

Skills Commission
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24 May 2019

By email

SKILLS COMMISSION: FUTURE OF THE SKILLS SYSTEM INQUIRY

CMI RESPONSE TO CALL FOR EVIDENCE

1. CMI

- 1.1 CMI is the chartered professional body for management and leadership. We are dedicated to improving managers' skills and growing the number of qualified managers across the UK.
- 1.2 With a member community of over 100,000, CMI provides individual learners, managers and employers with access to the latest management thinking and with practical support to help them embrace change, build high-performing teams and improve individual and organisational performance. We are a UK awarding body for management and leadership qualifications and the only body that awards Chartered Manager - the hallmark of any professional manager.

2. THE SKILLS SYSTEM WE NEED

Background

- 2.1 Although the UK has many world-leading businesses, we have a long tail of poorly managed and unproductive organisations. CMI has long argued that closing this gap means recognising the pivotal role of management in improving productivity and a national focus on replacing our accidental managers with professionally qualified managers and leaders.
- 2.2 There is widespread consensus – including from the Bank of England, the Government and the OECD - that investment in management is one of the most important drivers of productivity. The Bank of England cite a lack of management quality as an explanation for the UK's long tail of unproductive businesses¹ and the ONS, when scoring UK companies on their management effectiveness, found that merely improving that score by 0.1 per cent was linked to a near 10 per cent

¹ <https://www.telegraph.co.uk/business/2017/03/20/bad-managers-blame-uks-productivity-crisis-says-bank-englands/>

increase in productivity².

- 2.3 This is also reflected in the Government's own Industrial Strategy (see below). As a result, policy-makers are now focusing on how to improve management skills and encourage the adoption of good management practice in order to drive UK productivity.

Britain's relatively poor recent record in productivity is not uniform. We have some of the world's most productive businesses, but research shows that we have an unusually 'long tail' of underperforming businesses, pulling the average down. We are not as good as other countries at spreading the best practice of our top performers. The Bank of England has carried out extensive work to understand the key factors for improvement. One is greater access to management skills. Studies suggest that the average UK manager is less proficient than many overseas competitors, while management skills could account for a quarter of the productivity gap between the UK and the US.

Industrial Strategy. Building a Britain fit for the future, p.169 (HM Government, 2017)

- 2.4 CMI believe that management apprenticeships have a critical role to play in improving productivity and, with the introduction of the apprenticeship levy, have the potential to transform employers' approach to skilling managers and boost productivity. In fact, we are already starting to see this shift with around 28,000 starts on management apprenticeships in 2017/18. This is to be welcomed news, although investment in management skills will need to be accelerated if the UK is to match the productivity of our major international competitors post-Brexit.

3. MANAGEMENT APPRENTICESHIPS

- 3.1 CMI have actively engaged with the new apprenticeship programme from the very beginning. We helped set the standards for management apprenticeships through the Management Apprenticeships Trailblazer Group - a 40-strong employer-led group including Barclays, the BBC, the Civil Service, Sainsbury's and Serco – and have created a high quality suite of management apprenticeships. This comprises a Level 3 Team Leader Apprenticeship, Level 5 Operations Manager Apprenticeship, Level 6 Chartered Manager Degree Apprenticeship and Level 7 Senior Leader Master's Degree Apprenticeship for executive and C-suite development. We have also welcomed the introduction of the apprenticeship levy as a much needed policy intervention to drive investment in skills and productivity.

² *Management practices and productivity in British production and services industries – initial results from the Management and Expectations Service: 2016 (ONS, 2018)*

- 3.2 We continue to support the programme because we know, certainly in relation to management apprenticeships, that the reforms are working. For example:
- **they are popular with employers and apprentices.** For example, national data shows that there has been over 40,000 starts on management apprenticeships since 2014/15³. Moreover, with over 2,000 starts in 2017/18, the Chartered Manager Degree Apprenticeship is the most popular degree apprenticeship⁴; and
 - **they widen participation and promote social mobility.** [Management apprenticeships](#) have strong uptake with young people, with women and across the most socio-economically challenged regions of the UK. For example, around half (49%) of all management apprentices are female, and over 2 in 5 management apprentices come from the most deprived areas of the UK⁵.
- 3.3 Furthermore, management apprenticeships play a key role in improving productivity and building the pipeline of future managers and leaders. For example recent CMI research shows⁶:
- 92% say their apprenticeship is helping them to develop the skills they need to be more productive at work;
 - 89% say their apprenticeship is giving them better career prospects;
 - 89% say their apprenticeship is having a positive impact on their contribution to the organisation they work for;
 - 78% of management apprentices rate their overall experience as an apprentice positively; and
 - 80% say that 'learning both the theory and practice of management will make me a more effective manager'.
- 3.4 More – not fewer – management apprenticeships will be needed if the UK is to match the quality of management and leadership of our key international competitors. In global comparisons, the UK is ranked well behind countries such as the US, Japan and Germany⁷, and in ONS surveys of management skills, foreign-

³ <https://www.managers.org.uk/about-us/media-centre/cmi-press-releases/moving-on-up-management-apprenticeships-improve-performance>

⁴ <https://www.managers.org.uk/about-us/media-centre/cmi-press-releases/chartered-manager-degree-apprenticeship-cmda-builds-a-diverse-pipeline-of-future-leaders>

⁵ Analysis of social mobility data is undertaken by using CMI administrative data on management apprenticeship starts since 2014 to 2015, and mapping learners to indices of multiple deprivation.

⁶ [CMI survey](#) of 572 CMI management apprentices via an online survey, undertaken between 8th February and 27th February 2019. Also see the [Increasing Workplace Productivity infographic](#).

⁷ *Leadership and management in the UK – the key to sustainable growth* (BIS, 2012)

owned firms score higher than domestic-owned firms⁸.

4. RECOMMENDATIONS

4.1 CMI is calling for the following:

- **recognise the importance of management skills in the skills system, as a key driver of performance and productivity;**
- **ensure all school and college-leavers and graduates have access to leadership and management development as a core part of their studies.** As things stand, CMI [research](#) shows that around two thirds of employers believe graduates lack the interpersonal skills to manage people and nearly three quarters want all students to have access to management, enterprise and leadership training;
- **maintain a strong commitment to trailblazer apprenticeships and to the apprenticeship levy.** The levy is a huge opportunity to support employer investment in skills and address the UK's long-standing productivity problem; and,
- **improve awareness of apprenticeships by creating a new national communications campaign** to better raise awareness of the professional pathways offered by apprenticeships. This should focus on reach parents, young people and those employers who have outdated perceptions of apprenticeships. Too many still see apprenticeships as a low-level entry route into work, as opposed to a route for investing in high-value skills, upskilling their existing workforce and attracting the best new talent.

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⁸ *Management and Expectations Survey of 25,000 UK enterprises, (ONS)*