Exploring the Ethnic Pay Gap in the Public Services: Voices from the *Rito*

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Whakataukī

Hutia te rito o te harakeke
Kei whea to kōmako e kō?
Ki mai ki ahau
He aha te mea nui o te Ao?
Maku e kī atu,
he tāngata, he tāngata, he tāngata

If the heart of the harakeke was removed,
where would the bellbird sing?
If I was asked what was the most important thing in the world
I would be compelled to reply,
it is people, it is people, it is people

Application

I apply this *whakataukī* as this study looks at the ethnic minority (including Māori) within the State Services. In the proverb, the metaphor of the *pa harakeke* (the flax bush) is a representation of *whanau* (family) – healthy and functional – with a plant that is well-rooted. The *rito* (central shoots) represent the children, with the *matua/* parents (older surrounding shoots) protecting them from adverse forces and the elements. From a Māori lens on the present research, the *whakataukī* claims the most important thing is not just the people of today, but those you are connected to – *tupuna* (ancestors) and those yet to come – ultimately *whakapapa*. Hence, it is important to consider everyone connected to the ethnic pay gap: previous employees, those currently working, and those employees yet to come. It is also important to include the wider *whanau* and communities touched by those who are ethnic minorities (and typically from collectivistic cultures) who are more likely to give to others – yet are paid less than the majority ethnicity (Europeans). This study is of the *rito* (the ethnic minorities) and the State Services Leadership Team (SSLT) Diversity and Inclusion programme via *Papa Pounamu,* which represent the *matua* or the *awhi rito* in this proverb. With **you** lies the power to protect, nurture, and grow those being treated unfairly.

Kia kaha!

Professor Jarrod Haar (PhD)

Acknowledgements

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1. Executive Summary

This project sought to build on recent attention to and work on the gender pay gap through exploring the ethnic pay gap. It aims to gain an understanding of what might drive the ethnic pay gap, and what barriers might be identified to help understand and ultimately remedy the situation. The present research responds to calls within the Public Service regarding ethnic pay gaps. The State Services Commission (2018) stated that "further areas of work include taking a deeper dive into drivers of ethnic pay gaps…and exploring new approaches to addressing bias that reflect the latest evidence and design thinking" (p. 25).

Fundamentally, the present study is only a small project as 40 interviews (voices) clearly does not capture all the stories of ethnic minorities in the Public Services. That said, five clear themes were identified that do provide useful insights and help in understanding this complex issue. These are outlined briefly below. The first theme is *Public Sector Ethos*, and there is a clear alignment with the Public Sector Ethos, which relates to serving the public and is associated with loyalty, incorruptibility, honesty, and trustworthiness. Many respondents talked about the importance of their job in working for their people and it appears this ethos – a definite positive – is alive and well amongst ethnic minority respondents. The second theme was *Manager/Leadership* and highlights the vital role a good manager plays regarding pay, promotion and career success, appearing to be a key determinant. Alternatively, some felt they were less successful in their careers because managers were not supportive. This provides useful insights and a platform for training and development of managers (who are mainly European) towards better understanding of ethnic minority workers and their needs.

The third theme is around *Representation* and specifically under-representation. This theme is typified by the comment 'if I can't see it, how can I be it?' Fundamentally, there is a lack of ethnic minorities within management and senior leadership in the Public Services. This is seen, known and for some, a cause for despair. The fourth theme this research identified was around *Pay Negotiation* including reflection on issues such as annual increases and starting salaries. The research showed a clear difference in gender across the willingness to participate in pay negotiations. Broadly speaking, men negotiated pay rises (sometimes) while women (largely) did not. However, Pacific women did appear to be the group who almost universally accepted what was offered. This is likely to disadvantage the pay of this group.

The last theme is around *Climate of Inclusion,* which focuses on inclusion and specifically unconscious bias. This relates to efforts across the Public Service around being more inclusive and addressing unconscious bias. Regarding unconscious bias, there is a clear recognition of this factor, with most respondents raising the point. It is especially relevant in the sense that many respondents feel that unconscious bias plays a typically negative role in their career advancement. Regarding inclusion, this seeks to recognise and embrace minority ethnicities to

ensure they are valued as a part of the whole, while also retaining their own cultural identities and strengths. Overall, respondents feel these factors reflect the culture of the Public Services, and while much is being done to address and strengthen these two important aspects of organisational culture, there is a feeling that more effective work needs to be done. This highlights the need for effective unconscious bias training and broader inclusion training and support within the Sector.

Combined, these themes identify both strengths and challenges across the Public Services but also provide insights into how ethnic minorities might be disadvantaged in their pay and broader career success. These themes are used to shape recommendations to help improve the work situation for ethnic minorities in the Public Services.

Key Findings

- Ethnic minorities report being dedicated and enthusiastic employees within the Public Services. Working for 'their people' and 'their communities' is especially rewarding.
- Managers play a key factor, with a good or bad leader making all the difference. There appears to be a need for managers (the majority being Europeans) to better understand minority employees and tailor leadership styles accordingly.
- There is a reported need for greater ethnic minority role representation at senior levels. Managers and senior leaders of ethnic minority status are too few given the communities serviced and workforce demographics.
- Pay negotiation appears to be a critical factor in the overall ethnic pay gap, with Pacific women especially being viewed as disadvantaged through not negotiating, with this being a cultural norm.
- Inclusion is important and unconscious bias is well understood. However, while efforts have been focused on 'modifying' such biases and developing a more 'inclusive' Sector, there appears to be a continuing need for more effective work.

2. Overview

This research report was conducted under the direction of the State Services Leadership Team (SSLT) Diversity and Inclusion programme: *Papa Pounamu*. The Pou Mātāwaka Terms of Reference (2018) state that:

> The overarching aim of the State Services Leadership Team (SSLT) Diversity and Inclusion programme, Papa Pounamu, is for the State Services to reflect, understand and value the diversity of the communities it serves. The State Services will use best practice to identify what works and drive change across the system to create an inclusive culture across the public service (State Services Leadership Team (Diversity and Inclusion), 2018).

Related specifically to the present research is the Papa One Pounamu commitment "to identify ethnic minority pay gaps across the public service and to close them" (State Services Leadership Team (Diversity and Inclusion), 2018, p. 1). This research project focused upon undertaking a qualitative research approach to understanding some of the drivers and experiences of ethnic minority workers in the Public Services regarding pay and career.

The present study acknowledges that there are already reasons established for pay gaps, including New Zealand research into parental status (Sin, Dasgupta, & Pacheco, 2018). Furthermore, there is a large body of research on the gender pay gap, including a recent study in New Zealand (Pacheco, Li, & Cochrane, 2017). That study reported the gender pay gap at 12.7% (Pacheco et al., 2017) and noted that the pay gap can be explained by only a small number of observable characteristics, leaving 83% of this gap unexplained. Past research, specifically in the New Zealand public service from 2002, found that the gender pay gap was mainly "due to the horizontal and vertical segregation of female employees into lower paid occupations and jobs" (Gosse & Ganesh, 2004, p. 101). The present study does not undertake statistical analysis of the ethnic pay gap but seeks to provide insights into understanding the factors associated with ethnic minorities' work experiences that might contribute to the ethnic minority pay gaps.

This research project focuses initially on the broad gender pay gap literature (briefly), then examines the ethnic pay gap as identified by The New Zealand Treasury (2018). This literature is used to develop research questions which are then explored in qualitative interviews. This study is based on interviews with forty (40) ethnic minority workers from across the Public Services. The interviews are assessed thematically, and then results of these themes are identified and specific literature brought in to provide depth to these themes. Finally, the implications of the findings and several recommendations are presented.

3. Literature Review

This literature review provides a brief overview of the literature on the gender pay gap including the New Zealand context (section 3.1), then provides some detail on the ethnic pay gap (section 3.2). It should be noted that attention towards an ethnic pay gap appears to go together with research on the gender- and motherhood- pay gaps (e.g., Leslie, King, Bradley, & Hebl, 2008), and hence the need to explore the gender pay gap literature briefly.

3.1 Overall Gender Pay Gap

Leslie, Manchester, and Dahm (2017) state: "The social sciences have provided abundant evidence of a gender gap in career success" (p. 402). Leslie et al. (2017) highlight that the research body spans a broad range of sciences: economics, industrial relations, management, psychology, and sociology. This body of work has been assembled based on the assumption that there **is** a gender pay gap. Women receive less pay and have lower chances in being hired and promoted into advanced (high-level) positions than men (e.g., Wrohlich, 2017; Pacheco et al., 2017; Joshi, Son, & Roh, 2015; Leslie et al., 2008; Lyness & Heilman, 2006; Blau & Kahn, 2006).

Leslie et al. (2008) noted that there is "a large, multimethod, multidisciplinary body of research documents" (p. 399) that clearly show that discrimination occurs in organisations. Research on group-based differences in pay in the United States (US), find persistent gender pay gaps, which are calculated at 20% difference for women's salaries (80% of men's). This rate is like the gender pay gap in Germany, estimated at between 21-23% (Wrohlich, 2017). While New Zealand data suggests this gap is closer at only 12.7% (Pacheco et al., 2017), both New Zealand and international studies find it challenging to account for all the differences. For example, some of this gap can be explained in US data, with differences in work experience, occupation, education level, and industry explaining 40% of this gap (Leslie et al., 2008). While US data leaves 60% unexplained, similar New Zealand research calculates that 83% of this gap is unexplained (Pacheco et al., 2017). Blau and Kahn (2007) note that, after controlling for all these different factors, women still earn 9% less than men (91% of what men earn) in US data. In Germany, this gap is smaller at around 6% (Wrohlich, 2017). Initial research in New Zealand (Kirkwood & Wigbout, 1999) calculated the gender pay gap at 9.6% (women lower than men), even after controlling for factors such as age, education, work status (part-time) and ethnicity. Again, calculations show that around 50% of the gender pay gap was explained by characteristics including education and occupation, leaving half that is not accounted for.

Using more sophisticated analysis, Dixon (2000) found the gender pay gap to be 15.3% and again, once characteristics such as education, experience, industry and occupation were included, around 40-80% of the gap could be accounted for. Later research showed the gap narrowing to around 12 to 13% (Dixon, 2003; Alexander, Genc, & Jaforullah, 2006). Within

the German context, Wrohlich (2017) asserts the greatest contributor to the gender pay gap is the occupation of workers, with women dominating lower paid industries. The analysis from Pacheco et al. (2017) at a 12.7% gender pay gap suggests that there has been little (to no) real change in the pay gap. However, the explanation behind the gap – with 83% unexplained – does suggest that other factors beyond age, education, occupation etc. are responsible for the gap.

Beyond these characteristics, when parental status is included (specifically for women) the data shows an additional penalty. Leslie et al. (2008) states, "the size of the gender wage gap is larger for mothers than for single women" (p. 401). On average, mothers earn approximately 5% less per child when compared to non-mother women. Again, this difference is calculated accounting for similar factors like occupation, education etc. (Correll, Benard, & Paik, 2007). In New Zealand, the parental pay penalty was calculated at 4.4%, but for "mothers who take longer than 12 months to return to work, the average decrease is 8.3 percent" (Sin et al., 2018, p. 4). Sin et al. (2018) also noted that men do not appear to incur a parental penalty, and hence the use of gender-specific language in discussing the motherhood penalty. While research does note the pay gaps from gender and parenthood (Leslie et al., 2008) it also includes ethnicity as a factor contributing to the pay gap, and this is explored next.

Finally, it is worth acknowledging that the gender pay research has been found to be persistent even when considered in like-for-like occupations. Early empirical work from the US (Petersen & Morgan, 1995) showed that a gender pay gap exists even within the same occupations. So male workers in the same occupation still earn significantly more than their female co-workers. Hicks and Thomas (2009) reported on gender pay gaps in the UK but noted the challenge around comparing like-for-like gaps in same occupations. They stated, "It is important to note that gender pay gap estimates…do not reveal the extent of the difference in pay for men and women undertaking comparable jobs" (p. 6). In Australia, Cassells and Duncan (2018) show that drawing attention to like-for-like pay gaps is especially beneficial and found "that pay equity actions work better in combination than in isolation. An organisational commitment to correct like-for-like pay gaps are three times as effective in reducing overall gender pay gaps when the action is combined with a commitment to report pay outcomes to the Executive or company Board" (p. 6). Indeed, they found that organisations that seek to act "saw a reduction in their organisation-wide gender pay gap by an average of 3.3 percentage points in the last year alone" (Cassells & Duncan, 2018, p. 7).

3.2. Ethnic Pay Gap

Leslie et al. (2008) notes that as per the gender pay gap, there is a large body of research showing persistent organisational discrimination resulting in an ethnic pay gap. Within the US, Black men have a 31% to 24% pay gap compared to White men. After controlling for the typical human capital characteristics of education, occupation etc. the gap is still 12–15% (Fugazza, 2003). Recently, attention to, and empirical evidence of, an ethnic-pay gap has been disclosed in New Zealand.

The Treasury (2018) report states that "survey estimates published by Statistics NZ show that the average hourly wage earned by Māori employees was 82% of the average hourly Pākehā wage in 2017, while the average wage earned by Pacific employees was 77% of the average Pākehā wage" (p. i). This aligns with the statement that "There are substantial and persistent gaps between the average hourly wages of Pākehā, Māori and Pacific employees" (The Treasury, 2018, p. i). It is worth noting the ethnic pay gap of 18% for Māori employees and 23% for Pacific employees clearly out-strips the rate of the latest gender-pay gap at 12.7% (Pacheco et al., 2017).

As with the gender pay gap, studies have sought to control for factors to potentially account for these differences. In US studies, controlling for job performance (capturing differences in job performance) did not explain the Black–White wage gap (Kahn & Sherer, 1988), with Coleman (2003) finding this approach exacerbated it. In New Zealand, The Treasury (2018) used personal and job characteristics to account for differences and found these accounted for wide range of differences across Māori-Pākehā pay gaps: by gender, 68–73% for males and 75% for females. They reported that occupation and educational level are the two most important factors (accounting for the largest proportion of the gap) for Māori-Pākehā wage disparities. However, the New Zealand data on the pay gap differences for Pacific people were much weaker. The Treasury analysis showed that the pay gap could be accounted for again by mainly education and occupation, but this explained only 39–55% of the pay gap for males, and 41–55% for females. This suggests additional factors at play for Pacific peoples regarding the ethnic pay gap.

Despite these attempts to understand the ethnic pay gap (and these effects are similarly undertaken for the gender pay gap), Leslie et al. (2008) note that pay gap research suggests the ethnic pay gap "(does) not provide unequivocal evidence of stereotyping and discrimination, as uncontrolled factors and measurement unreliability may explain part of the pay gap" (p. 401). Thus, the fact that we cannot account for it, does not mean discrimination is the only cause. However, Blau and Kahn (2007) highlight that there are numerous studies that have used different and varied research methodologies to by-pass these limitations and do **conclude** that bias and discrimination are the likely cause of these unexplained differences. Indeed, researchers have noted ethnic differences exist in job performance ratings (i.e., managers

discriminate against minorities through either conscious or unconscious bias), but the overall effects of these biases are typically small (Leslie et al., 2008). However, Martell, Lane, and Emrich (1996) note that, when these differences are considered cumulatively, the accrual of lower pay through raises (from performance ratings) can create significant disparities for minority ethnic workers. Hence, it is likely that some of the ethnic pay gap can be attributed to bias in the workplace.

Blau and Kahn (2007) note that pay gaps (e.g., ethnicity) are partially accounted for by differences in occupation and industry or human capital (e.g., education etc.), but they are not fully accounted for. Leslie et al. (2017) suggest the inability to account fully for these pay gap differences is consistent with evidence that disadvantaged groups (women and minority ethnicities) face numerous disadvantages that ultimately generate career success differences. Researchers argue these disadvantages can include negative stereotypes such as 'lacking the qualities needed to succeed', as well as having fewer opportunities and less access to powerful sponsors (e.g., Heilman, 2012; Ibarra, Carter, & Silva, 2010). Given the similar disparity levels found in New Zealand by The Treasury (2018) on pay gaps between Pākehā versus Māori and Pacific employees, it is likely these factors are similarly at play in the New Zealand Public Service. The Treasury (2018) report stated:

> The 'unexplained' parts of the wage gaps could be caused by a variety of factors, including ethnic group differences in skills that haven't been included in the models (such as the field of the qualification that is held, English language proficiency, detailed occupational skills, or firm-specific skills and experience); differences in preferences for different jobs because of their non-wage characteristics, and discrimination (p. i).

Ultimately, we don't know why there is an ethnic minority pay gap. The present research uses the suggestion of The Treasury (2018) to guide it, with that report stating that "future research could use other methods, such as field experiments and interviews with employers, to gain insights into the causes and effects of ethnic discrimination in the labour market" (p. i). The present study focuses on employees experiencing ethnic pay discrimination and uses interviews to gain insights into the causes and effects of this ethnic pay gap.

4. Public Service Context

The State Services Commission (2018) reports that the wider Public Sector is composed of 354,000 employees (excluding local government), representing almost 16% of New Zealand's total workforce (2,238,000). However, this includes 45 other State Sector agencies (2 Non-Public Service Departments, Tertiary Education Institutions, State-owned Enterprises, and Mixed Ownership Model companies). The Public Service (comprising 32 Public Service departments) accounts for 49,730 FTE employees (as at 30 June 2018) and is the focus of the present study.

In relation to factors identified above in the pay gap literature, "Public Service employees are engaged in a wide range of jobs spread across 252 different occupations in 2018" (State Services Commission, 2018, p. 3). Thus, the context of the Public Service is a wide range of occupations that are likely to impact the ethnic pay gap. While these are typically aggregated into ten broad occupation groups (see State Services Commission, 2018, Table bottom page 3) it clearly represents a broad range of largely professional occupations. The 2018 data shows the following:

- Average salary was highest for Managers ($136,300). Then:
- Policy Analysts ($99,400)
- ICT Professionals and Technicians ($93,400)
- Legal, HR and Finance Professionals ($90,600)
- Information Professionals ($84,600).

By contrast, the lowest average salaries were:

- Social, Health and Education Workers ($65,200)
- Inspectors and Regulatory Officers ($62,900)
- Clerical and Administrative Workers ($60,000)
- Contact Centre Workers ($52,500).

(Source: State Services Commission, 2018, p. 10).

Another factor raised by the literature review is the role that education plays in pay gaps. Indeed, The Treasury (2018) reported this as one of two major factors. The State Services Commission (2018) noted that employees within the Public Service are becoming increasingly qualified. Using 2013 data, they reported a decrease in the proportion of those with no post-school qualifications, at 32.4%, while the proportion with a degree or higher qualification was up to 47.7%. We know that the education achievement of ethnic minorities lags behind Europeans (Ministry of Education, 2017).

Of specific focus to this research is the changing demographic composition of the Public Service around ethnic diversity. In 2018, the composition of the Public Service was:

- 69.2% New Zealand Europeans
- 16.0% Māori
- 10.1% Asian
- 9.1% Pacific people.

(Source: State Services Commission, 2018, p. 27).

The data shows that workforce participation of Māori in the Public Service is at a 25% premium compared to the overall New Zealand labour force (12.8% in the year to June 2018). Similarly, workforce participation of Pacific people is high compared to the overall labour force (where they make up 6.1% of the labour force) – representing a 49% premium. However, Asians are under-represented (they make up 14.1% of the overall labour force), representing a 28% under-representation in the Public Service. In the context of the present study, roughly 31% of employees can be classified as ethnic minorities.

The State Services Commission (2018) states that "Māori, Pacific and Asian ethnicities are still under-represented in the top three tiers of Public Service management" (p. 27). The report also notes that ethnic minorities are "under-represented at lower levels of management" and that "the lack of ethnic diversity in management is a key challenge (p. 27). Importantly with respect to The Treasury (2018) report regarding the fact that occupations are one of the two major characteristics accounting for ethnic pay gaps, the Public Service also reports ethnic differences in terms of occupations (State Services Commission, 2018), stating:

> European staff are over-represented as Managers and Policy Analysts. Māori and Pacific staff are well represented as Inspectors and Regulatory Officers, and as Social, Health and Education Workers but less so in other professions. Pacific and Asian staff are highly represented as Contact Centre Workers and Asian staff as ICT Professionals and Technicians (p. 27).

To put these findings into context, the average annual salary for Managers was the highest at $136,300, and New Zealand European staff are over-represented in this occupation. The next highest paid group are Policy Analysts on $99,400, and again New Zealand European staff are over represented. While Māori and Pacific staff are well represented as Inspectors and Regulatory Officers, and as Social, Health and Education Workers, these groups are the third lowest paid (Inspectors and Regulatory Officers on $62,900) and fourth lowest paid occupations (Social, Health and Education Workers on $65,200) respectively. Finally, Pacific and Asian staff are highly represented as Contact Centre Workers, which is the bottom paid occupation, averaging $52,500. The situation is slightly complex for Asian staff. Asian staff earnings are placed 4th highest (from eight) for men but 6th for women. This is despite Asian staff being highly represented as ICT Professionals and Technicians, which is the third highest paid group on $93,400 (State Services Commission, 2018). Overall, this shows that there are fundamental factors around occupation that are likely to influence the ethnic minority pay gap.

However, while this likely accounts for *some* of the pay gap, we know from like-for-like examinations of gender and occupations (Petersen & Morgan, 1995) it is likely that the ethnic pay gap persists even within specific occupational groups.

By pay, the State Services Commission (2018) reports that "In 2018, the average annual salary was $77,900" (p. 6) and the "median salary for Public Service employees was $67,000" (p. 7). The report notes that the median salary figure "is less affected than average salaries by a small number of employees with very high salaries" (State Services Commission, 2018, p. 7). For example, in 2018 the average staff salary of non-managers was $70,400 while Tier 1 leaders' average salary was $410,700. Regarding the gender pay gap, the State Services Commission (2018) reports a gap of 12.2%, which is lower (albeit modestly) than the New Zealand average of 12.7% (Pacheco et al., 2017). This is attributed to a "record high female share of senior leaders (48.8%), and the fall in the gender pay gap for senior leaders (down from 9.7% in 2017 to 7.4% in 2018)" (State Services Commission, 2018, p. 30). This might provide direction for future work and implications around reducing the ethnic pay gap. It also shows that some steps can have influence, but initially this is likely to be modest (as a percentage change).

The State Services Commission (2018) shows that, while the gender pay gap has been decreasing, there has not been much success on the ethnic pay gap, noting this gap relates to "occupational segregation or the occupation profile of a particular ethnic group" (p. 32). As noted above, Māori, Pacific and Asian employees dominate certain occupation groups which represent those paid the lowest. While Asian public servants do have strong representation is the IT profession (paying the third highest income) they still are paid significantly lower overall. The State Services Commission (2018) reports the ethnic pay gap (compared to European employees) is 11.2% for Māori, 21.6% for Pacific peoples, and 12.6% for Asian employees (despite the IT profession where they are over-represented). The averages can be misleading, although they are significant. When we compare Pacific women with European men, the average pay difference is a staggering 31.4% (European men average $88,600 compared to Pacific women averaging $60,800), which represents a $27,800 difference. Finally, when we compare these rates with The Treasury (2018) report, the Public Service figure of a 11.2% pay gap for Māori is well under the 18% gap identified for the whole of New Zealand employees. That said, such a lower ethnic pay gap does not appear for Pacific peoples. Pacific people's employees have an ethnic pay gap of 21.6% within the Public Service, which is very close to the 23% pay gap across all New Zealand employees. The Treasury report did not specifically identify an Asian ethnicity pay gap, so no comparison is available. While any pay gap is to be avoided, it is worth noting that the Māori (ethnic) pay gap is much smaller than when compared to the rest of New Zealand, although this is not the case with Pacific people.

The State Services Commission (2018) note that Chief Executives "are committed to ensuring that ethnic pay gaps have the same scrutiny afforded to them as gender pay gaps" (p. 33) and

the present study offers the first step in researching the ethnic pay gap. Given the "current priority is to explore the drivers of ethnic pay gaps and identifying ways to address them" (p. 33) this paves the way for this qualitative study.

5. Findings

See Appendix A for the Methodology including details of analyses. In total, five overarching themes that ethnic minority employees (mainly leaders) in the State Services referred to in interviews, reflected their experiences around pay and careers. These were:

1. Public Sector Ethos
2. Manager/Leadership
3. Representation
4. Pay Negotiations
5. Climate of Inclusion

Each of these is discussed below. Where needed, clarification in brackets [ ] has been added to provide context to the quotes [which are all in *italics*]. The researcher's comments are included in these brackets and are not in italics. **Bolded text is used** to emphasise particularly strong meaning in the respondent's delivery of a quote. Only one respondent used 'colourful language' which was included with a few modifications so as not to offend. These comments were insightful, however, and needed to be included. Furthermore, some quotes have been slightly modified to remove specific details like Agency names or other revealing details (but the meaning of the quotes remain intact). It is worth noting that some responses and quotations could easily be viewed across multiple themes (i.e., the themes should not be viewed as being exclusive of each other).

5.1. Public Sector Ethos

The first theme to emerge from the stories of the ethnic minorities was the overwhelming belief and strength in their commitment to the public sector and the communities they serve. In some countries, the very fact of being a public sector worker is thought to encourage a set of attitudes and values commonly referred to as a 'public sector ethos' (Franco, Bennett & Kanfer, 2002). Such an ethos is important, because it leads to loyalty, incorruptibility, honesty, and trustworthiness (Farnham & Horton, 1996), and the public sector ethos has been found to exist in both Western and Eastern contexts (Franco et al., 2002). Diefenbach (2009) defined the traditional public service ethos around workers being committed to impartiality, seeking social equality, as well as integrity, equity and communitarian values. Broadly, the public sector ethos is focused on care for the uniqueness of communities and individual, and on socio-philosophical ideas of citizenship and representation, as well as welfare, neutrality and social justice (Kirkpatrick, Ackroyd & Walker, 2005; Haque, 1999; Hoggett, 1996). Laing (2003) notes that the public sector ethos is fundamentally about an "emphasis on equality and community" (p. 432). Indeed, the values of community and reciprocity align well with cultural values from Māori and Pacific peoples (Haar et al., 2018). Laing (2003) argues this is built on three defining characteristics: (1) the dominance of political objectives over economic objectives; (2) the supremacy of the citizen rather than consumer; and (3) needing to serve multiple multi-dimensional 'customers' (Lovelock & Weinberg, 1990).

Overall, there was a strong current of positivity regarding working in the State Service. The interviews generated several positives about working in the State Service, with many enjoying their job.

One respondent said they

love working in the Public sector

and will keep working in the sector

until I keel over!

Another respondent noted working in the Public Service was the

best move I have made. I love the public service.

When it came to experiences at work, another responded:

Lots of great things in the Public service.

While there was no uniform expression of this theme, this is to be expected. Every individual does have different work experiences, with one respondent reflecting on their career stating: *Some places [Departments] are better to work at than others*!

Overall, there was a positive reflection on working in the State Service that reflects the public sector ethos well. Many respondents talked about their job and the importance of working for their people – predominantly from respondents who identified as Māori and Pacific peoples, but also Asian and Indian respondents, who acknowledged the importance of working for their communities too. Often the reference to Māori and Pacific people's communities reflected they were large users of services provided by the Agency. Reasons for this were summarised by the following quotes.

There is a thing for Māori and Pacific peoples here in the Sector – we are here to do and make change for our communities. Many of our communities are dependent on these departments and people want to help their people.

[The reason I like working here is] That I can affect great change for Māori within the public sector. I know what I am good at and enjoy the public-people interface. I really enjoy the challenge! I enjoy delivering for Māori and New Zealand as a whole. [This enjoyment has increased] because New Zealand has moved from 'grievance mode' to 'growth mode' for Māori.

The above comments provide useful depth towards understanding the shaping of the public sector ethos and they align well with the prevailing literature (Farnham & Horton, 1996; Franco et al., 2002; Diefenbach, 2009). So, as a context, ethnic minorities from this sample **do** feel a

part of the Public Sector and understand and appreciate the prevailing ethos that goes with it. Overall, this is a very positive finding from the research data collection.

5.2. Manager/Leadership

Managers and the leadership they provide, is one of the most vital factors in organisations. Haar et al. (2018a) state there is "a need for a greater understanding of positive leadership – both what aids positive leadership, and what the outcomes of positive forms of leadership are, (….) required in organisations today" (p. 1). Typical western leadership models acknowledge that managers and leaders face ever increasing pressures due to competitiveness and expectations to perform (Andrea, Bultmann, van Amelsvoort, & Kant, 2009). This pressure is intense, and while beyond the scope of the present study, leaders have a direct influence on their employees, whether it relates to their job attitudes, their behaviours at work (including job performance), or even their wellbeing (Haar et al., 2018; Ten Brummelhuis, Haar, & Roche, 2014; Judge & Piccolo, 2004; Ogbonna & Harris, 2000; Jung & Avolio, 1999).

Within the pay and career success literature, Ng et al. (2005) report that important individual factors include political knowledge and skills, as well as social capital (who you know). Thus, having good contacts and skills at leveraging these can be vital. At the broader organisational and leader level, the literature highlights the importance of career sponsorship, which refers to the "extent to which employees received sponsorship from individuals within the organization, including senior managers and mentors" (Ng et al., 2005, p. 380). This is one of the most important factors for higher pay and career success, along with training and skill development opportunities, which is a focus in the present study. Wayne, Liden, Kraimer and Graf (1999) found that organisations that provide greater opportunities for training and skill acquisition have employees with more successful careers. Finally, research shows that supervisor support, where an immediate boss supports the individual, plays a small but valuable role in pay progression.

The manager theme relates specifically to the pay and career progression of ethnic minority respondents. Overall, it was clear that managers play a big role in promotion and achievements overall. However, it was also clear that respondents focused on two distinct type of manager/leadership experiences: (1) positive manager/leadership; and (2) negative manager/leadership.

5.2.1. Positive Manager/Leadership

It was clear from respondents that a good manager made training opportunities, secondments, promotions etc. much more achievable, by supporting and guiding those who had been successful. This is typified by the following examples.

My career has been fabulous. The reason is that two senior individuals have reached out and put me under their wing and pushed me forward. [This respondent also noted that] *Not everyone is so lucky!*

I had a CE who took an interest on my skill development!

I had good CE support.

I am very satisfied with my career overall. A lot of that is about senior members going beyond mentoring and encouraging me and going beyond! A senior leader actively encouraging and challenge me to put myself forward! One stated 'The Public Service needs you!' As a minority person, I have had great interest and support from Europeans – they have been great mentors!

I had a CE who promoted me to do my master's degree! I am one of the fortunate ones and I know that!

Having moved to a new role in a new Agency, this person reflected positively:
Sent on professional development in my first two months. I was exposed to a broader range of activities at this level! Then seconded…Overall, I am very happy.

For the majority of my career, my career progression has been really positive! I have been given a range of opportunities – leadership courses and leadership training - courses that contribute to my development.

I have had lots of positives in my career - promoted quickly, and had my skills recognised! In my Department, I received excellent training opportunities in leadership. Same with last role. The leadership development has been great – I have had lots of opportunities!

This individual reflected – and this is reiterated by a few high positioned individuals (higher Tiers) – that progression creates more opportunities. They stated
When I progressed to my new role…the role grew and broadened! With it came plenty of professional development opportunities [more than ever before]. I was sponsored to do my master's degree, which involved significant investment (travel and fees). Due to the support I received [from above] I never felt there was a ceiling! The truth is: I was given every opportunity to succeed! So, yes, I was given plenty of opportunities!

This individual was able to reflect across several years and roles, stating:

*In my first year I found I didn't get much support at all! It was quite a shift from what I was expecting and had experienced in the private sector. However, things started to improve after 6 months [due to a change in manager]. Lots of change now. Lots of chats and conversations and development opportunities. A 100% change. My new manager is interested in me and there is the **key**! I have experienced heaps of effort from my new manager and my career is progressing upwards.*

Overall, there were many positive experiences, and this was clearly reflected in the interviews. Of course, it must be acknowledged that this might reflect the bias of the sample. Given 72.5% are senior leaders (Tiers 1-3) most individuals have had success in their careers. That said, some did discuss times when they have had issues and, to provide balance, the next section explores those less positive experiences.

5.2.2. Negative Manager/Leadership

While fewer respondents raised negative examples of leadership than positive leadership examples, these were still quite powerful. Some mentioned negative experiences and then highlighted how a change in manager (leader) led to positive outcomes, aligning with the section above. The following examples typify the negative pay and career experiences reported by respondents and specifically attributed to a leader.

Personal experience of my career has been poor. I was offered a secondment, but it was declined by my current boss. I had to stay in my current role. The secondment would have been a step up – and more pay – with the new Department paying the difference. I was very disappointed that it wasn't supported by my current employer.
This respondent went on to talk more broadly about promotions in their Department, stating:
To me, promotions happen on a 'shoulder tap' process. Ultimately the manager decides. However, I find the process is opaque. There is no transparency. Clearly this isn't fair.

This respondent reflected on their last 15 years in various roles. They stated:
*My first 10 years [in the State Services] was a sub-optimal experience regarding pay and career. I found opportunities – especially training – were **very** linked to who your manager is. Unfortunately, my experiences were that I was 'contained' and not offered **any** opportunities.*
This story had a happy ending though, with them then stating:
In the end, I found my own secondment and then my career took off!

In this example, someone with multiple roles and experience, and a top performer, stated
Asked for promotion to the next level but my manager would not support me. [This respondent sounded so frustrated over this experience it was clearly seriously detrimental].

The following comment comes from someone suggesting they have benefited from good leadership, but that this has come at a high personal cost, and there is an element of discrimination and bias involved. Because of this, I have categorised this in the 'negative' examples.

*The public sector offered me opportunities that have been great. But it has been exceptionally challenging. I have had to do beyond whatever others might have had to do. I have worked incredibly hard!! Not only has the journey been hard but it has been **unreasonably hard**. I feel there is a slightly different perspective applied to ethnic minorities like me (a brown person). When I have been unsuccessful for opportunities, promotions, pay rises etc., I am never told **why**! That has had detrimental effects on me!*

The next example is like the last quote, in that the respondent has had a mixture of positive and negative experiences. They stated:

I have had plenty of opportunities to develop myself. Do I feel shut down by ethnicity? I don't believe so! But does it happen! It is potentially an element – there is some bias – I have seen that. It really does depend who you work for and who they are! Ethnic people in leadership roles can be harder on other ethnicities than Pākehā! Reverse discrimination!

Within these negative comments, there is some recognition of the cost associated with training and development. The challenge and the reality for managers is highlighted by the following quote.

Managers recognise the need to grow their employees – the intent is there – they mean well! But there are constraints – like a tight budget!

Another comment highlighting an understanding of the complexities of training costs etc. was:

There can be pressures from the media and the public. Managers want to invest in their workforce – but this can cost a lot – but the public takes a different view and can consider it 'wasteful spending'!

Overall, there is a small number of respondents who feel that they were less successful in pay rises and career opportunities because they were held back by managers who were not supportive, and this was especially so for those who felt their careers were being poorly managed by managers.

In summary, the leadership theme is **the** key factor for achieving greater career advancement and higher pay rises for ethnic minorities (based on the interview data). Leadership (specifically immediate managers) literally hold the careers of ethnic minorities in their hands. Some leaders are great, and some are not. We also know from the Sector data that European ethnicity is over-represented in manager positions (State Services Commission, 2018) so the positive career stories are likely to be from non-ethnic minority managers. That said, this also

applied to poor leadership experiences as well. Clearly, if the aim is to improve the pay and career progressions of ethnic minorities – or at least enable them to achieve similar rates of pay and progression as Europeans within the State services, leadership is a key factor.

5.3. Representation

Bowman (1995) asserts that stereotypes play an important role in career decisions for minorities and this relates specifically to role models. Greater representation can be seen through having more role models across the State Service. Leong and Gim-Chung (1995) highlight the importance of role models, stating they "can facilitate career exploration by being living examples of people who are successful in their respective areas. Role models can also serve as a source of information and inspiration" (p. 222). Consequently, "the lack of visible role models in non-traditional fields, adds to the perception of a limited opportunity structure" (p. 139). Specifically, when there is a lack of representation (ethnic minorities) specifically in senior leadership roles (Tiers 1-3) in the State Services, this can signal to ethnic minorities that the opportunities for ethnic minorities are limited.

Indeed, the State Services Commission (2018) states that "Māori, Pacific and Asian ethnicities are still under-represented in the top three tiers of Public Service management" (p. 27). In effect, this signals limited opportunities (Bowman, 1995; Flores & Heppner, 2002). Fundamentally, representation provides role models who can play an important role for minorities in their career choices (Hawks & Muha, 1991). This is because research (Dunn & Veltman, 1989) shows that ethnic minorities go into career choices that already exist for them as an ethnic minority. A lack of representation, such as there being no senior leaders of a similar ethnic group (or perhaps **any** ethnic minority), might signal that 'high-level leadership' roles are not a career option for minorities.

Tang, Fouad and Smith (1999) remind us that positive career choices (such as going into leadership roles) can be based on positive experiences with representation, stating "they may also facilitate individuals' self-efficacy level in accomplishing tasks in such areas" (p. 152). Hence, positive experiences with (for example) working on a project with a Pacific senior leader can inspire other Pacific employees (and likely other ethnic minorities) to have their own confidence built up, in effect 'I could do that!' and this helps shape career decisions. Therefore, greater representation (more role models) can play an important part in career decisions.

Overall, there are good numbers of ethnic minorities in the Public Service. Maori and Pacific people are over-represented when compared to the whole New Zealand workforce, although Asians are under-represented (State Services Commission, 2018). Despite these numbers, there is a lack of representation of all three ethnic groups in management, and this is a concern. This is consistent with social learning theory (Bandura, 1997, 1986), which highlights that same ethnicity role models help drive career decisions. Bandura, Barbaranelli, Caprara and Pastorelli (2001) note that role models inspire and encourage individuals to enter specific career paths, and this likely aligns with senior leadership roles.

Price et al. (2005) suggest, furthermore, that ethnic minority leaders can play an important role as mentors to other minority trainees, although they acknowledge that minority employees face greater challenges in the workplace including discrimination and bias. Finally, this interaction with role models can be vital. Lease (2004) states: "Role models may provide a means to overcome perceived barriers by providing information and encouragement or serving as examples of successful career performance" (p. 241). Hence, role models can guide a career path – telling someone 'how it is done'.

Overall, this theme was strongly supported and is typified by the quote:
If I can't see it – how can I be it?
It was almost universally noted that there is simply a lack of ethnic minorities within the upper echelon of the State Services. Typical comments included:
When I look across the population of senior roles and position holders it does not appear diverse.

This is from a Māori employee:
*Within the Sector, there are more Māori than before, **but** it is still limited.*

Another Māori employee noted:
*At the senior leadership level (Tiers and 3) there are **very** few Māori working in non-Māori portfolios.*

Another Māori employee made specific mention of specific roles for minorities:
*If we strip out the specific Māori or Pacific Islanders roles such as CE TPK, Ministry of Pacific Peoples, and Tier 2 and 3 roles in Health, Development and Education and DHBs etc., then the number in senior management of minorities is **incredibly** low! Current data inflated by those positions I mentioned.*

This from a Māori employee who spoke positively about the mentorship they have received, although now in the senior leadership Tiers, they noted:
There are not that many Māori at my level or above. My mentors more likely to be women and Pākehā!

This from an Asian employee:
*From a cultural [*person*] perspective – I noted that only **one** person [Asian] made it at the CE level - and then didn't last long! So, where are the role models!!! Where are the Chinese and Indians?!*

Relating specifically to the self-efficacy and confidence that role models might bring, this person noted:

I have had opportunities with career progression with secondments, some I have turned down because I did not have the confidence to take it.

Importantly, this lack of role models can also influence bias from others, as captured by this quote:

*Through different times of my career people make assumptions. Often Pacific people are headed off into 'people' dominant areas i.e., relationships etc. My perception of my Department is that 'people of colour' are put into 'softer' areas. These are softer areas and not important and actually harm the career [*paid much less*]!*

This person also raised a cultural factor that aligns with potentially detrimental career effects:

For us Pacific people in particular – we like to manākitanga (look after, support, give generously) and give hospitality to guests – it comes naturally! But we are thus the ones to do the dishes, look after guests and others 'step back' because others (Pākehā) expect it of you! This can harm one's career – we don't look like senior leaders, right?

And a similar perspective:

*There are so few Treaty of Waitangi trained Managers in the Sector. Māori staff managed 'down' [*detrimentally*] in a cross-cultural way.*

The respondent went on to say that such lack of cultural acceptance was a personal and cultural blight on their work experience.

The following person noted the lack of role models and articulated their concerns for what this means across the State Services:

My experience is that there are different expectations for those at the top! There are lower expectations towards Pacific and Māori employees, and Asians. I see power as being (largely) held by white male leaders – and this is detrimental to the extent of bias and discrimination. Especially for careers of minorities. But there are bigger dangers – failures in policy and laws. The minority groups of New Zealand are those most in need of best policy! We are a small sized country – but our public sector is quite behind what New Zealand needs.

Importantly, this lack of representation produces strong feelings around who is responsible. These quotes summarise these perceptions:

When you get close to Tier 3 or 2 – you can see it becomes a challenge to break the barriers – break the stereotypes!

*In my Department, Māori and Pacific Islanders are rare in the management level. The Pākehā managers can't understand the cultural differences! It is hard to get higher in the Public Sector. Māori and Pacific Islanders in the Tier 2 roles – they are **very** small percentage compared to in mainstream roles!*

The following respondent attributed the lack of role models accordingly, stating:

I see [and experience] a 'glass ceiling' for Māori – and it is low! Hitting this at Tier 3. There is an issue around some of these roles too – you don't have a call on resources [people or budget or authority around critical decision making!]. You need to influence authority and need strong skills - otherwise you are fighting for crumbs with the other Tier 4s. Māori put at Tier 3 in these roles, but they are not enough! [The Public Service] keeps Māori under the glass ceiling. No one opens the door for Māori!

This respondent also stated:

The top echelon doesn't look Māori and that is the main customer of the service! The Sector needs to improve outcomes for Māori, and this must come from the top! Māori employees appear stuck in the foundation work and not management or leadership!

Beyond the internal pressures and bias suggested by the last respondent, a few respondents also noted a different factor that might influence Māori or Pacific participation in senior leadership roles. They noted these senior leadership roles can be unattractive for people [Māori or Pacific people] with other community and whanau roles to engage with, stating:

Having 1-2 Māori at Tier 2 is not enough. Part of the issue too is the extraordinary workloads. Often those roles are across the Sector and overwhelming how much is on the shoulders of a few.

Similarly, another stated:

Māori and Pacific Islanders are tied to their community, through volunteer work etc. Thus, their ability to work the weekends etc. – as likely required by the top Tier roles – does pose a challenge with these higher roles!

Overall, the identification of role models as an important issue and challenge for the Public Service was widely supported. Many emerging leaders talked about a lack of higher (Tier 3) role models, while even senior leaders (e.g., Tier 2 or 3) talked about the lack of higher (Tier 2 and 1) role models. Many Māori and Pacific peoples noted that while there are specific roles as CEs in Te Puni Kōkiri and the Ministry for Pacific Peoples, these were often not seen 'to count,' simply because these Departments or Ministries require an ethnic minority leader. Similar attitudes were shown towards other major roles like Māori Senior Policy Analyst or Māori Strategy roles etc.

While these specific cultural/ethnicity roles might be at the senior leadership level (Tier 2 or 3), because they typically must be an ethnic minority (e.g., Māori or Pacific person etc.) then they too are viewed as 'not counting'. Importantly, it was not that these roles are not valued or seen as being important or vital roles. It was rather that their occupation by a Māori or Pacific person shouldn't be seen 'to count' in the overall calculation or metric of ethnic minorities as

a proportion of senior leadership roles because these roles must be filled by these ethnicities. The feeling is that the already low count is somewhat inflated by these roles.

There was universal agreement from respondents (Indians, Asians, Māori or Pacific people) that they were critical of the lack of role models for either their own specific ethnic group or minority ethnicities in general. This highlights a serious challenge for the State Service around getting more ethnic minorities into the leadership – and senior leadership roles. Importantly, ethnic minority employees recognise fully that there is a lack of senior leaders reflecting them. This suggests that they not only recognise there is a lack of culturally similar people to inspire (Bandura et al., 2001) and mentor emerging leaders (Price et al. 2005) but also to provide information (Leong & Gim-Chung, 1995).

This situation can potentially undermine the confidence of ethnic minorities (Bandura, 1977, 1986; Tang et al., 1999), making the intention of applying for senior leadership roles less inviting. Hence, this can – at the extreme – be like a self-fulfilling prophecy. For example, if people think 'there are no ethnic minority senior leaders and thus I won't apply', it will remain that way (and is a key focus within the recommendations).

Finally, while workload of the highest positions was mentioned by a few respondents only (specifically around how unattractive this makes those positions), it does highlight that ethnic minorities with complex lives – especially with commitments to their communities – may find these positions and their perceived requirements (whether actual or not) undesirable. This is interesting because people might consider Māori and Pacific peoples with such connections as being very 'connected' and valued – because they know 'their people'. However, this might perversely be counter-productive to them seeking a senior leadership role. More research around this is needed.

5.4 Pay Negotiations

Fairness perceptions in organisations (Greenberg, 1987) are a common and important factor when considering workplace dynamics and there is much research on this topic (e.g., McFarlin & Sweeney, 1992) including in the New Zealand context (Haar et al., 2018b; Haar & Spell, 2009). Masterson, Lewis, Goldman, and Taylor (2000) state that there is "substantial evidence that fairness is an important dimension affecting employees' actions and reactions within organizations" (p. 738). How people perceive their compensation fairness is important, because there is much research that shows it is an important predictor of many vital workplace outcomes including job performance, turnover intentions, commitment and job performance (Colquitt et al., 2001; Cohen-Charash & Spector, 2001; Folger & Cropanzano, 1998; Haar & Spell, 2009; Haar et al., 2018b).

Beyond the perceptions of fairness, pay satisfaction is also important, with there being meta-analytic support for positive relationships between pay satisfaction and job satisfaction (Judge, Piccolo, Podsakoff, Shaw, & Rich, 2010). Importantly, fairness perceptions are also related to pay fairness (Colquitt et al., 2001), highlighting the complexities that arise when trying to tease apart issues around pay, fairness and satisfaction.

There are several approaches to understanding pay fairness, but Cropanzano and Folger (1991) note that this is dominated by two approaches. Tremblay, Sire and Balkin (2000) defined *distributive justice* as "how individuals react to the amount and form of compensation they receive" (p. 269). So, an ethnic minority worker might compare themselves and their level of salary with a new hire and if they determine that the new person (assuming they have similar skills and experience) is paid significantly more, then that would constitute injustice around the distribution of pay. This is likely to lead to detrimental effects like job hunting (Haar & Spell, 2009).

The other approach is procedural justice, which Tepper, Duffy, Henle, and Lambert (2006) defines as how an employee perceives fairness within the decision-making processes around compensation. For example, procedural unfairness would occur if an employee's promotion or raise is declined because they 'haven't done the time' but then other similar people do get promoted or a pay rise. This is likely to lead to detrimental effects like lower job satisfaction (Colquitt et al., 2001).

Despite all the importance around perceptions of fairness and even simple pay satisfaction, the experience of employee pay negotiations is not well understood in the New Zealand context and specifically the State Services. Lalive and Stutzer (2010) state that "individual pay negotiations are typically based on limited knowledge of other workers' pay" (p. 937). Hence, if you are new to a role or Department, you might have very little information to go on. These authors also note that issues like pay negotiation can become gender biased. They note that

there is workplace evidence that employees tend to interact more frequently with same gender co-workers, and thus given there is a gender pay gap IN New Zealand (including in the State Services), the ability to gain valuable insights around pay might be rare. Hence, women might become most disadvantaged in pay negotiations because their most likely reference points are other, under-paid women workers (Pacheco et al., 2017; State Services Commission, 2018).

Importantly, there is evidence that there are gender-specific norms around pay negotiation – at least based on US data. Lalive and Stutzer (2010) state that "women can be expected to negotiate in a systematically different way than men do" (p. 937). In their meta-analysis on gender differences in negotiation outcomes, Stuhlmacher and Walters (1999) found that men negotiated significantly better objective settlements (money) than women. While the difference is small, it is significant, and as noted earlier, continual pay differences (men getting higher raises for example) do compound and provide long-term advantages for men over women. Babcock and Laschever (2003), from a survey of US women, found that 20% said they never negotiated at work around pay and there is similar evidence around women entrepreneurs (Riley & McGinn 2002). These effects are not limited to the US. In studies of almost 4,000 Swedish university graduates, Säve-Söderbergh (2006) found similar gender differences, with women asking for significantly less money than men.

The reasons for women's decisions to not negotiate are complex and beyond the scope of the present study. However, Lalive and Stutzer (2010) state "the reluctance to negotiate is reinforced by other parties in the bargaining process" (p. 938). This is because female employees who seek out promotion opportunities and ask for a higher pay rise can incur social reprisals (Lalive & Stutzer, 2010). In addition, there are potential cultural reasons for not negotiating for pay, for example, Haar et al. (2018) found Māori were more likely to be humble and focus on the collective, and similarly, Vaioleti (2016) has noted the importance of humility amongst pacific cultures. Furthermore, Mafile'o (2004) highlighted how the Tongan concepts of *fakafekau'aki* (connecting) and *fakatōkilalo* (humility) are core values. As such, in a pay negotiation perspective, it might be that asking for more money shows disrespect and a lack of humility. Furthermore, the focus on money (as per pay negotiations) might also violate *fakafekau'aki* (Mafile'o, 2004) or the collectivist values (Haar et al., 2018) because, essentially, pay negotiation creates a dominant value on the money figure rather than the relationships and connections (*fakafekau'aki*). Hence, cultural values might also play a role in pay negotiations.

Wade (2001) asserts this is because women who negotiate for more money are violating the gender prescription of modesty. Indeed, in laboratory experiments, Solnick (2001) found both women and men offer less money to women. Lalive and Stutzer (2010) suggest that, at the simplest level, women might earn less than men because they are offered lower initial amounts in salary negotiations, they engage in negotiations less often, and when they do, they ask for

less money. This highlights the complexity of pay and why it is important to consider the respondent data from a gender perspective.

Overall, this theme had strong support and aligned with the likely gender differences, although there were unique male effects reported. This might elucidate why ethnic minority men are also paid less. The responses are discussed in relation to gender to highlight the experiences of females and males across the ethnic minorities well.

5.4.1 Male Pay Negotiations

Almost uniformly, there were no issues or concerns around pay or negotiating for men. However, the male responses were far more typical of what we might expect from women in the above literature. That said, even those who did not negotiate – or seldom did – had a strong sense of worth and confidence they were adequately paid. These comments were typically delivered with confidence that meant 'I **am** getting paid what I am worth'. Typical comments included:

My experience has been perfectly fine – I am capable of negotiating salary and have done a decent job of 'personal gain'.

Getting into the role is hardest challenge. Once there then getting pay recognition isn't a problem!

In the public sector I have always gone into the role – and changed roles to progress. Changed to a new Agency to get promoted and get more money! I am relatively positive in the sense of 'how do I compare to my peers'. When you go into a role, you have to have an idea around what you think it is worth! That includes pay and development opportunities.

In the following quote, a Pacific person highlights the potential effect culture might have on negotiation, even for men. He states:

It's a job that's been given and I don't negotiate! Offers have been sufficient and 'good enough' – so I accept. I really haven't had the information to know if the offer is fair enough [or not fair]!

A similar example is from a Chinese respondent, who stated:

If I was Pākehā, I'd say 'I want more money and want more money' – and I'd get it! But as a Chinese you are then seen as being aggressive. It is a double standard on how you are perceived! People make assumptions…
I have had impressive performance reviews – but it seems unreasonably to have to 'prove' I deserve a pay rise. There is a real fear of being regarded negatively if I keep pushing [for more money].

In the following example, a Māori male indicates similar comments to those above, although also highlights the valuable role of leadership (the earlier theme) can play. He stated:

I got my first senior leadership role. My boss called, offered me the job, and says to me "this is the number" [salary]. I said great! Then hung up. The CE then rang me back and offered me more. It was more money that I ever thought possible. For us as Māori – we are in service. I am now earning more than anyone else in my whanau. A lot more. I have the opportunity to make a difference in my job focus – it is not about the money. But it does highlight a challenge for us Māori. We do run the risk of not positioning ourselves well.

There are other examples which align with the Public Service ethos noted earlier, which appear to influence the reasoning behind pay negotiations by these men:

My experiences have been largely positive! I haven't really negotiated myself! Not that motivated by money. More a sense of being committed to the Public Service.

This latter comment also might reflect some employees are being taken advantage of due to having a strong Public Service ethos and thus not pushing for higher pay.

The following quotes are similar – both by Chinese males. They highlight that cultural factors (upbringing) might influence the decision to negotiate, similar to women in the US study (Babcock & Laschever, 2003). They stated:

*Culturally, I am disinclined to negotiate pay! But when there has been a change in responsibility – I **did** ask for the job to be resized and pay scale renegotiation! So, positive experiences! I am culturally not inclined to negotiate. I don't think I am unfairly paid!*

Negotiation – is that a thing?! The times when that has come up for me – my Asian culture [my Chinese work ethic] kicks in and I think I am lucky to have a job and pleased to take the money! So, I have never negotiated. My offers have been fair amounts, so I took them. That said, I don't have any idea what any other people on my level are getting paid!?

The following is from a male who makes several observations around pay negotiations. This includes gender (women) and ethnicity, and importantly, he reflects from his position of negotiating pay with other employees (as the senior manager). He states:

In pay negotiations, I have had females who worked with or for me – they generally accept what was is offered and given! They simply won't enter into negotiations. Beyond a gender issue, it might be an ethnicity issue!? For me, some workers are willing to have a discussion around pay. But frankly, there is a complete lack of transparency! A lack of information. For other people, their pay offers are much higher than the household incomes of their friends and the people in their social circles. For them 'the going rate' is quite a lot different! [So, how can they negotiate for me when it appears so high already?].

However, for Māori and Pacific Islanders, the lack of survey information and networking means they don't have the knowledge [around the right salary levels] – thus, informally, they are disadvantaged.

In my experience, Pacific Islanders are generally reserved and respectful of the hierarchy. So, less likely to challenge and negotiate on a pay rise! They get disadvantaged.

Another issue is the pay bands. They are so big it is hard to really sight where the job is [in relation to salary level] - so HR comes with your offer and there is a band and Department expectations, and you can only ever accept that!

Finally, they noted:

I have only ever had guys come back to me on the pay offer. Never hear from females! Even when I say 'this is what you should say' [salary they should ask for] they do not negotiate [accepting a lower offer].

5.4.2 Female Pay Negotiations

Almost uniformly, the women respondents did not negotiate pay, which does resonate with the broader literature. While male respondents felt positive about not 'needing to negotiate' they also spoke about stepping up to negotiate when needed. This was not the feedback from female respondents. Unlike their male counterparts, women largely did not negotiate at all. In addition, they did not communicate ('radiate') the strong sense of worth and confidence that men did. There was a strong tone of resignation, as if they knew they should have negotiated but did not. Unlike men who typically had little to say on this topic, most women respondents had a **lot** to say. They know they are not helping themselves on the pay they receive. A few long but typical comments were:

*Pay has always been a sore point. I have **never** negotiated. I have had a number of roles, and I have accepted the pay I have been offered. I have spent the whole day [today] talking about this issue… it is my cultural norms [Indian] but I also don't have it in me to negotiate a pay rise. Then I find out that another person doing the same role – who has **less** experience than me – is getting paid **way** more than me - and that is really saddening! She started on $12,000 more than me and when she told me - and I said, 'you're paid $12,000 more than me'!? - she said to me "You stupid cow" [being a fool for taking the low offer and not knowing her worth!]. But this has happened to me throughout my career! I have a **heap** more examples!*

*To tell you the truth – as a woman – I have **never** pushed or negotiated for **any** pay raises. Even with great performance reviews. I have never negotiated above that i.e., not exceptional! I get paid a lot – quite a lot of money really – but I do **work hard**! But in my role, I have seen what people get paid across regions. It is not about parity across – we all on the same level – but I think there is quite good parity overall, **but** differences do exist often around male-female type roles and pay. To me it is about job sizing and valuing roles! Managers need help to do this better.*

*For me, pay negotiation…well, I find it challenging. I find it uncomfortable. I feel like I am "selling myself" – so it is not easy. Simply make me an offer that is fair - essentially that, and I'll basically accept it. It is not a good thing I know, **but** what might help is a framework around demonstrating my **unique value**. Without talking a specific dollar figure in negotiations. To be fair though – my last 5 years' experience has been fine. I have had three roles and each time the promotion has come with more money. I got reasonable recognition of the skills and experiences I bring. But I find negotiating is uncomfortable, and MEN do come back way more often than women. Men **ask** for more money straight off. As a woman, we take the offer, but men push harder! I'd say from gender and ethnicity, that females are worse than males, but that Pacific Islander males are worse than Pākehā. Māori men are slightly better, but Pacifica men are worse. They* [Pacifica men] *simply took the offer – **no** negotiation.*

Other (briefer) comments included:
I have never negotiated a pay rise. Not in the 20+ years.

Never given the opportunity but have negotiated many as a manager when recruiting staff. Never for myself though...

Twice I have tried to negotiate my pay, both requests were decline, no resource or support provided, and the mentality is you get a new role you appreciate it and the pay you get.

I struggle with going in and demanding! Tend to take what was offered. Only been the last pay round that I know that I am being paid lower than the men – gender pay parity thing has helped! I asked but not received any recompense!

The following respondents put down a strong cultural argument for why they never negotiate. They stated:
I struggled when junior. For Māori women with a strong cultural connection, knowing your commercial value is a challenge. Fighting for it is a challenge!

Easier for someone else to negotiate your worth – especially from a Māori perspective. I struggle to negotiate my pay raise! I need someone external help! This does lead to inequality – men ask and therefore, males going up faster and further [pay and promotions*] - there is something in that for women! We under-value our contribution! It does help when your manager gives you help and direction and how that might look like (regarding the performance cycle). More so, for a Māori person it is **hard** to negotiate. It is totally against that humility side of Māori. I do it for everybody else but not myself! I just…accept the offer.*

A similar example from a Pacific woman, who stated:

*I'm really crap at pay negotiations. Some contemporaries of mine have been paid **much** more than me.*

When I pushed for specifics she said:

$15-20 thousand more! You find out after the fact. And it is not just male managers ripping people off – women managers do this to women too! Women don't put themselves forward to roles where males go early. The effect is you feel like you are getting 'done over' by this…

This respondent went on to add:

*I have had some managers who **are** interested in equity etc. They see what value I can add and pitch a descent offer to me – and more than I would ask for!*

She then reflected:

*In my own journey, I have had feedback from a **lot** of managers [generally about other ethnic minority candidates not the person themselves]. They note that these people are quiet speaking candidates who are humble, and people (managers) view this as a **lack** of confidence and thus this interpretation of candidates challenges the career progression of minorities. In my own roles, I hear the senior leadership team talk about a candidate: 'I'm not sure if that candidate has executive presence!' But for some – like me – being collaborative is my natural default. But I **can** change it up and do the whole 'command and control' – if I have to - like in a crisis. I can dial it up!*

*So, I think there is an inherent bias. Pacific peoples are smiling and like jokes etc. but the **substance** to them is often missed. I don't know if we value these different traits enough!!*

The following example from a young Pacific woman suggests that there might be a recognition from some within the public sector that certain groups (e.g., women and ethnic minorities) need to do better at negotiating pay. In this example, she noted she was already above the standard band and could negotiate per se for <u>more</u> pay. She stated:

I recently had a new pay negotiation. Got promoted and it was up two bands. Put to me to simply 'take the money/offer!' I was already way ahead of others anyway! So, I took the latest offer.

*But if it was for a new role? Then I would **definitely** negotiate. It is not just 'accept what I was offered'. I have a responsibility to push and tell others to negotiate and push back. To get what you are worth! So, others can benefit too!*

Despite this positive tone, this employee did recognise the cultural factors at play. She talked further about pay negotiation from a Pacific woman's perspective:

To improve the pay structure, we need a better support mechanism structurally! The onus shouldn't be on employees – the system should do a better job regarding negotiating! This is especially so for minority ethnicities and even more so women of colour! I love my job, but I wanted to be paid more! If the Government knows that and employer knows that, you can make people better to stay in their job! Especially for women of colour! We need more opportunities for women to get together and talk about things! Transparency is needed! But this definitely isn't my experience. There must be a better way! The pay negotiation thing is worse for women

*and in particular Pacifica women! The cultural overly is even worse! We [*Pacific women*] lack the courage, fortitude and belief in ourselves to even **have** (or start) the conversation [*about pay*]. It is also a pipeline issue! Internships will contribute. It's the lack of us around that is the problem. We are all working in operational roles and not enough in Tiers 1,2,3, and 4! We need to encourage people into policy and management! Still that massive gap!*

The following Māori woman was one of the few who did negotiate. She stated:
With regard to pay negotiations, I normally find this easy! I go in with my number. I go in with an understanding, with a number! And that's my minimum! I know what being ripped off is like – I have had roles where I was doing the work of three then still paid for one! I walked away after five months!
*I nearly died the first time they said yes to my number! Success is built on confidence! Do it again and do it better! However, **make sure you give that value back**! I tried not to moan too much about being the only brown girl – leave a legacy they can work with.*

The following example provides insight because it highlights how someone who was initially a 'non-negotiator' built confidence and learnt to assert herself in pay negotiations. Stating:
*When I first started out, I simply agreed to the first offer. I then learned that in some roles I was being paid less than others doing similar roles and so as my confidence and skills grew, I looked to negotiate salary which often resulted in at least $5-$10 thousand increase. I used friends across the sector to understand the levels at which people were being paid and used that as a guide for what was fair. I never let it turn into haggling and will provide a sound basis for my counter offer if I make one. I have never had issues in this regard and my key principle is **parity**.*

Finally, the following comments from a Pacific woman highlight that, like the lack of role models, the pay gap between ethnic minorities and European is seen and considered (detrimentally) She stated:
*In my first role – I accepted whatever was offered. But I am aware that Pacific employees are getting paid less than non-Pacific employees – I have seen the data. When I saw the Government Departments CEs' pay rates – and yes, I see that level varies a lot – but I saw that the CE for the Ministry of Pacific Peoples is paid **very little** [in their opinion] to which I think that is really sad…*

Overall, the pay negotiations for ethnic minorities appeared surprisingly similar, with 'not negotiating' a similar approach for both genders, especially early in the career. This appears somewhat against the literature (e.g., Lalive & Stutzer, 2010; Wade, 2001; Solnick, 2001; Stuhlmacher & Walters, 1999; Riley & McGinn 2002; Säve-Söderbergh, 2006). However, it was clear from the 'tone' of conversations that men believed they were being offered good, fair pay or salary packages. The opposite was clear from female respondents, as noted above. The

one group that came in for the most attention around 'not negotiating' was Pacific women, whether the issue was raised by themselves or by other managers with negotiating experience. The State Services Commission (2018) data reports Pacific women as the lowest paid in the Public Services and this appears to be well known by all – including Pacific women.

The fact this hasn't 'motivated' Pacific women to engage more strongly in pay negotiations suggests (and this was raised above) that there are strong cultural elements at play here. Someone noted that for Pacific women (and similarly for Māori women), being humble and modest are culturally desirable characteristics, which might work against someone in their pay negotiations. This suggests that this group of employees might require special attention. There is also a cultural legacy to not 'push for more money' because it appears rude and disrespectful.

It is also important to note that minority males are significantly under-paid when compared to European males (State Services Commission, 2018). Thus, the issues around fairness and equity of pay are likely to reverberate through all ethnic minority workers irrespective of gender. This is especially true given the pay breakdown in the State Services Commission (2018) report which suggests that, while male respondents were quite positive about their pay negotiations, they too are still paid significantly less than their European counterparts. Thus, the confidence (perhaps bravado?) of ethnic minority males might start to change when they consider the data.

The State Services Commission (2018) reported overall ethnic pay gaps (compared to European employees) of 11.2% for Māori, 21.6% for Pacific peoples, and 12.6% for Asian employees. These are considerable levels, and especially so for Pacific peoples. This is even worse for Pacific women, with my earlier analysis showing that Pacific women have a 31.4% pay gap when compared to European men. While the female respondents who had more experience in the Public Service appeared to be negotiating, the lack of pay progress over time (from when they started) likely means they are especially disadvantaged, and this is reflected in the pay gap rates. While this research shows that pay negotiation is likely a critical issue for women (who are amongst the lowest paid ethnic groups), it also must be acknowledged that men too are being disadvantaged by pay negotiation. This is clearly an issue needing greater attention. While ethnic minority men might not believe they are being underpaid, the data shows otherwise. These differences and acknowledgement around a lack of pay negotiation do provide support that cultural values around connections and humility (Vaioleti, 2016; Mafile'o, 2004; Haar et al., 2018) – especially amongst Pacific peoples and Māori might play a role in the decision to negotiate and account for some of the ethnic pay gap.

Finally, it is worth considering the context. The Treasury (2018) report indicated ethnic pay gaps of 18% for Māori and 23% for Pacific employees [they did not include Asians in that report]. Thus, the ethnic pay gap is not exclusively a Public Service issue. It is a New Zealand

workforce issue. This is not to suggest the Public Service should do nothing about it. The broader range of roles in the private sector may exacerbate the pay gap levels but clearly there are inherent issues around pay in New Zealand for ethnic minorities. That said, the Public Service (through the power of the State Services Commission) is likely to have the policy levers to work towards reducing these levels of ethnic pay gaps. I will address this more fully in the recommendations section.

5.5 Climate of Inclusion

The final theme is around organisational culture, which is often referred to as a system of shared values, beliefs and assumptions that ultimately guide and govern employees in an organisation (Hellriegel & Slocum, 1974). At the most basic level, it is 'the way we do things around here'. However, when exploring organisational culture, there are many factors that could be examined and Denison (1996) calls these organisational climate, stating that researchers "typically placed greater emphasis on organizational members' perceptions of 'observable' practices and procedures that are closer to the 'surface' of organizational life" (p. 622). Grojean, Resick, Dickson and Smith (2004) note that organisational climate is shaped from the values, behaviours and policies of its members, especially those at the top-levels (leaders). Overall, there is strong support for links between organisational climate and employee outcomes (e.g., Luthans, Norman, Avolio & Avey, 2008; Rogg, Schmidt, Shull & Schmitt, 2001; Ogbonna & Harris, 2000).

In the present study *climate* of *inclusion* is explored, with specific attention to how this relates to unconscious bias. Inclusion can be considered a distinct organisational 'climate' as it does reflect values, behaviours and policies of its members (shaped by senior leaders and managers) and should create pressure for directing actions and activities (Grojean et al., 2004). Thus, unconscious bias does meet the threshold for acting as an organisational climate. The State Services Commission (2018) states that:

> The Public Service workforce needs to have the diversity and cultural competence to design and deliver customer-centred services to an increasingly diverse New Zealand. Chief Executives in collaboration with the SSC continue to demonstrate commitment by embedding their system-wide Diversity and Inclusion work programme to gain improvements in their agencies as well as in the system (p. 25).

Thus, inclusion is a key focus of the Public Service and a focus on a climate of inclusion aligns with this goal. Related to this is the focus on unconscious bias. A State Services Commission (2015) reported on several actions that could be engaged to increase representation. In this case, it referred specifically to women in leadership, but it also noted the importance of unconscious bias. It made a recommendation to "implement unconscious bias training for all managers. Raising awareness about unconscious biases can reduce its impact on recruitment, development, evaluation and progression decisions" (p. 42). This highlights the potential for unconscious bias to play a significant role in the pay and career progression of ethnic minorities (as well as women). Similarly, the focus on unconscious bias is also mentioned in the State Services Commission (2015) report, which stated that it was important to "amend talent management policies and practices. Transparent, consistent and moderated recruitment, performance, evaluation and progression systems also reduce the scope for unconscious bias to affect decision-making" (p. 42). Consequently, removing issues of unconscious bias appears

to be a strong focus of the Public Service which should facilitate greater equality. Hence the focus of the last theme.

Overall, this theme was strongly supported and was raised by most respondents. It is important to acknowledge that there was no direct question around unconscious bias and yet this was raised again and again by respondents. It is fair to say that the experiences and thus comments around unconscious bias are quite strong and typically negative. This reflects the challenge of removing unconscious bias and how some – specifically the ethnic minority respondents – feel that unconscious bias impacts their work lives. Some typical quotes follow:

Ninety-nine point nine percent of people within the State Sector are amazing and fair. But it is the unconscious bias that drives the continuation of a lack of ethnicities in management (especially senior management positions). People don't mean to be biased.

*I see unconscious bias. How can there be a gender pay gap? Clearly, pay the same for the same role! Do we [*Public Service*] pay less due to ethnicity? Potentially. I think it's more about* **promotion***! Less personally but seen it! Also, specifically in pay negotiation. We don't know what the Department is paying others for similar roles. The pay band is* **not** *published or disclosed (privacy issue). CE pay gets disclosed. 4th Tier pay band disclosed. But it is the 2nd and 3rd Tier that* **are** *an issue – we don't know! For Māori or Pacific Islanders, it is* **more** *acute. Again, Chinese and Indians get 'lumped' in as Asians – but they have different cultural experiences. Pacific Islanders and Māori are treated different. Unconscious bias in selection for them especially.*

I don't have any idea what any other people on my Tier are getting paid!? I do know there is a gender pay gap! Given the weight of that evidence, then it is likely to be messed up from an ethnic minority approach too. That is how unconscious bias works!

No doubt about there being an ethnic pay gap. Be about unconscious bias and not consciousness bias.

*Unconscious bias - I see it 'day after day'. People don't know they are doing it [*discriminating*]!*

I want fairness and transparency. Some faith that unconscious bias won't affect me. But racism or sexism - bias is bias!

To me, there are clear barriers around gender and ethnicity progression in the Public Service - unconscious bias!?

I don't have any strong data - no hard facts – but my sense is an unconscious bias does exist. So, not so much against progression but perhaps more so towards attaining those top roles!

*There are predominately Pākehā in the State Services leadership. I feel it as a minority. The inclusion and diversity in the Sector could be better. It should be broader [*minorities in senior leadership*]. But unconscious bias is built into it. A systematic re-ordering would be positive! But that said - people must be competent and be able to do the job!*

Look at our stats. Asians do better at school. But when it comes to jobs - earn less! More service jobs! Unconscious bias again! Look at the 3rd tier ranks and above – from 1000 senior leaders, there are three to four Asians.

*Society is multi-cultural but where is it reflected in management!? Not open bias but an unconscious bias!? Across Departments/Agencies – gender diversity in leadership has improved and looks better – looks good! But needs more ethnicity - and diversity of thought! Which is more participation of different mind sets. And ethnicity may provide that (and different cultures). I try to identify a Tier 2 person who is non-white [outside of TPK and Pacifica]. So, CEs are not biased **but** the unconscious bias might account for this!?*

*The State Services Commission does **not** do enough training around unconscious bias. It is a topic that some people don't want to hear or know about [fixing their bias]!*

The following two respondents both had a **lot** to say on unconscious bias. The first respondent stated:

Unconscious bias training – I am cynical – it is all bullsh*t! There is an awareness amongst senior leaders that they have to change the way they have been operating (discriminating behaviours). The same consultants doing the same training and its sh*t! How about a weekend at the marae and learn what is important to that community? Shadow some school students? I do think about how I am being 'unconsciously' biased at work. For me – it is really racism! It is my lived experience. I think of 'unconscious bias training' as a*s covering!! It is compliance! A shield! I've seen it happen. In my Department - I was involved in these workshops. But in my workplace – regarding recruitment - people ask 'how do I ask questions that don't break the law?! There is casual sexism. For example, people use 'Chatham House Rules' but it is really for racism and sexism talk – all the -isms! In my Department we have done unconscious bias training, but I have little faith it will 'shift the dial'!

The second respondent stated:

There is a lot of window dressing to bias – 'unconscious bias' – a complete lack of seeing change. Do training. Walk out of the training and go back to being themselves!

This person felt they experienced bias on a recent performance pay negotiation. Stating:

*My boss rated my performance exceptional. But then it went to moderation and it takes them a month to tell you whether you are getting a pay increase! A month later! Not very empowering! The current system is about 'doing it **to** people' rather than '**with** people'. I'd suggest you need to take your people with you to create thriving workplaces!*

They then went on to state:

*To me the moderation process appears biased! If you challenge these things – then you are a troublemaker and 'tumble' down the rating scale! Some consider me a 'cage rattler'! For me, from the moderation experience – the biases are played out. If people are unsure of your work **how** can the managers work score be challenged? What gives them [the independent moderation people] the right?! What criteria do they use!? How much of their personal bias is coming through! For me, unconscious bias is sh*t!! It was **conscious** bias!*

The following example is from an Indian respondent who provided a very rich example of unconscious bias (in their opinion). They are at the senior leadership level, and stated:

I go to a meeting with new people [from a different Department] and they don't see the senior leader as 'an Indian' – but instead mistake my assistant as the leader! If these people think I am the junior – then the assumption is automatic: the minority is the lesser – and thus unconscious bias! In the back of my head I am thinking of all the perceptions and assumptions of minorities!

This person goes on to state:

But these people respond "look, I am not racist…I have Indian friends…" But they are not aware that in their minds they are being played out their biases and they don't know how to moderate it! They say around performance and pay etc. "I think I am being fair" - but they really are not!!

Not everyone was critical of the potential bias, but this response [from a senior leader] was an outlier:

Not difficult to get to where I am. No experience of consciousness or unconscious bias in my own case.

Overall, there was largely broad agreement that unconscious bias exists strongly in the Public Services and likely accounts for some of the lack of pay, promotions, progressions and selection issues within it. While there were many comments around unconscious bias training – some felt it wasn't that successful while others feel more is needed. Of course, unconscious bias training needs to be of high quality and can only be beneficial for those who are genuinely interested in identifying their biases and thus being willing to modify their behaviours. Overall, it appears that an organisational climate around bias (unconscious or otherwise) is a strong theme.

5.6 Summary

Overall, most respondents have positive work experiences within the Public Service. There was strong alignment with the *Public Sector Ethos* (Farnham & Horton, 1996; Franco et al., 2002; Diefenbach, 2009; Laing, 2003) and this is something that should be celebrated and acknowledged. Given the large proportion of respondents were senior leaders (Tiers 1-3) we can't forget that while these individuals therefore have much experience to discuss and provide feedback on, they are also those with high career success. Consequently, their high levels of Public Sector Ethos might reflect what happens when people work in the sector for so long. The second theme on *Manager/Leadership* highlights mixed experiences and how positive experiences appear especially valuable. Those who have experienced positive manager/leadership – and these were more numerous than negative – highlighted the beneficial effects a supportive leader makes to pay and career success. This aligns well with the literature (Ng et al., 2005). Despite this, some respondents' experiences were negative and appeared to thwart ethnic minorities' opportunities, including secondments, promotions, pay rises etc.

The third theme was *Representation,* and this was a strongly supported theme with many respondents decrying the lack of senior leadership that reflected their own culture (or other ethnic minorities). Interestingly, positions that had specific cultural requirements like CE roles of Te Puni Kōkiri and the Ministry of Pacific Peoples, or Senior Leadership roles around Māori strategy or development are viewed as being exceptions to an 'ethnic count' because these are largely specific race-based roles. Most respondents did not consider these as 'senior leadership roles' on a pure 'head-count' basis. While these roles are viewed as critically important, they want greater ethnic minority representation in senior leadership roles.

The last two themes were around *Pay Negotiations* and *Climate of Inclusion*. The pay negotiation theme reinforced the gender differences from the literature, but also provided some cultural explanations. It appears that humility and modesty are cultural norms – very much ingrained in Pacific and Māori cultures – and these are clearly impediments to asking for pay rises or promotion opportunities. However, it was found that ethnic minority males were not the drivers of pay negotiation that the overseas literature otherwise suggests (e.g., Lalive & Stutzer, 2010; Wade, 2001; Solnick, 2001; Stuhlmacher & Walters, 1999; Riley & McGinn 2002; Säve-Söderbergh, 2006). While men appeared confident, they too did not ask for more pay (negotiate) as much as international literatures might expect them to, and this might explain the sizeable pay gap levels found in the Public Service (State Services Commission, 2018). Finally, unconscious bias was raised by almost every respondent. The theme suggests that such bias is alive in the Public Sector and that unconscious bias training (or more training or more effective training) is needed.

6. Recommendations

6. 1 Leveraging the Public Sector Ethos

This ethos is important to workers in the public sector and could be used as a recruitment and retention strategy. For example, studying with the Australia and New Zealand School of Government (ANZSOG) was positively commented on by some senior leaders. One way to leverage or maximise the Public sector ethos could be to run an ANZSOG programme tailored to a dedicated cohort of Māori, Pacific peoples and Asians (from across the Public sector), with the Pou Mātāwaka group championing the cohort.

6.2 Pay Negotiations

The findings highlight that certain ethnic groups (Pacific women in particular) are less likely to negotiate starting salaries or pay rises. This likely accounts for some of the ethnic pay gap experienced by Pacific people (State Services Commission, 2018). More help is needed to make the process fairer.

6.3 Manager/Leadership Training

Managers/leaders have a strong influence on the pay and career success of ethnic minority employees. Further work is required by employers to train and support managers on the importance of understanding different traits in ethnic minority employees and how to tailor their leadership styles accordingly.

6.4 Greater Representation

Simply put, more ethnic minority role models are needed. However, this is not unknown to the Public Service, with the State Services Commission (2018) stating "Māori, Pacific and Asian ethnicities are still under-represented in the top three Tiers of Public Service management. Greater representation is needed to reflect the sizeable ethnic minority makeup of New Zealand society and the Public.

6.5 Best Unconscious Bias Training

Across the Public Service, there has been on-going unconscious bias training. One finding from this research is that this training is having an important positive effect: a growing understanding of unconscious bias. The biggest challenge with unconscious bias is that people are not even aware they are biased. So, the present study finding that unconscious bias is on everyone's mind is a useful outcome.

Clearly unconscious bias exists and likely accounts for some of the ethnic pay gap. Hence, there is a need to understand the role and effectiveness of unconscious bias training to maximise the potential benefits.

6.6 Future Research

Building on the recommendation for research on unconscious bias, more research is needed across the wide range of issues identified. We do not know, for example, whether fairness perceptions and satisfaction around pay, promotion and position are critical issues. How do these factors manifest towards seeking manager/leadership positions amongst ethnic minorities? Do they lead to issues around engagement or turnover? These are important questions to consider. Beyond unconscious bias, how inclusive is the Public Service? Are some Departments and Agencies more/less inclusive than others? Understanding the antecedents of inclusion perceptions would provide greater insights and allow more targeted responses. For example, do unconscious bias (discrimination) experiences shape inclusion perceptions? What factors might mitigate these detrimental effects (e.g., supportive leadership, team factors, co-workers etc.)?

The more positive leadership traits identified earlier (Haar et al., 2018) might also shape more positive and non-discriminatory leaders and that could have profound benefits for aiding the progression and promotion of ethnic minorities in the Public Sector. In addition, research examining the role of cultural values – around humility, connectedness etc. (Vaioleti, 2016; Mafile'o, 2004; Haar et al., 2018) would provide valuable insights into understanding the strength of these effects on individuals who decide to engage (or not) in pay negotiations. However, such cultural differences might go beyond these factors. Haar et al. (2018) highlighted the importance of humility in leaders – and this is a cultural value for Pacific peoples too (Vaioleti, 2016; Mafile'o, 2004) It is important to consider, however, whether this value (in particular) limits the career progression of ethnic minorities? Haar et al. (2018) warned that traits like humility can go unrecognised or can be the basis for conscious bias as employees seek 'similar' leaders to themselves or individuals who put themselves forward. For example, seeking leaders who are aggressive or assertive means those who are humble are disadvantaged. If humility is a strong cultural factor across ethnic minority employees, then they may not seek out new opportunities. Greater understanding of these traits is encouraged.

Overall, there is a need for greater depth and insight, along with greater generalisability regarding the plethora of issues identified above, to help shape and focus action addressing the ethnic pay gap.

7. Conclusion

The present study sought to capture the experiences and stories around pay, promotions, careers and progressions within the Public Services and this was well achieved. The 40 interviews provided a strong understanding of the experiences of ethnic minority employees around potential drivers of the existing ethnic pay gap (The Treasury, 2018; State Services Commission, 2018). The literature around pay gaps and specifically ethnic pay gaps identify that there are consistent factors that account for some of the pay gap – namely occupation and education – and this clearly applies to the Public Service. However, The Treasury (2018) also notes that some of this gap cannot be easily understood and this research sought to provide insights into these missing aspects. The present study suggests that there are several factors that probably account for *some* of the ethnic pay gap. The present study highlighted several factors that might contribute and then offered potential recommendations that might address some of these points.

Finally, returning to the *whakataukī* for this research and the report: we have captured the voices of the *rito* (the central roots) and these stories (their voices) are now passed on to *Papa Pounamu* in their role as *matua* or the *awhi rito* in this proverb. Addressing the ethnic pay gap is an important task and some of the recommendations would make reducing the gap achievable – especially for the lowest paid groups (Pacific women and men). This will benefit the *whakapapa* of the Public Services – particularly those here and those yet to come – and remind us that in the Public Service, all people are its most valuable asset.

Nga mihi,

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January 2019

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9. Appendices

Appendix A. Study Methodology

A.1. A Kaupapa Māori Research Approach

When conducting research with Māori respondents – especially qualitative research – I like to follow the principles of kaupapa Māori research (Smith, 1999) around conducting scientifically rigorous positive research (where possible) but especially being culturally sensitive and validating the contribution that Māori (and other indigenous people and minorities can bring). This approach has been well utilised in research on Māori employees (Haar, Roche, & Brougham, 2018a; Roche, Haar, & Brougham, 2018) and studies of Māori communities (Haar, 2006).

Given the focus is on ethnic minorities in a position of less power – specifically around pay (The Treasury, 2018), such an approach can be beneficial for <u>all</u> respondents. This is important because kaupapa Māori research can provide a focus through which indigenous people (and specifically in this study – all ethnic minority employees) can become a community of the researcher-researched. As such, participants can contribute in discourse and interchange ideas regarding their pay and career experiences, with which to "explore the drivers of ethnic pay gaps and identifying ways to address them" (State Services Commission, 2018, p. 33).

Smith (1999) outlined several implications for undertaking research in Māori communities and suggests some are more applicable than others – depending on the research project. Of relevance to the present research, these factors include that research should be (Smith, 1999):

- Culturally safe – and here I broaden this beyond Māori culture to include being universally safe culturally for all ethnic minority employees participating.
- Involves mentorship – this is especially prevalent given the focus is on the Public Service and I am more broadly employed in the State Sector. Thus, gaining direction and insight from experienced members (Pou Mātāwaka) aligns well with this research methodology.
- Have scientific rigour – this is a vital component and one that assures the findings are robust to give weight to any recommendations from the research.
- Have a goal of empowerment – and this is highly applicable in the present study, where identifying the drivers of ethnic pay gaps should provide engage in research that empowers (Haar et al., 2018a). This is especially true with a long-term focus to reducing the ethnic minority pay gap and providing greater equity.
- Be undertaken by a researcher with empathy for Māori and have a good level of cultural competence. Given the ethnic minority focus, this empathy can be broadly expanded to all participants. Furthermore, given my personal focus as a Professor of Human Resource Management (AUT) and my understanding of equity and fairness in the workplace –

especially around pay (Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Cohen-Charash & Spector, 2001) and including New Zealand employee samples (e.g., Haar & Spell, 2009) means there is much alignment with an empathetic focus on this research project.

In summary, a broad application of kaupapa Māori research was the guiding principle for this research. Understanding the drivers of an ethnic minority pay gap are useful not just for Māori, but also for Pacific peoples, and other minorities (e.g., Asians) who might be experience an ethnic pay gap. Consequently, this research was driven by these factors and aligns with the *whakataukī* at the start of this report, where we seek to hear the voices of those at the core of the Public Service - to capture their experiences and support positive change.

A.2. Study Approach

An important aspect of the project was the timing and budget requirements that subsequently required a quick turnaround of interviews and the written report. Consequently, the requirement was that interviews would be done over the phone to facilitate speed given the large number required. While kanohi ki te kanohi (face-to-face) communication would have been the preferred approach under a kaupapa Māori research approach (Smith, 1999) this simply was not possible. Furthermore, the phone call provided a level of confidentiality and privacy that might have facilitated more openness from respondents. It was felt that due to time constraints – some willing participants might have been away for example – that an on-line version would also be provided. The responses from the online survey did not generally differ from the phone call interviews and specifically provided a totally anonymous option.

In coordination with Berlinda Chin and the wider Pou Mātāwaka group, a small number of questions were selected for asking respondents. These were drawn from the earlier literature as well as other studies around career success (Eby, Butts, & Lockwood, 2003; Ng, Eby, Sorensen, & Feldman, 2005) including indigenous models of career satisfaction (Haar & Brougham, 2013). It is important to acknowledge that the literature on career success is **broad.** The meta-analytic[1] study by Ng et al. (2005) identified 27 different factors that contribute to pay alone. That study also concluded that being from an ethnic minority was disadvantageous.

The questions used were as follows (and these were represented identically in the on-line survey with large open text boxes provided for each question).

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[1] Meta-analysis refers to a compilation of empirical data used to provide more robust understanding of effects and findings. Such studies tend to give us greater confidence in relationships because they include multiple studies. In this study, some effects came from over 50 studies with over 45,000 respondents.

A.3 Research Questions

The questions were open-ended to enable respondents to tell their story around their experiences of pay and careers. The present study has a focus that is more historical because current pay experiences might not be applicable (someone may not have negotiated or applied for a pay rise or promotion recently). The questions are listed below:

First question: *I am interested in capturing your experiences and thinking on career progression within the State Services (e.g., identifying and securing professional development opportunities, stretch/ experiential opportunities (e.g., secondment, promotion etc). Please detail any relevant experiences or thoughts?* Respondents were encouraged to consider the question in two parts: (a) positives and opportunities and (b) negative - barriers and challenges.

The second question was specifically targeted at pay due to the identified gaps (The Treasury, 2018; State Services Commission, 2018). Hence, a simple question was asked about pay negotiations and about what might make any pay negotiation process easier for them. It was purposefully broad to account for potential changes over time (experiences).

Second Question: *Specifically, regarding pay: Have you or do you, negotiate(d) pay? When? What was the outcome? What support/resources did you have? What would you have liked or made it easier?*

While the first two questions covered the focus of the study, the third question was included to ensure other extenuating circumstances might be captured. This was asked to enable both positive and challenging factors to be captured.

Third Question: [Regarding diversity] - *Is there anything you would like to share on what you bring from your past or current experience [e.g., family or household status (e.g., sole parent), decile or socioeconomic status, benefit receipt, dependents, disability, sexual identity etc.] that help shape your progress within the State Services?*

The last question was simply an open invitation for the respondent to add any final thoughts or comments.

Forth (Closing) Question: *Are there any other comments you'd like to make around career and pay within the State Services?*

A.4 Study Participants and Details

The project sought to capture interviews from a minimum of 30 respondents and ideally up to 40 respondents. It was key that respondents came from the broad range of ethnic minorities captured in the State Services Commission (2018) report: Māori, Pacific peoples, and Asians. Ideally, a broad range of gender and positions would be captured as well as a range of positions (Tiers). To ensure confidentiality, I was asked to code respondents from Tiers 1-3 as Leaders and those Tiers 4-6 as Emerging Leaders. This is purely to ensure no one could be identified. I

did not collect data on Government Department or Agency and uniformly call these 'Departments' in the Results section.

Given there are almost 50,000 Public Services employees and around 31% are ethnic minorities, this represents roughly 15,500 employees. To facilitate the recruitment process, the Pou Mātāwaka group provided me with a list of 136 individuals, including name, and contact details, as well as their position (Tier) and ethnicity. This was drawn from a wide number of member agencies within the State Services. It is a limitation that only those who indicated they were of an ethnic minority could potentially be contacted. Consequently, those who are of New Zealand European and Māori descent who did not identify as Māori were not selected for the list.

All individuals listed were blind-copy emailed the invitation (see Appendix B). From the 136, 12 email addresses were returned (delivery failure). Some of these I was subsequently able to locate (online) and correct email addresses were then re-contacted. In total, 10 were not found (the reasons included staff turnover). A follow up email was provided by Pou Mātāwaka to confirm the research project (due to 1-2 queries from individuals on the list). From the remaining 126, 44 positive responses to participate were received. Of these, 42 were confirmed and ultimately 40 were completed – including 34 by phone and 6 on-line. Of the remaining two who were interested, their scheduling became impossible and thus they were unable to be interviewed. A breakdown of respondents (and key demographics) is shown below. These factors are **not** linked to comments to ensure confidentiality.

Table. Study Respondent Breakdown

Respondents Demographics (n=40)	Percentage (rounded)
Gender – Male	43% (n=17)
Gender – Female	58% (n=23)
Age – 50 years plus	43% (n=17)
Age – 40-50 years	40% (n=16)
Age – up to 40 years	18% (n=7)
Education – Up to Bachelors	70% (n=28)
Education – Postgraduate	30% (n=12)
Tenure – less than 10 years	30% (n=12)
Tenure – 10-20 years	35% (n=14)
Tenure – more than 20 years	35% (n=14)
Ethnicity – Māori	38% (n=15)
Ethnicity – Pacific peoples	20% (n=8)
Ethnicity – Asian	20% (n=8)
Ethnicity – Indian	20% (n=8)
Ethnicity – Other	3% (n=1)
Position – Leader	73% (n=29)
Position – Emerging Leader	28% (n=11)

Overall, the Table above shows there is a good spread by gender (57.5% female), a good cross section of ages, education and tenure. Respondents are more likely to be from Tier 1-3 (72.5%), but this was a major focus of the potential respondent list (at 80%). By ethnicity, there is a good spread with Māori being the largest group of respondents at 37.5%, which does reflect this group is the largest ethnic minority group in the Public Services.

In total, 40 interviews were conducted. Interviews started in mid-to-late September 2018 and were finished late October 2018.

A.5 Analysis

In total, 40 semi-structured interviews were conducted that allowed for the topics of pay and career success for ethnic minorities in the New Zealand State Services to be explored in detail (Smith & Eatough, 2006). All interviews were transcribed and analysed using interpretative phenomenological analytic (IPA) techniques, which has been used in studies of indigenous (Māori) employees (e.g., Roche et al., 2018; Haar et al., 2018a). This approach relies on searching for important themes that emerge in the description of the phenomenon (Daly, Kellehear & Gliksman, 1997). This method of analysis permits an examination of the way respondents appreciate or react to their personal experiences and workplace and is useful for complex and/or novel topics (Smith & Osborn, 2003; Ruru, Roche & Waitoki, 2017).

The research focus of the present study on pay and career experiences had a high level of complexity around this phenomenon, and thus required in-depth examination. This is relevant when we consider that the project asks respondents to cast back through their entire work history in the State Services – sometimes this is decades and across multiple Agencies. This highlights the complexity of the topic. This approach and subsequent process requires in-depth focus and time, as the documentation and identification of themes is made through carefully "reading and re-reading of the data" (Rice & Ezzy, 1999, p. 258).

Willig (2001) suggests the IPA technique is useful for interpreting qualitative stories because it can capture the depth of a person's experience at work, while achieving insight into how participants make sense of these experiences at work (Smith 2004). Typical of the literature (e.g., Haar et al., 2018a), I used a two-stage process of interpretation:

(1) an initial thematic analysis was conducted, and this was organised into major themes. These broad themes were then discussed with the Pou Mātāwaka group and feedback was used, which focused on interpretation and how this feeds the recommendations section and ensuring clarification of terminology where needed.

(2) Next, it involved a more detailed thematic analysis, with themes being cross-referenced back to the data and verified by the initial feedback from the Pou Mātāwaka group and the researcher. This approach to data analysis incorporates both data-driven inductive approach (Boyatzis, 1998) and the approach of using deductive a priori templates of codes (Crabtree & Miller, 1999). This dual methodological approach has been well used for interpreting qualitative research (Fereday & Muir-Cochrane, 2006).

With thematic analysis, important comments and phrases were sought from the data and encoded before a process of interpretation was conducted on the phrase or comment (Boyatzis, 1998). With this approach, a "good code" is a comment or phrase that captures the qualitative intensity of the phenomenon (Boyatzis, 1998, p. 1). Once the data is encoded, then this allows for the organised data and its subsequent related patterns to be further identified, developed, combined and catalogued into themes. Within this approach, (Boyatzis, 1998) defines a theme

as "a pattern in the information that at minimum describes and organises the possible observations and at maximum interprets aspects of the phenomenon" (p. 161), or, according to Taylor and Bogdan (1984), as "conversation topics, vocabulary, recurring activities, meanings, feelings, or folk sayings and proverbs" (p. 131).

The approach of using a thematic analysis is important because this approach brings together fragments of comments – whether ideas expressed, or perceptions, or stories and experiences, which if examined separately, might be viewed as being worthless or lacking meaning (Leininger, 1985). Consequently, this approach weaves these fragments of respondents' stories together to form an inclusive and complete 'picture' of participants' collective experience (Aronson, 1994) towards their pay and career experiences. Finally, Leininger (1985) highlights that it rests with the research analysts regarding their ability to adequately interpret themes and this is done through rigorously studying the different and distinct components together.

The *template* approach of Crabtree and Miller (1999) was used to analyse all the data from the interviews and online data. Under this methodological approach, a codebook is used as a template for data analysis: initially used to collect comments and then start to organise comments and phrases for later analysis and ultimately interpretation. This approach requires the researcher to pre-design a template or codebook – which some initial defining themes, before ultimately conducting an in-depth analysis of the data (Fereday & Muir-Cochrane, 2006) based on the career, pay and fairness literatures (e.g., Eby et al., 2003; Ng et al., 2005; Haar & Brougham, 2013; Colquitt et al., Ng, 2001; Cohen-Charash & Spector, 2001; Haar & Spell, 2009).

A.6 Limitations

It is important to acknowledge the limitations of the present study. Forty respondents provide extensive data, but it is not exhaustive. Furthermore, the interviews were over the phone rather than the more desirable face-to-face but given the kaupapa of the study was established in the email, respondents had the right to engage in the research or not, I felt respondents gave freely in their thoughts and experiences, and I am confident the findings reflect well on their experiences. However, one potential issue is the 72.5% of respondents who are senior leaders, and thus who have achieved higher status (Tiers 1-3). Such extensive career progression, especially as ethnic minorities who we know are poorly represented in management (State Services Commission, 2018), means that these are respondents are more likely to feel positive about the Public Services and the opportunities they have received, which might be a natural reflection of such a study.

That said, and countering this potential issue, many did speak of their 'struggle' to progress and ultimately 'make it' (to the senior leadership level), and furthermore these are particularly the stories that were wanted to be captured. That said, it is important to acknowledge that most

respondents are long-term employees and thus their opinions might be coloured or tempered, although there was a wide range of positive (and some less positive) comments. It must also be acknowledged a limitation of this qualitative research. While the insights are rich, we do not understand the effects of these factors across a wide range of ethnic minority employees. We don't know if some Agencies or Departments have specific strengths or weaknesses over others. A large survey of ethnic minorities could provide useful insights and would allow for enough confidentiality (through larger groups) which would then allow comparison analysis across difference Pubic Service entities.

Finally, Saunders and colleagues (2018) discuss the technique within qualitative research of *saturation*, which has "attained widespread acceptance as a methodological principle in qualitative research. It is commonly taken to indicate that, based on the data that have been collected or analysed hitherto, further data collection and/or analysis are unnecessary" (p. 1893). While the present study interviewed 40 respondents to provide broad coverage, there was a high level of 'saturation' across responses. While everyone has a unique story to tell, at times the responses became very similar and thus the themes emerged.

The Results Section (Chapter 5) provides the key themes and a highlight of some key individual responses.

Appendix B. Study Invitation

Subject: Invitation for interview on the State Services ethnic pay-gap
Kia ora State Services leaders!

My name is Professor Jarrod Haar of Ngati Maniapoto and Ngati Mahuta descent, and I have been contracted by the States Services Commission (SSC) to conduct research on the ethnic pay-gap in the State Services. Like the gender pay-gap initiative, this research is trying to understand **some** of the key drivers for pay differences amongst ethnic minority employees across the State Services. The State Services Leadership Team (SSLT) has committed to identifying gender and ethnic minority pay gaps and to close them. *Pou Mātāwaka*, a group comprised of chief executives, has been established to provide leadership and build momentum for this work. This work seeks to capture and articulate the story of lived experience and personal reflections of Māori, Pacific and ethnic leaders who have secured senior leadership roles in the State Services. This research will help form the basis for the development of future work to address the drivers of ethnic pay gap. This research also links to the wider work of Papa Pounamu and will provide specific input into the Diversity & Inclusion work programme.

Without your input, these stories cannot be shared and learnt from, so I am hoping you will be willing to participate. Your name has been supplied by the SSC as a potential respondent and I am happy to conduct interviews by phone, skype, or face-to-face (specifically in Auckland where I am located). There is an online survey option too (details below). The interviews will be anonymous, and the captured stories will be presented together with no individual identified. I will not be linking your Department or position, although stories are likely to be separated by leadership position: senior (Tiers 1-3) versus emerging-senior positions (Tiers 4+), simply due to different experience between respondent groups. At no stage will your exact position level or Department be included. The stories seek to understand the drivers and barriers towards advancement and pay and the interviews will be presented as a collective story.

This project is open now and I am hoping to capture all stories by the middle of October 2018. All I require is for you to respond to this email with your contact details and an ideal time and we can confirm things specifically for you. As I am hoping to conduct many interviews (30-40), I envisage the interviews will be quite straight forward and specific – taking approximately 20 minutes. You can choose to disclose as much or as little as you like.

There is also an anonymous survey link where you can provide additional information **after** the interview [link here:] https://aut.au1.qualtrics.com/jfe/form/SV_9LBRfqIek1Tduyp

If you are unable to do the phone interview but want to participate, there is an anonymous survey where you could do this interview online instead [link here:]
https://aut.au1.qualtrics.com/jfe/form/SV_3rgewjvy1ysMfSB
You might also like to check this survey as my phone interview questions will be the same.

Thank you for considering in participating in this research,

Nga mihi,

Jarrod Haar
Professor of Human Resource Management