



The Careers System in New Zealand:  
**The Need for a Strategy**

Whitepaper

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## The EMA

The EMA is a regional business association with a membership of more than 7,500 businesses from Taupo north to Kaitaia. This membership employs approximately 350,000 people. The EMA has 136 years of experience in providing services to businesses. Currently, key activities of the EMA include Adviceline, Legal Services, Learning and training as an NZQA registered PTE, events, thought leadership, and advocacy. Most

importantly, the EMA is a place for employers to call when they have a question or need help.

The EMA is a part of the national BusinessNZ network, which includes the regional associations of the EMA, Wellington Central, Otago Southland Employers Association, and Canterbury Employers Chamber of Commerce. This network is New Zealand's largest business network.

# Why the EMA cares about a National Careers Strategy

The EMA wants to ensure that everyone has the opportunity to reach their full potential, and to live a life that is personally rewarding and productive. Not only does this benefit each individual, it also supports improved social and economic conditions for everyone.

Whether we are still in school and dreaming about our future, returning to the workforce after a break, contemplating a mid-life career change, forced to change by job loss or the need to move, or planning our transition into retirement, we need to make decisions about education, training and work, and then act on them. There are times when some of us need professional assistance to help work through the decision process and it is important that quality career guidance is available.

The EMA is committed to improving New Zealand's productivity. The skills system is under significant pressure, and the 'Future of Work' has arrived.

When surveyed (EMA, 2020), EMA members' largest barrier to growth is finding workers. The EMA hopes this paper will help in the shift towards a focus on growing skills and capability rather than solely focusing on unemployment rates.

More widely, much research (Furbish, 2016; Hughes, 2021), has looked at the impact of career development on the economy. These found that effective career development services increase participation and success in education and upskilling. Also found are the wider socio-economic benefits: increased labour market participation, decreased unemployment and underemployment, and enhanced employability skills. Improvement in these metrics is to the benefit of all New Zealanders, including employers who consistently struggle with hiring. A careers strategy is necessary to enable these things to happen.

# Exec Summary

The New Zealand labour market continues to be under stress, with skills mismatches, lack of skills development, an ageing workforce, and lack of individual career navigating skills contributing to persistent skills shortages. These all have an impact on the lagging productivity of New Zealand, which means that growth and positive social outcomes are not achieved to full potential. Other countries such as Australia and the UK have national strategies in place that coordinate careers development activities, in order to equip their populations for a world in the future of work. The EMA recommends that New Zealand creates

a national strategy that ensures career information and development meets internationally recognised standards of best practice, and is accessible to all: all ages, at all points in life. The costs of this are outweighed by projected successes of labour utilisation and increased productivity in the New Zealand skills system. This strategy must include identification of the 'owner' of the careers development space, the rolling out of accessible career development services across the country to all, standardising services, planning for demand and data needs, and resourcing to ensure that it is invested in appropriately.

## Key recommendations

### 1. Identify the owner of the careers space

This is currently technically TEC, however initiatives are being rolled out by various departments and ministries without a central point planning or coordinating. The EMA recommends this space is owned and managed by a specific team who can direct the delivery of careers activities through the appropriate departments.

### 2. Create and deliver strategy that includes access for all

A national strategy must be created. The strategy must include access to careers development services to all, and include the involvement of a qualified careers professional. These services should be standardised, available through career hubs in communities, online, and within school curriculums (not optional or during school lunchtimes).

### 3. Plan

The planning for the execution of this strategy must include the professionalisation of the careers development sector and ensure that only careers professionals deliver careers services. The careers professional pipeline must be considered so the number of professionals are available nation-wide.

### 4. Resource

Ensure that resources for careers services are tagged, that central careers resources and frameworks are available, commit funding and ensure that research on the impact of careers services is collected.



## Career Development – What is it?

Career development services, often known as 'careers advice' help people successfully manage their career. It encompasses career information, career education, and career counselling.

Careers services focus on work opportunities, transferability of knowledge and skills, career adaptability and workforce resilience. There is overwhelming evidence that informed national career development policies maximise the potential of individuals and in turn contributes to national productivity and wellbeing (Brown et al., 2012; Hughes et al., 2019).

The concept of best practice in career education and development is similar throughout the world. Vital to implementing robust career programmes

are leadership, skilled career practitioners, integration of careers into the curriculum, personalised individual career time, authentic work experience, and connection with industry and tertiary providers. Human interaction in career guidance provides the best outcomes while a digital-only, automated system does not deliver meaningful advice (Hughes et al., 2021).

Places such as the UK and Australia have recognised the importance career development as a lifelong process. They have also recognised how a strategy brings a coherent approach to the design and development of programmes and resources that supports career development (Australian Government, 2013).

# New Zealand's Labour Market

## Skills shortages

The labour market and skills shortages continue to be both an ongoing and urgent issue for New Zealand's policymakers and employers. Skills shortages are caused by not having enough workers with the right skills available, or a general labour shortage such as when unemployment is low (CareersNZ, 2021). At the time of writing (September 2021) unemployment is at a low of 4%. An ageing workforce and changes in technology are also contributing factors (CareersNZ, 2021). The topic of New Zealand's ageing workforce is widely known, with birth rate below replacement level of the current population.

When surveyed and asked what the single biggest barrier/issue facing employers in November 2020, the EMA's members number one response was finding staff (EMA, 2020). 51% of respondents found it either difficult or very difficult to find employees for all positions. Judging by Immigration New Zealand's Skill Shortage Lists, every industry, across skill levels, is experiencing a shortage (ImmigrationNZ, 2021).

These shortages sit alongside comparatively high labour underutilisation and high unemployment for youth, at 10.8% (StatNZ, 2021). There are thousands of young people who are not in education, employment, or training (NEET) who could help alleviate the skills shortages faced by many sectors, but have not been equipped by the system to make career decisions.

Not having enough staff has wide implications for New Zealand, meaning further high-level jobs are not created, growth is stymied, wellbeing factors compromised, restricted access to goods and services, and rising costs.

## Future of Work

The changing nature of work means that people are living and working longer. No longer is 'a job for life' accepted, with five to seven career changes in a lifetime now the norm (ACAP, 2019). The pace of change now means that job security, role types, and labour markets are continuing to change rapidly. The Future of Work research in New Zealand indicates that somewhere between 25-60% of current jobs may, or will, be redesigned or made redundant. These people will need to be retrained and receive support on their next steps. They will need good advice on what training is available, or what direction to go down to better position themselves. They will need a plan going forward that can account for ongoing changes. They require the right skills and knowledge base from which they can be agile and pivot as required.

The Future of Work Commission report (2016) stated the key recommendation to "ensure that all learners have equal access to opportunities to develop a wide range of skills and attributes allowing them to participate confidently in society and the workforce" (p. 24). This further included that every student would have a personalised career development plan, that careers guidance would be professionalised and integrated into learning. "Every secondary school will have highly trained, skilled careers advisors, working in partnership with education, industry and training providers and careers advice will be integrated into the curriculum." The EMA agrees with these recommendations.

## New Zealand's Poor Productivity

New Zealand's lagging productivity (the real value of output by a unit of labour) has plagued numerous governments. This is combined with a

comparatively low wage economy, below the OECD average (OECD, 2018). As the OECD says about New Zealand in its 2018 report:

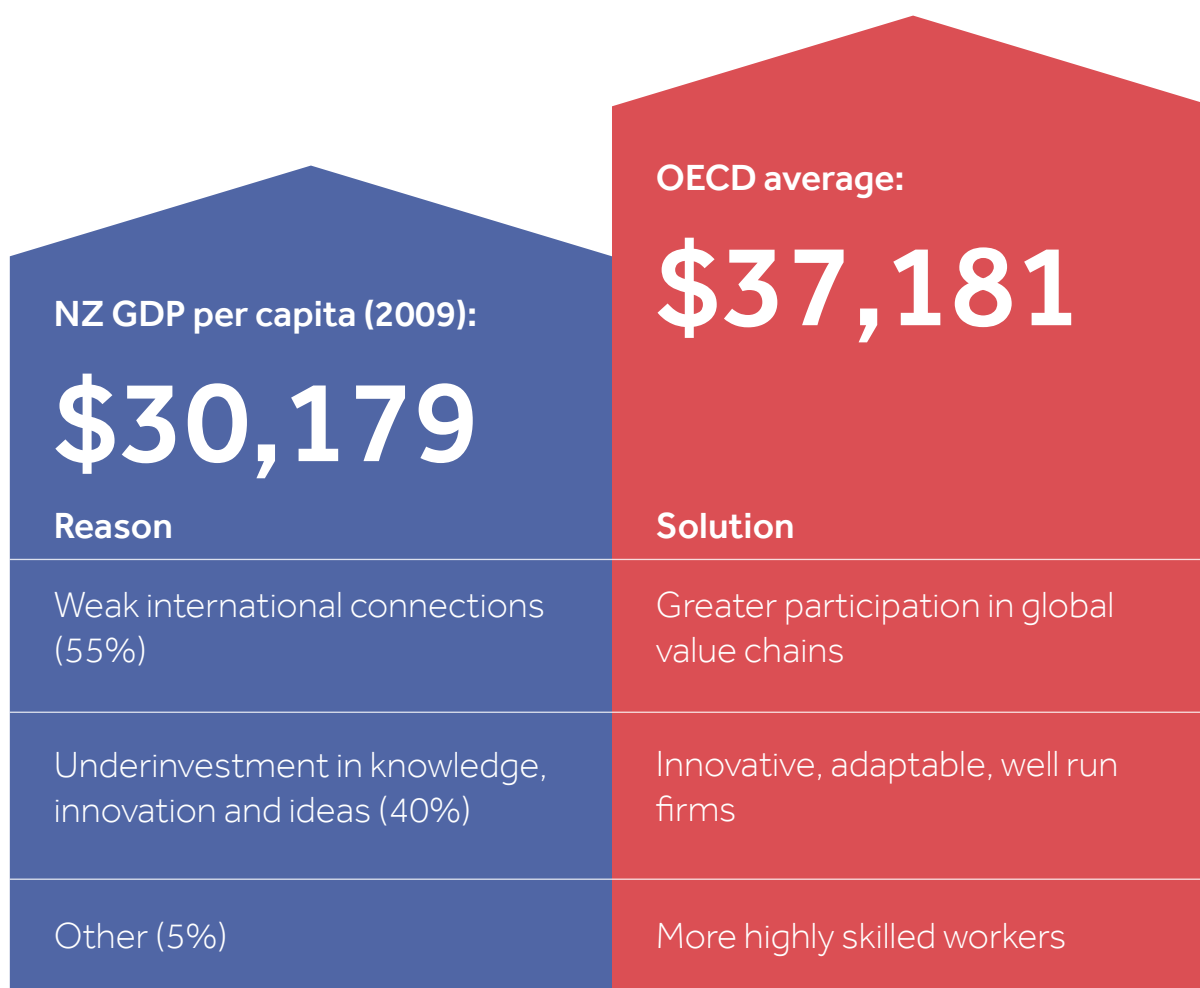
“Poor labour productivity can be traced to a lack of international connection and agglomeration, high rates of qualification and skills mismatch, muted competitive pressures, and low rates of capital investment and research and development activity” (OECD, 2021, p.2). The mismatch of skills can directly be related to lack of guidance on career decisions, no bridging between education providers and the world of work, and school leavers having low employability (OECD, 2021) .

New Zealand’s productivity has been stagnant

at around 42 USD dollars per hour worked for approximately the last decade, a famously poor performer in the OECD. Close neighbour Australia have been marginally increasingly over the last decade with a 2020 rate of approximately 55 USD dollars worked.

Poor productivity means that New Zealanders are working harder rather than smarter, making improving living standards even more difficult. Poor productivity results in higher prices for everyday items, resulting on a larger burden for lower income households. When productivity growth is lower, wage growth tends to be lower according to New Zealand’s Productivity Commission’s Ganesh Nana (Morrinson, 2021).

### Key figures: New Zealand has low productivity



# Careers Development in New Zealand

## - Currently

There is no current strategy for careers programmes in Aotearoa. Careers related programmes are currently rolled out by various government departments and ministries, with no clear collaboration or overarching plan. Examples of these include:

- TEC - Inspiring the Future Programme
- TEC - Development of the Tiro Whetū website
- MOE - Updating the Career Education and Guidance Guideline (2009)
- MOE – Education to Employment Initiative
- MOE – National Education Learning Priorities:

Priority 7 – Collaborate with industries and employers to ensure learners/ ākonga have the skills, knowledge and pathway to succeed in work. (The details on how this is being done have not yet been clarified)

- ACC- Vocational rehabilitation provides services to support individuals back into employment after injury

These activities need to be operated within a wider strategy that ensures careers development services are available to all. Current initiatives are limited to a website, those out of work due to injury, and other programmes that are not accessible to all, whether currently in school or not.

# Careers Development in New Zealand

## - Currently in schools

New Zealand Ministry of Education guidelines state that schools are to provide appropriate career education and guidance to all students at Year 7 and above, although there is no specification of “appropriate” or criteria. This allows schools to respond to the guideline broadly and unsystematically. Under these guidelines is an emphasis is on providing guidance services to “at risk” students. This limited mandate results in the majority of secondary school students having no exposure to comprehensive career guidance. The career development needs of academically high achieving students are often overlooked because of these limits since it is assumed that high marks equate to career decision making capability. This funnels high achievers towards university with limited guidance on this decision, furthers the disadvantages of highly performing academic secondary students of lower socio-economic backgrounds, and does not equip all students with the skills necessary to make career decisions.

Overall, all students do not receive careers services as a standard part of the curriculum. Students leaving school with no careers development is

not acceptable, with the unreadiness of school leavers for the ‘real world’ being well noted. The well-known 2016 Attitude Gap report identified better preparing young people for recruitment processes, building work resilience and confidence, and preparing young people through strong connections between schools, employers and communities as opportunities to improve work readiness (The Auckland Co-Design Lab, 2016). These recommendations can be carried out within a national careers strategy, that resources schools to deliver careers development to all students as part of contact hours with students. The Ministry of Education’s National Education Learning Priorities (NELP) includes points that emphasise the importance of careers. For example, schools should “Develop tools and information to support learners/ākonga to have a personalised career pathway that allows them to move between education and employment, and that supports displaced workers” (under objective 7). The NELP however are not interpreted or applied in a standardised way across all schools, and does not allocate careers resources to every school as a requirement.



## Careers Development in New Zealand – Background

New Zealand was a world leader in career development in 2009. Careers infrastructure that contributed to this status has since been disestablished following the move of CareersNZ to TEC in 2017.

At the tertiary level, most institutions have established a career service to assist students with decisions about course selections and seeking employment upon graduation. However, these are often optional services and not baked into any curriculum requirements.

The 2021 OECD report *“Career Guidance for Adults in a Changing World of Work”* includes a key recommendation *“to strengthen career guidance and training counselling to better support adult workers in their training decisions.”* There was a clear recognition in this report that this was a role for skilled career counsellors. In New Zealand, some career advisors have received little or no training in career development. Untrained, unstandardised careers development services do not fulfil New Zealand’s need to support world class

career decision-making.

Outside of education providers that offer these services, only those who can afford to pay for careers development services can access them. This is incongruent with New Zealand’s emphasis on the importance of social equity and meaningful work for all. When available, career development and career transition services are often limited to those at executive level, leaving low skilled workers at risk of unemployment due to the changing labour market.

The New Zealand government announced in May 2021 the plans for a public unemployment insurance scheme. Details of the scheme have not yet been announced at the time of writing, but employment and training will play a key role. Advice on employment and training is vital to ensure that training is not just for the short-term win but rather a stepping-stone for the future. Advice should not only be available to those who are newly unemployed, but for all, regardless of employment status.

# Recommendations

The main recommendation is the establishment of a national careers strategy for New Zealand.

This includes the key components of:

## Identify who owns the careers space in New Zealand

- This currently technically sits with TEC, however initiatives are being planned and executed by various agencies with no coordination.
- A single owner would be charged with coordinating activities and direct the appropriate departments to undertake and deliver programmes
- This requires an all of government approach

## Plan

- Professionalise the careers development industry
- Ensure pipeline of careers development professionals can meet demand
- Ensure that pipeline of professionals includes Māori and Pacific careers professionals
- Start data collection for the creation of a strong evidence base on the impact of careers decisions in the New Zealand context

## Create the strategy that includes the standing up of services that are accessible to all, regardless of education level, employment status, location, or age.

- This includes careers development within the curriculum from primary school with a focus on understanding of the labour market, growing the career navigation skills of individuals, and interaction with the world of work. Out of schools, career professionals and career information should be available across New Zealand. These could be based both online and in community-based key areas such MSD sites and MBIE's Jobs and Skills Hubs.

## Resource

- Allocate funding and resourcing
- In schools, ensure resourcing is allocated to avoid overloading teachers
- Tag career funding in schools for distinct careers development activities
- Resources and competency frameworks to be created and accessible

# Guiding principles for a national strategy

A careers strategy should:



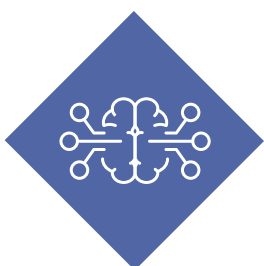
Ensure lifelong learning



Be accessible to all



Ensure employability skills and connection to employers are at the forefront



Have a human component



Have clear leadership



Be a standardised, professional service



Be well resourced



Be prioritised as a way to improve options for individuals, decrease unemployment and underutilisation, and improve productivity



Have a taskforce approach and have business, union, government input

## The solution- What it will take

For 350 experts in community centres around the country and online has the expense of approximately \$35 million per annum. Assuming a success rate of just 10 people a year for every expert being successfully being shifted off Jobseeker or avoiding going on Jobseeker.

(A single person over 25 receives \$290.49 per

week – WITHOUT accommodation supplement taken into consideration) is approximately \$53 million. This is a saving of over \$18 million in real costs, before taking into consideration wider positive impacts on an individual's confidence, and improved skills matching in the labour market, among others.

## Benefits

The benefits of creating a careers strategy for New Zealand are wide ranging. Firstly, available-to-all careers development services reduces inequality towards skills development and career decisions. Skills mismatching will reduce, meaning a happier and more productive workforce. Resources will be saved by the government on Jobseeker benefits, and various uncoordinated careers programs. Employers will have their workforces unlocked,

as their staff have independent access to advice and information about upskilling and training opportunities. Employers will then have more skilled people to work with. The unspoken expectation placed on teachers to both teach core subjects and impart information about career development skills they are not allocated resources for will be reduced. This ensures higher quality education outcomes and reduces the burden on teachers.

## Costs of NOT implementing a careers strategy

Studies show inadequate career education and weak links between learning and skills requirements in the labour market results in students dropping out of tertiary training and taking significant time to become attached to the labour market attachment (Bruce & Marlin, 2012; Sweet et al., 2010; OECD & ILO, 2011; Bezanson, 2008; De Broucker, 2005).

Less than half of earnings variation in OECD countries can be accounted for by educational qualifications and readily measurable skills. Therefore, a significant part of the remainder may be explained by people's ability to build,

and to manage, their skills. Included in this are career-planning, job-search and other career-management skills. Seen in this perspective, it career development services have the potential to contribute significantly to national development of human capital (Sondergaard, 2012).

At a higher economic level, there is improved mental health benefits, decreased crime, increased tax revenue and a decrease in the need for welfare benefits. All of which flow through to higher living standards and increased GDP.



## Conclusion

The EMA knows that the labour market in New Zealand is experiencing ongoing changes. In order to grow the skills for the future and equip our people to make the best choices for them, a national careers strategy is required. The EMA is positive that accessible careers services, combined

with improving the industry connection in our education system will improve New Zealand's productivity, lessen skills mismatches, and make hiring for employers less of a challenge. The EMA welcomes the opportunity to discuss this important topic.

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