

WORKPLACE PRODUCTIVITY WORKSHOP

SUMMARY OF PROCEEDINGS

18-19 MAY 2004

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EXECUTIVE SUMMARY

New Zealand's GDP per capita has grown at a rate faster than the Organisation of Economic Cooperation and Development (OECD) average for the last 10 years. However our labour productivity levels still fall short of the OECD average.

The government appointed the Workplace Productivity Working Group (WPWG) in February, to identify key issues affecting New Zealand's workplace productivity and suggest how they might be addressed. The WPWG hosted a workshop on 18 and 19 May 2004 to assist its work. The workshop was attended by over 70 business leaders, academics, officials and other interested parties (A list of participants is attached as Annex One)

The workshop's objectives were to test whether the WPWG had identified the important issues, discuss successful methods already used in New Zealand, and build consensus between key decision makers. The ultimate objective of both the workshop and the WPWG is for New Zealand to adopt business practices that create value and improve workplace productivity.

This paper summarises the discussions, issues and suggestions that came out of this workshop. It is both a record of the workshop and a resource for the WPWG's report to government.

The key issues identified and agreed to by workshop participants follow.

1 Defining workplace productivity and looking at ways to improve it

- There was common ground on key issues.
- Participants felt the WPWG's overall focus was sound.
- Participants agreed that productivity was a function of numerous, interrelated issues including leadership, culture, managerial capability, skills, technology, workplace practices and workplace organisation, and measuring productivity. The workshop looked at each of these factors in individually but realised the synergies that exist between them. The key is to combine them in a way that optimises workplace productivity.
- Investment in skills, capital and technology needs to increase.

2 Focus on "lifting value"

- The term productivity needs to be more closely aligned with adding value rather than increasing cost efficiency. This will help dispel the negative connotations around the word.
- Strong leadership and workplace cultures will encourage all employees to lend innovative ideas to the workplace. This "discretionary" effort, over and above their basic job description can play a valuable role in improving workplace productivity.

3 The need to rebrand productivity

- Productivity is too closely associated with job losses and cost cutting. It needs to be more closely aligned with concepts such as creating value, getting richer, working smarter and smart enterprises.

- The challenge is to encourage employees and employers to value aspirations and excellence in the workplace – and then recognize the need for wider involvement. The workplace should be seen as an important place to engage in discussions on productivity.

4 Communicating the need for improved productivity to businesses

- The large number of small businesses in New Zealand's makes broad communication difficult.
- The reach of government-support agencies is often limited.
- Many businesses are satisfied with where they are and are not aspiring to grow or improve.
- Business to business channels are an communications tools (including mentoring, networking).
- Best practice case studies and stories on improved workplace productivity need to be shared widely.

5 The value of partnerships

Businesses can work with like-minded businesses and organisations to share knowledge and expertise that make them more productive. Partnerships need to generate genuine engagement to be beneficial and the form of the partnership needs to fit the needs of individual firms and industries.

6 Post-workshop engagement

Participants expressed a keen interest in continuing workshop's dialogue. They are keen to remain engaged in the exchange of ideas surrounding workplace productivity.

INTRODUCTION

The commentary in this report encapsulates comments and views expressed during the workshop. It attempts to capture a flavour of the dialogue over the two days. It is not exhaustive and should not be interpreted to represent all the views of the attendees.

OPENING COMMENTS

Peter Mersi – Treasury

“We are getting the most out of the capital we have, but the level of capital remains low.”

The aim of increasing New Zealand’s overall productivity is to increase our living standards, often approximated by GDP per capita. New Zealand’s GDP per capita growth has exceeded the OECD average in the last decade, having fallen short of this average for several years.

The gains of the last decade have largely come from increased labour utilisation. Multi-factor productivity, or the way firms combine labour and capital, has also improved.

Despite growing at about 1.7 per cent per annum in the six years to 2002, New Zealand’s labour productivity rates still lag behind the OECD average.

Gains to labour productivity can be made from increasing our low rate of capital accumulation. New Zealand is getting the most out of the capital it has available but the level of capital remains low. While outside the scope of the workshop, this low capital investment is of considerable concern.

The bulk of productivity gains come from within firms, with firm entry/exit and the expansion/contraction of firms also a factor.

There is a broad understanding of the factors of productivity but less is known about why it is lagging, barriers to productivity improvement and policies that could boost it.

Geoff Dangerfield – Ministry of Economic Development

“We have lots of good ideas in New Zealand but we’re not very good at turning them into successful businesses.”

The government has numerous policies designed to promote business development in our small and open economy, comprised of many small and medium enterprises. These include:

- Encouraging innovation.
- Developing the skills and talents to innovate
- Strengthening export markets

The key drivers of innovation include direct investment in R&D, equipment and technology, marketing and training. The Ministry of Economic Development’s focus in the coming year is to look at improving the commercialisation of R&D, investigating New Zealand’s capital shallowness and identifying the skills needed to support R&D.

Management capability has also been identified as a constraint to New Zealand's economic growth. There is little understanding of New Zealand's management capability and how it compares internationally. MED is looking to improve this understanding. It is working with the private and non-government sectors to find ways to fill the gaps in New Zealand's management capability.

Finally, New Zealand's culture and attitudes have a strong bearing on the way it does business. Its regulatory framework needs to reflect the way New Zealanders view success and failure. For instance, the Insolvency Reform Bill, currently under public consultation, needs to strike a balance between protecting creditors and encouraging entrepreneurship.

James Buwalda – Department of Labour

“The government's role in improving workplace productivity is to identify and communicate to businesses the practices that improve their productivity.”

The economic growth of the '90s was largely driven by labour utilisation, but in more recent years productivity has had an impact. There remains much room for improvement.

We need to dispel the myth that productivity means cutting costs and jobs.

We need to invest more in capital *and* ideas.

In the current environment, skill shortages need to be addressed through attracting appropriately skilled migrants, teaching skills that meet business needs and developing foundation skills to encourage workers' contribution to the changing workplace. There is also a need for quality employment relationships that recognise the need for work/life balance.

This workshop should identify the issues surrounding workplace productivity, make recommendations around these issues and decide who takes responsibility for addressing them.

Feedback to opening speeches

We should focus on what makes us unique. Our small business size, proximity to international markets, the need to invest in more capital, cultural attitudes and the effect of the 1980s reform process on New Zealand are all worth considering.

Productivity issues are similar between big and small countries, despite disparities in company size. The key difference between NZ and Europe is that Europe is better at finding resources that generate true value.

Productivity issues vary between large and small companies within NZ.

There is a lack of data on whether New Zealanders are identifying investment opportunities.

BUSINESS AND UNION PERSPECTIVES ON WORKPLACE PRODUCTIVITY

The CTU and Business NZ are working together on a range of strategies to lift national productivity. These presentations covered a range of these.

Ross Wilson – Council of Trade Unions

“Workers must be involved, so that they may share in the gains of improved productivity.”

The CTU regards productivity improvement as key to New Zealand’s growth. Unions recognise that in the long run wages will increase, and jobs will be more secure, if there are improvements in productivity.

Many workers are afraid of productivity, associating it with job cuts, restructuring and intensification. This needs to be overcome.

The CTU believes workers must be involved in lifting productivity, so that they may share in the gains of improved productivity.

Better productivity is the result of a number of different elements. The CTU has highlighted the combined importance of investment in skill, investment in technology and improved workplace productivity. To this end, it supports the government’s investment in skills development, as it improves a worker’s ability to suggest ways of doing things smarter.

Worker participation also increases commitment to business initiatives.

Simon Carlaw – Business New Zealand

“It is up to business to take the lead on this issue.”

Business New Zealand and the CTU have engaged in informal dialogue in three areas: education and training, infrastructural development and workplace productivity.

Business New Zealand is particularly supportive of skills development. It supports industry training, targeting industries with a low uptake of such development and takes issue with current funding caps including on the Modern Apprenticeships scheme.

However, there is no point in looking at workplace productivity if core infrastructure and international competitiveness throttle industry growth (e.g. transport and energy infrastructure). There is also a need to deepen capital investment and increase the take-up of new technology.

There is no need for another institutional creation to address productivity needs. Such a response would be expensive and not necessarily helpful. It is up to business to take the lead on this issue to encourage the community to take on the necessary mindset

Feedback on business and union perspectives

“The government needs to make sure the pitch is good so business can score the tries.”

There was a question on the role of the government in improving productivity: What can government do that Business New Zealand and the Council of Trade Unions cannot? The answer was that the government needed to legitimise the productivity debate and provide the resources to change attitudes in the workplace.

There was consensus on the need to improve core infrastructure and international competitiveness in conjunction with lifting productivity.

GROWTH CULTURE PRESENTATION – FROM GROWTH AND INNOVATION ADVISORY BOARD CHAIR RICK CHRISTIE

“Most of us think of work as more than taking a pay packet home.”

The GIAB’s research shows that Kiwis rate quality of life and the natural environment above employment prospects, business opportunities and increasing personal wealth.

There is strong support for economic growth. Employers and employees also agree on the need for new ideas and ongoing learning. However, New Zealanders don’t buy into traditional growth messages. There is also concern about the negative consequences of growth and ambivalence about big business.

The need is to align growth goals more closely with core Kiwi values e.g. connecting economic growth with better health services.

Very few businesses have a written business plan, possibly a big ask given the number of NZ firms with less than five staff.

People store the most trust in academics, family and friends, and business leaders (or “the boss”).

Feedback from the workshop

People value productivity and innovation more in a small business than in a big business.

Some people do not push productivity because they feel doing so would mean working harder and spending less time with their families. These values are getting stronger in terms of shaping attitudes to economic growth.

COMMENTARY FROM BUSINESS COMMENTATOR ROD ORAM

"It's not what you make but how you make it and how you sell it."

Productivity is the value that each employee can add. An aggregate measure of productivity is GDP per capita.

New Zealand has done well at cutting costs and increasing output but remains poor at adding more value to what it does. There was some improvement in export prices in the final half of the 1990s but overall the last decade has been lost in terms of getting more value out of exports. R&D spending is low, as is the level of investment in plant. We also suffer from skill shortages.

The key is to extract value not volume. Most of our future growth has to come from exports and increasing the value of what we get out of the workforce.

Take, for example, the lamb industry. It has branded itself well, resulting in higher levels from lower volume. But it can do better still. Currently a farmer gets 15 per cent of the value of lamb sold in a UK supermarket, while the supermarket gets 60 per cent. More needs to be done to establish alliances with others in the value chain to improve the farmer's added value.

There is also value to be added from investment in science.

A suggested measurement of productivity per employee:
Corporate value added/employee = GST x 8/number of employees

LEADERSHIP AND MANAGERIAL CAPABILITY

Lester Levy – NZ Leadership Institute

"Leadership is an influence relationship between leaders and followers that seeks to elicit voluntary commitment and action to effect realchange and outcomes that reflect their shared purpose."

It is important to recognise the distinction between leadership and management, in particular that whilst management is more about capability, leadership is about credibility as well as capability. Leadership is not a position or a title (managers are not necessarily leaders) and is in fact the reciprocal relationship between those that choose to lead and those that choose to follow.

Managers tend to rely on positional power to get results which in general will not achieve sustainable productivity gains. They generally have a shorter term focus and rely strongly on analysis.

Leaders rely on personal rather than positional power which allows them to make their followers more powerful (hence much greater and sustainable productivity gains are able to be achieved), their focus is longer term and they rely on synthesis rather than analysis.

Leaders are not born they are made. Leadership can be learned, however, it takes time and is essentially self-development.

There are three dimensions of leadership development - skills, perspective and disposition. Skills being more explicit are more easily learned whilst perspective is primarily implicit and is a greater challenge to learn. Disposition can be changed but requires time, discipline and determination.

The critical issues in leadership include mastery of self, communication, direction setting, alignment, motivation and credibility.

Productivity is the link between resource utilisation and goal achievement and requires real leadership if gains are to be made and sustained.

Geoff Vazey – Ports of Auckland

“Don’t get the machinist to hang his brain at the door when he comes to work.”

All entities want progress. Progress means change and decision making. Successful leaders cause decisions to be made; demanding decisions doesn’t work.

Leaders need to understand that giving people information reduces their aversion to change and facilitates the changes needed for progress. The ultimate productivity gains come from companies where everyone thirsts for continuous change.

About 90 per cent of productivity gains come from above the ‘sweat level’. Productivity comes from managers and communicators and using the heads of manual labourers.

Issues and Strategies

The term productivity needs to change. It has too many negative connotations around cost-cutting and job losses.

Leadership and management are important but different. Directors, for example, have good governance training but need to understand leadership. New Zealand should learn to recognise good leaders and teams, and develop and promote a Kiwi model of leadership.

Team leadership beats autocratic leadership. Leadership should be allowed to occur across an organisation. Collaborative leadership and ambition in both leaders and followers should be encouraged.

Professional development strategies can help, as can mentoring programmes. There is a need for better industry/business connections for the professional development strategies and management training more generally.

Aversion to change and innovation is reduced through sharing information.

There is a need to move beyond the gender, age and ethnicity stereotypes of leadership.

Management should strengthen the links between R&D and commercialisation.

We need to encourage risk taking and a competitive environment, where people are encouraged to share ideas and innovation, and feel empowered to contribute. Strong leadership recognises the need to invest in people and skills.

INVESTING IN PEOPLE AND SKILLS

Katherine Percy and David Brumby – Rotaform Plastics

Rotaform's foundation skills training programme addressed the skills and processes needed, improved communication within the company and helped staff understand their role.

The programme has allowed the company and its people to review systems, document procedures and write job descriptions. Training has given people the confidence to suggest new ideas. Indirect consequences of the programme have included new employment agreements through a participatory process, staff meetings and greater pride in the company.

On the whole, the programme has made the business more inclusive (due to increased employee involvement) and more efficient. This has had a marked effect on productivity through increased profits and more product innovation.

The increased skills on the shop floor have freed up management time. Managers are now able to dedicate time to business planning.

The programme has been linked to pay increases. While the training was initially linked to the New Zealand Qualifications Authority Framework, it is now tailored to individual foundation skills in relation to in-house work demands.

Issues and Strategies

Basic skills development is critical and should be seen in the context of a business' entire strategy to upskill the organisation and incorporate new business processes. It increases communication, releases tacit knowledge and gives workers the ability to participate in deciding how their work is done. Training programmes make people feel better about their work, lower staff turnover and engender loyalty.

Foundation skills are imperative to increasing the skill base in the workforce. While more emphasis needs to be placed on teaching foundation skills in schools, workplace training must be seen as essential to enhancing productivity. In our current tight labour market employers/industries may need to be more proactive in promoting foundation skills.

With many firms lacking the funding to provide training, there is a strong view that the government needs to provide more funding and effective delivery for foundation skills training. Increased access to industry training is required, with both government and industry having a role to play in this. There is the dichotomy of firms who need training and can't totally fund it, and an under-utilised educational mechanism which does not provide the skills training required. However, many businesses are not aware of the range of programmes available. There needs to be sharper focusing of government spending and more participation (and investment) by industry/business in skills and training to ensure their skills training needs are being met.

The National Qualifications Framework appears to assist with learning but more effectively help firms achieve productivity gains. Some participants cited examples where they felt people on courses linked to the framework had learnt questions and answers by rote, which is not conducive to innovative thinking. Others identified the value of the framework and cited positive examples of genuine learning. The emphasis needs to remain on encouraging people to "learn to learn".

There are some reservations among the wider businesses community about the value of workplace skills development. Case studies on the return on investment from skills programmes could be a strategy employed to allay these concerns and prove their worth to businesses. The Kawerau Education Training Trust was cited as an example of how upskilling and training could occur to better meet the needs of workplaces through the involvement of a range of interested parties.

Businesses need a better understanding of how skills development links to enhanced management capability. Business also needs to develop tools for skill needs analysis, to help them to make the best use of available skills and/or identify training needs.

There is a deficit of market information on skills levels and a question of how far forward looking this information needs to be.

SMEs' training programmes may be improved if they are created in conjunction with similar businesses. Strategic alliances and clusters may create better programmes.

COMMENTARY FROM LINDA KELLY – TUC PARTNERSHIP INSTITUTE

The TUC Partnership Institute was established four years ago to liaise between management and unions, with the goal of improving workplace productivity. About half of TUC's learning representatives are involved in workplace training.

TUC charges private companies for the bulk of its services. The major selling points to business are:

- We're committed to your success
- We focus on the quality of working life

In the UK, workers most want security and a sense of being valued from their job.

Union membership encourages people to learn more about their organisations. In the UK 58 per cent of union members want to work in management to improve productivity.

INDUSTRY GROUPINGS AND CLUSTERS

Simon Carlaw – Business New Zealand

Business to business interaction enables sectors to also focus on issues that fall outside government policy and to help themselves, instead of waiting for the government to help them.

Business NZ has mentored the furniture sector by suggesting “doors to open”, offering research support and advocacy services. It is a guide only; the industry still chooses which direction it goes in and what it wants for itself.

David Henderson – Dreamwool Limited

The furniture industry has a turnover of \$1.3 billion per annum, 10,000 employees (1790 companies with an average of six staff) and pays annual wages of \$289 million.

Its focus is to close the growing gap between low-cost importers and local producers by moving the New Zealand industry up the value chain, where they do not compete with importers of cheap furniture.

The industry’s vision is to export furniture with a high design component. Its strengths include short run expertise, a strong training organisation and access to large quantities of renewable exotic timbers.

FANZ members are encouraged to engage in capability audits. Existing exporters are encouraged to share information with potential exporters. There is still potential for better “co-opertition” though, particularly to make better use of currently under-utilised capital, where there is duplication amongst firms.

Barbara Johnson – Seafood Training Organisation and the Nelson/Marlborough seafood cluster

“Regional development does not necessarily serve the interests of national industry development.”

The Seafood Industry Training Organisation is a subsidiary of the Seafood Industry Council, representing a diverse industry of entrepreneurial risk takers with an increasing focus on value over volume. The industry is highly regulated and uncertainty surrounding government policy on fisheries has had a negative impact on attracting investment.

New Zealand Trade & Enterprise’s industry development framework has assumed the industry is regional. The Nelson/Marlborough cluster supported by NZTE is undermining a lot of the council’s work at a national level.

Regional development does not necessarily serve the interests of national industry development. It is mired in parochial local politics and mixes messages, and has different goals. In an industry that

exports 90 per cent of its production, it's important to co-operate nationally in order to compete globally.

The cluster's members include seafood companies, related service providers, local government, unions, Te Ohu Kai Moana, NZTE, the Department of Labour, education providers and research institutes. The cluster faces issues of ownership (who should fund it) and mandate (what does it represent).

The Seafood Training Organisation, focuses on a different type of clustering, enabling the clustering of specialist industry skills, which can directly enhance workplace productivity e.g. working with technicians who reconfigure German-made equipment to suit New Zealand's conditions/products. Such clustering brings specialists together to share ideas that make them more efficient.

It is far better for clustering to occur in existing industry organisations. New entities are an unnecessary complication.

Issues and Strategies

Industry groups are best at distinguishing between areas in which participants collaborate and areas in which they compete. The criteria is simply mutual self interest. Once the self interest emerges the co-operation starts.

The networking benefits of clusters are also worth emphasising. Successful "clusters" are often informal groups of people from the same industry who interact a lot.

Forcing clusters is ineffectual. Business groupings evolve passively and for different reasons. Some industries have an informal network in the form of an industry body (e.g. Merino New Zealand). Supply chain clustering can also be useful. The most successful collaboration is usually market driven. The emphasis should be encouraging clusters where they make functional sense, not just on creating new structures.

There is little consensus on the nature and role of clusters. Clusters may not always work for like identities who are often competing. Rolling out best practice can expose a company's competitive advantage.

Nor is there consensus on the best type of industry collaboration to which productivity messages can be attached. However, businesses pay the most attention to their industry bodies. The government should come in behind existing/ voluntary clusters, rather than seeking to create new clusters.

In a country as small as New Zealand, it may be that industry groupings should have a national, rather than regional, focus. Regional activities may best sit within a national plan.

Clusters improve productivity on general operating procedures like skills training, being a good employer, OSH compliance. Industry Training Organisations nurture successful collaboration between businesses but need to work more closely with established industry bodies.

Questions remain about the need for the government to facilitate collaboration in industries lacking any kind of industry body.

IDEAS AND TECHNOLOGY CREATION

Robin Gunston & Justine Boersma - Run the Red

“True mobilisation will be effected through harnessing a will to change with genuine collaboration to broaden the world”

Run the Red is a leading mobile enabler, providing services to leading companies in New Zealand. For example, the company has recently used sms technology to assist a New Zealand bank to enable sms banking.

The company collaborates with business partners, suppliers and clients to educate the market on how to use mobile services and technology. World wide partnerships are fundamental to its success.

Mobile enabling is moving faster than web revolution so there is a need to innovate daily, without allowing for contracts to slow the process. Much work is done on the basis of mutual trust.

The technology sector’s inability to turn innovative ideas into products inhibits its growth. It can be difficult to attract start-up capital to a high-risk sector with a high failure rate.

Mobile technology is easier for older people to use than pc-based technology. This segment is starting to be targeted.

Issues and Strategies

The time between innovating a product and that product becoming a commodity is shortening. Speed is the key to capturing the value of innovation. Investment in people and skills will help make the most of these short product life cycles.

There was no clear consensus on the government’s role in the technology sector. Some believe that the government should help fund the sector, on the condition that recipients mentor other firms. Others see the government acting as a facilitator, helping innovative firms partner with researchers, clients, collaborators and funders. There is also support for research and development tax breaks. The speed of product development is such that technology companies need a one-stop shop for government assistance, regardless of the form of this support.

Commercialising and implementing innovation is a big issue. A better understanding of innovation and New Zealand’s technical literacy might attract more capital to the sector. There is a need to open the doors to foreign markets.

WORKPLACE CULTURE, PARTICIPATION AND PRODUCTIVE RELATIONSHIPS

Kevin McKenna – Pricewaterhouse Coopers

“Culture is how people behave when the boss isn’t around.”

Culture is the shared values and beliefs that shape behaviour. A Pattersons Sheffield survey estimates 30 per cent of the variation in workplace productivity is attributed to how people are treated within their organisation.

PWC research shows revenue per employee is 35 per cent higher in companies with a documented people strategy. Day to day interaction between management and staff also has an impact.

Jan Mottram – Vodafone

“People don’t measure their contribution in dollar terms.”

Vodafone’s market share of the mobile phone market surpassed the 50 per cent mark in March this year. The reason for this success is the company’s emphasis on people. Its culture maximises the discretionary effort of staff (what they do over and above their core job function).

Vodafone achieved its culture by figuring out how to differentiate itself in the market place and sharing this point of differentiation with its young workforce. The company’s values are focused on creating a zesty, fun and less prescriptive environment. Everyone in the company understands what the company is doing, where it is going and what it wants to be. This alignment between Vodafone’s internal values and its external image is a key element in Vodafone’s corporate strategy.

Issues and Strategies

There is little understanding of how culture affects productivity and the investment in culture required to achieve a specified increase in productivity. The creation of information and measurement tools on the rate of return from investing in people would build interest in the subject, especially for SMEs. There would also be benefits from helping businesses to develop a broader culture of learning.

Getting people involved in work place processes and problem-solving raises productivity, gives them a sense of leadership and improves the workplace culture. Such efforts should be encouraged, through developing best practice and the provision of role modelling. There is uncertainty as to whether the government or business associations should be tasked with this job.

Uncertainty also exists as to whether SMEs with no dedicated HR function should be targeted by government or business associations. There is a strong feeling that smaller companies effectively manage the workplace culture by developing close personal relationships with staff. Managing culture is more difficult as your company grows. If this is the case, communication efforts should instead be more general, highlighting the value of investing in people across a wide range of organisations.

Compliance with regulations such as ACC can lead to dealing with people in a manner that is at odds with a firm's culture. The government should provide simple tools to help business meet compliance regulations with ACC, Inland Revenue and the like.

MEASUREMENT AND REPORTING

Alan Bennett – Fonterra

“Key performance indicators should be appropriate to people's level of control, within their sphere or influence and in their language.”

Fonterra uses a shop-floor based methodology to measure key performance indicators. The methodology was originated from the Dairy Workers' Union belief that such a system would increase members' skills and the scope of their jobs.

Workers are encouraged to measure and monitor key performance indicators, such as cheese block weights, continuously. This drives improvements in production processes, ensures timely correction and gives people information to make their own decisions.

It was important to ensure indicators were appropriate to people's level of control, within their sphere of influence and easy to understand.

Issues and Strategies

Measurement of processes and outputs is designed to improve productivity. It reduces the need to make decisions based on assumption.

NZ firms don't tend to measure key performance indicators. This may be due to a stronger focus on solving technical issues, a lack of time to focus on measurement and inability to detect the problem areas in their businesses. Companies should be challenged to engage with industry groups on the value of measurement.

Business must take ownership of the issue of measurement. Those deciding on indicators to monitor need a grasp of the firm's objectives, an understanding of business processes and the ability to decide what to measure.

The government's role should be to help firms access the resources and assistance to measure processes and output. The government should also provide aggregate productivity measures. A focal research point, similar to Australia's Productivity Commission, is worth exploring.

Such a facility could also research the barriers to measurement and investigate whether SMES are engaged in measuring performance indicators.

More work is needed to measure processes (quantitative measures of output in the manufacturing sector are generally okay). It has also been suggested a tool measuring senior management's performance is designed, so that managers might lead by example.

Those charged with measurement should have the ability to take actions on the performance indicators they are gauging and be able to react to aberrations as they occur. Data integrity is important too. Small and easy-to-understand measurement units would enable these objectives.

KEY ISSUES/SUGGESTED RECOMMENDATIONS

The final afternoon of the workshop saw participants break into groups to identify priority issues and actions in each of the six workshop streams.

The following is a report of these discussions, summarising the findings of each break out groups. Together with the executive summary, these key issues/recommendations were reported back to Ministers workshop's conclusion.

This section summarises issues - and possible actions for businesses, employees and government - around the six workshop streams.

Leadership and Managerial Capability

Issues

- There is a perceived invisibility of strong leaders as role models in NZ
- There is a recognition of difference and importance of leadership and management

Employers:

- need to invest in, and recognise, leadership and management development
- should align leadership styles with New Zealand's core values, as identified in the GIAB research
- should recognise and encourage leadership across all levels of an organisation

Employees:

- need to take responsibility as leaders and for their own self-development
- need to encouraged employers to understand their role as leaders

Government:

- needs to celebrate good business leaders and teams
- needs to drive links between sustainable businesses and community wellbeing/individual welfare

Investing in People and Skills

Issues

- More investment and resources need to be redirected toward people and skills development
- The value and relevance of training and skill development needs to be demonstrated

Employers:

- should champion learning and taking a long term view of investment in people and skills
- should develop better partnership with training providers
- should see training and skill development as a fundamental employment right
- should challenge government-funded training programmes to ensure they meet industry needs

Employees:

- should value trade training and all forms of skill development
- should seek training opportunities and value life-long learning

Government:

- should increase funding, and enhance delivery of, foundation skills training
- should lift the cap on industry training to better meet business needs
- should provide more relevant investment in management training and development

Ideas and Technology Creation

Issues

- Improve the commercialisation practices of NZ firms
- Valuing incremental innovations within firms

Employers

- should promote better understanding of commercialisation processes
- can encourage employees to make innovative suggestions and act upon them

Employees:

- can become more receptive to the need for new ideas, and more willing to share ideas with their employers

Government:

- can take a whole of government approach to innovation and focus on better collaboration by providing one access point for productivity-related government services
- should ensure programmes are just-in-time and appropriate to employer needs
- can provide support for networks to share best-practice ideas about innovation (alongside employers, unions and industries)
- can consider its role in nurturing R&D in the technology sector; should it be a facilitator, a funder or provide tax breaks?

Industry Groupings & Clusters

Issues

- The group was unsure of role and value of clusters in NZ
- There are a range of opportunities for collaboration activities (partnership models), and clusters need to be tailored for the needs of different sectors & SMEs
- Some issues are best approached at industry level

Employers:

- need to be involved in the development of clusters that best suit their needs

Employees:

- can support collaboration

Government:

- should clarify its policy on its approaches to industry collaboration
- should provide industry groups with information/research on workplace productivity

Workplace Culture, Participation and Productive Relationships

Issues

- There is a lack of understanding of the link between workplace culture and productivity, especially among SMEs
- The government's role on this front is blurred and there is a lack of clarity in who is providing support to build positive workplace cultures

Employers:

- can take ownership of their workplace culture and ensure their businesses enable agreed processes of culture to be alive
- can facilitate development of people and business by investing in people and physical assets

Employees:

- need to understand the business they work in, how it works and what they can gain from it
- can take responsibility for ensuring their participation is valued

Government:

- can look at establishing an independent support and development organisation – suggestions on such an organisation include a one-stop productivity shop and a “souped up” Workplace NZ
- can provide seed-funding to give impetus to such an organisation

Measurement and Reporting

Issues

- It is vital to develop simple and relevant measurement tools to gauge outputs and processes that indicate workplace productivity at all levels in firms
- Employers and employees should participate in the establishment and monitoring of these measures, with involvement across an organisation

Employers:

- can foster business to business diffusion about learning
- can ensure industry associations develop and benchmark measurement tools for SMEs

Employees:

- should participate and promote in measurement systems
- should recognise unions' role in building between productivity measures and organisational success, job security and career progression

Government:

- can help firms access resources and assistance that help them build measurement tools
- can encourage links between workplace training and productivity measurement
- has the role of providing aggregate productivity information

Ministers received a presentation of these findings at the conclusion of the workshop, thanked the workshop for its efforts and said they looked forward to the working groups final. This report is due by 31 July 2004.