

MANAGEMENT AND UK

2030



WHY DOES UNDERINVESTMENT IN UK HUMAN CAPITAL MATTER?

- The UK ranks sixth in the world and in the middle group amongst most developed countries according to the World Management Survey.
- If UK productivity were to continue growing at its current trend, sustaining any sort of improved living standards will be challenging according to the Productivity Institute.
- Be the Business' latest productivity index has also suggested that the lack of investment in management skills has been a driver of the UK's poor productivity performance.



Figure 1: Average Management Scores across countries, 2004-2022. World Management Survey, Bloom, Sadun & Van Reenen

MANAGEMENT AND THE UK LABOUR MARKET

- i** The UK requires **10%** more management job adverts to require high level management skills if it is to close the gap with the world's most productive economies.
- ii** The UK will need to recruit over **120,000** extra managers by 2030.
- iii** Data suggests the UK's health sector is undervaluing skilled managers, in comparison to other sectors.
- iv** In a scenario where UK management capability was made equal to Germany in the coming decades we estimated that the gain to the UK economy would be of significant scale. The estimated gain was in the region of around **£127 billion**.

E.G.

36% of finance professional job adverts specified management skills, whilst only **23%** of health professional job adverts specified management skills.

Data also suggests the NHS could be facing significant difficulties in hiring skilled managers. The NHS is advertising for each role across, on average, five different recruitment platforms, compared with firms such as Morrisons and Whitbread, which each advertise on average across two platforms.

SOLUTION

Culture, markets and institutions are 3 enabling factors for better management and better productivity across sectors.

- 1 Culture.** A strong culture of long-term commitment and of valuing and improving management capability at the firm and organisational level, supported by a wider culture of management in national leadership and governance.
- 2 Markets.** A competitive domestic economy with access to large single and international markets.
- 3 Institutions.** Strong institutions such as good regional industrial and skills policy coordination, good education institutions to upskill managers, or good sectoral support and coordination.

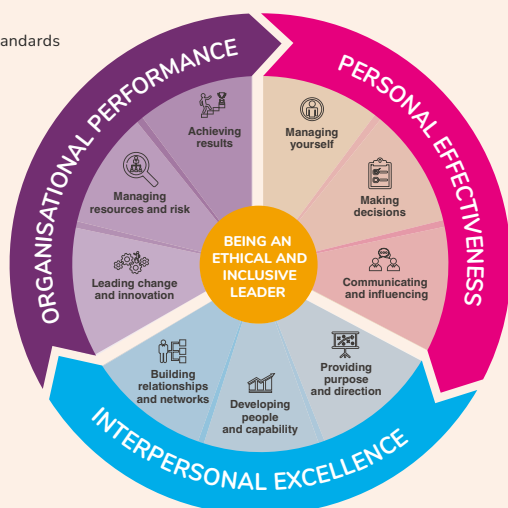
“The opportunity to address the UK’s productivity shortfall and deliver the greatest impact lies in firms that sit just below the top 10% of the UK’s best performing firms, but above the bottom half.”

Recent analysis by The Productivity Institute shows that the highest slowdown in productivity growth in the past decade and a half has been from these firms in this sixth-to-ninth decile range of productivity. Given this is where higher productivity growth was experienced before the global financial crisis of 2007-08, it is here that improved management capability offers great prospects for improved productivity performance.

These firms are likely to be, according to CMI analysis of the ONS Annual Business Survey:¹

- Fairly established (more than 5 years old in the main).
- In the manufacturing, utilities and sections of the non-financial service sectors (especially in information and communication; professional, scientific and technical; and real estate service sub-sectors).
- Employing more than 100 workers approximately.
- Producing GVA per worker of between £30,500 and £108,000 at 2019 prices.
- Trading internationally given the sectoral composition of higher productivity firms (manufacturing and traded services).

CMI Professional Standards



RECOMMENDATIONS

STEP 1 >

Upgrade the management capabilities of the government and public sector workforce and those who supply it goods and services.

Every major public service should adopt a formal management capability framework, such as [CMI's professional standard](#), with clear qualification pathways at all levels.

STEP 2 >

Government to act as arch persuader for better management.

STEP 3 >

Support existing policies that improve UK management.

- 1** Maintaining levels of investment in levels 5, 6 and 7 management apprenticeships, which are proven to increase employer productivity.
- 2** Continue and expand the Help to Grow management scheme post first phase evaluation.
- 3** Consider the impacts of higher education funding, apprenticeship funding, migration policy and industrial strategies on the UK’s business schools and colleges as key institutions for increasing management capacity in the UK.
- 4** Explore the development of flexible and high-quality delivery in all the above skills provision areas, e.g. bootcamps, modularisation and distance learning to enable more to participate.

STEP 4 >

Use strategic policy and regulation levers to improve management capabilities.

- 1** Embed management skills in key government strategies e.g. future industrial strategy, green transition, innovation policy (emphasising management capability from research grant-led entrepreneurship).
- 2** Incorporate the importance of management capability into devolution deals to ensure that regional growth and public service improvement are supported through better management and leadership.
- 3** Along with other high level skills, use the tax system to push and incentivise investment in management.

STEP 5 >

Trade deals that support the place of UK business in global supply chains.

Future trade relations with the EU and other major global economies to allow strong flows of goods, services, people and capital wherever possible will also contribute to the UK’s management capability.