THE PRODUCTIVITY INSTITUTE

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Strategic Productivity for the Leadership Team

Why an organisation's leadership team needs to focus on Productivity for real growth

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Author contact:
kate.penney@manchester.ac.uk

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Based on the premise that the long-term underperformance of productivity in the United Kingdom threatens a future of global excellence in economic performance and shared prosperity across the nation, The Productivity Institute's mission is to lay the foundations for an era of sustained and inclusive productivity growth.

Our broad-based interdisciplinary research programme focuses on identifying the causes of the stagnation in UK productivity and making proposals for solutions and with strong regional engagement with stakeholders across the whole country.

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The aim of this briefing paper is to capture thinking into how senior business leaders can work more closely across functions to improve productivity. It is part of a wider academic literature survey being carried out by The Productivity Institute.

Our key argument is that firms need to be actively talking about productivity, identifying the key indicators that create productivity in their business, and then aligning their productivity strategy across all boardroom functions. Senior business leaders need to work within and across boardroom functions to address productivity as a critical component of the firm's growth strategy.

The significant changes to how firms operate, especially in response to globalisation and advances in technology, but also in relation to recent events such as the COVID-19 pandemic and rising energy and other business costs, means that it is more important than ever that firms not only explicitly discuss and plan for productivity, but do this collaboratively across functions.

To achieve this there needs to be a cohesive narrative within the firm so that productivity is fully understood, led by the boardroom, and then adopted within the organisation's broader strategy. Critically, business functions then need to work together to address the aspects of productivity that apply to more than one function.

Businesses are the main drivers of productivity growth, yet it often remains unclear to leaders exactly how senior leadership teams and boards should be thinking about productivity, and how they can incorporate it into their everyday actions to add value. There is typically a gap in terms of communicating key productivity messages within a firm, making decisions and planning for the future, and then translating them into actions.

WHY PRODUCTIVITY MATTERS

A country's standard of living depends significantly on its ability to raise its productivity measured as output per worker or – more broadly – the efficiency by which it can turn its resources (labour, capital, technologies) into sustained and inclusive growth. As such, firms and organisations that optimise their productivity benefit not only themselves but society at large.

Measures of productivity may vary across firms in the public, private and not-for-profit sectors of the economy, but the benefits to organisations are common. These include the freeing up of resources to invest, becoming more competitive, the ability to create more jobs and pay better wages, charging lower prices to customers, and creating more value. For society as a whole, raising productivity also helps places and regions perform better and improves infrastructure, schools, and healthcare services, for example.

THE PRODUCTIVITY SLOWDOWN

For all these reasons the slowdown in UK productivity growth, as observed over the past decade and half, is especially concerning in a world faced with rising costs, labour shortages, weak demand, and great pressure to deal with the transition to net zero.

In recent years, the UK's productivity has flatlined leading to concerns about the country's ability to raise living standards and remain competitive in international markets. According to the latest Office for National Statistics (ONS) data, growth in (inflation-adjusted) GDP per hour worked was on average 1.6 per cent per year from the late 1990s up to the financial crisis in the late 2000s (1998-2008). But it has slowed to around 0.3 per cent per year since (2008-2019).

The COVID-19 pandemic provided a significant blow to productivity in early 2020, and has been volatile since, as many firms were forced to shut for periods of time and then reopened again. Productivity has currently recovered to pre-COVID levels, but the growth rate remains slow and is expected to even turn slightly negative in 2022. Currently there is no clear evidence that, at the aggregate level, the move to home and hybrid working has had much of an impact on the productivity trend.

The UK productivity slowdown is widespread across industries and regions. In the manufacturing sector, productivity growth was on average 6.5 per cent per year from 1995-2007, slowing to 1.3 per cent from 2008-2019. In services, some of the largest slowdowns were observed in the information and communication sector, in particular computer software and telecommunications, and financial and insurance activities.

There is also a large regional dimension to the UK's productivity problem with London far outperforming the rest of the nation. In 2019, GDP per hour in London was 32 per cent above the national average in 2019.

The South East, Scotland and East of England recorded labour productivity at 9%, 5% and 2% above the national average excluding London, whereas the rest of England, and especially Wales and Northern Ireland performed well below. One specific UK issue is the relatively large gap between the London metropolitan area and city regions such as Greater Manchester, Liverpool, Glasgow and the West Midlands (including Birmingham).

All these other city regions have more than 30 per cent lower productivity than Greater London, a gap substantially greater than what we see in other nations and also well below comparator cities in those countries.

WHAT EXACTLY IS PRODUCTIVITY?

Despite its importance, there is often not a well-developed narrative around productivity at the firm level and within individual functions. There is evidence that this understanding can also differ across the business community and firms themselves (Roper, 2018).

Reasons for this could include the fact that productivity is difficult to define and measure, while different functions in an organisation can understand productivity to mean different things. Productivity narratives may also differ between business functions. For example, how the Chief Executive Officer (CEO) thinks about productivity may be different to how the Chief Marketing Officer (CMO) thinks. This makes it difficult to manage productivity practically within the firm.

Productivity is about how to use resources optimally to realise the best outcomes. Economists and statisticians measure productivity as outputs (e.g. total production or gross domestic product) over inputs (labour, capital, and technology and innovation inputs) by industry, sector or for the aggregate economy.

An increase in productivity is key to sustaining business growth and creating value. However, if firms do measure productivity, they tend to either use much narrower physical efficiency measures (often for a specific product line) or monetary measures (such as sales over cost, or sales per employee, especially in services). It is also common to use proxy measures which are closely correlated with productivity such as profitability and return on capital, innovation outcomes, employee engagement, or customer satisfaction and retention.

The difficulty in defining and measuring productivity is a particularly salient point for smaller and medium-sized firms where a productivity conversation may not be happening at all. One study (Institute of Directors, 2018) found that around 60% of SME members did not formally monitor productivity in their organisation. Complexity and not seeing its relevance were the key reasons for not doing so.

Also, service firms can struggle to separate inputs and outputs, as the input often reflects the actual delivery of the service. The separation of outputs and outcomes is often complicated as well, especially for public and third sector organisations (van Ark, 2022). This reinforces that context matters for how productivity is firstly understood and subsequently addressed. Because of this lack of cohesion, productivity often isn't part of business strategy when, in fact, it could help to put business growth and value creation on a sustained footing in the medium- and long-term.

However, in 2022, The Productivity Institute collaborated with the Chartered Management Institute (CMI) in polling 1,100 managers from more than 20 industries across the public, private and not-for-profit sectors about the extent to which they measured productivity. When asked if their organisation had key performance indicators (KPIs) related to productivity, at least 60% of managers in more than half of the 20 industry sectors represented, reported having these KPIs.

Indicators related to productivity included cost efficiency, total sales revenue per employee, operating rate/capacity utilisation, output per worker or hour worked, and return on capital employed.

THE KEY DRIVERS OF BUSINESS PRODUCTIVITY

Improvements to productivity can be attributed to innovation, adoption of new technologies, and managerial practices.

Productivity is also influenced by many external factors, such as the state of the economy, interest rates and inflation. Additionally, it is also affected by external 'shocks', such as Brexit, the pandemic, or the current energy crisis, all of which can impact on the success of a firm and influence strategic direction.

In the 2000s, consultancy Proudfoot published a series of reports on productivity. In 2008 it interviewed 1,267 managers across 12 countries to identify the issues, barriers and opportunities for firms around productivity.

A key finding was that behaviours and attitudes of management, and the workforce, presented critical barriers to productivity growth. The report identified four levers of productivity – management, workforce, communication and training. Indeed, research has repeatedly shown that the most lasting productivity gains come from investment in people through raising their skills and competencies.

In this briefing we settle on five key drivers of productivity - innovation and digital transformation; worker skills, engagement and well-being; management competencies; finance and cost savings; and marketing and communication.

1. INNOVATION & DIGITAL ADOPTION

Most lasting productivity gains come from new investments, not just in more machinery and equipment, but especially in new technologies such as ICT, R&D, organisational innovations, and in people through raising their skills and competencies.

R&D investment has been shown to have a strong positive effect on productivity, especially in high-tech manufacturing industries and knowledge-intensive services sectors. Innovation in other sectors is often the result of less formal search processes to develop and improve new services and processes.

The specific sector that a firm operates in is also likely to have an impact on its attitude and approach to innovation. However, the board - and in particular the values and beliefs of its CEO - can have a significant influence on innovation adoption. Although it may not be the primary objective of the board to drive innovation, it is pivotal in creating the conditions that will enable innovation.

The diffusion of new technologies can also positively impact on productivity (Brynjolfsson, 2003). The adoption and absorption of technologies and innovations which are new to the firm is at least as, if not more, important for productivity growth than the original invention. Maximising the use of technology within a business is vital, but just as important is how its technology interfaces with business partners and customers.

Meanwhile the correct digital infrastructure has also become one of the most important components of productivity growth for any business, and needs to be central to effective strategic planning for productivity (Proudfoot, 2008).

2. WORKER SKILLS, ENGAGEMENT & WELL-BEING

There is a highly contingent relationship between skills, technology and productivity, with significant implications for a firm's level of productivity.

Skills and training are major enablers for firms to become more productive. However, there are many different challenges businesses are facing with skills. These range from a shortage of skills (such as digital transformation skills and 'soft' collaboration skills), through to skills mismatches and low skills persistence (especially at regional and local level). Another challenge is skills underutilisation, for instance as a result of barriers to diversity. These are preventing firms from optimising the human capital embedded in their workforce.

Effective workforce training can greatly support productivity. As well as providing workers with the skills necessary to execute the core of their job efficiently, it can also boost staff motivation, give employees greater ability to embrace and adopt change programmes, make staff feel more valued, and improve communication (internal and external), all leading to reduced staff turnover rates.

Yet the quality of training is where many companies fall short, whether it is in the assessment of training needs, the alignment of training programmes with strategic goals, or in the assessment of the effectiveness of training programmes.

There is also a significant and strong positive correlation between employees' satisfaction with their company and employee productivity and customer loyalty, and a strong negative correlation with staff turnover (Krekel, Ward and De Neve, 2019). Effective implementation of technology to better communicate, flexible work arrangements, cross-departmental collaboration to assess the collective impact of each other's activities, and rewards for innovation activities, are all critical tools for empowerment.

Ultimately, higher well-being at work is positively correlated with more business-unit level profitability (Peroni, Pettinger and Sarracino, 2022).

3. MANAGEMENT COMPETENCIES

Productive firms are led by knowledgeable and successful leaders that have the range of skills needed to fulfil the organisation's objectives.

One survey of structured management practices in 35,000 manufacturing plants in the US found that management practices account for more than 20 per cent of the variation in productivity, a similar, or greater, percentage as that accounted for by R&D, ICT, or human capital (Bloom et al, 2019). There also appeared to be a large variation in management practices across plants within the same firm. Firms must therefore ensure that they have the right skills and talent across the organisation and, crucially, that management practices support high employee engagement and reward high performance.

Traditional leadership styles, especially in small firms, are often reactive on operational issues to the exclusion of strategic thinking, while there is also a reluctance or lack of confidence to delegate effectively, and a sense of isolation which restricts opportunities to acquire tacit knowledge and learning from peers (Thorpe et al, 2005).

For firms to be productive they need high levels of personal, interpersonal and group skills from managers who need to listen to and motivate a skilled and productive workforce. Managers not only require the knowledge of their technical area, but also need to be collaborative and creative. They need to not only lead and negotiate internal teams, but also external partners and organisations (Suryanarayana and Machado, 2017).

The executive team also needs to enable their managers to manage. The global shift from supply side economics - which favours functions, processes and 'command and control' - to a demand side approach which places greater emphasis on networks, ecosystems and customer focus, may be disruptive to the organisational culture.

In the wake of the COVID-19 pandemic, leadership styles also need to change given the increase in hybrid and home working and the increasing use of virtual working environments. While it is too early to determine whether this shift has been positive or detrimental to productivity, there is evidence that hybrid work environments can be as productive as traditional settings and even more productive than working fully remote. For instance, one study found that hybrid workers completed more novel work, sent more emails, and were more likely to communicate with colleagues (Nicholas, 2022). Strong management capabilities to guide this transition process clearly play a critical role.

Leadership development and management programmes can be effective, especially when programme design and content is focused on wider strategic thinking rather than on prescriptive HRM (human resource management) or operational practices.

4. ACCESS TO FINANCE & COST SAVINGS

Many business owners, especially of small firms, treat accounting and finance as reporting necessities rather than day-to-day management tools that enable them to monitor and drive performance. But the role of financial decisions extends far beyond that of accountancy and record keeping to one that is critical in shaping the strategic direction of the firm.

Although a relatively small number of firms will access complex financial products, including angel investors, venture capital, crowdfunding, and various government incentives, there is reluctance among many businesses to access external finance, especially beyond funding from banks or from family and friends. Indeed, difficulties around access to finance have been shown to have an adverse effect on a firm's ability to invest in both innovation and skills (Agenor and Canuto, 2017).

Cash investment in skills not only impacts innovation but also worker well-being and engagement, and can lead to significant productivity gains. Decisions on spending, and the perception of costs versus investment, should be based on actions that will enable long-term strategic aims to be met and not just be in response to short-term conditions.

External factors also influence financial decision-making. For instance, changes to banking regulations as a result of the 2008 financial crisis have made some lenders more risk averse, while the role of intangible sources of capital such as data and organisational competencies has become increasingly important.

Indeed, more than 50 per cent of firms (CIMA, 2021) struggle to measure productivity due to either difficulties in attributing value to intangible assets, or in measuring productivity changes due to the quality of inputs and outputs.

5. MARKETING & COMMUNICATION

Successful sales and marketing can boost productivity but requires that processes, company culture, and business communications are all aligned with the corporate brand to build reputation and get customers to fully appreciate the value of the products and services the company produces.

Both innovation and brand (Gregory et al, 2018) have a direct impact on revenues generated by the introduction of new products and services, and brand is a critical way to maximise a return on innovation. Continuous innovation also keeps a brand relevant and refreshed during periods of intensifying competition and frequent market disruptions. One study in the US (Corrado et al, 2014) found that, when one includes social media and strategic marketing in brand investment, the contribution of brand investment to productivity growth is about 60 per cent higher.

Data analytics have hugely supported the potential for productivity gains through the ability to match demand and resources in a timelier way. With the continued growth of the internet, mobile devices and social media, companies are spending more and more in-house on strategic marketing and content marketing. At the same time the opportunity for firms to acquire data outside of operational systems and through the internet has become a substantial source of intelligence.

The recent surge in technological innovations has also been critical to how teams communicate and collaborate internally. This includes the use of online tools that support collaboration and joint working, especially remotely and inter-organisationally. Firms need to consider the cost to productivity (and the resulting employee frustration) of continuing to use antiquated and ineffective legacy systems that are no longer fit for purpose.

Firms should consider the cost of technology as not only an expense, but an investment that maximises efficiencies so that time is spent on the tasks most important to the firm and not on ones that are creating an additional administrative burden.

PRODUCTIVITY BY FUNCTION

The significant changes to how firms operate, from globalisation to advances in technology, means that it is more important than ever that senior managers not only explicitly discuss and plan for productivity within their own functional silos, but that they also collaborate across functions. Even though each business function has specific challenges regarding the organisation's productivity performance, key productivity challenges increasingly cut across functions and require collaboration.

To support such collaboration, there needs to be a strong narrative built up around productivity so that the strategy is fully understood within the firm and by the senior team. And it is important to understand how the business functions work together to address those aspects of productivity that apply to more than one function.

ORGANISATIONAL FUNCTIONS

PRODUCTIVITY BY FUNCTION

FINANCE

The Chief Financial Officer (CFO) is responsible for the financial management and reporting of the firm for both internal and external partners. As such, the CFO does not only have a high level of accountability but also plays a critical role in establishing the best paths to a firm's success through their assessment of investment opportunities, risks, capital spending and information technology (Shim, 2012). CFOs are also increasingly at the forefront of dealing with ESG (Environmental, Social and Governance) issues across the organisation.

From a productivity perspective, the CFO is often the primary executive engaged with cost savings and potential efficiency gains, and the function is therefore often perceived as most closely aligned to productivity. However, in practice the financial side of productivity is just one key element of an organisation's strategic productivity approach. Given the range of stakeholders to engage with – shareholders, customers, investors, local and national government, and auditors – the CFO also needs to be an adept communicator and strategist.

HUMAN RESOURCES

Human resources management is facing major challenges to its established functions in response to changes to business in the 21st century. The function has gone way beyond a largely administrative role – just dealing with people's pay, working hours, health and safety and training budgets - to a much more comprehensive oversight of human capital investments in the firm which also incorporates employee engagement and health and well-being.

Globalisation and the worldwide web have amplified the shift in the function towards talent management and business strategy, while HR also now has an important role to play in risk management (Wright et al, 2019). HR is also at the heart of driving the new skills required in response to the digital transformation, and in developing 'soft' and collaborative skills among employees.

Indeed, the KPMG 2020 Future of HR Survey polled just under 1,300 HR leaders worldwide and found that 69 per cent believe that the HR function needs to be completely transformed in order to meet the changing demands of the workforce. The shock of the global pandemic also brought HR management under even greater pressure as firms had to quickly create strategies around staffing, sickness and hybrid working in ways that they had never seen before.

However, it is only by including the HR function in long-term planning that the transformations required for a firm to be successful in the future will be enabled. HR also needs to work across functions, such as with the Chief Technology Officer (CTO), to ensure that firms are optimising productivity through both technical and workforce development.

OPERATIONS, TECHNOLOGY & DIGITAL

Digital technology has emerged as one of the most important functions in recent decades for many firms, elevating the Chief Information Officer (CIO) to a prominent role in the boardroom and the senior leadership team.

The fast-evolving technology sector and the need for firms to keep pace means there is pressure to know which technologies to invest in to make businesses more productive and efficient. The global pandemic and the unprecedented shift to remote and hybrid working means that many CIOs must be skilled in delivering large scale projects at the same time as navigating their way through the vast range of IT solutions available to support firm productivity.

However, technology has created new business risks, including cyber security, as well as opportunities such as artificial intelligence (Shim, 2012). An effective CIO therefore needs to not only know the digital and IT opportunities that are available in the market, but also be able to make informed decisions about which of these will be the most effective in meeting the firm's overall objectives.

It is this combination of technical knowledge and an awareness of both external opportunities and the internal needs of the firm that enables a CIO to optimise the opportunities that technology can bring to a firm's productivity.

MARKETING & COMMUNICATION

The Chief Marketing Officer (CMO) prioritises the customer experience to gain the most value for the firm, using data analytics, branding, communications and - increasingly - digital communications and PR.

As firms face ever more competitive markets, and social media acts as an immediate outlet for both positive and negative feedback, it is critical that firms understand and respond to customer needs. Business is experiencing a change from a supply side focus on 'what we offer' to a demand side approach focusing on 'what the customer needs' which places greater emphasis on data analytics, networks and ecosystems.

The CMO and their understanding of customer needs therefore becomes not only critical to the marketing function but also to overall firm strategy. There is also a strong connection of roles between the CMO and Human Resource Manager (Navin and Creelman, 2018). Rather than thinking of HRM as an upgraded personnel department, lessons can be learned from how CMOs gain customers and how the HRM can gain the most lifetime value from employees.

This elevated status of the role of CMO for productivity is indicative of how 21st century business is forcing changes to not only the roles of individual functions, but also changing how functions work together and learn from each other.

HOW TRADITIONAL PRODUCTIVITY RELATED FUNCTIONS ARE BEING EXTENDED

Function	Traditional productivity-related role within the function	What is extending the productivity-related role beyond the function?
Finance (CFO)	• There is a myriad of operational sources behind productivity growth which can be labelled as real cost savings. Productivity measurement in practice could be seen as a quest to identify real cost savings in production. • The role of external finance can be substantial in supporting growth and productivity.	• The rise of ESG issues having impact across the organisation. • The complexity of financial instruments to manage short-term fluctuations and long-term investment opportunities. • The support of data analytics to provide real-time financial performance metrics (daily, weekly).
Human Resources (CHRO)	• Traditionally the most important HR activities relevant for productivity were the setting of pay, working hours, health and safety condition and training. • No productivity strategy can be successfully executed without a permanent focus on strengthening the skill levels of the workforce at every level.	• Skills shortages, skills mismatches, low skills persistence, and skill underutilisation deserve renewed attention given changes in technologies, market competition and institutions, and because of new models of online skills training. • The complex balance and interaction between STEM skills and soft skills.
Operations and technology (COO/ CTO/CIO)	• Many cost-savings are of a "real" nature. These are often small practical steps business can take to improve efficient use of resources – sometimes by simply reorganising the work process, or by using digital technology, or through a training module or on-the-job learning. • Productivity growth could be seen as a quest to identify "real" cost savings in production.	• Technology implementation applied widely across an organisation is a major factor for success. • The adjustment costs in the adoption of technology and tools across the organisation need to be well managed to generate productivity gains in the medium- to long-term. • Upskilling and coordination among employees to ensure new technologies are used to springboard productivity efficiencies. • Executives responsible for operations, technology and digital work with other functions to streamline technology and maximise digital opportunities.
Marketing and Communication (CMO)	• Marketing departments are often early adopters of new technology. • Managing communications between internal departments, up to senior management, down to the workforce at large, or to external suppliers, is critical to effective execution of productivity-enhancing measures.	• Market intelligence has become much more complex as competition may not only be in relation to the product or service that firms provide, but could also be from other industries or products that enter their domain. • Data analytics provide marketing executives with a better interface to other business functions and processes to maximise productivity gains, monitor productivity targets and analyse their effectiveness. • Communication between departments is where the greatest levels of difficulty are observed across all dimensions of internal communication.

SOURCE: THE PRODUCTIVITY INSTITUTE

PRODUCTIVITY IN THE BOARDROOM

Although senior leaders often do not explicitly discuss productivity in the boardroom, there is clear awareness that various business functions touch on productivity, and that intervention across the organisation can impact on different parts of the company. This raises important questions around how firms can be persuaded to prioritise productivity performance collectively and what each function needs to be thinking about to do so.

As shown in this report, productivity issues extend far beyond individual functions and require collaboration. Just like diversity, health and well-being, or sustainability, to maximise productivity is ultimately a boardroom issue and not the domain of any one specific part of a business. There are many complementarities and coordination issues that need to be addressed to make productivity work for the organisation as a whole, while there is also a critical need to avoid offsetting effects (e.g. cost savings vs digital investment) from different actions across the company.

ORIENTATION OF LEADERS ON PRODUCTIVITY ENHANCING ACTIONS:

Short-term	Medium-term	Long-term
Operational efficiencies	Annual business planning	Market strategy (incl. exports)
Budgets	Technology implementation	External finance
Legal, regulatory, compliance and risk	Training	Business innovation
	Talent management	Growth scenarios
	Benchmarking & measurement	

SOURCE: THE PRODUCTIVITY INSTITUTE

ALIGNMENT

It is the alignment across all functions within the executive team to achieve the firm's strategic objectives collaboratively - whilst also delivering against their own units - that will lead to the most productive outcomes. Individual board members must work together to design short-, medium- and long-term strategies that will enable their firms to be the most productive.

Short-term productivity gains can be built around process efficiencies, benchmarking and real cost savings, while medium-term gains can come from wider organisational performance and planning. Strategy and growth are key to long-term gains.

At the same time, an ability to evaluate the external environment beyond the organisation is essential. When positioning themselves in the market, firms need to think about more than just the product and service that they provide and the industry that they are part of.

Competition may not only be in relation to the product or service that firms provide, but it could also be from other industries or products that enter their domain. The diversification of markets and increased competition is simply another reason for firms to think across rather than within functions.

SKILLS IN THE BOARDROOM

It is essential for firms to consider whether the skills and knowledge they have in the executive team are still meeting the needs of their firm and the strategic direction that it needs to take to achieve long-term success and optimise productivity. At the same time, they must be wary of creating new roles that are not of strategic importance to the productivity of the firm in the long-term.

There are five key aspects to the knowledge, behaviour and actions of senior leadership teams in terms of creating an organisational culture which enables a productive workforce (Hiller et al, 2019).

- Leaders should have an increased focus on factors external to the organisation, such as legislation, so that they can carry out short- and long- term planning.
- They have a high level of visibility across the organisation.
- Their behaviour needs to be symbolic - for example, what they do - and do not - attend will carry meaning.
- They must deal with widely divergent stakeholders.
- Their time is arguably their most valuable resource.

THE ROLE OF THE CEO

The importance of the CEO in understanding how productivity runs throughout a business is critical to connecting the various dimensions of productivity across the organisation.

CEOs can make productivity improvements more central to the business in a number of ways (IoD, 2018). First, by encouraging leaders to see a need for introspection, external awareness, and continuous improvement across the organisation. Second, by identifying new technology, management practices, and strategies which collectively drive productivity. And third, by integrating and embedding those practices into their organisation.

CEOs can also encourage a productivity mindset by identifying the resources, skills, and training needed to enhance the calibre and capabilities of those who directly supervise frontline workers (Proudfoot, 2007).

They can also achieve this by implementing a management information system that provides useful, timely and accurate data to better plan and manage work, and which reduces wasted time and resources.

They can also optimise organisational processes and technologies in tandem to avoid automated inefficiencies, while also creating a continuous improvement culture through innovation and collaboration.

Non-executive directors also have a role to play in terms of connecting the various dimensions of productivity. For instance, they could take up specific critical elements of the business' productivity performance, e.g. employee engagement and well-being, digital transformation, or ESG.

The Productivity Institute will continue to investigate how different functions within the organisation contribute to productivity with the aim of identifying gaps in our knowledge and areas for further research and development.

These should lead to useful and actionable learning outcomes for the business community, academia, and policymakers. The Productivity Institute also intends to engage with firms on strengthening the strategic productivity focus of firms in a range of ways, such as through participatory projects, case studies and evaluation studies.

Up to date information about this will be made available on our website www.productivity.ac.uk or through our social media channels.

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THE
PRODUCTIVITY
INSTITUTE

The Productivity Institute
Room 1.008
Alliance Manchester Business School
Booth Street West
Manchester
M15 6PB
United Kingdom

tpi@manchester.ac.uk

www.productivity.ac.uk

@TPIProductivity