



# working smarter.

how new zealand organisations can boost productivity

# maximising people's potential.

When New Zealand went into full lockdown on March 25, 2020, one of the biggest concerns for Kiwis, besides their health and that of their whanau, was the potential impact COVID-19 could have on the economy. A survey at the time by Utting Research found that 91 per cent of Kiwis surveyed felt COVID-19 would hit the economy “badly”.<sup>1</sup>

Fast-forward to June 2020, and Stats NZ found about one in 14 workers expected to lose their job or business by mid-2021. But on a more positive note, over 70 per cent were confident there was little to no chance of losing their job or business.<sup>2</sup> Some reasons for this positivity include that unemployment levels have remained above 6%, as more workers have moved to remote working, contradicting initial effectiveness concerns about potential fallouts from a socially distanced workforce.



A study by Otago University in October also found that three-quarters of Kiwis said they were just as productive working from home under the lockdown as they were in the office, if not more so.<sup>3</sup>

And across 'the ditch', the UNSW Canberra Public Service Research Group and CQ University – which jointly surveyed 6,000 Australia Public Service employees - found that 90% of managers felt their teams were equally or more productive than when they worked in the office. Two thirds of managers and staff also wanted to continue working from home for some of their workdays.<sup>4</sup>

Randstad's own Employer Brand Research has found that flexibility in working hours and the ability to work from home ranked the second highest by Kiwi workers when it came to desirable job benefits. Productivity is a key determinant of economic growth and measured through output growth but according to the New Zealand Productivity Commission, domestic labour productivity remains around 40%, below the average of the top half of the OECD, which translates into below average incomes (even with high labour utilisation) and comes at a real cost to living standards.<sup>5</sup>

While most Kiwis would be loath to admit it, our productivity is lagging behind that of Australia and the USA among many others.

Comparison with markets such as the USA show that greater investment in technology that supports workers aids productivity, and there is evidence that a more qualified workforce is linked to higher productivity. So how can we capitalise on the business (and personal benefits) of working in a COVID-19 environment to counteract the challenges and grow capability, business and our economy?

In this productivity white paper from Randstad we dive into key productivity drivers and provide case studies of organisations on the cutting edge of productivity innovation.

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**Randstad**



the race  
is on.





Companies are looking for talent who are familiar with working remotely and who will maintain their productivity while working flexibly.

While productivity has always been a priority, the experience of lockdown and the need to kick-start recovery has sharpened the focus. A recent Randstad survey, looking at the impact of COVID-19 on the workforce, found that 85% of participants see employee performance and productivity as one of the main priorities for HR in the near future.<sup>6</sup>

Lockdown has also proven to be a historic turning point for identifying new and effective ways of operating an organisation. When participants in the COVID-19 survey were asked what is the most important factor when settling on a job, flexible working arrangements were seen as the most significant attraction, which includes working from home and flexible working hours.<sup>7</sup>

The experience created by the pandemic has not only demonstrated how much can be achieved through working remotely, but also how quickly organisations can adapt with the right agility, technology, and workforce commitment.







how does  
new zealand rate?



New Zealanders are hard workers, and according to the OECD the average person works 1,779 hours a year. And while the average American works just as many hours, New Zealand still falls behind on overall productivity.<sup>8</sup>

Many countries have seen a decline in productivity since the global financial crisis, and productivity will be restrained again following the impact of COVID-19 restrictions, but New Zealand's productivity has failed to perform since the mid-1990s.

If productivity remains at its current levels of growth, the Productivity Commission predicts that real GDP will be 18% lower in 40 years.<sup>9</sup> This is despite OECD research that suggests New Zealand's policy settings should be generating GDP per capita 20% above the OECD average.<sup>10</sup>

To be productivity champions, we as a country need to 'work smart' as well as hard. There is no doubt we are lagging, and comparisons to the US, the longstanding pacesetter in global productivity, highlights room for improvement.

But we also have some advantages in terms of being early adopters of technology, which has been shown to support stronger productivity and support resilience.





why is  
new zealand  
lagging?



## New Zealand is 22nd in the IMD's World Digital Competitiveness Ranking.

The main reason for New Zealand's stalling productivity growth is a lack of investment, especially in the technologies needed to drive productivity and broader organisation growth. The game-changing potential of new and emerging technologies is immense.

The Productivity Commission put the hesitation for investment down to uncertainties over costs and benefits, risk aversion and management capability.<sup>11</sup> New Zealand is 22nd in the IMD's World Digital Competitiveness Ranking, down from 18th last year, just ahead of Iceland but some way behind the US which is out in front, and Australia at 15.<sup>12</sup> While New Zealand was placed better for our Adaptive Attitude, we drop back in the areas of organisation agility (44th), training and education (37th) and capital investment (24th).

The most obvious solution would be to increase tech investment. But big spending is broadly on hold because of the difficult economic situation and any funds that are committed need to be used wisely. That is why boosting workforce capability and productivity is more critical than ever. More than just a few rainmakers in research and development, this requires the workforce to adopt new technology and harness its full potential.

Modernising your workforce doesn't just demand new skills, but also buy-in from your people and a culture that fosters innovation. The final piece in the jigsaw is management capability.





productivity  
turnaround.



# measure and track.

These are two simple ways you can transform the people side of the productivity equation.

But how much do you know about what your employees do with their time, and is it genuinely productive? Systematic measurement and tracking would enable your organisation to identify productivity opportunities and execute the necessary changes.

Research into financial services businesses carried out by PwC shows that time tracking alone can drive a 15- 20% improvement in productivity.<sup>13</sup>

During the post-lockdown 'new normal', priorities for measurement and improvement include speeding up authorisation when employees have dispersed in many locations.

You can identify and solve problems such as reducing the time highly skilled/paid employees spend on low-value activities, or by ensuring you only invite people who genuinely need to be in meetings by building productivity evaluation into the strategy of delegation.

“Don’t count the days.  
Make the days count.”  
Muhammad Ali





# engage and communicate.

From significant investments in technology to small-step improvements in productivity, your chances of success are much higher when you have buy-in from your people. It's also important to explain why you are taking these steps and how they can benefit employees. It's especially important to address potential anxieties about changes of role or possible redundancy concerning conversations about technology.

In an example from the automotive industry, carmakers in Argentina have faced longstanding productivity challenges, especially in relation to absenteeism. Toyota has put engagement at the heart of its strategy for turning around productivity. "Dialogue with the unions and employees is the key. We've been able to cut absentee rates from 8% to 3% and now have one of the highest rates of productivity in the industry," said Andrés Massuh, HR and Corporate Administration Director, Toyota Argentina, in an interview for Randstad Standing Out.<sup>14</sup>

"This same dialogue and agreement are equally essential in preparing Toyota for the future. We've committed to protect jobs and invest in skills, and in return, the unions are working with us to adapt agreements and modernise working practices. We see ourselves as working towards a common goal. The unions recognise that we need to continually improve efficiency to enable us to keep growing and protect their members' jobs."

This dialogue and support are especially meaningful as more people work from home. The trend has become firmly established in lockdown and looks set to continue. So far, the signs are positive. A Randstad survey found that nearly 40% of New Zealand participants have been able to make more time for themselves as a result of working remotely and nearly 52% believe their employers are taking care of their wellbeing.<sup>15</sup>

However, according to Professor Frederik Anseel, UNSW Business School Associate Dean of Research, productivity can suffer in companies that haven't yet established a culture of working from home.<sup>16</sup> Professor Anseel cautions that people can feel isolated. Space may also be tight if partners are also working from home, and children are not at school. "It's very important for managers in these times that you communicate very clearly and often with people," he says.



## case study

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### versa and perpetual guardian.

1

Like flexible and remote working, the four-day week is now moving into the mainstream. Perpetual Guardian, a New Zealand financial services company, not only reported enhanced employee wellbeing after moving to four days, but also a 20% improvement in productivity. Key drivers include enhanced commitment and empowerment within the workforce.

Versa, an Australian digital marketing company, prefers workers to take Wednesdays off, though it doesn't insist in line with its promotion of flexible working. In part, this is to make scheduling of meetings easier. Versa also wants to avoid the dangers of a three-day weekend, in which employees are tempted to "really go large".

By favouring a day off in the week, Versa wants to encourage employees to catch up on their sleep, take some exercise and other steps to boost their health and wellbeing.

However, four days may not work for everyone. Some workers believe that working longer days and trying to fit more work into them can be stressful. This suggests that such arrangements work best when they are optional and flexible.

Could a four-day week be next on the agenda?<sup>17</sup>



# agility and willingness.

Harnessing new technology and moving to new ways of work requires a whole new set of skills. However, as we explored in a recent report, securing in-demand skills now, perhaps the most critical capability – the ‘super skill’ – is the ability to keep learning and adapt throughout a career.<sup>18</sup>

This super skill should be just as much a priority for executives as the people they lead. Management should understand the technologies they are introducing and why, rather than merely delegating this to innovation or IT teams to help bridge the digital capability gap.

“Through mistakes you learn.  
Through failure you explore.”  
Albert Einstein





# case study

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## BHP.

Big investment in systems and machinery has been at the core of mining giant BHP's productivity drive in recent decades. "This wave of productivity was great for us and great for our shareholders, delivering billions of dollars of benefits to our bottom line," says Jonathan Price, Chief Transformation Officer.

Now, with gains harder won, BHP wants to add workforce upskilling and empowerment to this transformation 'core'. "We need to give them (our employees) the space to improve and innovate. Of course, we provide the appropriate training and tools. But the game-changer here is inverting the typical leadership model: allowing our leaders to become coaches and empowering our frontline employees to take decisions and drive change," says Jonathan Price.

To illustrate the point, he cites the nominal example of 'Sally', one of the organisation's 'unsung heroes', who works as a maintenance engineer in an iron ore mine in Western Australia. Prior to transformation, Sally's day was largely focused on just getting the job done, which involved a lot of unplanned reactive work. Now, a step-up in investment is enabling Sally to develop new skills, with the key aim of helping her to feel more empowered, trusted and valued.

Sally also has new data and analytics tools that help her make proactive decisions with greater certainty.

"This is not just a story about Sally. The results show improved organisation outcomes. Overall equipment uptime has increased by more than 5%. In a 24/7 operation this means higher volumes and lower costs. Her people are also far safer because they have the time, the processes, and the freedom to plan their work," says Jonathan Price.

How workforce empowerment is transforming BHP.<sup>19</sup>





# health and wellbeing.

Happy and healthier workers are more productive.<sup>20</sup> Support for wellbeing plays a vital part in this. According to a survey of New Zealand workers carried out by Stats NZ, employees who had good overall workplace relationships and wellbeing had high levels of satisfaction (91%), compared to those who struggled to build relationships only had a 55% satisfaction rate.<sup>21</sup>

Ways to boost workforce wellbeing and happiness range from improvements in the working environment to positive feedback or encouragement from management. This kind of support is even more important now that many workers are facing the potential stress and isolation of working from home.

In addition to improved communication, you can think about how to replicate the benefits of the physical workplace in the home office through initiatives such as online fitness classes or virtual social activities.





## case study

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### british telecom.

A study of people working in British Telecom contact centres, which was carried out by researchers at Oxford University's Saïd Business School, found that happy workers are 13% more productive.

The BT workers were asked to rate their happiness on a weekly basis for six months. This was matched against data on attendance, call to-sale conversion, and customer satisfaction, along with the worker's scheduled hours and breaks.

The researchers found that happy workers do not work more hours than their discontented colleagues – they are simply more productive within their time at work.

“We found that when workers are happier, they work faster by making more calls per hour worked and, importantly, convert more calls to sales,” said research lead, Professor Jan-Emmanuel De Neve.

# 3

Happy employees really do deliver more.<sup>22</sup>





firing on  
all cylinders.



COVID-19 has intensified the pressure on organisations to sharpen productivity while providing a catalyst for introducing and accelerating real change.

You can't rely on technology alone to make the difference, especially as a lot of big-ticket investment projects may have to be put on hold for now. But you can still achieve a significant increase in productivity at often nominal cost by focusing on ways to help your people make more valuable use of their time and talents – work smart.

Moreover, there has never been a better time to get your workforce functioning at a peak level of performance. One of the critical lessons from lockdown is that we can transform ways of working far quicker than anyone would have previously thought possible. The other lesson isn't new but easily forgotten – the more you care for, and communicate with your staff, the more they will deliver in return.

“Improved productivity means less human sweat, not more.”  
Henry Ford





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