Technological Change and the Future of Work

Interview-based evaluation

Prepared for the Productivity Commission by
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Context

The Commission submitted its final report, *Technological change and the future of work,* in March 2020 and is now conducting an evaluation of its performance. The evaluation usually comprises: feedback from a focus group of participants; a survey of inquiry participants; an independent expert evaluation; and administrative data.

Due to the Covid-19 restrictions, instead of bringing a focus group together, the Commission decided to use structured interviews with individual participants. This report presents the results of interviews held during June with seven inquiry participants:

Bill Rosenberg	NZCTU
Lewis Mills	Uber
Michael Ross	Participated in the inquiry when with the Industry Training Federation, now with MBIE
Warwick Quinn & Nyk Huntington	BCITO
Ben Reid	Participated in the inquiry when with the AI Forum NZ, now with Memia Ltd
Francis van der Krogt	MBIE

The interviews were conducted with reference to the Commission's performance measures which are listed below and considered in turn in the body of the report:

1. The **focus** of the inquiry report (the significance of the issues covered, whether they were covered in sufficient depth, and the relevance of information sourced and people engaged with)

2. Satisfaction with the **process management** for the inquiry

3. The **quality** of analysis of information and the quality of the findings and recommendations

4. The quality and effectiveness of the Commission's **engagement** in completing the inquiry

5. The effectiveness of **delivery of message**, as evidenced in the inquiry reports and supporting material (summary reports and supplementary papers).

In light of the current focus on the disruption to work caused by the Covid-19 virus, the Commission added a sixth question:

6. Are the inquiry's analysis, findings and recommendations **relevant** for the post-Covid environment?

This report presents the range of views expressed by those interviewed.

The Focus of the Inquiry

Significance of issues covered and depth of coverage

All participants agreed that this was a very important area of inquiry and that the Commission had covered the topic in a reasonable amount of depth. Technological change is critical to our competitiveness, is closely linked to productivity, and it is a key driver of societal and economic change.

One interviewee said that there had been a lack of discussion and serious thought by other organisations and that the Commission's inquiry was very thorough and a great contribution.

Some commented that the futuristic nature of the topic was difficult and that the approach taken, using possible future scenarios, was appropriate. The Commission had managed to weave a path between the more extreme predictions about the impact of technology on work made by some groups, and the status quo. Usefully, the reports focused on processes for adapting to technological change and avoided being deterministic.

However, one participant thought that the reports were too heavily reliant on how economists see the world:

"They seem to be two completely different world views – those of economists and those of people actually working with technology."

"The terms 'productivity' and 'productivity growth' are used extensively throughout the report but not actually defined."

"Maybe it's a problem with terminology but it makes it difficult to accept the report's findings."

In his view, the finding that "productivity growth is a useful proxy indicator of the long-run rate of technological change" was fundamentally wrong. The Commission saw advances in technology as a linear process, while those working within the technology sector saw it as exponential.

Another interviewee felt that the narrow focus on the impact of technological change had limited the inquiry's usefulness. In reality there are many factors impacting on the future of work including globalisation, climate change, and demographics. Considering technology on its own created an artificial boundary which he thought had limited the usefulness of the findings and recommendations. The narrow focus meant that some policy responses were ruled out because they weren't related to technology, and that was a weakness.

Relevance of information sourced and people engaged with

All agreed that the Commission had engaged with a good cross-section of individuals and organisations, as evidenced by the list of those who had made submissions.

One participant commented that the additional background material provided by the Commission (eg the paper on student subject choice) were very useful reference works, and a particularly valuable part of the Commission's process.

Process Management

Participants generally agreed that the Commission ran a very good process, providing sufficient opportunities to engage, and enough time to develop submissions:

"I find that in general they have one of the best processes of any of the agencies around town."

One person commented that the Commission's staff were very open to input and asked great questions:

"They were available and interested and there was lots of communication."

The Issues Paper was positively received by one interviewee who had promoted it to colleagues through various channels. However, he hadn't noticed the release of the final report, possibly due to the focus on Covid-19 at the time.

A single draft report or multiple theme-based ones?

All interviewees were asked to comment on whether the five theme-based draft reports made it easier or harder to engage with the process compared with the large single draft report that the Commission usually produces.

Most participants appreciated that the Commission had broken the material up into separate draft reports and thought that it made it easier to engage. There was considerable support for the separate theme-based draft reports to be replicated in future inquiries.

Specific comments about the separate draft reports were:

- they made the analysis more digestible than one large document and spreading their release over time was very helpful

- they helped focus the inquiry into tangible areas and ensured that each of the key elements of a broad topic received due attention

- they gave the inquiry more structure than a single, all-encompassing draft report

- they made it more manageable for participants who were able to concentrate on their particular areas of interest, eg training

- better spacing of the release of the individual reports would have improved the process.

One interviewee who had read all the reports said that he found Draft Report 2 on *Employment, Labour Markets and Income* particularly useful while another found that Draft Report 3, *Training NZ's Workforce,* the A3 on training, and Draft Report 4, *Educating NZ's Future Workforce,* were the most relevant and useful for him.

While most were appreciative of the separate reports, one person commented that it would have been helpful if the Commission had drawn more of a connection between the reports as there was a certain amount of cross-over. This could perhaps be done by including a synopsis of previous reports.

Finally, one interviewee found that because the sub-themes are related and not always amenable to separate consideration, the five separate draft reports probably made it harder to engage with the inquiry. While shorter reports can make it easier to focus on subjects of particular interest, they can make it harder to keep sight of the whole picture.

Time commitment for inquiry participants

One comment was that people participating in the Commission's inquiries have limited time to devote to them and the amount of material and analysis, whether broken into bite-sized pieces or not, was a challenge to digest and comment on:

"We just don't have the time or resources to really absorb that volume of material."

"A Commission inquiry is not the total life of people outside the Commission."

"I appreciate the depth of analysis, but there is a happy medium that needs to be found."

Quality

Quality of analysis

One interviewee commented that the Commission's analysis was impartial and highly sophisticated while another described it as comprehensive and credible.

In contrast to many government agencies who are often busy responding to day-day demands, the Commission has the time and independence needed to create valuable resources.

One participant noted that the Commission had a reputation for high-quality analysis and this inquiry was no exception. However, some felt there were gaps:

- the report on educating the workforce seemed to lack the depth of some of the other reports, although this may have been because the sub-theme was more peripheral to the inquiry's focus

- one interviewee commented that the reports lacked a critical lens on technological change

- one person had expected more comment about encouraging or discouraging technologies

- another thought more could have been said about what contributed to the successful implementation of particular technologies

- another gap was the impact of technologies on different sub-groups of the population.

A couple of participants were less than fully satisfied with the Commission's analysis. One commented that the Commission was very much focused on markets and their capacity to resolve all problems, given the right policy settings. An example of this market-focus was the suggestion of personalised savings accounts for income smoothing.

The Commission also appeared resistant to new approaches such as active industry policies to ensure jobs are there to replace those lost to technological change. It was suggested that the Commission needs fresh ways of looking at problems and a wider evidence base, including looking at successful approaches in other countries.

The other main criticism related to the way the Commission assessed the impact of technology on productivity. The Commission's conclusions didn't mesh with the experience of people working in the technology sector. The Commission had referenced alternative approaches to measuring GDP and the impact of positive technology externalities but seemed to dismiss them out of hand.

Quality of the findings and recommendations

One participant thought that the Commission's work had helped to dispel undue worry about the impact of technology on the future of work. Other similar comments were:

"The findings were a really useful correction to the public narrative about the future of work."

"The Commission really dug into the issues and busted a few myths."

But some felt that the Commission had missed an opportunity:

- the Commission's reporting reiterated the results of past inquiries and missed the opportunity to say something stronger that would move issues forward, eg the findings and recommendations on life-long learning, support through change, and income support

- one interviewee felt that the first two reports were quite bold and penetrating but that the others recommended only micro changes around the edges instead of taking the opportunity to make more significant recommendations.

Another participant thought that the Commission had underestimated the level of technological change occurring overseas and how that would affect the way New Zealand operates:

"The report was too inward-looking".

A further observation was that the Commission was in a unique position due its independence and its reputation for high quality work. However, it may be perceived as "a creature of governments of the right" and unfortunately that might limit the extent to which its recommendations are actioned.

There was interest from two participants in knowing more about what happens to the Commission's reports and which recommendations are implemented. A suggestion from one interviewee was for the Commission to do a follow-up 1-2 years after an inquiry to see what has happened. The follow-up would consider what hit the mark and what didn't, and identify which of the substantial detailed recommendations had been actioned.

Engagement

One participant said that the Commission had provided lots of avenues for engagement and that he found the Commission excellent to deal with.

The Commission had approached another interviewee for a discussion after reading his submission, making it clear the submission had been read and properly considered. Referencing submissions in the Commission's report also reinforced that they were being used and showed that the Commission respected the input of contributors. The way the Commission engages provides an example that other government agencies could usefully follow.

The Commission was particularly interested to hear how useful interviewees had found its Futureworknz blog. Four people commented favourably on the blog saying that they found it useful and interesting. One appreciated the bite-sized nuggets of analysis on very specific topics, such as the Gartner hype cycle.

Another person commented that the Commission appeared to have put considerable effort into the blog and that they had read some of the posts. However, due to limited time, he hadn't made use of all of the resources provided.

Delivery of Message

One interviewee said that the reports produced by the Commission were immensely valuable and a resource that he drew on routinely. He found the Commission's reporting to be "commendably lucid" and "always very clear and succinct" whether it was the summary material or the fuller reports.

Another commented that the Commission's reports were nicely laid out with a useful summary of the findings and recommendations. The Commission used effective ways to reach the audiences they were targeting. The audiences were quite specialised and the detailed, evidence-based material in the Commission's reports was valuable and appropriate.

However, most people, including those who are extremely interested in the topic, don't have the time to absorb the amount of analysis and reporting that the Commission produces.

One comment was that the large volume of the material produced by the Commission is manageable for large organisations but not so good for smaller entities with fewer people and less time to commit to the inquiries.

There was also a concern that, while summaries are of course useful, journalists may be overly reliant on the Commission's short publications which inevitably fail to do justice to the Commission's work:

"You don't get the full three dimensions."

A second round of promotion of the final report may be worth considering given that the first release in March was likely overshadowed by Covid-19 developments. This could help to ensure it is noticed beyond a small group of interested agencies.

Relevance to post-Covid environment

In response to this additional question, participants commented that much of the inquiry was absolutely relevant to the disruption to work caused by Covid-19. This underlined the point that, in addition to technology, many factors can disrupt work and the various policy responses may be applicable across a wide range of these disruptors.

A number of participants identified findings and recommendations from the inquiry that they thought were relevant for responding to the disruption to work caused by Covid-19, including those relating to:

- income support for people retraining and/or searching for a new job
- structural shifts in the economy and changes in the demand for skills

- workforce flexibility

- ensuring low barriers to entry

- life-long learning

- access to retraining

- active labour market policies.

Some people made other observations about the impact of COVID-19 on work and work practices. One comment was that Covid-19 was an emergency requiring an immediate response, whereas technological change is a permanent feature and the response won't necessarily be the same.

Another person stressed that the impact of automation on the future work continues to be important and needing attention. There was a concern it would be swept away by an ongoing focus on Covid-19.

Finally, interviewees noted that the responses to the pandemic had demonstrated that rapid and significant change is possible, including:

- the massive investment in training that had previously been resisted by government

- increases in productivity as people quickly learned to work from home and made large savings in time previously spent travelling

- changes in attitudes to different work practices such as working-from-home technologies, which are likely to have a lasting impact.