

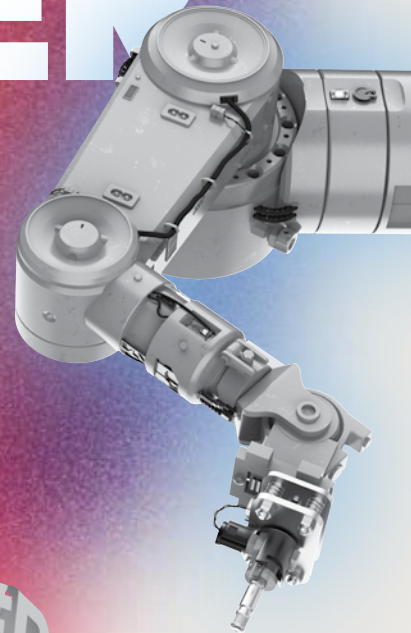
Prioritise



WORKING SMARTER



The productivity puzzle



Prioritise working smarter

In order to foster economic growth and maintain our level of prosperity, it is essential to focus on increasing labour productivity. This does not, incidentally, mean working harder but rather working more efficiently by leveraging technology or organising work processes differently.

The Netherlands has for years managed to register economic growth because more people have joined the workforce. Now that labour shortage appears to be structural, however, it is necessary to take a broader view and not to focus solely on expanding the labour supply.

Parties to Collective Bargaining Agreements (CBAs) have a key role to play here. It is important that they develop a shared joint long-term vision to make sure that businesses and workers remain agile now and in the future and that they promote growth in labour productivity so as to achieve appropriate wage setting. Every CBA should consequently include an arrangement to improve labour productivity.

Needless to say, labour productivity growth depends on many factors and can be stimulated in various ways. This memorandum of conditions of employment draws on four themes to propose ways of boosting labour productivity in organisations and to make sure that work can be done with fewer people, to wit: remuneration, the organisation of work, lifelong learning, and vitality.



REMUNERATION

Normalising CBA wage growth is a priority for employers. Labour costs have risen sharply in recent years, yet trade unions continue to make incomprehensible demands for high wage increases. If employers acquiesce, there is a risk that affordable wages and the ability to invest in innovation and development, would be undermined. This would in turn affect the competitiveness of Dutch businesses compared with other countries.

- **Make wage agreements in line with the specific situation of a business or sector.** The economic outlook is better for some companies and sectors than for others. The outlook for the company or sectors should therefore guide CBA negotiations. Increasing labour productivity will also create more room to improve the conditions of employment — a connection that is still too often missing in collective bargaining. Employees should benefit from this by encouraging employee participation.

- **Make workers more financially resilient.** To strengthen the financial security of workers, it is crucial to provide clarity about the number of hours they can work. Flexible working arrangements can benefit both employers and employees, but not at the expense of income stability. This flexibility can be maintained by smart scheduling without compromising income stability for employees. Furthermore, offering larger contracts can also enhance income stability for employees while easing staff shortages for employers.



ORGANISING WORK DIFFERENTLY

When it comes to boosting productivity, the use of new technologies often springs to mind. Technologies alone will not automatically lead to higher productivity. To ensure work can be done with fewer people, it is vital to focus on organising work differently and optimising schedules. What works here will vary per organisation and sector.

- **Focus on the successful implementation of (technological) innovation.** Involve employees in the implementation of technological solutions and/or the optimisation of work processes to arrive at the best solutions and insights so as to work more efficiently. This also highlights the training or education workers may need to cope properly with new technologies or ways of working.
- **Optimise the work schedule in the organisation and assess whether it is still appropriate and sustainable for the future.** Existing work schedules may no longer be suitable because of changes in the composition of the workforce or they could become increasingly problematic over time. For example, measures to accommodate older employees may entail excessive strain on the ever-shrinking group of younger workers due to an ageing workforce. Bringing the schedule back in line with the current composition of the workforce can help reduce work pressure and thus improve productivity.
- **Discuss what workers need so that they can work more hours.** Customised solutions such as adjusted start times, self-scheduling, or hybrid working often turn out to be more feasible than initially expected.



LIFELONG DEVELOPMENT

Labour productivity cannot be increased simply by investing in new technologies. A crucial precondition for the successful implementation of new technologies is to make sure that employees have the knowledge and skills needed to work with them. Learning and development are essential, as the more skilled employees are, the more efficiently they can perform their tasks. This benefits employers significantly, while improving the employability and long-term viability of workers in the labour market. What can employers do?

- **Make learning and development less optional.** Create a learning culture in the organisation, make concrete arrangements with employees about their development, and allocate time and resources accordingly. For instance, agree on three mandatory development days per year and experiment with alternative training tools if personal development budgets are not being utilised.
- **Invest in basic skills.** Some one million workers struggle with basic skills. Investing in these areas pays big dividends. Fewer mistakes are made, absenteeism declines, employees become more productive, and they obtain (mandatory) certifications more quickly. Furthermore, as work is changing at an increasing pace, particularly in terms of digital skills, such investing is becoming even more vital, as it improves the employability, boosts the self-confidence, and enhances the job satisfaction of workers.



VITALITY IMPROVES PRODUCTIVITY

Another precondition for reaping the benefits of productivity-enhancing measures is making sure that employees remain healthy and enjoy their work. Focus on their well-being therefore by discussing their (mental) health, motivation, and development. Agree on what they need to stay employable over the long term. This has a positive impact on their participation in the workforce and boosts productivity among vital employees.

- **Tackle work pressure.** Absenteeism rates in the Netherlands have been high for years. To reduce or prevent absenteeism, it is essential to identify the underlying causes. Psychological issues, including stress and burnout, rank second among reasons for absenteeism. Mental health problems can stem from work-related factors, such as high pressure or inappropriate behaviour, as well as personal circumstances. Usually, it is a combination of work and private life factors. Work pressure can be alleviated by assessing regularly whether employees experience it and then addressing the pain points. Chart policies to prevent work pressure and pay particular attention to specific groups, such as family carers, younger workers, and employees who have previously had mental health issues.

- **Ease physically demanding work.** It is essential for everyone to stay healthy and enjoy work for as long as possible. In sectors where work is particularly physically demanding, targeted strategies for sustainable employability are necessary, especially when early retirement schemes are in place. Whereas it may not be possible to eliminate all such heavy work, there is often room to reduce the physical or mental strain on employees. It is therefore necessary first to assess whether

work is overly demanding and to identify the tasks or conditions that make work so heavy. Furthermore, for workers who continue to have to perform physically demanding tasks, it is crucial to transition them to less strenuous roles in their current or in another sector.

- **Invest in employee vitality and health.** Promote, for instance, a socially safe work environment, ensure equal opportunities for all, and invest in preventive measures and vitality initiatives.

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