



A summary of indicators that describe how Aotearoa New Zealand is performing in terms of Good Work



Job Satisfaction – an overall indicator?



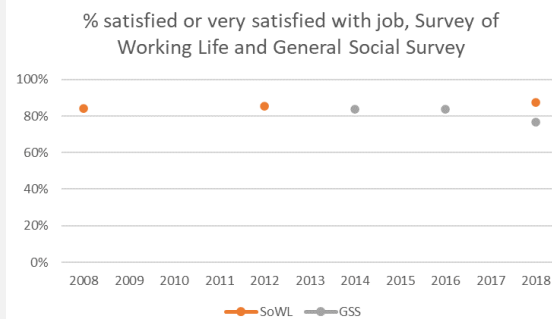
Job satisfaction measures may give an indication of the overall quality of employment, as perceived by the worker

Using the Survey of Working Life and the General Social Survey, StatsNZ found that workers who were dissatisfied with their jobs had similar wellbeing outcomes as the unemployed, with lower overall life satisfaction and life worthwhile scores, and poorer health outcomes than those who were in jobs they are satisfied with.

High levels of autonomy, good workplace relationships, and lower levels of work-related stress were some of the job-related factors strongly associated with increased levels of job satisfaction.

Other research finds a statistical link between job satisfaction and firm performance, as well as sustainability and employee engagement. This suggests that job satisfaction may also be a useful indicator in terms of good work from the perspective of employers and wider society.

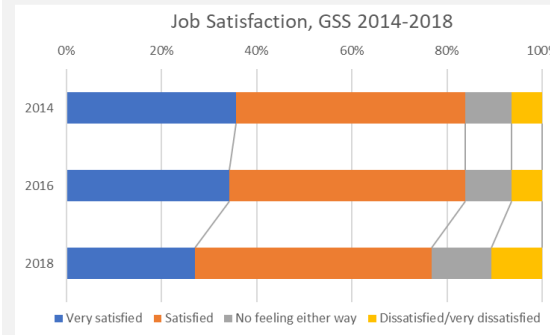
The vast majority of employees are satisfied or very satisfied with no discernible trend over the last decade



Both the Survey of Working Life (an occasional addition to the Household Labour Force Survey) and the NZ General Social Survey ask questions about job satisfaction. It is not clear whether the apparent difference in the job satisfaction indicator is a result of survey design or random variation.

Source: Survey of Working Life and New Zealand General Social Surveys

The General Social Survey suggests a possible downward trend in job satisfaction over 2014-2018



Source: New Zealand General Social Survey

People living in Canterbury, Wellington and Auckland had more than 10 pp declines in the share of workers very satisfied with their jobs. This may have been driven by declines in the highest earners; people earning over \$70k saw a decline of over 15pp in the share very satisfied (bringing this group much more in line with lower earners)

Reasons for leaving last job

- 5% of people (not currently working) cited dissatisfaction with job as the main reason for leaving their last job. This compares with 8% who were made redundant, 9% who enrolled in education, 14% because of ill-health
- Whilst this proportion is low, it suggests that as many as one in twenty people choose to be out of work rather than in their current job – validating the finding from the GSS that a significant minority are very dissatisfied with their job.

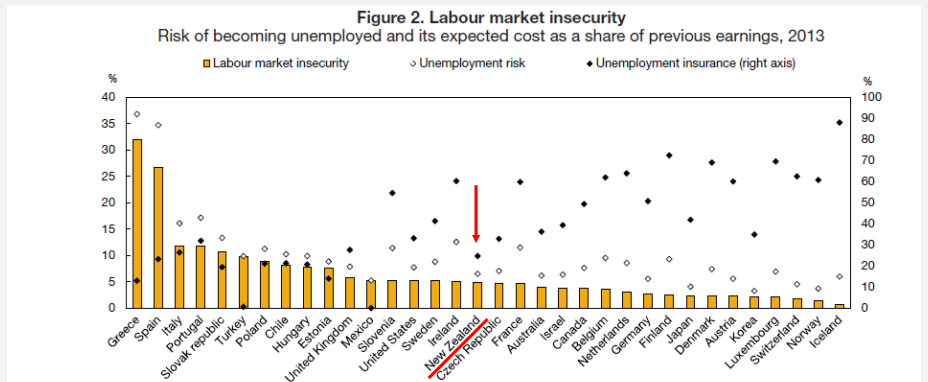
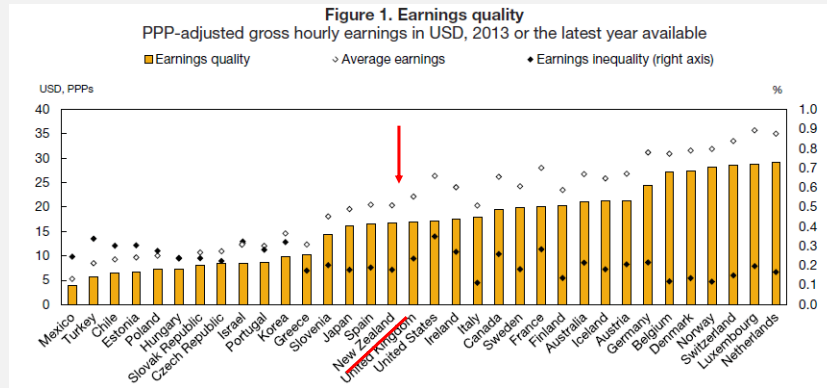
Distribution and Drivers of job satisfaction

- Demographic characteristics (age, ethnicity, family status), qualifications or personal income are not significant drivers of job satisfaction
- There is a significant difference between the proportions of long term migrants and those born in New Zealand who are satisfied with their job. Recent migrants have significantly lower share of those who are dissatisfied with their job (likely reflecting a selection effect)

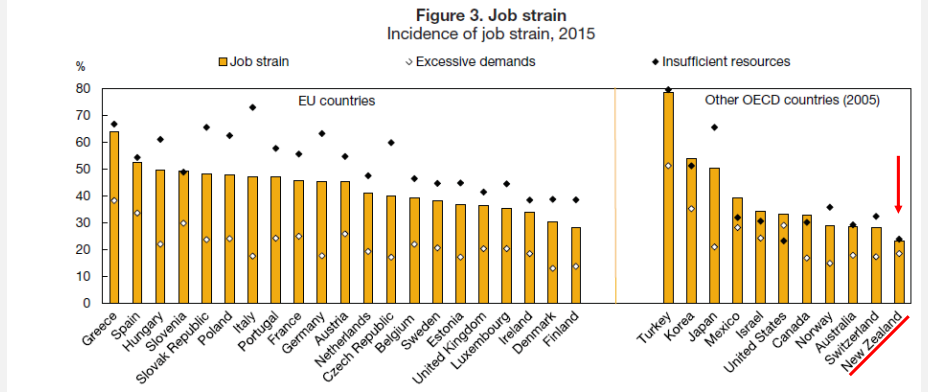
International Position

The best international benchmarking study suggests New Zealand fares ok in terms of aggregate quality of work

- According to The OECD Job Quality Framework (using data from 2013-2015), New Zealand has average outcomes for earnings and security. The potential introduction of income insurance would likely raise the relative position of New Zealand in terms of labour market security.
- New Zealand has better than average outcomes for job strain. Note that the EU countries are not directly comparable with other OECD countries as the data come from different surveys.



Note: The data for Chile refer to 2011 instead of 2013.
Source: OECD Job Quality database (2016).



Indicators



Skills Matching is important for Job Satisfaction

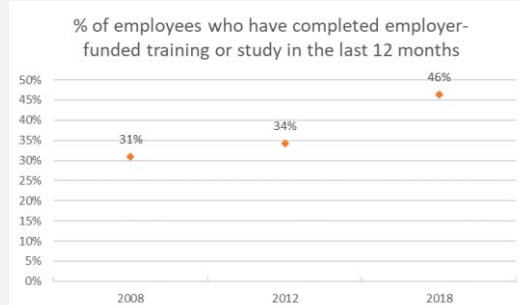
- Those with skills that were well-matched to requirements have higher job satisfaction than those with more or less skills than are required. Ninety percent of those who felt their skills were well-matched to their work were satisfied with their job (compared with 86 percent of those who overskilled, and 82 percent of those who felt underskilled).

Most employees had the right level of skills, but over a third felt overskilled

- In 2018, 35% of employees felt they had the skills to cope with more demanding work (compared with only 8% who felt they required more training). 57% felt their skills matched well with their job.
- The OECD (2017 Economic Survey) found that New Zealand has relatively high rates of skills mismatch in literacy and numeracy compared to the OECD average. NZ had the highest rates of qualification and field-of-study mismatches across the countries surveyed. They cite the preponderance of small firms and the slow responsiveness of housing supply to changing demand as key causes.

On the job training appears to have increased between 2008 and 2018, against a backdrop of flat industry training and declining vocational education participation

- According to the GSS, the proportion of employees who have done training or study funded by their employer has risen from 31% to 46% in the decade to 2018.
- The number of domestic student enrolments in vocational education and training (declined from 282k in 2011 to 252k in 2020). Participants in industry training (traineeships and apprenticeships) remained stable over the period (RHS chart below).



Source: New Zealand General Social Survey



Source: educationcounts.govt.nz

New Zealand has a relatively high proportion of adults aged 25-64 in education

- From the PIAAC (2019) survey, the proportion of 25-64 year olds in full time or part time education programmes in New Zealand is 36%. This compares to 24% across the OECD, and 23% in the EU.

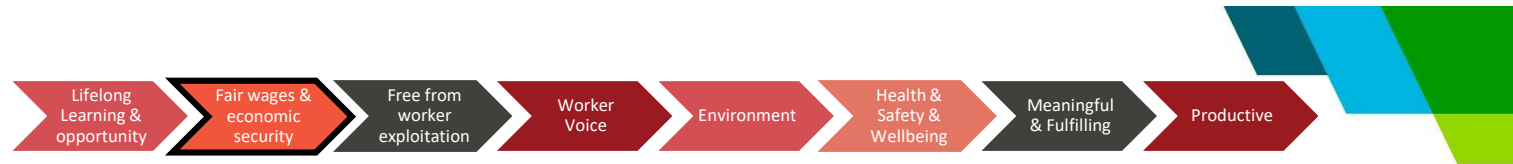
Income mobility estimates suggest people have opportunities to progress (as well as regress)

- Studies have attempted to quantify the extent of mobility in earnings using longitudinal data. The Treasury's WP14/5* found that over 60% of the cohort studied moved income decile over the first two years of the study. The patterns of mobility were greater over the eight year period with only 20 percent of the population staying in the same income decile group over the study period.
- The World Economic Forum's social mobility index puts New Zealand in a similar position to the UK, Australia, Japan, Canada, France and Singapore. These countries have lower social mobility compared to Germany and the Scandinavian countries, but higher social mobility than the rest of the G20 (including the US, Italy, Indonesia, the BRICS, and Saudi Arabia)
- The Treasury found, using the Dunedin study (people born in Dunedin in 1972-73), rates of intergenerational income mobility for men and women are **probably within a similar range to rates of intergenerational income mobility in most other developed countries**. They found weak evidence that NZ has higher intergenerational occupational mobility than Britain, and stronger evidence that NZ men have higher intergenerational occupational mobility than men in Germany**

*New Zealand Treasury Working Paper 14/15 - Income Mobility in New Zealand: A Descriptive Analysis

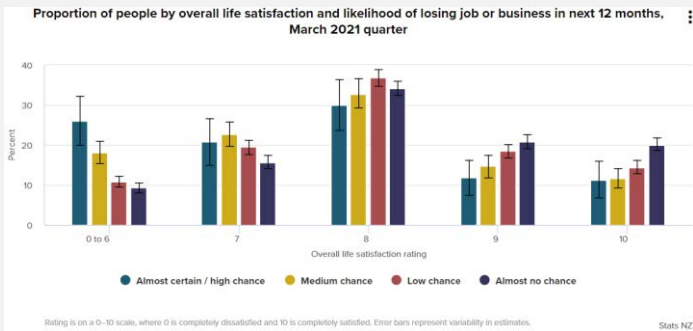
** Treasury Working Paper 10/06 – Income and Occupational Intergenerational Mobility in New Zealand

Indicators



Employment status, earnings and job security are related to wellbeing measures, but not strongly

- There is little statistical difference in *mean* life satisfaction according to employment status, earnings, or job security. However, the unemployed, those with lower personal income (\$30k or less), and those with lower perceived job security are all overrepresented in the group with scores 0-6*.
- Those who perceive a high chance of job loss are relatively likely to give a 0-6 score on life satisfaction, whereas those who perceive almost no chance of job loss are relatively likely to score 10 (as shown below)



Source: Household Labour Force Survey wellbeing supplement

Earnings, inequality and earnings growth

- The OECD job quality framework (2015) scored NZ in the middle of the pack in terms of both gross hourly earnings and earnings inequality.
- As documented by MBIE's Employment Strategy, the median weekly wages of Māori, Pacific peoples, women and disabled people are all significantly below the national median (at 89%, 88%, 86%, 87% of the national median respectively).
- The growth in real wages has been relatively weak in New Zealand (compared to other OECD countries) since the Global Financial Crisis. MBIE is currently assessing different explanations.

Unemployment risk and safety nets

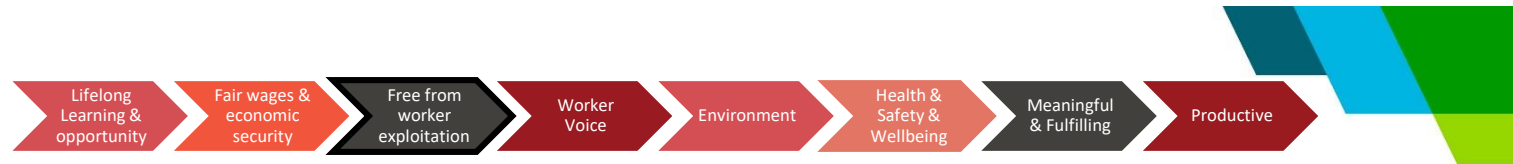
- Unemployment in NZ is currently at historic lows but the unemployment and underutilisation rates of Māori, Pacific peoples and disabled people remain substantially higher than the national average.
- The latest data (QE March 2022) show that 16% of workers perceived a medium, high or almost certain chance of losing their job or business in the next 12 months. This compares with 25% in QE June 2020.
- The OECD job quality framework used both the unemployment risk and the income replacement rates of the unemployed to derive their measure of labour market insecurity. NZ would therefore be expected to score more highly on this measure following the introduction of income insurance.

Types of employment, multiple job holders and non-guaranteed work

- Almost three quarters of NZ workers are permanent employees. 13% are self-employed, 7% are employers, 3% are casual workers and 2% are fixed-term and temp agency workers.
- Almost one in 10 employed New Zealanders have more than one job. Multiple-job holders were more likely to work at non-standard times. Of those with two or more jobs, 80% had worked at a non-standard time at least once during the last four weeks (compared to 65% of single job holders)

* Tested using the wellbeing 2018 data as more recent data could be skewed by the pandemic. However, the link between job security and wellbeing was tested by StatsNZ using 2020 data.

Indicators

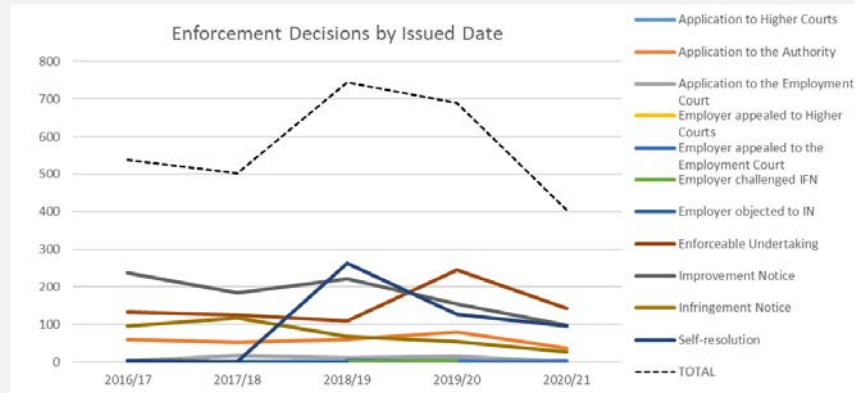


There are no reliable measures of compliance with employment standards

- The National Survey of Employers (2018/9) found that 27% of employers surveyed were paying the adult minimum wage to one or more employee. This proportion was highest in retail trade, accommodation and food services (43%), agriculture, forestry and fishing (28%), and manufacturing (28%).
- Research* has also investigated the proportion of employees being paid less than or at the minimum wage. However, it is not possible to reliably determine whether the estimates reflect legitimate payment of sub-minimum wages (e.g. for trainees), data errors, or genuine non-compliance.

Complaints do not provide a reliable picture of the prevalence of exploitation, but enforcement decisions indicate the existence of exploitative practices

- Between 2018/9 and 2020/1, over 3,000 complaint cases were recorded by the labour inspectorate (from a total of 10,000 received). Of these, 500 (17%) were tagged as migrant exploitation complaints.



Source: Labour Inspectorate data

The gender pay gap is comparatively low, and falling

- According to the OECD, the gender pay gap in NZ in 2020 was 4.6% of male median earnings (compared to 11.6% across the OECD, 10.8% in the EU, and 12.3% in Australia).
- StatsNZ's preferred measure for the gender pay gap was 9.1% in June 2021. This has fallen fairly steadily over the last two decades.

Discrimination, bullying and harassment persistent issues

- The Survey of Working Life (2018) found that 15% of female and 11% of male workers had experienced discrimination, harassment or bullying.
- These proportions were slightly lower in 2008, with 13% of female and 7% of male workers reported experiencing discrimination, harassment or bullying.
- The International Social Survey (2015) found that 28% of respondents had been harassed by superiors or co-workers over the last 5 years.

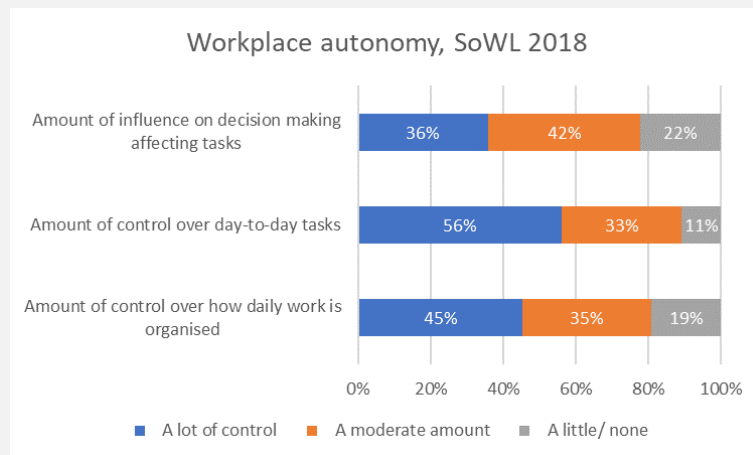
* e.g. 'Minimum Wages in New Zealand: Policy and practice in the 21st century', March 2021. David C. Mare and Dean R. Hyslop

Indicators



Workplace autonomy is a predictor of job satisfaction

- The SoWL 2018 asked those who were not employers of others about three different forms of workplace autonomy: control over how their daily work is organised; control over how they do their daily tasks; and the level of influence they have on decision-making that affects their tasks. Across all measures of autonomy, those with low autonomy showed a larger proportion of dissatisfied employees.
- Whilst most workers have at least a moderate amount of autonomy, around one fifth of workers feel they have little to no influence on decision making affecting their tasks, or control over how their daily work is organised.



Source: Survey of Working Life, 2018

Data on broader measures 'voice', employee dialogue and influence are scant, aside from in relation to H&S

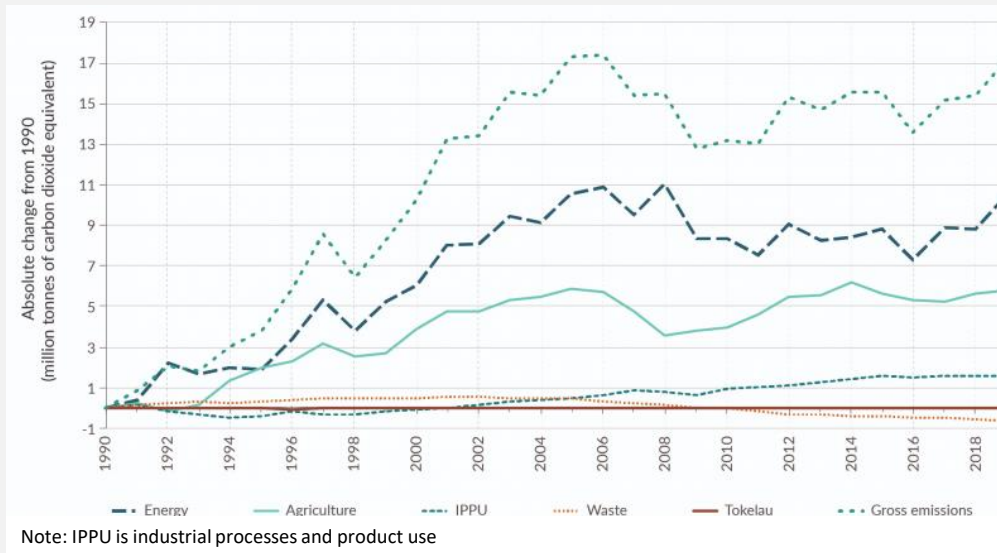
- The National Survey of Employers found that 72% of employers reported that they involved their workers, including any contractors, in decisions affecting their health and safety 'all or most of the time'. This was similar to 68% of employers in 2017/18, and an increase from 61% in 2016/17.
- This is broadly consistent with the Survey of Working Life (2018) that found over 80% of workers felt they had the opportunity to take part in improving workplace H&S.

Indicators



NZ has relatively high emissions per capita, and gross emissions remain above 1990 levels

- NZ ranked 24th highest amongst the 43 Annex 1 countries*, but emissions per person were 6th highest (16.9 tonnes CO₂-e per capita). Nearly half of gross NZ emissions come from agriculture.
- Between 1990 and 2020, gross emissions increased by 21%. The Land Use, Land-Use Change and Forestry sector offset 30% of NZ's gross emissions in 2020.



Note: IPPU is industrial processes and product use

Source: MfE, Emissions trends by sector

- The Emissions Reduction Plan sets out the first 3 carbon budgets up to 2035, and the policies required to hit the targets consistent a pathway to Net Zero in 2050.

Recent developments in reporting

- In September 2020, the Government announced its intention to implement mandatory reporting on climate risks and tasked the External Reporting Board (XRB) with developing reporting standards.
- Once the XRB issues its first climate standard (expected December 2022), climate-related disclosures are mandatory for large listed companies with a market capitalisation of more than \$60 million; financial service providers; and some Crown financial institutions (via letters of expectation).
- Internationally, work is underway to develop a reporting framework for broader nature-related risks (through the TNFD). Following in the footsteps of climate disclosures, the TNFD focuses on ensuring that nature-related risks and opportunities are effectively understood and communicated by corporates to the financial community.

Sustainability and employee engagement

- A literature on Corporate Social Responsibility (CSR) and employee engagement suggests there may be a positive relationship between CSR and employee engagement. Some studies hypothesise that involving employees in sustainability objectives leads employees to perceive their work as more meaningful.

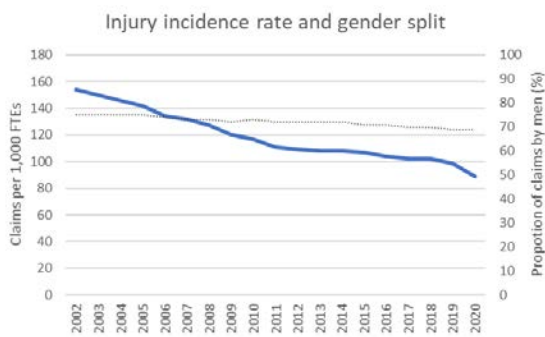
* e.g. MfE website, based on UNFCC Data Interface

Indicators



Work has a large influence on health, but holistic impacts are more difficult to quantify

- Quantitative evidence around health and safety generally focuses on the occurrence of injuries rather than broader risks and health impacts of time at work.
- Massey’s New Zealand Workplace Barometer is a recent initiative to measure psychosocial safety climate in workplaces. However, the survey is not representative of the business and employee population as a whole.
- Whilst the prevalence of job strain* is relatively low (less than one in five), 35% of employees identify their role as requiring hard physical work or danger, and 65% of employees face time pressure** (Survey of Working Life 2018). There are no directly comparable measures before 2018.
- The broad long term picture on the health of workers mirrors the health of the overall population, with falling morbidity and mortality, but rising prevalence of diabetes and mental health conditions.



Source: Statistics New Zealand, work-related injuries

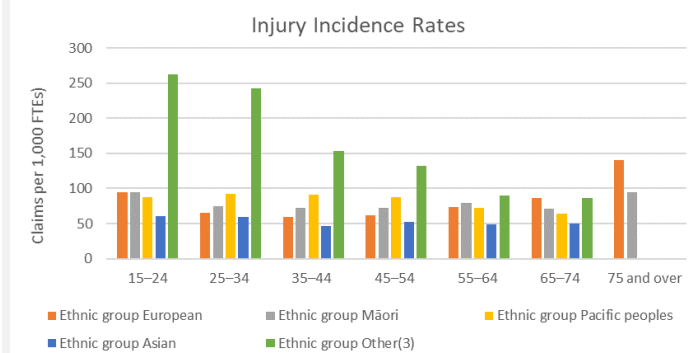
- There appears to be a rising trend in the number of injuries resulting in over a week away from work, relative to the growth in the workforce. Further research may be needed to understand these trends.
- Worksafe estimated 750-900 work-related deaths in 2020, around 50% of which were cancer-related.

Workplace injury incidence is falling, but deaths still occur

- The incidence of work-related injuries (ACC claims per 1,000 FTEs) has been on a steadily downward trend, from 154 in 2002 to 89 in 2020
- Men are still disproportionately affected by injuries, although there has been some equalisation over the period

Injury incidence varies greatly according to ethnicity...

- There is more variation in injury incidence rates by ethnicity than by age. Young Middle Eastern, Latin American, and African ethnicities have the highest incidence of injury, followed by Pacific peoples



Note: "Other" includes Middle Eastern/Latin American/African and other ethnicity categories

Source: Statistics New Zealand, work-related injuries

..and sector

- Sectors like agriculture, manufacturing, construction and arts and recreation have considerably higher than average injury incidence, with claim rates over 130/1,000 FTEs.
- Incidence rates have fallen in all sectors but only relatively slowly in some, meaning that agriculture, manufacturing and construction will likely continue to be the sectors with the highest rates of injury unless trends are reversed.

* An employee is in job strain if the number of job demands they have (time pressure or physical health risk factors) outnumber the amount of job resources (autonomy & learning opportunities, and workplace relationships)

Indicators



Meaningfulness and fulfilment are highly subjective, but still measurable to some extent

- The American Time Use Survey asks people about their activities and how meaningful they felt these activities were. One study* using this data found that 'jobs that combine professional autonomy with having a direct social impact within the context of a trusting relationship are found to be the most meaningful and worthwhile, controlling for selection into these jobs.'
- People in community and social service occupations (which includes social workers, counsellors and clergy) experience the most meaningfulness in their work. The other top-ranking occupations are: healthcare practitioner and technical occupations; education, training and library occupations; and, perhaps surprisingly to some, legal occupations. More broadly, people working in the non-profit sector and self-employed people report significantly more meaningfulness in their work than those employed in private sector for-profit firms.

Relatively little is known about the proportion of NZ workers derive meaning or fulfilment from work, but there is clearly an appetite for 'useful' work

- Arguably the closest available survey measure is job satisfaction, as analysed in previous slides. However, job satisfaction is likely to balance the perceived meaningfulness against material benefits and the range of other qualities of a job.
- The 2015 International Social Survey Programme (Citizenship and Work Orientations) found that 54% of respondents agreed they would enjoy having a paid job, even if they did not need the money. an additional 17% strongly agreed.
- 72% of respondents agreed/strongly agreed that their job is useful to society, 84% agreed/strongly agreed that they can help people in their job, and 89% agreed/strongly agreed they can use their skills and experience.

* 'Finding meaning through work: eudaimonic well-being and job type in the US and UK', May 2018. Andrew Bryce

Indicators



Productivity is relatively low, and growth has been declining

- Between 1990 and 2006, New Zealand ranked 14th out of 20 OECD countries, with productivity growth of 1.8% per year versus an OECD average of 2.4%*
- Both labour productivity and multifactor productivity annual growth rates have declined from the economic cycle 1997-2000, through 2000-2008, and the 2008-2019 (pre-Covid) cycle**

Variable	Growth cycle				Latest annual 2021 ⁽⁴⁾	Full measured sector time series 1996-2021 ⁽²⁾
	1997-2000 ⁽²⁾	2000-08 ⁽²⁾	2008-19 ⁽²⁾	2019-21 ⁽²⁾ ⁽³⁾		
Time period	Percent					
Output						
Value added	2.9	3.5	2.2	-0.3	-2.4	2.5
Labour						
Labour input	0.1	2.1	1.2	-1.1	-3.1	1.2
Labour productivity	2.8	1.3	0.9	0.8	0.7	1.3
Capital						
Capital input	2.5	3.9	2.3	-0.6	-3.2	2.6
Capital productivity	0.4	-0.4	-0.1	0.3	0.8	-0.1
Multifactor						
Total inputs	1.1	2.9	1.7	-0.9	-3.1	1.8
Multifactor productivity	1.8	0.6	0.5	0.6	0.8	0.7

1. The measured sector series begins in 1996.
 2. Average annual growth rates, year ended March.
 3. Represents COVID-affected period.
 4. Annual growth rate, year ended March.

Source: Statistics New Zealand, Productivity Statistics

- Human capital is only one driver of productivity. Explanations for low productivity growth also include the capital intensity, technology diffusion and absorption, competition, management capability, and geographic isolation amongst others. The Global Innovation Index 2021 finds that New Zealand is relatively weak in the 'knowledge and technology outputs' and 'business sophistication' domains
- There is a growing literature on whether and why there may be a divergence between labour productivity growth and wage growth in New Zealand. However, they remain closely related.

The link between job quality and productivity

In 'Job Quality, Health and Productivity' (2018), the OECD find that job quality is closely associated with employee well-being and productivity, which in turn affects firms' profitability. Characteristics like task variety, method control, and timing control, as well as training opportunities, result in increased value added per employee, and increased labour productivity.

A related consequence of good working conditions is employee retention. Poor conditions have the inverse effect and undermine productive environments. Strenuous and toxic work environments are closely associated with time lost from work due to sickness absence, lower productivity due to health problems while at work, and health-related early retirements.

A separate meta-analysis ('What makes a good job?', Andrew E. Clark) has revealed that job satisfaction and employee engagement are related to firm performance (which includes profitability, productivity, turnover, and absenteeism).

* Meehan, L. (2014). Structural Change and New Zealand's productivity performance. New Zealand Productivity Commission Working Paper 2014/04

**None of these measures are perfect as there are parts of the economy (such as public services outside of health and education) where outputs are equated to inputs

Knowledge gaps



Through this review we have identified 3 key knowledge gaps that could be explored through further scoping work. These could be developed in coalition through the Future of Work forum. Each of these gaps requires further scoping to understand the feasibility and cost.

THE DISTRIBUTION OF 'GOOD WORK'

There is evidence of inequality of opportunity in NZ, as well as inequality of employment outcomes. There is potential to exploit microdata such as the IDI to gain a holistic view of the equality of access to quality employment across different groups of the population.

EXPLORING MORE FREQUENT PROXY INDICATORS OF JOB QUALITY

Measures of job satisfaction, dissatisfaction and intentions to quit could provide useful barometers of the quality of employment, (abstracting from the individual elements of the framework). Scoping work could assess different ways of deriving these proxy indicators (e.g. existing surveys, big data)

WIN-WINS FOR EMPLOYEES AND EMPLOYERS

There is little evidence about what workplace practices work to achieve positive outcomes for both employees and employers. There is room for greater experimentation, learning, and sharing successful practices. The forum could collate existing evidence and/or commission further experimentation.

Do members of the forum have views on which, if any, of the above are priorities for further exploration through the forum?