



Labour in Horticulture - Planning for Labour 2019 (16/01/19)

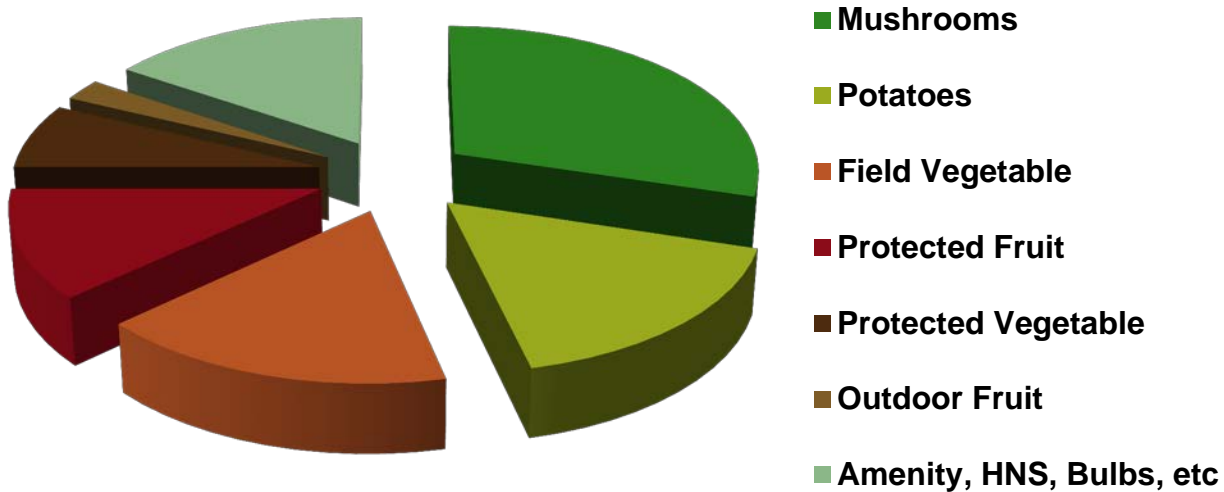
**Survey highlights: The costs and impacts of
labour shortages**

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Introduction

- Characterise the horticulture sector and labour market in Horticulture
- Present the highlights of the Teagasc labour surveys conducted in 2018 regarding labour shortages and associated factors
- Put some emphasis on high rates of employee turnover

Horticulture Sector (€420m)

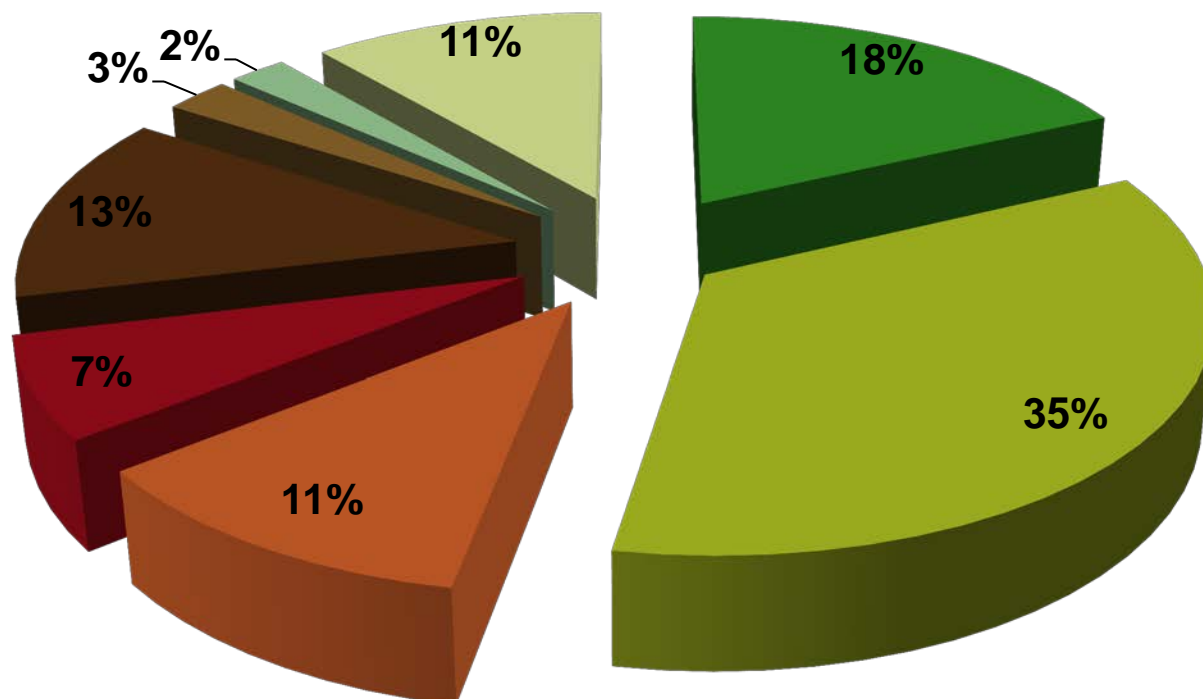


Mushrooms	125
Potatoes	70
Field Vegetable	70
Protected Fruit	50
Protected Vegetable	30
Outdoor Fruit	10
Amenity, HNS, Bulbs	65
	€420m

Ref: DAFM estimates

Total Direct Employment (7,464)

- Potatoes
- Mushrooms
- Field vegetable
- Protected vegetable crops
- Soft fruit
- Top fruit
- Protected Amenity plants
- Hardy Nursery Stock

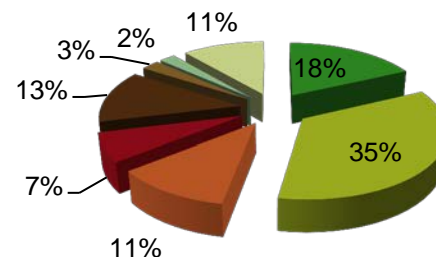


Total Direct Employment (7,464)

Horticulture sector	Employment
Mushrooms	2600
Potatoes	1344
Field vegetable	856
Protected vegetable crops	512
Soft fruit	967
Top fruit	185
Protected Amenity plants	163
Hardy Nursery Stock	837
	7464

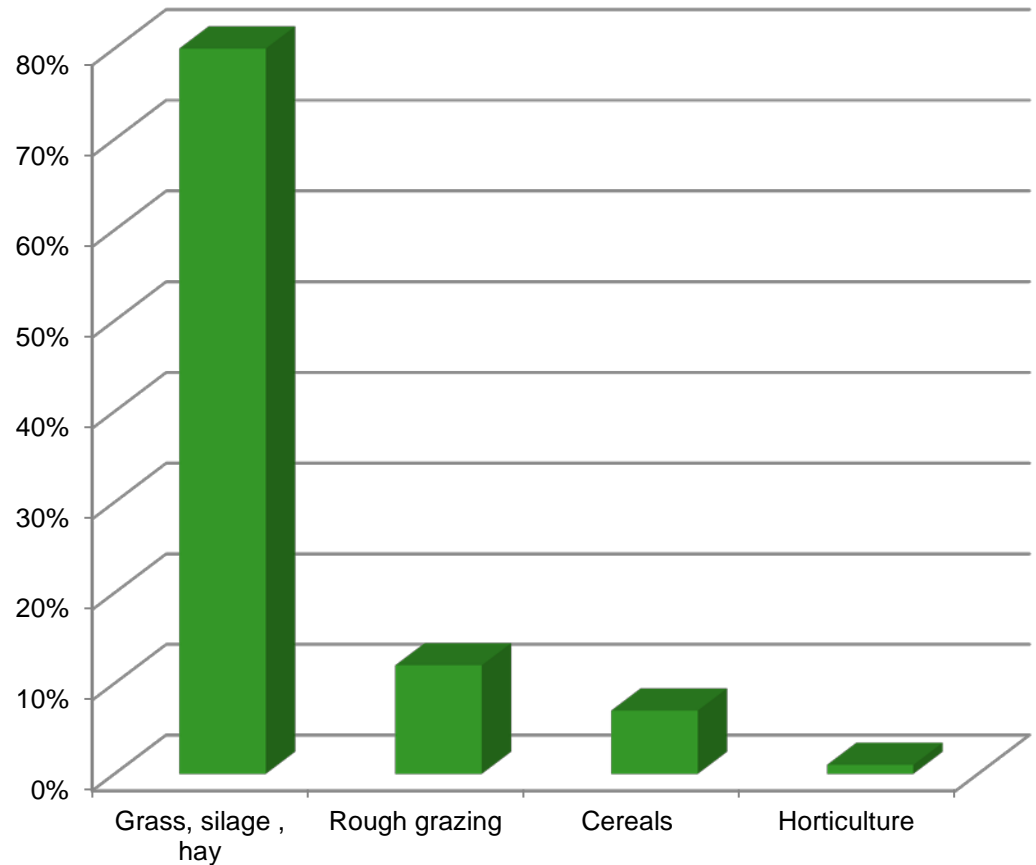
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Area devoted to horticulture

80% of the agriculture area is devoted to pasture, hay, grass silage. 12% to rough grazing. 7.5% to cereals. Less than 0.5% for horticulture production.

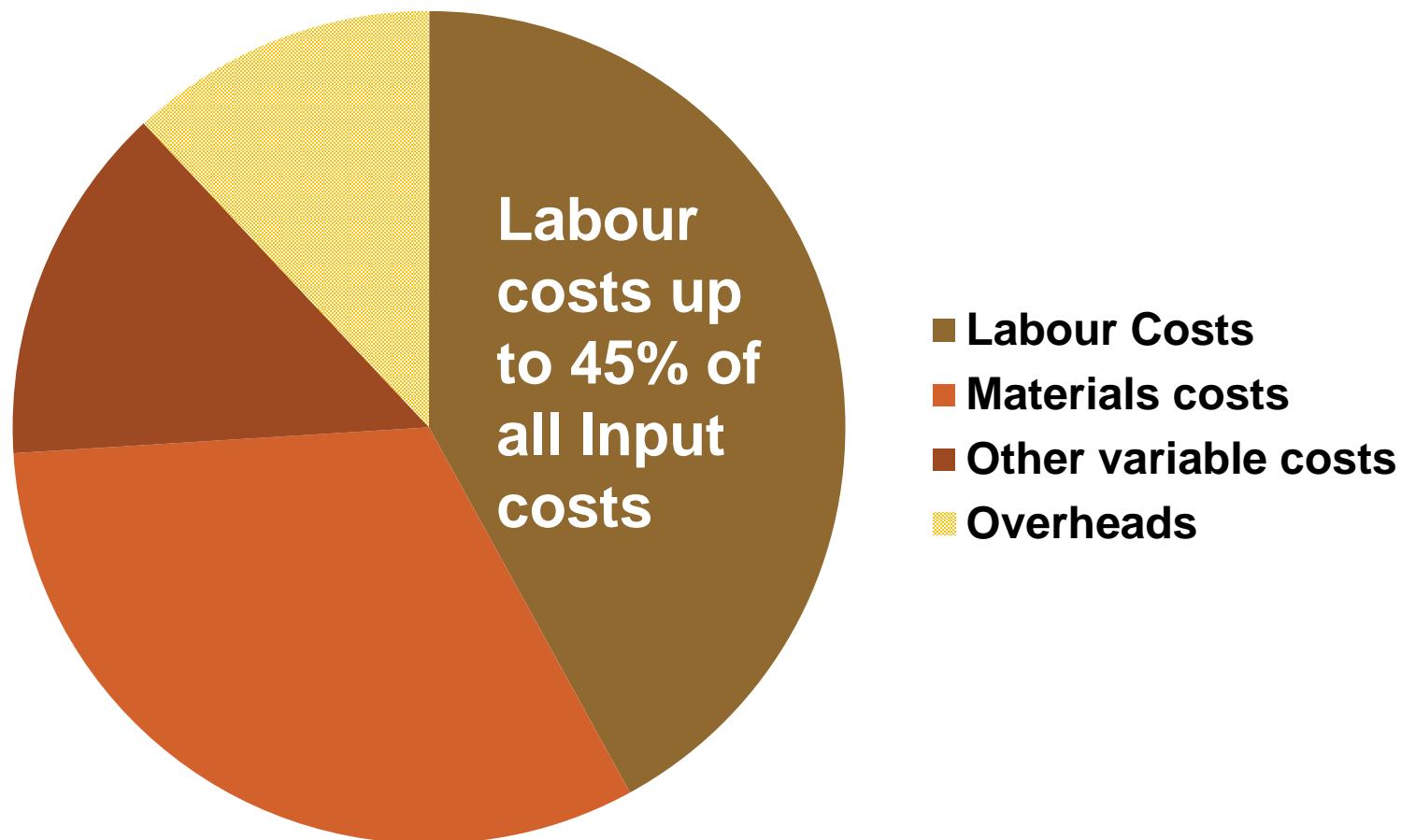


Ref DAFM factsheet on Irish Agriculture 2018

Numbers employed in Horticulture

- Employment in the Agri-food sector accounts for 8.6% of total employment at 173,400 jobs.
- Horticulture accounts for 4.3% of agri-food jobs

Horticulture - Labour Intensive



Labour Surveys

In Jan 2018, we took a first look at horticulture labour market to

1. Understand the situation more clearly and substantiate some facts about labour market
2. Highlight the impact of failed recruitment at enterprise level

Labour shortages (Jan 18)

Vegetable sector (8)

- Hundreds of vacancies
- Peak demand July to Nov
- Accommodation too expensive
- High attrition rates

Mushroom sector (18)

- Hundreds of vacancies
- Constant demand, little seasonality
- 70% farms lost 10 or more staff in previous year

Amenity sector (9)

- Vacancies including operatives up to skilled plants people
- labour requirements increasing as sales increasing

Soft Fruit sector (7)

- Hundreds of vacancies
Shortages including harvesters/supervisors/pack house
- Season is now 7-8 months

Labour Survey May 2018

Headlines(1)

- Detailed survey across 20 representative producers in each sub sector
- Questionnaire with 30 questions related to challenges and impacts of labour shortages

Labour Survey May 2018-Headlines(2)

- 50% of staff employed were full-time permanent
- 77% were foreign nationals
- 87% worked at 'operative' level
- 83% earned between minimum wage up to €12/hour

Labour Survey Headlines (3)

- 14% vacancy rate across the sectors
- 67% stated these difficulties undermining confidence to expand
- 57% reported difficulties maintaining current output
- 90% of producers relied on word of mouth for recruitment, many exclusively

Labour Survey Headlines (4)

- Accommodation was cited as a particular problem, both availability (43%) and cost (53%)
- Seasonal nature of work and one year property rental agreements were cited as incompatible.
- Growers offered varying supports to new hires including: accommodation provision, loans, airport pick-up, provision of transport, settling in supports including access to local and government services, opening bank accounts, accessing GP etc

Labour Survey Headlines (5)

- Growers cited pay as the most important factor in attracting and retaining staff.
- While staff training is offered, particularly in areas required legally, most respondents acknowledged more structured approach required.

Survey conclusion

- Serious problem with labour supply in horticulture (14% vacancy rate)
- Recruitment and retention are difficult and are likely to become more difficult
- Managing the selection, recruitment and retention of horticultural workers will need to come into focus if the industry is to be sustainable.

Employee turnover and retention

- Employee turnover is a persistent and frustrating problem and is extremely costly
- As the economy grows and better job choices appear, employee turnover increases (competition)
- Turnover costs are usually underestimated as it is not a line item in the accounts

Employee turnover - associated costs

1. Replacement, in addition to original hire, must now spend similar to replace- e.g. permits, visas, advertising etc
2. Lost productivity due to vacancy, missed opportunity, reduced morale, reduced profits, accommodation not optimised and higher costs
3. Training, the time and money invested in induction training, orientation, development.

The selection process in a tight labour market

- There are less available suitable candidates with compatible cultural or motivational fit for your business
- Producers are taking on less suitable candidates leading to high attrition and increased costs.
- Better to invest in recruiting suitable candidates (from appropriate labour markets) and invest in management of these in an effort to reduce staff turnover

Word of Mouth

Ref Kristof, Brown, Zimmerman, Johnson

- Interesting to note that new hires are less likely to leave a business if they are;
 - Referred by a current employee
 - Have friends and relatives working in the organisation
 - Their CV shows longer tenure in previous roles

But

.....continued

- Potential for loosing a group of employees at once if they decide to move on together!
- It makes sense as an approach as existing staff assist in targeting compatibility or fit between the individual and the work environment

Conclusion

- There is a major shortage of staff in the horticulture sector
- Along with addressing supply, need to invest in selection, recruitment, training and retention.
- Ultimately opportunities to adopt technology to reduce labour cannot come fast enough

Thank You

On a positive note!

Remember you are producing a top quality healthy product which continues to be sought after as the demand for plant based nutrition increases