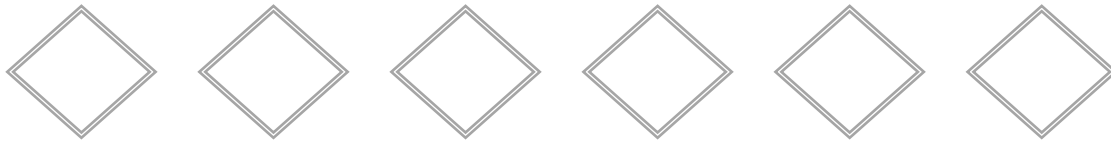


White Paper: The Hidden Cost of Misunderstanding at Work

Why productivity is being lost in everyday communication—and what organisations can do about it



Introduction: A productivity problem hiding in plain sight

Across Aotearoa New Zealand, productivity remains a persistent challenge. Despite investment in new systems, digital tools, and process improvements, many organisations are still grappling with inefficiency, rework, and inconsistent performance.

Research suggests this is not simply a systems issue. A significant proportion of New Zealand adults lack the literacy and numeracy skills needed to fully meet the demands of modern work [2].

Leaders are noticing the impact in very practical ways.

Work is still breaking down.

Instructions are misunderstood. Tasks are completed incorrectly. Documentation lacks clarity. Managers spend time re-explaining expectations. Employees hesitate to ask questions. Customers experience inconsistency.

These are not isolated issues. They are happening every day, across industries.

They are often described as communication problems. But in reality, they point to something deeper.

What organisations are experiencing is a breakdown in understanding.

Beyond communication: The real issue is understanding

Most workplaces assume that if information has been shared, it has been understood.

But there is a critical gap between:

- receiving information
- interpreting it correctly
- applying it effectively in a real-world context

This gap is where productivity is lost.

Employees may read instructions but miss key details. They may hear directions but interpret them differently. They may lack the confidence to ask clarifying questions. Or they may struggle to translate written or verbal information into action.

These challenges are rarely about effort or attitude. They are about foundational capability.

What the New Zealand research tells us

This issue is not unique to individual organisations. It is reflected in New Zealand research on productivity and workforce capability.

The New Zealand Productivity Commission has consistently highlighted the role of workforce skills in lifting productivity, noting that improving the capabilities of workers—particularly in areas such as literacy, numeracy, and communication—is essential to improving firm performance and economic outcomes [1].

At a population level, the Programme for the International Assessment of Adult Competencies (PIAAC) found that a significant proportion of New Zealand adults have low levels of literacy and numeracy, limiting their ability to fully participate in modern workplaces and adapt to changing job demands [2].

The Tertiary Education Commission (TEC) also reports that strengthening foundation skills in the workplace leads to improved job performance, increased confidence, and better engagement with training and development opportunities [3].

These findings reinforce a clear point.

Productivity is not only driven by systems and processes. It is driven by how well people understand and act on information within those systems.

Where misunderstanding shows up in the workplace

The cost of misunderstanding is rarely captured in a single metric. Instead, it appears in small, repeated breakdowns that accumulate over time.

In many organisations, it shows up as:

- Rework and inefficiency: Tasks need to be redone because instructions were not fully understood the first time.
- Safety and compliance risks: Misinterpreting procedures or documentation can lead to incidents or near misses.
- Inconsistent customer experiences: Messages are delivered differently depending on who is communicating them.
- Managerial overload: Leaders spend time clarifying, correcting, and following up instead of focusing on higher-value work.
- Reduced confidence and engagement: Employees who are unsure often stay quiet, avoid asking questions, or disengage from discussions.

Individually, these issues may seem minor. Collectively, they represent a significant and ongoing cost.

A changing workplace is amplifying the problem

Several trends across New Zealand workplaces are making this challenge more visible—and more urgent.

Increasing complexity of work

Work is becoming more information-rich. Employees are expected to interpret data, follow detailed processes, and communicate clearly across teams and systems.

Growth of digital tools and systems

As organisations adopt new technologies, the ability to read, interpret, and act on digital information becomes critical. The OECD notes that strong foundational skills are essential for workers to effectively use digital tools and adapt to technological change [4].

More diverse and multilingual workforces

New Zealand's workforce is becoming increasingly diverse. While this brings significant benefits, it also requires greater clarity in communication and stronger shared understanding across teams.

Higher expectations for accuracy and accountability

Regulatory, safety, and customer expectations continue to rise. There is less margin for misunderstanding.

Together, these factors mean that small gaps in understanding can have larger consequences than ever before.

What high-performing organisations are doing differently

Organisations that are improving productivity are not simply adding more tools or tightening processes. They are focusing on the capability of their people.

They recognise that:

- Clear communication is a skill, not an assumption
- Understanding needs to be built, not assumed
- Confidence plays a critical role in whether people ask questions or seek clarity

In practice, this means investing in the foundational skills that enable employees to:

- read and interpret workplace information accurately
- communicate clearly and confidently
- ask questions and clarify expectations
- apply information in real-world situations

These are not "soft skills." They are operational skills.

The role of workplace training

This is where targeted workplace programmes make a measurable difference.

The Tertiary Education Commission highlights that workplace literacy and numeracy programmes can lead to improved communication, greater accuracy in tasks, and increased employee confidence—all of which contribute to better organisational performance [3].

When employees feel confident reading policies, interpreting instructions, and communicating clearly, they are more likely to:

- complete tasks correctly the first time
- engage in problem solving
- contribute ideas for improvement
- adapt to new systems and processes

These outcomes are not incidental. They are the result of building capability deliberately and consistently.

A simple but powerful insight

Most organisations do not have a communication problem.

They have an understanding problem.

Information is being shared, but not always fully interpreted. Expectations are set, but not always clearly translated into action. Systems are in place, but not always used to their full potential.

Closing this gap does not require more complexity. It requires a focus on the fundamentals.

What this means for leaders

For leaders, the implications are clear.

If productivity, safety, and consistency are priorities, then capability must be part of the solution.

Recruitment alone cannot solve these challenges. Nor can technology on its own.

The organisations that will see the greatest gains are those that invest in:

- building confidence alongside competence
- strengthening literacy, numeracy, and communication skills in context
- creating environments where people feel comfortable asking questions and seeking clarity

These are the foundations that enable systems, processes, and people to work effectively together.

Conclusion: Start with understanding

In a time of rapid change, it is tempting to look for complex solutions.

But one of the most significant opportunities for improvement is also one of the most fundamental.

When people clearly understand what is expected, how to do it, and why it matters, work flows more smoothly. Errors decrease. Confidence grows. Teams become more engaged and more effective.

Productivity is not only about doing more.

It is about doing things right, the first time.

And that starts with understanding.

About Aspire2 Workplace Communication

Aspire2 Workplace Communication works with organisations across New Zealand to strengthen the foundational skills that underpin workplace performance. Through tailored

programmes in literacy, numeracy, and communication, we help employees build the confidence and capability to understand, contribute, and succeed in their roles.

If your organisation is looking to reduce inefficiency, improve communication, and build a more capable workforce, we would love to support you.

Contact us at workplacecommunication@aspire2.co.nz

References

[1] New Zealand Productivity Commission. Frontier Firms: Measuring and Exploring New Zealand's Productivity Performance. 2021.

[2] Ministry of Education. PIAAC 2014: Skills and Work in New Zealand. 2016.

[3] Tertiary Education Commission. Workplace Literacy and Numeracy: Employer and Learner Outcomes. 2020.

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