

NEWSLETTER OF THE CENTRE FOR LABOUR, EMPLOYMENT AND WORK (CLEW)

NOTICES

3rd Biennial Labour Law Conference

The New Zealand Labour Law Society in conjunction with the Victoria University Faculty of Law is holding its third biennial conference in Wellington on 27 November 2015. For details of speakers and registration [click here](#).

For further information contact Prof Gordon Anderson
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Te Punaha Seminar: The effect of trial periods in employment on the hiring behaviour of firms - Dr Isabelle Sin

Monday 23rd November 1:00pm – 2.30pm Rooms G.02 and G.03, MBIE, 15 Stout Street, Wellington.

Please RSVP Te.Punaha@mbie.govt.nz by Wednesday 18th November.

In March 2009, an amendment to the Employment Relations Act (2000) came into effect that introduced 90-day trial periods in employment for firms with fewer than 20 employees. The policy was deemed a success, and in April 2011 the option of using trial periods was extended to firms of all sizes. But what evidence is there that the policy had an economically significant effect on the quantity of hiring by firms.

Dr Isabelle Sin is a Fellow at Motu Economic and Public Policy Research and a Principal Investigator at Te Pūnaha Matatini Centre of Research Excellence. Isabelle joined Motu in 2012 after completing a PhD in Economics at Stanford University, California.

RESEARCH UPDATE: IS LOAFING AT WORK NECESSARILY DETRIMENTAL?

Satya Duhita & AProf Urs Daellenbach, School of Management, VUW

Employees' use of the internet, making personal phone calls, and 'socialising' with colleagues during work hours is generally considered by managers and employers to be a waste of paid working time and as detrimental to workers' productivity (Bennett & Robinson, 2003; Dixon, 2005). But a study by Satya Duhita, as a Masters student in Victoria University's School of Management, examines the effects of 'loafing' - paid work hours in which employees undertake personal activities such as making personal phone calls, non-work errands, social conversations with colleagues or accessing the internet, e-mails, and social network sites (SNS) for personal benefit. In particular she was interested in looking at the effects collectively on both job productivity and job satisfaction via combinations of 1) the time of day when loafing occurred, and 2) different loafing activities and she found that unpacking 'loafing' activities and the effects challenges traditional perspectives on the impacts of these activities.

Loafing in the age of the Internet

Prior to the 1990s, any loafing was likely more visible – typically occurring away from one's desk – but with the rise of the internet and social networking sites (SNS), loafing behaviour has expanded to include the virtual world ('cyber-loafing'). Furthermore, the advent of smartphones and reduced prices for personal mobile data plans makes cyber-loafing harder for an employer to detect or monitor.

The extent of loafing in workplaces was highlighted in a recent survey where 89% of employees admitted to loafing on a daily basis, with 78% of them self-reporting their loafing as over 30 minutes every day, and 4% loafing at least half of the workday on average (Gouveia, 2014). The same survey noted that employees in the finance and banking industry are the biggest 'loafers', followed by those working in the arts, media, and entertainment businesses. The

overall impact of loafing on companies' bottom lines is estimated to be as much as US\$1 billion (Liberman, Seidman, McKenna, & Buffardi, 2011; Lim & Chen, 2012).


Paradoxically, though, being allowed some loafing has recently been argued to help employees to recharge their concentration and to improve their satisfaction toward their jobs (Coker, 2013; Lim & Chen, 2012; Messarra, Karkoulian, & McCarthy, 2011), creating debates about the overall impact of loafing at work.

The current research study

Satya Duhita's study focussed on loafing activities by white-collar workers, with respondents being employees in New Zealand-based office settings during fixed work hours (e.g. 9am-5pm). All respondents were required to have internet access and to be able to check their SNS accounts while at work, although they did not need to be members of any specific SNS. About 170 employees responded to the online survey in January 2015. All measures were self-reported, which has some potential for under- or over-reporting (e.g. for loafing or job productivity) although similar studies have found that these assessments are actually relatively reliable.

On average, these NZ respondents spent about 4 hours per week loafing at work. This is comparable but slightly lower than the weekly average of 4.2 hours spent cyber-loafing in the Asia Pacific region and suggests that loafing as a whole may be less prevalent across NZ workplaces. The most common loafing

activities reported were tracking and posting on social network sites, reading news, checking personal e-mails, social conversations with colleagues and taking breaks / daydreaming between tasks. The analysis, though, combined both frequency and average duration when assessing whether statistically significant relationships were present.



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Loafing and job satisfaction and job productivity

Results, derived from a structural equation model, found positive and significant relationships between autonomy, job satisfaction and job productivity. These results indicate that the more satisfied employees feel about their job overall, the more productive they report themselves to be. In addition, greater autonomy, that is the more freedom employees perceive they have for scheduling their work (Morgeson & Humphrey, 2006), was associated with higher job satisfaction but did not exhibit a direct relationship to productivity, a facet that may have been missed in previous research that did not include both satisfaction and productivity. More autonomy did not seem to be positively related to the amount of loafing that occurred, whereas some other studies reported that those at higher levels within an organisation, who also likely have greater autonomy, tended to loaf more.

Figure 1 gives a broad summary of the key findings. As suggested by recent studies, some types of 'loafing' at some times of the day do exhibit positive relationships with job satisfaction and negative direct relationships with productivity. In combination, the model suggests that the increased satisfaction of allowing office workers some freedom to loaf and re-charge between work tasks, particularly during the morning (which employees have reported as their most productive time of the day; Gouveia, 2014), can offset the negative effects that loafing has on productivity (that is, reducing the time available for work tasks).

Looking specifically at different types of loafing, these offsetting relationships occurred for traditional loafing activities (which includes chatting while getting a tea or coffee or making a private phone call) as well as cyber-loafing involving online activities and communication (e.g., reading news, answering non-work e-mails, visiting entertainment, sports or investment websites), but not for cyber-loafing involving SNS, which had no apparent positive or negative impact. This may be due to SNS loafing, both reading and posting information, requiring relatively short periods of time, which neither greatly reduce productivity nor do they affect job satisfaction.

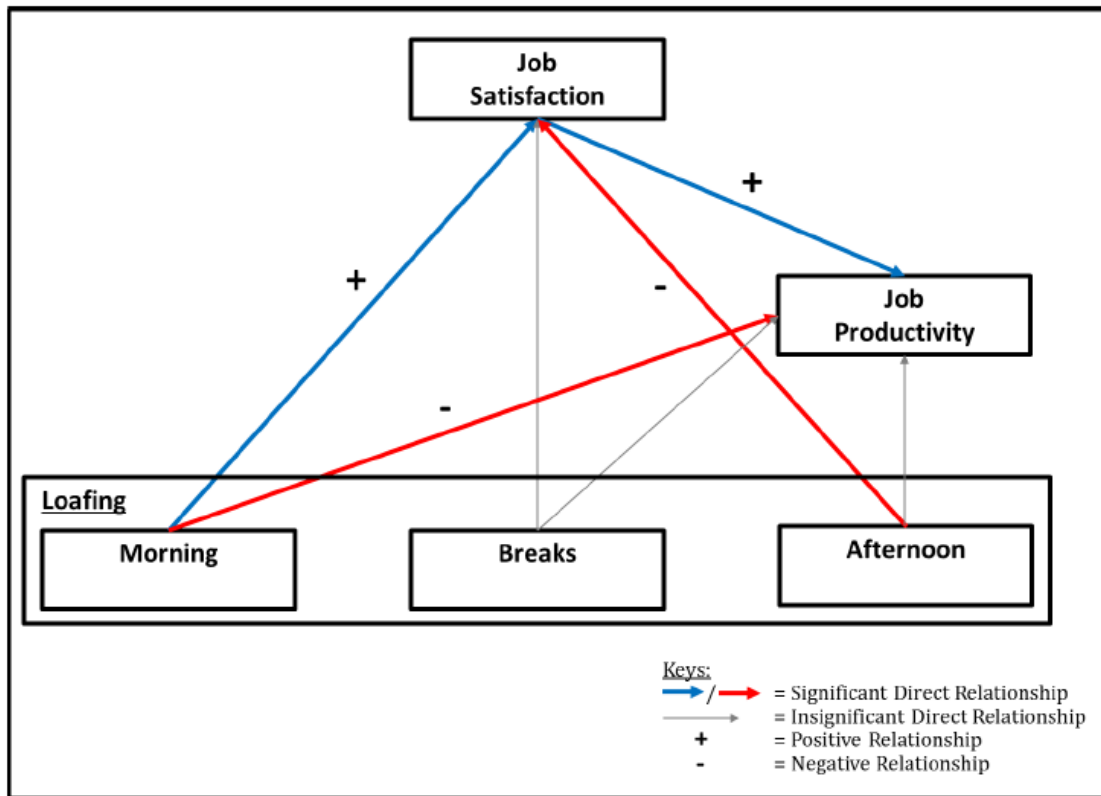


Figure 1. The Impact of the Time of Loafing on Job Satisfaction and Job Productivity

As would be expected, loafing activities during allowable breaks in the work day did not affect productivity negatively, but also seem to be neutral with respect to satisfaction, so perhaps this freedom is now just expected in an office setting and would only have an effect if closely scrutinised or decreased. In contrast, the analysis suggested that some loafing activities in the afternoon are negatively associated with job satisfaction. Again, this relationship was exhibited for non-SNS categories of loafing. One possible explanation for this finding could be that the more loafing a worker does in the second part of their work hours, the less happy they are with the workplace as a whole, and so the loafing is a reflection of that

discontent. This interpretation partially supports previous studies which argue that employees who are dissatisfied with their jobs tend to loaf more (Mount, Ilies, & Johnson, 2006).

Implications for managers

Despite the common belief that loafing will have negative impacts for organisations, the research here reveals some loafing may also yield positive benefits in some situations. Some types of loafing also appear to have only a minimal effect on productivity and satisfaction.

A primary implication of the study is that management should arrange workplace practices so that employees feel satisfied with their jobs, which in turn enhances productivity. Some level of allowable loafing can contribute to employees' level of satisfaction.

The findings here also indicate that different kinds of loafing and the time it occurs will lead to different impacts. In particular, some allowance for loafing activities in the morning appear beneficial in increasing job satisfaction. Furthermore, apart from checking of SNS accounts, loafing in the afternoon may be symptomatic of lower job satisfaction although future research needs to establish whether satisfaction levels tend to differ across the day due to factors such as fatigue or upcoming deadlines.

Having such information will hopefully help employees become more aware of their loafing behaviour and aid them in making more conscious decisions about undertaking loafing in a responsible manner. In New Zealand, stringent policing of employee loafing may not be warranted, with the total of such activities occurring with less frequency and duration than in other countries and regions where such loafing has been studied.

References

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Employment Agreements Update 2014/2015 available

If you are heading into bargaining in the next six months make sure you have checked out our publication '*Employment Agreements: Bargaining Trends and Employment Law Update 2014/2015*'. The book is seen as the essential reference for employment relations experts and the only source of information on current provisions in collective agreements. It includes information on wages/ salaries, term of agreements, all forms of leave, work hours and penal/overtime rates, redundancy, superannuation/ kiwisaver, union provisions and much more.

Stocks are getting low but we can order more early next year. Download [Order forms](#) from our website.

WELLINGTON'S THRIVING DIGITAL SECTOR 'NEARLY INVISIBLE'

Media Release, Victoria University of Wellington, 23 October 2015

Wellington's burgeoning digital sector is a major contributor to the region's economy, and yet it flies under the radar compared to other key sectors such as film and tourism, a Victoria University of Wellington report has found.

Students from Victoria's School of Management interviewed 140 business owners, managers and employees from 50 Wellington digital companies late last year.

The results, detailed in the report '[Wellington's digital sector – growing under the radar](#)', were released to 150 industry professionals at the University yesterday.

Project leader Dr Richard Norman, from Victoria's School of Management, says Wellington's digital sector is a major success story of the last decade and the report explores challenges faced by companies in the sector in attracting, retaining and developing staff.

'The pioneers of Wellington's digital sector, Trade Me, Xero and Datacom, have been joined by 400 to 500 smaller companies during the last 10 years. More than 20,000 people, or 10 percent of the region's work force, are in digital sector roles in these companies and within larger public and private organisations. It's a sizeable part of the workforce, but the public has barely heard of them.'

Dr Richard Norman, School of Management, VUW

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Work classified as Information, Media and Telecommunications contributes 6 percent to the region's GDP, and Professional Scientific and Technical Services 10.7

percent. By contrast, tourism, which has been a highly visible growth area of the past decade, contributes just 2.9 percent to Wellington's GDP.

Dr Norman says the digital sector's low profile is largely because it operates on a business-to-business model, focuses on niche markets and has a predominantly international client base.

"For some in the industry, it's a cause of frustration. They feel Wellington as a digitally creative centre is too much of a secret. The report identifies some of the challenges of being nearly invisible to the public, one of which is recruitment. Companies are increasingly recruiting internationally," he says.

The report showed that overall interviewees felt positive about further growing Wellington's digital sector and the potential to develop an international reputation as a leading creative city.

Many interviewees commented on characteristics unique to Wellington that have helped cultivate the sector. For example, many praised the city's compact size and its strong emphasis on networking and collaboration, which put professional relationships at the forefront of business.

One interviewee commented on Wellington's size where it's "much easier to maintain networks ... So I think encouraging our staff to get out and walk around is important. How we do social events and catch ups down here is completely different to Auckland."

The full report 'Wellington's digital sector – growing under the radar' is available [online](#).

For more information contact Dr Richard Norman on 04-463 5455 or richard.norman@vuw.ac.nz

NOTE: The results, detailed in the report were released to 150 industry professionals at the University in a seminar organised by CLEW on October 22. The seminar provided industry people an opportunity to respond to the report and to also look at the issues for the sector in recruitment, retention and training of employees. A number of the presentations will be available on-line soon.

PAID PATERNITY LEAVE AND RECOGNITION OF THE IMPORTANCE OF FATHERS

Dr Amanda Reilly, School of Accounting and Commercial Law, VUW

Does New Zealand society recognise the importance of fathers? Sadly, forty nine percent of the fathers in a survey carried out by the Families Commission feel that it does not.¹ Establishing a statutory right to paid paternity leave (i.e. a short period of paid leave around the time of child birth reserved for partners) would be a way to publicly affirm that New Zealand fathers, and their work in caring for their children, is indeed valued.²

At present, paid parental leave is available for 16 weeks at a maximum rate \$504.10.³ This is an entitlement aimed at birth mothers. It may theoretically be transferred, either in part or in its entirety to their partners, but in practice this occurs in less than 1 % of cases.⁴ Proposals for change have focused on extending the length of the payment period⁵ and widening eligibility. Proposed changes under the Employment Standards bill⁶ which is currently at the Select Committee stage, relax the continuity of employment eligibility provisions, which will have the effect of extending entitlement to paid parental leave to a wider group of workers particularly those in casual and temporary employment. Although this is a positive change the entitlement will still, at first instance, attach to the primary carer, defined as the biological mother. The theoretical possibility of transferring all, or part, of this leave to the father (or to other carers) remains but there is no reason to think this would happen any more frequently under the proposed new law than under the existing law.

¹ Families Commission *Supporting Kiwi Dads: Role and Needs of New Zealand Fathers* Research Report No 5/09 December 2009 http://www.superu.govt.nz/sites/default/files/supporting-kiwi-dads_0.pdf p12.

² Note: although the focus here is particularly on fathers there is no reason why paid partner leave should be reserved exclusively for the male partners of biological birth mothers and nothing stated here is intended to imply otherwise.

³ Parental Leave and Employment Protection Act 1987.

⁴ MBIE Regulatory Impact Statement *Modernising Parental Leave* <http://www.mbie.govt.nz/info-services/employment-skills/legislation-reviews/employment-standards-legislation-bill/document-image-library/ris-2015-modernising-parental-leave.pdf> p 4.

⁵ Budget 2014 amended the Act to extend the 14 weeks of paid leave to 16 weeks from 1 April 2015, and to 18 weeks from 1 April 2016. Sue Moroney's private member's bill also aims to extend paid parental leave to 26 weeks from 1 April 2018.

⁶ Employment Standards Bill http://www.parliament.nz/en-nz/pb/legislation/bills/00DBHOH_BILL64668_1/employment-standards-legislation-bill

It is disappointing that no apparent consideration has been given to a separate entitlement to paid paternity leave for fathers around the time of the birth. There would be a range of advantages to doing this.

involved with their young children which contributes positively to child development.⁷ It also helps to develop 'parenting skills and a co-parenting dynamic which provides the foundation for a gender equitable division of labour'⁸ If men take on more unpaid care work in the home, women are more able to participate in paid work.

While no ILO standard deals specifically with paternity leave, the ILO has called for governments to develop policies to allow a more equal sharing of family responsibilities. They have stated that such policies should include paternity leave with incentives to encourage men to take up such leave.⁹ At the current time eligible employed New Zealand fathers may be entitled to up to two weeks unpaid leave (one week for a minimum of six months continuous service and two weeks for a minimum of 12 months continuous service).¹⁰ However, uptake of this leave is very low (around 4%) and it is likely the fact the leave is unpaid is a contributory factor. Fathers' use of leave entitlements has been shown to be highest when compensation is at least 50 percent of earnings.¹¹

In making partner's leave unpaid, New Zealand is out of step with other countries. Paternity leave is paid in most countries that provide an entitlement to partner time off (70 countries out of 78 or 90% in total) and usually at 100% of previous earnings. There are only eight countries where national legislation provides an entitlement to take time off without providing for benefits to cover work absences. (i.e. Azerbaijan, the Bahamas, Ethiopia, Kazakhstan, Republic of Korea, New Zealand, Norway and the Syrian Arab Republic)¹²

Of course, provision by the state is not the only way to create an independent entitlement to paid paternity leave for partners. Individual employers could choose to do this. Unions could also negotiate suitable terms into collective contracts. However, data collected by the Centre for Labour Employment and Work and presented in the Table below, shows

Data collected by the Centre for Labour Employment and Work shows that only 3% of collective agreements in New Zealand contain a period of separate paid leave for a spouse/partner on the birth of their child.

⁷ International Labour Organisation *Maternity and Paternity at Work: Law and Practice across the World* 2014 <http://www.ilo.org/global/topics/equality-and-discrimination/maternity-protection/publications/maternity-paternity-at-work-2014/lang--en/index.htm> p 52

⁸ Rehel 2014 cited in ILO Report above p 52.

⁹ International Labour Organisation *Maternity and Paternity at Work: Law and Practice across the World* 2014 <http://www.ilo.org/global/topics/equality-and-discrimination/maternity-protection/publications/maternity-paternity-at-work-2014/lang--en/index.htm> p 52

¹⁰ s17 Parental Leave and Employment Act 198

¹¹ 'O'Brien 2009 cited in International Labour Organisation *Maternity and Paternity at Work: Law and Practice across the World* 2014 <http://www.ilo.org/global/topics/equality-and-discrimination/maternity-protection/publications/maternity-paternity-at-work-2014/lang--en/index.htm> p 61

¹² International Labour Organisation *Maternity and Paternity at Work: Law and Practice across the World* 2014 <http://www.ilo.org/global/topics/equality-and-discrimination/maternity-protection/publications/maternity-paternity-at-work-2014/lang--en/index.htm> p 57

that only 3% of collective agreements in New Zealand contain a period of separate paid leave for a spouse/partner on the birth of their child.

Men have a right to share in the caregiving associated with family life. If legislators are not willing to create a separate entitlement to paid paternity leave for New Zealand fathers, perhaps unions and employers should look to fill the gap.

Table: Spouse and partner provisions by sector and industry, 2015

	Period of separate paid leave (%)	Unpaid leave (%)	Other payments/ benefits (%)	No clause/ silent (%)	Coverage (000s)
All agreements	3	92	1	4	326.3
Private sector	3	90	0	7	132.0
Central Govt sector	2	94	1	2	180.8
Local Govt sector	23	71	0	6	13.5
Agriculture, forestry etc	0	77	0	23	0.3
Mining	31	66	0	3	2.1
Food manufacturing	2	95	0	3	24.7
Wood, pulp & paper prod mfg	3	92	0	5	4.5
Petrol, chem. and assoc. mfg	0	86	7	7	2.2
Metals & machinery mfg	0	98	0	2	7.2
Other mfg	0	97	0	3	4.4
Electricity, gas, w ater supply	0	91	0	9	2.9
Construction	0	94	0	6	4.7
Food retailing	0	91	0	9	11.9
Other retailing & w wholesale	0	58	0	42	10.1
Accom. & food serv.	0	99	0	1	3.5
Transport, postal, w arehouse	0	95	0	4	22.0
Info. media and telecommun.	4	86	0	10	1.4
Finance & insurance	34	65	0	1	6.7
Business (incl. sci & tech) serv.	10	85	5	0	4.3
Public admin. & safety	11	86	0	3	49.2
Education & training	1	97	0	1	74.8
Health and social assistance	0	95	2	3	84.2
Arts and recreation	0	83	0	17	3.4
Other services	5	92	0	2	1.6

Blumenfeld, S., Ryall, S. and Kiely, P. (2015) *Employment Agreements: Bargaining and Employment law Update 2014/2015*. Centre for Labour, Employment and Work, Victoria University of Wellington, Wellington, New Zealand, Table 5.1, p 78.

PAY EQUITY WORKING GROUP ANNOUNCED

The Government has established a joint working group, with the support of both unions and business groups, to develop principles for dealing with claims for pay equity under the Equal Pay Act 1972.

The Court of Appeal's decision in [*TerraNova Homes and Care Ltd v Service and Food Workers Union Nga Ringa Tota Inc \[2014\] NZCA 516*](#) on pay rates in the aged care sector found that women in predominately female workforces could make a claim for pay equity under the Act. This has opened up the possibility for a succession of claims from workers in other industries in order to achieve pay equity, a situation that threatened to become both unmanageable and costly for all parties.

'It is not practical or efficient for workers and employers to have to go to Court to seek principles for their particular industry one-by-one.'

Michael Woodhouse, Minister of Workplace Relations and Safety

Michael Woodhouse, Minister of Workplace Relations and Safety, says that 'It is not practical or efficient for workers and employers to have to go to Court to seek principles for their particular industry one-by-one.' He intends that the Joint Working Group will provide Ministers with recommendations on how to achieve pay equity consistent with New

Zealand's employment relations framework and a well-functioning labour market.

The working group will comprise the NZCTU representing workers, Business NZ representing employers and State Services Commission and MBIE representing Government. Numbers are 40 percent each from Government and unions and 20 percent from employers. Former President of the NZCTU, Helen Kelly, will lead the union representation while the government agency representation will be led by Andrew Hampton, Chief Talent Officer at the SSC.

Newly elected NZCTU President, Richard Wagstaff, stated that the establishment of the Joint Working Group is a significant milestone for working people 'It is good that the Government is ready to negotiate equal pay principals to ensure working people are being paid equally for work of equal value as intended by the Equal Pay Act. These talks are a step forward for equal pay for all working women in New Zealand.'

Unions have agreed to put on hold their legal action until March 2016 to allow the Joint Working Group to proceed. However, the NZCTU stated that 'While the CTU would participate actively in the group, unions will continue to consider pay claims for female dominated occupations and stay prepared in case progress is not made through this process.'

Health Minister Jonathan Coleman has also confirmed the Government will negotiate over pay rates for about 50,000 care and support workers.

CLEW – WHO ARE WE?

The Centre for Labour, Employment and Work (CLEW) is in the School of Management at Victoria University of Wellington. Our research and public education programme are centred on three pillars of

Organisational dynamics and performance

- What happens in organisations matters. From strategies, business processes, management practices, worker experiences to knowledge sharing, collaboration, innovation, productivity, engagement and trust – these all impact how individuals and organisations perform.

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Employment rights and institutions

- What is the role of trade unions and of collective bargaining in New Zealand's contemporary economy and society? Is the current system of employment rights and the institutions and processes for enforcement of those rights in New Zealand still relevant? Is it efficient, and does it contribute to overall productivity growth?

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Changing nature of work and the workforce

- Rapid and increasing change in the external environment of organisations has fundamentally changed the world of work. Factors shaping how we organise and participate in work include rapid technological development, intensifying environmental and resource pressures, globalised markets, mobile workforces and changing demographics.

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