

# Solving Marlborough's Demographic Challenges



**Part one:**

**Attracting and Retaining a  
Migrant Workforce**

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## **Part one: Attracting and Retaining a Migrant Workforce**

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Marlborough Chamber of Commerce

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The Ministry for Business, Innovation and Employment places Marlborough at the top of the employment growth rate list with 3,600 additional employees from mid-2017 to mid-2020. The majority of those positions are “senior” - skilled, qualified, managerial and professional.

## Background

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This strategy is a response by the Marlborough Chamber of Commerce with support and funding from the Ministry of Business, Innovation and Employment (MBIE), to a succession of reports and the experiences of numerous businesses, indicating that Marlborough faces demographic challenges that will result in increasingly acute labour supply shortages with negative economic impacts for individual businesses and for the region.

This strategy is divided into two parts: the attraction and settlement of migrants; and how their settlement and management may be improved via improved national culture competence and CQ (Cultural Quotient).

The report does not consider whether shortages can be mitigated via labour substitution or productivity increases from investment of additional capital. It instead draws on the primary research of reputable entities such as the Ministry of Business, Innovation and Employment whose various reports have forecast specific, quantified labour demand that exceeds the current forecast supply. The strategy therefore relates specifically to attraction and retention of migrants (internal and international) as a tool to resolving forecast labour shortages.

If as Statistics NZ reports, natural growth in the working age population has ceased or will cease in the next few years, then ALL net increase, and some to maintain the status quo, in workforce must come from immigration (internal and international) to the region.

This report concludes that there are three potential elements to providing a long term sustainable solution:

1. Attract and retain an appropriate migrant workforce as a short-term measure to address shortages in the immediate future (the subject of this report);
2. Retain and develop the youth workforce currently either lost to the region or under-employed; and
3. Retain and develop the senior workforce.

It is recommended that two further strategies be developed addressing the latter two targets.

Much of the world is facing or is already in a major paradigm change in population dynamics and labour force demand and supply. Coping with that means getting good at attracting and retaining migrants is now a commercial and economic development imperative for Marlborough.

Marlborough has some demographic and economic distinctions. According to Statistics NZ it has the oldest and the most rapidly aging population yet lowest unemployment rate. According to MBIE it has the second highest non-metropolitan GDP per capita (after Taranaki). It has the preponderance of two significant industries within its boundaries (Wine, which has recently surpassed seafood in export earnings, and aquaculture). Its workforce is quite strongly ringfenced, ie there is little movement into and out of the region on a daily basis (Reported by the Nelson Marlborough District Health Board). It is therefore an ideal pilot for modelling immigration attraction and retention strategies.



Getting good at attracting and retaining immigrants is now a commercial and economic development imperative for Marlborough.

There has been a lack of public or business discourse about the implications for a regional economy like Marlborough's of labour market shortages, the general topic of population management and where, if they do, those fit into a region's economic development strategy. The impact for the economy and community of an aging population and especially the reality of having the oldest population, the fastest aging population, and the unfortunate distinction of being the first region in New Zealand where there will be a decline in the absolute number of people in the working age population is poorly understood. Similarly, the impact of inbound migrants, outside of the vineyard workers, has not been widely discussed.

Alongside the above issues there is a general discomfort amongst the public around the reality that unemployment, and especially youth unemployment, can and do co-exist with labour market shortages. There is an intrinsic belief that one might cancel the other. However, this reality exists expressly because of a misfit between capability and competence demands and availability, along with some issues around work ethic. All that said, at 2.9%<sup>1</sup>, Marlborough has the lowest unemployment rate in New Zealand (5.0%). It therefore has no latent pool of skilled prospects to fill existing forecast deficits. Compounding that, it has the highest forecast growth in labour demand in the period June 2017 to May 2020, of 3,600 employees<sup>2</sup>, the majority of which are skilled, qualified, managerial, and professional. See also the March 2016 *Marlborough Labour Market Survey* for specific information on current and future labour needs of the Viticulture Sector. It is meaningful to note that increased demand is on top of the forecast decline in working age population commencing at about the same time.

Contrast the above forecast employment growth with Statistics New Zealand forecast TOTAL POPULATION growth 2013 to 2033 for Marlborough of just 2,500 while the working age population shrinks by a similar number<sup>3</sup>. That represents an extreme alarm signal. Given that regional planning relies heavily upon the Statistics NZ forecasts, if the employment growth forecast is realised, the region is critically under-prepared.

To provide perspective, although the Marlborough region itself represents only 1% of the population, it has some unique attributes:

- 79% of New Zealand's wine grape production comes from Marlborough<sup>4</sup>: The current 24% (6,800Ha) expansion to 2019/2020 in Marlborough is more than Hawkes Bay, Canterbury and Central Otago's total planted areas combined (6,758Ha<sup>5</sup>). There is a linear relationship with the number of workers: 189

<sup>1</sup> Infometrics (2017), *Marlborough Region Quarterly Economic Monitor, June 2017*.

<sup>2</sup> Ministry of Business, Innovation and Employment (2017). *Short Term Employment Forecasts 2017 – 2020*.

<sup>3</sup> Statistics New Zealand (2015). *Subnational population projections by census area unit, age and sex 2013- 2043*.

<sup>4</sup> Infometrics (2017), *Marlborough Region Quarterly Economic Monitor, June 2017*.

<sup>5</sup> <https://www.nzwine.com/en/news-media/statistics-reports/new-zealand-winegrowers-annual-report/> downloaded 13/09/2017.

permanent workers, 600 winter RSE workers and 306 summer RSE workers. In addition, there will be an increase in demand for another 884 casuals across the year. Specifically, there is a shortage of tractor, truck, and harvester drivers.

- A similar proportion of New Zealand's aquaculture production originates in Marlborough.
- Its most recently reported GDP growth is 3.7% compared to the national average of 2.8%<sup>6</sup>. At \$57,055, Marlborough's GDP per capita is bettered only by Taranaki's petroleum fuelled \$71,297, Wellington at \$67,888 and Auckland at \$58,717. Even Canterbury's much vaunted "Powerhouse economy" at \$55,772 lags behind Marlborough<sup>7</sup>.

In the past, the focus has been on ensuring that suitable employment is available for migrants. That paradigm has been flipped so that the emphasis now needs to be on finding migrants to fill available jobs. That will require unlearning some of the past approaches. While this report primarily focuses on attracting and retaining migrants at the middle to upper end of the skill range (tradespeople, managers, professionals), from an economic development perspective, there are common issues across the skill spectrum that unaddressed, adversely impact the attraction and retention of permanent migrants.

Population growth or decline is typically left to chance as if it is a natural force of nature. It does not have to be. While this strategy primarily focuses on immigration, it needs to be considered as part of a broader population strategy. For instance, part of the solution to labour shortages may lay with creating better opportunities for younger people to remain and train in the region (including through scholarships, increased numbers of apprenticeships, cadetships etc) thus offsetting the youth-out migration discussed in Section 2.5. This outward migration not only exacerbates the labour shortages, it also depresses the fertility rate since these people will soon be of optimum childbearing age. That thus represents a further barrier to creating a long-term sustainable population management solution.

This report and strategy relies upon quantitative research from a variety of published sources. It further draws upon qualitative research in the form of interviews, media reports and various consultations and discussions over a period of time, including preceding this project. It has not attempted to establish or quantify the shortages, accepting that is a well-agreed world-wide reality and Marlborough represents the rule rather than the exception. In summary Marlborough's:

- Unemployment rate is the lowest in New Zealand meaning there is no available pool to fill forecast job growth;
- Forecast employment growth rate is the highest in New Zealand;
- Attraction of international immigrants is well below the national average;
- Reliance on RSE and other seasonal labour is high and these people are not included in official population statistics, including much that is used for planning purposes;
- Overall population growth lags well behind forecast employment growth;
- Working age population is forecast to contract.

The strategy is targeted at attracting and retaining skilled and qualified, managerial, and professional staff to the Marlborough region. For want of a more specific term, they are referred to in this report as "*senior staff*". It is inevitable that any successful attraction and retention strategy will attract residents to Marlborough from other regions however any such zero-sums game should not be a goal of any attraction and retention strategy.

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<sup>6</sup> Infometrics (2017), *Marlborough Region Quarterly Economic Monitor, June 2017*.

<sup>7</sup> MBIE Regional Economic Activity Web Tool, <http://webrear.mbie.govt.nz/summary/marlborough?accessedvia=marlborough> (Downloaded 04/09/2017)

# Part 1: Attracting and retaining a qualified migrant workforce

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## 1 MARLBOROUGH AND IMMIGRATION

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### 1.1 DRIVERS OF WORKFORCE SUPPLY AND DEMAND IMBALANCE

There are factors on both the supply and demand side of the workforce equation that are contributing to demand exceeding supply. They include but are not limited to:

- Current and forecast economic growth exceeding forecast natural population growth in Marlborough;
- A shortfall of *senior staff* nationally and globally. (Senior Staff are defined as skilled and qualified, managerial, and professional);
- Youth-Out Migration – globally, small towns and rural regions suffer a significant loss of young people through youth-out migration. While this phenomenon is well known, it is only upon close examination of the statistics that the magnitude of this loss becomes apparent. (See Section 2.5)
- Population trends – aging and reduced fertility;
- The century long global trend for populations to migrate from small and rural centres to the major urban centres;
- Insufficient pathways for junior staff to progress into the more senior roles where shortages are experienced (eg management cadetships);
- Perception or reality of low wages;
- A misbelief that market forces will increase regional supply in response to regional demand, ignoring the new reality that supply is fixed or declining and there are regulatory restraints on attracting migrants;
- A high level of competition and a misbelief that Marlborough offers such an attractive lifestyle that staff will spontaneously be drawn to the region.

### 1.2 IS THIS MARLBOROUGH'S MOST PRESSING ECONOMIC DEVELOPMENT CHALLENGE?

Arguably, this is the region's most pressing economic development issue although singling out individual elements of an economic development strategy is fraught with difficulties. Every other economic development initiative is however reliant upon resolving the labour supply issues. Similarly, so are many of its social goals. If Marlborough cannot attract sufficient doctors, nurses, teachers, aged care workers etc, then most other goals will not be achieved.

With many commentators talking of "*stagnation and decline*" for small communities (eg Maxim Institute<sup>8</sup>), resolving the issues associated with an aging population and labour market shortages may, without wanting to seem overly dramatic, be a matter of survival as a sustainable community.

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<sup>8</sup> Wood J (2017), *Growing Beyond Growth: Rethinking the Goals Of Regional Development In New Zealand*, The Maxim Institute.



Shortages of skilled labour represent economic constraints at several levels:

- Excess of demand over supply theoretically will increase wage rates thus impacting competitiveness and or productivity;
- Reduced output because inadequate managerial services are provided, that is there is unfilled latent demand with a resulting *opportunity cost* associated with labour shortages;
- Delayed economic activity. For example, shortages of professional staff in the construction industry (architects, engineers, planners etc) results in delays in planned activities;
- A shortage of professionals such as doctors is a barrier to attracting migrants;
- Excess demand over supply likely increases churn as employers compete for staff, thus reducing productivity, and increasing employment costs.

Marlborough is in immediate competition with Canterbury, Nelson, and Tasman, all of which are better known as migrant destinations. The skill shortages listed for Canterbury<sup>9</sup> are likely to be replicated for Marlborough with a specific wine industry overlay.

### 1.2.1 The Wine Sector

*“Securing a skilled, reliable and productive workforce is a priority for the wine sector. The expanding vineyard area is increasing the demand for vineyard workers and has flow on effects for employment of other staff in wineries, administration and sales as well as primary service sectors, with additional flow on to professional service sectors. The economic multiplier effect will also increase demand for a range of other services. For example, it is likely to lead to construction of additional winemaking, storage and bottling facilities generating work in these areas. The ability to realise these opportunities depends on the Wine sector's ability to secure enough skilled, reliable and productive workers when they are needed.”* (Emphasis added)<sup>10</sup>

### 1.2.2 The Construction Sector

*“There were about 2200 construction workers in Marlborough at present. But Patterson said another 500 would be needed over the next two years to meet demand.” “We’ve had all this growth and demand for workers, but we haven’t necessarily been able to fill all the positions we’d like to in certain sectors.” Patterson said. “The problem is that every other part of New Zealand almost is seeing a lot of growth in construction as well and they’re all crying out for workers.”* (Infometrics economist Benji Patterson)<sup>11</sup>.

## 1.3 WHAT WILL BE THE EFFECT OF A “DO-NOTHING APPROACH”?

In any strategy development process one of the options considered must be “*Do-nothing*”. The evidence shows that natural growth and immigration will result in a substantial labour shortfall in the immediate future. The effect of that will be unmanaged and suboptimal solutions, reputational damage as occurred during the early expansion of wine sector seasonal labour, social impacts, and lost economic opportunity all with substantial opportunity cost that will extend decades into the future.

## 1.4 SHORT AND LONG-TERM SOLUTIONS

This strategy is primarily aimed at providing a short-term solution to the forecast labour supply shortages facing Marlborough in the immediate future (Zero to five years). However, it would be a lost opportunity if a parallel stream of work focused on a long term sustainable solution was not encouraged. That solution will revolve around two strategy elements:

<sup>9</sup> MBIE – New Zealand Immigration (2016), *Canterbury Skill Shortage List*.

<sup>10</sup> Splice Consulting (2016), *Final Paper For Consultation Planning for Wine Sector Growth Marlborough 2016-2021* pp8.

<sup>11</sup> [www.stuff.co.nz/marlborough](http://www.stuff.co.nz/marlborough) 26/03/2017.

- Optimising the development, retention, and inclusion of youth, including Māori and Pacific youth, in the Marlborough workforce; and
- Developing and retaining the latent potential in the mature workforce.

Therefore, a stream of work on both youth development and mature workforce development and retention is recommended.

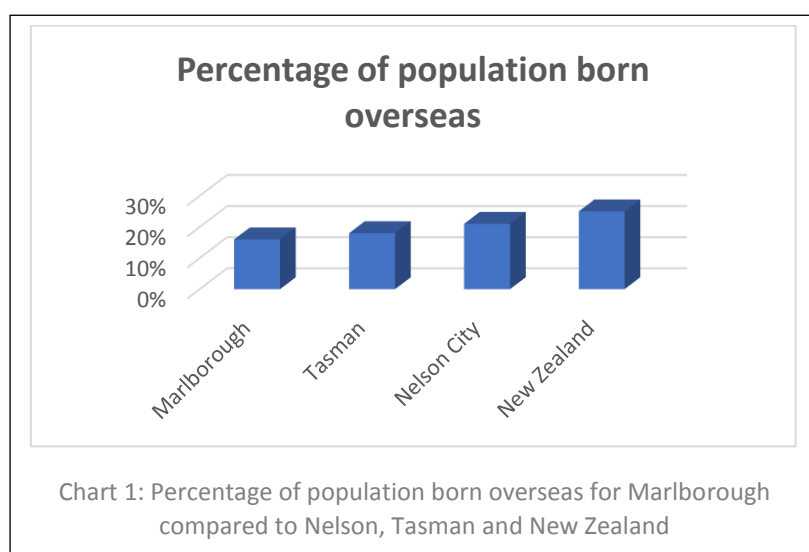
### 1.5 HOW DOES MARLBOROUGH RATE AS A MIGRANT DESTINATION?

Marlborough District Council research (circa 2007) indicating that 73% of the population has been resident in Marlborough for less than a decade indicates that internal migration attraction is strong while retention may not fare as well. In other words, there is a very high level of population mobility (internal and international immigration and migration). The authors are not aware of any research investigating why the mobility is so high. International migrant arrivals to Marlborough were:

- Net migration year to December 2016, 175<sup>12</sup>
- Net migration year to June 2017, 177<sup>13</sup>

When it comes to international migrants Marlborough fares poorly, even relative to its neighbours Tasman and Nelson City<sup>14</sup>. See Chart 1.

Apart from the reality that Nelson receives more migrants than Tasman and Marlborough, the overall Top of the South figure is likely indicative of a higher proportion of migrants being attracted to larger centres, especially Auckland.



- 1% of migrant arrivals to New Zealand locate in the Top of the South compared with 3% of the national population<sup>15</sup>.

- Even though the proportion of Pacific migrants is low for Marlborough (8%) relative to the national figure (15%), it is substantially higher than for Nelson (3%) and Tasman (2%)<sup>16</sup>. See Chart 2.

Refer to 5.2.2 for discussion on internal migration.

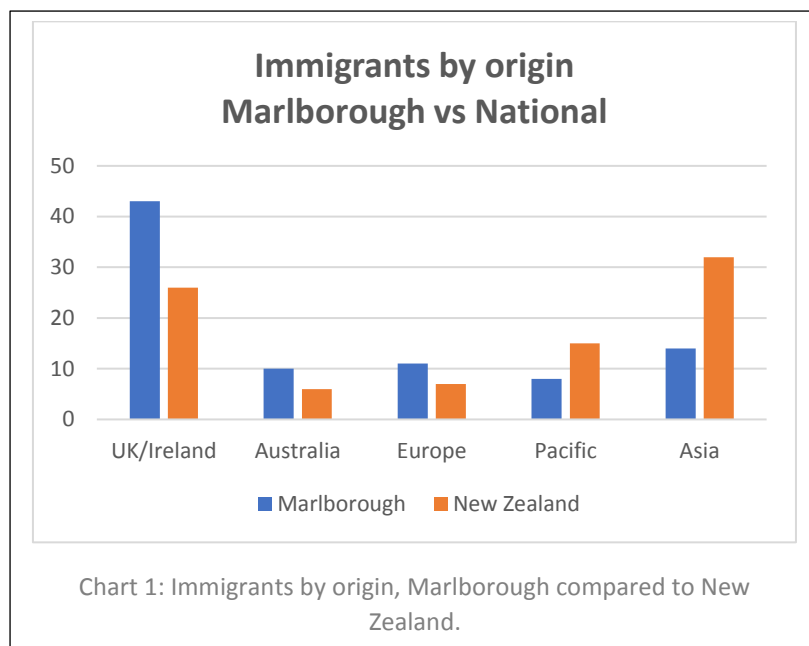
<sup>12</sup> Ministry of Business, Innovation and Employment (2016), *Summary Report 2016 – Marlborough*.

<sup>13</sup> Infometrics (2017), *Marlborough Region Quarterly Economic Monitor, June 2017*.

<sup>14</sup> MBIE – New Zealand Immigration (2016), *Migration and Labour Force Trends, Nelson, Marlborough and Tasman Overview 2015*.

<sup>15</sup> Ibid

<sup>16</sup> Ibid



- A report released in August 2017<sup>17</sup> shows there was a gain of 177 migrants for the year to June 2017 compared to the national total of 72,297, the Marlborough tally representing just 0.25% of the total compared to 1% of the national population.

### 1.6 A NOTE ABOUT RESOLUTION VIA MARKET FORCES

The long-held belief and continuing assumption that if jobs are available, market forces will attract prospects to the region and fill the vacancies is an outmoded paradigm. Marlborough, like every other region in New Zealand is in a globalised labour market and in competition not just with its close neighbours in New Zealand, but with all New Zealand, and all of the world. Is Marlborough a sufficiently standout destination that if jobs are created, people will come to fill them? The answer from experience to date is a resounding “No!”. Not through any specific deficiencies of the region but rather because of those very market forces, most notably, the anonymity referred to elsewhere. The region should not expect this to change and in fact prepare itself for intensified competition targeting those already resident.

*“Overall, while this strategy (market competition) is efficient, it does not fully consider the wellbeing implications of the changing global economic and demographic forces outlined above. It neither aims at preparing for change, nor places exit explicitly into the public discussion. Rather it expects both of these things to happen via individual choice. As such it places an enormous emphasis on the individual and information provision without considering the wider institutional and community settings in which individuals in New Zealand live. In this way, it ignores the reality that for some “lock in” may already exist. In this respect, it is the least preferred option.”<sup>18</sup>*

The long-held belief and continuing assumption that if jobs are available, market forces will attract prospects to the region and fill the vacancies is an outmoded paradigm.

<sup>17</sup> Infometrics (2017), Marlborough Region Quarterly Economic Monitor, June 2017.

<sup>18</sup> Wood J (2017), *Growing Beyond Growth: Rethinking the Goals of Regional Development In New Zealand*, The Maxim Institute, pp 27.

## 2 SKILLS SHORTAGES – DATA AND ANECDOTAL EVIDENCE

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### 2.1 THE MARLBOROUGH PARADOX

Marlborough has long had a variety of statistical distinctions that saw it appear towards the extreme of a variety of negative metrics that did not reflect local observation. For example, Marlborough consistently ranked as having the lowest or second lowest average wage. Conversely, this was not reflected in retail spend which is similar to other like regions.<sup>19</sup> It now however is a positive performance outlier in terms of at least its employment statistics<sup>20</sup>.

### 2.2 THE MARLBOROUGH POPULATION

Despite modest population growth in Marlborough, the number of working aged people is not increasing. The numbers aged 15 - 64 years (generally taken as “working age”) are predicted to fall by 8% for the period 2013 to 2028; i.e. from 27,500 (62% of population) in 2013 to 25,200 (54% of population) by 2028. Compared with the national average of 14%, 22% of Marlborough’s resident population is already over the age of 65 and have left the workforce (or will do so), and a proportionally smaller number of children and youth are the future replacement workforce<sup>21</sup>. However, employment opportunities and economic conditions are growing faster than the population.

### 2.3 INCOME AND AFFORDABILITY

Marlborough has long been dogged by a reputation for low wages. The authors first investigated this in 1999-2000 and were unable to establish any material job by job differences. For example, the average paid to health care workers in Nelson was within a few cents of Marlborough and vineyard workers in Marlborough were nominally ahead of Hawkes Bay<sup>22</sup>. Charts 3 and 4 use data from MBIE Regional Economic Activity Web Tool, <http://webrear.mbie.govt.nz/summary/marlborough?accessedvia=marlborough> (Downloaded 04/09/2017) as the most up-to-date information available. The current statistics for household incomes, which arguably is a more reliable measure than average wage, shows no material difference between Marlborough and similar regions, including Nelson and Tasman with which it is frequently compared. An “Income after Rent” metric has been derived by subtracting the average annual rent, adjusted for tax at 20%, from the gross income (See Chart 3 below).

A simple home ownership affordability metric obtained by dividing average house price by household income places Marlborough at the median, well ahead of Nelson and Tasman. See Chart 4 below.

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<sup>19</sup> Marlborough Regional Development Trust Marketview data.

<sup>20</sup> MBIE (2015), *Regional Economic Activity Report 2015*.

<sup>21</sup> Splice Consulting (2016), *Final Paper For Consultation Planning for Wine Sector Growth Marlborough 2016-2021 pp5*.

<sup>22</sup> Marlborough Economic Development Trust (2000), *Progress Marlborough Statistical Compilation*.

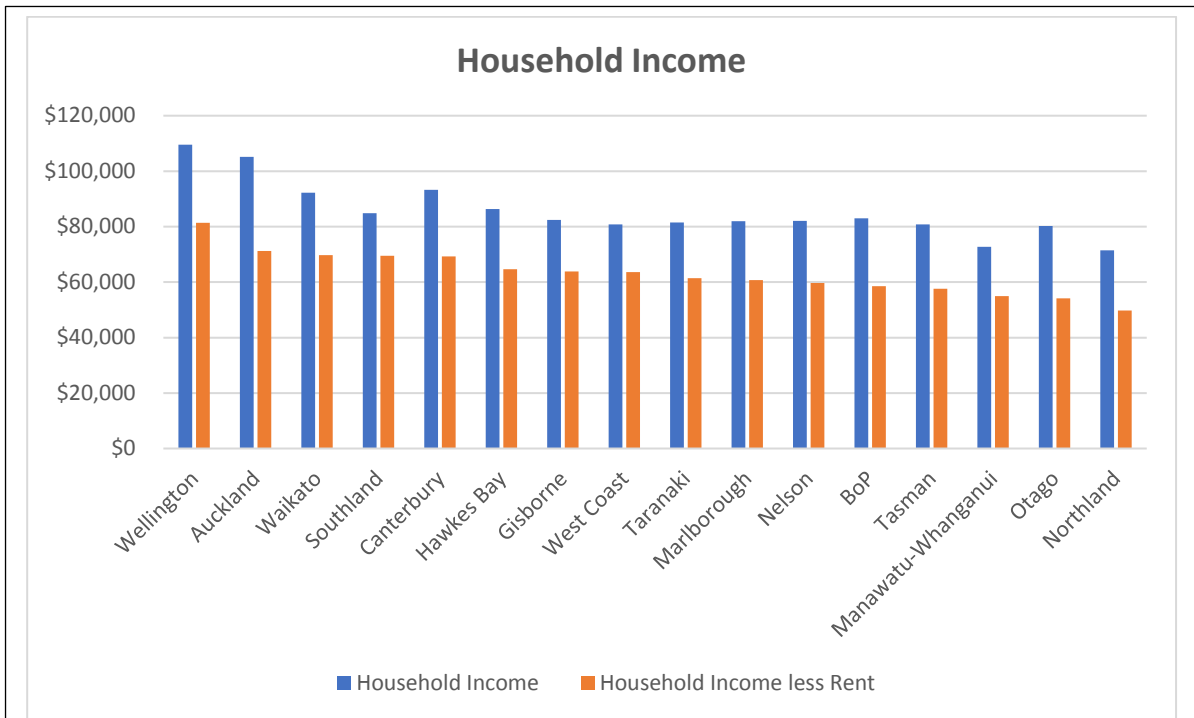


Chart 3: Household income and household income less rent payments for Marlborough compared to the rest of New Zealand (Data from MBIE, September 2017)

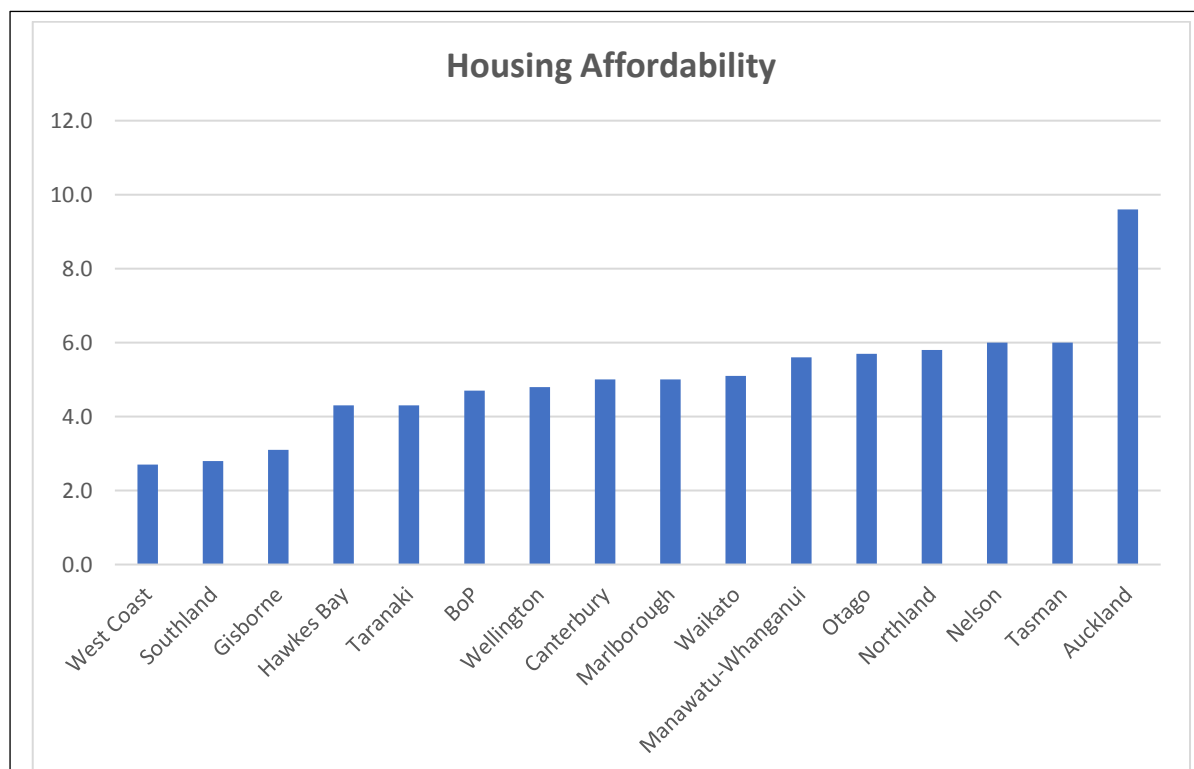


Chart 4: A simple housing affordability index (Median house price divided by median household income) showing Marlborough at the median for New Zealand regions. (Data from MBIE, September 2017)



## 2.4 STAGNATION AND DECLINE



The economic development literature is rich in references to the inevitability of “*stagnation and decline*” in the regions as the trend of the last 100 years of migration to the cities combines with the aging population, youth-out migration, and low population fertility. It is worthy of note that in addition to the above, a material contributor to the stagnation and decline scenario is the assumed inevitable decline of economic activity in the regions and the transferability of economic activity (ie shifting production from the regions to the urban centres etc) based around the principles of agglomeration and economic geography eg McCann<sup>23</sup>. Fuelled by New Zealand’s primary

production pre-eminence, it may be that a different dynamic exists in New Zealand, including Marlborough.

Some authorities claim that communities under 40,000 residents will struggle to survive in the 21<sup>st</sup> Century. Regions like Marlborough must by necessity decide whether they accept the inevitability of this decline or whether they are prepared to proactively “population manage”. Managing population demographics is an immense challenge, but with forecast employment growth in Marlborough greatly outstripping population growth, the region may be in a unique, or at least rare, situation to avoid the claimed inevitability of stagnation and decline.

Generally, small communities are not successful in using immigration as a solution to their “*stagnation and decline*”. However, there are rare exceptions where small communities have succeeded in attracting migrants who would otherwise locate in the major centres, Gore being an example<sup>24</sup>.

See <https://southlandnz.com/live/moving-here> to explore Southland’s online approach to attracting migrants and especially how they have cleverly highlighted their strengths and turned what might be perceived as weaknesses, into strengths.

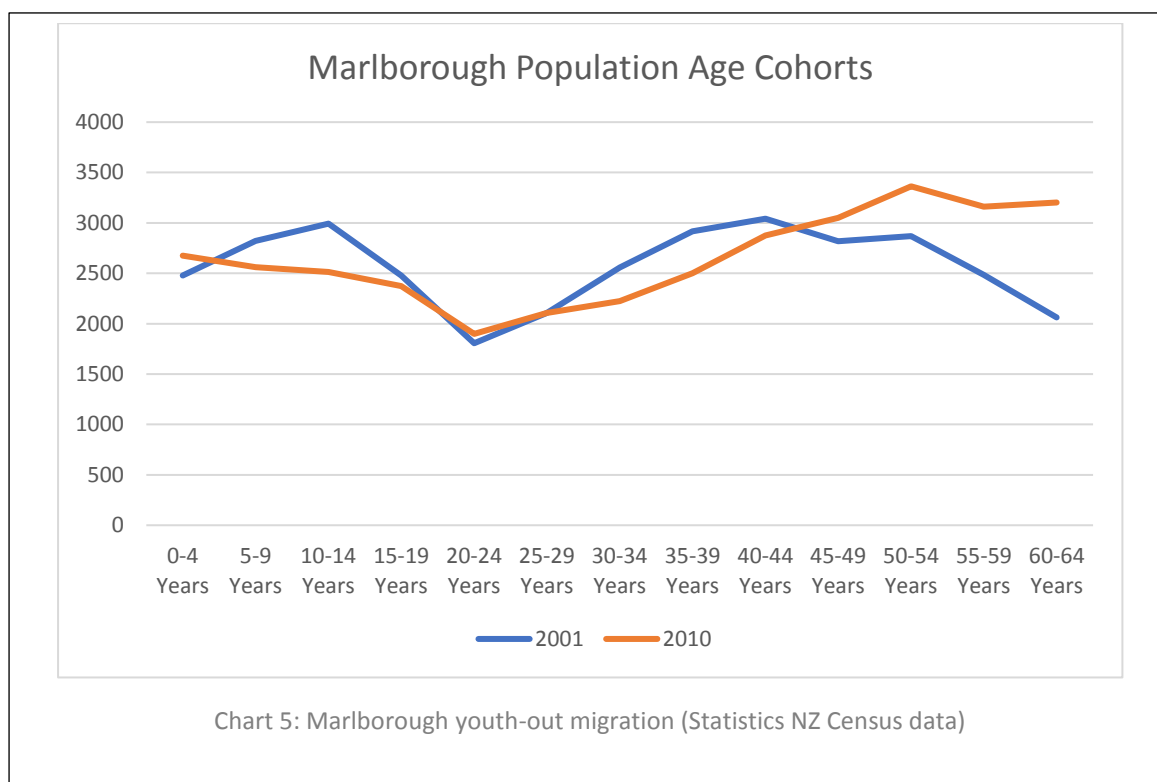
“Be amazed at what the Gore District has to offer. Locals are the first to admit, rural Southland is the last place you might expect such a considerable mix of cultural and historic nuggets.”

## 2.5 YOUTH-OUT MIGRATION

Youth out migration refers to the world-wide phenomena whereby young people, “*Attracted like moths to the candle*”, migrate from rural and small urban centres to the major cities. This phenomenon significantly changes the shape of the population curve creating a hole or deficit in the 10-14 years to 35-39 years cohorts. As shown in Chart 5 the decline continues through to the 20-24 cohort and then begins to recover as immigration begins to offset the losses. Note how the peak in the 10 – 14 years cohort for 2001 has not migrated across to the 20 – 24-year cohort as might be expected but instead has been lost to the region. (Note, these periods are chosen as representative only for the purposes of graphic representation. Other Census periods show identical patterns. This pattern is common for regional New Zealand. For example, Nelson and Tasman show essentially identical patterns). Note also how the recovery of people from age 30 years onwards was slower for 2010 than 2001.

<sup>23</sup> McCann P, Shefer D, (2005), *Agglomeration, economic geography and regional growth*, Papers in Regional Science.

<sup>24</sup> Wood J (2017), *Growing Beyond Growth: Rethinking the Goals of Regional Development In New Zealand*, The Maxim Institute, pp 12.



## 3 THE SHAPE OF THE FUTURE

### 3.1 FORECASTS

There is some disparity in forecast employment growth between reports that likely reflects different modelling and data collection methodologies. Irrespective of those differences, the forecast labour shortages are substantial:

- Infometrics says Marlborough needs to attract 500 additional construction workers in the period beginning March 2017<sup>25</sup>.
- *“Employment grows in all regions — some rural regions to grow at a faster rate. North Island growth is highest in the Auckland, Waikato and Wellington regions and there is solid growth across the South Island. Employment growth rates will be fastest in Tasman and Marlborough regions, both adding nearly 6,000 more people to the projected increase in overall employment by 2020.”* (MBIE: Short-term Employment Forecasts 2017-2010); and
- According to an alternative MBIE forecast, Marlborough needs to attract a total of 3600 new employees into the region in the period June 2017 to May 2020<sup>26</sup>. That makes this a critically urgent issue. At the time of writing we are already well into that period. (<http://www.mbie.govt.nz/info-services/employment-skills/labour-market-reports/forecasting/short-term-employment-forecasts>) This is the highest forecast growth rate in New Zealand. By deducting the vineyard workers from this number. (189 permanent workers, 600 winter RSE workers and 306 summer RSE workers and an

<sup>25</sup> Ibid

<sup>26</sup> Ministry of Business, Innovation and Employment (2017), *Short Term Employment Forecasts 2017 – 2020*.

additional demand for another 884 casuals across the year, new permanent positions by 2020, the number of new senior staff FTEs can be determined to be 2,116 (= 3,600 – 600 – 884).

This report does not attempt to reconcile the differences in forecast numbers, instead adopting the most conservative as a baseline.

<b>Forecast job creation in Marlborough and natural working age population change</b>		
<b>Source</b>	<b>Employment category</b>	<b>Forecast increase</b>
Infometrics	Construction workers	+500
MBIE (Forecast 1)	All positions	+ 6,000 (by 2020)
MBIE (Forecast 2)	All positions	+ 3,600 (by 2020)
MBIE (Forecast 2)	Wine sector permanent	600 (by 2020)
MBIE (Forecast 2)	Wine sector casual)	884 (by 2020)
MBIE (Forecast 2)	Net of wine sector	2,116 (by 2020)
Statistics NZ	Change in working age population	- 2,500 by 2030 (decline starting about now)

### 3.2 PUBLIC ATTITUDES

Population management, especially when it involves immigration, is a contentious issue. Alongside that, some sections of the community oppose population growth *per se*, mainly around a belief that the additional infrastructure required will increase rates, create congestion etc. While these things may happen, they are generally because of past under-investment in infrastructure rather than the population growth itself.

Certain politicians have whipped up concern about migrants including cultivating a concern that they are responsible for house price escalation and that they will compromise “our-way of life”. It could be said that this is a topic on which the public is over-communicated and under-informed. Although attitudes towards migrants may be improving, the sentiment regarding immigration appears generally negative. See below for a pertinent local example:

*“Chorus technician Steve Hurley was packing his gear to board a boat to Northwest Bay where he would work on a problem phone at a lodge. The Blenheim local said it was definitely time for a change.*

*“National has been in denial about the housing crisis for nine years. They've let in a lot of immigrants and we can't house them.*

*“Most stay in Auckland and then we have to improve the infrastructure up there. It gets up my nose. A lot of the poorer people can't compete and they get left out. They end up in caravans and motels.”<sup>27</sup>*

For any strategy to succeed there must be some broad public consensus that Marlborough needs to grow its population. That debate has, to date been almost impossible to have in New Zealand, not the least because of populist politicians whipping up suspicion of migrants - crime, extremism, housing prices, taking jobs from Kiwis, diluting the national character – none of which are supported by evidence<sup>28</sup>. This is going to require strong leadership from the council and particularly the Mayor, the MP, industry, and community leaders.

How will we build consensus or as a very minimum – grudging acceptance?

<sup>27</sup> [www.stuff.co.nz/marlborough](http://www.stuff.co.nz/marlborough) downloaded 07/09/2017

<sup>28</sup> Hodder R & Krupp J (2017) *The New New Zealanders – Why Immigrants Make Good Kiwis*, The New Zealand Initiative.

### 3.2.1 Welcoming community.



Getting people to work in Marlborough is only the front end of the process. Retaining them in the region is of at least equal importance. A welcoming community has a strong desire to receive new comers and to create an environment in which they feel at home. It ensures that newcomers can participate fully in all aspects of community life and have access to a full range of services, activities and programmes. Given that close to 75% of the population have been new comers in the previous decade, the community should be well equipped to ensure this.

An intensive consultation process including with Iwi, who as well as their traditional role as Tangata whenua, play an increasing role in the region's economy, is required. Following that, a public education programme, almost certainly led by the Mayor is required to smooth the path. It needs to be

recognised and accepted that there are immense benefits, maybe even the future of the community, from maintaining and growing the working age population etc.

## 3.3 TECHNOLOGY SOLUTIONS

Globally there is much speculation about jobs being replaced by robots and artificial intelligence (AI). At the 2017 Organic and Biodynamic Winegrowers Conference in Blenheim, University of Auckland PhD student Jamie Bell spoke of the potential for robotics in vineyard operations. The tasks referred to were telling: leaf plucking, estimating yields, spraying fruit, and harvesting grapes<sup>29</sup>. Within the period that this strategy targets (short-term), the roles of *senior staff* are at low risk of replacement by robots or other Artificial Intelligence. Further, an October 2017 report in Forbes Magazine indicates that the effective application of artificial intelligence is in four out of five companies, creating rather than eliminating jobs.<sup>30</sup>

## 3.4 STATISTICAL DISTORTIONS

Shared with several regional areas, Marlborough has a significant workforce that is not reflected in the "usually resident" population count. This is made up of RSE workers (Currently in the order of 2,500, increasing to 3,300 by 2020), along with an additional 884 casuals and 189 permanents<sup>31</sup>. At a total of something in the order of 5,000, this represents a very significant proportion of the region's total population. These people contribute to the local "spend", consume health and other services, yet are not counted in official population statistics. The effect of this distortion is beyond the scope of this report but does warrant more in-depth examination at a regional level.

## 3.5 THE LEGISLATIVE ENVIRONMENT

This report is being prepared at the time of the 2017 general election. The various political parties have widely varying attitudes to immigration. All the parties likely to play a role in Government except National and the ACT party plan dramatic reductions in immigration. Given the current state of flux, this section has been left vacant, except to say that any reduction in immigration can only exacerbate the situation.

<sup>29</sup> *Chance robots will be a vine thing*, Stuff.co.nz 30/6/2017

<sup>30</sup> <https://www.forbes.com/sites/bernardmarr/2017/10/12/instead-of-destroying-jobs-artificial-intelligence-ai-is-creating-new-jobs-in-4-out-of-5-companies/#1cd3102120de>

<sup>31</sup> Druce T & Anderson M (2016) *Marlborough Labour Market Survey*, Druce Consulting.

### 3.6 NEW ZEALAND QUALIFICATIONS/EQUIVALENCY

Since many of the anticipated workforce growth involves qualified and professional positions it is important to maximise the inflow of people who either already meet New Zealand education and registration requirements or can readily do so.

## 4 ATTRACTING QUALIFIED MIGRANTS

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In a report viewed by the authors circa 2000, The Boeing Company reported that a prime factor in deciding where to locate their businesses was the availability of “theatres and restaurants”. This can then be added to the more familiar access to quality health care and education. In other words, “soft” issues are important determinants of whether to choose a particular destination.

### 4.1 RESOURCING THE STRATEGY

The economic and social success of the Marlborough region relies upon successfully managing population dynamics including internal and international immigration. Almost every organisation, private and public sector has a strong interest in ensuring a sustainable workforce. Their ability to resolve their own recruitment challenges alone is limited. Therefore, it is proposed that initial seed funding be sought from Immigration NZ/MBIE, the Marlborough District Council, Nelson Marlborough District Health Board, REINZ, major property developers, the various industry organisations and where there are no industry organisations, direct from significant employers. Included in the brief for that initial project will be establishing long term funding.

### 4.2 WHAT MARLBOROUGH HAS IN ITS FAVOUR

# Marlborough

Brilliant  
EVERY DAY

The most successful sub-economies/communities will be those that identify and cultivate their strengths and successfully promote those into a highly competitive labour market place. In Marlborough’s case, its strengths may include – opportunity, central location, ease of access to other centres, an arguably unique ease of access to a smorgasbord of outdoor pursuits, sunshine (New Zealand’s sunniest place), sports and recreational facilities including the stadium, indoor pool facilities and in particular the ASB Marlborough theatre, comparatively affordable housing, along with an overall “ease of living”, albeit that the latter is difficult to quantify or even communicate, yet it is certainly something that those who move to Marlborough experience and appreciate.

Both the ASB Theatre and the new National Viticulture and Oenology Research facility have the potential, played right, to be transformative for Marlborough. The importance of the ASB Marlborough Theatre and its ability to attract and host world class performances is very important in this context and leveraged right, can be a game changer for the region. The construction of the new co-located Marlborough Boys’ and Girls’ Colleges is a bonus.

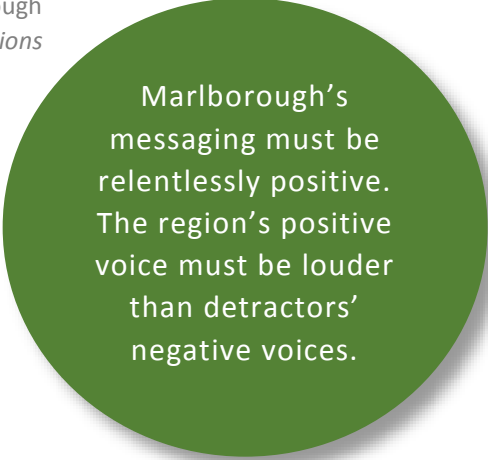
The significance of the highly ranked Churchill Trust private hospital facility should not be under estimated in terms of the attraction and retention of migrants.

Marlborough has a basket of advantages that are either taken for granted, not recognised as significant attractants or simply not promoted. It is easy as a “local” to look upon the small sizes of the urban centres as a



negative. Conversely, for those from sprawling, congested cities like Auckland, the prospect of being able to “pop out and visit friends” without a protracted, frustrating motorway journey is sheer heaven. The almost complete absence of traffic congestion is a strong attractant.

A Christchurch based English migrant spoken to when visiting Marlborough simply referred to “I’m in paradise”. Conversely, headlines like *Situations vacant as skilled staff shun Marlborough*<sup>32</sup> and the accompanying hyper-negative public comments that focused on “poor wages” and “there’s nothing to do”, do not help Marlborough’s situation. This was really a story about the employment opportunities in Marlborough but that was not reflected in the headline. To achieve success in this strategy, the Region’s positive voice must be relentlessly louder than that of the negative detractors.



Marlborough’s messaging must be relentlessly positive. The region’s positive voice must be louder than detractors’ negative voices.

### 4.3 THE CHALLENGES FACED

#### 4.3.1 Anonymity and Apathy

Possibly the biggest challenge that the region faces is its own apathy or “taking for granted” so many attributes that people from other places, including potential migrants place an extremely high value on.

Marlborough faces an anonymity issue. An English migrant speaking of Marlborough’s anonymity to a surprised South African visitor: “It’s our secret – and let’s keep it that way!”

One of the most basic marketing principles is that before a brand, product, service (or region) can enter a prospect’s “choice set” (that set of options from which the “purchaser” makes their destination choice), they must be in the “awareness set” (The set of possible options available that the prospect knows of). This rarely includes all the options and the point of this discussion is that, when it comes to immigration destinations, it rarely appears to include Marlborough. In straightforward terms, Marlborough is not in enough prospects’ awareness sets and therefore does not rate as a potential destination for migrants. That does not necessarily mean that they are entirely unaware of Marlborough, it just means that they are not aware of the region as a prospective destination to which to immigrate. This is an enormous challenge for a small region and innovative collaborative solutions piggybacking on existing promotions must be considered.

In Marlborough, perhaps because of the familiarity people have with Marlborough wine, there is an assumption that people are equally familiar with Marlborough as a distinct region. Four true life examples demonstrate how far from the truth this is:

1. A government official visiting one of the authors phoned to say that she was running a few minutes late. Asked how late, she replied “I’m in the taxi now. We’re just coming around the water front.” She was in Nelson, assuming that Blenheim was a suburb of Nelson.
2. Another government official visiting Blenheim, booked by a Government travel agent, flew into Nelson, and hired a rental car. Upon arrival in Blenheim, he asked “I passed an airport on the way in. Do you have commercial flights?”
3. An ACC staffer based in Dunedin demanded to know why a Blenheim client couldn’t drive or take a bus to their appointment in Wellington.
4. A South African Migrant spoken with during research for this project, after two years in Auckland, admitted that he had not visited and had no knowledge of the South Island let alone Marlborough. After four days visiting a friend resident in the region, he has decided to move to Marlborough – with or without a job – so disenchanted is he with Auckland and enchanted with Marlborough. His opinion

<sup>32</sup> Stuff.co.nz/Marlborough Downloaded 23/08/2017

– every migrant that he knows in Auckland is “*not unhappy – but not happy either*”. (Addendum: Since originally drafting this report, this person has moved to Marlborough and quickly found employment)

#### 4.3.2 Misconceptions

Along with many rural regions, Marlborough suffers from misconceptions regarding quality of life, life style, income potential, opportunity, and other negative perceptions.

Prominent amongst misconceptions is the legacy belief that to operate a significant business requires location in a major centre. High speed internet access means that businesses such as professional practices and on-line sales that operate nationally and internationally are no longer location dependent. There are numerous examples, including the authors of this report who operate nationally and internationally from Marlborough. There are further examples where business principals choose to reside in Marlborough while many of their teams are located elsewhere. Supporting this will be the trend in modern business for remote working and virtual offices that can be dispersed to various locations.

Countering these various perceptions is central to this strategy and the region that achieves that will take a significant lead in the attracting migrants stakes over other regions.

#### 4.3.3 Perceived “Low wage economy”

This perception is widely held amongst Kiwis. It is unlikely, except via social media, to significantly influence international migrants but it is a negative consideration for internal migrants. See 3.3 for more detailed discussion.

#### 4.3.4 The role of family

Although no specific New Zealand research is to hand, research by Statistics Canada<sup>33</sup> shows that the single most important determinant in deciding a place to settle is the existing presence of family. There does not seem to be any reason that would not also be the case in New Zealand.

For international migrant attraction, that places the major centres at a substantial advantage and places like Marlborough at a disadvantage (Referred to in marketing as *Double Jeopardy* – the better known you are the more referrals etc that you receive. The *rich get richer* is a similar analogy). It also provides a clue to a potential screening question aimed at attracting people who do not already have family in New Zealand – that is, finding pathfinders who will lay down an immigration path for others.

#### 4.3.5 Accommodation.

Anecdotally, difficulty in obtaining quality rental or to-buy accommodation acts as a deterrent to locating in the region. The substantial forecast increase in staff across employment categories will exacerbate the situation. There is also substantial increased demand for “worker accommodation”. According to the Marlborough Labour Market Survey 2016 pp5, “...*planned beds do not appear to meet the forecast demand over the next five years.*”

If Marlborough succeeds in attracting the low-end forecast of 2,100 new full-time employees, it is possible to speculate on the number of houses required. If each new arrival is accompanied on average by one other individual (conservative), then the total arrivals would be 4,200 people. At an average occupancy rate of 3.05 per house<sup>34</sup> that represents a demand for 1,377 houses over less than a three-year period. If the more probable number accompanying is something over one, then that number increases proportionally. According to the Marlborough District Council, 144 certificates of code compliance (completed houses) had been issued in the 12 months to August 31, 2017, up from the long-term average of 100. Marlborough District Council Chief Executive Mark Wheeler is reported as saying that at least 2000 sections would be available around Blenheim over the next three years.<sup>35</sup> It is apparent therefore that any constraint on building the number of required houses will, ironically, relate to the region’s ability to attract construction workers.

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<sup>33</sup> Statistics Canada (2007), Immigrants – A toolbox of ideas for smaller centres, 2<sup>nd</sup> Edition

<sup>34</sup> 2010 Census data, Statistic NZ. Downloaded 14/09/2017

<sup>35</sup> <https://www.stuff.co.nz/marlborough-express/97490334/Subdivisions-moving-ahead-as-blenheim-builds-on-a-boomtime?> (Downloaded 18/10/2017)

This is an acute issue that represents a significant barrier to achieving any migrant attraction and settlement strategy.

#### 4.3.6 Health services

The availability of GP services is already a pressing issue for the Marlborough region. There are 39 GPs practising in Marlborough, representing 25 FTEs. That represents a ratio of 1 GP to 1,637 patients compared to the national average of 1:1200<sup>36</sup>. If the estimate of arrivals in 4.3.5 above is correct then at the national average that represents demand for an additional 2.6 FTE GPs.

This does not address the issue of the availability of services for the RSE and other non-permanent workers that have wash-over effects on the provision of services to the permanent residents. These people currently rely to a large extent on the after-hours GP service, displacing access for permanent residents. The Marlborough PHO is pursuing an initiative to create a 24-hour GP staffed emergency care centre based on the Wairau Hospital campus. That will relieve pressure on the after-hours GP service.

#### 4.3.7 Transport

To the degree that prospects may consider the cost of travelling into and out of the region, the dramatic price differential in Air New Zealand fares on the Nelson-Auckland versus Blenheim-Auckland route is a potential disadvantage for Marlborough. Other than that, (and accepting the disruption arising from the Kaikoura earthquake damage to State Highway 1 and the main trunk rail line) the region is well connected to the other main centres, taking consideration of the region's population count.

#### 4.3.8 Become knowledgeable

It is essential that employers are fully conversant with the processes involved in attracting and settling migrants. At the same time, linkages need to be built with immigration consultants, both those operating nearby and those who may have influence on an migrant's final destination. At the very least these people need to be linked in to [www.wehavejobs.nz](http://www.wehavejobs.nz) (See Section 4.5)

## 4.4 PROMOTING MARLBOROUGH AS A MIGRATION DESTINATION

Addressing the anonymity, or put another way, promoting Marlborough as a migration destination is a priority of this strategy. As a small region, Marlborough faces a challenge out of proportion to the resources available. Therefore, an innovative approach to promotion is required. This will clearly rely on digital media, social media where possible, and depend significantly on piggy-backing. By 'piggy-backing' we mean including promotion of the region as a migration destination into the promotions of other public and relevant private entities' own promotion. For example, Destination Marlborough could be encouraged to include something like "*Brilliant to live and work here too*" with an appropriate reciprocal link between websites.

#### 4.4.1 Growing the footprint

Also considered should be regular participation in employment and immigration shows in target immigration origin countries. These have long been attended by the region's competitors and are supported by Immigration NZ. See for example <https://www.newzealandnow.govt.nz/events-expos>. Such attendance could be accompanied by workshops to both promote Marlborough and introduce prospects to Kiwi culture with the aim of reducing cognitive dissonance upon arrival.

There are growing numbers of international students studying in the Top of the South. Linkages could be built with these people, some of whom may wish to become migrants themselves, while others may be able to grow awareness of Marlborough as a destination back home. Similarly, visitors to the region may constitute prospects as it is common practice when holidaying to think "I could live here" or even "I would like to live here". It has been common practice in the past for some migrants to tour the country to identify prospective destinations.

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<sup>36</sup> Beth Tester, CEO Marlborough PHO.

## 4.5 CENTRAL REGISTER

Integral to the success of this strategy is the establishment of an online central register of employment prospects, actual vacancies, regional information, immigration assistance, contacts etc. This could be part of a [www.wehavejobs.nz](http://www.wehavejobs.nz) promotion website. (Now, the nearest to this is Wine Jobs Online. [http://www.winejobsonline.com/job.php?job\\_id=5031](http://www.winejobsonline.com/job.php?job_id=5031)). Issues of funding the register will need to be resolved.

Our recommendation is that this be operated by the Chamber of Commerce as a strongly business focused, comparatively neutral organisation.

# 5 SETTLEMENT & RETENTION OF QUALIFIED MIGRANTS

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Any effective settlement strategy needs to focus on “community building” if it is to enjoy sustainable success. That means that it must engage not just the “immigration sector” but professional and community/services sectors, like the Chamber of Commerce and sports and service organisations like Lions and Rotary International respectively.

This strategy could meaningfully adopt the traditional Māori value of *Manaakitanga* - respect for hosts and kindness to guests, to entertain, to look after, to protect - as a foundation principle. This idea of reciprocal respect is an important one and setting clear expectations of exactly that, while embracing and warmly welcoming the migrants would provide the region with a meaningful difference.

## 5.1 THE GOVERNMENT’S SETTLEMENT STRATEGY

The Government’s approach to settlement provides a useful model for the Settlement and Retention of migrants to Marlborough. Immigration New Zealand’s website says -

*“The New Zealand Migrant Settlement and Integration Strategy (the Strategy), approved by Cabinet in 2014, is the Government’s approach to effectively settle and integrate migrants in New Zealand so that they “Make New Zealand their home, participate fully and contribute to all aspects of New Zealand life.”*



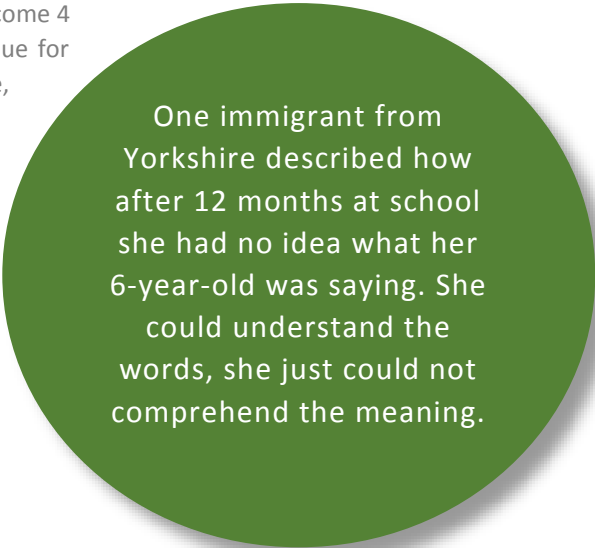
The Strategy identifies five measurable settlement and integration outcomes<sup>37</sup>:

Outcomes three to five are of prime interest to this strategy:

<sup>37</sup> Downloaded from <https://www.immigration.govt.nz/about-us/what-we-do/our-strategies-and-projects/settlement-strategy> Wednesday, 6 September 2017.



- English language. This is a requisite for achieving Outcome 4 Inclusion. While it may seem that this is only an issue for people for whom English is their second language, “Kiwi” has developed such a strong accent, and so many colloquialisms, that even British, American, and Australian people often struggle. One migrant from Yorkshire described how after 12 months at school she had no idea what her 6-year-old was saying.
- Inclusion. A sophisticated and organised approach to ensuring both work and social inclusion is proposed. A raised awareness of the workplace benefits of diversity is required.
- Health and wellbeing.



One immigrant from Yorkshire described how after 12 months at school she had no idea what her 6-year-old was saying. She could understand the words, she just could not comprehend the meaning.

## 5.2 THE CHALLENGES FACED

### 5.2.1 Home sickness

Many of the migrants spoken to over a period of years referred to some degree of “home sickness” – unrelated to how welcome they felt or how involved in their new community they had become. This appeared to be a combination of separation from the “familiar”, a degree of cultural dislocation, and a yearning for a “*world already lost*”. In other words, their home community as it was prior to the development of the discontent that led them to immigrate. These people are literally “*unsettled*” and the authors have encountered examples where the yearning was so great that the migrants returned home. This is likely a product of inclusion at a psychological level, that is, it is possible to be actively engaged in a new community without fully feeling part of it. That implies a more proactive approach to inclusion including some degree of cultural competency or CQ (Cultural Intelligence) for both the migrants and employers.

There appears to be an “*English Language Paradox*”. Those coming from non-English speaking origins arrive fully expecting a “*foreign*” culture and the receiving community anticipates that they will need support to settle. Those originating in English speaking countries including (and maybe in particular) Australia and the UK find that “*Kiwi culture*” is more different and “*incomprehensible*” than they expect and as a receiving community we anticipate that they will be “*just like us*”. As a result, they experience significant cognitive dissonance. (Cognitive dissonance being that mental discomfort that is experienced as people struggle to reconcile and adjust to what is experienced compared to what was anticipated). Countering that cognitive dissonance therefore must be an aim of the strategy.

### 5.2.2 “Internal” migrants

Net migration between Marlborough and other New Zealand regions is very close to zero. Paradoxically, Marlborough along with Nelson and Tasman show the highest population mobility (at approximately 20% per annum) or migration between regions.<sup>38</sup>

“Migrants” from other parts of New Zealand (Internal Migrants) face some of the same challenges as international migrants. Do internal migrants therefore need settlement services? It is common to hear how difficult internal migrants find settling in Nelson (and Nelson people probably hear the converse about those coming to Marlborough). Settlement for “returning Kiwis” is especially important as, even though they have likely visited “home” during their time away, it is common to hear how difficult they find adjusting to a New Zealand that is typically very different to when they left. Given that such a high proportion of Marlborough residents were born elsewhere, there should be a high level of awareness of the challenges. However, the same

<sup>38</sup> [http://m.stats.govt.nz/browse\\_for\\_stats/population/Migration/internal-migration/trends-in-migration.aspx](http://m.stats.govt.nz/browse_for_stats/population/Migration/internal-migration/trends-in-migration.aspx) (downloaded 18/10/2017)

process of introduction to local networks (See 5.3.1) could speed settlement. There will inevitably be a heavy reliance on employers to facilitate this role.

### 5.2.3 Jobs and settlement for partners

Anecdotally in Marlborough, over a period of decades, the availability of employment for partners has been a deterrent to attracting senior staff to the region. An organised and proactive approach to connecting partners with employment is therefore proposed.

Settlement for partners is of at least as great importance as for the actual employee migrant themselves. English language skills are of prime importance in this regard as poor skills are a major deterrent to inclusion. For example, one Korean migrant couple spoken with, revealed one partner with modest conversational skills while the other partner, even though quite outgoing, was unable to hold even a “friendly greeting” type conversation.


## 5.3 CURRENT MARLBOROUGH SETTLEMENT SERVICES

### 5.3.1 Connections and Existing Services

Marlborough does not want for both quality physical (eg The Marlborough Migrant Centre) and on-line services. However, awareness of those services, an obvious starting “point of entry”, and connection to networks, especially for those in employment fulltime, and possibly for those from the Anglo-Saxon countries, is less well organised. Additionally, the community does not have a high awareness or consciousness of settlement issues, especially for international migrants, and especially inter-cultural challenges.

Despite the Marlborough District Council’s efforts to create a *Smart and Connected* economy and community, Marlborough organisations themselves, continue to operate in isolated clusters. For example, at *Service IQ* Consultation meeting (August 29, 2017) one speaker lamented: “*People don’t know what exists. They don’t know how to connect. There is an expectation amongst service providers that people will find them and come to them.*”

What makes perfect sense to Kiwis, the names that we give services, the way we mix public and private, fee and non-fee bearing services is confusing, even for quite sophisticated arrivals. See for example *New Zealand Now – Marlborough Community Services* online directory:



“People don’t know what exists. They don’t know how to connect. There is an expectation amongst service providers that people will find them and come to them.”

<https://www.familyservices.govt.nz/directory/searchresultspublic.htm?pageNumber=6&pageSize=10&cat1=-1&searchRegion=8> where 578 organisations and individual services appear, some not-for-profit, others for-profit organisations, and in some cases, tenuous links with migration that appear to be straightforward commercial promotions.

There is, for obvious reasons of critical mass, significant differences in the services available in the major centres and in Marlborough. Consideration should be given to linking in to those services where appropriate through some sort of outreach.

The services that are available tend to be targeted at people “*with time on their hands*”. This is not to diminish the excellent work of groups like the Newcomers Network<sup>39</sup> however it leaves a significant gap for those in work, where it appears their connecting and settling will occur through their work. In the authors’ experience that does not occur, or occur reliably, largely because of cross cultural differences and a significant pressure to conform. Research in Australia for instance shows that much of the benefits that could arise from diversity, if

<sup>39</sup> <http://www.newcomers.co.nz/regions/marlborough/>

properly managed, are extinguished by the pressure to conform. That pressure may not be as strong in New Zealand but there are cultural settlement issues. Two examples illustrate this, both related in person to the authors:

- A new to New Zealand migrant was invited to a BBQ by his boss. He told us *“That just doesn’t happen where I come from. Frankly it was quite disconcerting – so I declined.”*
- A South African migrant, PhD and medical doctor qualified, head of research at a significant company, related to us after hearing our workshop on national culture *“Thank goodness I came. My wife and I have found it so difficult to fit in. We thought that we must be doing something wrong. We’ve been considering going to Australia.”*

Both people came from English speaking countries. It is important that Kiwis are not defensive about this. It is not that we are not friendly and welcoming. It is that our familiarity, lack of convention, laid-backness, and high egalitarianism, all wrapped into a single package, can be disconcerting and overwhelming for those who are unfamiliar with our ways.

To fill this gap, it is recommended that existing services be developed, or a new service be developed, to support “senior staff” migrants, including building networks by introducing to sports and social/service organisations like Rotary International and Lions International. The latter two organisations are desperate for members, are already “multi-national” non-sectarian organisations that function as effective networking mechanisms for “senior staff”.

Whether a person feels accepted and included will play a major part in determining how well they settle and remain in the community. This process has parallels to effective induction programmes in forward thinking companies.

## 5.4 WIDENING HORIZONS

The community and employers face a new labour market dynamic. Part of confronting the challenges that represents is adopting employment practices that maximise entry, retention, and participation by demographic cohorts that at present may not be fully utilised. Prominent amongst those are youth, women (especially those re-entering the workforce), and seniors whose decades of knowledge and work effort remains strong for many but is often neglected or diminished by employers. Therefore, The Chamber of Commerce could meaningfully host a workshop or workshop series on developing these cohorts. See for example <http://partnersinchange.co.nz>

## Part 2: Relating to and managing a migrant workforce

*“How Can NZ Employers Change Attitudes and Practices to Best Utilise Our Skilled Diaspora?” - “One way is by learning that there is a distinct NZ business culture. The expert in this area is Tony Smale of Forté Management.”*

Tony Alexander, BNZ Weekly overview, December 13, 2012

### 6 NATIONAL CULTURE AND ITS IMPLICATIONS FOR SETTLEMENT AND MANAGEMENT OF MIGRANTS

#### 6.1 A NEGLECTED OPPORTUNITY

Nationally and at the regional level, the role of national culture in productivity and people management is neglected in New Zealand relative to the importance accorded it in most other countries, including the United States. Culture will always trump strategy. In other words, if strategy does not accommodate national culture, the strategy is, at best, put at risk.

With an increasingly multi-cultural workforce, learning how to optimise the opportunities at hand through understanding and incorporating national culture into strategy making and people management is increasingly an imperative. Not only is this an imperative for Marlborough (and New Zealand) businesses but it represents a commercial opportunity for the region through the establishment of some form of centre of national culture learning.

Note that in October 2017 Yealands Wines became the first New Zealand business to complete a cultural competency audit with the assistance of the Marlborough Migrant Centre.

The establishment of some form of *centre of national culture learning* represents a commercial opportunity for the region.

#### 6.2 THE NATURE OF NATIONAL CULTURE

**“***The shared collection of mind models that are responsible for making the thinking and behaviour of people from one place like each other while distinguishing them from people from other places.”*

National culture provides reference points as to how to think and behave:

- What is right and wrong & how to tell the difference;
- How to relate to other people (including bosses) – relationships => groups & individuals, respect;
- Expressing feelings and how involved to get;

- How to accord and tolerate difference in status;
- How relate to time & nature.

National culture is passed on from one generation to the next (enculturation) by family and friends, schools, institutions like churches, sports, and social clubs and even the public agencies that we all engage with (or see our parents engage with). It is extremely slow to change. The current academic consensus is that present day culture can be traced to Neolithic times and the emergence of agricultural practices.



National culture developed as groups of people found and passed on ways to solve their common problems. We can see the customs and social behaviour of people from other cultures – eg greet in a particular way, wear a head scarf etc.

We cannot see the ideas, beliefs and collective mindset that determines how people receive, process, and respond to information including the experience they have as migrants and how they manage and need to be managed for best results. Nor are

we aware of our own culture any more than we are aware of our own accents.

There are profound differences between cultures, even those that we think are just like “us”, for example the British and Australians. National culture is instrumental in how people process the information they receive, how they form responses and react, and most importantly what they think is important or unimportant. It is more influential in thinking and behaviour than:

- Age
- Race
- Gender
- Religion
- Education
- Occupation

We once heard an Israeli Ambassador say

**“What you in the West with your individualism and short-term horizon cannot understand is that for us in the Middle East, a slight that happened to my brother two thousand years ago is as raw and real today as when it happened yesterday.”**

The key words to focus on are reference to “my brother” (representing collectivism or communitarianism – what happens to one member of the group is felt by everyone), and “yesterday” (representing an extremely long-term horizon. Kiwis are strongly individualist (in other words the rights of the individual supersede those of the “group”), and have amongst the shortest time horizons of any culture, that is we do not look far into the past or future. Customary Māori by contrast are collectivist with a very long time-horizon (look a long way back and a long way forward) so what happened to ancestors 200 years ago is “raw and real” – and felt personally.

#### **National culture’s affect is extremely enduring:**

People, including migrants, cannot change the way they think just because they have moved to a new country. Their national culture is hard wired into their neural pathways and it takes considerable time to learn the customs and conventions of a new country, let alone (if ever) learn to think like the people of the new country. As an example of this, think of migrants that you are familiar with and think of how, in most examples, even after 50 or more years, their origins remain evident.

#### **In an increasingly multicultural world:**

An awareness, and accommodation within strategies and people management practices, how Kiwis manage migrants, how migrants manage Kiwis or other migrants is in an increasingly multicultural world, essential for business success. It is easy to think that in today's highly connected world that *cultures will be converging*. The evidence suggests to the contrary. People are becoming less tolerant of cultural indiscretions. They are demanding a higher standard of understanding:

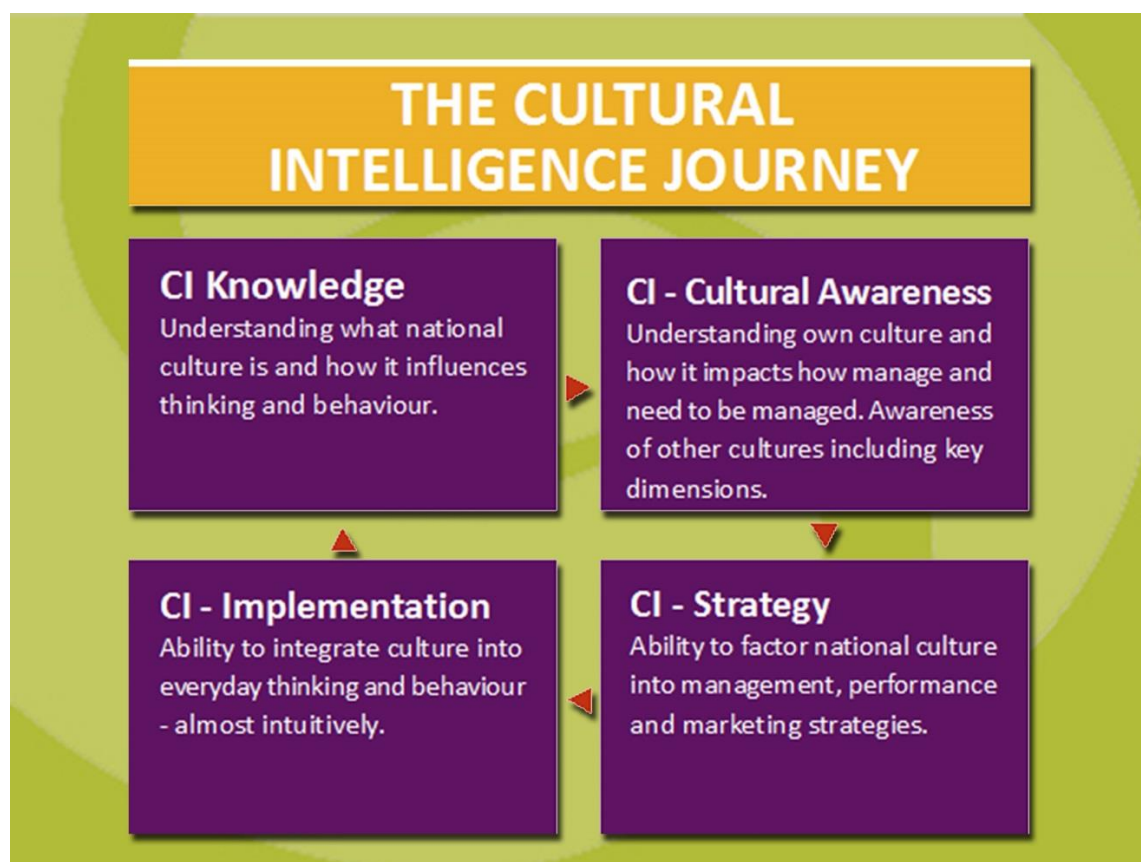
- The chances of engaging with people from other cultures is ever increasing;
- The probability of cultural *faux pas*, tensions, and misunderstandings increases;
- More people are working outside their own cultural framework.

### 6.3 HOW NATIONAL CULTURE IS MEASURED AND COMPARED

National culture can be measured and compared as "Cultural Dimensions". There are four principal models and all have included New Zealand in their research. None however have distinguished the overall composite New Zealand culture (Forte Management refer to this as "Kiwi culture") and customary Māori culture. This discussion refers largely to "Kiwi Culture. Refer to Appendix 1 representations of Trompenaars' and Hofstede's cultural dimensions and Appendix 2 for a summary of Kiwi culture as it relates to business. This is a complex topic and so this only represents an overview.

### 6.4 THE CULTURAL INTELLIGENCE JOURNEY

There is a natural journey as people become more competent in dealing with national culture as set out in the schematic below:



## 6.5 IMPLICATIONS FOR MANAGEMENT AND SETTLEMENT

Our own lack of cultural awareness and conversely, a migrant's lack of understanding of Kiwi culture can be barriers to attraction and settlement.

Research from Australia (we are not aware of equivalent New Zealand research) indicates that migrants experience substantial pressure to adopt local norms (You need to learn to do it like us). This is both unsettling and negates the benefits of diversity.

- Conscious or unconscious bias that sends strong signals to “behave like us” = cultural norm. For migrants that is exceedingly challenging and there is a profound difference between accepting “when in Rome” philosophy and the cognitive ability to change cultural paradigms at will – even when those paradigms appear reasonably aligned.
- Anecdotally, migrants, especially those who are not from the countries that we are most familiar with (UK/Ireland, Australia, Canada) face subtle and sometimes not so subtle bias. Those may be a reaction to cultural differences, Kiwis on average for instance are challenged by the directness we see amongst many of our migrants or as one Bulgarian migrant said to the authors “*Surely it’s only polite to tell people things as they are?*”. Conversely, ask a migrant from any country “*How do you get on getting a direct answer from Kiwis*”, and the response is, almost without exception, an embarrassed smile and “*You don’t*”. It drives them crazy.

Ask an immigrant from any country “How do you get on getting a direct answer from Kiwis, and the response is, almost without exception is an embarrassed smile and “*You don’t*”. It drives them crazy.

## 6.6 NATIONAL CULTURE PROGRAMMES

It is proposed that the Chamber of Commerce, possibly operating a public:private type partnership with a specialist provider and potentially NMIT, lead an initiative to develop two national culture programmes:

- A programme targeting new arrivals. Such a programme could be offered monthly and indications are that the understanding achieved would be welcomed by the migrants and contribute significantly to their settlement. This service could be provided online, as podcasts etc to provide wide access.
- A periodic, multi-level programme for employers. This may be eligible for NZTE Management Capability Voucher Scheme support (assuming it is continued past the election). This programme would be offered in four stages as shown in Section 4.5.6.

Despite the obvious need, such programmes are not widely available. It therefore, with the appropriate commercial arrangement, provides an opportunity to the Marlborough region to establish the programme offered to businesses and not-for profits across the country. The “attention” generated by the service (through web searches etc) would provide benefit in terms of building awareness of the region as an immigration destination.

Attention economics is an approach to the management of information that treats human attention as the limiting factor in the consumption of information. Put simply “*Attention is a resource—a person has only so much*



of it."<sup>40</sup> Gaining and holding the attention of prospective migrants ("cutting-through" the mass of interfering information and getting into their Awareness Set) is a key element of this strategy.

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<sup>40</sup> Crawford, Matthew B. (March 31, 2015) "Introduction, Attention as a Cultural Problem". *The World Beyond Your Head: On Becoming an Individual in an Age of Distraction* (1st ed.). Farrar, Straus and Giroux. pp 11.

## 7 PROPOSED STRATEGIES

John Leggett, Mayor of Marlborough

***“I would like to see us all aspire to good quality solutions, not minimum standards.”\****

\* Public paper for consult pp2

Section Reference	Strategy	Key Stakeholders	Priority	Discussion
5.3.1	Joining the dots: Cohesion and Connection:	<ul style="list-style-type: none"> <li>• Lead: Marlborough Chamber of Commerce.</li> <li>• MDC</li> <li>• Wine Marlborough</li> <li>• Migrant Centre</li> <li>• Destination Marlborough</li> <li>• Construction Sector</li> <li>• NMIT</li> <li>• Real Estate Sector</li> <li>• Service IQ</li> <li>• Other interested ITOs</li> </ul>	A	<p>Establish <i>Migration Co-ordination Taskforce</i>. Many elements of this strategy, or its foundations, already exist. The challenge is therefore not around creation but about cohesion – joining up the dots and gluing the disparate elements into a smart, connected whole.</p> <p>Devise, plan and implement fully integrated pathways for migration settlement.</p>
3.2	Community buy in	<ul style="list-style-type: none"> <li>• Marlborough Community including Iwi</li> <li>• Migrants</li> <li>• MDC and especially the Mayor</li> </ul>	A	There must be community support including Iwi, or at the very least, not active resistance. An engagement with Iwi is mandatory and an intensive community consultation and public education process about the role and benefits of workforce maintenance is required.
4.1	Who’s going to pay?	<ul style="list-style-type: none"> <li>• Lead: Marlborough Chamber of Commerce</li> <li>• MDC</li> <li>• MBIE/INZ</li> </ul>	A	A modest establishment budget will be required to establish and co-ordinate including a short-term project co-ordinator role. Although some funding may be expected to come from local and central government, especially seeding funding, affected sectors should be asked to contribute.
5.4	Making the best of those we already have	<ul style="list-style-type: none"> <li>• REAP and Iwi initiatives (for youth development)</li> <li>• <i>Immigration Co-ordination Taskforce</i> for Seniors</li> </ul>	A	Coordinate and integrate strategies around youth employment including Māori youth, women re-entering the workforce and seniors. See <a href="http://partnersinchange.co.nz">http://partnersinchange.co.nz</a> as an example of senior workforce development services.

4.5	“We have jobs” How will they find out about Marlborough as a migration destination?	<ul style="list-style-type: none"> <li>Lead: <i>Migration Co-ordination Taskforce</i></li> </ul>	B	– www.wehavejobs.nz” or similar website, Facebook etc. Mandatory that develop specialised website with reciprocal links to Wine Marlborough, NMIT, NMDHB, MDC, Destination Marlborough, Marine Farming Association, Marlborough Forest Industry Association, Port Marlborough, Construction industry etc and as many business sites as can be arranged.
4.3.5	Where will they live?	<ul style="list-style-type: none"> <li></li> </ul>	B	<p>Accommodation – Consider and address the likely demand for housing and whether market forces will meet demand in a timely and economic manner. Recommend an urgent review of housing development plans taking into consideration the forecast labour demands increases.</p> <p>Given the importance of housing in the whole migration equation, an effective housing expansion strategy is likely required. Most significantly it needs to be ensured that supply expands at a similar rate to demand to avoid house price escalation. The region must find innovative solutions to the provision of short term housing in keeping with the expectations of <i>senior staff</i>.</p>
5.3.1	Enter the matrix	<ul style="list-style-type: none"> <li>Sports organisations</li> <li>Sport Tasman</li> <li>Marlborough for Fun</li> <li>Service Clubs</li> </ul>	B	Build a programme of network development that engages sports organisations, service clubs, fire service, St Johns etc.
4.3.1/4.4	Piggy-back ride	<ul style="list-style-type: none"> <li>Lead: <i>Migration Co-ordination Taskforce</i></li> </ul>	B	Marlborough is a small region with extremely modest financial resources, already spread thinly across many organisations and causes. It is critical therefore that an agreement be reached, that wherever possible, immigration promotion piggybacks on the promotions of other organisations and causes. Each of the organisations referred to above has a vested interest in resolving labour shortages and ought to be open to collaboration to co-promote – run “Marlborough has jobs – come join us” type messages. The idea that “everyone knows that” or “so does everyone else” type arguments should be avoided. The region that wins the battle for labour will be the one that is innovative, single-minded and coordinated in its approach.
4.5	Central register	Lead: Marlborough Chamber of Commerce	B	A central register published on-line of anticipated and actual vacancies with links to recruitment agencies, business websites, Marlborough information etc should be established.

				Conventional wisdom has it that as few as half of all jobs are ever advertised. An effort to widen the posting of jobs to provide a more complete picture and to aid the “partners too” option is recommended.
5.2.3	<i>Partners too</i> Partner connect service	<ul style="list-style-type: none"> <li>Lead: <i>Migration Co-ordination Taskforce</i></li> </ul>	C	Finding employment for partners has long been an issue for the region has been. Promoting and providing assistance with finding appropriate employment for partners will reduce resistance to moving to Marlborough.
4.4.1	Hands up	<ul style="list-style-type: none"> <li>Lead: <i>Migration Co-ordination Taskforce</i></li> </ul>	C	Establish targeted recruitment and workshop missions – to recruitment fairs, diplomatic posts etc in target countries. Proceed with caution. It is easy to be overwhelmed by candidates who will not qualify for the job or for immigration.
4.3.1	Second time lucky	<ul style="list-style-type: none"> <li>Lead: <i>Migration Co-ordination Taskforce</i></li> </ul>	C	Target “secondary” or “cross-country” migrants whose first destination hasn’t worked out.
4.3.8	Become knowledgeable	<ul style="list-style-type: none"> <li>Lead: <i>Migration Co-ordination Taskforce</i></li> </ul>	C	Upskill advisors and employers regarding the immigration process. Develop expertise around assisting migrants through the application process. NMIT will already have considerable expertise assisting students and may be able to assist in building the expertise across the community. Connect with Immigration consultants
4.3.4	Friends and family	<ul style="list-style-type: none"> <li>Lead: <i>Migration Co-ordination Taskforce</i></li> </ul>	D	Identify existing international and internal migrants who may assist in attracting family and friends.
4.4.1	International students	<ul style="list-style-type: none"> <li>Lead: <i>Migration Co-ordination Taskforce</i></li> </ul>	D	Reach out to international students as potential future migrants personally or as “ambassadors” to recruit friends and family.
4.4.1	Visit and Stay	<ul style="list-style-type: none"> <li>Lead: <b>Immigration Co-ordination Taskforce</b></li> </ul>	D	Target tourists and other visitors as prospective migrants.
5.3.1	Greetings to you	<ul style="list-style-type: none"> <li>Lead: <b>Immigration Co-ordination Taskforce</b></li> </ul>	D	Recruit volunteers from migrants’ own communities – introduction, language help, experiences and customs etc.
Part 2	National culture training	<ul style="list-style-type: none"> <li>Lead: Marlborough Chamber of Commerce</li> </ul>	B	Establish national culture training for employers and migrants to optimise the benefits of diversity and reduce cognitive dissonance for migrants.

## APPENDIX 1: TROMPENAARS AND HOFSTEDE'S CULTURAL DIMENSIONS

### Hofstede's Cultural Dimensions

Dimension	Description	New Zealand
<b>Individualistic vs Collectivistic</b>	Whether the rights of the individual or the group are given priority.	Kiwi*: Individualist Māori*: Collectivist
<b>Masculine vs Feminine</b>	The degree to which there are differences in rules and roles for men and women. Some authorities replace this with Competitive vs Collaborative, possibly a better description.	Kiwi*: Competitive Māori*: Collaborative
<b>Uncertainty Avoidance</b>	The degree to which people are comfortable with change or prefer the status quo.	Kiwi*: Low – that is comfortable with uncertainty and change
<b>Power Distance Index</b>	The degree to which people are comfortable with inequality or differences in status within their society.	Kiwi*: Low Māori*: Higher
<b>Time perspective</b>	Short time past and future oriented vs long future focused.	Kiwi*: Quite short Māori*: Very long**
<b>Indulgence/Restraint***</b>	The degree to which gratification of basic drives and enjoying life is regulated and postponed.	Kiwi*: Indulgent

\* *Kiwi* refers to the general New Zealand population as studied by the various researchers without distinction between Anglo-Saxon derived culture and customary Māori culture. *Māori* refers to customary Māori culture.

\*\* Arguably the single greatest difference between New Zealand's two principal cultures.

\*\*\* Schwartz<sup>41</sup> refers to what is likely a similar dimension, *Affective Autonomy*, the individual pursuit of adventure and discovery, of which Kiwis rank number one.

<sup>41</sup> Schwartz, S.H. (1999) 'A Theory of Cultural Values and Some Implications for Work', *Applied Psychology: An International Review*, 48(1):23-47.

## Trompenaars' Cultural Dimensions

Dimension	Description	In New Zealand
<b>Universalism vs Particularism</b>	Whether primary obligations are to rules and contracts or to friends, family, and relationships. For universalists what is right or wrong can always be defined and applies in all situations. For particularists what is right or wrong can change with circumstances.	Kiwi: Universalist Māori: Particularist
<b>Individualism vs Communitarianism</b>	Whether the rights of the individual or the group are given priority.	Kiwi: Individualist Māori: Communitarian
<b>Specific vs Diffuse</b>	The manner and extent to which people interact. This might be called "rules of engagement". In specific cultures people tend to keep personal and work life separate and do not consider that relationships are an essential part of working or doing business together. In diffuse cultures people see an overlap between their personal and work lives and believe that relationships are essential to achieving work and business goals.	Kiwi: Specific Māori: Diffuse
<b>Affective vs Neutral</b>	Show emotions vs hide emotions	Kiwi: (Very) Neutral Māori: Affective
<b>Achievement vs Ascription</b>	Whether respect is earned through achievement or accorded through status such as family, wealth, title.	Kiwi: Achievement Māori: Ascription
<b>Sequential vs Synchronic Time</b>	Whether tasks are performed one after the other and therefore being on time, scheduling etc is important or many tasks are "on-the-go" at once and punctuality and the like is not important.	Kiwi: Sequential
<b>Inner vs Outer Directed</b>	Schwartz described this as Mastery vs Harmony, possibly a better descriptor. People from mastery oriented cultures see the environment as a threat to be controlled. Those from harmony oriented cultures seek to adapt and live in harmony with the environment	Kiwi: Mastery Māori: Harmony

## APPENDIX 2: THE BUSINESS ESSENTIALS OF KIWI NATIONAL CULTURE

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National cultures can be ranked or classified and compared using empirically verifiable, largely independent “*dimensions*”. There is remarkable agreement on New Zealand’s rankings between the different researchers and approaches. The combination of *dimensions* creates a unique *mental model set* and explanation for a number of Kiwi behaviours.

⑥ Kiwis are intensely indirect. We tend to be confronted by people who come from more direct cultures while they find us frustrating or even infuriating in our reluctance to provide direct answers. We are described as “beating around the bush”.

⑥ Kiwis are strongly individualistic but at the same time egalitarian – or more correctly we have low tolerance to power differentials within our society. The Tall Poppy Syndrome may be the egalitarianism keeping the individualism in check. We have a particularly negative attitude towards failure, especially where money is involved and an endemic and striking inability to give and receive feedback and criticism, no matter how constructively it is intended. Low assertiveness (Second lowest of 61 nations studied) together with high *harmony* seeking probably accounts for us being very “likeable”.

⑥ Kiwis accord respect on the basis of achievement, especially practical achievement but not business success and especially not on the basis of wealth accumulation. We separate the respect accorded at work from that given outside of work. That reduces the motivation to accumulate wealth and in Maslow’s terms, accumulating wealth is not a path to self-actualisation. The separation of social life and work, and a great reluctance to express emotion at work (fourth least likely in the world) may explain the perception that we are less fun to do business with than our Australian cousins.

⑥ Kiwis are *universalist* and tend to believe that there is one right or wrong for every situation (black or white or “our way”). We are confronted by the idea that people from many cultures, including those that we regularly employ, have a different view to us of “right and wrong”, and even more so by the idea that what is right or wrong can vary with circumstances. We are inclined to “think for our customers”, assuming that what we think is important and what we take for granted will be the same for our customers. An important consequence of this is that we tend to rely upon contracts rather than trust. This has significant implications for many employment relationships.

⑥ Kiwis are intensely self-reliant. That plays out in the capital and ownership structures that we adopt resulting in increased risk aversion. Our reluctance to delegate and to collaborate caps the size and growth potential of our businesses. We prefer generalists to specialists and widely adopt “do-it-yourself” and in combination with other factors pay insufficient attention to preparation and presentation resulting in a “make-do”, “she’ll be right”, “take-it-or-leave-it” approach.

⑥ Kiwis have very low *assertiveness* but high *action orientation* (just get on with it!). Our short *time horizon* means that we do not take the time to “court” our prospects or build relationships even where that is essential, resulting in an apparent reluctance to understand other cultures and a preference for transaction rather than relationship based business. That compounds the “take-it-or-leave-it” perception. Of course, some cultures prefer to do business the same way we do while other find it offensive. The secret is in knowing the difference and acting accordingly.

⑥ Weak negotiation skills are attributable to low assertiveness and high harmony seeking. A lack of confidence to launch products and risk unfavourable feedback traps Kiwis in a “pathology of serial initiation” and reluctance to engage early with our customers, even though speed to market is increasingly a competitive



necessity. Our natural comfort zone tends to be “behind the scenes” and down at the coal face rather than “out-front, in the lime-light” leadership.

④ Kiwis have very high *affective autonomy* and low *work centrality* which means that we prefer the individual pursuit of pleasure and an exciting and varied life (likely the highest of any people) rather than co-operation and work. We have high competitiveness rather than “collaborativeness”. The low work centrality (draw our sense of self or self-actualisation from work) and preference for pleasure (outside of work), social goals that often supersede economic goals, and variety seeking means that work goals are in very strong competition with personal and recreational goals. As a result, we “satisfice” or reach thresholds of satisfaction at quite low levels (wealth creation, quality, engagement etc) after which, motivated by our preference for doing exciting and varied things, we switch to the next new thing. This may play out in further lack of attention to preparation and presentation.

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Helen Smale is a qualified Executive Coach and holds Diplomas in Professional Coaching and in Training and Development. Prior to joining Forté Management three years ago she spent 17 years in the aquaculture industry specialising in growing water quality management. She co-led the development of a “new to the world” innovation for marine biotoxin safety testing that is now adopted by the EU and USFDA. In that role she built a global reputation and spoke at numerous international conferences. She was a long term member of the International Advisory Committee of the International Conference of Molluscan Shellfish Safety and its Chair for two years. She has a special interest in and has completed a programme of study through Berkeley University on the role of Positive Psychology in business and personal performance and success.