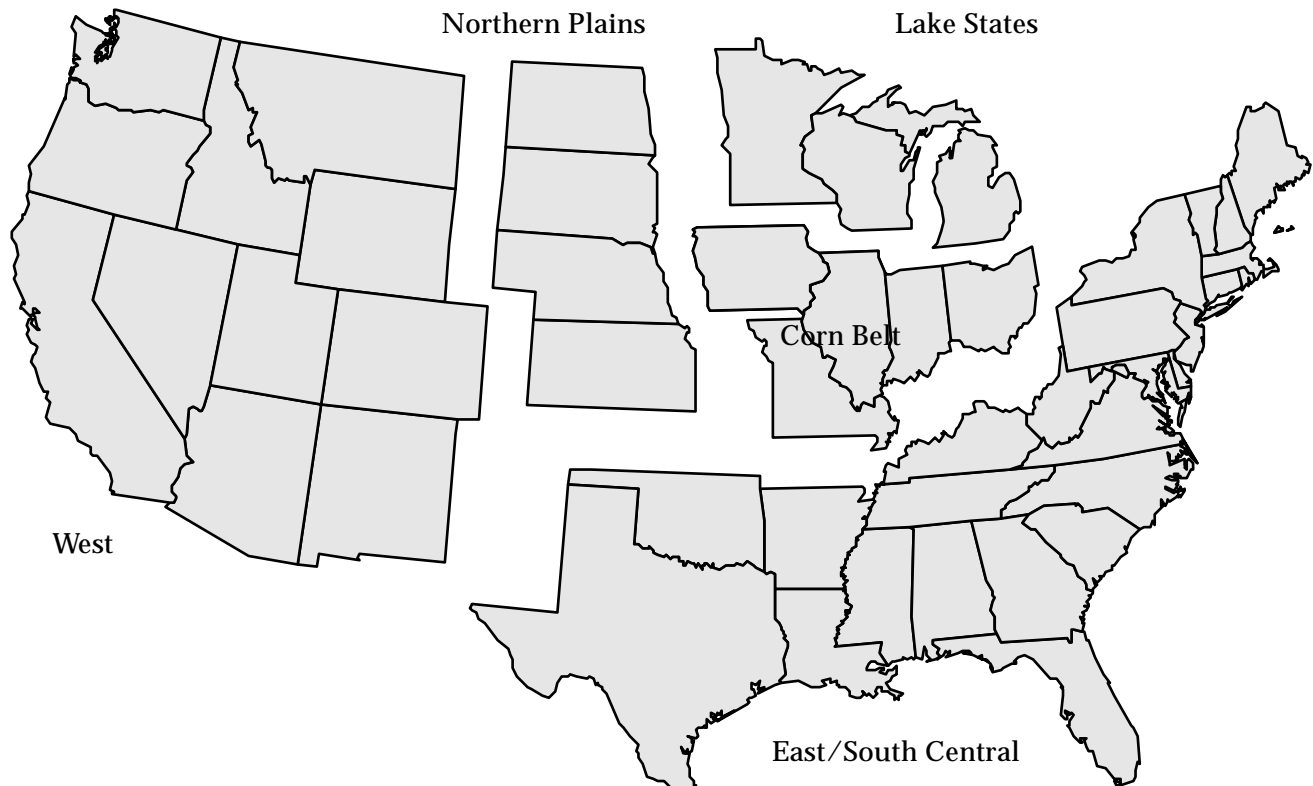


Table 9—Benefits and how paid, for specified employees, by cooperative type, 1999^{1, 2}

Type and job category	Retirement			Health insurance			Life insurance			Disability insurance			Educational assistance		
	C	E	S	C	E	S	C	E	S	C	E	S	C	E	S
Dairy															
General manager	57	14	29	29	14	57	80	0	20	83	0	17	75	25	0
Office manager	57	14	29	29	14	57	75	0	25	83	0	17	75	25	0
Division manager	40	20	40	20	20	60	75	0	25	80	0	20	75	25	0
Field representative	50	25	25	25	0	75	75	0	25	75	0	25	75	25	0
Sales representative	60	20	20	40	0	60	75	0	25	72	0	25	75	25	0
Fruit and vegetables															
General manager	32	11	58	45	0	55	82	6	12	100	0	0	45	9	45
Office manager	32	11	58	48	4	48	85	6	12	100	0	0	50	8	42
Division manager	23	15	62	47	6	47	85	8	8	100	0	0	63	13	25
Field representative	11	0	89	56	0	44	86	0	14	100	0	0	40	0	60
Sales representative	29	0	71	56	0	44	75	0	25	100	0	0	40	0	60
Grain															
General manager	30	4	67	64	2	34	80	4	17	89	2	9	71	3	26
Office manager	30	4	67	63	2	36	79	4	17	90	0	10	74	3	23
Division manager	26	3	72	56	0	44	76	5	19	94	0	6	74	3	23
Field representative	29	0	71	56	0	44	77	3	20	93	0	7	73	4	23
Sales representative	26	0	74	54	0	46	80	6	14	94	0	6	79	0	21
Farm Supply															
General manager	19	4	77	49	0	51	51	15	34	76	3	22	50	15	35
Office manager	19	6	75	47	2	51	49	19	33	78	5	16	48	15	37
Division manager	15	6	79	33	0	67	45	13	42	71	11	18	48	13	39
Field representative	5	5	90	33	0	67	45	10	45	65	12	24	56	19	25
Sales representative	23	3	74	40	3	57	42	18	39	79	7	14	39	17	43
Other³															
General manager	57	0	43	33	0	67	71	0	29	54	21	25	73	0	27
Office manager	47	0	53	35	0	65	71	0	29	83	6	11	50	0	50
Division manager	57	0	43	38	0	62	69	0	31	83	8	8	100	0	0
Field representative	57	0	43	10	0	90	78	0	22	75	13	13	50	0	50
Sales representative	56	0	44	17	0	83	73	0	27	73	9	18	100	0	0

¹ Total may not add due to rounding.

² C = cooperative pays only; E = employee pays only, and S = cooperative and employee pays.

³ Other includes marketing cooperatives—cotton, livestock, poultry, dry beans and peas, rice, sugar, fishing, and miscellaneous—with low responses.

were in the Corn Belt and West (22 percent) followed by the Northern Plains, (20 percent), and Lake States and East/South Central (both at 18 percent).

Education

The largest percentage of respondents revealed general manager, office manager, and field representatives had bachelor's/associate's degrees (31 to 69 per-

cent) in all regions. More division directors in the Corn Belt, West, and East/South Central had high school educations (table 11).

Sales representatives with college degrees were more prevalent in the Corn Belt and Lake States. For sales representatives, high-school-educated and employees with a college degree tied in the Northern Plains and East/South Central regions at 40 percent. In the West, 42 percent of sales representatives had a high school education.

Table 10—Other benefits for specified employees, by cooperative type, 1999

Type and job category	Paid vacation/holiday	Paid sick days	First-class travel	Paid training	Cooperative car	Mileage
<i>Percent</i>						
Dairy						
General manager	25	26	50	22	38	26
Office manager	25	26	0	22	0	26
Division manager	14	13	50	17	15	15
Field representative	18	17	0	22	31	15
Sales representative	18	17	0	17	15	19
Fruit and vegetables						
General manager	28	23	38	26	34	28
Office manager	30	25	19	29	13	32
Division manager	20	26	13	21	23	18
Field representative	11	16	6	13	19	10
Sales representative	11	11	25	10	11	12
Grain						
General manager	27	26	33	24	40	27
Office manager	26	25	25	25	9	26
Division manager	18	19	17	19	17	18
Field representative	14	15	17	15	17	14
Sales representative	16	16	8	17	18	14
Farm Supply						
General manager	25	25	33	33	24	28
Office manager	26	26	13	11	25	25
Division manager	19	19	19	33	20	19
Field representative	12	12	17	11	13	12
Sales representative	19	18	18	11	18	16
Other ¹						
General manager	34	27	56	26	35	25
Office manager	25	28	22	25	18	30
Division manager	18	21	22	19	18	23
Field representative	10	10	0	12	14	8
Sales representative	14	13	0	18	14	15

¹ Other includes marketing cooperatives—cotton, livestock, poultry, dry beans and peas, rice, sugar, fishing, and miscellaneous—with low responses.

Salary

Table 12 shows a breakdown of salary data for the five geographic regions. There were large spreads between the high and low salaries probably because some of the low salaries may have included seasonal or part-time salaries. The median is a more representative measure than the average, low, or high salary.

Regional differences are significant. The difference seems to be spread more evenly across all regions except the median salaries for general manager which

ranged from \$42,500 to \$60,000. The median range of salaries between jobs and their respective regions were closer than in the 1993 study.

The disparity is more obvious when looking at the actual reported salaries. The East/South Central region had the highest salaries for all job categories except sales representatives in the West.

Bonuses

Cooperatives in the West were more likely to give bonuses to their general managers. Forty-three percent

Table 11—Educational levels by region, 1999 ¹

Job category and education	Corn Bel	Lake States	Northern Plains	West	East/South Central
	<i>Percent</i>				
General manager					
High school	12	23	24	11	14
Some college	26	23	31	22	25
College graduate					
Bachelor/Associate	59	50	44	56	45
Masters	3	4	1	11	16
Office manager					
High school	35	25	22	19	24
Some college	23	27	26	22	29
College graduate					
Bachelor/Associate	36	44	51	52	31
Masters	6	4	0	7	16
Division manager					
High school	76	45	27	58	63
Some college	10	15	35	8	25
College graduate					
Bachelor/Associate	11	40	38	33	0
Masters	3	0	0	2	13
Field representative					
High school	6	45	23	28	22
Some college	19	5	35	17	22
College graduate					
Bachelor/Associate	69	50	43	56	56
Masters	6	0	0	0	0
Sales representative					
High school	33	28	40	42	40
Some college	20	19	25	16	7
College graduate					
Bachelor/Associate	48	47	35	42	40
Masters	0	6	0	0	13

¹ No employees had a doctoral degree.

Table 12—Salaries for specified employees and region, 1999 ¹

Region and job category	Number of responses	Salary				Responses below/above average
		Low	High	Median	Average	
		<i>Dollars</i>				<i>Number</i>
East/South Central						
General manager	33	30,000	600,000	60,000	64,348	18/7
Office manager	33	16,224	164,496	43,000	40,165	18/8
Division manager	22	25,000	135,000	64,750	52,133	11/4
Field representative	16	30,000	100,000	60,750	40,778	4/5
Sales representative	15	18,000	102,000	61,500	39,367	9/6
Corn Belt						
General manager	25	18,000	200,000	42,500	67,554	16/17
Office manager	26	12,000	112,500	47,500	40,293	28/7
Division manager	15	25,000	100,000	45,000	45,765	11/6
Field representative	9	17,500	75,000	45,000	36,501	9/6
Sales representative	15	12,000	135,000	36,000	33,885	14/12
Lake States						
General manager	35	20,000	225,000	60,000	81,800	9/12
Office manager	35	8,750	160,000	35,000	40,248	17/8
Division manager	17	32,000	85,000	40,000	46,931	14/8
Field representative	15	28,000	51,512	35,000	35,179	7/5
Sales representative	26	15,000	70,000	46,500	34,782	11/7
Northern Plains						
General manager	26	38,500	250,000	60,000	64,818	21/12
Office manager	25	17,000	120,000	37,000	31,709	23/10
Division manager	22	30,000	77,500	63,500	42,902	16/7
Field representative	12	25,000	50,000	51,075	34,375	11/9
Sales representative	18	20,000	70,000	46,250	35,824	15/5
West						
General manager	33	32,000	175,000	50,000	102,938	24/9
Office manager	33	16,000	72,000	28,000	50,019	23/10
Division manager	23	28,000	95,000	36,000	49,166	15/7
Field representative	20	20,000	47,500	34,000	47,871	11/5
Sales representative	22	10,750	120,000	30,000	55,244	7/8

¹ Respondents gave salary information for full- and part-time employees but not for all job categories or salary ranges.

said cooperative employees in the Corn Belt received bonuses. It was 24 percent in the Northern Plains. A relatively high percentage of bonuses were given to sales representatives in the West. Table 13 shows those percentages and the basis for determining bonuses for each job category by region. Most respondents by region indicated that all employees' basis for bonuses were on financial performance factors—sales, volume, profit, profit center, local net profits, local earnings, etc.

Benefits and Other Perks

Overall, most respondents in all regions indicated that retirement was paid by both the employee and cooperative (table 14), except the general manager in the Corn Belt. Health insurance percentages were almost evenly distributed between the cooperative paying all benefits to being shared by both. Education assistance was more likely paid for by the cooperative in the Lakes States. Life and disability insurance was usually paid for by cooperative in all regions.

Table 13—**Bonus and basis, by region, 1999**¹

Region and job category	Responses
East/South Central	
General manager	Profit, 2-5% of gross sales, how cooperative performed
Office manager	Profit, 2-5% of gross sales, how cooperative performed
Division manager	Profit, how cooperative performed compared to industry averages
Field representative	How cooperative performed compared to industry averages
Sales representative	2-5% of gross sales, how cooperative performed compared to industry averages
Corn Belt	
General manager	Coop's annual income, profitability, accounts received, sales, percent of net sales, pct of year's wages, 2% local earnings, local net, performance
Office manager	Coop's annual income, profitability, accounts received, sales, percent of net sales, pct of year's wages, 2% local earnings, local net performance
Division manager	Profit, net profit, % of wages, performance, profitability, cooperative annual income
Field representative	Sales, cooperative annual income, % local earnings, performance, volume, growth
Sales representative	Sales, volume, performance, profit, 1% local earnings, cooperative annual income
Lake States	
General manager	Percent of net, performance, annual profit of company
Office manager	Percent of net, performance, annual profit of company
Division manager	% of wages, net profit, performance, local profit, annual profit of cooperative
Field representative	Sales increases, performance
Sales representative	Sales increases, sales, local profit, performance, % of wages
Northern Plains	
General manager	Return on equity, annual profit volume, Christmas bonus, profit
Office manager	Profit and work done, local returns, return on equity, sales, local net profit
Division manager	% of wages, return on equity, net profit, profit and work done, annual profit of cooperative, sales, local net profit, regional profits performance
Field representative	Sales, local net profit, profit center, sales volume, acres applied
Sales representative	Profit center, net profit, local net profit, sales
West	
General manager	Net profit, earnings (local), sales profit, board decision
Office manager	Local earnings, net profit
Division manager	Net profit, local earnings
Field representative	Net profit
Sales representative	Net profit

¹ Respondents gave salary information for full- and part-time employees but not in all job categories or salary ranges.

Other benefits or "perks" were paid primarily by the cooperative. Paid vacations/holidays and sick days were most popular. Paid training or mileage (private car) was the next largest percentage in all employee groups. First-class travel was an uncommon benefit in all regions (table 15).

Director Compensation

Regionally, 63 to 76 percent of the responding cooperatives compensated their directors. The East/South Central region had 24 responses; Corn

Belt, 25; Lake States, 22; Northern Plains, 22; and West, 25. Responses varied. The East/South Central regions included meals, per diem, mileage, \$600/year, travel dinner, \$50/meeting, \$100/meeting; Corn Belt, seminar, travel dinner, meals, per diem, dinner out once a year for director and spouse, mileage, \$75/board meeting, \$30/special meeting, \$30/committee meeting, etc; Lake States, \$100 meeting and expenses, board chairman received \$5,000 year, \$600/board president, mileage, travel, accidental death/disability insurance, phone, dental insurance, and health insurance;

Table 14—Benefits and how paid, for specified employees, by cooperative type, 1999^{1,2}

Type and job category	Retirement			Health insurance			Life insurance			Disability insurance			Educational assistance		
	C	E	S	C	E	S	C	E	S	C	E	S	C	E	S
Percent															
East/South Central															
General manager	28	0	72	48	0	52	68	0	32	85	5	10	42	8	50
Office manager	26	0	74	52	0	48	71	0	29	83	6	11	54	0	46
Division manager	29	0	71	40	0	60	71	0	29	90	10	0	67	0	33
Field representative	33	0	67	22	0	78	43	0	57	80	20	0	60	0	40
Sales representative	33	0	67	58	0	42	64	0	36	89	11	0	50	0	50
Corn Belt															
General manager	52	9	39	51	0	49	69	9	22	83	3	13	64	5	32
Office manager	36	9	55	54	0	46	69	11	20	84	3	13	67	8	25
Division manager	35	10	55	45	0	55	68	11	21	88	6	6	63	6	31
Field representative	31	6	63	56	0	44	82	6	12	93	0	7	86	0	14
Sales representative	33	4	63	48	0	52	72	8	20	91	0	9	68	5	26
Lake States															
General manager	27	4	69	52	0	48	80	4	16	86	0	14	94	6	0
Office manager	27	4	69	50	0	50	80	4	16	86	0	14	94	6	0
Division manager	26	4	70	38	0	63	83	0	17	85	0	15	94	6	0
Field representative	27	9	64	36	0	64	82	0	18	80	0	20	91	9	0
Sales representative	33	7	60	44	0	56	80	7	13	83	0	17	92	8	0
Northern Plains															
General manager	24	3	73	53	6	41	63	3	33	78	3	19	55	5	40
Office manager	24	3	73	47	9	44	32	11	58	78	3	19	57	5	38
Division manager	19	0	81	44	4	52	48	9	43	76	4	20	56	6	39
Field representative	20	0	80	50	0	50	53	5	42	75	5	20	56	6	38
Sales representative	27	0	73	45	5	50	57	10	33	77	5	18	65	6	29
West															
General manager	34	9	56	50	0	50	71	14	14	93	0	7	45	15	40
Office manager	34	9	56	48	3	48	72	14	14	93	0	7	48	14	38
Division manager	27	14	59	50	4	46	67	14	19	95	5	0	40	20	40
Field representative	22	0	78	32	0	68	76	6	18	88	6	6	46	23	31
Sales representative	32	5	63	35	0	65	58	16	26	89	6	6	43	14	43

¹ Total may not add due to rounding.² C = cooperative pays only; E = employee pays only, and S = cooperative and employee pays.

Table 15—Other benefits for specified employees, by region, 1999

Type and job category	Paid vacation/holiday	Paid sick days	First-class travel	Paid training	Cooperative car	Mileage
<i>Percent</i>						
East/South Central						
General manager	25	23	4	16	16	16
Office manager	28	26	2	19	6	18
Division manager	23	23	3	18	20	12
Field representative	26	23	0	26	17	9
Sales representative	29	26	3	21	11	11
Corn Belt						
General manager	26	21	1	19	13	20
Office manager	22	25	2	24	5	21
Division manager	23	23	2	23	10	17
Field representative	23	23	1	23	9	20
Sales representative	26	22	1	23	9	20
Lake States						
General manager	23	21	3	20	15	19
Office manager	27	25	0	23	5	21
Division manager	25	23	2	24	8	19
Field representative	25	20	0	25	16	14
Sales representative	25	22	0	21	13	19
Northern Plains						
General manager	23	23	2	20	12	20
Office manager	27	27	2	27	6	12
Division manager	24	24	2	23	6	22
Field representative	22	23	2	22	10	20
Sales representative	24	24	1	22	11	18
West						
General manager	24	22	4	19	16	14
Office manager	28	25	2	21	6	18
Division manager	25	23	2	21	14	15
Field representative	23	23	1	20	21	12
Sales representative	25	25	4	22	11	14

Northern Plains, \$600/year, \$35/meeting plus 25 cents per mile, paid expenses to convention, travel and meals, monthly fee, educational training, \$50/half day meeting, \$100/all-day meeting, and \$350/year; and West, \$100/meeting, 32 cents/mile, registration, accommodations, per diem, \$14/board meeting, \$1500/year, travel expenses, dinner, mileage, classes, and \$40/meeting plus mileage.

Cooperative Sizes

Many of the previously reported employment factors for the 174 respondents cooperatives can be grouped and compared by sales range categories. Of the 174 cooperative respondents, 115 gave sales information. Of these, 16 cooperatives were in the smallest sales range, up to \$5 million; 41 cooperatives were in the largest range, over \$5 million to \$10 million; 33 cooperatives were in the over \$10 million to \$20 million sales range; and 25 cooperatives were in the over

\$20 million sales range. Differences in the size of cooperatives, as measured by sales, affect employment factors.

Education

Cooperatives were grouped in four sales ranges to compare differences in employees' education levels. In most cases, cooperatives with larger sales have employees with higher educational levels. The sales groups were small, up to \$5 million in sales; medium, over \$5 million to \$10 million; large, over \$10 million to \$20 million, and finally, super, over \$20 million in sales. Actual sales ranged from \$524,895 to \$800 million.

Cooperatives with sales volume in the lowest range, up to \$5 million, had the largest percentage of sales representatives, office managers, and division managers whose formal education was at the high school level (table 16). Fifty-five percent of general managers and 57 percent of the field representatives in the lowest sales range had bachelor's, associate's, or higher degrees.

The division manager and sales representative in the next cooperative sales size (medium) completed high school. The general manager (40 percent), office manager (37 percent), and field representatives (50 percent) held college degrees.

In the large grouping, most employees had college degrees, except the division manager. Surprisingly, 48 percent of division managers had master's degrees. Sixty-five percent of general managers, 36 percent of office managers, 40 percent of field representatives, and 43 percent sales representatives in this category were college educated.

In the over \$20 million sales range, more than half of the employees in all job categories had bachelor's/associate's degrees. No respondents had a doctoral degree.

Salary and Ranking

Actual salaries were higher on average for cooperatives with higher sales ranges. But for medium and large size grouping and for office, division managers, field and sales representatives the role is switched (table 17). The only employee categories, general and division managers, following the "as sales grew salaries grew" pattern were in the average and median group. There are a few exceptions between the lowest and the next highest range with regard to average salaries but less so with regard to median salaries.

The ordering factors—job responsibilities, decisionmaking capabilities, performance, experience, edu-

cation, and other agribusiness firms in the area—were important in setting salaries by sales range. Some of the factors received the same rank. Two or more factors were often given the same rank. While sales representatives in the up-to-\$5-million sales range had a majority of respondents ranking job responsibility and decisionmaking capabilities as 1, experience for general and divisions managers also was ranked as 1. Again, more explanation in the survey's instructions may have been needed because many respondents used the 1 to 5 as a measure of importance for each factor separately, rather than indicating each factor's order of importance. Also, some factors were assigned no rank, presumably because respondents considered these as having no impact on salary determination.

The general manager in all size groupings had higher ranks in all six factors except large and super categories. For office, division managers, and field and sales representatives, there were no significant patterns except that responsibility was the most important factor in setting factors through all four size groupings.

Bonuses and Their Basis

Thirty-five percent of respondents with sales in the super category (over \$20 million) reported the largest percentages of bonuses. Thus, respondents in small cooperatives (sales up to \$5 million) had the lowest percentage giving bonuses to employees. It was more likely that most employees were given bonuses.

In most instances and at all sales level, more respondents reported financial performance as the basis for bonuses for employees in all job categories. Some job categories had the basis for their bonuses unique to their job duties. For example, some field representatives were given bonuses based on acres applied, growth, volume, and sales. General manager's bonuses were based on board decision, return on equity, as well as annual profit and volume. Division managers also were given bonuses based on return on equity, work done, regional profits and performance. Other reasons bonuses were given to all employees included: degree to which the cooperative obtained goals and objectives, how the cooperative performed compared to other agribusinesses in the area, return on equity, and bonus performance as related to "management by objectives." Table 18 reports the size of cooperatives and respective basis for bonuses given.

Benefits and Other Perks

More respondents in all sales ranges paid for life and disability insurance and educational assistance.

Table 16—Educational levels by cooperative size, 1999 ¹

Job category and education	Small	Medium	Large	Super
	<i>Percent</i>			
General manager				
High school	23	21	13	8
Some college	23	37	22	20
College graduate				
Bachelor/Associate	47	40	65	60
Masters	8	2	0	11
Office manager				
High school	36	31	19	15
Some college	30	29	36	15
College graduate				
Bachelor/Associate	33	37	36	57
Masters	1	3	10	13
Division manager				
High school	71	59	10	20
Some college	6	15	25	20
College graduate				
Bachelor/Associate	24	26	17	54
Masters	0	0	48	6
Field representative				
High school	43	24	30	27
Some college	0	26	23	19
College graduate				
Bachelor/Associate	57	50	40	53
Masters	0	0	7	0
Sales representative				
High school	58	50	29	20
Some college	19	11	29	19
College graduate				
Bachelor/Associate	22	35	43	55
Masters	0	4	0	5

¹ No employees had a doctoral degree.

Health insurance in all but the super-sized group was paid by the cooperative. Retirement was shared by all five job categories and sizes (table 19). Educational benefits were paid for cooperatives also.

Most respondents indicated that other benefits—paid vacations and sick days, mileage of private car, first-class travel, and paid training—were offered to employees by cooperatives in every sales range. First-class travel and use of company car were the least of other "perks" offered across all employee categories.

Director Compensation

Small-sized cooperatives had 29 responses, medium-sized had 34 responses, large-sized had 17 percent, and 40 responses were from super-sized cooperatives that compensated their directors. Responses varied throughout size groupings. Small-sized cooperatives' payments to directors ranged from \$25 to \$100 per meeting; paid dinner, per diem, travel, and mileage reimbursement of 32 cents per mile. Payments made to directors by medium-sized cooperatives for attending meetings ranged from \$15 to \$100 per meeting; travel; dinner; classes; reimbursement for mileage from 31 to

Table 17—Salaries for specified employees and cooperative size, 1999 ¹

Cooperative Type and Job Category	Salary				Responses below/above average
	Low	High	Median	Average	
	<i>Dollars</i>				<i>Number</i>
Small					
General manager	18,000	68,000	40,000	40,310	23/18
Office manager	8,750	51,000	24,000	25,285	21/17
Division manager	25,000	45,000	32,000	33,615	7/6
Field representative	22,000	45,000	46,000	32,625	5/8
Sales representative	10,750	30,000	22,000	21,660	7/11
Medium					
General manager	27,000	180,000	55,000	56,772	26/17
Office manager	18,500	120,000	35,000	34,421	22/12
Division manager	25,000	75,000	35,000	39,224	16/13
Field representative	17,500	51,512	35,000	35,800	10/8
Sales representative	18,000	60,000	46,250	31,836	13/13
Large					
General manager	45,000	100,000	60,000	63,573	15/8
Office manager	22,000	78,000	31,500	34,345	13/10
Division manager	30,000	58,000	36,644	39,797	12/7
Field representative	20,000	45,000	31,000	32,133	9/6
Sales representative	27,000	50,000	30,000	33,286	10/6
Super					
General manager	40,000	600,000	105,000	134,589	29/15
Office manager	20,000	164,496	51,000	60,875	29/19
Division manager	25,000	135,000	42,500	61,083	23/16
Field representative	30,000	100,000	40,000	45,237	23/9
Sales representative	29,500	135,000	59,250	53,156	23/14

¹ Respondents gave salary information for full- and part-time employees, but not for all job categories or salary ranges.

33 cents; retainer fee of \$250; per diem; \$360 per year; and \$200 per day. Compensation for large-sized cooperatives were similar, with payment for attendance at meetings ranging from \$15 to \$50; travel; mileage; and 30 cents reimbursement for mileage. Super-sized cooperatives' compensation for directors included health insurance, meeting fee from \$20 to \$100; travel; per diem; and mileage reimbursements from 28 cents per mile.

Changes

Several substantial changes took place over the past 5 years. As usual, there were increases in salaries through cost-of-living increases. Generally survey results indicated that "other firms in the area" had little to do with influencing cooperatives in setting salaries,

although in some instances changes in some benefits were made so that cooperatives would remained competitive. Freezes were placed on wages. There were changes in the contribution of health premiums, adding prescription cards, decreasing health insurance coverage, and eliminating dependent coverage. Retirement contributions were either increased or decreased and in some cases terminated.

Some cooperatives added new benefits such as 401K plans. Some cooperatives changed the way they determined pay packages, job classification pay ranges through salary surveys; performance appraisals; and merit pay. Other benefits that were added were cafeteria benefit packages, personal sick leave days, a week of paid vacation per year, health insurance, a dental plan, disability insurance, and a bonus plan (table 20).

Table 18—**Bonus and basis, by cooperative size, 1999**

Size	Responses
Small	Profit, performance, gross sales, percentage of catch, sales, net profit, acres applied, profitability, nonmember activities, local net savings, annual profit volume, merit.
Large	Local profit, profitability, accounts received, profit, net of department, end of year financial statement, sales, growth, local net, annual profit, local earnings, net profit, cooperative profits, performance.
Medium	Profit, pre-tax profit, cooperative annual income, sales, overall profitability, sales unit and profitability, work done and profit, percent of local net, profit and volume, percent of local earnings.
Super	Bonus performance tied to management by objective, profit, sales, profitability and performance, profit center, return on equity, how cooperative performs compared to industry averages, obtain goals and objectives, sales volume, gross sales, local returns, regional profits, discretionary, performance, cooperative and individual performance, board decisions, net margins, longevity, local net, earnings, volume sales, increase sales, fertilizer tonnage, fuels/gallons.

Comparing 1993 and 1999 Surveys

The original 55 participants in the study and those in the new study had both subtle and not so subtle changes. These changes could be attributed to a number of factors including that the person who filled out the 1993 survey was different from the person who filled out the survey in 1999. The product mix of cooperatives responding to the survey in both years have also changed in a small number of cooperatives—nine grain cooperatives added some farm supplies, two in farm supplies started marketing grain, and one fruit and vegetable cooperative expanded from only marketing fruit to their product mix.

In most cases, salaries increased over the 7-year period, although some decreased or remained the same. For example, salaries of three respondents (a general manager, a division manager, and a sales representative) remained the same and those seven others (three general managers, three office managers, and one division manager) decreased. The most logical reason is that there are new employees in these positions. Table 21 shows the difference factors of salaries between the two survey years. The number of respondents giving bonuses to designated employees was about the same.

How benefits were financed for the specified employees between the 2 years is shown in table 22. Benefits such as retirement, health, disability, life

insurance, and education were paid for either by the cooperative, or the employee, or were shared by both. In the 1999 survey, sales representatives had increases throughout all methods of payment except for disability insurance.

The method of paying for benefits also changed. In 1993, retirement (20) and health insurance (23) benefits were paid primarily by the cooperative. In 1999, those benefits, in some instances, were paid for by both the cooperative and employees. Another example was the reversal--some benefits originally paid for by employees were now paid for the cooperative or shared by both.

Finally, other perks which included paid holidays, sick leave, use of cooperative car, first-class travel, and mileage (private car) were compared for the 1993/1999 period. In most job categories, respondents/cooperatives offered few changes in "perks." Use of "perks" such as paid sick days, use of cooperative car, and first-class travel declined. Paid vacations/holidays, paid sick days, first-class travel, and mileage also declined in 1999 for division managers.

Summary

In today's economy, many companies are downsizing their labor force, creating a more desperate need

Table 19—Benefits and how paid, for specified employees, by cooperative type, 1999^{1,2}

Type and job category	Retirement			Health insurance			Life insurance			Disability insurance			Educational assistance		
	C	E	S	C	E	S	C	E	S	C	E	S	C	E	S
Small															
General manager	31	9	59	75	3	22	73	15	12	89	0	11	46	23	31
Office manager	26	12	62	68	8	24	68	19	13	90	3	7	47	24	29
Division manager	14	14	71	73	7	20	69	23	8	92	8	0	60	20	20
Field representative	20	0	80	60	0	40	75	25	0	100	0	0	67	33	0
Sales representative	33	13	53	86	7	7	69	23	8	100	0	0	33	33	33
Medium															
General manager	21	5	74	53	0	47	75	10	15	92	0	8	69	4	27
Office manager	20	5	75	56	0	44	77	10	13	94	0	6	73	0	27
Division manager	20	7	73	37	0	63	72	10	17	88	4	8	68	5	26
Field representative	19	0	81	43	0	57	76	5	19	83	6	11	69	6	25
Sales representative	19	4	77	54	0	46	67	15	19	87	4	9	67	6	28
Large															
General manager	40	0	60	56	4	40	73	0	27	76	5	19	56	6	38
Office manager	42	0	58	54	4	42	71	0	29	80	0	20	65	6	29
Division manager	35	0	65	55	5	40	71	0	29	88	0	13	60	7	33
Field representative	29	0	71	50	0	50	67	0	33	83	0	17	73	9	18
Sales representative	40	0	60	59	0	41	50	0	50	50	0	50	56	11	33
Super															
General manager	33	4	63	31	0	69	63	2	35	80	4	15	63	6	31
Office manager	33	4	63	31	0	69	62	2	36	80	4	16	65	6	29
Division manager	32	5	63	31	0	69	61	2	37	81	5	14	67	7	27
Field representative	27	6	67	24	0	76	25	6	69	25	25	50	17	17	67
Sales representative	32	5	62	28	0	72	65	3	32	81	6	14	70	3	27

¹ Total may not add due to rounding.² C = cooperative pays only; E = employee pays only, and S = cooperative and employee pays.

Table 20—Changes made to benefits within past 5 years

Change	Frequency
Number of responses	100
Changes	
1. Increase in salaries/cost of living increases/increased salaries to have competitive wages in area; a freeze placed on salaries/wages	45
2. More toward bonus; percentage of bonuses based on local profit bonuses have increased; stop paying bonuses	3
3. Vacation days increased (based on service); vacation schedule increased (added a week of vacation when merged with neighboring cooperative)	3
4. Cooperative increased its contribution to health insurance; health insurance paid for employee only (children and spouse); employees pay higher percentage of health insurance (from 25 to 35 percent); company pays full medical insurance; decreased health insurance coverage; health insurance cost increasing; added better health insurance plan with prescription card; company pays smaller percentage of health insurance; better health insurance including dental; company pays insurance; company pays 100 percent health, life, and disability insurance	19
5. Improved 401K and conventional retirement; changed from a fixed pension to SIMPLE IRA because of high administrative cost; more salary went to 3 percent matching 401K instead of sharing costs according to salary; added the 4 percent match to 401K plan; 401K increased from 2 to 4 percent; defined benefit plan paid by company; 401K contribution increased from 2 to 3 percent; 2 percent 401K match; cooperative changed from retirement paid by cooperative to 401K plan; retirement premiums have been frozen until company returns to profitability; change from retirement plan to profit-sharing plan; pension plan now paid for by cooperative (was life insurance type); 401K plan and terminated the defined benefit plan	14
6. Benefit costs are skyrocketing with low unemployment	1
Added	
1. 401K plan; pension program; simple plan adopted; 401K plan will be implemented to replace the after-tax voluntary contribution option—employer will match the deferral at 20 up	13
2. Flexible benefits package; COL benefits clause; use of salary surveys to determine pay packages, job classifications and pay ranges, more performance-based pay profit-sharing; pay 1/2 day sick leave; life insurance policy which is paid by the cooperative; a progressive phasing from entitlement driven systems (i.e., length of service) to performance-based incentives; cafeteria plan added; addition of health and life insurance benefit package; performance appraisals and merit pay and disability insurance; dental insurance, disability insurance, and cafeteria plan; health insurance and one week paid vacation per year; personal sick leave days, sick leave enhanced; bonus plan	16

Table 21—Comparable salaries by employee category, 1992 and 1999

Job Category	Salary range ¹								Responses below/above average	
	Low		High		Median		Average		1992	1999
	1992	1999	1992	1999	1992	1999	1992	1999		
Dollars								Number		
General Manager	13,200	18,000	195,252	300,000	43,260	60,000	55,711	87,187	38/13	28/14
Office Manager	16,000	17,000	114,024	164,496	28,000	35,000	34,236	45,003	31/16	30/10
Division Manager	3,200	25,000	91,520	100,000	31,000	45,000	38,553	50,516	24/14	14/7
Field Representative	16,000	25,000	50,000	65,000	25,000	35,000	28,813	38,897	14/12	9/9
Sales Representative	15,000	18,000	108,120	135,000	23,000	30,000	30,683	39,202	17/4	15/6

¹ Respondents gave salary information for full- and part-time employees, but not all jobs or salary ranges.

to keep productive employees. In order to retain better employees, cooperatives try to keep pace with other businesses' salaries and benefit packages.

Other factors may be the result of external influences, Federal and State Government policies and regulations, competitive background and geographical locations, or internal factors such as the educational background, skill, physical ability (required by job), and experience of the employee.

Job evaluation is one of the tools available for developing equitable pay structures. Job evaluations may be developed through several methods—ranking, classification, factor comparison, and points. Each of these methods has advantages and disadvantages.

Benefit plans must also be evaluated. Benefit planners should consider employee needs and expectations, cost escalation, tax considerations, benefit quality, and actions of competitors. There are other questions that the cooperative must answer. What benefits should be offered and how will they be paid? What conditions must be met before an employee is eligible for benefits? These questions can be answered through interviews of employees, monitoring benefit activities of other businesses in the area, Government agencies, and reading various benefit publications.

Some of the benefit costs once paid solely by the cooperative are now being shared by both cooperative and employee. In some cases, the reversal was true. Some respondents indicated that benefits once paid for solely by the employee were now being shared or paid for by the cooperative.

"Perks" were offered to most employees in all job categories—paid vacations, holiday and sick days, use of company car, and mileage reimbursement (private

car). First-class travel was not widely offered to employees, although if it was offered, the general manager was the beneficiary.

Many employees had a college degree. Cooperative sales further defined the educational background of selected employees. In the largest sales level, more than \$20 million, employees tended to have completed higher levels of education.

Performance and job responsibilities were the most important salary-setting elements. Throughout all job categories, education and the existence of other firms in the area generally were the least important factors in setting salaries. The methods for evaluating performance varied. Thirty-four percent of the respondents reported that bonuses were given to all employees based on financial performance factors such as margins, net earnings, income, or savings.

There were minor regional differences in benefits, ranking factors for setting salaries, "perks," and educational levels of cooperatives. Salary was highest in the East/South Central region in all job categories, except for sales representatives in the West. Most bonuses were based on financial performance factors in all regions and job categories.

Cooperatives were more likely to pay for life and disability insurance and educational assistance for the general and office managers. Retirement plans were usually shared by both the cooperative and the employee.

Cooperative leaders must look at internal and external influences when setting salaries and benefits and use all available resources such as job evaluations, Government agencies, other firms in the area, and employee interviews in developing an equitable salary structure and maintaining a balance between needs of the employee and needs of the cooperative.

Table 22—Benefits and how paid, for specified employees, by cooperative size, 1999^{1,2}

Type and job category	Retirement			Health insurance			Life insurance			Disability insurance			Educational assistance		
	C	E	S	C	E	S	C	E	S	C	E	S	C	E	S
1992															
General manager	30	0	28	27	67	20	28	30	29	27	26	30	27	33	25
Office manager	25	50	26	26	17	28	25	22	29	27	21	30	25	33	25
Division manager	22	0	19	20	0	21	23	13	23	24	16	20	21	0	21
Field representative	12	50	16	16	17	13	14	17	11	15	21	10	13	33	14
Sales representative	12	0	11	11	0	9	10	17	9	7	16	10	13	0	14
1999															
General manager	25	27	26	26	50	25	25	25	26	25	20	42	23	33	27
Office manager	25	27	25	25	50	25	25	25	24	24	20	33	24	22	27
Division manager	20	20	18	18	0	19	19	13	17	20	20	8	20	11	15
Field representative	13	13	15	14	0	14	15	13	15	15	20	8	17	22	9
Sales representative	17	13	16	18	0	16	16	25	17	16	20	8	18	11	21

¹ Total may not add due to rounding.

² C = cooperative pays only; E = employee pays only, and S = cooperative and employee pays.

Cooperative leaders must look at today's society with an eye toward trying to keep pace with other businesses' salaries and benefit packages and to avoiding employee turnover, and they must be ready to adapt their salaries and benefits in order to remain competitive.

APPENDIX

Definitions

Cafeteria Plan—Is the official term used in Section 125 of the Internal Revenue Service Code which describes a flexible benefits program between taxable and nontaxable benefits that the Federal Government recognizes. It is an individual combination of benefits to each employee, rather than a standard program that covers all employees the same way.

Perquisites ("perks")—Additional benefits designed not only to increase size of a compensation package, but also to compensate for the stresses and strains of employment. These benefits are paid by the organization.

Section 401K (cash or deferred)—The Internal Revenue Service Code permits employees to choose between currently taxable cash compensation and not currently taxable contributions to certain qualified plans. Therefore, an employee can elect whether his or her employer will make contributions on the employee's behalf to a qualified profit-sharing plan (including a thrift plan), a qualified stock bonus plan, the pre-Employment Retirement Income Security Act (ERISA) money purchase pension plan; or if the employer will pay the amount to the employees as cash compensation.

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Business-Cooperative Service
Washington, D.C. 20250-3253

DEFINITIONS OF JOB CATEGORIES

CHIEF EXECUTIVE OFFICER/ PRESIDENT/GENERAL MANAGER — *The decision making elements of the cooperative --role is to formulate, execute policies, and to obtain cooperative's objective.*

ACCOUNTANT/CONTROLLER/BOOKKEEPER/OFFICE MANAGER — *Role is to keep timely and accurate records of cooperative's financial standing.*

DIVISION MANAGER — *Carries out and supports policies and objectives of the cooperative and the Chief Executive Officer/President/General Manager.*

FIELD REPRESENTATIVE — *Uses expertise on how best to cultivate land through soil testing and other tools, and recommends appropriate products and innovate technical trends to improve farm operations.*

SALES REPRESENTATIVE — *Keeps abreast of new product on market. Meets with farmers to take orders and inform farmers of new products. Some sales representatives also make deliveries.*

Question	Chief Executive Officer/President/ General Manager	Accountant/ Controller/ Bookkeeper/ Office Manager	Division Manager	Field Representative/ Consultant	Sales Representative
1. How was employee found and ultimately hired? (i.e., through media, advertisement, reference, word-of-mouth)					
2. How many employees to you employ? Full-time? Part-time?					
3. What is educational background? Use the following codes for High School/GED = HS; Some college (no Degree) =SC; College = BS (2 or 4 years); Master = MS; Doctoral =PhD.					
4. If specific salary information is confidential or if there is more than one employee in job category, please use high or low salary or an average of both. Example General Manager \$15,000 (low) or \$25,000 (high) What is present annual salary for each job category?					

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Question	Chief Executive Officer/President/ General Manager	Accountant/ Controller/ Bookkeeper/ Office Manager	Division Manager	Field Representative/Consultant	Sales Representative
<p>5. How is salary derived? Circle -- Rate in order of importance 1 to 5, with 1 being the most important, 5 being the least important.</p> <p>Job responsibilities Decision making capabilities Performance (see question 15) Experience Education Other agribusiness firms in area Other _____</p>	<p>1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5</p>	<p>1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5</p>	<p>1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5</p>	<p>1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5</p>	<p>1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5 1 2 3 4 5</p>
<p>6. Does your cooperative pays bonuses/commission? If yes, what are bonuses and commissions based on? (If no, go to question 7)</p>					
<p>7. How are the following benefits/perks paid? Enter c = cooperative; e = employee pays; s = shared by both. If no paid benefits, please leave blank.</p> <p>Retirement ¹ Health insurance Life insurance Disability insurance (workmen's compensation) Educational assistance</p>	<p>----- ----- ----- ----- -----</p>	<p>----- ----- ----- ----- -----</p>	<p>----- ----- ----- ----- -----</p>	<p>----- ----- ----- ----- -----</p>	<p>----- ----- ----- ----- -----</p>
<p>8. Are the following benefits/perks offered? Circle Y for yes or N for No</p> <p>Paid vacations/holidays Paid sick leave Use of cooperative car/truck First class travel (air) Paid training Mileage (private car) Other _____</p>	<p>Y N Y N Y N Y N Y N Y N Y N</p>	<p>Y N Y N Y N Y N Y N Y N Y N</p>	<p>Y N Y N Y N Y N Y N Y N Y N</p>	<p>Y N Y N Y N Y N Y N Y N Y N</p>	<p>Y N Y N Y N Y N Y N Y N Y N</p>
<p>9. Do you offer some compensation to your board directors, i.e., paid travel, dinners, other, etc.,? If yes, please give specific examples (as travel, dinner, etc.). Also, give an estimate of the annual amount. If no, go to question 10</p>					

¹ If your organization has any written policies on pension/retirement plans/formulas used, bonuses/commission, or related compensation/benefit packages you may wish to send a copy of policies.

10. If retirement/pension contribution is shared by employees and cooperative, i.e., 401K, what is formula for contribution?
Example: cooperative matches employees' contribution or cooperative pays 75 percent into retirement/pension plans, cooperative pays percentage according to salary, years of service, etc., or social security payment.

11. What changes, if any, have occurred in your organization's salary and benefit packages in the last 5 years? Please give a brief description.

12. What is product(s) sold or marketed? _____

13. What were your total sales for 1998? _____

14. What were total employees expenses (salary, benefits, etc.) for 1998? _____

15. If performance is a factor in question 5, how is it evaluated or measured, i.e., sales, return on sales, profit, etc., by the board of directors and how does the CEO, in turn, evaluate performance of key staff members?

Contact Person: _____
Name and Title Phone Number

U.S. Department of Agriculture

Rural Business–Cooperative Service

Stop 3250

Washington, D.C. 20250-3250

Rural Business–Cooperative Service (RBS) provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The cooperative segment of RBS (1) helps farmers and other rural residents develop cooperatives to obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs. RBS also publishes research and educational materials and issues *Rural Cooperatives* magazine.

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