

Submission to NZ Productivity Commission Inquiry

New Zealand firms: reaching for the frontier

Summary: a narrow focus on supply and demand for skills is likely to promote some of the problems of inertia already observed by the Commission; the human element of productivity growth is a function of motivation and engagement driving the acquisition and application of skill, and not by skills, qualifications or credentials existing in splendid isolation.

By Jonathan Mason, Director Kokkoi Ltd (NZ), Elaura Asia Pte Ltd (SG) and Elaura Ltd (UK)

22nd July, 2020

Dear Madam / Sir

With reference to the above-captioned Inquiry, and based on my reading of the issues paper, as well as what I heard in the excellent webinar I joined today, and a great deal of what I observe in the market, I would like to make the following observation:

Discourse around talent acquisition in Business in NZ (and as it happens, Australia and Singapore) seems to be dominated at present by the notion of the supply of, and demand for skills, rather than of the hiring and development of employees based upon their potential. What makes this so striking is that I am yet to come across a successful global business which subscribes to this “skills-market” view of talent.

This view - a narrow focus on the supply and demand of skills - is a market-oriented, transactional and - in the nature of things - very short term perspective. “We go out to the market to buy skill X - and then something changes and we no longer need skill X, so what: we dump them? Or we carry someone we no longer need?” An approach based on hiring for potential (or more specifically, hiring for the potential which fits the organisational mission) and then continuously developing that potential, generally means that the organisation has skills when it needs them, or can rapidly re-skill the necessary employees.

I would like to suggest that this is not just a matter of words, nor is it a trivial distinction. In today’s webinar, Jo Smith commented on one of the negative factors they had identified in NZ businesses being “a lack of ambition” and “getting comfortable”. Even if I hadn’t observed this phenomenon in NZ businesses (I have), it would be exactly what I would expect in a market favouring this transactional approach to skills acquisition. Allow me to explain.

I have spent the past twenty years working (yes, for the most part, with successful global businesses), specifically in the field of understanding how people fit roles, careers and organisations, based on two things: what motivates them, and how they perceive themselves and others. Leaving perception to one side for the moment, my experience (and the data we work with) suggests the following to be true:

A person with a high level of skill, but little or no motivation to apply that skill, has already peaked and will tend to maintain a comfortable position based on hard work they did in the past. On the other hand, a person with few or no skills (as yet) but very high levels of motivation in a specific area will, given the opportunity, work hard to acquire the skills they need, apply those skills and keep developing them until they are operating at the level of genuine talent. (And of course, in real recruitment situations, the person with both skill and motivation is usually somewhere in evidence - we hope.)

This means that when hiring for a role which has some developmental “runway” time built in, and faced with only my two extreme cases above, go with the motivated, less skilled person every time. They are far more likely to put in the hard yards to acquire AND keep applying the skills. A year or two down the line you will be talking about “our incredibly talented x”... or even “our new

CxO". If you appoint the skilled but unmotivated person you will see, at the individual level, the phenomenon Jo Smith described - can do the job but doesn't care enough to do more than keep things ticking over. Lack of ambition and getting comfortable.

Companies based on the agglomeration of people who have some skills without notable motivational fit, tend to reproduce this inertia at the organisational level, as per Jo's observation.

The NZ Government has recognised that Interest matters enough in career choice that young people are being asked to think about what interests them as they make course and career choices. The problem is that young or old, very few people can identify, let alone quantify, their most powerful motivators. Therefore, it matters that individuals and businesses use accurate, objective and positive data relating to motivation and which is predictive of performance and sustainability in roles.

To put the issue in its bluntest terms, completion of a course or acquisition of a qualification demonstrates only that a person can complete a set of educational or vocational requirements. Having a skill is by no means the same as being willing to apply and continuously hone that skill¹. Talent is the outworking of motivation to produce realised potential.

Talent based on motivation also gets out of bed every morning, eager to get to work and spend the day, being and doing the best it can. That way, productivity lies.

Wishing you the best in your very important deliberations

Jonathan Mason

¹ This of course raises the question of how we help learners identify the right courses; an economy which uses motivation as the primary currency for career fit and applies this to secondary specialisation and tertiary admissions is likely to be one where qualifications **are** worth more than the paper upon which they are written.