



# working smarter.

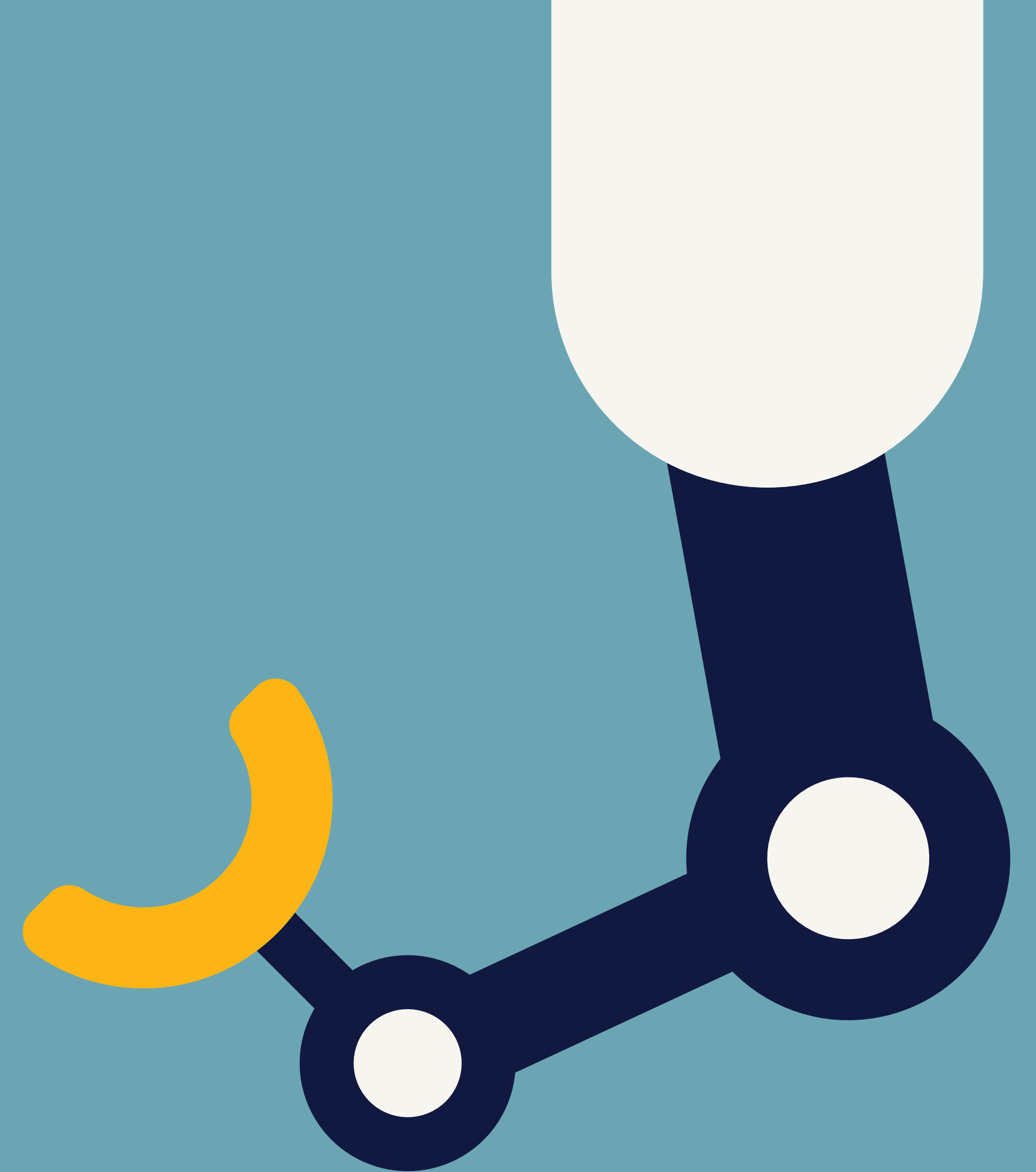
how australian businesses can boost productivity



# maximising people's potential.

Australian businesses are intensifying their focus on workforce productivity as they recalibrate after the COVID-19 lockdown and act on long-term lessons learned from the crisis.

Investment in technology will be high on the agenda. Yet agility, creativity, and willingness to embrace change within your workforce are also fundamental in keeping pace with changing customer expectations, optimising return on tech investment and, ultimately, delivering more for less.



the race  
is on.



## Almost every conversation we have with clients is eventually steered towards one topic – how to boost workforce productivity.

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 more than 80% of participants see a clear focus on employee performance and productivity as one of the main priorities for HR in the near future.<sup>1</sup>

Lockdown is also proving to be a historic turning point for new and effective ways of operating a business. When participants in the COVID-19 survey were asked how the nature of work has changed, home and remote working was seen as the most significant development (85% cited this).<sup>2</sup>

The experience 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

australia rate?

It currently takes a typical Australian worker five days to produce what would take an American counterpart only four days.

Australians work hard – ranking fifth for the number of hours worked per capita in the OECD.<sup>3</sup> Alongside high workforce participation (up until the recent pandemic-driven downturn), this readiness to put in the hours means Australians score well in output and resulting living standards, as measured by GDP per capita (AUS\$83,860, ahead of the UK and Germany, but behind the US).<sup>4</sup>

However, to be productivity champions, we as a country need to ‘work smart’ as well as hard. Right now, we’re lagging. On the main ‘work smart’ measure of labour productivity levels or GDP per hour worked, Australia ranks only 16th in the OECD.<sup>5</sup> Comparisons with the US, the longstanding pacesetter in global productivity, highlight room for improvement.<sup>6</sup> It currently takes a typical Australian worker five days to produce what would take an American counterpart only four days.

Worryingly, productivity growth in Australia had begun to stall even before lockdown. From annual increases of 2%, it had slipped to 0.2% by 2019, with some sectors such as mining, construction, retail, and transport all underperforming. Australia’s Productivity Commission has described the slide as “troubling”.<sup>7</sup>

As the economy struggles with the continuing impact of the COVID-19 outbreak, this productivity gap is becoming a more significant concern. Unemployment is rising<sup>8</sup> as many cash-strapped businesses, and public sector organisations are forced to let people go. This is a tragedy for people who’ve lost their jobs and a cause of anxiety in society.

From a productivity perspective, a smaller headcount generates lower output and staff quickly become exhausted as they overcompensate.

why is  
australia  
lagging?



## Australia is 14th in the IMD's World Digital Competitiveness Ranking.

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

According to a study by McKinsey, automation and artificial intelligence could add up to AU\$4 trillion to Australia's economy over the next 15 years, with many of the low skilled jobs lost to automation replaced by higher-value work.<sup>9</sup>

Yet, many businesses are holding back on tech investment. For example, less than half of Australian firms have invested in data analytics or intelligent software systems.<sup>10</sup>

Australia is 14th in the IMD's World Digital Competitiveness Ranking, just ahead of the UK but some way behind the US out in front.<sup>11</sup> While Australia is in the Digital Competitiveness top ten for talent and adaptive attitudes, it falls in the areas of business agility (35th), training and education (29th) and capital investment (19th).

The most obvious solution would be to increase tech investment. But big spending is broadly on hold as a result of the difficult economic situation and any funds that are committed need to be used wisely. This 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 as a whole 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. However, this is an area where Australian firms tend to perform poorly in comparison to other major economies according to the Government's Productivity Commission.<sup>12</sup>





productivity  
turnaround.

# measure and track.

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

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 business 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 survey carried out for Randstad's global Workmonitor series found that more than 90% of Australian participants have adapted to their new situation and nearly 80% 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 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 up skilling 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 business 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>



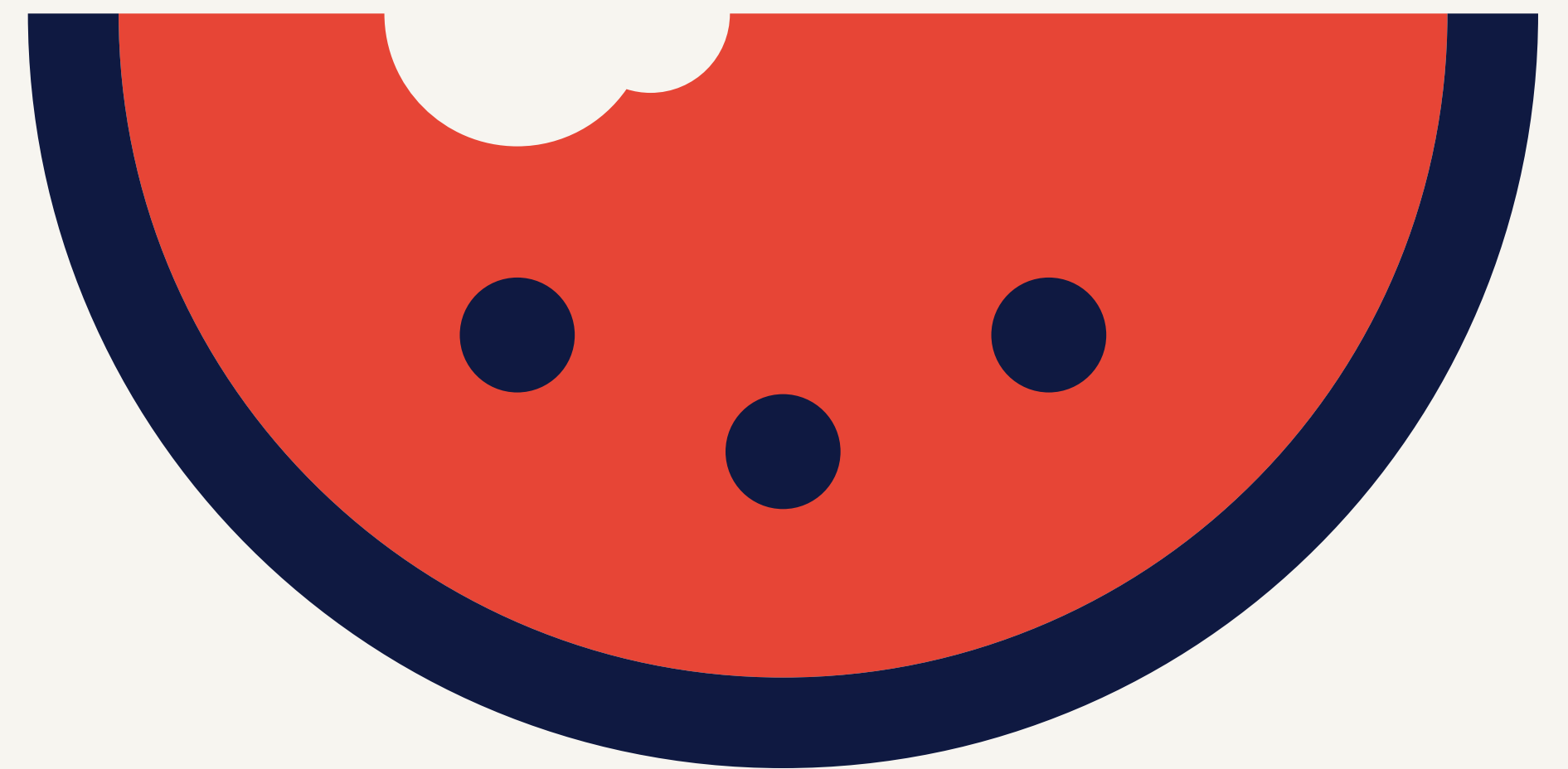
# health and wellbeing.

Happy and healthier workers are more productive.<sup>20</sup> Support for wellbeing plays a vital part of this. According to a survey of Australian workers carried out by WorkScore, employees are six times more likely to be happy and close to four times more engaged in workplaces that care about wellbeing.<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.

As we explore in our paper, [A Father's Touch: Giving New Dads More Support at Work](#), further ways to boost satisfaction and productivity include support for work-life balance and family-friendly working.



## 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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