

**INTEGRATION OF
IMMIGRANTS
PROGRAMME**



**IMMIGRANTS AND IMMIGRATION:
A RESEARCH AGENDA**

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Executive Summary

New Zealand is facing very significant challenges in these opening decades of the twenty-first century as a country and an economy.

With 22 percent of the population foreign-born, and a larger proportion of working age and those in Auckland foreign-born, as well as the fact that 40 percent of immigrants have arrived in the last decade, New Zealand is reliant on immigrants in economically and socially important ways. This is compounded by the skill shortages that prevail, especially in the 2000-2008 period, and the need to compensate for demographic ageing. In terms of ensuring economic competitiveness and productivity, an appropriate supply of skilled workers as well as broader social considerations (such as social cohesion), immigration has come to represent a critical factor in New Zealand's future prosperity.

This paper is a modest survey of the policy issues as they relate to immigration in a New Zealand context. It provides a listing of some of the important research and policy issues in relation to a range of areas: selection, labour market and economic integration, credential recognition, social capital, transnational networks, language acquisition, ethnic entrepreneurs and enclaves, and migrant circulation/temporary migration. Many of these issues have been taken up, using the excellent Longitudinal Immigrant Survey and other data sources, by research units such as IMSED in the Department of Labour, the Ministry of Social Development or the Office of Ethnic Affairs, by research teams such as the Integration of Immigrants Programme (Massey University/University of Waikato), or Centre for Applied Cross Cultural Research (Victoria University of Wellington), or organisations such as Motu Economic and Public Policy Research.

Research and Policy Issues in *Immigrant Selection*:

- Given the growing competition for skilled migrants, the recruitment and selection processes to ensure adequate supply are significant future challenges. Comparisons between temporary and permanent settlement selection procedures and the outcomes are important in terms of equity and efficiency in the selection process.

- The matching of supply and demand is critical to ensuring successful outcomes for New Zealand and for prospective migrants. How good are the mechanisms for tracking and anticipating labour shortages? Can future shortages be predetermined or anticipated?
- Monitoring competitor country initiatives (see EU below) is important in identifying best practice and ensuring that New Zealand is competitive in its selection processes.
- Should employers be more involved in immigrant selection? What are the benefits and the costs?
- What influences immigrants to apply for temporary or permanent residence in New Zealand? Are issues such as the local tax regime or comparisons with competitor countries an important consideration?
- While there is an understandable focus on the selection of economic immigrants, is the OECD correct to suggest that the family-sponsored selection process needs attention, particularly given the implications for immigrant settlement and integration?

Research and Policy Issues on *Labour Market and Economic Integration*:

- Tracking economic assimilation effects (income convergence/disparity, cohort effects and trajectories) provides important baseline information on economic or labour market integration. How do immigrants do (over time) compared to locally-born? Are certain economic outcomes associated with origin or pre-arrival factors?
- The Longitudinal Survey of Immigrants (New Zealand Immigration Service, 2004) notes that key factors impacting on integration are: occupational mismatch, language, family, friends and social integration; discrimination; settlement assistance and income. Each of these is important in their own right, and represents important research and policy considerations in immigrant integration.
- Do the earnings of immigrants reflect the productive value of their skills? Do employers have effective means to assess immigrant potential in terms of productive value?
- What is the extent of immigrant skill under-utilisation in New Zealand?
- Have the labour market outcomes for immigrants improved or declined? Are there entry effects that are shared by all new labour market entrants, especially in the context of a post-2008 economic crisis? Is there an entry effect which reflects the time of entry in relation to the business cycle?

- In relation to the second generation (G2), what are the transmission mechanisms (internal to an ethnic community as well as those available externally) that contribute to socio-economic (upward) mobility? How important are factors such as parental education on G2 outcomes?

Policy and Research Issues in *Social Capital*:

- Is social capital important to immigrant economic integration and success? What form does it take (bonding, bridging)?
- What policy and regulatory levers are available to enhance bridging and bonding social capital? Which levers are most successful in terms of positive outcomes?
- When bonding produces the residential clustering of immigrants, what are the consequences? What happens to these clusters over time? Are there specific gender and generational effects?
- What forms of social capital help labour market integration? What compensates for the loss of location-specific social capital?

Research and Policy Issues in *Credential Recognition*:

- The transferability of credentials remains a critical factor in utilising immigrant skills. The research tends to suggest that barriers in the New Zealand labour market (employer recognition, risk-averse behaviour in recruiting immigrants) is an important factor. Ongoing research on the nature and extent of credential (and prior experience) recognition in the New Zealand labour market is required in order to identify key barriers, including discrimination. What policies or activities would contribute to appropriate credential and experience recognition by employers?
- What is the Rate of Return (RoR) on the investment in education in origin countries? How does this RoR compare with educational investments in New Zealand?

Research and Policy Issues in the *Functioning of the Labour Market* :

- What impacts (on labour productivity, employment opportunities for local workers) do immigrant workers have on the functioning of the labour market? What is the nature of causality?

- How important is discrimination in contributing to poor labour market performance (generally and in the case of outcomes for immigrants)? Is it a significant factor? How much is directly related to the functioning of the labour market as opposed to non-labour market factors?

Policy and Research Issues in *Transnational Networks*:

- To what extent have various immigrant communities retained or enhanced the internationalisation of their economic activities? What is the impact on the New Zealand economy of these transnational links and trading activities? Do these transnational activities and focus inhibit positive outcomes?
- Are there specific investment flows associated with transnational networks? Is it possible to quantify these and their benefits?

Research and Policy Issues in *Language Acquisition*:

- What is the most effective mechanism of ensuring language acquisition, particularly given the research which suggests combining vocational and language training?
- The variation in immigrant integration according to English language competency is demonstrated in the research literature but measures of language ability are typically self-reported and more robust means of establishing language ability and use are required.
- What funding and provision model is required for language acquisition (who pays? are there more appropriate co-funding arrangements?) and should language acquisition be part of pre- or post-arrival requirements for settlement approval (including for those other than the principal applicant)?

Policy and Research Issues in relation to *Ethnic Entrepreneurs and Enclaves*:

- What is the nature and size of ethnic economic networks and activities and ethnic enclaves, in New Zealand? What are the spill-over effects of these networks and enclaves?

- Is entrepreneurship a first choice or a forced option? What are the reasons for immigrants becoming entrepreneurs? Does entrepreneurship improve earnings and business success for immigrants?
- What are the returns on ethnic or immigrant entrepreneurship (business success? income? economic mobility?)?
- Are ethnic entrepreneurship and enclaves important for economic development for both the host economy and immigrants?

Policy and Research Issues in relation to *Migrant Circulation and Temporary Migration*:

- How successful are time-bound admission programmes in (a) meeting labour market requirements and (b) in providing an opportunity to assess candidates for permanent settlement? Do temporary working visa schemes contribute to labour market flexibility?
- The nature of engagement and networking with the New Zealand diaspora remains a significant information gap, especially in relation to possible economic benefits.

1. INTRODUCTION

As a traditional immigration settlement country, New Zealand has a history of immigration but of a particular sort. For much of its colonial history, New Zealand's immigration policy and issues were defined by a strong relationship with the UK. In this relationship, immigration was largely unproblematic given that it was assumed to be part of the natural order of settlement and nation-building and those arriving reinforced the cultural values and institutional practices that predominated in New Zealand. There were moments in which immigration did become problematic. The arrival of those deemed racially inappropriate in the late nineteenth century and early twentieth century attracted political opposition and suspicion, and a discriminatory set of policies were introduced to make it difficult for groups such as the Chinese to arrive and settle.

After 1945, there were a number of examples of special schemes to bring non-British to New Zealand – the arrival of Polish refugees, for example, and an arrangement with the Netherlands Government to provide preferential treatment for Dutch immigrants. But the first major migration flow to radically alter New Zealand's immigration mix was the arrival of migrants from the Pacific from the 1950s. The entry of the UK to what was then referred to as the European Economic Community also marked a new stage in the relationship with the UK and led to a repositioning of New Zealand in terms of where its own geo-political interests lay, although this remains a work in progress. The realisation that immigration policy needed to change in fundamental ways was left to a reforming Labour Government in the 1980s, and the immigration review in 1986 and new legislation in 1987 significantly altered who arrived in New Zealand as immigrants and how immigration was viewed by New Zealanders.

The diversification of immigration flows, closer ties with the Asia-Pacific region, questions of social cohesion and national identity and the growing international competition for skilled immigrants all make immigration a critical and sometimes problematic part of the policy mix in New Zealand in the first half of the twenty-first century. Drawing upon local and international material, what follows is a brief summary of contextual issues followed by a discussion of key research topics.

2. IMMIGRATION: A CONTEXT

New Zealand is facing very significant challenges in these opening decades of the twenty-first century as a country and an economy. The earlier project of building a nation-state on the basis of British and Irish immigration, an undifferentiated nation (a culturally homogeneous country), a state which operated with universal notions of citizenship (with some exceptions for Maori) and an institutional framework which echoed that of the UK in important regards prevailed until the 1970s. The events of the late twentieth century, and more recently, have significantly altered this nation-state building process (at least as it was conceived from the 1850s through to the 1970s), and a number of features have contributed to a very different set of agendas and possibilities. With more than 20 percent of the population foreign-born, and a larger proportion of working age and those in Auckland foreign-born, and the fact that 40 percent of immigrants have arrived in the last decade, New Zealand is reliant on immigrants in economically and socially important ways. This is compounded by labour market shortages, both in relation to the quantum of supply but also in relation to skilled- and increasingly unskilled-supply. Ageing of the population has altered the demographic profile of New Zealand. The dependency ratio (those in the labour market compared to those who rely on state benefits of various sorts) has changed significantly since the 1950s. Delayed entry to the labour market has exacerbated labour supply issues. In terms of ensuring economic competitiveness and productivity, an appropriate supply of skilled workers as well as broader social considerations (such as social cohesion), immigration has come to represent a critical factor in New Zealand's future prosperity. It also represents a matter of some political and social disagreement. What follows is an overview of some of the more important issues as they relate to New Zealand.

Maori Cultural and Economic Ambitions

The Maori migration from traditional rohe to urban centres began a process of re-evaluating a Maori political agenda and the relationship of Maori to other ethnic communities and the state. For the purposes of this paper, there are several issues which are worth briefly highlighting in relation to broad policy considerations. The first of these is the way in which Maori political agendas and the willingness of the state to recognise these in various ways

has provided a very different landscape in terms of citizenship and group-related rights. The traditional assumptions about how the New Zealand state was structured and operated has now been altered with a still incomplete but increasingly significant conception of Maori-specific citizenship apparent. The second issue is the development of Maori-specific services arising from reviews that were critical of state agencies in the 1980s and their inability to deliver appropriate services to Maori. In areas such as primary health care, education, justice and employment, there are a range of services which are directly constructed for or delivered by Maori. In recent years, there has been a certain nervousness and a watering down of these services and provisions (the shift from 'Closing the Gaps' to 'Reducing Inequalities'), but there are still significant examples of services and facilities that are designed for Maori in ways that did not previously exist, Whanau Ora being the most recent example. In the search for a local multiculturalism, a number of these (eg language maintenance) might well provide examples which will be appropriate for a much more culturally diverse New Zealand. Thirdly, there is the vexed question of Maori interests in immigration policy and how these might contribute to the evolution of policy and the emerging issues of national identity. This issue has received relatively little attention in relation to local research agendas (the work by Manying Ip being an obvious exception), and yet there are important issues relating to social cohesion and political debate which need attention.

Immigrant-Related Diversity

Since the 1950s, non-European immigration has involved two quite different flows. The first from the Pacific now involves the maturation of local communities and strong transnational links with the Pacific and a Pacific diaspora. The second dates from 1987 and has seen significant migration flows from Asia in particular. Within each of these, there are important cultural, religious and national differences so that flows are diverse in terms of who is involved and who has settled in New Zealand. Alongside these, there are important migration flows from South Africa, Europe, the Middle East and North America, with an ongoing and large (in terms of the proportion they contribute to net migration) flow from the UK.

The diversity and the size of many of these communities has radically altered the cultural make-up of New Zealand, with implications for local institutions, political options and debates about issues such as national identity. Both non-European (Pacific and Asian) flows have encountered major opposition in the first decade or so of their arrival, and the question of host attitudes is one that requires ongoing research, as does the way in which host institutions and key gatekeeper groups operate. New Zealand now looks much like Australia and Canada, and the percentages of overseas-born and the range of cultures are now broadly similar for all three countries. Moreover, gateway cities look similar in many respects (eg Vancouver and Auckland). The key differences between New Zealand and the other two countries relate to Maori demographics and agendas and the presence of Pacific peoples.

Economic Migration

After 1986, and especially by the first decade of the twenty-first century, New Zealand had adopted the points based selection process that Australia and Canada were already using. This provided an ability to target particular migrants, and in all three countries, there has been a significant refocusing on economic migrants, those who will contribute to the local economy in various ways. Since 2000, these economic migrants dominate selection and recruitment and have grown as a proportion of those who are selected as permanent migrants (the 60/30/10 mix, the first being economic migrants, the second family reunification and the third being humanitarian). But alongside this development, there has also been a greater emphasis on temporary migrants to fill skill or labour shortages or in relation to activities such as export education. The option for some of these migrants to then become permanent residents adds another dimension to immigrant selection, essentially constituting a form of non-standard immigration which allows the country – New Zealand in this case – to test candidate suitability locally before accepting them.

A number of consequences flow from this recent focus on economic immigration. The first is growing competition internationally for skilled immigrants and New Zealand's ability to recruit those that it requires. The second concerns target regions. There are important consequences, depending on the source country of immigrants and the

attractiveness/appropriateness of New Zealand. The third is how successfully New Zealand captures the human capital of immigrants post-arrival. If the aim is to contribute to the aggregate skills available to New Zealand, then inefficiencies in adequately utilising these skills post-arrival undermines the intentions of the selection and recruitment processes.

Nation-Building and National Identity

New Zealand, unlike Australia and Canada, has not developed a multicultural policy framework. Both other countries developed such frameworks in the 1970s. New Zealand, in contrast, has a much more developed bicultural policy platform so that the policy balance between biculturalism and multiculturalism is asymmetrical. The Office of Ethnic Affairs, the Human Rights Commission and the work of a number of other government agencies (Department of Labour/New Zealand Immigration Service, Ministry of Pacific Island Affairs, Ministry of Social Development) have contributed elements of a multicultural framework, but this is limited compared to the elements that comprise biculturalism. But the diversity related to immigration now requires a more considered and agreed policy platform. What might be expected of immigrants but, equally, of host communities? What institutions and services ought to be provided to maintain cultural identity for immigrants and their descendants and which should be common to all New Zealanders?

Other changes, such as the arrival of MMP as the basis for political representation, have provided opportunities for New Zealand's cultural diversity to be recognised in major institutions. But there still remain gaps in terms of a national identity agenda and policies which reflect the realities of New Zealand in the twenty-first century, including :

- What constitutes a high level policy goal in relation to cultural diversity (is it social cohesion)?;
- What might ethnic and immigrant communities expect by way of support in terms of the cultural traditions and institutions which are important to them?;
- What processes and opportunities exist for New Zealanders (Maori, Pakeha, others) to participate in debates about national identity as well as immigration?;

- How well do our major institutions (education, health, justice) operate in multicultural settings?;
- What are the important issues in terms of a debate about national identity and how is this debate to be progressed?.

New Zealand does not have a lot of experience with some of these issues but it does with regard to the recognition of Maori and the incorporation of Maori into an appropriate institutional and policy structure.

From this broad set of policy issues, a number of research areas and topics emerge. The remainder of this document identifies these issues. The commentary draws upon research evidence and debates in other countries, notably Canada and Australia, to highlight key issues in a research and policy agenda. It does not necessarily reference (at least in detail) the research and debates which have occurred locally. (The Department of Labour website and publications such as Trlin, Spoonley and Bedford (2010) provide details). Rather, what is provided is a contribution to a research agenda which reflects the critical issues concerning immigration in twenty-first century New Zealand.

3. RESEARCH AND POLICY ISSUES

3.1 Immigrant Selection

As the OECD (2006) observes:

The growing interest in migration for employment focuses on two specific policy areas. First, the recruitment of highly skilled immigrants, by selective policies in a context of international competition to attract and retain these workers; and second, the recourse to temporary, often seasonal, low-skilled immigrants, to alleviate labour shortages (OECD, 2006, p. 76).

This is a succinct and appropriate summary in terms of New Zealand's contemporary interest in recruiting skilled (as well as semi or unskilled immigrants) to meet local labour market requirements. New Zealand has significantly altered its selection procedures since 1986, and many of the changes have improved the process in terms of aligning immigrant selection with New Zealand's domestic requirements and provided applicants with a more transparent process. An OECD (2006) report is complementary about New Zealand's selection policy and acknowledges the focus on recruiting skilled immigrants (60% of annual targets). It commends the two step approach which it identifies as unique and notes:

...candidates for immigration are evaluated on the basis of language ability, health, character, employability and contribution to [New Zealand's] capacity building. Persons scoring a certain minimum level are placed in a pool of people who have expressed an interest in migrating to New Zealand. Persons in this pool are then ranked by their point scores and, depending on the verification of information provided and on available places, may be invited to formally apply for residence. Backlogs are effectively eliminated by this approach, because only persons invited to apply at this second stage can do so (OECD, 2006, p. 136).

But the report is less complementary about the way in which the family-sponsored stream is administered, and suggests that a backlog will occur. The question in relation to the family-

sponsored stream is whether New Zealand ought to adopt overseas experience and set different priorities.

A second issue is how immigrants are being selected for permanent residence. The development of temporary visas as a way of testing whether immigrants are appropriate as permanent residents has grown significantly in New Zealand, as it has in Canada and Australia. In recent years, the number of temporary visas has significantly exceeded the number of approvals for permanent residence made to applicants off-shore (see Bedford, Callister, & Didham, 2010). The result is that New Zealand grants a higher proportion of these temporary entrants permanent residence than either Australia or Canada (55% in New Zealand compared to 33% in Australia and 2% in Canada). The OECD (2006, p. 115) suggests that there are three reasons for this in terms of New Zealand:

- (i) permanent residence is being granted to migrants who are in the country and have acquired the 'characteristics that may be rewarded in the points system (better knowledge of the language, host-country labour market experience, host country qualifications etc)';
- (ii) employers and educational institutions may 'already be selecting persons who are or will eventually be admissible under the skilled permanent migration settlement programme';
- (iii) New Zealand, unlike Canada, has encouraged applications for permanent residence from those already within the country (OECD, 2006, p. 125).

The numbers of temporary visa holders and the process of transferring from temporary to permanent status raises some interesting questions in terms of the increasingly varied pathways to permanent settlement and the consequences for both immigrants and New Zealand society and labour markets (are there different entry and cohort effects for different pathways?).

In addition to the increasing use of temporary visa schemes for a range of economic and immigrant selection reasons, New Zealand has significant bilateral arrangements as a way of meeting similar skill and other labour market needs. New Zealand has a number of existing

schemes which provide special right to work and residence provisions, including the Samoan Quota and Pacific Access Category (PAC) relating to citizens from Samoa, Fiji, Kiribati, Tonga and Tuvalu, the agreements with Australia (starting with the Trans-Tasman Agreement, 1973) and the Trans-Pacific Strategic Economic Partnership (concluded in July 2005) involving Brunei, Chile, Singapore and New Zealand. The changes in August 2004 with regard to the Pacific match prospective applicants with labour market opportunities in New Zealand, minimum income requirements are adjusted and recruitment builds links with existing Pacific communities in New Zealand. An interesting body of work (Bedford, et al., 2010) has emerged around aspects of these recruitment schemes in relation to the Pacific.

The matching of immigrants to local requirements, especially given skill shortages since 2000, has been the focus of considerable attention in terms of the Department of Labour's research programme (see Department of Labour, 2006; New Zealand Immigration Service, 2003b). Given changing political priorities, the concern with economic transformation and the changing nature of employment and economic development within New Zealand, and the economic crises after 2008, matching (selection of immigrants, the requirements that are part of that selection process and the nature of demand within New Zealand) remains a critical and ongoing concern. Given the nature of international competition for skilled migrants, especially with similar and competitor economies such as Australia and Canada, and the need to monitor local demand with some accuracy makes the matching of demand (determining labour requirements with some accuracy) with supply (ensuring recruitment is adequate and aligned to demand) a challenge. Each of these provides quite different policy challenges in terms of the specific labour migration covered (temporary versus permanent, the skills mix, the culture/language background). The Jobs Vacancy Monitor and specific research projects are important information sources for quality advice and policy development. The BusinessNZ (2005) 'Skills Gap Report' highlights the need to further improve the process for approving skilled migrant applications and the possibility of developing cluster schemes for entire industries to recruit overseas. To some extent, this has happened with transport and construction schemes recruiting labour in the Pacific.

It should also be noted that immigrant recruitment and selection are of growing interest to international agencies and are the subject of new regulatory requirements. Although New

Zealand is not subject to European Commission requirements, the EU Green Book (2005) has established a common approach to labour migration (see OECD, 2006). A subsequent Executive Directive proposes a single permit which combines the right to work and residence. (The anti-immigrant politics of Europe in recent years, especially in France, Austria, the Netherlands, Sweden and Spain have tended to undermine some of these policy developments, at least in terms of practice). There is specific provision for third country nationals as highly qualified or seasonal workers, inter-company transferees and paid trainees, along with a significant extension of data collection on immigration and immigrants, with a particular priority on what would encourage temporary and circular migration, and return (see comments elsewhere about the importance of migrant circulation). It is also anticipated in the EU that vocational and language training will be provided in the country of origin and prior to departure to help settlement in EU countries. The numbers migrating to EU countries are less likely to be skilled and/or tertiary qualified than is the case in New Zealand although there are important selection policy considerations in both circumstances.

- The growing interest in managing temporary and return migration;
- Pre-departure investments which help settlement;
- Increased information and research to ensure appropriate and high quality policy development and adjustment;
- Harmonisation of entry and post-arrival rights as workers and citizens.

Research and Policy Issues in Immigrant Selection:

1. Given the growing competition for skilled migrants, the recruitment and selection processes to ensure adequate supply are significant future challenges. Comparisons between temporary and permanent settlement selection procedures and their outcomes are important in terms of equity and efficiency in the selection process.
2. The matching of supply and demand is critical to ensuring successful outcomes for New Zealand and prospective migrants. How good are the mechanisms for tracking and anticipating labour shortages? Can future shortages be predetermined or anticipated?
3. Monitoring competitor country initiatives (see EU above) is important in identifying best practice and ensuring that New Zealand is competitive in its selection processes.
4. Should employers be more involved in immigrant selection? What are the benefits and the costs?
5. What influences immigrants to apply for temporary or permanent residence in New Zealand? Are issues such as the local tax regime or comparisons with competitor countries an important consideration?
6. While there is an understandable focus on the selection of economic immigrants, is the OECD correct to suggest that the family-sponsored selection process needs attention, particularly given the implications for immigrant settlement and integration?

3.2 Labour Market and Economic Integration

Capturing the human capital of immigrants has become a particular issue and New Zealand, like many other OECD countries (Cabinet Office UK, 2003; OECD, 2006, pp. 90-91) is concerned with labour market matching (ensuring that the skills provided by immigrant workers match the demand requirements of the labour market). There is an emphasis on pre-arrival matching (job offers as part of the selection process) along with a more strategic concern with post-arrival integration, including initiatives to better understand and address the barriers that might exist for immigrants (New Zealand Immigration Service, 2003b). The integration of immigrants into New Zealand's labour market has improved given requirements for applicants to have job offers from employers or local experience via various options, including temporary visas (see New Zealand Immigration Service, 2004). There are a number of issues which affect the degree of success of labour market integration and which highlight the need for a good evidence base.

The research on labour market integration has been guided by particular and important pieces of work: that by the Winkelmanns in the late 1990s, then by Sarah Boyd, published in 2003, and the material available from the Longitudinal Immigration Survey (Moody, 2006; New Zealand Immigration Service, 2003a, 2004; Poot & Cochrane, 2005b). These have indicated some of the dimensions that are important in measuring differential rates amongst immigrant groups and provide some comparisons with New Zealand-born. The international literature tends to measure integration (sometimes referred to as assimilation with regard to labour market integration) as the achievement of economic parity with locally-born (Picot & Sweetman, 2005; Poot & Cochrane, 2004, 2005a). Following this, key questions concern the assimilation (or integration) rate (a time dimension), the cohort effect which compares the experiences of the same cohort for immigrant and locally-born, and entry effects which focus on whether there are particular characteristics that impact on integration success (lack of local knowledge and experience, the transferability of skills and credentials, the costs of relocating) or, more recently, whether new entrants, local or immigrant, experience similar effects given the changed nature of labour markets. (A New Zealand study – Wallis (2006) – does not provide sufficient comparative data to draw such conclusions although Boyd (2003) does provide some evidence about comparative rates of return for immigrants and locally-

born. Statistics New Zealand (2004) provides information on immigrants but no comparative data on cohorts. Poot and Stillman, (2010) do provide an important comparative – immigrants versus locally-born – and there is some evidence of convergence between the two groups.

There is the question of whether this approach to measuring integration or labour market assimilation assumes that parity with locally-born is necessarily positive or the most appropriate goal for immigrants; they might seek different outcomes that resonate for them in terms of their culture or particular socio-economic circumstances. Equally, it might be important to factor in different rates of pay for different (geographical) locations, so that lower rates of pay in a particular locality might reflect the living costs or particular externalities (lifestyle considerations) of living in that locality for an immigrant (Poot & Cochrane, 2004, p. 21). Nevertheless, parity in terms of income, job status and location, along with issues such as whether credentials and experience are appropriately recognised, provides an important measure of how well various immigrant groups are transitioning into the New Zealand labour market. The earlier work by the Winkelmanns and Boyd provides an important benchmark, supplemented by the work by Poot and Stillman (2010) and a number of consequent research questions (see below) remain important ones.

Following on from this earlier work, and drawing upon some Canadian material, research questions concern the:

- Variation in integration by language skills (how good is the New Zealand data on language competence and use?);
- Variation in integration by education (the measures here tend to be crude to the extent that it is assumed that a qualification is broadly similar ie a BSc is treated as more or less equivalent despite the country and institution or that a subject such as engineering has the same meaning between different countries).

To these could be added the variation that comes with visa class (there are important differences even within a visa class) and by what the Canadians call ‘visible minority status’, which invites a consideration of how a group who might be racialised is treated by

gatekeepers from the host society. There are also issues concerning the integration of the second generation and whether negative outcomes or labour market scarring are transmitted to new generations. (The obverse are the transmission mechanisms or success factors – ambition, investment in children’s education – which ensure improved outcomes for the next generation). Research in Canada (Grant & Sweetman, 2004; Picot & Sweetman, 2005) indicates that migrants have recently experienced a decline in the parity of income which they argue is related to the timing of immigration flows relative to the business cycle, the concentration of immigrants in urban regions and changes in the immigrant selection process. In particular, immigrants who are educated in ‘non-traditional’ countries have a lower rate of return on education than those who are educated in Canada. (There is also a suggestion that migration from countries with a lower GDP than Canada is associated with poor settlement outcomes). Further, there has been an increase in low-income rates for immigrants. The result is that poverty levels among migrants have increased recently (1990s compared to the 1970s), and the evidence of poverty is not confined to particular groups but is broadly experienced across most immigrant groups. Picot and Sweetman (2005) argue that it is associated with immigration and not with domestic policies, although there are life cycle effects (older people are more likely to experience poverty). The low-income rates and the decline in labour market returns are explained by three factors:

- (i) a compositional shift in the characteristics of immigrants (eg from different source countries) and the rising levels of educational attainment in the host country and these appear, according to Picot and Sweetman (2005), to explain about one-third of the increase in the earnings gap;
- (ii) decreasing returns in recognition (or non-recognition) of foreign work experience appears to account for a similar proportion of the earnings gap;
- (iii) there has been a decline in the labour market outcomes for all new entrants to the Canadian labour market, so that immigrants are experiencing lower returns along with other locally-born new entrants. For example, displaced/redundant workers also experience entry (re-entry) effects as they gain new employment, in ways that are not dissimilar from those entry effects experienced by immigrants. The scarring in terms of employment trajectories is equally

important in relation to various groups, both immigrant and non-immigrant (see Picot & Sweetman, 2005).

There are methodological and data issues in assessing the levels of income disparity and the reasons for this. Current income levels in a destination may not accurately reflect wealth which has been earned elsewhere and which is not being realised (or declared) as income. The arrival of immigrants who have significant assets and who might continue to own assets and income off-shore will not be reflected in most of the information routinely collected by agencies such as Statistics New Zealand, and the data is difficult to access in research because of a reluctance to disclose information about personal or familial wealth. It will be interesting to see how accurately data from the integration of administrative information from a number of government departments will capture information on immigrants. Income data needs to be used with caution.

Labour market (or economic) integration focuses attention on how successfully immigrant human capital is being captured by the destination country. The importance of skill recruitment and economic assimilation invites questions about the success of skill utilisation (or under-utilisation). Reitz (2005) provides evidence that there is significant skill under-utilisation in the contemporary Canadian labour market and that policy measures which more adequately integrate immigrants and reduce the level of skill under-utilisation are a priority. Two different studies indicated the size of the under-utilisation of human capital, approximately \$Can 2 billion annually. This included the un-utilised foreign acquired skills (worth \$Can 1.6 billion) which are transferable to Canada and the economic impacts of the reduced value of the work done by immigrants (Reitz, 2005, p. 3). Ultimately, however integration is measured, the point is to identify skill utilisation as a priority policy outcome and to invite discussion in terms of what maximises human capital capture with positive outcomes for immigrants and the host society.

One review of Canada and Australia and immigrant integration (Richardson & Lester, 2004) concluded that Australia was the more successful of the two countries for a number of reasons, including:

- Australia had a more streamlined system, with one agency largely responsible for policy;
- Australia assesses a migrant's qualifications prior to the approval to migrate whereas Canada makes an advisory assessment only and actual assessment occurs after immigration and by a wide range of agencies;
- Access to social security is deferred in Australia for two years after arrival (except in the case of humanitarian migrants) whereas Canada grants immediate access;
- Australia has mandatory English language requirements for skilled migrants whereas Canada does not;
- Australia has an upper age limit and a greater proportion of the migrants are in the prime working ages of 25 to 44;
- The net inflow of non-permanent workers into Canada under non-visa arrangements adds significantly to the workforce, including competition for permanent off-shore visaed migrants in the labour market;
- Australia has mandatory English language requirements for skill stream migrants and a higher proportion from English-speaking countries (Richardson & Lester, 2004, pp. 2-3).

In terms of this comparison, New Zealand has policies which are broadly similar to those of Australia. There is certainly evidence of convergence in New Zealand but also of an educational-occupational mismatch (Poot & Stillman, 2010) and post-arrival downward occupational mobility (see Meares, Ho, Peace, & Spoonley, 2010a; Meares, Ho, Peace, & Spoonley, 2010b). But it does suggest some critical focus points in terms of the efficacy of immigrant selection and what contributes positively to immigrant integration.

Elsewhere, notably in some of the European OECD countries, there has been a major investment in labour market integration, which is justified as the most fundamental step towards successful integration (OECD, 2006, pp. 94-96). Some initiatives include:

- Denmark's White Paper, 'A New Chance for Everybody' (2005), which revolves around a contract which is required before an immigrant can obtain a permanent

residence permit. This is not appropriate for New Zealand but other elements may be, such as the enrolment of immigrants in an employment generating scheme, incentives for local authorities to provide schemes for labour market integration, participation of immigrants in job training schemes (social welfare payments are conditional on this along with evidence of job seeking and employment applications by the immigrant) and the provision of relevant education for young people might be of interest;

- The 2006 package in Sweden included job, apprenticeship and vocational training available for 55,000 people with a focus on those with a foreign background. Employers receive a subsidy of 100 percent of wage costs when hiring long-term unemployed, a temporary replacement trainee scheme helps invest in better training for employees, especially in the healthcare sector, and there is a focus on the unemployed tertiary qualified unemployed;
- In Germany, the Labour Market Authority will use a profiling procedure to identify the individual needs of immigrants (and others) in relation to labour market integration, intensified measures to help prepare youth for vocational training and the labour market, and the development of information networks and initiatives to support business start-ups;
- Elsewhere, other initiatives are designed to facilitate the recognition of foreign workers' skills and credentials (Australia is working to establish a national skills recognition website and the Internationally Trained Workers Initiative in Canada aims to address the non-recognition of foreign credentials by employers) and local work experience (Trial Opportunity in Sweden provides work opportunities for three months under supervision).

These policy developments highlight the issue of how best to capture the human capital of immigrants post-arrival and what mechanisms and schemes contribute to the successful settlement of immigrants, especially in terms of economic or labour market integration. The key elements and players include:

- Informal and formal networks and organisations within the immigrant community;

- Private sector organisations and schemes (such as the Employers and Manufacturers Association; the Auckland Chamber of Commerce schemes for employers and immigrants; and OMEGA's mentoring programme for skilled migrants);
- Local and central government policies.

All three areas lack good quality research data in relation to the factors that facilitate immigrant integration locally, although the Longitudinal Survey of Immigrants (along with Customised Unit Record Files and the Survey of Family Income and Employment) provide important data bases for analysing these issues in labour market integration.

Research and Policy Issues on Labour Market and Economic Integration:

1. Tracking economic assimilation effects (income convergence/disparity, cohort effects and trajectories) provides important baseline information on economic or labour market integration. How do immigrants do (over time) compared to locally-born? Are certain economic outcomes associated with origin or pre-arrival factors?
2. The Longitudinal Survey of Immigrants (New Zealand Immigration Service, 2004) notes that key factors impacting on integration are: occupational mismatch; language; family; friends and social integration; discrimination; settlement assistance and income. Each of these is important in their own right, and represents important research and policy considerations in immigrant integration.
3. Do the earnings of immigrants reflect the productive value of their skills? Do employers have effective means to assess immigrant potential in terms of productive value?
4. What is the extent of immigrant skill under-utilisation in New Zealand?

5. Have the labour market outcomes for immigrants improved or declined? Are there entry effects that are shared by all new labour market entrants, especially in the context of a post-2008 economic crisis? Is there an entry effect which reflects the time of entry in relation to the business cycle?
6. In relation to the second generation (G2), what are the transmission mechanisms (internal to an ethnic community as well as those available externally) that contribute to socio-economic (upward) mobility? How important are factors such as parental education on G2 outcomes?

3.3 Credential Recognition

Credential recognition pre-arrival (and post-arrival) remains a significant issue for many countries. While immigrants still voice concerns about the process of recognising credentials at the stage of selection, New Zealand is acknowledged as having a generally robust system with a single authority that adjudges credentials within the context of a national qualification framework. The question of how appropriately local decision-makers, in particular employers, recognise these same credentials, even after they have been validated, is questionable and there is research evidence to indicate that some employers are reluctant to appropriately recognise qualifications from certain countries, thereby contributing to skill under-utilisation (Basnayake, 1999). In relation to credential recognition, there are particular policy concerns given the priorities of an economic transformation agenda. One example is that of immigrant knowledge workers in areas such as ICT.

Reitz (2005) argues that the development of the knowledge economy is not necessarily immigrant friendly. As the need for knowledge workers increases and as educational qualifications are upgraded, it appears that there are more institutional barriers to the integration of immigrants, including the credential recognition of these immigrant knowledge workers. This research indicates that there are particular stress points given local

economic priorities as well as the broad issues of credential recognition for all skilled immigrants. Certainly, the question of foreign credential recognition at any point in the process of selection and settlement is a major policy challenge, and the Canadian data suggests that a foreign degree has, on average, a return of one-third that of a degree obtained in Canada by locally-born (Alboim, Finnie, & Meng, 2005). This conclusion is based on the educational qualification obtained, where it was obtained from combined with the results from the international literacy test, thereby providing an indication of the human capital content of their education.

The literature (see Picot & Sweetman, 2005) indicates that there are declining rates of return (RoR) on educational investment when that education is obtained (in the case of Canada) from another country, and especially from a non-traditional source country. The rate of return for education locally obtained is considerably better, so that those that arrive as members of the 1.5 generation, whose compulsory schooling, and post-compulsory education and training is completed locally, have significantly better outcomes in terms of job placement and income, than those who arrive at age 35 plus, or even those who arrive at 20 plus. The policy alternative has been to use temporary visas, including student visas, as a screening mechanism to judge the fitness of immigrants to the labour market. These visas also give migrants an opportunity to gain local education and/or local work experience to effectively overcome some of these entry barriers or the uneven effects of credential and experience recognition, particularly those from non-traditional source countries. But this does not obviate the need to collect evidence or to explore policy options in terms of those who face a number of barriers in the process of having their credentials recognised by the assessing authority or in the labour market subsequently.

Research and Policy Issues in Credential Recognition:

1. The transferability of credentials remains a critical factor in utilising immigrant skills. The research tends to suggest that barriers in the New Zealand labour market (employer recognition, risk-averse behaviour in recruiting immigrants) is an important factor. Ongoing research on the nature and extent of credential (and prior experience) recognition in the New Zealand labour market is required in order to identify key barriers, including discrimination. What policies or activities would contribute to appropriate credential and experience recognition by employers?
2. What is the Rate of Return (RoR) on the investment in education in origin countries? How does this RoR compare with educational investments in New Zealand?

3.4 Immigrants and the Functioning of the Labour Market

While the contribution of immigrants to the labour market has become important given skills shortages (especially in the 2000-2008 period) and the requirement to be internationally competitive, there are still significant information gaps in relation to the impacts of immigration on the functioning of the labour market. Local research (BERL, 2003) provides evidence of some impacts (fiscal, regional, and the impacts associated with groups by region of birth and duration of New Zealand residence) and Poot and Cochrane (2005a) provide guidance on how to measure fiscal impacts.

One aspect is the possible impact immigrant workers on locally-born workers or job-seekers. An earlier literature (see Borjas, 1994) suggests that there are limited impacts for other workers, especially in relation to wages and labour market opportunities (This is reinforced in a review of the international literature on the employment and wage impacts of migrants; United Nations, 2006, pp. 45-46). This concern is a long-standing one in terms of populist and political views about the negative impacts of immigrant workers on others and it

remains an issue that needs high quality evidence to better inform these public debates. Poot and Cochrane (2004) provide an important commentary on the nature of some of the issues and which of these ought to be further researched. The fact that New Zealand has a large-scale and now generally well-managed immigration selection process focussing on skilled migrants who arrive in a small but very open economy, and that there is considerable mobility (both immigration but also emigration), creates a particular set of circumstances. The impact on New Zealand-born (as opposed to immigrants) is still poorly understood as indeed is the nature of impacts on the labour market generally and related issues such as labour productivity per capita growth. Moody (2006, p. 40) goes on to note that significant questions remain unanswered: what is the magnitude of this impact [on labour productivity and labour utilisation]? What is the true nature of the causality? What are the interlinkages between the skill level of migrants, or the quantum of migration and growth? Traditionally, there has been concern at the absorptive capacity of local labour markets but demographic ageing and skill shortages have tended to displace this concern, although there are still questions about the short-term and long-term economic benefits of immigration policy and the impacts for non-immigrant workers and employers. Poot and Cochrane (2004, p. 21) argue that immigration can lead to economic growth as a result of accelerating 'convergence... through enhancing openness of the host society and increasing the demand for new investment; ...through promoting innovation and consequential long-run changes in total factor productivity; and... improving allocative efficiency'. They note that there is 'little empirical evidence... on how immigration affects productivity' (Poot & Cochrane, 2004, p. 24).

Other aspects which affect the immigrant worker more directly are the institutional, systemic and personal factors which constitute barriers for entry or progression in the labour market. There is substantial evidence concerning issues such as accent or surname discrimination, appropriate credential and experience recognition, obtaining jobs which are commensurate with skills and experience and inappropriate workplace management (given cultural diversity) so that employer or agency prejudice and discrimination remain important considerations (see Trlin, Spoonley, & Watts, 2005, for relevant research). Coates and Carr (2005) demonstrate that recruitment agencies and others had clear preferences in terms of their selection policies for immigrants who were from culturally similar and socio-

economically dominant origin countries. The presence and nature of these barriers have been relatively well researched in the New Zealand labour market although this information is not routinely or repeatedly gathered so there is little to indicate how it is trending. Data which indicates the experiences of particular groups in a range of industries over time is required. There is also a need to research best practice which occurs in those firms who deliberately and successfully recruit immigrant workers, and what policy levers are available for those employers (especially SMEs) who do not see immigrant workers as a desirable and high priority choice when they are seeking new employees. There is an irony in that many of the firms and industries who have experienced skill and worker shortages could make much better use of immigrant workers. There are risks associated with immigrant workers in some circumstances (language ability is important to meet normal operating requirements including health and safety) but the policy question is how to mitigate these risks and encourage employers to see immigrant workers as a more desirable labour source.

In relation to the barriers just discussed, the labour market does not necessarily overcome pre or non-labour market influences (including problems) but may reinforce them. For example, poor or low quality education is associated with poor labour market outcomes, and there are few mechanisms in the labour market, apart from (often limited) activation policies by the state, which can undo the accumulation of poor outcomes. Pre-labour market and non-labour market differences are typically reflected in differential labour market outcomes, and difference or discrimination in the first is repeated by discriminatory effects in the labour market. The broad policy question is what compensatory measures are appropriate and effective, and how are they accessed or funded? The issues faced by some immigrant groups are similar to those faced by others (Maori) and this policy concern is broadly about labour market participation and sustainable employment across a variety of ethnic and socio-economic groups. There are some interesting populist concerns around the provision of services for ethnic (immigrant) groups, and the politics of service or 'privilege' envy have been apparent for some time (cf the view that a group is privileged in terms of the level of the service that they can access).

Research and Policy Issues in the Functioning of the Labour Market :

1. What impacts (on labour productivity, employment opportunities for local workers) do immigrant workers have on the functioning of the labour market? What is the nature of causality?
3. How important is discrimination in contributing to poor labour market performance (generally and in the case of outcomes for immigrants)? Is it a significant factor? How much is directly related to the functioning of the labour market as opposed to non-labour market factors?

3.5 Social Capital

The networks and information that immigrants bring with them, or which are available to them from different sources after they arrive, have long been an important policy and research consideration. The nature of chain migration and the outcomes that ensued were a significant part of immigration studies from the 1950s onwards, in New Zealand and elsewhere. The focus on social capital following the contributions of Putnam (amongst others) on the nature of society, quite apart from immigrants, has provided an interesting focus in social policy agendas, especially given the evidence that social capital is critical in determining the success of immigrant businesses (Rath, 2006, p. 7).

There are definitional issues and a literature which is critical of social capital. Nevertheless, given the concern with immigrant 'small worlds' (or 'parallel worlds') and the need to develop new (expanded) social networks, experiences and information in the wake of the inevitable post-migration disruption to existing social networks, we would argue that this area remains an important aspect of migration research and policy.

An OECD conference held in Montreal, Canada, in November 2003 (OECD, 2003, p. 3) quoted Woolcock and Naryan in defining social capital as: 'the basic idea [of social capital] is that a person's family, friends and associates constitute an important asset, one that can be called on in a crisis, enjoyed for its own sake, and leveraged for gain'. This report goes on to suggest that there are three basic forms of social capital:

- Bonding, or the relations within relatively homogeneous groups such as families and ethnic groups;
- Bridging involving the relations between ethnic groups; and
- Linking or the relations between different strata in a hierarchy where groups have differential access to power, social status and wealth (OECD, 2003, p. 3).

In examining how social capital contributes to successful integration, the OECD (2003, p. 4) report suggests that while bonding networks give an immigrant an important sense of confidence, a sense of purpose and belonging, unless bridging networks can be established, an immigrant, their family and community will not be able to fully participate economically and socially in their new host country. But realising bridging social capital requires the willingness of the immigrants to connect with their new society (in ways that might be very removed from their past activities and which are daunting for anyone, much less an immigrant) and for the receiving society and its key institutions to actively accept newcomers. There are fundamental policy questions about what forms of bridging social capital are the most effective and how these can be encouraged. Key institutions such as the compulsory education system clearly provide an important form of bridging, especially for new arrivals and the 1.5 generation. There is some New Zealand research (for example, Bartley, 2003) but there is widely varying practice, and undoubtedly outcomes, depending on the inclinations and policies of one school or another, that deserves more attention. The social capital of immigrants is important but equally, there are issues that relate to the nature of demand, or opportunity structures, which are endogenous to immigrant communities, and which dictate opportunities (or barriers) for social capital enhancement (Rath, 2006).

While bridging social capital needs more attention, so does bonding. Bonding social capital is uneven in terms of where it exists and for whom but there is also the role it plays in providing information and connections for very new immigrants. There is the contribution that such bonding (and bridging) capital makes to the settlement of immigrants, including the procurement of employment. But the role that such bonding plays in establishing more extensive and enduring networks, including the building of ethnic sub-economies and precincts, is poorly understood in New Zealand. The research available on the establishment and nature of this form of bonding locally is minimal compared to an Australian (Collins, 2005) and North American (Lin, 1998) research literature on ethnic entrepreneurs, networks and precincts. Moreover, there is little to indicate whether immigrant social capital provides an important mechanism in successful economic settlement or a trap which scars (in a labour market sense) immigrants in various ways (see Ley, n.d.). Government policy might play a very significant role in bridging and bonding (are there policies to encourage host communities, organisations and gatekeepers to 'bridge'? Are bonding social capital networks encouraged or discouraged by policies?) and there are important options in terms of which types of network ought to be encouraged and what incentives/mechanisms exist to help adaptive and positive outcomes. It does not follow that all small world networks are unhelpful, for either immigrant or host.

Another dimension in terms of both bonding and bridging social capital are what might be broadly termed neighbourhood effects. In examining the experiences of immigrants in relation to settlement, research by Robinson and Reeve (2006) indicated that there were a number of issues which concerned the nature of the community in terms of immigrant residential patterns, including:

- The settlement patterns of immigrants and regional factors;
- The clustering of immigrants, both in terms of the socio-economic nature of where they resided and who was co-located there in terms of ethnicity and country of origin;
- The way in which ethnic clusters contributed to settlement patterns and outcomes;
- The process over time and whether ethnic/immigrant clustering gave way to a process of residential dispersion;

- The reaction (in terms of politics and policy) towards clustering and how the issue is seen ('segregation'?) (Robinson & Reeve, 2006, p. 5).

There is good research evidence to suggest that successful integration is affected by the ethnic composition of the neighbourhood and there are advantages to being located within or adjacent to minority ethnic communities (Robinson & Reeve, 2006, p. 18). But the question of what constraints are imposed by co-location or ethnic enclaves is equally important.

While the nature of bonding and bridging social capital require more attention, especially in terms of what works and what does not, there are important differences according to gender and the nationality/ethnicity of the group concerned. The needs of women and children provide an important impetus for the accumulation of social capital by immigrant communities, and yet the dynamics and outcomes for women and children differ significantly by immigrant group. The health, education and employment of immigrant women require a recognition from public agencies that there are particular needs and issues and, that in meeting these, there might be consequences for the immigrant community and/or host society. The need to respond to the language needs of immigrant children by schools (especially in Auckland) in the 1990s produced public anxiety that the educational needs of other children were not being met. Those immigrant women who are not in employment and who might have few reasons to interact with people who are not of their language or ethnic group might struggle to gain the confidence, language ability and experiences to mix more widely, thereby mitigating against bridging social capital in any form.

There is some material available on these forms of social capital formation in New Zealand (New Zealand Immigration Service, 2004) and limited networks (Meares, et al., 2010a, 2010b), although there are also significant gaps in terms of coverage, the quality of data and its availability.

Policy and Research Issues in Social Capital:

1. Is social capital important to immigrant economic integration and success? What form does it take (bonding, bridging)?
2. What policy and regulatory levers are available to enhance bridging and bonding social capital? Which levers are most successful in terms of positive outcomes?
3. When bonding produces the residential clustering of immigrants, what are the consequences? What happens to these clusters over time? Are there specific gender and generational effects?
4. What forms of social capital help labour market integration? What compensates for the loss of location-specific social capital?

3.6 Transnational Networks

The networks of immigrants will typically involve off-shore or cross-border connections. One of the politically-stated ambitions in the 1990s was that New Zealand, through its immigration policy, would gain better connections with the economies of Asia. Certainly, the media networks that have been established in New Zealand for various ethnic and language communities often have a significant component which is origin-society based. Transnationalism signals the loyalty to two (or more) countries, or the 'sustained ties of persons, networks and organizations across the borders of multiple nation-states' (Faist, 1999, p. 2; see also Vertovec, 2009). This transnationalism is portrayed in the research literature as a source of strength, especially to immigrant economic activities (Rath, 2000) or as a weakness. Research on Korean businesses in Canada concluded that 'transnational business linkages were not a strength but a distraction in terms of their Canadian entrepreneurialism' (Ley, n.d., p. 26). Moreover, transnational activities were seen to 'delay

a sense of identity as a Canadian national' (Ley, n.d., p. 26). The question of how these international networks translate into economic activities of various sorts is unclear. These might include:

- Offshore labour recruitment for New Zealand-based businesses, including extended family or regional origin workers;
- The importation of goods for sale to co-ethnics or others;
- The use of capital and other resources across two or more sites and what governs these decisions/activities;
- Exporting New Zealand products to origin countries;
- The importance of familial, ethnic or national links in business decisions and activities;
- The size and nature of exchanges between New Zealand and the country(ies) of origin.

Policy and Research Issues in Transnational Networks:

1. To what extent have various immigrant communities retained or enhanced the internationalisation of their economic activities? What is the impact on the New Zealand economy of these transnational links and trading activities? Do these transnational activities and focus inhibit positive outcomes?
2. Are there specific investment flows associated with transnational networks? Is it possible to quantify these and their benefits?

3.7 Language

The issue of English language competency has been shown to be critical in immigrant settlement. The research by Boyd (2003) indicated that the most important factor which differentiated those with successful outcomes (employment, income) from those who were less successful was language background. There are some clear research and policy dimensions to language and integration, including:

- The speed with which the host language, English, can be acquired and the effectiveness of integrating migrants into both host networks and the labour market is directly related to the efficacy with which this language competence is acquired and the degree of fluency (OECD, 2006, p. 146). The OECD (2006, p. 146) indicates that one measure is to look at the PISA assessment of second generation children compared with 'native-born';
- The alignment of vocational and language training, with research indicating that language is acquired more rapidly when the two are combined (OECD, 2006, p. 5);
- The importance of community-based programmes for language acquisition, notably in the local case, ESOL programmes provided by community-based organisations (see Davies, 2005, p. 19). Australian and Canadian models of ESOL provision provide some important lessons in terms of programme delivery (White, Watts, & Trlin, 2002, p. 158);
- The possibility of establishing a separate agency for non-English speaking background immigrants to develop integrated programmes for language vocational training, up-skilling and assistance in qualification recognition examinations (Benson-Rea, Haworth, & Rawlinson, n.d., p. 23);
- What ought to be provided to immigrants on arrival in terms of English language instruction. Canada's Language Instruction for Newcomers to Canada (LINC) programme provides basic language training in English and French to approximately 46,000 immigrants per year, and the classes are delivered part or full-time, in the evenings or weekends, and transportation allowances and childminding services are supplied (Firth, 2003, p. 35).

There are a variety of language acquisition programmes internationally, including the Canadian option above. In Norway, 300 hours of classes on the Norwegian language and society are compulsory for immigrants, and settlement permits for those aged 18 to 55 are conditional on participation in these classes.

Along with issues of social capital development, language is probably the most important factor in settlement, and it has been provided in New Zealand through a mixture of ad hoc, community, state and self-funded programmes. Given its importance in successful settlement outcomes this aspect requires further research and some policy debate.

Research and Policy Issues in Language Acquisition:

1. What is the most effective mechanism of ensuring language acquisition, particularly given the research which suggests combining vocational and language training?
2. The variation in immigrant integration according to English language competency is demonstrated in the research literature. But measures of language ability are typically self-reported and more robust means of establishing language ability and use are required.
3. What funding and provision model is required for language acquisition (who pays? Are there more appropriate co-funding arrangements?) and should language acquisition be part of pre- or post-arrival requirements for settlement approval (including for those other than principal applicant)?

3.8 Ethnic Entrepreneurs and Enclaves

Cultural diversity, since the reform of immigration policy in 1987, has contributed significantly to the presence, size and visibility of ethnic specific businesses and clusters. Previously, Pacific businesses were apparent in locations such as Manukau and Porirua, especially in the form of the Otara market (for example) which dates from the 1970s. But the labour migration of Pacific peoples was primarily one of wage labour with limited self-employment or business development. This has not been the case with more recent migration flows with the focus on skilled, experienced and qualified migrants, including business and investor schemes. The result has been the development of local networks built around the concentration of people or businesses in specific localities (enclaves) or the provision of services within a regional or national economy to a particular audience or market, typically co-ethnics. The information gaps and policy requirements given these developments are significant.

An initial question is which migrant groups and communities should be the focus. A visible expression of these networks and activities is provided by various Asian immigrants (including Indian migrants from both Fiji and the Indian sub-continent). The outcomes have been the subject of some research (Friesen, Murphy, & Kearns, 2005), in this case in Sandringham. But this barely begins to address the complexity and variety of what has occurred throughout the Auckland economy. For example, the Northcote suburban shopping centre has, in the course of a decade, been transformed from a collection of 40-50 shops serving a largely working class clientele to one that has a predominantly Chinese presence. Other ethnic precincts where the business entrepreneurs and owners, the workforce and the clientele are largely co-ethnics have occurred throughout Auckland and other parts of New Zealand. These developments are apparent because of the visibility of those involved. But there are other dimensions which also deserve attention. The first is the way in which networks have been established. The underpinning 'small world' reciprocity and ethnic obligations which contribute to the establishment of enclaves or networks are poorly understood, seldom apparent and not readily researched. One dimension that is more readily apparent but still difficult to access (due to language constraints) is provided by ethnic sidestream media. The provision of media for a particular ethnic or language market

provides access to origin country media and a range of information and services which concern daily living in New Zealand. The limited research that is available indicates that these media and electronic networks are dense and provide a surprising range of information. The second dimension is that these networks and activities are not confined to Asian ('visible') migrant communities but extend to most migrant groups, including South African, those from the Middle East and Europe. The availability, reach and cost of electronic media have provided an important impetus and being co-located for ease of interaction and exchange have become less important in some cases.

Given the investment of New Zealand immigration selection in skilled and entrepreneurial immigrants, it is surprising that so little attention has been paid to ethnic sub-economies and precincts or ethnic entrepreneurship and what they mean for human capital formation, productivity and New Zealand's economic competitiveness. The Business Immigration Programme, including the various categories – entrepreneur, investor, relocation of businesses and the Long Term Business Visa category (New Zealand Immigration Service, 2002) has indicated the distribution over the four categories of those granted approval, the ethnicity/nationality of those who were most prominent in each category, the destination within New Zealand and the industries affected. But the report also noted that further research is required to monitor the success of the programme. There is further research available, including an analysis of South African immigrant entrepreneurs (Warren & Camerson, 2004). This found that immigrant entrepreneurship was a positive, liberating experience for most participants, that being an immigrant had certain advantages in terms of identifying opportunities and relating to other immigrants, and that opportunities exist given what these entrepreneurs saw as mediocre attitudes and limited growth amongst New Zealand businesses. But internationally, there is also evidence to indicate that the business performance and returns for immigrant entrepreneurs is weak (Ley, n.d.). The United Nations (2006, pp. 18-19) has indicated some of the policy considerations in terms of ethnic entrepreneurship, including: whether they have access to financial institutions and credit; training in management practices, marketing and other relevant skills/knowledge; and the regulatory environment and whether it promotes/inhibits immigrant entrepreneurs.

Apart from the question of capturing immigrant entrepreneurial talent, there are questions about whether ethnic entrepreneurs and self-employed (with or without employees) chose or are forced into these options (see Rath, 2006). Some (Salaff, Greve, Wong, & Ping, 2003) have explored the notion that immigrants turn to entrepreneurship when their goals to join the labour market as salaried/waged workers are frustrated (see also United Nations, 2006, for a more extensive review of the literature). Their research demonstrated the reliance on ethnic networks for social capital and the establishment of their businesses. This indicates two very different issues: firstly, how much does the decision to become an entrepreneur reflect choice, rather than a forced option, and secondly, what is the role of ethnic networks and enclaves in helping establish these businesses? The latter includes raising the required capital, advice, the establishment of value chains and location (co-ethnic location provides advantages in that suppliers, workers and markets are all in a concentrated space). In this sense, questions of social capital, especially as an important relational dimension of social and economic life, is intimately connected to business establishment and networks, and the development of enclave (or ethnic) economies and precincts (Anderson & Jack, 2002). Department of Labour (2010) noted that entry into certain sectors – notably the retail sector – is relatively easy and does not require New Zealand experience, language or qualification recognition. Local research (North & Trlin, 2004) indicates that the answer to the question about whether self-employment is a choice or a forced option is not straightforward to answer because of the multiplicity of factors, including matters such as financial independence, lifestyle reasons, servicing co-ethnics and autonomy (see also Law, 1996; Shen, 1998). But for gateway cities, such as Auckland, migrant entrepreneurs have contributed significantly to the diversification of economic activities.

Migrant entrepreneurship and small-scale production that can respond flexibly to changing consumer tastes are on the rise, responding to structural transformations in advanced economies where the service sector is expanding (Kloosterman and Rath, quoted in United Nations, 2006, p. 49).

Policy and Research Issues in relation to Ethnic Entrepreneurs and Enclaves:

1. What is the nature and size of ethnic economic networks and activities and ethnic enclaves, in New Zealand? What are the spill-over effects of these networks and enclaves?
2. Is entrepreneurship a first choice or a forced option? What are the reasons for immigrants becoming entrepreneurs? Does entrepreneurship improve earnings and business success for immigrants?
3. What are the returns on ethnic or immigrant entrepreneurship (business success? income? economic mobility?)?
4. Are ethnic entrepreneurship and enclaves important for economic development for both the host economy and immigrants?

3.9 Migrant Circulation and Temporary Migration

The traditional approach and preferred option is that migration involves permanent settlement, and policy has traditionally been built around this assumption. Even as recently as the Population Conference in 1997, the discussion reflected the notion that the primary focus was on permanent residence in New Zealand (Bedford, 2006a; Bedford & Ho, 2006). But recent research (Shorland, 2006) (see also NZIER, 2005) on migrant absenteeism and movement provides a new understanding of the circulatory patterns of migrants, including those migrants from Taiwan, Hong Kong, Malaysia, Singapore and Indonesia who spent 75 percent or more of their time absent and 10 percent of all migrants who spent three-quarters or more of their time absent. The result is that migration has been reconceptualised to recognise the spectrum of movement, from extremely short-term stays (tourism) through various temporary categories (especially with the expansion of temporary

visa categories and approvals) to semi-permanent settlement (periods of absence during a given period) to permanent settlement (with little or no absence). In recent years, the opportunity to move from temporary visitor status to permanent resident, the number of temporary visas granted and the consequent circulation of migrants, especially between origin location and migrant destination (and on-migration to a third country) all suggest that new research is required to identify migrant intentions and patterns of movement. As Bedford (2006b) notes:

The links between temporary residence and permanent movement are inextricably interwoven in the lives of those approved for residence, and policy makers concerned about their settlement and labour market experiences need to be fully aware of this interconnectedness between forms of movement that tend to get treated separately for policy purposes.

Policy questions concerning the nature of temporary migration and the functioning of the labour market have become important internationally (see Abella, 2006) and include such questions as:

- Are temporary migration programmes the solution to countries facing long-term labour market deficits?
- Do temporary workers succeed in bringing about greater labour market flexibility? (Abella, 2006).

The reasons for temporary labour market migrants are reasonably standard and include: increasing labour market flexibility by responding to seasonal and cyclical labour requirements; providing industries which are experiencing labour shortages with appropriate temporary labour; minimising the displacement of local workers by managing the sectoral and spatial allocation of workers; minimising demands on the welfare system; and filtering permanent migrants, among other issues (Abella, 2006, pp. 21-22). This report goes on to note that temporary labour migration has contributed to unfair outcomes between countries, has prompted political opposition to immigration and that temporary migration involves very different countries of destination (in New Zealand's case, of supply)

(Abella, 2006, p. 52). Elsewhere, IOM (2005, pp. 210-218) argues that temporary worker programmes are 'both *desirable* from an ethical point of view, and *feasible*, since innovative policy designs, if effectively implemented and enforced, could help avoid the adverse and unintended consequences...'. Apart from evaluating the temporary visa schemes that are currently in place, research questions concern the impact on labour market flexibility, the implications for skill recruitment, retention and aggregate labour market requirements and the outcomes for the immigrants concerned and their origin societies.

One particular dimension that also requires attention is the nature of New Zealand's skilled diaspora. The IOM (2005) and OECD (Dumont & Lemaitre, 2005) reports indicate that New Zealand is alongside Ireland and Luxembourg in terms of the proportion of its diaspora who are skilled (see also Gamlen, 2010). The IOM (2005, p. 48) notes that for New Zealand, 14.6 percent of immigrants from other OECD countries are tertiary qualified but that 24.4 percent of emigrants (to other OECD countries) have a tertiary qualification, with the result that there is net migration loss (tertiary qualified) of -9.8 percent. This evaporates when non-OECD immigrants are included (0.2%) but this is a considerable way from the OECD average (6.0%) and the net gains of Australia (26.5%) and Canada (20.4%). This is largely a function of emigration, as the percentages of immigrants with tertiary qualifications for Australia (16.8%) and Canada (10.3%) are comparable to New Zealand (14.6%). The nature of this diaspora – notably the reasons for departure, and the destination of permanent or temporary emigrants – is important in terms of monitoring the relocation of human capital, and the nature of New Zealand's engagement with this diaspora has emerged as a significant research and policy concern (see also Bedford, 2006a; Gamlen, 2005, 2010).

Policy and Research Issues in relation to Migrant Circulation and Temporary Migration:

1. How successful are time-bound admission programmes in (a) meeting labour market requirements and (b) in providing an opportunity to assess candidates for permanent settlement? Do temporary working visa schemes contribute to labour market flexibility?
2. The nature of engagement and networking with the New Zealand diaspora remains a significant information gap, especially in relation to possible economic benefits.

3.10 Social Cohesion

Settlement outcomes were the subject of a Cabinet paper in 2003 (“The Immigration Settlement Strategy: A Programme of Action for the Settlement Outcomes That Promote Social Cohesion”) which identified some of the high level and policy goals in terms of settlement outcomes. The target population was permanent residents (see previous comments about the importance of temporary migration) and the goal of social cohesion was defined as a “climate of collaboration because all groups have a sense of belonging, participation, inclusion, recognition and legitimacy”. What exactly these various dimensions might entail and how to develop an appropriate indicator framework have been the subject of discussion (see Spoonley, Peace, Butcher, & O'Neill, 2005) but still require further clarification.

The interrelationship between broad social goals such as cohesion and specific processes such as labour market integration are now widely recognised in the research and policy literature. The IOM (2005, pp. 303-304) report indicates that a key challenge facing countries is the need to foster integration (as a positive social goal) and to manage social conflict (mitigate negative consequences) particularly given global concerns about international and border security, the size and importance of migration in contributing to economic

performance and compensating for demographic ageing, and domestic and global changes in terms of the nature of production and employment. The report goes on to note the different models of migrant integration: assimilation, segregation, integration and multiculturalism. There are also a variety of ways of encouraging social cohesion, including (drawn from OECD, 2006, pp. 91-93):

- A welcome and integration contract (*Contrat d'accueil et d'integration*, 2004) in France which uses a mutual obligation approach to establish reciprocal rights and duties between the immigrant and the state, part of which is to attend civic training programmes and language courses;
- An introduction programme in Denmark which includes language courses, job training and employment with a wage supplement;
- Compulsory integration programmes in Belgium involving a language course, citizenship initiation and help with personal vocational planning;
- Both Canada and Germany have significantly increased their investment in language training and in occupation-specific language courses;
- Sweden is similar in that it combines language training with vocational training and work experience.

Many of these are immigrant-focussed and designed to ensure that immigrants gain the skills and understanding required to settle quickly and successfully. But social cohesion also requires that immigrants feel recognised and included, and that host communities and institutions have responsibilities in this process (Spoonley, et al., 2005). Social cohesion has significant economic and labour market effects and while there is research evidence on immigrant labour market outcomes generally (participation rates, unemployment, income), many of the factors which contribute to social cohesion in more specific ways (eg crime) or in terms of broad social processes (recognition, legitimacy, belonging, inclusion and participation) are poorly understood. As Poot and Cochrane (2004, p. 29) note, growing inequality is also an important dimension to social cohesion.

The IOM (2005, p. 309) report notes that the NGO sector is a particularly important mechanism in the integration of immigrants, especially in terms of 'creating social capital

within immigrant communities, empowering immigrants in their own settlement and integration in ways that direct services by government cannot.

Policy and Research Issues on Social Cohesion:

1. What is the impact of economic and labour market integration on social cohesion?
How does social cohesion contribute to economic and labour market integration?
2. Issues of host individual and community attitudes, along with the appropriateness of the services provided by key institutions (education, health, justice), play an important part in the achievement of social cohesion. There are significant information gaps in individual, community and institutional responses/initiatives in terms of immigrants.

3.11 Refugees

The discussion in this paper has focussed exclusively on immigrants as opposed to refugees. The fact that refugees face very different circumstances, both prior to arrival and post-arrival, that the issues reflect a complex array of physical, mental, social and cultural factors and questions of language, integration and social capital are that much more complex (see Mortensen, 2006) needs to be recognised (see Nam & Ward, 2006, for a review of research and policy issues). On all of the dimensions discussed here, the issues faced and what constitutes an appropriate policy response are very different for refugees.

Policy and Research Issues on Refugees:

1. In terms of the key differences (labour market integration, language acquisition, ethnic enclaves, social capital), additional research is required for refugee communities. Research capability to undertake this is an issue.

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