

Getting the right balance between internal capacity and utilising external professional skills: the New Zealand experience

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Introduction

E nga mana, E nga reo, E nga hau e wha, Tena koutou, Tene koutou, Tene koutou katoa.

To those of standing, To the united voices, To those from across the Asia-Pacific region, Greetings, Greetings, Greetings to you all.

Statistics NZ developed a Capability Framework as a high-level structure to define what capability means for Statistics NZ staff. The framework is made up of three overlapping areas of capability: statistical, business knowledge and generic.

Professional skills, as conceived for this session, are located mostly within the statistical and business knowledge capabilities. The broad categories of statistical methodology skills are captured within the statistical capability area. The broad categories of statistical subject matter skills are captured within the business knowledge capability area.

It is important to note that generic capabilities, such as effective communication skills, are crucial for all staff to be proficient and effective in their roles. They can have exceptional business and statistical capabilities but if they are not able to effectively communicate their work with customers and colleagues they cannot be truly effective in their role.

Indeed our People Strategy that sets out a five-year staff capability development map has four key themes – Expert Professionals, Exceptional Leaders, Influential Connectors, and Intelligent Communicators. These themes link directly to the organisation's values and strategic direction.

In respect of professional or statistical skills, Statistics NZ has always found it useful to borrow skills, especially from other national statistical offices. Thank

you! And we continue to do so – for example we’ve had important contributions from statisticians from the UK Office of National Statistics (the ONS) in the areas of geospatial analysis and public sector productivity. And there continues to be an exchange of capability with the Australian Bureau of Statistics.

Like other national statistics offices, we find international collaboration and participating in working groups very useful for providing us with best practice knowledge and skills. Beyond these traditional avenues however, I believe Statistics NZ has an interesting story to tell.

New Directions

Statistics NZ is in the process of transforming the way we produce and release statistics by:

- enhancing our leadership of the Official Statistics System
- increasing the use of common standards and integrated administrative data
- improving dissemination and accessibility of statistics

I’m going to talk about two ways we have brought in external skills to make these things happen:

1. co-opting outsiders to jointly undertake research and statistical development through secondment
2. commissioned or contracted third-party expert advice and peer review

And I’ll do this by using some case studies.

1. Joint statistical development work and research

The past decade has seen Statistics NZ construct two innovative, datasets by integrating administrative data - the Linked Employer-Employee Dataset (LEED) and the prototype Longitudinal Business Database (LBD).

These new datasets have been built with both the production of official statistics and evidence-based policy in mind, and using external capability was critical to their success.

LEED

LEED integrates existing sources of data about employers from Statistics NZ with administrative data about workers from Inland Revenue (our tax department). LEED links firms and workers both longitudinally and to each other, providing valuable information on the dynamics of the New Zealand labour market.

LEED began with a conference in 2002 which brought together a wide range of international experts as well as New Zealand agencies to explore technical, policy, and privacy issues. The conference provided us with insights into the potential outcomes and international contacts, like the US Census Bureau's Longitudinal Employer-Household Dynamics team, who provided information that fast tracked LEED development.

Two cross-agency groups were established to provide external guidance during development:

- the LEED Sponsors Group of executives from key agencies responsible for project governance
- the LEED Users Group provided external subject matter expertise at the operational level

Information on welfare benefits and tertiary education has recently been integrated into LEED. This has not only made LEED a powerful research database, but it is also helping us rethink how we will produce social statistics. These integrations would not have been possible without external experts and their subject matter knowledge.

Beyond this capability, the development of LEED also stretched our data warehousing abilities. Managing and integrating large administrative datasets is a significant technical challenge. The need to contract an external specialist was recognised early in the LEED development process.

To give you some perspective, the initial LEED development team of nine consisted of six internal staff, two seconded subject matter experts and the contracted data warehousing specialist. Since then, we have had around five internal analysts and five external researchers working on LEED at any point in time.

LBD

In the case of our prototype Longitudinal Business Database (LBD), a number of researchers have been seconded from our Official Statistics System partners. The LBD contains nine years of New Zealand business-related data, integrated from administrative and sample survey datasets, and is used for longitudinal analysis and research.

Seconded researchers have contributed to our work in the following ways:

- development of the LBD, including work on the integration of datasets
- contribution to the design of new business surveys
- expert peer review of Statistics NZ publications and joint research papers

We have had two internal analysts and two seconded researchers working on the LBD since the project began.

Benefits and challenges

Utilising external professionals provided benefits - and some challenges - for LEED and the LBD. Benefits include:

- incorporating a user-perspective in developing these data sources
- seconded researchers gaining a better understanding of the perspective of an NSO
- knowledge sharing and opportunities for staff development through mentoring relationships
- researchers help get the new data sources known outside Statistics NZ through their work
- access to human resource that is often outside our budget constraints

Challenges include:

- managing confidentiality and access to embargoed data
- balancing the user-needs of a policy agency with the independence and reputation of an NSO

- differences in how researchers and statistical agencies disseminate information, for example research is an iterative process involving peer review and feedback whereas our first release policy is driven by the idea of equal access to all users at the same time.

2. Third party advice and review

A step back from the joint approach of LEED and the LBD, is commissioning third party expert advice and peer review. Good examples of this come from two new economic releases - our first set of official productivity statistics and the first Non-profit Satellite Account.

Non-profit Satellite Account

The Non-profit Satellite Account was a joint initiative between Statistics NZ and the non-profit sector. To facilitate the development of the account, the *Committee for the Study of the New Zealand Non-profit Sector* was established. There were three key objectives to the establishment of the committee:

1. Communication –enabling us to keep stakeholders informed throughout the project
2. Consultation – enabling stakeholders to comment on the scope and coverage of the project
3. Information gathering – collecting information on the structure of the non-profit sector, for example it provided feedback on the concepts of volunteering and cultural obligation for Maori.

The Committee provided an excellent feedback loop after the publication of the account. They were particularly effective in removing barriers that often exist in community-government consultations and we were able to get full and frank advice.

The biggest challenge was the selection of members for the committee. They had to be influencers within their sector of the community, have acknowledged credibility as a representative, and be able to operate in a cooperative and consultative manner.

Productivity statistics

Over the past seven years we have been developing productivity statistics for New Zealand. We have sought external advice in three ways to ensure that our productivity statistics meet users' needs and are fit for purpose:

- secondments from other NSO's
- seeking peer review from experts
- formation of advisory committees

In undertaking a feasibility study to measure government sector productivity, it became apparent that this expert knowledge did not exist within New Zealand. As a result we seconded a specialist from the ONS who worked alongside Statistics NZ staff to build expertise and knowledge.

A significant factor for success was getting the right person – they needed to be sufficiently knowledgeable and to be able to translate their knowledge to the New Zealand context, and they also needed the ability to coach existing staff.

Prior to the development of the official productivity series for New Zealand, some economists had created experimental series. We sought to draw on that expertise for peer review when developing the official series.

Judging the right time to bring in this expertise was the most challenging aspect. If it's too late in development then significant aspects cannot be changed, with resulting loss of credibility with your experts. And if it's too close to publication then perceptions about a lack of independence can result. We overcame these tensions by including the experts in our advisory group early in the development.

Members of the advisory group are well respected members of policy advice agencies, private economic research and academia. In contrast to the committee for the non-profit sector, they are not stakeholders but purely technical advisors.

We meet regularly and use members for peer review. The peer review process and the advisory group are very successful and we have regular attendance

and full participation. This could be something to do with the serving of coffee and cake that has become a tradition for the meetings!

Concluding statements

The past decade has seen us bring in external capability to help us produce new integrated data sources and new types of statistics like the official productivity series.

Our joint development work on projects such as LEED and LBD has strengthened the relationship between our analysts and external researchers, as has our work in the non-profit area.

Getting the balance right between internal capacity and using external professional skills can be challenging, but overall the process has been successful and brought additional benefits, such as:

- developing our internal capability so that there is long term benefit for the NSO
- strengthening the relationship between external experts and statisticians, improving mutual understanding and increasing collaboration.

Key to the success of bringing in external experts is around selecting the right people and bringing them in at the right time.

External experts are very valuable for enhancing our work and keeping up with international developments but we need to make sure that these external collaborations go hand-in-hand with internal capability building. Otherwise the rewards of the work will just be short-term.