

# The Hudson Report

Employment and HR Trends

New Zealand | July - December 2006

Part Two | **HR INSIGHTS**

Hudson

*From great people  
to great performance<sup>SM</sup>*

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# Introduction

## Introduction

The Hudson Report, a two-part bi-annual survey, examines New Zealand employers' hiring expectations over the forthcoming six months (part one), and their views on a range of current human resource issues (part two). This publication is part two of the Hudson Report. For the latest copy of part one of the Hudson Report, please visit [www.hudson.com](http://www.hudson.com)

With unemployment in New Zealand at historically low levels, Hudson is well aware that a large number of businesses are having trouble in finding a sufficient number of skilled workers. The skills shortage is critical and not likely to go away in the near future. For many employers, an inability to find good labour is now constraining their growth<sup>1</sup>.

However, many New Zealand companies are reluctant to make use of one of the largest and most skilled pools of labour talent: migrants and other non-traditional workers such as part-time parents returning to the workforce and older workers.

Through its recruitment practice, Hudson has been aware for some time of the contradiction, on the one hand, of employers struggling with a critical shortage of skilled talent while, on the other, their reluctance to take on staff from non-traditional talent 'pools'. With this paper, we have delved into recruitment preferences and concerns. We have also identified examples of best practice to help employers rethink their preferences and unblock their constraints to growth.

The Hudson Report for the period July to December 2006 involved interviews with 1705 employers across New Zealand.

## The New New Zealand Labour Force

The Department of Labour predicts that by 2021, one-quarter of the workforce will be overseas-born, one of the highest proportions of foreign workforces in the OECD. And that while today eight in 10 workers are Pakeha New Zealanders, by 2021 only two in three will be.

Alongside the growth of non New Zealand-born talent, the number and proportion of women in the work force has grown. However, 30 to 40% of women aged 30 to 50 years work part time (compared to 6 to 7% of men).

The number and sources of migrants has fluctuated considerably over the past 10 years. New Zealand granted 49,000 migrant approvals in the 2004/05 year (vs 8500 in 1985) as well as granting temporary approvals to 100,000 workers and students. In the same year, 82,500 people gained work permits. Around one third of these were skilled migrants. More than one-third of these people were then granted permanent residency, the single biggest group (42%) coming from the UK. And in addition, 20,000 people are in New Zealand under working holiday schemes.

Currently 14% of new migrant approvals are from UK / Ireland, 11% from China, and 8% each from South Africa, Taiwan and India. As well as rapidly changing the ethnic makeup for New Zealand, this has required a considerable adjustment for employers. In order to migrate to New Zealand, most migrants will have completed extensive qualifications and testing procedures by Immigration New Zealand and the Department of Labour, and will have skills identified as being in short supply in New Zealand.

But migrants still find it difficult to find work in New Zealand, and those who do are often placed in jobs well below their skill level. Unemployment among migrant workers tops 10%. Yet if the country is to reap the benefits of their education and skills, successful settlement requires successful employment.

A range of organisations have taken up both research into migrant employment issues (from their point of view) and set up programmes to overcome barriers. Government agencies (particularly the Department of Labour's Employment Relations Service and the Ministry of Social Development), industry bodies, regional economic development agencies, the Equal Employment Opportunities Trust, not-for-profit agencies and university researchers are all working to gather data on migrant employment and settlement practices, and are implementing programmes.

But it is individual employers who have successfully employed non-traditional and migrant workers who can provide some key solutions and suggestions.

<sup>1</sup> Department of Labour, December 2005. Labour market participation was 68.5% (an all time high of 61.9% for women, 75.6% for men), unemployment was 3.6%; in March 2006 unemployment was 3.9% and 26% of employers reported they had difficulty finding skilled staff (31% in Dec 2005), and 19% of businesses were constrained by labour shortages.

# Introduction

## **The Global Economy Works Both Ways**

The Government's Sustainable Development for New Zealand Programme of Action (2003:9) sets out a vision of New Zealand as a land where diversity is valued and reflected in national identity; where New Zealand is a great place to live, learn, work and do business and as a birthplace of world-changing people and ideas.

The Government's Settlement Strategy, which focuses on migrants, identifies an inclusive and cohesive society as one that accommodates new migrants and

recognises the contributions that migrants make. New Zealand is generally regarded as a diverse, tolerant, creative and supportive place to live. Time and again social planners identify that immigration and workforce openness is a characteristic of successful globally competitive economies. New Zealand can be part of the world: it has the OECD's highest per capita rate of immigration and emigration. And we have one of the largest numbers of our people living overseas relative to our population size.

# The Findings

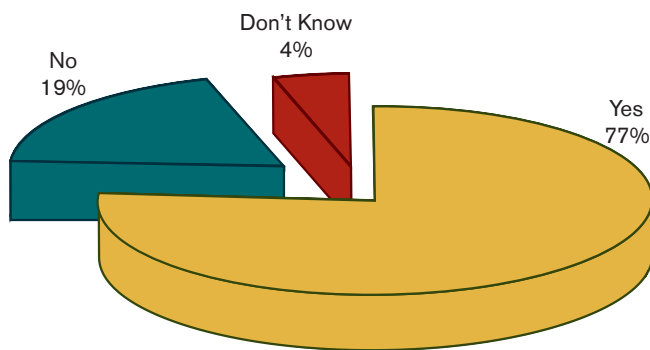
## So what's the problem?

Hudson research indicates:

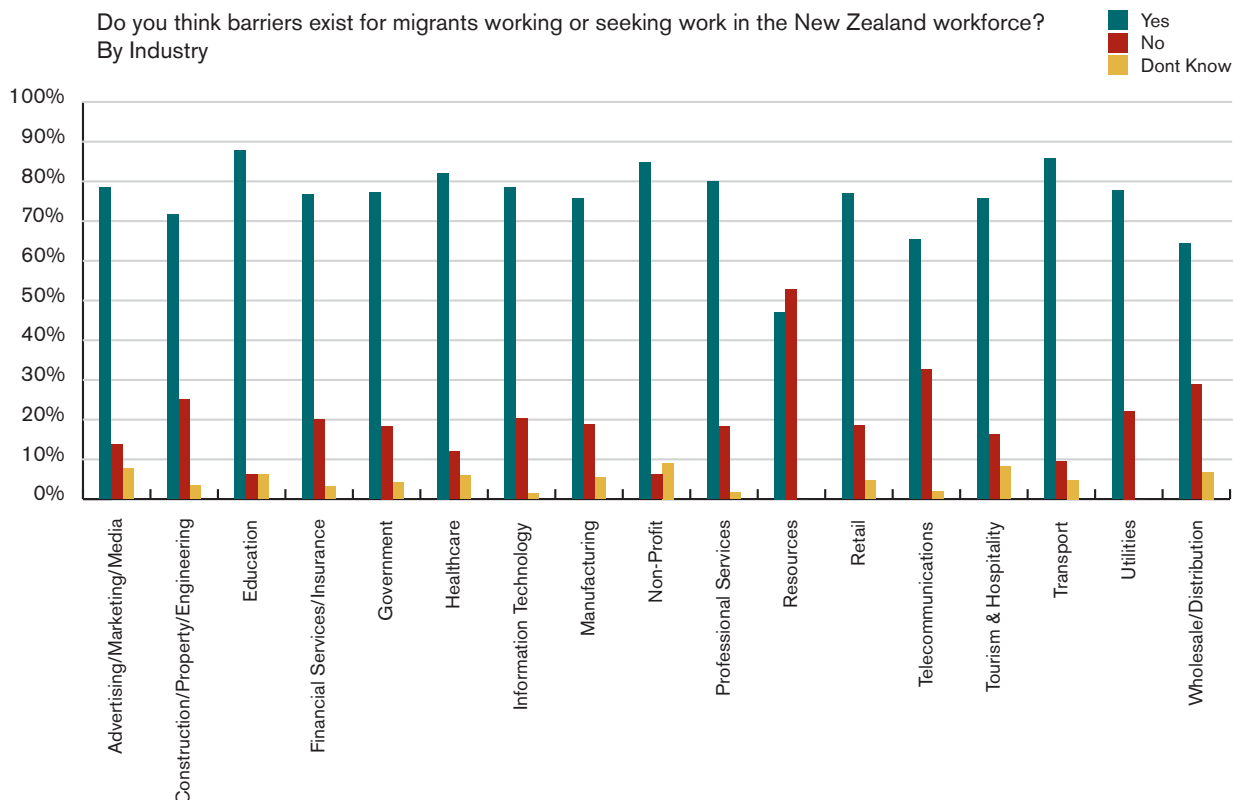
- Almost eight out of ten employers believe that there are barriers to migrants participating successfully in the NZ workforce. Two out of ten said they believed there are no barriers.

Only in a limited number of industry sectors do employers believe there are fewer barriers. Some employers are changing faster than others: possibly this is occurring in those sectors in which skills shortages became acute earlier than other sectors, such as telecommunications, engineering / construction / property and resources.

Do you think barriers exist for migrants working or seeking work in New Zealand?



Do you think barriers exist for migrants working or seeking work in the New Zealand workforce?  
By Industry



# The Findings

According to the Department of Labour, some 60% of immigrants settle outside of Auckland. The Hudson survey reveals that barriers are perceived in all parts of the country.

Hudson Christchurch General Manager Roman Rogers sees that for many smaller companies, the process to employ migrants "appears confusing and in the too hard basket. Anecdotal feedback indicates that people prefer to have someone who is more assimilated - Kiwi, in other words."

If properly supported, migrants can settle successfully into their jobs and community. Rogers says that for some families, while one partner may find work, the other may struggle, potentially causing tension in the relationship and disrupting the settling in process. Ultimately, this can lead to the loss to the region of both skill sets as they move to find work to satisfy both professionals.

He also points out: "In smaller markets, premature resignations from candidates sourced from offshore are quick to ripple through the business community. This often causes employers to think twice before exploring non-traditional talent pools, particularly when residency is an issue. The tendency is to put up with the shortage rather than run the risk of getting burnt."

In Wellington, Hudson IT consultant Bridget Cooksley finds that where IT clients are reluctant to hire migrants, some key projects are falling over because of the acute skills shortage.

"The ones that are prepared [to hire] will be good and mindful, the managers will put people in touch with others from the same background in the organisation," she observes. "The thing is, once they have had success in employing one migrant, they then get that person's friends, people from their networks, and it opens a whole new pool of talent."

In a Catch-22, recruiters find that many employers are reluctant to be the first employer, preferring a migrant who has had at least some local experience. Government departments are still leading the charge, being big enough to have substantial HR departments, which can deal with legal and residency requirements and which are more open to differences.

Marina Lunt, a candidate manager with Hudson's Auckland accounting and finance practice, says that while there is resistance to new migrants, once employed they are assimilated quickly. "Many candidates are highly skilled and often give great value for money for their level," she points out. "People coming from larger organisations and societies may not have been allowed to use their initiative before, they've not got that number-eight wire mentality. So they are prepared to step down [in job level] to get that New Zealand kind of experience."

## Perceptions about Migrants: Are Employers' Concerns Real or Perceived?

In 2005 the Department of Labour commissioned two studies of skilled migrants, tracking success of their recent recruitment and assistance campaigns<sup>2</sup>. The majority of employers (56%) found not only that they benefited from employing migrants but also that they would employ migrants again if there was no New Zealander available. This must be qualified by their preference for returning Kiwis or even Australians (45%), but even so, 37% would employ an immigrant if he or she were the best person for the job.

The survey also dispelled some common worries reluctant employers usually cite: 90% found that job performance was not affected by difficulty with English, 69% still employed the immigrant (and of those who had left, almost half had stayed at least 12 months). This employer experience is somewhat in contrast to the Hudson Report, which reveals 78.2% of employers believe the most common challenge for migrants working in their organisation to be non-technical skills such as language ability.

The mirror study of over 2000 migrants found 93% were satisfied or extremely satisfied with their new life in New Zealand, with a healthy 55% saying they would enthusiastically recommend the move to their friends and family back home. Only 8% expressed dissatisfaction with their work, usually around their low pay or not being able to use their skills. Dislikes of the country included the shock at the cost of housing and cost of living in general (including health care costs), concerns at poor driving and poor public transport. The country's environment, recreation opportunities, friendly people and safety scored highly on the plusses.

<sup>2</sup> Wallis, Ruth and BRC Skilled Migrants in new Zealand, An Employers Perspective, DoL, January 2006 and Wallis, Ruth, Skilled Migrants in New Zealand: Settlement Outcomes, DoL, February 2006

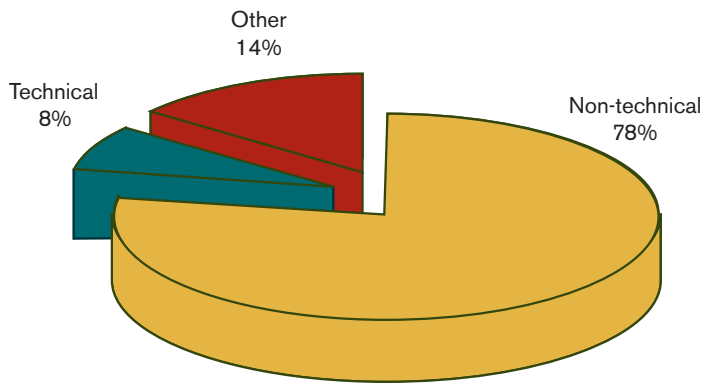
# The Findings

Hudson sales and marketing team manager Lucy Caughey finds similar experiences in the sales and marketing arena, but says both recruiters and employers are highly vigilant in getting people placed at their actual skill level. "So the candidate is more likely to stay, they are happier and [both parties] are more likely to have a good experience."

- The biggest barrier or challenge that most employers perceive is not around technical skills, but around the non-technical skills, predominantly interpersonal communication.

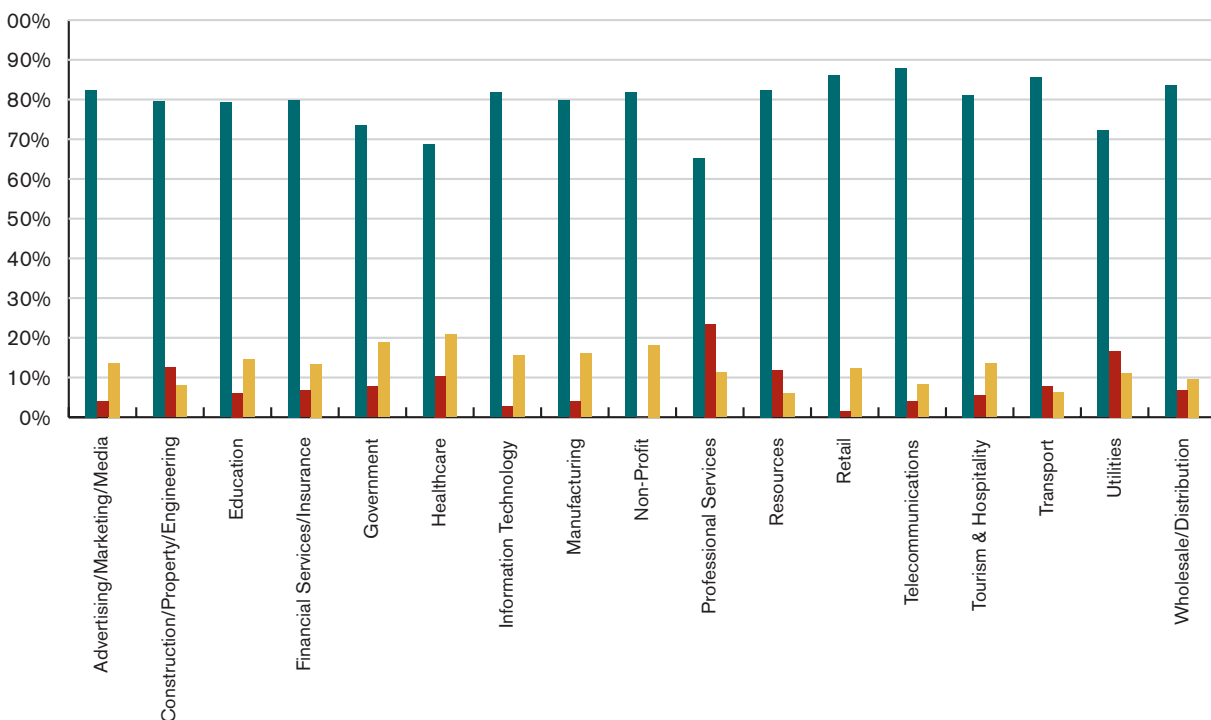
Only in professional services does the technical skills gap become apparent (an issue for one in five employers), and to a lesser degree in construction / engineering and utilities: sectors which require very location specific knowledge, in particular intimacy with job-critical legislation, local practices and so on. But even then, for over 70% of employers, non-technical skills are the biggest challenge for migrants.

What is the most common challenge for migrants working in your organisation?



What is the most common challenge for migrants working in your organisation?  
By Industry

■ Non-technical  
■ Technical Skills  
■ Other



# The Findings

This skill set is difficult to measure and identify. In order to be granted work or residency permits, skilled immigrants have achieved minimum language and professional qualification standards, and are mostly from jobs identified as long or medium term shortages. Yet many people who are doing the hiring do not consider these candidates as ready to fit into their New Zealand organisations.

This is not news to Hudson recruitment managers, who find that, even once they have screened candidates for both their technical skills and their soft skills such as language, work ethic and so on, employers still worry about cultural fit.

Gerard Scanlan, who heads Hudson's Wellington government practice, says that employers are concerned as much about the attitude of new workers coming in, and whether or not they will work easily together.

"Employers will find that people behave in ways we don't expect. For example, they are more deferential or less vocal, perhaps participate less in conversations than we'd expect," he says. "But others find that their work places are enriched by their presence, that once [new migrants] own up to a point of view, their contribution to team dynamics brings some good changes to the workplace."

Liza Viz, who heads the Auckland Office Support team, adds:

"Our observation is that less conservative, more global organisations celebrate diversity, they deliberately bring in people of diverse ethnicity," she says. "Where there are shortages of technical competencies or transferable skills, doors are opened to groups who wouldn't have been [welcomed] before."

## Latitude: Developing the Labour Market by Demand

Six years ago when Simon Harvey, then community employment manager at Westpac, read a newspaper story about an older man who could not find work he decided that there must be a better way to develop the labour market. He figured that a demand led approach - working with large companies who need to find talent, and lots of it - was the way for non-traditional talent to break in.

With Westpac's and the Ministry of Social Development's backing, Harvey went out to large scale employers such as Telecom, the Warehouse, Restaurant Brands and Fletcher Building to find ways to meet their needs. He works with senior members of the organisations to figure out solutions to the usual barriers - language issues, and lack of New Zealand experience.

Harvey's Latitude programme - which caters for candidates from a range of "non-traditional" talent pools such as migrants - is in two parts. Firstly, candidates go through a world class

skills assessment, backed by technology to register / match with potential employers. Then, skilled consultants provide one on one coaching and support to the employee, often stair-casing them up to the next job as their familiarity and experience grows.

"Our key is knowing the market: [people from diverse backgrounds] is New Zealand's labour market now. There is no point pretending it is any other way. We don't try and hide the issues," he explains. "Some people do face hardships, we have to give them tools and techniques to deal with some of the rubbish they have to face." Latitude works on trust, so will look hard at a company's values before engaging with them. They do not believe in work experience-only roles, but want to ensure the employee is integrated into their job.

"This is the commercial imperative today. You can't overlook this labour market like we did 20 years ago," he says. "But be ready for a pleasant experience. There is a heap of talent out there which can add hugely to even small and medium companies."

Like other managers, she finds that employers are more open to employing foreigners in back office roles, where they do not need customer-service levels of communication. "The tipping point is where they interact with the customers, externally and internally," she adds. She names the elephant in the room: people have to be able to speak in "Kiwi English". The accent matters, she says.

In sales and marketing, where native Kiwi speakers are regarded as important by some employers, Caughey is detecting a change: "A couple of years ago there were a lot of Asian candidates who didn't even get interviews because of their strong accent. Now those candidates are getting the interviews and are being placed."

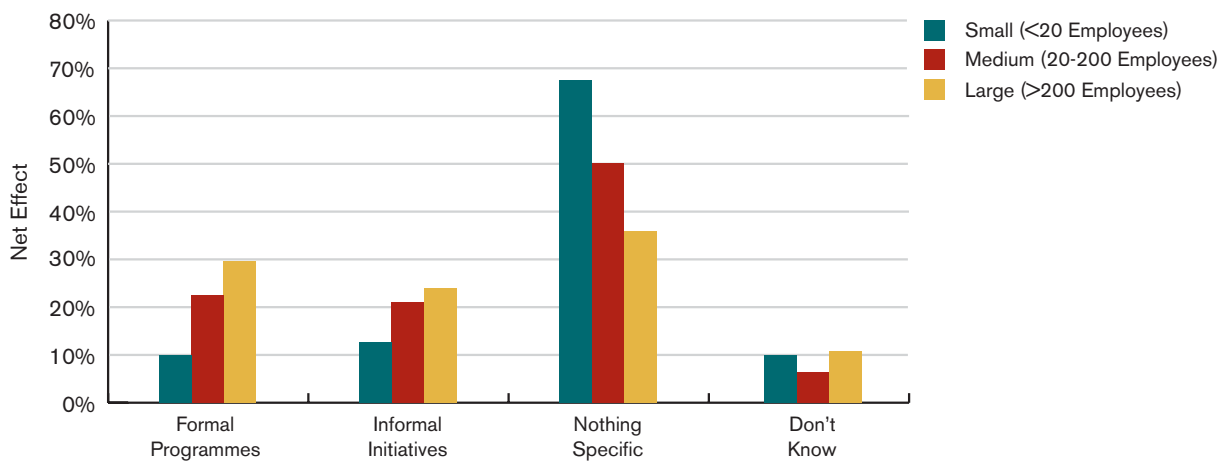
# The Findings

She puts this down to the rapidly emptying talent pool in New Zealand, so companies are more prepared to take the risk with new migrants, and then talk positively of their decision.

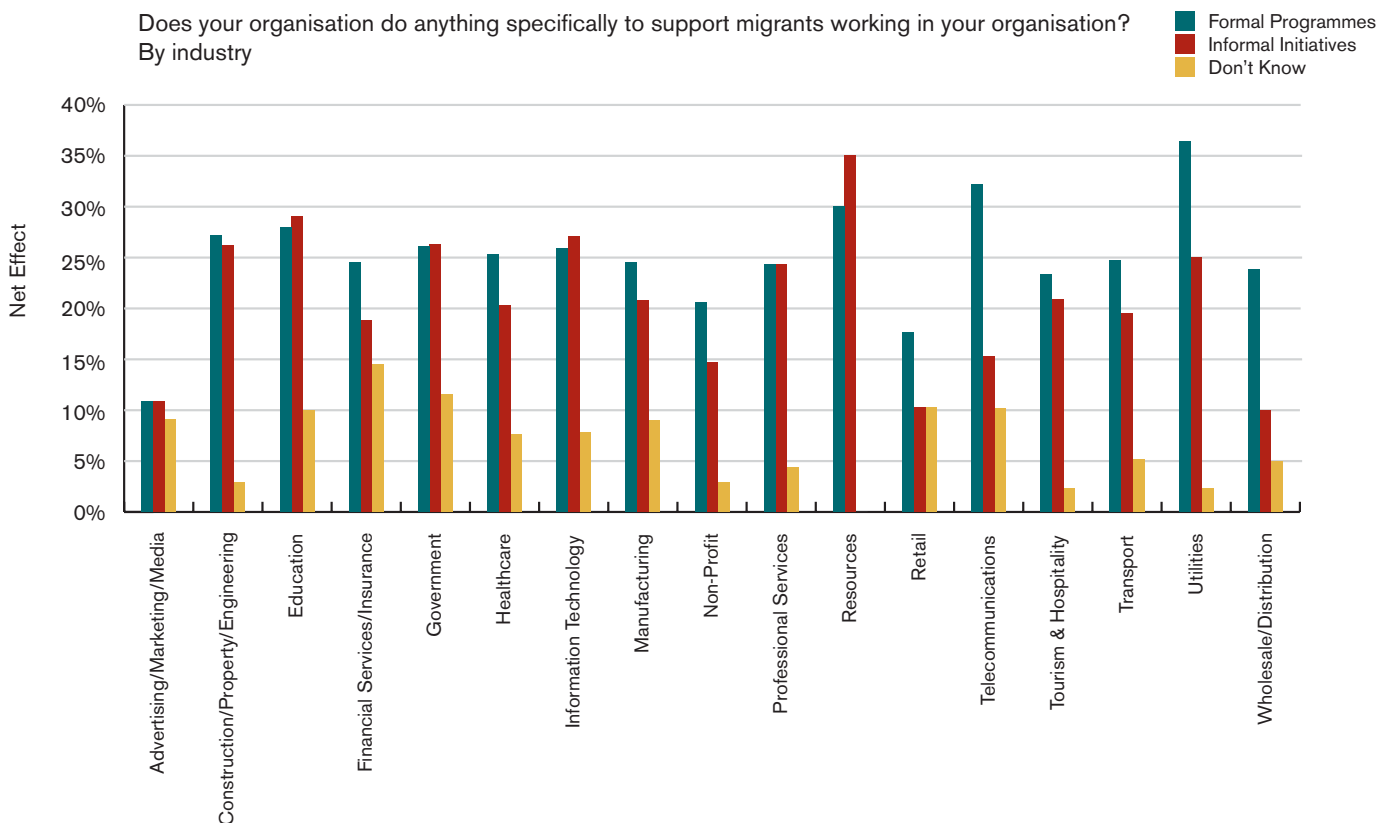
- Few companies offer formal organisational programmes to support migrant workers.

Fewer than a quarter of employers offer formal integration or settlement programmes. Employers in the upper North Island, where more foreigners settle, are more likely to, as are larger companies of 200 or more employees.

Does your organisation do anything specifically to support migrants working in your organisation?  
By size



Does your organisation do anything specifically to support migrants working in your organisation?  
By industry



# The Findings

New migrants in small (20 or fewer staff) companies are unlikely to get either formal or informal support: seven out of ten companies do nothing specific for their staff. Reassuringly, of the companies in industry sectors that have recognised some technical shortcomings - utilities, telecoms in particular - around one third offer formal programmes, with a further 15 to 20% also having informal initiatives. But in many sectors, informal rather than formal initiatives fill the gap - particularly in education, IT, government and resources.

Hudson recruiters are not surprised.

Viz cites clients who have had positive experiences once they took the risk. In one company, a close, but informal process helped set structured goals towards building up a new migrant's expertise in management and local work style, through hands-on coaching and specific modelling. On the other hand, Scanlan finds that his government clients are well set up for formal induction programmes for all their staff, regardless of country of origin.

## Case study 1: A Manufacturing Company

A large manufacturing company with some 300 staff, many of whom are technical specialists and highly skilled sales and marketing consultants, did not deliberately set out to have a culturally diverse workforce, but now recognises that is what it has become.

"Cultural diversity is not raised necessarily as an issue, but rather there are times we celebrate it instead," explains the HR manager, herself a migrant from the UK.

"Everybody goes through the same recruitment process for the job, regardless of their country [of origin]. We are very science orientated, so skills, competencies, qualifications are assessed according to the [job] specification. People have to demonstrate spoken English and comprehension, so that they are safe on the job."

Around 50% of the production workforce and 20 to 30% of the sales and marketing team are foreign born. Up until now, the company has had few mature-age candidates present themselves, but anticipates

they will have to look to this in the future. Part-timers returning to the workforce after having children have to be juggled carefully within the demands of company's shift hours, as some job areas are still out of bounds.

"It is what is best for the business, really," says the manager. Migrants can help each other a lot, and we find that staff members initiate things [around foreign workers] rather than management having to say. It happens in a non-organised, totally unconscious way."

But it happens. And as is often the way, food has been a big part of breaking down barriers. A group from Malaysia, Indonesia and the Philippines brought in their favourite snacks for a shared morning tea. Others with experience help interpret Kiwi English or local practices for their newer colleagues.

"There is something around these being informal programmes, driven by staff not management, rather than imposing formal programmes," the manager points out. "We allow things to happen, with a slightly different approach."

# The Findings

"In the public sector, the merit principal is their explicit point of reference, other factors are of secondary significance. Migrants are not explicitly targeted, but government has realised that diversity is an asset in the workplace," he perceives. That said, these organisations want a workforce which mirrors their clients' diversity so they embrace migrants. These employers are more flexible, and use informal buddy schemes to induct new employees into the social mores not just work.

"It is about why things happen which matters," he explains. "Supplementary conversations about local work culture, making sure they are comfortable so they can get on with things."

Hudson managers in the South Island admit their market is more parochial. Kevin Russell, who heads Accounting, Finance, IT and Technical Services in Christchurch points out that it is only in the past five years that the population has become more ethnically mixed.

## Case study 2: Auckland District Health Board

"If it makes commercial sense then employers will do it," says Carol Brown, the recruitment and retention manager for Auckland District Health Board. "It won't be about a cultural or ethnic bias, it will be about 'is this person going to be good for my business?'"

Brown admits that the health industry and ADHB was hit by a worldwide skills shortage long before many other New Zealand organisations faced their current skills crunch. The sector typically features an extremely mobile workforce: health workers know their skills are highly transferable around the world, and people are encouraged to embark on a health career as a way of seeing the world, while earning a living. In addition to this, a large proportion of health workers at ADHB are women with young families.

Health services also require shift work around the clock, and health organisations need to reflect the ethnic and cultural diversity of the communities they serve. With patient needs as their primary driver, the organisation has recognised for some time that meeting patient needs means meeting the needs of the

workforce first and is dependent upon attracting and retaining the right skills.

This has required some creative work re-design. There are opportunities for full-time employment with ADHB, but many employees opt for part-time, flexi-time, casual and job sharing options. The organisation caters for all of these options.

"Meeting patient needs is our primary driver," Brown emphasises. "While we recognise that skills are important, we also focus on recruiting to the values of the organisation and as such are able to embrace ethnic and cultural differences as these are not counter to our selection criteria. We have a genuine problem if people don't share our values, but anything else is workable. We take the approach that employing diversity offers an opportunity for our organisation."

Now, at any one time, around 30% of the organisation's workforce of 8500 come from offshore. ADHB's Career Centre employs a team of 25 recruitment staff and the organisation is an accredited employer with the Department of Immigration. This enables them to fast track visa applications and work permits. The team includes dedicated candidate care consultants, as well as out-

sourced re-location specialists who support migrants through their arrival and settlement in New Zealand. A number of programmes are run for international new starters to facilitate integration into New Zealand society. These include the government funded "Kiwi Ora" programme as well as in-house ADHB networking functions which allow new migrants to build networks with other employees.

Says Brown: "We understand that migrants bring with them cultural and ethnic differences and that these can be displayed in different areas, for example language, communication, work ethic. However, taking the time to understand these differences means that we can work to educate people, address issues, close the gap and at the end of the day capitalise on this accessible workforce and the opportunities it presents for our organisation."

"Only when employers begin to understand the demographics of the global workforce, will they develop a sense of urgency regarding diversity and the opportunities on offer. It is not a matter of 'if' but 'when'. There are myriad opportunities available for employers in the New Zealand market to tap into our ethnically and culturally diverse workforce, instead of being passive bystanders."

# The Findings

"The reality is we lose our best and brightest locals to Auckland, Sydney or London. We get plenty of senior people coming back at the top level, but the gap is in the 'engine room' fire power - people with three years or so post-graduation experience."

He notes many companies who do take on new migrants take care to meet and greet their new arrivals, see them and their families settled into schools and communities, where there may be far fewer people from their homeland than in Auckland. Their company social events, for example, emphasise families, to help people mix and get to know each other.

Across the board, employers appear to be more open to some non-traditional talent pools - mature people, part time parents - than they are to migrants.

"These days generally there is no issue around age, compared to five or ten years ago," says Cooksley. "Certainly companies do want bright young things, but now a bit of grey hair doesn't go amiss. In IT, however, some employers are not very open to part timers (and mature aged workers may prefer to work part-time), despite the fact that many non-urgent analyst programmer roles could flex."

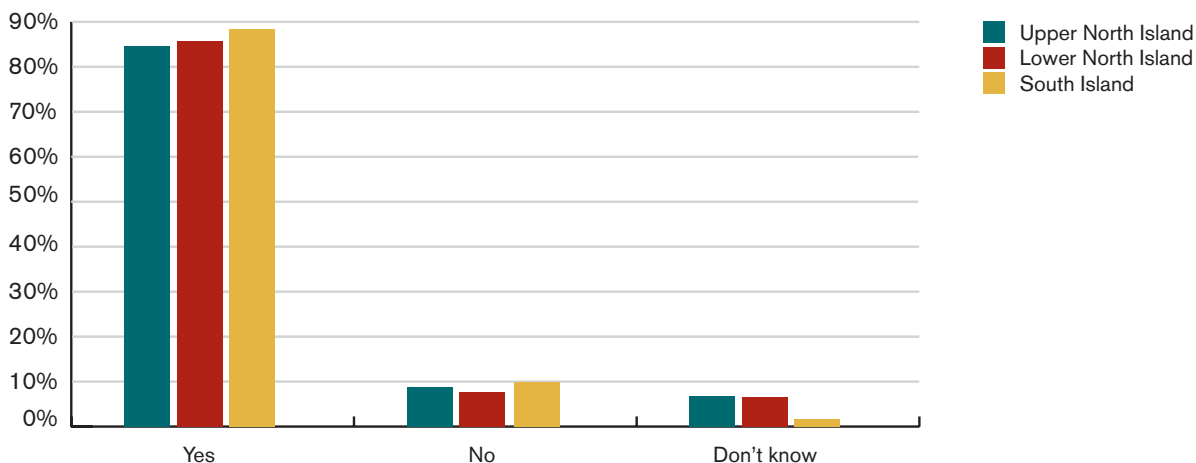
In accounting and finance, Lunt finds that age is not the issue: as long as computer skills and exposure to systems stays up to date, age is not a barrier. But she also finds resistance to

redesigning full-time roles to become part-time ones to accommodate employees who desire flexibility.

Caughey's marketing and sales clients have more flexibility in their roles, but mostly in contracting, rather than permanent roles. "In many sales roles, several days a month have to be spent out of town, and that just can't be worked around for part timers."

Scanlan points out that, like employing migrants for the first time, once employers have had a positive experience with older or part-time workers they are less anxious about it next time.

Is your organisations open to looking at more effective ways to access the skills in non-traditional talent pools?  
By Region



# Summary and Recommendations

New Zealand employers are in a bind: many of its young talent head overseas to spread their wings, growth is constrained by a shortage of skilled workers, unemployment is at an all time low. Unless employers find ways of accessing the skills of non-traditional talent pools, such as new migrants, the problem will show no signs of diminishing.

From Hudson's observations, in its daily recruitment practice with employers and candidates, and in the course of producing this report, it sees that there is clearly no quick fix. Around the country employers are grappling with the problem, but many are reluctant to step out of their usual work design or employee profiles to make a change.

The situation is challenging not only for employers, but also the people who wish to enter the workforce. Most migrants are prepared to reskill or acclimatise to the Kiwi way of doing things in order to make themselves 'market ready'. Many make it through recruiter technical and soft-skills screening only to fall at the final selection step. While many migrants are satisfied eventually with their work and lifestyle in New Zealand, some 22,000 a year are leaving the country because their expectations were not met. Researchers say that our country's biggest challenge in the next five years is to stop our workforce being gutted by other countries trying to lure our skilled

workers, while we are not prepared to take on skills flowing inwards.

Integrating and settling new immigrant workers does not necessarily require large organisations to establish formal induction programmes. Our research shows that many small and medium employers can successfully benefit from new migrants through small steps.

## Hudson Services

### Coaching

Effective coaching can make a significant contribution in assisting individuals to adjust to their role in a new organisation. Hudson's Coaching Solutions provide organisations with an integrated framework of policies, processes, tools, specialised training and practical support to introduce a 'coaching culture' within their business with all the benefits this brings - enhanced individual and team performance, a more engaged workforce, and ultimately, improved employee retention.

For individuals newly appointed to key roles, Hudson's Onboarding programme helps those people to adjust and have an impact in the organisation as soon as possible.

### Interview Skills Training

Hudson's Interview Skills Training equips hiring managers with the confidence and competence to make better quality hiring decisions, thereby building organisational capability and reducing the costs of turnover.

### Experience Plus Solutions

The Experience Plus suite of services responds to the ageing workforce

issue by helping employers secure a supply of experienced, mature-aged, highly skilled workers, provide experienced, mature-aged workers with greater lifestyle options pre- and post- retirement or redundancy and provide tools for knowledge transfer from experienced workers to other employees.

For more information about how Hudson can support diversity in your workplace, call 0800 484 356 to speak with one of our Talent Management Consultants.

# Summary and Recommendations

An attitudinal change first: acceptance that there will be accent, cultural and even business practice differences, but that it is okay to name these. Secondly, once differences or issues are recognised and named, employers should offer informal coaching, explicit modelling ("here we say this, we do things that way") and formal goal setting to step the new employee up to the appropriate skills level.

And finally, employers should bring employees together to share their culture - through food, through family social events, through support and information on local customs, events, and places. Time and again, recruiters and migration settlement specialists cite examples of organisations which have tapped into a terrific talent pool and been pleasantly surprised at the richness this new workforce brings.

## Help is At Hand

Central and local governments are keen to tap into the skills immigrants bring and to ensure that new New Zealanders are included in our society.

Check out these resources for further help and information.

- Department of Labour, Immigration policy, research, employer tools [www.dol.govt.nz](http://www.dol.govt.nz)
- Ministry of Social Development research and policy [www.msd.govt.nz](http://www.msd.govt.nz)
- Kiwi-Ora settlement self learning programmes [www.kiwi-ora.com](http://www.kiwi-ora.com)
- Equal Employment Opportunity Trust case studies, employer tools [www.eeotrust.org.nz](http://www.eeotrust.org.nz) (EEO, local councils, DOL etc)
- New Kiwis linking skilled people to employers [www.newkiwis.co.nz](http://www.newkiwis.co.nz)
- Career Services government [www.kiwicareers.govt.nz](http://www.kiwicareers.govt.nz)
- Latitude Human Resources mentoring, placement ph 09 849 5850
- Auckland Chamber of Commerce New Kiwi project ph 09 309 6100
- Auckland Migrant Settlement Services Trust [www.arms-mrc.org.nz](http://www.arms-mrc.org.nz)
- Academic research including, but not limited to, Auckland University School of Business, Waikato University Migration Research Group and Massey University New Settlers Programme.

# Your Points of Contact

## **Auckland**

Marc Burrage  
Peter Harbidge  
General Managers, New Zealand  
t (09) 367 9000  
marc.burrage@hudson.com  
peter.harbidge@hudson.com

## **Wellington**

Johannes Heinlein  
General Manager, Wellington  
t (04) 473 4073  
johannes.heinlein@hudson.com

## **Christchurch**

Roman Rogers  
General Manager, Christchurch  
t (03) 379 9000  
roman.rogers@hudson.com

