

THE FARM LABOUR CRISIS

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Since 1945 the proportion of most developed countries' active population engaged in agriculture – including horticulture and related enterprises – has been falling steadily, with figures for the USA 2%, the UK 2% and Germany 3%. The figures for New Zealand show that approximately 8% are involved in agriculture, close to Italy at 7% and Spain at 9%. Total numbers engaged in the industry have been relatively static and the industry has been continually intensifying (Tipples, 1999; Census of Population, 2001).

In June 2000 farmers identified the shortage of skilled labour as one of their major concerns (Wharton, 2001). Subsequent research resulted in a report Skill and Labour Requirement in the Primary Sector – People make the Difference (Morriss, Tipples, Townshend, Mackay and Eastwood, 2001). This article is based on that report.

Labour shortages in agriculture

Labour shortages in agriculture or farming are not a new phenomenon. The Ordinance and the Statute of Labourers, 1349 and 1352, were attempts by the King of England to freeze labourers' wages at their pre-plague levels after the Black Death when scarcity of labour was forcing up wages (Morriss *et al.*, 2001).

Controlling the levels of wages seems to have been a major pre-occupation of employers around the world over the centuries. There is an extensive American literature about the political nature of farm labour shortages and how farmers have tried at different times to control wages by increasing the supply of labour through immigration, mechanisation and by improving employment conditions.

In New Zealand, labour shortages in agriculture have been recognised several times since World War II. First, they became an issue in 1963 at the time of the Agricultural Development Conference 1963–64. One of the constraints on maximising agricultural exports was considered to be farm labour, but the conference concluded that there were in fact no general shortages of permanent farm workers. It noted the increases in industry production and in output per person engaged. Also, that there was a satisfactory level of new-entrants to farming from school.

Recommendations included making improvements in the collection and quick release of farm labour market statistics, and that all school leavers should receive information about farming, its importance to New Zealand, and its employment opportunities. Further, that a national farm training scheme should be established; and that farm employment research should be initiated including personnel management for farm employers.

Lloyd (1974) could not conclude confidently either that there was a shortage of farm labour, but there was some evidence for it. Farmers only employed labour if it was profitable for them

to do so. So in hard economic times they might be stretched for labour but would not necessarily employ more staff.

During the later 1970s the focus of labour shortages shifted to the growing kiwifruit industry. The debate on labour shortages and kiwifruit production centred on the restricted period of harvesting. The debate diminished quickly when the industry began to experience economic difficulties and a more efficient use of labour became necessary.

Farm labour shortages received little mention between 1984 and 2000, through the Rogernomics era. Greater efficiency in the use of staff was needed, and the mention of labour shortages ceased in the free-market culture promoted by the Employment Contracts Act 1991. There was continual intensification and qualitative changes in the labour force. The downturn in farm fortunes continued throughout most of the 1990s. Evolution of the farm labour force could not be followed after 1997 as no statistics were collected.

The dairy industry began to experience better conditions from the mid 1990s and dairy farmers began to move their businesses from the relatively high land priced areas in the Waikato, Taranaki and Northland to the cheaper, drier, irrigated plains of Canterbury, Otago and Southland. These new dairy conversions allowed larger scale operations, but dairy staff were hard to find. It was estimated that 2 000 to 4 000 dairy farm workers would be needed in the South Island by 2005 (Gaul, 2000), depending on the productivity assumptions used. By 2030 it was estimated that the dairy industry nationally would need 8 000 graduates as farm managers, 20 000 apprentices as assistants, 250 agricultural graduates as consultants and 100 PhDs as researchers (Holmes and Cameron, 2001). This is a huge potential investment in human capital.

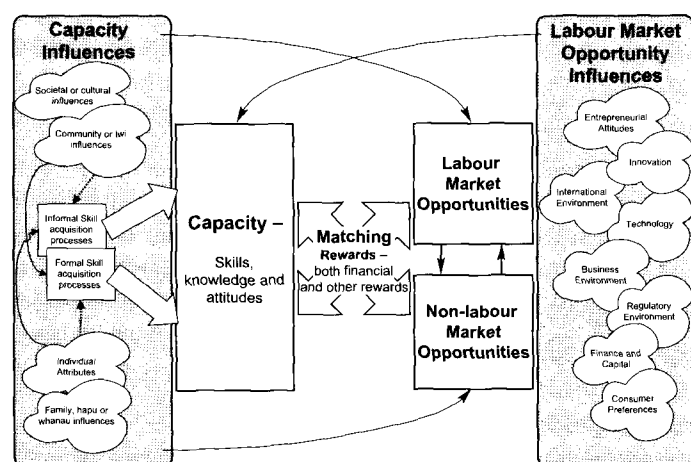
The human capability framework

The human capability framework (HCF) provides a conceptual framework for considering such shortages. It has been presented as an holistic way to approach labour markets. It developed from the limited economic picture of labour markets and human capital which dominated the Department of Labour's thinking (DoL, 1999).

Three main components, capacity, opportunities and matching, provide a basis from which individuals may be seen as participating in a variety of social relations that affect their choices and aspirations, as shown in the diagram. Capacity refers to the skills, knowledge and attitudes people possess and how in using these skills, they can take advantage of the labour market opportunities available to them. The HCF also illustrates the importance of the networks that people are involved in as an influence on their capacity in the labour market. Opportunities are the alternatives available to people to use their capacity such as skills, knowledge and attitudes, as a way in which they gain financial or personal reward. Matching links people's capacity and labour market opportunity. Matching is a distinct set of processes that considers the influences on both these elements. Acknowledging each element as a process in its own right enables us to discover the breadth of each concept before analysing the

impact each has on the other. As the link between capacity and opportunity, matching is affected by the quality of information that flows between the two. Matching allows us to explore what it is that increases capacity for the particular job skill required and the conditions under which this capacity meaningfully increases. The HCF is a valuable tool when considering the way in which the labour market operates. It is based on the premise that a wide variety of influences affect human capability, both socially and economically. The matching process allows us to see each 'cloud' in the diagram as a contributing factor to success in the matching process which may otherwise be overlooked. The adoption of this model for the purposes of this research ensured that subtle factors which might influence the effectiveness of 'capacity formation, opportunity creation...and the matching process' were recognised (DoL 1999, p. 20-24).

The human capability framework



Skill and labour requirement in the primary sector

The project specification allowed the researchers considerable scope in how they developed the research. Work was divided along the lines suggested by the HCF. The Massey team undertook the study of all those factors helping to develop human capacity in the industry. The Lincoln team was to explore the opportunities available in the primary sector, which was defined as covering all of agriculture, horticulture and forestry. Matching was to be considered subsequently.

The Massey team set up a live internet website of all industry education and training courses, and their providers, to establish whether industry needs were being met. The Lincoln team worked along more traditional research lines with statistical and literature reviews, leading to a survey of primary producers, to determine whether they perceived there was a labour or skill shortage, and what they perceived their educational and training needs were.

Results

Information gathered from the Massey internet site showed there were 101 education and training providers, providing some 433

primary industry education and training programmes from PhDs to basic skill enhancement. At the same time during the 1990s the numbers of effective full-time students in all programmes – degree, sub-degree and extramural had all declined. The free market in education services has delivered more courses to smaller numbers of students, throwing into question the viability of many providers, including those with long established reputations. There did not appear to be any shortage of available education or training programmes.

The random postal survey conducted from Lincoln generated 762 useable questionnaires out of 1773 possible, or a 43% response rate. This was considered to be very satisfactory. The resulting data provided the following information.

1. Farmers had avoided the need to employ as many staff by the tactic of engaging contractors for a much larger amount of farm work. This trend appeared to have increased following the Employment Contracts Act 1991 and the debate about achieving greater flexibility in employment.
2. More than half of farmers surveyed (58%) considered that there was a shortage of candidates, with the skills they considered important, for jobs advertised. However, when asked about their actual experiences of recruiting between 1 April 2000 and 31 March 2001, only 196 had done so, but some several times. In 124 cases they thought that the response was adequate, while in 109 cases they believed it was inadequate. Most often because there was a lack of adequately skilled, knowledgeable or experienced staff – 30% of reasons cited for inadequate response. So it appears that slightly more primary sector employers believed there was a labour shortage than actually experienced it.
3. Nine reasons for a possible labour shortage were generated from employers. Respondents were asked to rate the importance of each on a four-point scale from unimportant to very important. Most important causes of the labour shortage were – poor treatment of staff by employers (mean 2.24), manual skills not being valued in the education system (mean 2.24), and overall image of the agricultural industry is not attractive to job seekers (mean 2.23).
4. When farmers and others surveyed were recruiting, they sought largely generic skills rather than specific industry related skills. The attributes most sought were – Good work ethics and attitudes (30%), honesty (18%), willingness to learn and follow instructions (10%), good communications, listening skills and compatible personality (7%) and common sense and intelligence (5%). Good skills and practical experience were only sought in 14% of cases.

When the data from the two parts of the research were compared, marked discrepancies between what industry appears to want and what providers appear to provide became apparent. Within the HCF, one of the roles of education and training is to facilitate the matching of capability with opportunity, which can be obtained by providers aligning the learning outcomes and aims of their programmes with the needs of employers. Using a rather crude word search of aims and learning outcomes given by most providers, a comparison was made with the skills and attributes most often cited by employers as what they were seeking in new recruits. The results are compared in the table

Education and training programmes focussed mainly on meeting the skill and practical experience needs of employers – 66% of programmes. Only 9% aimed to improve communication,

listening skills and compatibility. Even less important was 'Good work ethics and attitudes' at 3% of citations. Honesty, willingness to learn and follow instructions and common sense and intelligence received no education or training programme citations.

Matching qualification aims and learning outcomes with needs of employers

Skills and attributes	Number of citations by employers	Percent of total employer citations (%)	Number of citations in qualification aims and learning outcomes	Percentage of total programme citations (%)
Good work ethics and attitudes	399	30	11	3
Honesty	241	18	0	0
Good skills and practical experience	188	14	249	66
Willingness to learn and follow instructions	129	10	0	0
Good communications, listening skills and compatible personality	94	7	33	9
Common sense and intelligence	60	4	0	0
Others	232	17	NA	NA
TOTAL	1,343	100		

Source: Morriss *et al.*, 2001, p. 51.

Conclusions

The data collected suggest almost half of primary sector employers surveyed who were recruiting, experienced difficulty in finding suitable recruits in the year 2000-2001. However, a considerably higher proportion believed that there was a shortage of potential recruits. This belief had been stimulated by the primary sector news media. The media had a new range of topics to address, which had been marked by their lack of newsworthiness over the previous twenty or so years. Following closely behind the passage of the Employment Relations Act 2000, the public debate drew to primary sector employers attention the need to get their employment practices in order in the new climate promoted by the government. It is instructive to consider the effects of that debate.

EFFECTS ON THE GOVERNMENT

The response of the government to concerns was to investigate them. There has been no rush to open the borders to potential immigrants. Government officers did participate in the groups set up to address the concerns, so the government was seen to be doing something.

EFFECTS ON THE WORLD OF THE PRIMARY PRODUCER

When possible labour shortages became apparent, employers, particularly dairy farmers, began to agitate and raise their concerns. Not only did this raise the public profile of the concerns, but it also highlighted the unusual features of the dairy farm labour market. These included the use of annual contracts for almost all dairy farm employment, share tenancies and contract milking arrangements. Some of the initial concerns about the growth in dairy employment needs appear to have been solved by dairy workers from the North Island moving south. The public debate also highlighted the need to continually create new farming systems and equipment to maintain gains in labour productivity.

EFFECTS ON THE PUBLIC

As employers themselves recognised, poor employment relations in primary sector employment have been a major part of the problem. Public perceptions have been of not only long hours, but poor rates of pay, and poor employment conditions. Debate on the shortage has highlighted how enlightened employers are paying good wages for dairy staff, providing rostered time-off, and with early possibilities of management responsibilities. Paying dairy staff more can only improve the image of the industry.

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