



West Midlands Future Prosperity

Upgrading management skills for growth

By Bharthi Keshwara



Aston University

Supported by

BIRMINGHAM UK

Contents

EXECUTIVE SUMMARY	03
CMI AND THE WEST MIDLANDS	05
ECONOMIC CONTEXT	06
THE TRIPLE GAP	07
HOW MANAGEMENT & LEADERSHIP CAN HELP CLOSE THE TRIPLE GAP	13
CURRENT AVAILABILITY OF MANAGEMENT AND LEADERSHIP SKILLS	18
EXISTING MANAGEMENT AND LEADERSHIP INITIATIVES IN THE WEST MIDLANDS	23
CMI POLICY RECOMMENDATIONS	24
REFERENCES	26

EXECUTIVE SUMMARY

Economic growth is a key focus for the West Midlands while the region is also contending with a triple transition: the current working population is ageing,¹ and becoming more diverse whilst a large under-16 population will be looking to join the workforce imminently;² industry is shifting from more traditional forms to being increasingly knowledge-based;³ and the proliferation of technology, rise of hybrid working and move to net-zero requires new skills that will need to be constantly updated. This transition is on top of economic challenges set against the backdrop of the aftermath of a global pandemic and international insecurity.

As the region moves through this transition it is being faced with the challenge of a 'Triple Gap' – of productivity, skills and inclusivity. This challenge matters because the West Midlands is the seventh largest regional contributor to the UK economy and the gap is holding both the region – and the wider UK's growth and productivity – back.

Although only one part of a complex economic jigsaw (national industrial strategy, technology, the green transition and UK trade relations all play crucial roles), the value of management and leadership skills in delivering regional economic growth – and enabling transition – are often overlooked.

Numerous reports demonstrate the positive impact of management & leadership on organisational performance including by Haskel et al. (2007)⁴ in the UK and Bloom et al. (2013)⁵ who found better management led to increases in productivity of 13-17%. Data from the Office for National Statistics (ONS) shows that better-managed firms fared more positively during the pandemic.⁶ These skills are central to addressing the Triple Gap as they can help regional businesses and organisations build resilience as they navigate the triple transition and ensure productivity is sustained.⁷

Perhaps unsurprisingly, in the West Midlands, demand for management skills is strong and continues to grow rapidly. According to Lightcast data, over the past decade there has been a 75% increase in demand for management skills and 280% increase in demand for leadership skills listed as requirements in job postings.⁸ Management and leadership both remained in the top ten most sought-after common skills for all jobs in the West Midlands between April 2021 and April 2023. Across this period 18% of all jobs advertised required management skills (second highest common skill) and 7% required leadership skills (seventh highest common skill).



EXECUTIVE SUMMARY

However, management and leadership skills are under-supplied in the region. Lightcast data shows that between April 2021 and April 2023, a total of 177,965 managerial job postings were advertised but only 91,902 potential employee CVs with management skills were available. This suggests there could be a mismatch between demand and supply, though it is not in itself conclusive.

The West Midlands has established a strong local commitment to raising regional productivity, skills and inclusivity, which will ultimately support local, regional and national economic growth. However, some additional initiatives could provide the region with a management upgrade. This paper recommends:

1

Establishing a partnership for West Midlands management, working with employers, universities, training providers, chartered professional bodies and others in the region to ensure employer support is joined up and funding can be prioritised for long-term human capital productivity needs, including management and leadership development.

2

Placing management & leadership at the core of the regional skills plan, ensuring management and leadership training is prioritised alongside industry – or sector-specific skills and training provision.

3

Implementing direct funding and incentives to improve access and commitment to ongoing management and leadership development, for example, through the adult education budget, which can support people to gain the building blocks towards increasingly systematic management and leadership development.

4

Promoting apprenticeships through a West Midlands Apprenticeship Accelerator, to increase take up and completions, especially among under-served groups.

5

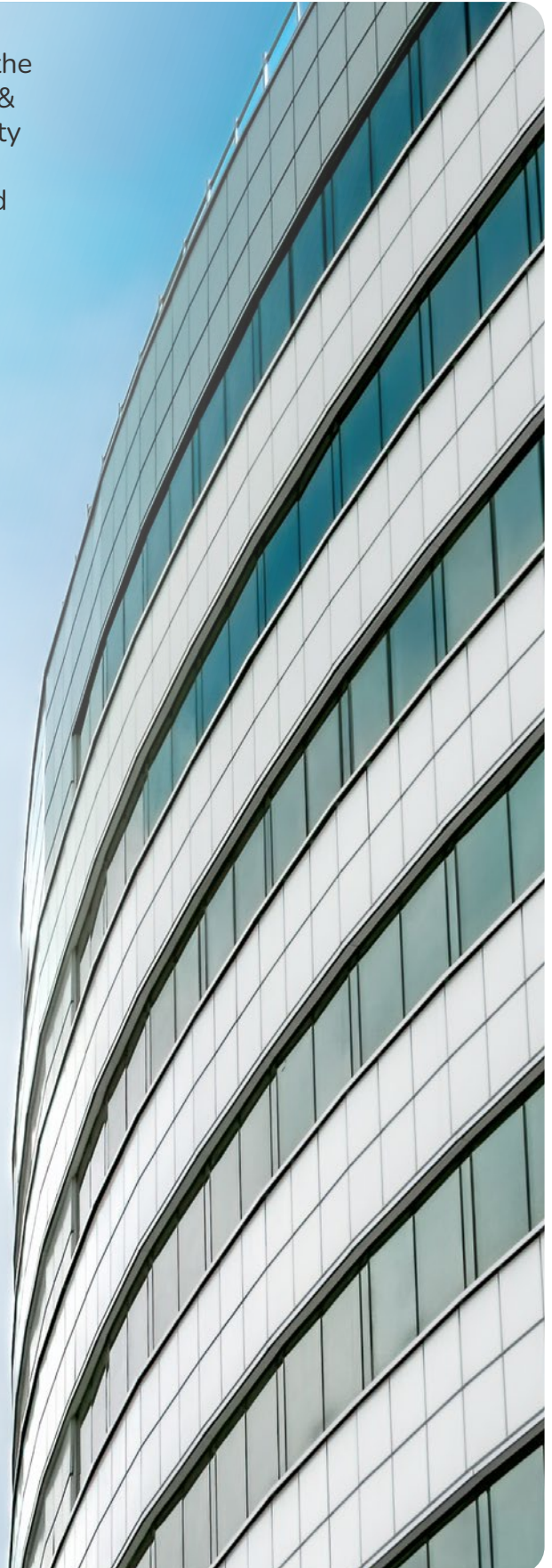
Continuous monitoring and evaluation of the impact of management training, looking at productivity, inclusion and lifelong learning as success measures.

CMI AND THE WEST MIDLANDS

The Chartered Management Institute (CMI) is the Chartered professional body for management & leadership. Our mission is to improve the quality and the number of the UK's professionally-qualified managers in order to create better led and managed organisations that can realise productivity and growth gains. We do this through providing practical, proven solutions, based on our professional standards, for both individual managers and leaders and organisations across the private, public and third sectors. We currently have more than 200,000 members and 150,000 people undertaking CMI-accredited courses.

CMI has strong connections with education and training providers in the West Midlands, working with ten higher education providers including University of Birmingham, Aston University, and Coventry University, plus 32 further education and private training providers including Sandwell College, Walsall College and Babington.

In the 2022/23 financial year, 517 people completed a CMI - accredited Management & Leadership apprenticeship in the West Midlands and another 1,835 CMI apprentices started. In higher education alone, in 2021/22 there were a total of 18,691 students studying on CMI-accredited courses in the region.⁹



ECONOMIC CONTEXT

The global economic situation has become increasingly challenging. The UK continues to face difficulties, shaped by the effects of Brexit, Covid-19 and the war in Ukraine. Consequently, across the UK, businesses and households are facing higher costs, economic uncertainty and supply disruptions, all of which are contributing to weakened business activity and falling real household incomes. This is in addition to long-standing UK challenges such as weak productivity growth and regional inequality.

Simultaneously, economies around the world, including the UK and its regions, such as the West Midlands, are experiencing a triple transition. Firstly, a demographic transition as the working population not only ages, but becomes increasingly diverse in terms of ethnicity, gender and socio-economic background. Secondly, a transition towards an economy ever more reliant on value created through knowledge assets such as design, data, intellectual property and business processes. This is called an intangible economy¹⁰ and applies as much in manufacturing industries as in service-based industries. And finally, a transition to a net-zero economy through decarbonising business activity which will require new and evolving skills to manage this transition sustainably.

While grappling with these transitions, the Covid-19 pandemic has left scars on the UK economy. The West Midlands was the hardest-hit region of the UK with a 21% fall in economic output in the three months following the onset of the pandemic (compared to 18.8% in the UK as a whole).¹¹

Although UK economic output has now returned to pre-pandemic levels, it still lags well behind the G7 average.¹² Similarly, the latest ONS data indicates UK productivity is 13% below the G7 average.¹³ The ONS

recently found that worker productivity (amount or value of output produced by workers over time) impacts the UK's poor productivity to a greater extent than capital investment.¹⁴

There is a lack of investment in human capital across the UK. The UK spends only half the EU average per employee on training workers¹⁵ and less than 10% of spending on training by UK employers is on high quality, formal training with an external provider.¹⁶

We are interested in looking at the West Midlands because there is clearly a strong local commitment to addressing these challenges, and raising regional productivity, opportunity and inclusivity. This report will examine the West Midlands' current economic performance, the key challenges it faces, and plans that exist to support growth and productivity in the region. It will then look at the role that management & leadership can play in supporting these ambitions. It concludes with a series of recommendations to support the West Midlands' existing strategies as the region navigates the triple transition.



THE TRIPLE GAP

As the West Midlands travels through the triple transition, it is challenged by a Triple Gap

Economic growth is a key focus for the West Midlands, and the West Midlands Combined Authority (WMCA) and its partners have created a number of successive growth plans to address the economic challenges in the region.^{17,18,19,20}

These growth plans have also identified a number of key challenges that sit alongside the wider issues of inflation, Brexit,

climate change and public service capacity issues. These challenges can broadly be classified into three areas or the 'Triple Gap' - a productivity gap, a skills gap and an inclusivity gap.

We will explore each gap in turn, identifying why it matters, the causes behind the gaps and what the WMCA growth plans hope to achieve.

1. Productivity gap

A productive economy can produce more output with fewer inputs. As such, it improves the efficiency of businesses and makes them more profitable, fostering employment and allowing people to enjoy better-quality goods and services. Within public services, productivity means better outcomes are achieved for any given level of resource. Therefore, productivity is one of the most fundamental drivers of improvements in living standards.

What is causing the productivity gap in the West Midlands and what are its implications?

The basic drivers of productivity can be broken down into investment in technology (fixed capital), skills (human capital) and organisational capital. The latest ONS data found that productivity in the West Midlands was 13% lower than the UK average in terms of gross value added (GVA) per hour.²¹ A recent study, informed by ONS data, found that in the last decade there has been a structural shift in the composition of industries in the West Midlands from manufacturing to services.²² This shift has resulted in a productivity improvement but has not been sufficient to offset the larger effect of low firm productivity in the region.

The West Midlands is home to a number of large, world-leading, advanced manufacturing firms such as Jaguar Land Rover and JCB.²³ However, as identified in the WMCA's strategic economic plan, the West Midlands also has a large number of small, low-value companies in low-growth sectors, low business survival rates and a high number of residents with low skills, which are all hindering productivity growth.²⁴ This has largely been attributed to low levels of innovation, low investment in research and development (R&D) and lack of skills development.²⁵

THE TRIPLE GAP *continued...*

As most firms in the West Midlands are small and medium-sized enterprises (SMEs) and they tend to be characterised by skills shortages – both at managerial and other levels – due to lack of investment,²⁶ it is likely a large share of the West Midlands' poor productivity is being driven by SMEs. A recent study by the Productivity Institute found a weakness in management competencies accounted for 30% of the international difference in productivity across the East and West Midlands.²⁷

The WMCA has developed a Digital Roadmap²⁸ and strongly supports Made Smarter,²⁹ with both movements designed to foster more innovation and adoption of technologies. The WMCA has also taken steps to pioneer skills solutions to support the Local Industrial Strategy³⁰ through the Regional Skills Plan.³¹ The WMCA's Growth Plan aims to close the productivity gap and aims for regional productivity to be 5% higher than the national average. Such an improvement is forecast to produce an additional £7bn of GVA for the region.³²

2. Skills gap

Skills embedded in human capital are vital to business performance. As the industrial make-up of a region changes and as fast-evolving technologies are adopted, skills mismatches will occur for some time until adoption is complete. Skills gaps, on the other hand, are mismatches which are persistent over a period of time, and it is these that hamper long-term productivity.³³

The skills gap in the West Midlands and its consequences

The West Midlands, like the rest of the UK, is currently facing a tight labour market, where job vacancies outstrip the number of people looking for work. The West Midlands has above average levels of low-skilled, low-paid workers with many employees struggling to access training and support.³⁴ Improving the skills of people in the West Midlands will reduce skills gaps and will therefore help to reduce pressure in the labour market and create a more productive workforce.

Skills gaps across the UK's regions have widened in recent years. In the West Midlands, the skills gap is in part related to levels of educational attainment. In 2021,

only 38.9% of the region's working-age population had a degree or equivalent qualification, which was lower than the UK average of 43.5%. Although the number of individuals with an NVQ4 qualification and above has increased in the West Midlands over the last decade, it remains behind the UK average and the gap has continued to widen since 2004.³⁵ This is limiting the availability of skilled labour and will require particular attention to ensure future productivity and long-term growth of the region's economy, considering WMCA's seven metropolitan boroughs have one of the highest proportions of under-16 populations, relative to other regions.³⁶

THE TRIPLE GAP *continued...*

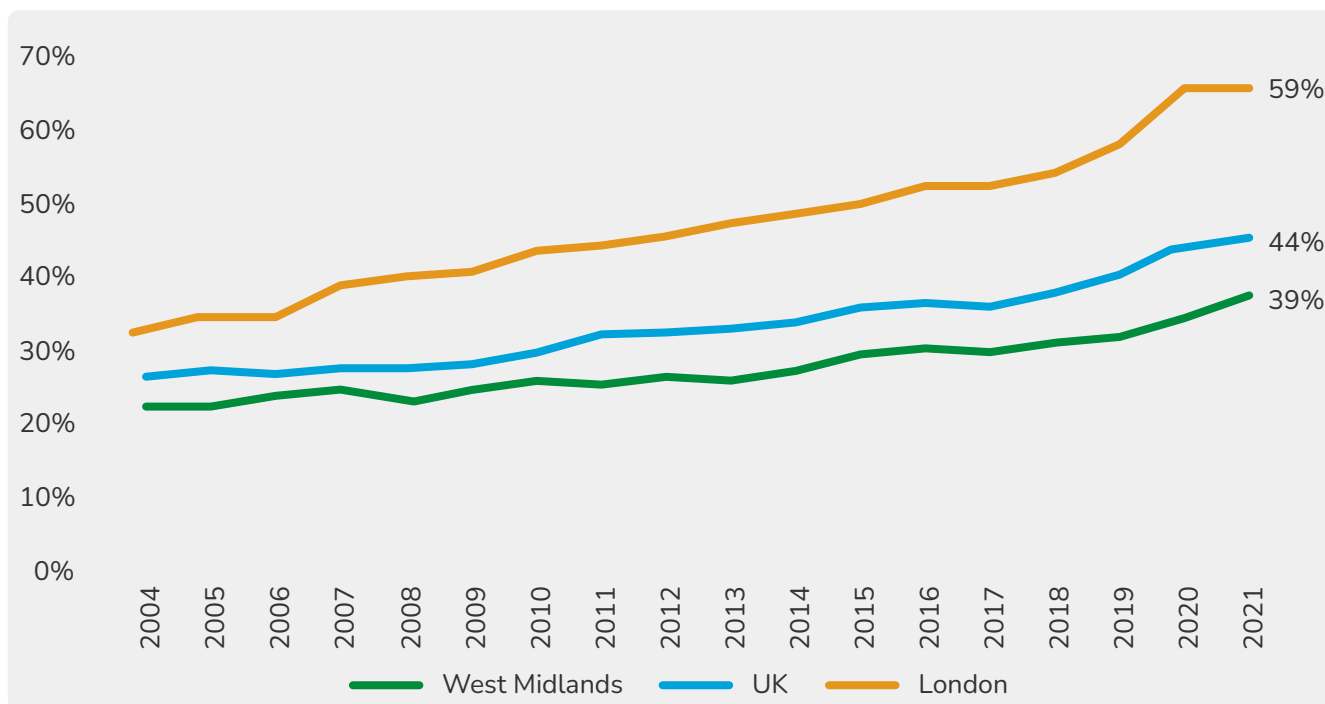


Figure 1: Proportion of adults aged 16-54 with NVQ4 qualification and above, Annual Population Survey, ONS. CMI Research & Economics

In the West Midlands there is a wider skills mix where entry level, level 1 and level 2 qualifications dominate and the number of students achieving them in recent years has remained broadly unchanged. In comparison, there has been a contraction in level 3 qualifications, but some growth in level 4 and level 5 qualifications between 2016/17 and 2018/19. Despite this, the number of qualifications still remains small, and more work is required to upskill the future workforce of the West Midlands.³⁷

There also seems to be a mismatch between supply and demand across the West Midlands for meta or cross-cutting skills – such as communication and leadership – across all jobs, and management for managerial roles,³⁸ creating acute skills shortages. If poor uptake of training, especially at managerial level, is not systematically addressed, productivity improvements in the West Midlands are

likely to be short-lived. Better management practices facilitate better working environments, greater productivity and profitability, and firm survival – along with greater investment in skills and greater use of these skills.³⁹

According to research, insufficient skills levels in the West Midlands are causing £3bn of lost output per annum.⁴⁰ The WMCA state in their regional skills plan that if the skills profile of the area was improved to England's average, the annual GVA in the region would increase by c.£22 billion.⁴¹

The WMCA's Strategic Economic Plan aims to close skills gaps by reducing those with no formal qualifications by 153,000.⁴² This must be complemented with higher-level qualifications and managerial skills to close the clear gaps between labour supply and employer demand.

Case Study: BRANDAUER & CO LTD

Organisational Context

Rowan Crozier is CEO and qualified mechanical engineer at Brandauer & Co Ltd, a manufacturer of precision stamping tools and components, which supplies the auto sector (among others), and exports to countries across the globe. Rowan says that a great engineer needs to have commerciality and communication skills in addition to academic technical knowledge.

Leadership

A basic aspect of leadership for Rowan is giving workers the necessary autonomy and confidence to 'get on with the job'. But moreover, for him, leadership is also about instilling a culture of questioning established practices whilst constantly seeking continuous improvement.

For Rowan, good leaders engage proactively with the sectors they operate in to drive innovation from shared knowledge. However, they also embrace diversification and keep ahead of the market. Good leaders then are 'connectors' across the entrepreneurial ecosystem and function as pro-active change agents to drive innovation, market growth and productivity enhancement.

Management – embedding a culture of empowerment and partnership

For Rowan, a key challenge for the sector is embedding a management culture that empowers workers to make decisions, ensures succession planning and gives employees the necessary skills.

This is an area where apprenticeships and degree apprenticeships play a key role.

"We had no apprentices when I started" reveals Rowan. "We now have about 20% of our workforce as apprentices, and I have a succession level below the management team who are perfectly placed as future leaders operating currently between team leader and management level"

The importance of succession planning also throws into the spotlight the value of 'tacit knowledge', that is the informal knowledge gained through having built up experience within the organisation, and its sectors thereby acquiring a critical mass of social capital built up through networking.

However, Rowan sees beyond his immediate company needs to also embrace viability for the wider sectors in which Brandauer operates. Spotting a gap in training provision, he developed his own in-house 20-week bespoke full-time programme, which he even offers to firms that might be seen as competitors:

"I've had people say, 'why on Earth are you sharing it with your competitors?'. Well, if I don't, our industry will be dead – and I can charge them for it. It's being brave enough to use your own IP to the greater good, but also make some money at it along the way."

THE TRIPLE GAP *continued...*

3. Inclusivity gap

The UK is experiencing a demographic transition; the population is ageing and the proportion of the population from diverse ethnic backgrounds is projected to increase. There is also a lack of workforce participation by women and people from lower socio-economic backgrounds – especially in managerial roles – and an increase in the prevalence of working age disability.⁴³

What is causing the inclusivity gap in the West Midlands and what are its implications?

Almost 20% of the areas that make up the West Midlands are among the 10% most deprived areas in England⁴⁴ and it has been documented that weak social mobility is a key contributor to weak productivity.⁴⁵

According to the latest statistics, men are faring better in the West Midlands labour market than women. Similarly, while the economic inactivity rate among men is 17.3%, among women it is 26.4% and there are 10% more men in employment than women in the West Midlands.⁴⁶ For female employment in the West Midlands, the top three industries are human health and social work activities; education; and wholesale and retail trade, which are often characterised by low-paid roles with little or no training opportunities.⁴⁷

There is also a large variation in the employment of different ethnic groups across the West Midlands. For example, while more than 75% of Indian and White ethnic groups were employed, only 69% of Black and 59% of Pakistani and Bangladeshi ethnic groups were in employment.

If left unaddressed, these inequalities across ethnic groups could widen, as the percentage of the population from non-white ethnic groups in England and Wales is projected to rise – from 16% in 2016 to 21% in 2026 and 30% by 2051.⁴⁸ The West Midlands is already the second most ethnically-diverse region in England after London, with a higher population of non-white minorities compared to England as a whole (23% vs. 19%).



THE TRIPLE GAP *continued...*

Recent research by McKinsey shows that firms with a less diverse workforce are more likely to be outperformed by more diverse companies, with the most diverse companies achieving 36% higher profits than the least diverse companies.⁴⁹ Analysis from CMI's 'Everyone Economy' report⁵⁰ suggests business leaders need to move from a position of passive awareness to determined leadership if the gains from an inclusive economy are to be realised.

It is no surprise, therefore, that the WMCA Growth Plan aims to close the inclusivity gap by reducing poverty and inequality, while promoting social mobility and increasing opportunities for all residents. Given the West Midlands has a young and diverse population, there is an explicit need to ensure that this diverse population has

the skills to contribute to future regional productivity. If current inequalities across gender, race, age and background are not narrowed – in part through skills, better job prospects and a reduction in labour market discrimination⁵¹ – these existing inequalities will widen. Further inequalities will lead to wasted talent and foregone economic growth, which is not an optimal outcome for society.

It is important that this is enabled by supporting individuals from all backgrounds, both financially and through equal access to quality information to upskill and train. Research suggests that better management practices will enable more effective diverse management, producing positive outcomes for the individual, team and organisation.⁵²



HOW MANAGEMENT & LEADERSHIP CAN HELP CLOSE THE TRIPLE GAP

Quality, structured management and leadership training can help firms improve worker productivity and produce long-term productivity gains for employers and the regional economy.

CMI modelling has demonstrated positive economic returns from management training: management apprentices in the private sector received on average a 17% pay increase upon completion of their apprenticeship. This is indicative of almost £7,000 of productivity gains to the business for each apprentice. CMI economic modelling has also found that over ten years, the average cumulative productivity gain from apprenticeships overall is £7 billion to the UK economy. Using this modelling, it is estimated that if apprenticeships were increased by 25% in the West Midlands, the productivity gain to the economy in 10 years time would be around £60 million per annum.⁵³

Similarly, an independent [report](#) by Oxford Economics⁵⁴ for the CMI shows each Chartered Manager⁵⁵ boosts their business' revenue by £62k every year and £310k over five years. Additionally, every Chartered Manager who receives a pay rise contributes an additional £22,400 in GVA to the economy on average.

A number of studies have reinforced the positive impact of management training on the performance of firms. At a national level, a study by Bloom and Van Reenen (2007) examined the impact of management practices on the performance of firms in 16 countries.⁵⁶ They found that management practices were strongly correlated with both productivity and profitability. Similarly, Bloom et al. (2013)⁵⁷ in India found that improvements in management practices through management training led to increases in productivity of an estimated 17%.

There is a positive correlation between entrepreneurship, management training and regional economic growth. A study by Henrekson and Johansson (2010) found that regions in Sweden with higher levels of entrepreneurship and management training had higher rates of economic growth.⁵⁸ This reinforces London School of Economics (LSE) research, which suggests management training can help entrepreneurs develop the skills they need to manage their business effectively, leading to fewer information failures, higher productivity and inevitably, economic growth.⁵⁹

Similar to the UK overall, SMEs account for 99.9% of total enterprises, 58% of employment and 44% of the revenue in the West Midlands.⁶⁰ SMEs form a large proportion of the West Midlands economy but are less likely than larger firms to provide high-quality external training. The Government's 2019 Longitudinal Small Business Survey found that only 38% of SMEs offered training to develop management and leadership skills.⁶¹

A recent study by Birmingham City University (BCU) identified management capabilities as key drivers of improved productivity in the region, proposing that a lack of management training in SMEs in the West Midlands is producing a 'drag effect' on productivity. The study by BCU proposed a framework for SME growth in the region that focuses on changing the mindset within management and the workforce to develop effective in-firm strategies, as well as adopting digital technologies and skills to lift the productivity and efficiency of SMEs.⁶² The Organisation

HOW MANAGEMENT & LEADERSHIP CAN HELP CLOSE THE TRIPLE GAP *continued...*

for Economic Co-operation and Development (OECD) also stresses that the quality of management is particularly important for SMEs, who must be able to adapt quickly to evolving markets and changing economic conditions, usually with limited resources. For these reasons, and to realise the social benefits from high-performance SMEs, many OECD governments, including the UK, have implemented programmes and structures

to enhance SME management training. For example, the Small and Medium Enterprise Agency (SMEA) plans in Japan, which provide SME owners with management and technical training funded by the local government.⁶³ Therefore, the evidence suggests that initiatives to embed better management practises into SMEs can and should be influenced by policy interventions.

Case Study: DESIBLITZ

Organisational Context

Indi Deol is Director of Desiblitiz, and his role has a particular focus on advertising. Desiblitiz is based in Birmingham and is the largest (and multi-award-winning) UK-based web magazine for communities with South Asian subcontinent roots. Desiblitiz is an SME founded with two people that has grown to 18 people (including Indi) and is supported by volunteers.

Leadership

Indi has built Desiblitiz adopting a clear leadership approach with three aspects: “My philosophy has always been really, really simple – just lead by example. If you’re not prepared to do it yourself, don’t expect anybody else to do it.” Second, he says, “Employ people who are a lot more clever than yourself.” And third, “Be polite and try to create a happy atmosphere for the team once they’re here.”

“We operate a very flat structure here” he continues. “My main skill is communication; being able to talk to people and bring people together.”

Management – learning by doing

To maintain market position, Indi considered a variety of approaches to training his team, and is an advocate of ‘side-by-side learning’ or learning by doing: “They’ll actually sit with someone for a month or two depending on how long they need... they’re put in that position where they’re actually using a camera, regardless of how much knowledge or background they’ve got... they learn from example and trial and error.”

Indi is also passionate about diversity. He argues that, given there is low representation in media organisations and few role models for young people, it is up to organisations like his to train people up. He disagrees with the idea of there being a hard-to-reach population: “For us, it’s never been an issue. So that’s one of the reasons why we set up a jobs board”.

HOW MANAGEMENT & LEADERSHIP CAN HELP CLOSE THE TRIPLE GAP *continued...*

Management & leadership is vital to the future economy and will act as a catalyst to plug wider skills gaps.

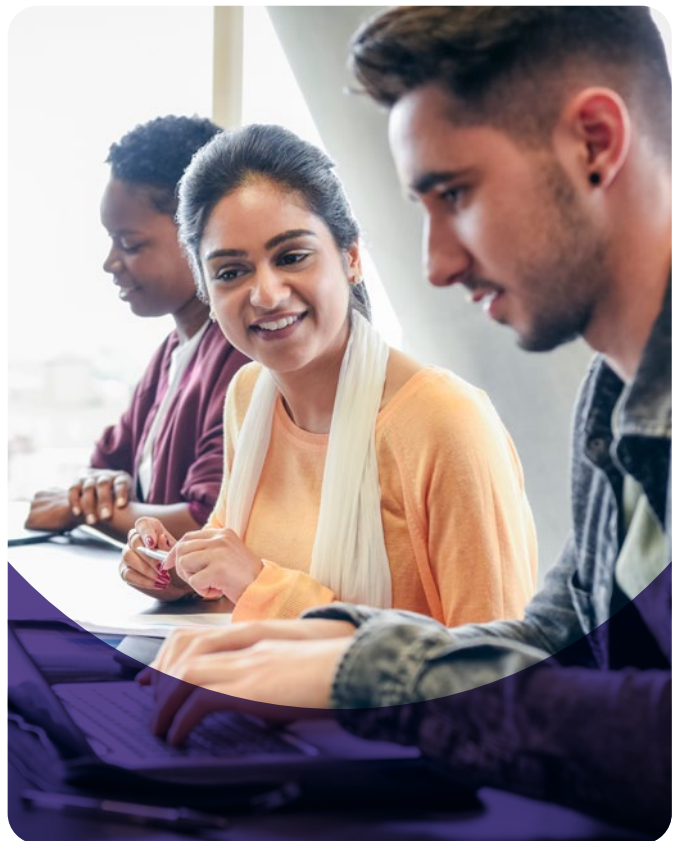
Investment in managerial skills is a catalyst for skill development within firms, as better managers tend to focus more on the development of their staff.⁶⁴ Better managers create a collaborative work environment where the diffusion of information between colleagues leads to better-informed business decisions and performance. Secondly, better managers are more likely to provide structured coaching and retrain skilled staff, which is likely to improve employee commitment and satisfaction, adding to business stability. Finally, different forms of management capability can drive the level of productivity an organisation achieves from technology investments.⁶⁵

Better management therefore needs to accompany investment in technology if organisations are to reap the benefits of innovation.⁶⁶ Trained managers are more likely to be able to design the right processes and make intensive use of technology. The West Midlands was named the fastest growing tech sector in 2021 and the region's thriving digital industries are expected to create thousands of new jobs by the end of 2025.⁶⁷ Better management and leadership will be needed to realise these gains over the long term.

Upskilling and reskilling managers has never been more important, as fast-paced technological advancements drive economic transformations requiring a culture of learning and development within companies. CMI data show that AI, including generative AI, is already becoming a day-to-day reality in many firms and organisations. We are in the foothills of an anticipated innovative wave driven

by such technologies. In addition, CMI identified that to deliver the Government's net zero strategy, the UK will require significant upskilling.⁶⁸ For example, plans to create two million green jobs by 2030 could require a minimum of 130,000 new managers to ensure projects are implemented successfully.⁶⁹

By investing in management and leadership skills, businesses can become more resilient and lead through periods of economic volatility and technological disruptions such as through generative AI. ONS data shows that better-managed firms fared better during the pandemic.⁷⁰ Research by the World Bank in 2021 also found that better-managed firms were more resilient to the disruption caused by the pandemic.⁷¹



HOW MANAGEMENT & LEADERSHIP CAN HELP CLOSE THE TRIPLE GAP *continued...*

A commitment to quality training, especially in management & leadership, will enable employers to reap the dividends of diversity and inclusion.

Closing the West Midlands' skills gaps will require a commitment to ongoing quality training as the economy evolves. This is likely to not only help address persistent hiring difficulties faced by businesses along with other factors contributing to poor productivity, but can simultaneously improve the region's equality, diversity and inclusion performance.



Absorbing diverse ethnicities into workplaces at all levels and across all industries will help reduce societal inequalities, given the differential employment rates and different minority representation levels among the management community. Diversity at managerial level promotes a variety of decision-making perspectives, which improves the dynamism and productivity

of industries. A Boston Consulting Group study across eight countries found that companies with more diverse management teams have innovation revenues that are 19 percentage points higher.⁷² The study attributed this to better innovation and financial performance due to the diversity of the leadership.

Better gender balance has been seen to improve business performance. According to research from PwC, organisations with greater gender diversity are 1.4 times more likely to have sustained, profitable growth.⁷³ The research also found that Fortune 500 companies where leaders were able to achieve the highest representation of female board members obtained significantly higher financial performance than those with lower representation.

Recent findings by the ONS show that rising inactivity among 50-to-64-year-olds accounted for 68.5% of the total rise in economic inactivity⁷⁴ among those of working age since the start of the pandemic. It also cited workers feeling discouraged and unable to work flexibly as one of the reasons.⁷⁵ Poor management practices may also be acting as a barrier to welcoming over-50s back into the workplace. Recent CMI analysis shows only four out of ten managers are open to hiring people aged 50-64 to a large extent.⁷⁶ Better management practices can help close these age inclusivity gaps and as OECD estimates suggest, real GDP per capita in 2050 could be 19% higher if we're able to build a multigenerational workforce and give older employees greater opportunities to work.⁷⁷

HOW MANAGEMENT & LEADERSHIP CAN HELP CLOSE THE TRIPLE GAP *continued...*

A recent report from the World Economic Forum highlights that the era of globalisation is now being challenged by polarisation.⁷⁸ Diversity in the business environment is about more than gender, race and ethnicity; it includes different religious and political beliefs, education, socio-economic backgrounds, sexual orientation, cultures and disabilities. Recent analysis finds a productivity premium for having a more diverse workforce and suggests that increasing diversity can close the productivity gap between typical and top performing companies.⁷⁹ The research finds around a 3%

productivity premium if managers are more gender diverse and around 7% if managers are more culturally diverse.⁸⁰

Another way businesses can look to increase diversity is through apprenticeships. CMI analysis suggests that management apprenticeships are able to not only attract more female participants but are more successful in attracting and training those from lower socio-economic backgrounds (SEB) compared to other apprenticeships and higher education routes. The results from CMI analysis suggest:

- CMI Management Apprenticeships attract a higher number of individuals from lower SEB (39%) compared to overall UK apprenticeships (21%).⁸¹
- CMI Management Apprenticeships have had a higher proportion of individuals from lower SEB (39%) compared to other higher education courses (27% in 2020/21 academic year).⁸²
- CMI economic modelling has found that over ten years, the average estimated cumulative productivity gain from apprenticeships completed by those from lower SEB is £1.7 billion.
- CMI Management Apprenticeships attract a higher proportion of females (61%)⁸³ compared to overall UK apprenticeships (50% of completers were female in 2020/21).⁸⁴

Management and leadership are key enabling qualities for an organisation that wishes to create an inclusive workplace as hybrid work practices become the norm. Recent research by Grant Thornton revealed that many SMEs in the West Midlands are facing challenges in implementing hybrid working.⁸⁵ Key leadership skills such as participative decision-making incorporating

a broad set of ideas and inputs, team building and impartial decision-making would need to be built up through training.⁸⁶ For the workplace to be truly inclusive, greater efforts should be made to ensure everyone has access to management and leadership training to prevent the deepening of existing inequalities and instead, reduce them.

CURRENT AVAILABILITY OF MANAGEMENT AND LEADERSHIP SKILLS

Demand for management skills in the West Midlands is strong and continues to grow rapidly.

Employers in the West Midlands are increasingly demanding management and leadership skills. Figure 2 shows the sharp increase in the volume of job postings listing management and leadership as required skills in the West Midlands over the last decade.

The number of times the terms management and leadership were

mentioned in job postings in the West Midlands increased by 75% and 280% respectively in the past decade. There has been a significant and rapid increase since the Covid-19 pandemic and the subsequent cost of living crisis. It is important to note that better-managed firms retained their labour productivity advantage over competitors during the Covid-19 pandemic.⁸⁷

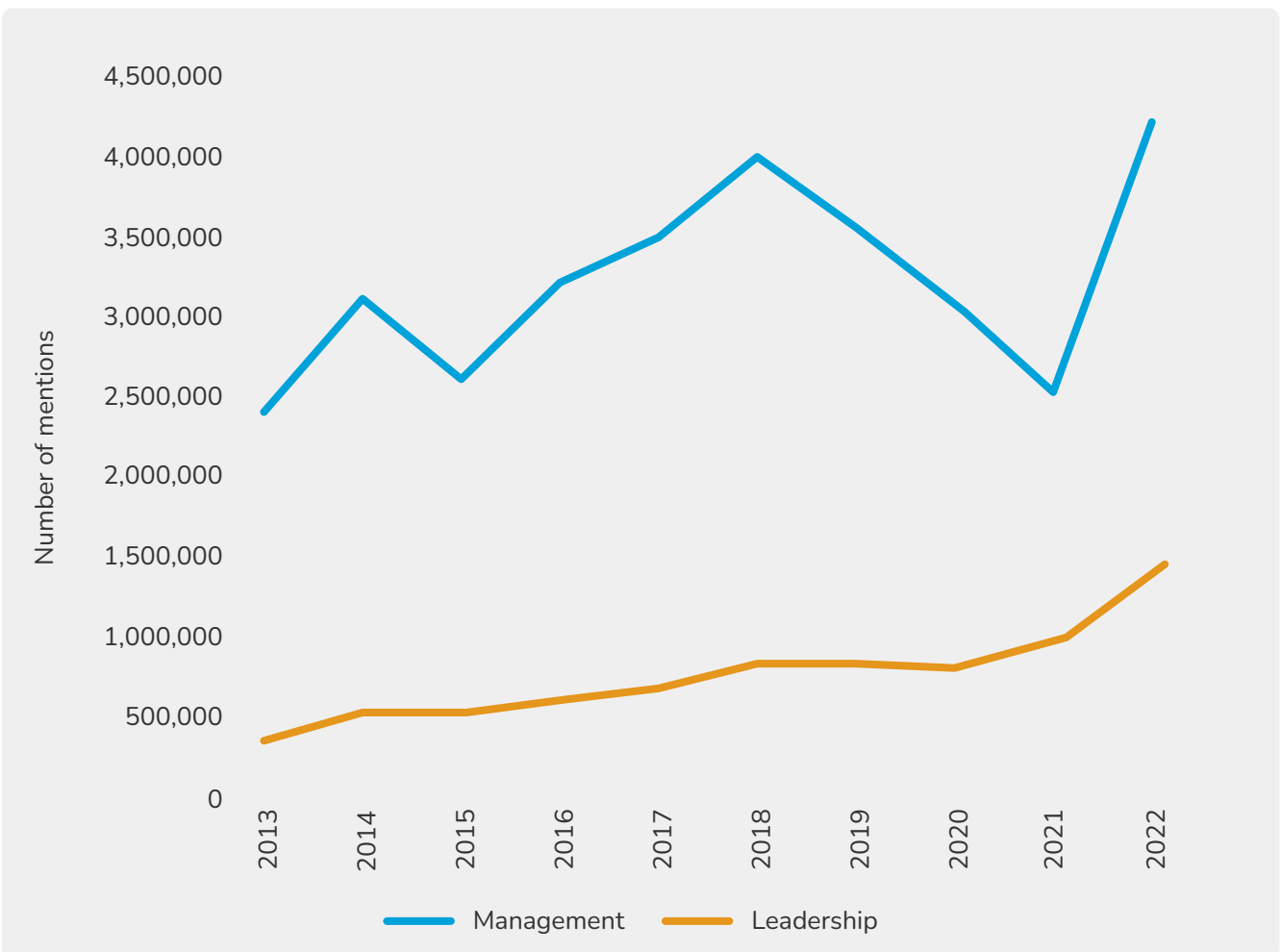


Figure 2: Number of mentions of management and leadership in job postings in the West Midlands, Lightcast 2023

CURRENT AVAILABILITY OF MANAGEMENT AND LEADERSHIP SKILLS *continued...*

Yet in the West Midlands, management and leadership skills are in short supply

Between 2021 and 2023, only 67,344 managerial jobs required ‘management skills’ out of more than 177,965 managerial positions advertised.⁸⁸ This means that more than 110,000 managerial positions are most likely to be filled by an ‘accidental manager’ – managers who receive little or no management training, yet are assigned management responsibility.⁸⁹ This means decision-makers across many businesses in the West Midlands will lack adequate training and will not perform to their best, hampering team productivity, engagement, and overall wellbeing.⁹⁰ Research from the Centre for Economic Performance at LSE found that Great Britain is already lagging behind other countries in terms of management best practice, with the country scoring just 3.03 out of 5 for management best practice, behind the US (3.31), Japan (3.23), Germany (3.21) and Canada (3.14).⁹¹

Analysis of CV profiles from the West Midlands provides an estimate that between 2021 and 2023, out of more than 335,000 potential employees, only around 92,000 had management skills as indicated by CV profiles.

Between April 2021 and April 2023, a total of 177,965 managerial jobs postings were advertised, but in comparison, only 91,902 potential employee CVs with management skills were available. This suggests there could be a mismatch between supply and demand, though this is not in itself conclusive.

Over the last two years, management, communications and leadership have been the most common skills in demand by employers for managerial positions (Figure 3).

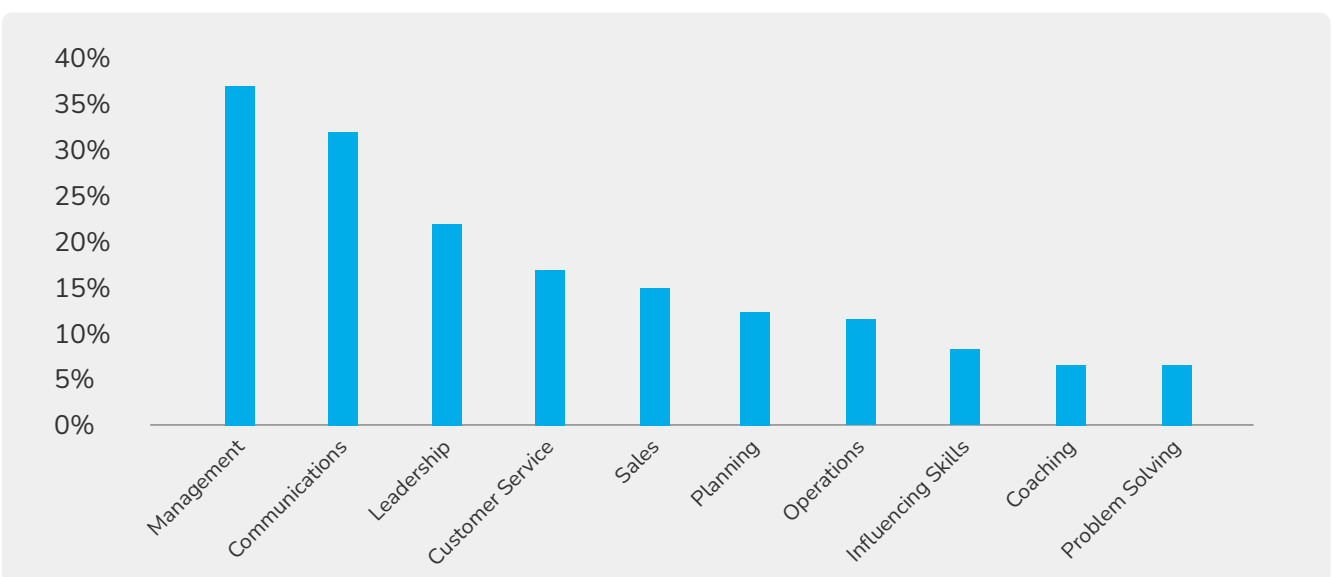


Figure 3: Top common skills in West Midlands managerial job postings Lightcast 2021-2023.

CURRENT AVAILABILITY OF MANAGEMENT AND LEADERSHIP SKILLS *continued...*

CMI analysis of Lightcast data has found that demand for management skills in the West Midlands has been persistent. Management and leadership have both remained in the top ten most sought-after skills for all jobs in the West Midlands between April 2021 and April 2023 with management consistently the second most sought-after skill. Across this period, 18% of all jobs advertised required management skills (second highest common skill) and 7% required leadership skills (seventh highest common skill).

In the last three years, the West Midlands had over 177,000 unique managerial job postings, which on average had to be re-posted twice suggesting a lack of candidates in the region with the right skills.⁹² The NHS, as an employer, has had the greatest number of managerial positions available in the last three years, with almost 8,000 individual vacancies. On

average, the NHS had to post each of these 8,000 jobs six times before they were filled. This is problematic given the importance of managers in health and social care settings. For example, a 2019 project by the University of Bristol,⁹³ showed that, across all trusts, having a higher proportion of managers had a statistically significant positive impact on performance. Even a small increase in managers, from 2% to 3% of the workforce, led to a 5% improvement in hospital efficiency and a 15% reduction in infection rates.

In terms of reposting job adverts, the NHS is followed by Aldi, PricewaterhouseCoopers and The Co-Operative Group, each having to repost their managerial jobs three times on average. This illustrates the difficulty skills shortages are causing when hiring for managerial positions across the West Midlands.



CURRENT AVAILABILITY OF MANAGEMENT AND LEADERSHIP SKILLS *continued...*

Case Study: BRUNTWOOD SCITECH

Organisational Context

Jamie Clyde is Director of the Southern Region and Innovation Services for Bruntwood SciTech, the UK's leading property provider dedicated to the science and technology sector. It has 11 locations, 2.4 million sq ft of assets under management and over 500 companies in its campuses. It is a 50:50 joint venture between Bruntwood and Legal & General.

There are two sites (Innovation Birmingham and Birmingham Health Innovation Campus) within the West Midlands, co-located with the universities of Birmingham and Aston.

Leadership

Jamie took a regional perspective to discuss leadership. He portrays a region with possibility, but hampered by leadership issues.

One example of this is decision-making: "We've got some really interesting corporate organisations present in the West Midlands, but many of the decision makers responsible for innovating their business are located elsewhere. This makes it harder for local corporates to be an anchor around which start-ups can form and thrive. The exception to this is in Leamington Spa where a thriving cluster of businesses has spawned from a couple of early successful gaming companies including Codemasters and its spinout Blitz Games. Universities have a huge opportunity to drive

innovation in the region through an increase in their focus on industry-led innovation using proven models in the region. For example building on Aston's experience of supporting the growth of SMEs through knowledge transfer partnerships (KTPs), the University of Birmingham's experience of creating spin outs through it's new Precision Health Tech Accelerator (PHTA) and University of Warwick's success of partnering with large manufacturers to co-design new technology through it's WMG organisation."

Management – building capacity to scale up

More widely, Jamie identifies three issues with the management of capacity building, to scale up regionally and increase productivity:

First, "the shortage of role models - West Midlands based Unicorns - led by ambitious founders, enabling success to breed success."

Second, "the need for more public sector research investment, which has lagged other parts of the UK, and more local private VC investment to fund growth."

Third, "the shortage of digital skills. Similar to the rest of the UK, we need to create more pipelines of talent. To meet demand, we cannot draw only from traditional sources of labour, we need to reach out into diverse communities where young people wouldn't normally consider a career in tech or science".

CURRENT AVAILABILITY OF MANAGEMENT AND LEADERSHIP SKILLS *continued...*

In the UK, organisations have long underinvested in developing management capabilities.

We know that, in the UK, employers continue to underinvest in management training. CMI's analysis of Labour Force Survey data⁹⁴ estimated that as many as four out of five managers are accidental managers – that's equivalent to 2.4 million bosses without adequate training, with many likely not performing to their best. It is likely that a large proportion of the 600,000 managers in the West Midlands have not received the proper support and guidance from their employer to develop the skills required to lead in an effective manner.

To upskill at speed, apprenticeships, which last between one and five years, can provide a timely solution. Management apprenticeships provide immediate on-the-job skills alongside theory, enhancing worker productivity.

Relative to the UK's competitor countries, a survey by Nick Bloom and John van Reenen found that management skills are less

widely spread across UK companies than their competitor countries such as the US.⁹⁵ It also found that across all countries the major obstacle to improving management practice is access to managerial human capital (hiring managers with the right skills).⁹⁶

A recent CMI survey revealed that less than half of the UK's managers felt they had sufficient training to support their organisation and employees in difficult situations, while only slightly more than half felt their organisation's leaders had the skills to lead through an economic downturn.⁹⁷



EXISTING MANAGEMENT AND LEADERSHIP INITIATIVES IN THE WEST MIDLANDS

The West Midlands has already overcome the first major barrier to addressing human capital gaps by recognising the importance of management and leadership to the future success of the region. The WMCA has described management and leadership as a 'golden thread' in economic development policy, making it a priority for education and training at level 3 and above. For example, WMCA has extended the adult education budget (AEB) to increase management and leadership provision, alongside other level 3 training in key sectors.

Another key initiative is the West Midlands Apprenticeship Levy Transfer Fund which aims to provide unspent levy from

larger businesses to SMEs in the West Midlands, for example to help SMEs access management and leadership training. The strength of the West Midlands Apprenticeship Levy Transfer Fund is commendable and has been successful in providing access to apprenticeship training to over 3,000 people in the West Midlands. The Apprenticeship Levy Transfer Fund allows some businesses to cover 100% of the training cost of apprentices, and has already helped over 1,000 SMEs in the region⁹⁸ to improve skills and productivity.



CMI POLICY RECOMMENDATIONS

This report has brought together national and international evidence - as well as data specific to the West Midlands region.

On the basis of that evidence, CMI believes the West Midlands could turbocharge its plans to enhance the human capital of the region - in particular through deepening its focus on management and leadership and apprenticeships.

We have five major recommendations for the Mayor, the Combined Authority and their partners - which we believe would make a genuine difference and help overcome the Triple Gap noted at the start of the report.

1

Establish a long-term partnership for West Midlands management

Work with employers, universities, training providers, chartered professional bodies and others in the region to ensure employer support is joined up and funding can be prioritised for long-term productivity needs, such as management and leadership development. Growth Hubs, Chambers, business groups and others should come together regularly to share insights and agree joint practical interventions focused on management and addressing both long- and short-term needs of the West Midlands economy.

2

Place management & leadership at the core of the regional skills plan

Ensure management and leadership training is prioritised alongside industry or sector-specific skills and training provision. Management skills are core skills that are vital to boost productivity and ensure workers are resilient to the rapidly-changing labour market, but they are not always recognised or built into technical or sector-specific education and training.

3

Implement direct funding and incentives to improve access and commitment to ongoing management and leadership development

Direct funding and incentives – for example, through WMCA control of the adult education budget – could support people to gain the building blocks towards increasingly systematic management and leadership development. By encouraging commitment to adopting better management and leadership practices – which are continuously monitored to ensure quality standards are met – workplaces, supply chains and regulatory environments can change alongside an ever-evolving economy. Here the WMCA ‘Thrive at Work’ campaign could be an important gateway to support.

CMI POLICY RECOMMENDATIONS *continued...*

4

Promote apprenticeships through a West Midlands Apprenticeship Accelerator

Continue to promote apprenticeships in the region as an effective way to increase productivity and widen representation in management. The Apprenticeship Levy Transfer Fund introduced by the WMCA is a welcome initiative. The WMCA could establish an Apprenticeship Accelerator alongside the levy transfer scheme – a fully-funded, dedicated administrator/facilitator who sits within an appropriate body, supports SMEs to onboard apprenticeships. This could include a range of tasks, such as promoting the local opportunities available and walking SME leaders through the requisite application forms and processes.

5

Continuous monitoring and evaluation of impact of management training

Continue to evaluate the impact of the training provided through employer consultation and feedback - looking at productivity, inclusion and lifelong learning as success measures. Share data and success stories to encourage others to upskill.

In conclusion, the challenges faced by the region around skills, productivity, and inclusion gaps – along with its growth plans – highlight the crucial role that management & leadership must assume. The West Midlands has the potential to be a trailblazer in quality management & leadership, effectively addressing long-term economic needs and embracing the

future of public services, social mobility, and the opportunities presented by the green transition. CMI and its regional partners would be delighted to work with the West Midlands Combined Authority and other stakeholders to establish a partnership for West Midlands management that can make a real contribution to the region going forward.



REFERENCES

1. [WMCA](#) (2022), West Midlands Local Skills Report Supporting Evidence
2. [WMCA](#) (2021), West Midlands Local Skills Report
3. J. Haskel, S. Westlake, (2018) Capitalism without Capital: The Rise of the Intangible Economy
4. Haskel et al (2007) Does Inward Foreign Direct Investment Boost the Productivity of Domestic Firms?
5. Bloom et al (2013), Does Management Matter? Evidence from India
6. [ONS](#) (2021), Management practices, homeworking and productivity during the coronavirus (COVID-19) pandemic
7. [ONS](#) (2021), Management practices, homeworking and productivity during the coronavirus (COVID-19) pandemic
8. Calculations using Lightcast data 2013-2022 looking at the total number of jobs requiring management and leadership skills between April 2013 and April 2023.
9. CMI analysis of HESA data and CMI data, March 2023
10. J. Haskel, S. Westlake, (2018) Capitalism without Capital: The Rise of the Intangible Economy
11. [University of Birmingham](#) (2021), West Midlands Weekly Economic Impact Monitor
12. [OECD](#) (n.d.), Quarterly National Accounts: annual GDP growth G7
13. [ONS](#) (2022), International comparisons of UK productivity (ICP), final estimates: 2020
14. [ONS](#) (2022), Estimates of total factor productivity from the Annual Business Survey, Great Britain: 1998 to 2019: August 2022
15. [Learning and Work Institute](#) (2021), Learning at Work: employer investment in skills
16. [HM Government](#) (2022), Spring Statement, 2022, pg38 citing Employer Skills Survey (2019)
17. [WMCA](#) (2023), Plan for Growth
18. [WMCA](#) (n.d.), Making Our Mark
19. [WMCA](#) (n.d.), Regional Skills Plan
20. [WMCA](#) (n.d.), West Midlands Industrial Strategy
21. [ONS](#) (2022), Annual Regional Labour Productivity
22. [ONS](#) (2018), 'The regional firm-level productivity analysis for the nonfinancial business economy, Great Britain, April 2018'
23. [The Productivity Institute](#) (2022), The Midlands' Productivity Challenge: Exploring the issues
24. [WMCA](#) (n.d.), Making Our Mark
25. [Centre for Cities](#) (2022), How can innovation drive growth in the West Midlands?
26. [International Labour Organization](#) (2019), The Power of Small: unlocking the potential of SMEs
27. [The Productivity Institute](#) (2022), The Midlands' Productivity Challenge: Exploring the issues
28. [WMCA](#) (2021), West Midlands Digital Roadmap
29. [Made Smarter](#) (2023)
30. [HM Government](#) (2019), West Midlands Local Industrial Strategy
31. [WMCA](#) (n.d.), Regional Skills Plan
32. [WMCA](#) (n.d.), Making Our Mark
33. [Aston Business School](#) (2020), UK Productivity and Skills
34. [WMCA](#) (2021), West Midlands Local Skills Report
35. [Nomis](#) (n.d.), Official Census and Labour Market Statistics, Informed by ONS annual population survey
36. [WMCA](#) (2021), West Midlands Local Skills Report
37. [WMCA](#) (2021), West Midlands Local Skills Report: evidence base - April 2021
38. Lightcast (2023), Job Posting Analytics
39. [LSE](#) (2022), Improving Productivity Through Better Management Practices
40. [HM Government](#) (2019), West Midlands Local Industrial Strategy
41. [WMCA](#) (n.d.), Regional Skills Plan
42. [WMCA](#) (n.d.), Making Our Mark
43. [CMI](#) (2022), The Everyone Economy
44. [University of Birmingham](#) (2021), State of the Region 2021
45. [OECD](#) (2010), A Family Affair: Intergenerational Social Mobility across OECD Countries
46. [ONS](#) (2023), HI00 Regional labour market: headline Labour Force Survey indicators for all regions
47. [University of Birmingham](#) (2021), State of the Region 2021
48. Runnymede and the Centre for Policy on Ageing (2010), The Future Ageing of the Ethnic Minority Population of England and Wales
49. [McKinsey](#) (2020), Diversity Wins: how inclusion matters
50. [CMI](#) (2022), The Everyone Economy
51. [WMCA](#) (2022), West Midlands Local Skills Report: supporting evidence
52. Emiko Magoshi a, Eunmi Chang, (2008), "Diversity management and the effects on employees' organizational commitment: Evidence from Japan and Korea"
53. Informed by CMI Apprenticeships Economic Value Model CMI Managers Voice survey of 808 apprentices that had completed their End-Point Assessment on or before 16 May 2022, conducted between 20 May–3 June 2022. It is accepted standard microeconomic theory that, in the private sector, firms are profit maximising and therefore wages adjust to changes in productivity; increases in wages follow increases in labour productivity. The average increase in wages of CMI apprentices by the end-point of the apprenticeship (2019–2021) was used as a proxy for the increased labour productivity within employers. A weighting factor of 1.66% was applied as an assumption to estimate the total value of output increase for employers. This was applied to DfE apprenticeship completions weighted by numbers of apprentices experiencing wage increases from the CMI apprentice survey (91%). Three productivity increase scenarios were generated using 0%, 1% and 5.20% productivity growth rates. From this data and assumptions the CMI apprenticeship value model was developed. GOV.UK, Education Statistics OBR (2022), Economic and Fiscal Outlook
54. [CMI](#) (2019), The Value of Chartered Managers
55. <https://www.managers.org.uk/membership/chartered-manager/>
56. [Bloom and Van Reenen](#) (2007), Measuring and Explaining Management Practices Across Firms and Countries
57. Bloom et al (2013), Does Management Matter? Evidence from India
58. Henrekson and Johansson (2010), Gazelles as job creators: a survey and interpretation of the evidence
59. [Centre for Economic Performance](#) (2014), The New Empirical Economics of Management
60. [BEIS](#) (2022), Business population estimates for the UK and regions 2022: statistical release
61. [BEIS](#) (2020), Longitudinal Small Business Survey: SME Employers

REFERENCES *continued...*

62. Deniz E. Yoruk and Mark Gilman, Birmingham City University, The SME 'Drag Effect' on the West Midlands Economy
63. [OECD](#) (n.d.), Management Training in SMEs
64. [BIS](#) (2012), Leadership & Management in the UK - The Key to Sustainable Growth
65. [LSE](#) (2022), Improving Productivity Through Better Management Practices
66. [LSE](#) (2022), Improving Productivity Through Better Management Practices
67. [DCMS](#) (2021), West Midlands on track to create an extra 52,000 digital tech jobs and grow by £2.7 billion
68. [HM Government](#) (2021), Net Zero Strategy: Build Back Greener
69. CMI estimations, 2022
70. [ONS](#) (2021), Management practices, homeworking and productivity during the coronavirus (COVID-19) pandemic
71. [World Bank Group](#) (2021), Coping with COVID-19
72. [BCG](#) (2018), How Diverse Leadership Teams Boost Innovation
73. [PWC](#) (2018), Diversity is the solution, not a problem to solve
74. [ONS](#) (2023), Employment, unemployment and economic inactivity by age group (seasonally adjusted)
75. [ONS](#) (2022), Reasons for workers aged over 50 years leaving employment since the start of the coronavirus pandemic: wave 2
76. CMI Managers Voice Poll, October 2022
77. OECD (2020), Promoting an Age-Inclusive Workforce
78. World Economic Forum (2023), Global Risks Report
79. Vox EU (2021), The Human Side of Productivity: uncovering the role of skills and diversity for firm productivity
80. [CMI](#) (2022), The Everyone Economy
81. Note: Economic backgrounds measured using different methods. Management apprentices measured using parental occupation and overall UK apprentices using geographical location.
82. HESA statistics: <https://www.hesa.ac.uk/data-and-analysis/students/whos-in-he>, Widening Participation table. Accessed 26/01/23 Although there is variation in the measurements of economic background, the former using parental background and the latter geographical location, therefore the two are not directly comparable and should be used indicatively only.
83. CMI Managers Voice Survey, 2022
84. [ONS](#) (2022) Apprenticeships in England by industry characteristics Academic year 2020/21
85. The Grant Thornton (2021), Business Outlook Tracker, 2021
86. [McKinsey](#) (2020), Sustaining and strengthening inclusion in our new remote environment
87. [CMI and UVAC](#) (2022), The Future of the Apprenticeship Levy
88. Job Postings Analytics, Lightcast 2023
89. [CMI](#) (2017), How Accidental Managers Are Draining Productivity
90. [HBR](#) (2017), Why Do We Undervalue Competent Management?
91. [CMI](#) (2017), How Accidental Managers Are Draining Productivity
92. CMI Job Posting Analytics, Lightcast May 2023
93. [University of Bristol](#) (2019), NHS managers: part of the solution, not the problem
94. [ONS](#) (2021), Labour Force Survey
95. Bloom and van Reenen (2007), Haldane (2017), Why Do Management Practices Differ across Firms and Countries?
96. Department for Business Innovation & Skills, (2011) Constraints on Developing UK Management Practices
97. CMI, Managers Voice Poll, October 2022
98. [WMCA](#) (2023), WMCA's Apprenticeship Levy Fund hits £40m and supports over 3,000 people into job training

Acknowledgements

This report was written by CMI with the support of Aston University. In particular CMI would like to thank Professor Michael Butler (Aston University) and Professor Alex de Ruyter (Birmingham City University) for their support and for providing the case studies included in the report.

Chartered Management Institute (CMI)

The Chartered Management Institute (CMI) works with business and education to inspire people to unleash their potential and become skilled, confident and successful managers and leaders.

With a wealth of practical qualifications, events and networking opportunities on offer throughout the UK and Asia-Pacific, CMI helps people boost their career prospects and connect them with other ambitious professionals in any industry and sector.

In fact, CMI has more than **150,000** people training to be better managers right now. Backed by a unique Royal Charter, CMI is the only organisation allowed to award Chartered Manager status – the ultimate management accolade.

CMI's thought leadership, research and online resources provide practical insight on critical issues for a **200,000** plus membership community and anyone looking to improve their skills, nurture high-performing teams and help pave the way for the next generation of managers and leaders.

For more information, please visit www.managers.org.uk Chartered Management Institute on LinkedIn, Facebook, Twitter, Instagram and TikTok.

 Twitter: [@cmi_managers](https://twitter.com/cmi_managers)

 Facebook: www.facebook.com/bettermanagers

 LinkedIn: [Chartered Management Institute](https://www.linkedin.com/company/Chartered-Management-Institute)

 Instagram: [@cmi_managers](https://www.instagram.com/cmi_managers)

 TikTok: [@cmi_managers](https://www.tiktok.com/@cmi_managers)



Chartered Management Institute
Management House
Cottingham Road, Corby
Northamptonshire, NN17 1TT

Registered charity number 1091035
Incorporated by Royal Charter
Charity registered in Scotland number SCO38105

Copyright Chartered Management Institute ©
West Midlands Future Prosperity Upgrading Management Skills For Growth
June 2023

#CMIConfidence

**CMI**
Chartered
Management
Institute