

LEVELLING UP THE UK'S MANAGEMENT CAPABILITY

Lack of management quality is a key driver of the UK's low productivity. Making small improvements in management practises can lead to a **significant increase in productivity**.



CMI believes the Government must prioritise investment in management and leadership skills to level up the country and increase productivity.

MANAGEMENT AND LEADERSHIP SKILLS ARE CENTRAL TO LEVELLING UP

Tackling skills shortages is vital to address regional disparities. Management and leadership skills are critical to helping businesses and public sector organisations in all places to grow and thrive.

MANAGEMENT AND LEADERSHIP BOOSTS FIRMS' PRODUCTIVITY

Good leadership and management practices are strongly correlated with increased firms' productivity. British SMEs continue to underinvest in their management and leadership capabilities (see Figure 1), this is important because SMEs employ two thirds of the UK's workforce. Government investment in management and leadership skills can rectify this consistent market failure.

Percentage of UK SMEs offering management training - 2019

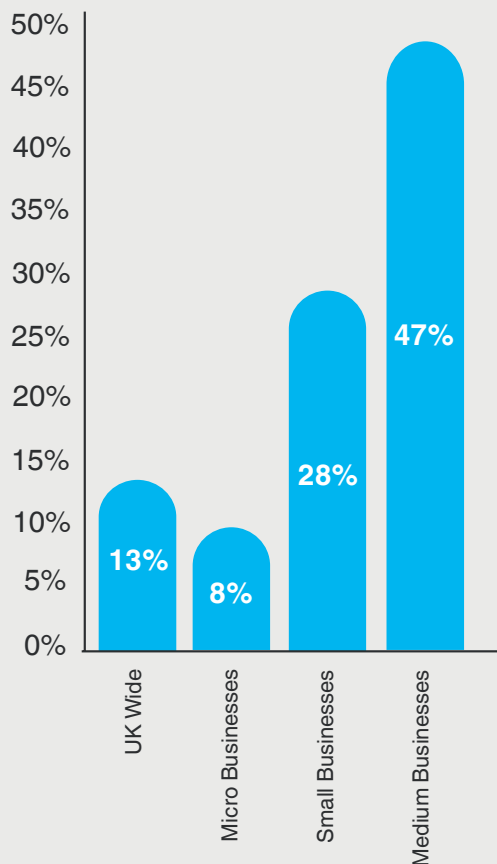


Figure 1

For reference, the following weighted bases were used for calculations: UK SMEs = 2,659, micro businesses = 2192, small businesses = 402, medium businesses = 66

* Calculated from BEIS' most recent data on the proportion of SMEs offering training

TOTAL SME INVESTMENT IN MANAGEMENT AND LEADERSHIP TRAINING ALSO VARIES BY NATION

Total SME investment in management skills across the UK Nations - 2019

- Scotland
- England
- Wales
- Northern Ireland

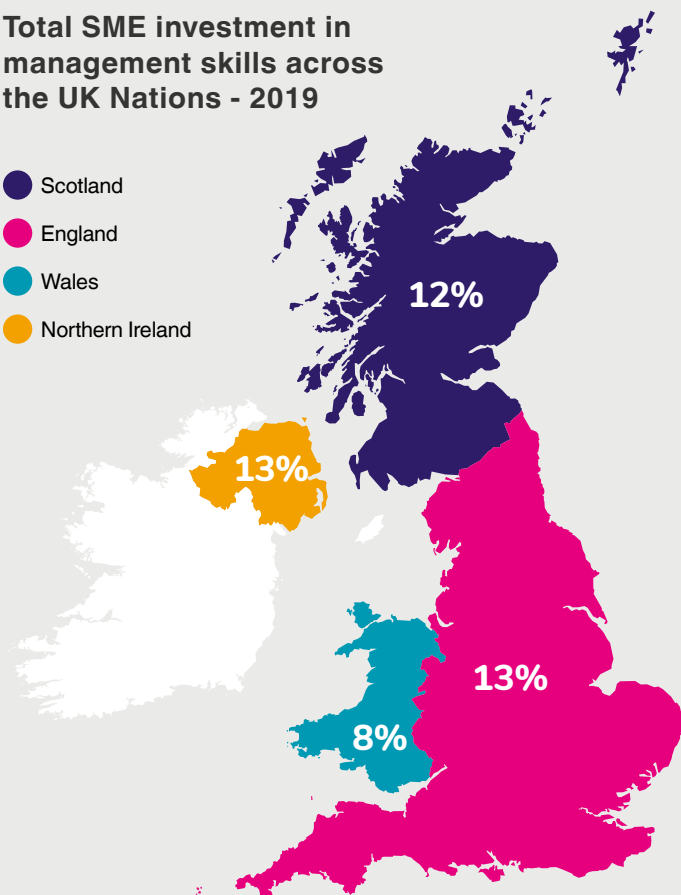


Figure 2

* Calculated from BEIS' most recent data on the proportion of SMEs offering training

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SMEs are often **unaware they have a training need** and lack an awareness of the opportunities available. That's why schemes like **Help to Grow: Management** can play an important role in building management and leadership capability within SMEs. Management and leadership development also helps them to grow and innovate.

MANAGEMENT AND LEADERSHIP BOOSTS FIRMS' RESILIENCE

By investing in management and leadership skills, businesses can also become more resilient. **ONS** data shows that better managed firms fared better during the pandemic.

MAXIMISING GOVERNMENT INVESTMENT IN INFRASTRUCTURE AND NET ZERO

Good management will be crucial to the UK's economic recovery post-pandemic and for the Government to deliver on its levelling up goals to:



REDUCE REGIONAL INEQUALITY



DELIVER ON MAJOR INFRASTRUCTURE PROJECTS



BOOST PRODUCTIVITY

Managers and leaders are essential in overseeing the design, application, and effective operation of Government commitments.

For example, we estimate that the Government's plan to create 2 million green jobs as part of its 2030 **net zero strategy** will require at least **130,000 new managers**.

Read our paper on why management and leadership is so critical to levelling up the UK [here](#).

To discuss our proposals further please contact us at policy@managers.org.uk