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Temporary skilled migration to Australia: Employers' perspectives

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Abstract

There has been a significant increase in the temporary entry into Australia of skilled workers since 1996 with the introduction of the 457 visa permitting employers to sponsor skilled workers from overseas who can work and stay in Australia for up to four years. This paper examines employers' reasons for sponsoring skilled workers from overseas, their industry profile and modes of recruitment, the occupational skills that they require and their perceptions of the temporary business entry program. Issues relating to the perception of a shortage of skilled workers, the extent that sponsoring foreign workers is a substitute for investment in local training and the role of ethnic networks in overseas worker recruitment are discussed. The paper is based on a survey of employers of temporary skilled migrants conducted as part of a larger study examining the characteristics, motivating factors, outcomes and impacts of temporary overseas skilled migration to Australia.

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Introduction¹

In 1994-95 the then Labor Government set up a Committee of Inquiry into the Temporary Entry of Business People and Highly Skilled Specialists to Australia. This was in response to the increasing internationalisation of the Australian economy and concerns expressed by Australian business, economic and trade agencies that existing immigration procedures were too complex for bringing in skilled people from overseas for temporary periods when they had been unable to train or find a suitable person in Australia. The Committee was chaired by Neville Roach, chief executive of Fujitsu Australia, and included representatives from business and the union movement. The Committee's report recommended a radical simplification of the rules and procedures governing temporary entry work visas for skilled business people and specialist workers (Roach 1995). These included no labour market testing² (this was implemented in July 2001), no requirement to demonstrate a training benefit to Australian workers and streamlined requirements for medical checks of the potential migrant. The Committee's recommendations were implemented by the new Coalition Government in 1996 and a new temporary business entry visa was introduced that included a long-stay visa (the 457 subclass) and a short-stay visa (the 456 subclass).

The Department of Immigration and Multicultural Affairs (DIMIA) points out that the 457 visa provides for:

- personnel (executives, managers and specialists) for companies operating in Australia;
- personnel from offshore companies seeking to establish a branch office in Australia, participate in joint ventures, or fulfil a contract awarded to an offshore company;
- independent executives seeking to establish a new business or joining existing businesses in Australia; or
- personnel coming temporarily under a labour or regional agreement (DIMIA 2002)

In 2000, a review of temporary residence visas was announced by DIMIA in order to ensure that temporary residents did not create disadvantages for Australian resident workers and to achieve greater efficiency for both clients and staff through a range of processing improvements (DIMIA, 2003). Following the review, changes were made to tighten up the program and establish some monitoring criteria. These changes include:

- introduction of a minimum salary of \$34,075 in July 2001 aimed at excluding unskilled workers (this was raised to \$35,828 in November 2002);
- introduction of a skill threshold making only occupations in the first four major occupational groups (managers and specialist administrators, professionals, associate professionals and tradespersons and related workers) eligible for the 457 visa;
- monitoring all employer sponsors within 12 months of sponsorship approval for compliance with the terms of sponsorship.

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² Labour market testing means that employers have to demonstrate that they have been unable to find a suitably qualified Australian resident to fill the position. They could demonstrate this by providing evidence that the job had been advertised in the media but no suitable applicant could be identified.

Additional changes were introduced in July 2003 to streamline the sponsorship process. This included approving employers to sponsor a specified number of temporary business entrants within a two-year period and onshore visa processing. From November 2003, certain 457 sponsorship and visa applications can also be submitted electronically to facilitate faster processing.

Since the introduction of these visas, the temporary entry into Australia of skilled workers has increased significantly (see DIMIA 2002; Khoo et al. 2003). In 2002-03, close to 38,000 visas in the 457 subclass were granted for the temporary entry of skilled workers sponsored by employers. As of 30 June 2003 the number of people in Australia holding the 457 visas was about 56,000 (DIMIA 2004, p. 64, 70). About 250,000 visas in the short-stay 456 category were granted in 2002-03 (DIMIA 2004). This is the business visitor visa and allows for a stay of up to 3 months.

Australia's immigration program has always emphasized permanent settlement, not temporary entry, so the increase in temporary entry is a new and important shift in migration pattern to Australia. Hence, there has been less research on temporary migration compared with settler migration and its outcomes. However, early recognition of its potential significance promoted some studies examining different types of temporary movements (Sloan and Kennedy 1992), the role of skilled temporary migrants on the Australian labour market (Brooks et al 1994) and Japanese workers in the tourism industry (Bell and Carr 1994). The study by Brooks et al. found that skilled temporary residents increased opportunities for Australian workers through skill transfers and economic benefits and did not disadvantage Australian workers in the labour market. More recently DIMIA has commissioned three studies of the impact of temporary skilled migration on government budgets and Australians' living standards, which also found that temporary skilled migration has positive effects (Access Economics 2002a; 2002b; 2002c). Nonetheless, concerns have been raised that temporary foreign workers would make Australia less interested in striving for self-sufficiency in the labour market (Bell, 1995) and that 457 visa holders might be displacing Australian workers (Kinnaird 2002:62)

The United States has had a longer experience with temporary skilled migration under the H-1B visa program, which is similar to the 457 visa in that its holders are professionals and highly skilled individuals who are sponsored by employers. The visa allows for a three-year stay and can be renewed for another three years. There is a limit of 65,000 each year although this cap was raised to 115,000 in the years 1999-2000 and 197,500 in 2001 in response to lobbying by the information technology sector (Lowell 2001). There have also been concerns about the impact of the H-1B visa program on the job market for skilled individuals and employers taking advantage of the "tied labour" aspect of the scheme. However, similar to the Australian studies, the studies of skilled temporary migrants in the US have also suggested that they have been beneficial to the economy (Keely 1998; Martin 1999) and that the temporary movement of skilled labour "reflects the reality of today's global marketplace" (Lowell 2001, p. 54).

While previous studies of temporary skilled migrants have examined their impacts on the economy, there has not been any study of the employers who sponsor these migrants. Yet it is important to know more about them and their reasons for sponsoring foreign workers to understand better the factors motivating temporary skilled migration. This paper examines employers' perspectives of the temporary skilled migration program in Australia, focusing on their reasons for sponsoring foreign skilled workers, their modes of recruitment and the occupational skills that they seek. Issues relating to the perception of a skilled labour shortage

and the extent that sponsoring foreign workers is a substitute for investment in local training are also discussed. The paper is based on a survey of employers that was undertaken as part of a major study to examine the characteristics, motivating factors, outcomes and impacts of temporary skilled migration to Australia.

Data

A small exploratory survey of employers that have sponsored employees on the 457 temporary skilled entry visa was conducted between May and July 2003. Letters were mailed by DIMIA to 295 employers that had sponsored employees on the 457 visa informing them about the research project and inviting them to participate in the survey. The employers that were contacted were those on DIMIA's most current list of sponsors. They had two options for completing the survey questionnaire. A copy of the questionnaire was enclosed with the approach letter and employers could complete and return it to the research team in the reply paid envelope provided. Alternatively, they could go to the survey website on the internet and complete the questionnaire online and submit it directly back to the research team.

Completed questionnaires were received from 135 employers, yielding a response rate of 46 per cent. Of the 135 employers, 98 (73 per cent) completed and mailed back the hard copy questionnaire and the rest (37 or 27 per cent) submitted the questionnaire electronically. The survey was anonymous and collected information about the employer, their employee recruitment process, reasons for sponsoring overseas employees and their views about the sponsorship application process. The research team also conducted face-to-face interviews with ten employers to obtain a more in-depth perspective of their experiences with the 457 visa subclass. These interviews were conducted with employers in Sydney, Melbourne and Canberra.

Employer profiles

Employers that sponsor skilled temporary migrants are very diverse. They include small businesses, large multinational corporations, hospitals, universities, non-government organizations and religious bodies. The one thing they have in common is that they have a global perspective in hiring to fill new or vacant positions. Often they have had difficulty in finding an Australian resident for the job, because the nature of the job requires skills that are not easy to find locally. Sometimes it is just easier and/or faster, although usually not less costly, to bring someone in from overseas whom they know has the skills they need.

To illustrate the nature of the global market and the context in which employers use the 457 visa, we provide brief profiles of four employers and their experiences in the recruitment of skilled workers from overseas. Following this, employer characteristics such as location, number of employees and industry sector are examined to provide more information on the types of employers that sponsor skilled temporary migrants from abroad.

1. A multinational consulting engineering company

This consulting engineering company is a multinational corporation with headquarters in the United Kingdom. It has offices in 33 countries, undertakes work in 50 countries and employs some 6,500 people globally. It has about 550 employees in Australia in offices in all states and territories except Tasmania and the Australian Capital Territory (ACT). The company works on some very big projects in which people from its offices all over the world are regularly involved. If the Australian office coordinates a particular project, it will often draw

on staff from overseas and sponsor them to come to Australia on 457 visas. The company likes its staff to have international experience where possible. Some 95 per cent of the 25-30 workers they sponsor each year on 457 visas are intra-company transfers and most are from the UK. They stay in Australia for about two years on average. At the time of the survey the company had over 40 consulting engineers and draughtsmen who were on 457 visas.

2. An Indian restaurant

Apart from its Indian cuisine, this restaurant also specialises in tandoor pot making and retailing. The pots are sold to other Indian restaurants. It is a small business with only four to five employees and relies on the 457 temporary entry scheme to bring workers from India because Indian chefs and tandoor pot makers cannot be recruited in Australia. Tandoor pot making is a very specialised trade. The restaurant owner also says that Indian chefs are hard to find in Australia because few Australians of Indian descent are willing to work in this occupation. The restaurant owner uses his networks in Delhi to recruit chefs from a particular hotel. At the time of the survey, he had two employees on 457 visas, a chef and a tandoor pot maker.

3. A recruitment and consulting company

The company's core business is the recruitment of temporary professional, technical and industrial staff for other employers. It has operated in Australia and New Zealand since 1994 and currently has some 60 permanent employees in the two countries. It also has some 1000 casual employees, most of whom are blue collar workers outsourced to warehousing and logistic companies. Based on its industry knowledge of particular skills shortage, the company is looking to sponsor workers with these skills from overseas on a temporary basis. The company has been approved to recruit 200 nurses and 8 mechanics on 457 visas. The nurses will be recruited mainly for private hospitals, nursing homes and private specialist hospitals and are expected to come from Hong Kong, Philippines and UK while the mechanics are likely to come from Papua New Guinea, Philippines and UK.

4. A multinational ICT company

The company is a privately owned multinational corporation with headquarters in the United States. It also has an office in the Netherlands. The company has developed a specialised software that is used by businesses with large and complex distribution networks. Most employees on the 457 visa are people from within the company who have a lot of experience with the software and its applications. They are brought to Australia to help with specific implementations that can take from six months to two years. The company's overseas employees are keen to come to Australia on a temporary basis, usually for two years. The company has also sent their Australian staff to its US headquarters. At the time of the survey, there were 4 people on 457 visas working in the company: 3 software consultants from the Netherlands office and a technical services analyst from South Africa.

These four employers are illustrative of the large and small businesses that employ a global perspective in labour recruitment, whether in terms of moving their employees around the world or addressing local skills shortage in very specialised areas. Besides the multinational corporations, IT companies and ethnic restaurants, respondents to the survey include an outdoor adventure company, hospitals, a state government department, universities, an overseas aid organisation, an Asian airline, hairdressing salons, a horse stud and a Hindu temple. Their diversity makes it difficult to generalise as to the type of employer that is likely to sponsor skilled workers from overseas.

Employers from all states and the ACT are represented in the survey, with almost 60 per cent being in Sydney (Table 1). This is consistent with DIMIA's data showing that more than half of the people granted the 457 visa intend to reside in New South Wales, which is likely to mean Sydney. As Australia's premier city, Sydney is a global city where many employers think globally in terms of labour recruitment and multinational companies headquartered in the UK, US or France locate their office and regional headquarters when they expand into Australia.

The employers range from very large to very small businesses in terms of the number of people they employ. More than one-quarter of all the respondents are large employers with 300 or more employees. They include construction, manufacturing, finance and insurance companies, education departments, universities and hospitals. Small employers include restaurants, software companies and hairdressing salons.

Four types of employers are included in the survey. They are Standard Business Sponsors (SBS) that are approved to sponsor a specified number and type of skilled workers; Pre-Qualified Business Sponsors (PQBS) that are usually large employers approved to sponsor any number of 457 visa holders in a particular year; Labour Agreement sponsors that have a labour agreement to bring in foreign workers; and Regional Headquarters sponsors that are allowed to bring in foreign workers because they have made Australia their headquarters for the Asia-Pacific region. Three-quarters of all respondents in the survey are SBS; 14 per cent are PQBS and 9 per cent are employers with a Labour Agreement. There is only one respondent who is a sponsor under the Regional Headquarters Agreement.

The employers in the survey come from all the major industry categories except government administration and defence. The IT and communications sector has the largest number of respondents, with 15 per cent of the total sample. This percentage is very close to the industry share of 16 per cent according to DIMIA's data on sponsorship approvals for 2000-01. The next largest industry group is accommodation, cafés and restaurants, with 13 per cent of all respondents. This is higher than the 6 per cent based on DIMIA's data on sponsorship approvals in 2000-01. There is good representation in health and community services, personal and other services, manufacturing, education and construction. Although the survey is designed to be small and exploratory, the employers who have responded appear to be well represented in terms of location, size of business, type of sponsor and industry sector.

SBS employers sponsor an average of just 2 or 3 temporary migrant employees a year while PQBS employers sponsor more than 10 a year on average. As expected, the number of employees sponsored tends to increase with the size of the business. Employers in the accommodation, cafes and restaurant industry sponsor only a few people. In contrast, employers in the health and business services industries tend to sponsor larger numbers. These are large employers such as hospitals and multinational corporations. Since July 2003, new arrangements have been implemented which no longer differentiate between SBS and PQBS. Under the new arrangements employers are pre-approved to sponsor a specified number of 457 visa holders over a two-year period and some employers have been approved by DIMIA to sponsor up to 200 people over a two-year period.

Reasons for sponsoring skilled workers from abroad

The issues of why and how employers recruit workers from abroad are important in understanding the factors that motivate temporary skilled migration. Almost 90 per cent of all

employers indicate that the reason they have sponsored a worker from overseas is that the required skill is not available or difficult to obtain in Australia (Table 2). All types of employers, regardless of size of the business or industry sector, consider this a very important reason for employing a person from overseas and not an Australian resident. Many employers state that knowledge of a company's systems, product or culture is a specialised skill and an important reason for bringing in people on 457 visas from their overseas office. Other employers say they recruit overseas because there is a shortage of graduates in some professions or skills or because they need workers with a particular language or cultural background to liaise with foreign clientele such as Japanese tourists and international students.

The next most often mentioned reason is the need for people to train other employees. Small employers and those in the restaurant and manufacturing sectors are more likely to report this reason as important. Forty percent of employers also indicate that sponsorship suited the company's policy. This is particularly the case for multinational companies. The vast majority of 457 visa holders in the multinational companies interviewed are intra-company transfers and moving people around the companies' offices in different countries is often part of the company's policy for its staff to gain international experience.

One in four employers indicate that needing people at very short notice is an important reason, particularly for jobs that require training that may take some years. Employers have also used the 457 visa as a short term measure to bring a foreign employee to Australia quickly because sponsoring someone for permanent residence under the Employer Nomination Scheme takes a longer time in visa processing.

About 20 per cent of the employers believe that foreign workers are more committed to the job and that this is a reason for their sponsoring foreign workers. Smaller businesses (fewer than 25 employees) are more likely to consider this as an important reason. Lower labour costs do not appear to be an important factor in hiring foreign workers. Less than 10 per cent of employers indicate that foreign employees are less costly than hiring Australian residents. Most employers emphasise that they would have preferred to employ Australian workers if they have the appropriate skills because it costs more to sponsor an overseas employee. Besides the costs of the sponsorship and visa application, employers usually have to pay the cost of airfare and some employers also subsidise the costs of housing and medical insurance and pay a living away from home allowance.

Employers identify work skills as the most important employee characteristic they look for in bringing in overseas workers (Table 3). Other important attributes are English language skills and ability to fit in with other employees. As expected work experience in Australia is not an important requirement.

It is notable that three-quarters of all employers indicate that they have recruited overseas mainly to fill new job positions. About half have recruited overseas to fill positions held previously by Australian residents.

The reasons for recruiting skilled temporary migrants from overseas suggest an increasing demand for people with specialised skills and knowledge that are often not available in a relatively small population such as Australia's. Australia's growing economy, the need to keep up with technological advance and consumers' preferences for a wider range of goods and services that come with greater internationalisation of tastes have all contributed to this

increased demand for specialised skills. The increased presence of multinational companies and their policy of shifting their workforce around the world in response to specific projects together with the growth of local businesses that have an international focus such as tour companies appear to be important contributors to the growth of temporary skilled migration to Australia. There is also evidence of a shortage of particular skills in the Australian labour market as indicated by employers in the health and education sectors who are generally not global employers but are having difficulty obtaining locally the skills they require.

Modes of recruitment

Employers were asked about the approaches they used to recruit employees who were Australian residents, 457 visa holders from offshore and 457 visa holders onshore from foreign visitors already in Australia. The aim is to find out employers' strategies for recruiting temporary workers from overseas and whether and how they differ from recruiting employees locally.

Not surprisingly, the most common approach to recruiting 457 visa holders offshore is through the company's overseas office. For employers with overseas offices, the 457 visa is used mainly for intra-company transfer of employees who are knowledgeable about the computer software or equipment that the company uses in its business operations or selling to customers.

A notable mode of recruitment among small business owners is through their ethnic networks. These networks are used to identify potential employees overseas for sponsorship, as in the case of the Indian restaurant owner who used his networks in Delhi to locate chefs for him to sponsor to migrate to Australia. Other employees are also important in helping their employers locate potential employees overseas, again indicating the role of networks in recruitment.

Migration agents are not used often for recruitment. For obvious reasons, advertising in the media is used less often in recruiting foreign employees than in recruiting local employees. Personnel recruitment agencies are also used less often in recruiting foreign employees than Australian residents.

The importance of intra-company transfer and networks in the recruitment of skilled labour from overseas indicates the global perspective of many employers today in their labour hiring process. It also reflects the transnational nature of the business community and the relative ease of international travel and people movements.

Skills and countries of origin of sponsored employees

Following a review of the 457 visa in 2000, a skill threshold was introduced making only occupations in the first four major occupational groups eligible for the 457 visa (DIMIA 2003). These occupational groups are managers and administrators, professionals, associate professionals and tradespersons. Employers sponsor people with a wide variety of skills within these four occupational groups. The occupations mentioned most often by employers in the survey are general managers, specialist managers (IT, sales and marketing), IT consultants, nurses, medical practitioners³, various types of engineers, chefs, hairdressers and

³ Although survey respondents have included medical practitioners in answering the question, medical practitioners are not sponsored under the 457 visa; they have their own sponsored visa subclass, 422.

tour guides. More specialised occupations include patent and trademark attorneys, drilling fluid engineers, audiologists and stonemasons. The top five occupations nominated by employers in 2002-03 are computing professionals, nurses, managers, chefs and accountants (DIMIA 2004: 64).

Figure 1 shows the proportion of employers that sponsored employees in each of the major occupational categories. Close to half of all employers (47 per cent) sponsor people with associate professional occupations. The most common occupations sponsored in this group are chefs (particularly Japanese sushi chefs and Indian chefs) and business and administration associate professionals (program administrators and office managers). Almost 40 per cent of employers sponsor people in professional occupations, the most common of which are nurses and medical officers/practitioners. Other professionals sponsored are accountants, architects, IT professionals and engineers. About the same proportion of employers (38 per cent) sponsor managers and administrators while 17 per cent sponsor tradespersons. The most common tradespersons are hairdressers; other trades are cooks, stonemasons, carpenters and joiners.

A small number of employers, most likely those with Labour Agreements, sponsor workers whose occupations are below the skill threshold defined by the first four major occupational groups. Eleven employers sponsor people who are tour guides, waiters or other workers in the intermediate clerical, sales and services group.

More than half of the employers in the survey sponsor 457 visa holders from only one occupation group, usually the professionals or associate professionals group. One-third of the employers sponsor people from two of the first three occupational groups. Few employers sponsored employees with occupations that ranged across three or more major occupational groups.

DIMIA administrative data show that the UK is the top source country of origin of 457 visa holders (Khoo et al, 2003; DIMIA 2004). Other major sources are India, US, Japan, Ireland, Korea, Canada, South Africa, China, France and Germany. These are also the main sources of 457 visa holders sponsored by employers in the survey (Figure 2). Nearly half (47 per cent) of all employers in the survey have sponsored employees from the UK. It is possible that the survey questionnaire being in English may have led to some under-representation in the survey of employers of non-English-speaking background who are likely to sponsor from non-English speaking countries.

Employers in the health sector are the most likely to sponsor 457 visa holders from the UK in a variety of health professions. The likely reason is that the UK qualifications are recognised on the same level as those obtained in Australia. The medical imaging technologists, radiographers, radiation therapists, pharmacists and physiotherapists sponsored by employers in the survey are all from the UK. Medical practitioners and audiologists also come from India and South Africa. The nurses are from Zimbabwe, South Africa and Philippines as well as UK and Ireland. A horse stud sponsored veterinarians from the UK, Ireland and South Africa who come for four months each year during the spring breeding season.

The accountants, managing directors and managers sponsored by employers in the finance, insurance and business services sector are also likely to be from the UK and other English-speaking countries such as Ireland, South Africa and US. Tradesmen sponsored by companies in the construction industry and mechanics also come mainly from the UK and Ireland.

Engineers and architects come from the UK, Germany and Switzerland and stonemasons from Lebanon, Korea, India and Afghanistan.

In contrast, the hairdressers, beauty technicians and nail artists sponsored by employers in the personal services sector are mainly from Korea, China, Japan and Hong Kong. Chefs sponsored by the restaurants in the survey are from India and Japan. Tour guides are largely from Japan.

Some employers sponsor exclusively from one country while others source their employees from a variety of countries. Examples of the former include small ethnic businesses that sponsor managers exclusively from China or chefs from India as well as larger overseas-based companies such as the one that brought in a sales manager, a production manager and a managing director, all from France. One employer with an ethnically diverse workplace sponsored a radio announcer from Indonesia, a presenter/producer from South Africa and a multimedia analyst from India. Small employers that sponsor employees from the same country typically use their ethnic networks in recruitment.

Employers' perceptions of the temporary skilled migration program

An important aspect of the survey and the research project is to canvass employers' views about the 457 visa program, how well it has met their needs and any problems they have encountered. Employers were also asked how they found out about the 457 visa.

The Department of Immigration is mentioned most often by employers as their initial source of information about the 457 visa (Table 3). Migration agents and other employees are the next often mentioned sources. Employers in the health and community services, café and restaurants, and finance and insurance sectors are more likely to report DIMIA as their initial source of information about the visa subclass. It is apparent that DIMIA officials have suggested the temporary business entry visa to many employers as the new and faster approach to bring in employees from overseas on a temporary basis. Before the introduction of the 457 visa, universities usually used the education visa (subclass 418) for academic appointments from overseas. Now, on DIMIA's advice they have switched to the 457 visa.

Employers were asked specifically if they ever experienced the problems such as lack of understanding of Australian workplace culture or inadequate work skills with their sponsored employees. Most employers (82 per cent) have not encountered any problems with their sponsored employees relating to inappropriate or inadequate work skills. However, about half of all employers have experienced problems with lack of understanding of Australian workplace culture when employing 457 visa holders and about one-third reported experiencing language problems.

The high proportion of employers not having problems in terms of inappropriate or inadequate work skills is not surprising since they usually know the skills of the person they are sponsoring. Nonetheless, small employers (those with fewer than 5 employees) are more likely to have experienced problems with the skill level of their 457 visa employees than larger employers. They are also more likely to have experienced language problems with their 457 visa employees, and more likely to have prematurely ended a contract with their sponsored employee than larger employers. One in five employers has ended a contract prematurely with their overseas migrant employee.

Employers in the finance and insurance industry are the least likely to report having problems relating to lack of understanding of Australian workplace culture. In contrast, over 70 per cent of employers in the manufacturing industry have experienced problems relating to lack of understanding of workplace culture. Nearly two-thirds of PQBS employers have had this problem.

Employers are generally happy with the information provided by DIMIA on sponsorship arrangements although some employers, particularly the smaller ones, find the application procedures to be rather complex. More streamlined procedures introduced since July 2003 may have reduced these concerns. Nearly half of all employers rate the application fee as acceptable; small employers are more likely to rate it as high.

Some employers, such as small businesses and non-government organisations, are more concerned about the minimum salary level required for 457 visa holders, saying that it fails to take into account the non-cash component of the total salary paid to the employee. Employers in regional areas also point out that salary levels there are generally lower than in cities such as Sydney or Brisbane and therefore they should not be faced with the same salary threshold as urban employers.

Forty per cent of employers rate the processing time on the slow end of the scale. Employers can now lodge visa applications on the internet (since November 2003) and the commitment of some DIMIA Business Centres to achieve a 48-hour turn-around time by giving priority to processing such e:lodged applications is likely to be welcomed by these employers.

Employer sponsors are monitored annually by DIMIA to ensure compliance with the sponsorship requirements. Most employers report having no problems with it; however Labour Agreement and small employers are more likely to experience difficulties.

Employers appear to be generally satisfied with the temporary skilled migration program. Employers in the finance and insurance industry are the most positive in their views while Labour Agreement employers and small employers appear to be less satisfied than other employers. Examples of the positive comments received from employers are:

“The current structure is working fairly well for us. It is far better than the previous process and criteria.” (A large employer in the manufacturing industry).

“ In all honesty I found the process efficient and professional. The staff are always approachable, friendly and pleasant to deal with both by phone and in person. The process was quick and simple to understand. Conclusively, our organization was extremely happy with the Department of Immigration and Multicultural Affairs.” (An employer in the finance and insurance industry).

Employers also point out that the 457 visa compares favourably with other countries' temporary migration programs in that it recognises couples in de facto relationships, gives work rights to the spouse and free access to education for children in most states (although not New South Wales). Employers also like the PQBS arrangement for the flexibility it provides in terms of number of employees that can be sponsored. Some have found the new arrangement of pre-approval to sponsor a nominated number quite problematic because they cannot know or forecast which projects they will be working on over the next two years.

Future sponsorship

Do employers expect to sponsor more people on 457 visas in the future? Seventy-eight per cent answer 'yes'. Among PQBS employers, the percentage is even higher (84). There is a positive correlation between size of employer and likelihood of future sponsorship, with 88 per cent of large employers (with 300 or more employees) expecting to sponsor compared with 62 per cent of small employers (with fewer than 25 employees). Employers in the construction, IT and accommodation, café and restaurant industries have below average proportions expecting to sponsor in the future while those in the health and education sectors are more likely to continue to sponsor. This suggests that employers expect the shortage in skills such as nursing and secondary school teaching (in mathematics and science particularly) to continue in the future, but are forecasting a slow period in the IT sector and possibly in the construction sector as well.

Employers are also asked the number of 457 visa holders they expect to sponsor over the next five years. Not all employers who expect to sponsor in future provide a number to this question, presumably because they are uncertain or do not know in advance. Among those who provide a number, the average is about 6 people over the next 12 months, 8 over the next 1-2 years and 12 over the next 3-5 years. As expected, larger employers expect to sponsor more employees than smaller employers (Table 4). Employers in the health and community services sector expect to sponsor the most number of people while those in the accommodation, café and restaurant industry expect to sponsor only 1-2 persons each year.

Discussion

As noted in the introduction, there have been community perceptions that temporary skilled migrants take away jobs from Australians and lead employers not to invest in training Australians to do the job. These two issues can be discussed in the context of the survey findings on the motivations of employers in sponsoring employees from overseas.

Employers of skilled temporary migrants have indicated that the 457 visa scheme has worked well in enabling them to fill positions that are difficult to fill. Many employers also indicate they would have preferred to employ Australian residents if they could find local people with the skills or expertise they required because sponsoring foreign workers is more costly for them. One employer even suggests that the 457 visa scheme protects jobs for Australian residents because of the costs to employers in bringing in people from overseas. These views suggest that in most cases migrants are not taking jobs away from Australians.

There seem to be two reasons why employers are not able to find the skills they require within the Australian workforce. The first is that the skills required are very specific to the employer, usually in relation to a company's product, systems or corporate knowledge. People with these skills may be available overseas, usually in the company's overseas office, but not yet in Australia. In this situation, the 457 visa provides a fast and efficient process for companies to bring in these overseas employees who can then provide local training. The second reason that employers are not able to obtain workers with the skills they require is that there seems to be a shortage of these skills in Australia. Employers in the health and education sectors indicate that they are having difficulty finding nurses and secondary school teachers in science and maths locally and their expectation to continue to sponsor employees from overseas suggests that the local supply of these skills is falling behind demand. A few employers have also

indicated that skilled Australians are increasingly going to work overseas thereby contributing to the skills shortage.

To what extent is sponsoring foreign workers a substitute for investment in local training? The survey shows that employers do invest or are willing to invest in training Australians to do specialised jobs. However, they point out that some of the skills they need now require many years of training. The current shortage of nurses and teachers has been recognised by the Australian government in its funding of more university places for nursing and education courses. Again this does not address current demand. It would appear that local training is occurring to meet the need for some skills but this is a long-term process. The sponsoring of workers from overseas is not so much a substitute for local training as a short-term measure to address current need. However, some employers such as ethnic restaurants have found it difficult to find local residents interested in training as chefs, even among young people from their own ethnic communities. Others have pointed out that the skills they need such as fluency in a specific foreign language and understanding of certain cultural requirements generally do not exist in the domestic labour force.

Conclusion

To improve our understanding of the factors motivating temporary skilled migration, it is important to find out where the demand for these workers comes from. This paper about the employers of temporary skilled migrants in Australia examines their reasons for sponsoring employees from overseas, how they have identified these employees and their views of the temporary skilled migration program.

Many employers now have a global view of labour recruitment. While this is understandable for multinational companies with global operations, many small businesses and public sector institutions such as hospitals and education departments are also using the same strategy to obtain skilled labour that they say are in short supply in Australia. With the internationalisation of the Australian economy, there is also an increasing demand for people with specialised skills and knowledge that is not available in Australia's relatively small labour market. If the skills and knowledge were available in Australia, most employers indicate that they are unlikely to go through the costly and lengthy process of recruiting workers from overseas.

The following comments of one employer sum up the issues well:

"Our company operates in the competitive oil and gas exploration and production drilling business. We need to source people from around the globe to provide our client with the best available drilling fluid engineers, be they Australian or foreign. Many Australian engineers choose to work overseas where they can earn US dollars tax free. It makes it very difficult to retain Australian engineers. That is why we have had to incur additional costs to fly foreign workers into the country and we have started our own training programs for Australian engineers. Australia needs more people to learn to become drilling fluid engineers."

The temporary skilled migration program has provided employers with the flexibility to tap into the global pool of skilled labour relatively easily. The overall impression is that employers are quite positive about the program and that it will continue to be an important approach in labour recruitment in the current era of economic globalisation.

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Table 1. Profile of employers in the survey

	Number of employers	%
Head office location		
Sydney	79	59%
Melbourne	20	15%
Brisbane	12	9%
Cairns	3	2%
Gold Coast	3	2%
Adelaide	4	3%
Perth	5	4%
Hobart	1	1%
Canberra	1	1%
Other locations	5	4%
Not stated	2	2%
Number of employees		
<5	5	4%
5-24	33	25%
25-99	34	26%
100-299	25	19%
300+	36	27%
Type of sponsor		
Standard business sponsor	100	75%
Pre-qualified business sponsor	19	14%
Labour agreement	12	9%
Regional headquarters agreement	1	1%
Not stated	3	2%
Industry		
Agriculture, mining	1	1%
Mining	4	3%
Electricity, gas and water supply	1	1%
Manufacturing	9	7%
Construction	9	7%
Transport and storage	8	6%
Health and community services	15	11%
Culture, sport and recreations erVICES	2	2%
Accommodation, cafes, restaurants	17	13%
IT and communication services	20	15%
Property and business services	6	5%
Financial and insurance	6	5%
Education	9	7%
Personal and other services	14	11%
Retail	6	5%
Wholesale trade	6	5%
Government administration and defence	0	0%
Not stated	2	0%
Total	135	100%

Table 2. Percentage of employers for whom a given reason was important in hiring a 457 visa holder rather than an Australian resident.

Reason	% of employers who said reason was:		
	Very important	Important	Total
Required skills difficult to obtain in Australia	70	19	89
Need people to train others	27	30	57
Sponsorship suits company's policy	16	24	40
Require people at very short notice	10	16	26
Foreign workers more committed to the job	12	10	22
Visa conditions provide a higher level of control	2	10	12
Sponsored employees have a lower cost	4	5	9

Table 3. Employee characteristics important to employers in sponsoring workers on 457 visas

Employee characteristic	% of employers who said characteristic was:		
	Very important	Important	Total
Work skills	90	10	100
English language skills	48	35	83
Fits well with other employees	41	42	83
Work experience in Australia	2	15	17

Table 4. Employers' initial source of information about the 457 visa

Source of information	Number of employers	% *
DIMIA	50	37%
Migration agent	29	21%
Other employees	23	17%
Other employers	13	10%
Personnel recruitment company	6	4%
Australian embassy staff	4	3%
Other	8	6%
Not stated	2	1%
Total	135	100%

* Excluding not stated

Table 5. Average number of temporary skilled migrants employers expect to sponsor in the next five years.

Employer characteristic	Next 12 months	Next 1-2 years	Next 3-5 years
<i>Number of employees</i>			
Less than 5	1	1	1
5- 24	4	2	3
25-99	3	4	6
100-299	3	4	4
300 or more	14	21	36
<i>Industry¹</i>			
Manufacturing	2	3	4
Construction	9	7	9
Transport and storage	4	3	5
Health and community services	28	39	81
Accommodation, cafes and restaurants	1	2	2
IT and communication services	5	2	3
Education	5	3	3
Personal and other services	5	6	8
Total	6	8	12

1. Those with 4 or more employers responding

Figure 1. Per cent of employers who sponsored 457 visa holders in each major occupational group.

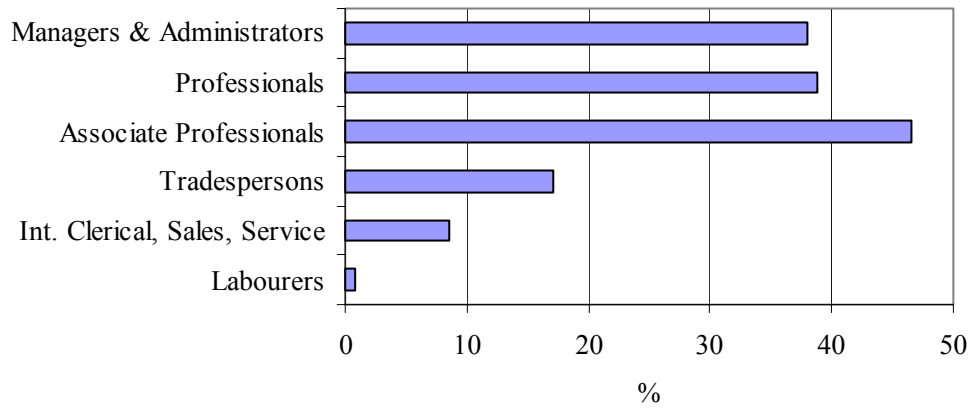


Figure 2. Country of origin of 457 visa holders sponsored by employers in the survey

