the challenge of workplace productivity

MACQUARIE UNIVERSITY

FACULTY OF BUSINESS AND ECONOMICS

29 NOVEMBER 2012
How can the industrial relations system help productivity?

Paul Krugman:

“Productivity isn’t everything, but in the long run it is almost everything. A country’s ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker.”
Economic challenges – declining productivity growth

Annual labour productivity growth

Australia’s Terms of trade

Index (1900-01 to 1999-00 = 100)

MYEFO forecasts/projections

5-year centred moving average

Source: ABS Catalogue Number 5206.0, RBA and Treasury.
Contributions to growth in average incomes

Source: Treasury calculations based on ABS Catalogue Numbers 5206.0, 6202.0 and unpublished ABS data.
2010 Intergenerational Report

“How with population ageing expected to reduce the participation rate, future growth in living standards will depend on the productivity gains that can be achieved.”
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Redressing declining productivity growth – what role can the Tribunal play?

- Improving the efficiency of the Tribunal’s operations; and
- Encouraging more productive work places by promoting harmonious and cooperative workplace relations.
FUTURE DIRECTIONS
for AUSTRALIA’S NATIONAL WORKPLACE RELATIONS TRIBUNAL

OUR PLAN FOR THE YEAR AHEAD
How can the industrial relations system help productivity?

- Promoting fairness and improving access
- Efficiency and innovation
- Accountability
- Productivity and Engagement
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RESERVED DECISIONS: JULY – OCTOBER 2012

90% of all reserved decisions to be delivered within 8 weeks

100% of all reserved decisions to be delivered within 12 weeks

Benchmark

Achieved

94.9% delivered

99% delivered in 12 weeks
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AGREEMENT APPROVAL APPLICATIONS: JULY – OCTOBER 2012

50% of all applications to be finalised within 3 weeks
90% of all applications to be finalised within 8 weeks
100% of all applications to be finalised within 12 weeks

Benchmark

75.2% finalised
97.6% finalised
99.7% finalised
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What is the status of my decision/agreement?

- **Decisions**—If you have not received a written result of your matter, and the final date of hearing or date of last submissions was more than 12 weeks ago, you can email decisiontracking@fwa.gov.au for a status update.

- **Agreement approvals**—If you have not received an outcome for your application for agreement approval and the lodgment date was more than 12 weeks ago, you can email decisiontracking@fwa.gov.au for a status update.

- Email inquiries must include your name, FWA matter number, and date of final hearing or date of last submissions.
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- **Pro bono assistance**

  - Support a pilot program for the provision of independent legal advice to self represented applicants in general protections matters.
  
  - Engage with providers of pro bono legal services to extend the availability of legal advice to self represented parties.
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- **Technology**
  - Enable all applications to be made online, via the Tribunal’s website.
  - Trial SMS alerts for hearings and conferences, where required.
REVIEW PANEL RECOMMENDATION 1

The Panel recommends that the role of the Fair Work institutions be extended to include the active encouragement of more productive workplaces. This activity may, for example, take the form of identifying best-practice productivity enhancing provisions in agreements and making them more widely known to employers and unions, encouraging the development and adoption of model workplace productivity enhancing provisions in agreements, and disseminating information on workplace productivity enhancement through conferences and workshops. The Panel does not consider that amendments to the FW Act are required to implement this recommendation.
Productivity and Engaging with industry

- Develop a broad engagement strategy, in consultation with the major peak employer and union bodies.

- Work cooperatively with other organisations to minimise the potential for duplication of effort in implementing the Tribunal’s engagement strategy.
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Engaging for Success:
enhancing performance through employee engagement

A report to Government by David Macleod and Nita Clarke
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In 2006 Gallup examined 23 910 business units and compared top and bottom quartile financial performance with engagement scores:

- Those with engagement scores in the bottom quartile had higher turnover (31 – 51% more) and more accidents (62% more)

- Those with engagement scores in the top quartile had 18% higher productivity and 12% higher profitability

- More highly engaged employees take an average of 2.7 sick days per year compared with disengaged employees who take an average of 6.2 days per year
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Leadership, Culture and Management Practices of High Performing Workplaces in Australia

Literature Review and Diagnostic Instruments

Society for Knowledge Economics

A report commissioned by the Department of Education, Employment and Workplace Relations

January 10, 2011
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High performing workplaces are those that:

• Excel at innovating and creating new products, services and business processes that meet, even exceed, customer expectations and ensure organisational longevity;

• Achieve high levels of employee engagement and quality of life for employees;

• Achieve sound levels of productivity and financial performance;

• Provide fairness for people at work and for the stakeholders, customers and communities they serve.
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Literature review, conclusion:

“The evidence appears to indicate a strong link between workforce practices (including leadership, culture and management) the wellbeing and fulfilment of people at work, and workplace productivity. This needs not be a trade-off, or a win-lose situation where employees lose out, but rather a situation where benefits accrue to employees and employers alike.

In summary, better understanding and exploiting the link between high performing work system designs, employee engagement and firm performance represents fertile ground and offers substantial potential economic and social benefits to nations that enact change to this end.”