

WORKFORCE DIVERSITY AND FIRM PRODUCTIVITY IN NEW ZEALAND

Overview

This study examines how ethnic and gender diversity relate to firm productivity in Aotearoa New Zealand using two decades of linked employer–employee data.

Data

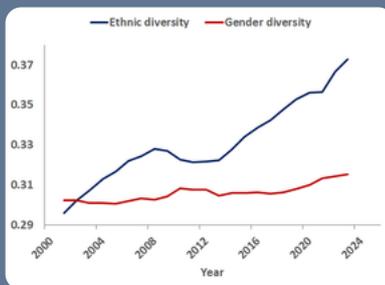
- Linked employer–employee data from Stats NZ’s Integrated Data Infrastructure (IDI) and Longitudinal Business Database (LBD), covering 2001–2023.
- Sectors measured included construction, food and accommodation, professional, science & technology, as well as wholesale trade.

Key Findings



Ethnic and gender diversity in the workforce have increased over time

Ethnic diversity increased by around 20–25%, while gender diversity rose more modestly by about 7–10%, reflecting broader labour market changes



Workforce diversity is strongly associated with higher productivity

A 0.1 rise in **ethnic** diversity is associated with a 17% increase in productivity.

+17%

A 0.1 rise in **gender** diversity is associated with a 10% increase in productivity.

+10%

These results place New Zealand at the **upper end of international findings.**



Positive relationships appear across all sectors

A robust and conditional positive association is found after accounting for differences in workforce mix and industry specific factors.

Industries that were historically less diverse show larger marginal gains from increased diversity.

How diversity can drive productivity

Broader skills and perspectives can improve problem-solving. This can support innovation and adaptability in firms.

Complementary skills can enhance team performance. Different backgrounds and experiences can strengthen outcomes.

More effective recognition and utilisation of worker capabilities. This can lead to better use and allocation of talent.

Workplace practices can influence how diversity translates into performance. Effective management and organisational context can shape how well diverse teams function.

