The Productivity Engagement Approach (PEA): understanding and enhancing productivity in an organizational context

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Abstract

The persistent challenge of low productivity in the UK remains a central concern for policymakers, yet efforts to address it are complicated by divergent understandings of productivity at the firm level. This study builds on prior UKRI/ESRC-funded research to explore how productivity is conceptualised within small and medium-sized enterprises (SMEs), and to assess the effectiveness, scalability, and sustainability of tailored firm-level interventions.

Employing a multi-method approach - including new case studies, secondary data analysis, follow-up interviews and consultations with expert advisory bodies - the research identifies a common commitment among firms to fostering 'productive environments', a process termed the Productivity Engagement Approach (PEA). Findings reveal significant variation in productivity definitions across and within organisations, with limited correlation to sector or managerial role. The PEA demonstrated sustained impact and was positively received across diverse settings, highlighting the value of guided discovery and existing organisational narratives. However, scaling such interventions nationally presents challenges, particularly in engaging firms and leveraging intermediary bodies. The study concludes that advancing the productivity agenda requires both shared terminology and bespoke, context-sensitive interpretations, with 'productivity engagement' offering a promising conceptual bridge.

EXECUTIVE SUMMARY

Research Background

The UK's productivity record remains a central policy concern. Attempts to address the issue, however, appear to be hampered by the idea of productivity being understood in a variety of different ways. TPI's own work points to the absence of 'a well-developed narrative around productivity at the firm level' (Penney & Pendrill, 2022: 7). A better understanding of how productivity is perceived might, in turn, provide for the identification of more effective practices and policies.

Building on earlier UKRI/ESRC-funded work (Reynolds & Siddle, 2020), this project addresses these issues. The earlier work involved an in-depth, multi-phase intervention in six SMEs, taking a consensus-building approach designed to facilitate organization-specific conversations about productivity and value creation.

Research Questions

- How is productivity defined and conceptualised at the firm level, including its associated challenges and solutions?
- How do conceptualisations of productivity vary between and within organisations?
- What factors influence the effectiveness, scalability and long-term sustainability of firm-level productivity interventions?

Research Methods

The research had four main elements: application of a developed version of the original Reynolds and Siddle (2020) methodology to four new case study companies; secondary analysis of data from the original Reynolds and Siddle (2020) six case study companies; follow-up interviews with four of the original six case study companies; and interviews with four expert advisory bodies (CIPD, Be the Business, Enterprise Research Centre and Work Advance).

Research Findings

(i) Firm-level conceptualisations of productivity

What the case study companies had in common was what we call 'productivity engagement', a commitment to value creation through the establishment of a 'productive environment'. To capture this, we call the company-level intervention process the Productivity Engagement Approach (PEA).

Underneath these broad umbrella terms, the research confirmed the use of a wide range of definitions of, and terms for, productivity.

The research also showed a significant distance between company-level perceptions and the way productivity is approached at the policy level.

(ii) Variation between and within organisations

A concern in the analysis was whether patterns in the idea of productivity could be identified on the basis of a company's sector or, within the company, on the basis of the function or level of responsibility of the managers involved. Systematic variation on this kind of basis was difficult to find.

The most important differences were those that could be observed between individual organizations. Also emerging as significant factors were the stage of development of the company and the degree of granularity with which economic sectors are defined.

(iii) Effectiveness, sustainability and scalability of firm-level interventions

The PEA demonstrated its effectiveness. Real-time and initial feedback on the interventions from the four new case study companies showed them to be extremely positive. Interviews with four of the companies from the original six showed that the impact of the intervention process continued to be felt and valued. All companies could identify significant, sustainable change resulting from the process.

More significant was that the intervention was associated with 'productivity engagement'. Whatever the conception of productivity or simply 'being productive', it was something that was an explicit guide to behaviour and direction.

The effectiveness of the interventions was linked to their emerging from a process of 'guided discovery'. Progress was made on the basis of conversations and understandings already present in the companies. The use made of an existing structure, Kano et al.'s (1984) framework of customer intimacy, is also recognised.

On the issue of scalability, discussions with the four expert advisory bodies made clear the challenges faced by any attempt to address company-level issues on a national scale. Two particular issues are identified: how to engage businesses in policy initiatives; and the role that might be played by intermediary bodies.

The Way Forward

- Progress on the productivity agenda requires the development of both a common headline terminology and firm-specific, unique, tailored interpretations that are capable of embracing the richness and complexity that already exists. We propose that the concept of 'productivity engagement' enables this.
- The firm-level intervention used in this project, the Productivity Engagement Approach (PEA) has established value in different sectoral and occupational settings and could contribute significantly to broader efforts to address the productivity agenda. It provides a valuable opportunity to shift current thinking towards a focus on more productive environments underpinning greater value creation.
- Scaling-up the intervention will require the active support and involvement of intermediary and infrastructure bodies, at national, regional and industry levels – particularly in the development of a group of expert facilitators.

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1. Research Background

Productivity growth - or lack thereof - has emerged as a central concern for politicians, economists and academics both within the UK and globally (Schwab & Zahidi, 2020). Productivity growth in the UK has slowed significantly since the 2007 financial crisis and is linked to concerns around falling living standards, wellbeing and economic resilience (NIESR, 2022; van Ark & O'Mahony, 2023).

Attempts to address productivity challenges appear to be hampered by the surrounding discourse. Authors highlight multiple definitions of productivity and a misalignment between high-level policy narratives and everyday experiences (MacBryde et al. 2019). Absence of 'a well-developed narrative around productivity at the firm level' may hinder the development of effective solutions to the 'productivity puzzle' (ONS, 2015; Penney & Pendrill, 2022:7). In addition, authors argue that smaller businesses and those situated within the 'everyday economy' are left out of policy discussion, which instead tends to focus on high-tech and advanced industries (Round & Hunter, 2019). Better understanding of how productivity is perceived by different actors might, therefore, provide for the identification of more effective practices and policies to improve productivity growth.

This Insights Paper examines broad perspectives on how productivity is conceptualised at the firm-level across different sectors, organizational functions and levels. The research context is the exploration of a specific workplace intervention, designed to facilitate conversations and build consensus within organizations related to productivity and value creation. It builds on earlier UKRI/ESRC-funded work by two co-authors, which developed the approach as an in-depth intervention with six SMEs (Reynolds & Siddle, 2020). The current paper builds on the initial intervention through the analysis of existing and newly collected data, drawing out learning related to both firm-level productivity narratives and to the effectiveness and long-term sustainability of workplace-level approaches.

2. Research Issues

Firm-level productivity narratives

There is a notable lack of research which explores concepts of productivity from the perspectives of individual firms or workers (MacBryde et al., 2019; McCann, 2018). Existing literature suggests that many organisations, particularly SMEs, have no expressed conception of productivity; while those that do, tend to define it in terms of narrow cost efficiencies rather than more dynamic processes of value creation and growth (Penney & Pendrill, 2022; Roper et al., 2019). Productivity measurement within organisations is also inconsistent, and often conflated with more general performance measures (CIPD, 2023; see also Jorden et al., 2024; Teneva & van Ark, 2025; van Ark & Devine, 2024).

MacBryde et al.'s (2019) qualitative examination of workplace narratives in 19 manufacturing companies highlighted wide variation in productivity terminology and measurement. The analysis identified four key narratives: efficiency; volume/output; meeting the plan; and output/value. However, the prevalent focus tended to be the first three concepts, with a much lesser focus on adding value. Furthermore, the authors raise concerns that the potential for over-emphasis on monitoring short-term performance may detract from necessary focus on longer-term innovation and value-added (MacBryde et al., 2019).

Elsewhere, Ram et al.'s (2021) examination of productivity narratives amongst ethnic minority microbusinesses (EMMBs) in the catering sector illustrated a core focus on volume and efficiency, as well as attention to customer satisfaction and branding, due to high levels of competition and low profit margins within the industry. The authors call for a more inclusive approach to how current issues are theorised, suggesting that the term 'more productive methods of operating' may be more useful to engagement than traditional terminology (Ram et al., 2021:540).

Productivity challenges for SMEs

Van Ark and O'Mahony (2023) identify three pillars of productivity improvement in the UK: People, firms and places. Small to medium sized enterprises (SMEs) are identified as a particular challenge area (NIESR, 2022). Identified barriers to productivity improvements within SMEs and younger firms include investment challenges, skills shortages, lack of adoption of new technologies, and lower investment in R&D and staff training (NIESR, 2022; Roper, 2023; Round & Hunter, 2019). Ram et al. (2021) also highlight digital skills gaps, particularly related to digital marketing, and the lack of industry bodies to drive change forward as key challenges for EMMBs in the service sector.

Wu et al.'s (2014) earlier work on the adoption of high-performance work practices (HPWPs) - an approach often associated with enhanced productivity - in small businesses utilised Workplace Employment Relations Study (WERS) data to examine the role of markets, business characteristics and access to HR expertise. The findings showed the degree of market competition to be less strongly related to HPWP adoption than had been expected, while the requirement for a highly skilled workforce and contact with external HR advice sources – for example, through membership of business advisory networks – were both found to be positively associated. The authors concluded that small businesses should not be viewed as 'victims of circumstance' constrained by market factors, as there may be greater scope to influence work practices than previously thought (2014:1162).

A more recent mixed methods study by Jibril et al. (2020) identified factors which are common to high performing SMEs. These include inspirational leadership, people management practices, strategic investments, data-driven operational management, and innovation. The critical, though potentially indirect, role of 'productivity enhancing' management practices is supported by research elsewhere (see Battisti & Iona, 2009; Roper, 2023). The Institute of Directors (2019) highlight the importance of promoting a 'productivity mindset' in SMEs, characterised by a focus on continuous improvement, strong business awareness and a performance-orientated approach. An analysis of the CIPD Labour Market Outlook (LMO) survey suggests that the effect of management on productivity may be more closely linked to a company's general management approach (including its approach to quality and performance management) rather than specific people management practices (CIPD, 2023). Together, these findings highlight the importance of more nuanced, internal organizational factors in enhancing productivity, in addition to the more traditional view of barriers such as investment and training already described.

Regarding support for productivity improvements within SMEs, authors call for policymakers to simplify existing support schemes, improve localised support offers, increase networking and knowledge sharing opportunities, and incentivise larger organizations to engage in collaborative development projects (Roper, 2023; Round & Hunter, 2019). In addition, recommendations are made to build management capability within SMEs through accessible, high quality, localised development programmes (CIPD, 2023). However, there is a need for greater focus on the role of internal capabilities and opportunities, including those that already exist within SMEs.

Firm-level productivity interventions

Research into firm-level productivity improvement approaches has historically focused on top-down, operations-focused quantitative models (Jagoda et al., 2013; see also Jones et al., 2024; Oeij et al., 2012). Despite a lack of attention to more developmental 'bottom-up' approaches, a small number of studies suggest that these may offer potential value as a route to increased productivity growth. Jagoda et al. (2013) developed a firm-level approach to planning and implementing productivity improvements in the Canadian and US manufacturing sectors. This took the form of a cyclical 'continuous improvement model' comprising communication, implementation, evaluation, focus and measurement stages. Case study analysis highlighted two key success factors: the incorporation of behavioural aspects into the model that focus on the actions of managers and workers, and the encouragement of workers to take the lead on productivity improvement initiatives (Jagoda et al., 2013). The importance of positive leadership and meaningful communication were also emphasised. While the analysis was limited to a small number of cases studies, the authors assert that 'organizations using this model can expect a step change in business results' (2013:402).

Elsewhere, Ram et al.'s (2021) action research study showed how academics and trusted intermediaries can work collaboratively with EMMBs to develop more productive ways of operating through HR development programmes. Stressing the importance of considering *how* to engage with small businesses, the findings emphasise the important role of local, trusted intermediaries and support ecosystems in encouraging engagement with improvement initiatives (Ram et al., 2021).

3. Research Objectives and Research Questions

There is a notable lack of evidence on firm-level productivity narratives, including how they vary by sector, function and organizational characteristics. The emerging literature offers some consensus that such narratives may differ considerably from conventional economic definitions and high-level policy discourse (MacBryde et al., 2019; Ram et al., 2021). Identified barriers to SME adoption of productivity-enhancing practices are wide-ranging and include investment, skills and technological challenges. However, there is a need to move away from the traditional view of observed challenges, towards a more nuanced understanding of firm-level conceptualisations, capabilities and engagement. While some scholars have initiated a shift towards thinking about productivity differently (e.g. Ram et al., 2021), there remains a need for greater understanding across sectors, industries and individual firms.

A small number of studies indicate that bottom-up, firm-level interventions may encourage the adoption of productivity-enhancing practices, though the supporting literature is very limited in scope. The role of trusted intermediaries and business advisory networks are highlighted as particularly important (Ram et al., 2021; Wu et al., 2014). There remains a need for greater understanding of workplace-level actions, complexities and challenges. These include how to create conceptual alignment within organizations and how to encourage focus on longer term aspects of productivity and value-added (MacBryde et al., 2019). Broadly speaking, these can be considered 'productivity engagement' concerns. Further research is required, not only in manufacturing and engineering industries but also encompassing other sectors that tend to fall outside the scope of existing productivity discourses.

This insight paper aims to explore firm-level conceptualisations of productivity, and subsequently to explore issues related to the effectiveness and scalability of a bottom-up, workplace-level productivity intervention.

The paper addresses three key research questions:

1. How is productivity defined and conceptualised at the firm level, including its associated challenges and solutions?
2. How do conceptualisations of productivity vary between and within organizations?
3. What factors influence the effectiveness, scalability and long-term sustainability of firm-level productivity interventions?

4. Research Methods

The research had four main elements:

1. Analysis of primary data from the application of a developed version of the workplace-level intervention to four new case study companies

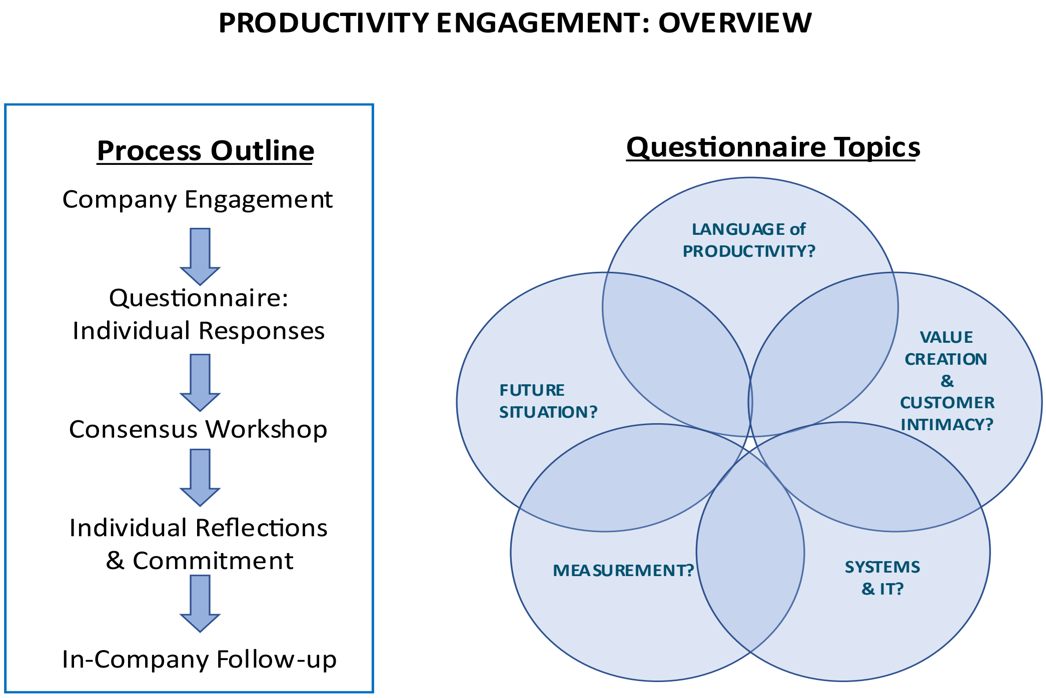
2. Secondary analysis of qualitative data from six original case study companies (Reynolds & Siddle, 2020)
3. Follow-up interviews with four of the six original case study companies
4. Interviews with four expert advisory bodies

The primary data collection (Stages 1, 3 and 4) and analysis was conducted during 2023-24. The secondary analysis (Stage 2) utilised data collected during 2020, as part of an earlier UKRI/ESRC-funded project (Reynolds & Siddle, 2020). Ethical approval was received from Newcastle University.

Case study process: The Productivity Engagement Approach (PEA)

The firm-level intervention which provides the context for this research was originally developed by two of the co-authors (Siddle and Reynolds) as part of a 2020 project commissioned by the ESRC-funded Productivity Insights Network (PIN). An overview of the firm-level approach is shown in Figure 1.

Figure 1. *Productivity Engagement Approach*



The project encouraged managers to think differently about productivity and value creation. Using a ‘guided discovery’ method, this consensus-building approach was designed to facilitate organizational conversations about definitions, priorities, challenges and future actions. The success of this project was captured in the idea of ‘productivity engagement’. What was important was not the imposition of a particular definition of productivity or a particular set of practices. Instead, within a broader framework, companies would engage explicitly with their own conception of productivity – or 'being productive' – and how it might be enhanced.

Each company nominated a small group to take part. The groups took various forms, involving different combinations of senior management, middle management, and operational staff (see Table 1). An initial online questionnaire captured individual views related to productivity and value creation. Questions related to definitions and current performance, customer value, measurement and performance management, and priorities in the short- and medium-term.

Table 1. *Overview of participating organisations (case studies)*

Company characteristics					Research participation		
	Company	**Sector**	**Industry**	**Size**	**No. participants**	**Org functions**	**Mgmt levels**
Cohort 1 (2020)	A	M&E	Gas engineering	Small	4	O&T; F; C&B	MM
	B	S	Hotel & leisure	Medium	5	H&A; F	SM
	C	S	HR & recruitment	Micro	3	H&A; C&B	SM
	D	M&E	Aviation & aerospace	Medium	4	O&T; C&B	MM
	E	M&E	Aviation & aerospace	Small	4	O&T; C&B	SM
	F	S	Third-party logistics	Medium	6	O&T	Mixed (SM & MM)
Cohort 2 (2023-4)	G	S	Leisure & events	Medium	7	O&T; H&A; F; C&B	Mixed (SM, MM & NM)
	H	M&E	Product manufacturing	Medium	4	O&T	Mixed (MM & NM)
	I	M&E	Aerospace engineering	Medium	4	O&T; C&B	SM
	J	S	Medical equipment supply	Small	4	O&T; H&A; C&B	Mixed (SM & NM)

Sector key:
M&E: Manufacturing and engineering; S: Service sector
Size key:
Micro: headcount <10, turnover up to €2 million; Small: headcount <50, turnover up to €10 million; Medium: headcount <250, turnover up to €50 million
Organisational function key:
O&T Operations & technical; H&A HR & administrative; F Finance; C&B Commercial & business development; S&G Senior & general management
Management level key:
SM Senior management; MM Middle management; NM Non-management

Following the initial questionnaire, an interactive virtual workshop brought the group of respondents together (see Table 1). A visual Value Creation & Productivity Framework was used to help compare, discuss and align individual perceptions into an agreed group consensus. Based on the work of Kano et al. (1984), the organizations were encouraged to see themselves in terms of the two elements of customer intimacy: what customers expect and what customers value. A more detailed account of the

Kano model and its link with the Productivity Engagement Approach can be found in the appendix to this paper.

At the end of the workshop process, a closing review was undertaken. This was followed up after three months and again after six months in order to capture learning, actions and feedback from each organizational lead.

Interesting points of comparison between the 2020 and 2023-24 phases of intervention were an increase in the involvement of mixed-level management groups and an increase in the number of non-management staff taking part in the process. Some minor adaptations were also made to the process in response to learning from the first six companies. These included the addition of an item on leadership into the questionnaire design, alongside greater attention to engagement issues in the time between the firm-level workshop and final review.

Case study analysis and interviews

In total, anonymised data was analysed related to 45 participants from the 10 SME organizations across manufacturing/engineering and service sectors. An overview of company characteristics can be found in Table 1. Collected data included individual questionnaire responses, workshop consensus data and a closing review with senior management. For Companies A-F, the dataset also included responses to 3-month (process) and 6-month (impact) reviews. Additional primary data was collected through semi-structured interviews (*n*=5) with four organisations from the initial phase. Interviews took place online and were audio-recorded with written consent. The interviews were then fully transcribed.

Expert interviews

Additional primary data was collected through semi-structured interviews (*n*=5) with four expert advisory bodies (Be the Business, CIPD, Enterprise Research Centre and Work Advance). A purposive sampling approach was taken, with organizations chosen for their expertise related to productivity and similar issues. Collectively these bodies undertake a range of activities in this area including primary research, research commissioning, consultancy and other direct support, and the collation of existing secondary research. While each of the participants agreed for their organisations to be named, for reasons of individual confidentiality they are referred to in this report as Organizations W, X, Y and Z. Interviews took place online and were audio-recorded with written consent before being transcribed. Finally, an unstructured interview was undertaken with the two intervention facilitators who are co-authors of this report. The purpose was to gain broad reflections and ground-level understanding of the process itself. To retain consistency in presentation across the different modes of data collection, the two facilitators are referred to as Facilitator P and Facilitator Q.

Data analysis

Interview transcripts, questionnaire responses and firm-level consensus data were analysed thematically using an inductive, data-driven approach. Following initial familiarisation, the data was coded manually, then grouped and regrouped. This led to the emergence of main themes and sub-themes which reflected the essence of the data. For the case study analysis, the dataset was initially analysed in its entirety, with subsequent comparisons drawn across sector, organisational function and management level.

5. Research Findings

Case study data analysis

Productivity self-ratings

As part of the questionnaire administered prior to the workshop, participants were asked to judge how 'productive' they felt their company was on a scale of 1-10, with 1 being the lowest score. Responses to this question are summarised in Table 2. As illustrated, participants gave a wide range of responses, with company averages generally between 5 and 7.

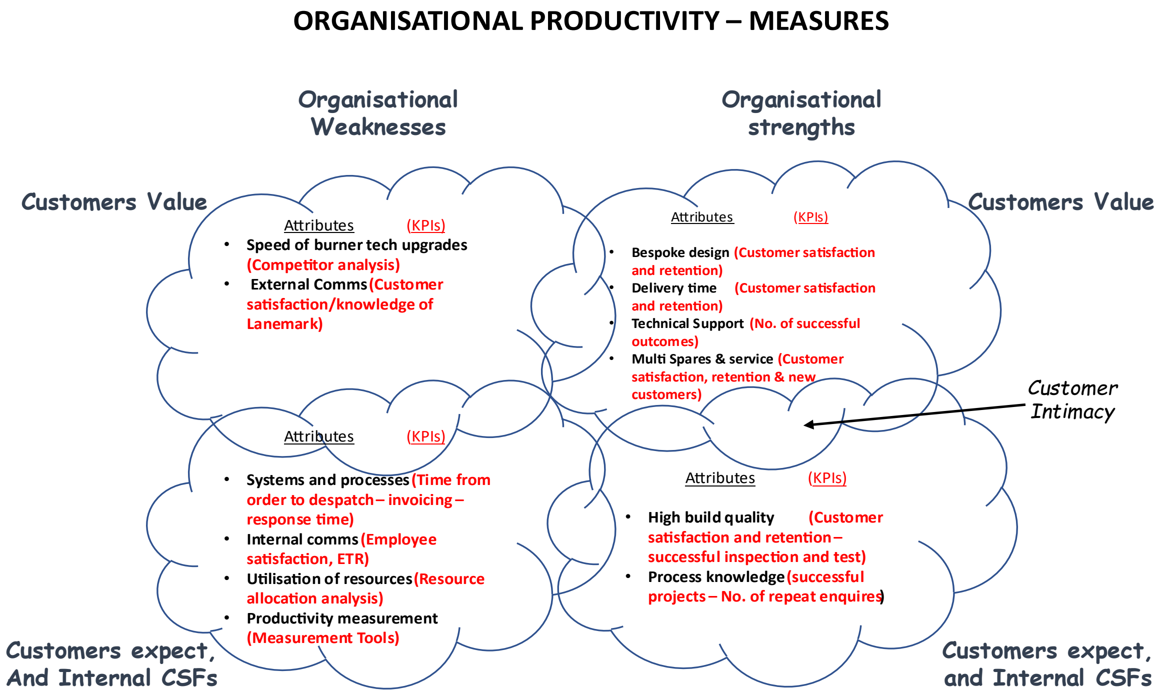
Table 2. *Responses to 'How productive is your business?'* (Scale of 1-10, where 1 is lowest)

Company	Participants (n)	Range of Scores	Average (mean)
A	4	4 – 7	5.8
B	5	1 – 8	5.8
C	3	6 – 7	6.7
D	4	3 – 8	5.5
E	3	6	6.0
F	6	4 – 7	5.3
G	7	5 - 8	6.3
H	4	4 – 9	5.8
I	4	5 – 7	6.0
J	4	5 - 9	7.3
Total/average	44*	1 - 9	6.0 (weighted)

* One participant did not respond to this questionnaire item

Along with other data collected through the initial questionnaire survey, including the definitions of productivity which are dealt with in more detail below, these responses fed into the company-based workshop discussions. From these was developed a 'Value Creation and Productivity Framework' for the company, The framework for Company A is provided as an example in Figure 2,

Figure 2. *Value Creation & Productivity Framework: Company A*



Source: Adapted from Kano et al. (1984)

Case study company outputs and outcomes

Participating companies also went through a process of post-workshop review and evaluation. In Company G, for example, short sessions were held with two groups of employees to explore the outcomes of the workshop in more depth. Both built on the value creation and productivity framework, with the emphasis on perceived productivity barriers in the areas of cohesion, communication and staff morale. Participating staff were asked to look to the future, to paint a picture of what the company might look like in a year's time if these issues were addressed.

The companies recognised a range of outcomes of their participation in the intervention, and this was evident in their reflections at the end of the workshops. Company G acknowledged how significant a contribution it had made to helping them shape their business. They referred to the original questionnaire as having triggered a realisation that some things they had taken for granted could actually be changed. One Company H participant simply reported that, 'It made me think'.

Companies involved in the first phase of the research in 2020 took part in a review session conducted three months after the original intervention. A range of outcomes and actions were identified. Company B, for example, reported that, 'This work made us aware of how we can and should be focusing on productivity through all we do'. The view of Company D was that the process had been a 'catalyst for change across many levels and has successfully driven wider changes than first envisaged.' They considered the approach, 'a great success – but only the start of a journey for the business and its workforce.'

This change of mindset was what the intervention facilitators had set out to achieve, and they laid emphasis on the role that the Kano approach's focus on customers had played in this:

> We discovered through Kano that they had no concept of customer intimacy at all. It wasn't on their radar … They pushed their products rather than got them sucked. So that was part of the mindset shift. [Facilitator Q]

They saw their own role as that of facilitators rather than consultants:

> … whatever was going to happen could only be done by them [the companies], not because we told them what to do …. or guided them into what we wanted them to do. The reality was that *they* had a workshop, we gave them feedback. [Facilitator P]

But it was important too for the facilitators that the companies could see some tangible outcomes from this:

> I think I can see in most of the organizations, it might be all … at least one change that they have initiated immediately following the project, which in itself is sustainable because it's a fundamental change to the way they operate. [Facilitator Q]

Company B provided their own example of this. Their review had highlighted 'the need to implement digital systems and data collection throughout the business to help improve and measure productivity'.

Productivity definitions and conceptualisations

Analysis of questionnaire and workshop data across all ten participating companies illustrated conceptualisations of productivity that were much broader than suggested elsewhere in the literature. A focus on traditional concepts of profit maximisation and efficiency savings (cost, time, production and performance) was clearly visible. However, this generally sat within broader definitions comprising a wide range of considerations. These included sustainable growth, customer expectations, product offer, quality, on-time delivery, company reputation, internal communications and cross-departmental workflow. Workforce factors including employee engagement, turnover, team-working and workforce development also featured, as well as aspects of organizational culture related to change, improvement, communication and challenge. Figures 3 and 4 provide an overview of the breadth of terminology used by companies to describe productivity, for manufacturing/engineering and service sector organizations respectively.

Figure 3. *Frequency word cloud for productivity terminology: Manufacturing and engineering*

Figure 4. *Frequency word cloud for productivity terminology: Service sector*

Productivity conceptualisations can therefore be seen to be made up of several, interrelated elements: strategic vision; customer relationships and expectations; data and measurement; workforce, leadership and culture. The importance of common/collective goals and working together to achieve shared objectives was emphasised as important to the creation of productive environments.

While there were common themes, the discussions themselves were highly individualised to the specific operational context. The term ‘continuous improvement’ was used regularly and may offer a potentially helpful term to cut across sectors, industries and functions – provided it remains nuanced rather than an easy label.

The secondary analysis identified various perceived challenges related to the aspects of productivity described above. These included lack of firm-level discussion about performance and productivity; internal communication challenges; outdated processes; organizational cultures that do not effectively nurture improvement or innovation; and inefficient or limited use of data in business planning.

Suggested solutions were just as broad, though technology was commonly perceived as a key mechanism through which participants felt that productivity improvements could be achieved. The emphasis here was usually on the use of advanced IT systems for more effective data capture, analysis and workplace communication – rather than more commonly cited forms such as advanced automation or robotics.

Sector comparisons

Secondary analysis of workshop consensus data did not highlight any clear differences in definitions of productivity by sector or company size, with all companies generating broad conceptualisations encompassing a range of aspects already described. However, there were some emerging areas for further exploration regarding variation in the priority given to the different aspects, with service sector companies emphasising customer experience, company reputation (including as an employer) and workforce-related elements including engagement, satisfaction and morale as key priorities. This enhanced focus on the workforce may be due to its centrality to the product/business model in industries such as hospitality and leisure. In manufacturing and engineering, while workforce and customer elements were still clearly visible, higher prioritisation appeared to be given to achieving product, process and workflow efficiencies.

While both manufacturing & engineering and service sectors referenced technology as central to solutions for productivity improvement, the specific challenges and needs differed. In the hospitality and leisure sector for example, there was less clarity over what and how to measure, due to a lack of ‘obvious’ measures of productivity and lack of real-time data available to management.

While a focus on workforce aspects, particularly engagement and teamworking, was common across sectors in conceptualising productivity, the prioritisation of this appeared to be more pronounced in service sector companies. Here there was greater focus on people as a solution or potential ‘value added’, including more efficient use of staff time and a focus on how worker time is organised.

While some emerging sectoral differences were observed, it should be noted that these were less pronounced than anticipated. This may be reflective of the breadth of individual definitions developed as part of the consensus-building process, the level of diversity within the various categorisations, and/or the highly individualised nature of discussions.

Case study company interviews

Firm-level conceptualisations of productivity

Interviews with four of the original case study companies (referred to here as Companies A-D) revealed a complex and sometimes untidy picture of how productivity

- and performance more generally - is perceived at the organizational level. While the idea of ‘productivity’ was widely recognised by those interviewed, its limitations were also made clear. To some, the term conjured up images of traditional time-and-motion studies. For Company B, a hotel and leisure complex:

> … hospitality as a sector do not measure productivity. It's not a word we use at all … If I start saying ‘productivity’, everybody looks for somebody with a clipboard working out how many carrots they've chopped in an hour.

Underlying some of the reaction to ‘productivity’ was its seemingly fluid relationship with the idea of efficiency. In some accounts, the two things could be synonymous:

> We defined [productivity] as a streamlined set of processes to work with the most efficient ways possible, from enquiries to despatch and project completion … So although we didn’t define it as productivity, as I say, that is actually what you were trying to do and what you were trying to achieve. [Company A]

On the other hand, efficiency and productivity might be inconsistent with each other. With the bed occupancy rate being a key indicator of performance in the hospitality industry, Company B pointed to how a more efficient use of these resources might actually be seen as being less productive, since it could be achieved only by reducing room-rates:

> … it is this constant seesaw … To drive occupancy you usually have to reduce rate. But if you reduce rate … then profitability drops.

In part because of the issues outlined in the previous section, there was in some cases a tendency to talk not about productivity or efficiency but about ‘being productive’. Company C, for example, talked about ‘what we were trying to achieve in the business and how we could be more productive as a group’. For Company B, the ‘biggest challenge’ was, ‘Well, what is productivity? What does that mean?’:

> … rather than saying about productivity, we just say … is that productive? … We sit in meetings and go, actually is this productive? We've got £300,000 worth of salary sitting in this room. Is this productive for us to sit here and spend 20 minutes on this?

Variation within and between companies

While hierarchical or functional identity had been expected to play an important part in shaping views on and attitudes towards productivity, the emphasis was much more on a unity of approach:

> … the themes were identified by each person generally to be the same, ie, we need to be more streamlined, but what was different was the ‘because’. [Company A]

Organizational hierarchy emerged as a more important factor. One interviewee felt that involving a more representative cross-section of the organization was something they would do if they went through a similar process again:

> I'd probably put more people in it to expand the cross-section further, and also I would have a faster programme of output from it as well. This was the first one. This was a learning curve as much for me as it was for them … [Company D]

While any effects of group composition were not clearly evident in the interview data, there was general agreement that, however the decisions were reached, their success depended on some form of involvement from – or, at least, communication with – all levels of the organizational hierarchy: 'I don't necessarily think it would be convincing the board level that this is what we should be doing'; said Company A, 'it's getting the troops involved'. Company D agreed with this:

> unless you get the next tier of managers and the tier of managers and the team leaders and the people in the team behind that, all you're doing is waving your arms in the air.

In fact, it was the distinctiveness of individual organizations that emerged most strongly as a source of difference. This was particularly marked in the case of Company D, a project-based advanced manufacturing company whose core workforce consisted of highly skilled engineers. Rather than on the number of hours costed into each project, Company D's focus was on the individual engineers. Previously, an individual's underperformance might have gone unrecognised or even been tolerated, but what happened now was that the engineer was offered a supportive environment in which to develop. Applied to the engineering workforce as a whole, this represented a long-term, employee-focused approach to improving productivity, based on the development of less experienced engineers.

Company D saw this as important in the longer term in attracting and retaining engineers in what was a highly competitive labour market. It is also worth noting that this approach was not driven by the HR function in the company. It was line managers who played the key role:

> … it comes down to the line managers and the hiring managers who make the choices of the individual coming in, and that's where we focus our attention, in the conversation that says attitude and aptitude over the technical tech sheet …

Effectiveness and sustainability of the firm-level intervention

All interviewees were able to identify at least one significant, sustainable change resulting from the intervention process:

> I think the things that have definitely changed, the big one, would be the streamlining of people and teams, definitely came out of this. And also the move of looking at our IT process, well, our IT processes, our processes as a whole, at that time, was definitely part of this [Company A]

Just as significant were the less tangible elements of change. Company B referred to the intervention in these terms: 'What it did is I think what I expected it to do; was to start people's brains working a little bit differently'. Company D approached this issue with reference to their annual employee survey, pointing to the growing numbers who said working at the company is something they would recommend to family and friends. This both reflected and contributed to the new productive environment:

> That really for me is where the value creation will come to the fore out of this process. We will improve our processes, we will improve our product offerings, but again we improve the environment in which everyone here who works together is situated in … [Company D]

The original companies all reported positively on the intervention process itself, and this was associated with the combination of flexibility and structure it offered. Previous contact with outside bodies of various kinds had met with varying degrees of success. There was growing recognition, however, of the opportunities open to companies who often did not have the resources to employ someone full-time to take on this kind of role. It could be a false economy, argued Company A, to try and do everything in-house:

> it's not until somebody else tells you you've got to do it, and forces you to do it, and then, all of a sudden, in 12 months' time you'll look back and think, blimey, if I still had to do all of that I wouldn't have time to do anything.

Company D felt that third-party recommendations could actually be more attractive to other members of the organization:

> .. sometimes taking that from a third-party source is easier for people to swallow and reflect on rather than well, … we're just going to do it because the boss says it. That way we actually get engagement and understanding and acceptance and the personal will to drive it themselves.

Important too was that the process was not just a one-off event:

> I was sent some forms to give my three-month reflection on what had been done from the original meeting, what we'd achieved and what we were looking to do. And then there was a six-monthly review … [Company A]

Scalability of company-level interventions

The experiences of the original case study companies also allow us to say something about the prospects for the scalability of the intervention process. Two aspects of this appear to be of particular importance, the first being the wider context within which the interventions took place. The most salient contextual factor is that the first wave of interventions were initiated at the beginning of the Covid-19 pandemic in 2020. From the company perspective, this was important in two respects – in providing the need for reassessment while at the same time providing the time in which to undertake it. As a Company A respondent expressed it, 'then Covid hit and … the orders stopped coming in and it was a chance for reflection'. A specific spur to action was provided by the need to update communications in order to facilitate remote working:

> … it's one of those things that, yeah, we need to do it but, yeah, we'll do it tomorrow because we're too busy today. And then along comes COVID, oh, we'd better do it today because if we don't do it today the person that's sitting at home working on their laptop doesn't know what's going on. [Company A]

Company C described how important the intervention was during the pandemic:

> … people were thinking massively about efficiencies during that period, because everybody was facing challenges of some description, certainly in the private sector.

From the point of view of the facilitators, the communication restrictions imposed by Covid-19 had the effect of tightening up the intervention and improving its effectiveness:

> [the intervention] was remote and we thought that was going to be a problem and it turned out to be an advantage because it meant that the workshops we eventually ran were very concise … when we said 'about an hour and a half,' we really meant it. [Facilitator Q]

A second issue with implications for scalability is the nature of the companies involved in the interventions. What seemed to unite them most strongly is that they each faced a set of issues associated with a stage in their growth development – although this was not necessarily the same stage, and thus not the same set of issues, in each case. Company B, for example, was moving towards a more corporate identify, having been taken over after a long period of personal ownership, but Company C perhaps offers a more powerful example.

Company C offers HR-focused services such as recruitment, training and process improvement. It employs four people but also operates as part of a wider network of businesses. At the time of the first wave of interventions, the company had only just been set up. The immediate need was for cash to allow them to survive, and this meant that they had to accept work on almost any terms:

> …. we would never do that now because we were probably, as I say, fifty per cent out, easily, in terms of the estimation of time and cost … two of us doing something that probably one person would have been doing now.

At the same time, they realised that they needed to develop a reputation that would allow them to do well in the long-term, and it was this dilemma that the structured productivity intervention allowed them to address. Company C was able to look at its client portfolio and try to manage it in a sustainable way:

> … we started to think, actually what we want to do is work with people who are quite close in the network and maybe get a foothold. Start a little bit more of repeat business with one client rather than some of the scattergun approach and just bits and pieces with everybody and just move on.

This was in turn reflected in their internal structures, allowing the two founders to align their own individual work with the client base, and also leading to their taking on an administrator, who dealt with matters that had been neglected as the company had expanded. This was clearly associated with the company's productivity or its being productive:

> … having that person who could pick up the administrative stuff meant that … we've been able to be more confident in terms of going out and picking up different types of work that we know we can cover off with the team.

They no longer felt themselves forced into taking any work at any price:

> … productivity for us is able to add real value by working on projects where we can charge a reasonable day rate… [it] is about the best use of our time ... so it's coming back to that balance of how many days are we out with clients, how many days are we planning.

Expert interviews

Concept of productivity

To interviewees of the expert bodies involved in the research, economics-based conceptions and understandings of productivity predominated. For Organization W:

> … we'll have an economic perspective on this primarily … it's value-added and value creation … the catch words that we would use to describe productivity … different to performance, which is a wider measure …

At the same time, it was accepted that there might be a big difference between this notion of productivity and how it was perceived at an organizational level. Organization Y spoke of what they saw at the company level: 'they think in the ways that they think, and they don't think like policy-makers think and they don't think like statisticians think'. Similarly for Organization Z, 'when you talk to organisations, then productivity is certainly synonymous with efficiency. In many cases … productivity is synonymous with output … or revenue, or sales'.

Partly for this kind of reason, Organization X had made a decision not to use 'productivity': 'the word productivity doesn't really mean that much to your typical SME business leader'. A previous study of theirs had shown that while 90% of respondents agreed that productivity is important, only 50% said that they measured it: 'and actually if you're not measuring it then it's not that important, is it?'. As to what might be used instead, 'if you talk to them about improvement and getting better, then that works'.

Like Organization X, Organization Z pointed to the results of their own survey, in which 51% had responded positively when asked if 'productivity' was commonly used in their own discussions. This was seen as a puzzle:

> It doesn't seem to move very much … [But] the quality of the discussion underpinning that response … I think that’s where it requires a more in-depth focus.

Organization Z said that when questionnaire respondents said they measured productivity, they were asked what measure they used:

> … we get answers like … ‘God moves in mysterious ways’ … ‘Searched if I know’, or there's a reference to KPIs but no mention of what the KPIs are.

Organization X highlighted the difficulties, not just of using productivity, but of trying to persuade firms that they might not be doing as well as they thought they were. They referred to a statistic that 85% of SMEs think they are above average in terms of productivity. Organization X’s own benchmarking tool, based on ONS data, allowed organizations to see how they performed relative to their peers. This was largely ignored by the companies themselves:

> … it didn’t take off because it didn’t resonate enough with them. So, when we were linking them to the ONS benchmarking data, they would say … I don’t believe that. It says I’m below average but, no, it doesn’t work for me because my business is different.

Similar reservations were expressed by Organization Z, who pointed to the WERS evidence that respondents tend to overestimate their own performance. Respondents are asked to compare themselves against other, similar companies, and to say whether their own performance is above average, below average or average: ‘more people say, above average than below average … it's called the Lake Wobegon effect’.

For Organization X, the way out of all this was to ask companies to see things in terms of management or business practices:

> Do you have regular performance reviews? Do you set targets and a vision and how do you get your employees to buy into this stuff? And if they said, no, we don’t have regular performance reviews or no, we don’t do this, have you got methods to address poor performance? No. Then you score really low.

And it was in this context that mentoring took on a prominent role:

> … our mentoring programme is all about trying to improve your productivity, but we don’t call it productivity, we just call it mentoring, or we call it mentoring for growth … They tend to think that productivity means cutting costs or cutting jobs, or they tend to think that, well, I’m fine, my productivity is fine.

Organization Z’s own labour market survey’s contained questions about productivity and its measurement. These figures, they said, showed little change: ’having done this several times, now, what strikes me first of all, is that the results are virtually the same every time we ask the question’. Part of their frustration concerned the way the surveys are conducted and the quality of the data that they generate. Organization Z’s survey is undertaken through YouGov, and, while the sample of HR managers was reasonably large, ‘how representative a sample of HR managers they are, I think is a question of, don't ask, don't tell’. The value of the data could be called into question:

> But then, we’re asking these questions in an internet survey, which pops up on people’s computer, or phone. And Lord knows when they answer it. They could answer it at half past eleven, while they're running a bath …

Government policy priorities

These conceptual issues are difficult to disentangle from the expert organizations’ attempts to interpret and influence the policy direction of successive governments. Organization W recognised productivity as the main focus, as evidenced by the investment made in TPI, but detected a recent move back to ‘growth questions’. For Organization X, productivity had retained its pre-eminence in government thinking, replacing the post-crash focus on growth and jobs:

> … it took quite a while for that concept to regain its importance over jobs, which was natural to an extent, but eventually the ministers and policy-makers caught up …

From Organization X’s perspective, the government’s commitment to productivity did not always go very deep. There continued to be a tension between productivity and jobs, and this, it was argued, was also felt at the company level:

> If you’re a small manufacturer and you’ve got twenty employees, then you don’t necessarily want to cut jobs.

Amongst those interviewed, there were some with a long experience of dealing with government policy. Organization Z said that the then (2024) Conservative government shared with its predecessors ‘a bit of a blind spot when it comes to productivity in the workplace’. They referred to conversations with a previous government minister about the need to strengthen management capability in order to increase the take-up of new technologies. What happened, they said, was that ‘it went in one ear, and out the other’.

Organization Y also saw these issues against the backdrop of long-term developments in government policy. They spoke of their own longstanding involvement in what might be called the productivity policy landscape. In their account, sector-based systems of skills development had been superseded by the UK Commission for Employment and Skills (UKCES). Skills continued to be important but were seen as being in the service of productivity. Following the global financial crisis, however, increasing emphasis came to be placed on how productivity could be generated by management practices at the level of the firm. Macroeconomic productivity measures left much to be explained:

> the perspective we took … because of the decisions [businesses] made about business strategies, competitiveness, investment, management and leadership,

> that was the root … firm variation was like a really big component and …that's what we had to drive forward.

Unable to get support from the Conservative-led coalition government, the UKCES was closed down. For Organization Y, this represented a failure on the government's part to recognise the nature of the productivity issue: 'the sad news was we had this huge distribution of businesses that were underperforming, and their management practices weren't good enough'.

Business engagement

Underlying these issues – which mostly concerned what was seen as the continued failure of policy – were a number of more practical concerns. Perhaps the most important of these was how companies could be encouraged to engage directly with the policy agenda. What became clear was the differences between the organizations on this issue, their experience of engagement being very much dependent on what they wanted out of it. Organization W's research was based primarily on survey data. While useful in establishing an overall picture, it was recognised that it would benefit from being complemented by more in-depth case study research:

> … a lot of our research is more survey-based or looking at data, different data and what the patterns are. So anything that is more based in case studies of interventions would be useful and I think policy-makers would find them useful: there isn't that much around.

Organization Z's involvement in direct research or intervention had been limited and it had a mixed record of success:

> when you look at the SME side of the market, actually demand is actually pretty low … we've dipped our toe in various schemes … and what we've found is that … the delivery side, getting SMEs interested, can be incredibly difficult. Even if you provide them with free advice … getting them interested in free things is really hard.

Organization Z ascribed these difficulties, at least in part, to the businesses themselves: 'the people who run SMEs, by their nature are not people who say, great, the government is here to help me'. One positive that did emerge was the suggestion that engagement might be achieved by starting with more prosaic concerns:

> … even something which is pretty transactional can lead to something which is bigger. So, for example, writing job descriptions may make you focus on: what is our business aiming to do? What is our business model? … questions which can very easily get ignored by an SME owner, in the whirligig of getting things done …

For Organization X, direct engagement with companies was core to what they did, but it remained paradoxical in nature:

> … engagement is the big issue … we know that there are various things that we can do … we know that business support for SMEs works. It makes them better; it makes them more efficient. But we also know that the take-up of business support is really low and it's lower than it used to be, and so why is that?

Organization X's first 'lesson' concerned how any intervention should be badged:

> … if we go into small firms and say we've got these various programmes, interventions that we want to help you with improving your productivity, that isn't the most engaging way of doing it.

But it was not just a question of using the right word or expression; there was a need for an assessment tool that allowed the company to take an objective look at itself:

> … trying to get them to have an assessment either through themselves or through a tool or something else that gives them a bit of a reality check of, you think you're doing really well, actually you're not doing as well as you think you are. That's a hard message to get across to them …

Moreover, rather than having a free service, Organization X was planning to start charging. They accepted that this might cause initial difficulties, but in the longer term, it was felt not only that charging a fee would give some indication of the value of what Organization X were offering, it would bring with it a greater degree of engagement.

Engagement for Organization X had taken a variety of forms. They had run a productivity programme through four UK Business Schools, describing it as a 'mini-MBA'. It was felt that bringing companies together had had the effect of making it more difficult for individual companies to dismiss data that showed them in a bad light:

> … the benchmarking and the assessment is really important … it worked really well when it was done with peers and they could discuss it. So you couldn't let them go away and go, 'Oh, I don't believe that', because the other leaders would go, 'Well, actually, I do believe that for me' …

Organization X were also heavily involved in mentoring in SMEs. Mentors were drawn from large corporates, and our Organization X interviewee had initially been sceptical of the idea. They had come to realise, however, that those being mentored did not necessarily want a mentor with similar experience to their own:

> … you're a small manufacturer, the idea of being mentored by somebody at BAE Systems or Rolls Royce would be quite appealing. If you're … an advertising industry, you know, small advertising firm, a marketing firm, less so.

For the two PEA facilitators, engagement with companies had not been a serious problem in the first two phases of interventions. Both facilitators had a wide range of company contacts, but, as Facilitator P expressed it, 'there were no favours asked. This was not an old mates' deal'. Instead, it involved trying to tap into a curiosity that was already there in many companies. Facilitator Q had been working with Company B on another project, and this had just come to an end:

> … we were standing up and going towards the door. I just said, [name], how do you measure productivity? Is that important in your business? And he said, well, bed occupancy and that's it. And he said, why? I said, well, we're doing some work with [name] University to actually find out not what the government thinks it's about but what you think it's about … are you interested? He said, that sounds really interesting.

What companies were presented with, said Facilitator P, was 'the thought that we're working on a project, it's with the university, we think you would be interested in knowing more about this.' What the facilitators found, said Facilitator Q, was a 'pent-up demand' for the kind of approach they offered.

Intermediary bodies

Part of the question of how to engage businesses with the policy agenda was the issue of the use that might be made of intermediary bodies. Organization X emphasised the difficulties in engaging companies from scratch: 'Everybody that tries it, the first thing that they work out is this is really hard'. Use of intermediary bodies was one way of addressing this issue. Organization X, for example, had worked with a number of large companies as intermediaries, but had found it difficult to establish long-term relationships. Organization Z's experience of working with Chambers of Commerce was similarly varied:

> … prior to that, we'd done a trial in a number of areas, and we had very different results, depending on who you liaised with at a local level. So, the Chamber of Commerce we engaged with was the one covering [Midlands city] … And they actually did a decent job … But in the London Borough of [name] … they were, you know, pretty useless. So, it entirely depends on who you get, the quality of the people who you work with. [Company Z]

There was general scepticism about the role that might be played by the LEPs. Organization X saw the LEPs as being one of a number of institutions suffering at the hand of government policy: 'I've got quite a lot of sympathy for the LEPs. We don't really use them because they're not really fit for purpose'. Organization Y had a similar attitude. Seeing them as caught up in the churn of institutional change, they said:

> I don't think the LEPs were perfect, but they had grown to starting to strengthen the capacity and to be doing some good things … just throwing all of that away and starting again, it just doesn't really make any sense.

Looking forward, with the LEPs about to be abolished, the question was what might be taken on by the Combined Authorities:

> … quite a few of these combined authorities have now introduced fair employment charters, or standards. And take-up by private sector employers is, shall we say, variable.

One particular issue here was the role that might be played by bodies organized on the basis of economic sector. To Organization Y it appeared that policy had turned its back on this kind of approach – the result, they argued, of government's crude attempts to apply the lessons of sector-based policies across the board: '[government] would pick up elements of that and run with it as a sort of blunt macro instrument that they would try and apply everywhere, and then wonder why it didn't work'.

The one exception to this move away from a sector-based approach was identified by Organization Y as the creative industries. The creative industries, it was argued, are quite distinctive in terms of workforce composition, and the focus of the new Policy and Evidence Centre (PEC) was very much on the way that people are managed:

> … we've done work on issues around training and skills, and getting that right, but we've also done other work around management practices. And we did a big review on good work … what sorts of management practices do you need to design better jobs that are going to get the best out of people?

For the two PEA facilitators, working through some form of intermediary body was, and is, essential for the intervention to become effective on a wider scale. With now ten interventions having been completed successfully, the next phase they see as increasing this number to something like 100 or even 200.

Their own experience of trying to establish links with intermediaries, however, shares many of the negatives reported by the expert organizations. Chambers of Commerce were quite helpful, said Facilitator P, but were simply not talking about productivity; while attempts to work through a number of different LEPs were described simply as 'heartbreaking'.

6. Discussion and Recommendations

Productivity definitions and conceptualisations at the firm level

It is clear from the research that the term 'productivity' is understood in a huge variety of different ways. Asked to say what productivity looked like in their organization and what words were used in discussions around it, managers in the case study companies produced a whole range of responses. Conceptualisations were made up of several interrelated elements: strategic vision; customer relationships and expectations; data and measurement; workforce, leadership and culture. What individuals' answers to these questions show is that an academic distinction between drivers of productivity and productivity itself -- between means and ends -- is not one shared by all practising managers. The variety of terms used may also have been a result of the open question-wording used as part of the guided discovery approach. The interviews carried out with representatives of four of the original case studies allowed a more coherent picture to emerge, but part of this involved either using 'productivity' in a very general sense or avoiding use of the term altogether.

It is less clear what this implies for broader issues of research and policy. Those interviewed as representatives of the expert bodies conceded that, for the most part, their understanding of productivity was based on what might be described as an orthodox economics conception of the term. The gap between this and the company-level understanding of productivity was something that was recognised by the expert bodies, but was in any case overlaid by shifting priorities in government policy. In other words, even if it were possible (and desirable) for both companies and expert bodies to arrive at something like an agreed definition, there would still be issues such as the trade-off between productivity and jobs, and whether skills development or management development was the better route to productivity improvement.

Variation in productivity conceptualisations between and within organisations

With a range of productivity definitions and approaches identified in the data, attempts were made to see how much variation could be accounted for by the sector in which the company was located or, within the company, on the basis of the functional responsibility of the employees involved. The small numbers of participating companies meant that these attempts could only be tentative and exploratory.

Indeed, any issues arising out of different functional or departmental understandings of productivity were difficult to identify in the case study companies. Examination of such issues had been part of the project's objectives, but where it was discussed this was generally the result of gentle prompting by the researchers. The emphasis was much more on unity than on difference.

A number of factors might go some way to explaining this. First, these were small companies or operating units where entrenched, function-based positions might have had no opportunity to develop. Second, only one or two managers were interviewed from each company. As these were often senior in the company, any conflicting views might have been something that was played down.

The same factors might also apply to looking at the productivity improvement process from the perspective of organizational hierarchy. In the original interventions, the make-up of the group involved in each company had shown some variation: some were confined to senior management, some to middle management, and some contained both. This was not done by design, as it had been left up to the individual companies to decide on who should be involved.

In fact, rather than between broad sectors, functions or hierarchical levels, the most important differences were those that emerged between individual organizations. We must say immediately that some part of this will be the result both of the relatively small number of companies involved in the research and of the in-depth manner in which four of the original wave of companies was investigated. Nonetheless, what was striking was the difference in the stories that the individual companies had to tell, with Company D, as we have seen, being a particular case in point.

There are two other considerations that have to be taken into account. The first is the suggestion in the data that some of the differences between organizations might be accounted for by the stage of development in which they found themselves. An obvious constraint is the essentially cross-sectional nature of the data, and further study would be necessary in order to see how the way that productivity is understood and managed might change over time. The second consideration is the limited degree of granularity with which a 'sector' is defined. Manufacturing or services might be too general as terms in which to define companies. As we have seen, the idea of the sector as a defining term is one that still generates discussion at a policy level.

Effectiveness of firm-level interventions

The first part of our third research question concerns the effectiveness of company-level interventions such as the Productivity Engagement Approach (PEA). From the companies' point of view, the intervention certainly seems to have been a success. A positive line was taken by the four companies we were able to speak to, and this backed up the evidence provided by the workshop reviews and the three- and six-monthly catch-up meetings.

Two aspects of this stand out. First, all the companies were able to provide instances of tangible changes that had been made as a result of the intervention. Second, there was what both the facilitators and the companies referred to as a shift in mind-set. As we have noted above, there were significant differences between the experiences of the different companies – and differences also in how productivity or 'being productive' was understood and referred to. What united them, however, was the idea that whatever productivity meant in the company, it was something which was explicitly considered and which acted as a key determinant of behaviour and direction. This is what we have called here 'productivity engagement'.

On the nature of the process, a number of factors can be identified that appeared to contribute to its effectiveness. The facilitators themselves identified the combination of flexibility and structure that it offered. Based on the principle of 'guided discovery', and using the structure provided by Kano et al.'s (1984) framework of customer intimacy, the intervention tried not to impose anything but to draw out what was already there. In both identifying the need for change and acting upon it, the firms involved in the research thus showed themselves to have both capacity and capability – although, of course, it should be acknowledged that simply by virtue of their participation in the project, these firms might not be representative of firms as a whole in these respects.

The current study has offered an applied, introspective approach which is qualitatively different from much previous work, as well as providing a point of departure between strategic and firm-level discourses. The work aligns mostly closely with MacBryde et al. (2019), Ram et al. (2021) and Wu et al.'s (2014) assertions of the need for shifted terminology and understanding of a broader set of influences on the firm-level productive environment.

Scalability and long-term sustainability

We turn finally in this section to the issue of scalability. We have seen how the intervention process has been positively received by the companies involved, but what are the prospects for doing this on a more extensive basis? We can look at this issue from two directions. The first of these is to look at some of the factors that have encouraged participation in the first two waves of implementation. As we have seen, Covid-19 was indicated as having played a part in participation in the first wave, and these circumstances are unlikely to be repeated. A more positive contribution to scalability might be made by identifying companies at particular stages of their development, with these companies potentially having greater incentive to address productivity issues. In this way we can address what might be thought of as acting on the 'demand' side for the services of intermediary organizations (see Be The Business, 2024).

The other way to approach this is to draw on our expert interviews, and look at the scalability issue from a wider perspective. Important here were two things: how to engage business with policy interventions; and – on the 'supply' side -- the role that intermediary bodies might themselves play. We have seen how the two PEA facilitators were adept at engaging with companies, not by making grand promises but trying to get access to what they saw as pent-up demand.

Such an approach would be difficult to follow if the benefits of taking part in the PEA intervention were to be scaled-up to 100, 200 or even more companies. It is clear that some role would have to be played by intermediaries of some form. However initial contact was made, the conduct of the interventions on such a scale would require the development of a sizeable group of expert facilitators. The expert interviews stressed the difficulties in working through such bodies, but these difficulties need to be overcome if initiatives such as the Productivity Engagement Approach are to be able to make their contribution.

In summary, scaling-up will be challenging but feels like a necessary approach. Its success will require concerted activity and commitment from a range of partners, organizations and agencies.

The way forward

On the basis of the analysis presented here, we offer the following conclusions and recommendations:

- Progress on the productivity agenda requires the development of both a common headline terminology and firm-specific, unique, tailored interpretations that are capable of embracing the existing richness and complexity in understandings of productivity. We propose that the concept of 'productivity engagement' enables this.

- The firm-level intervention used in this project, the Productivity Engagement Approach (PEA), has established value in different sectoral and occupational settings and could contribute significantly to broader efforts to address the productivity agenda. It provides a valuable opportunity to shift current thinking towards a focus on more productive environments underpinning greater value creation.
- Scaling-up the intervention will require the active support and involvement of intermediary and infrastructure bodies, at national, regional and industry levels – particularly in the development of a group of expert facilitators.

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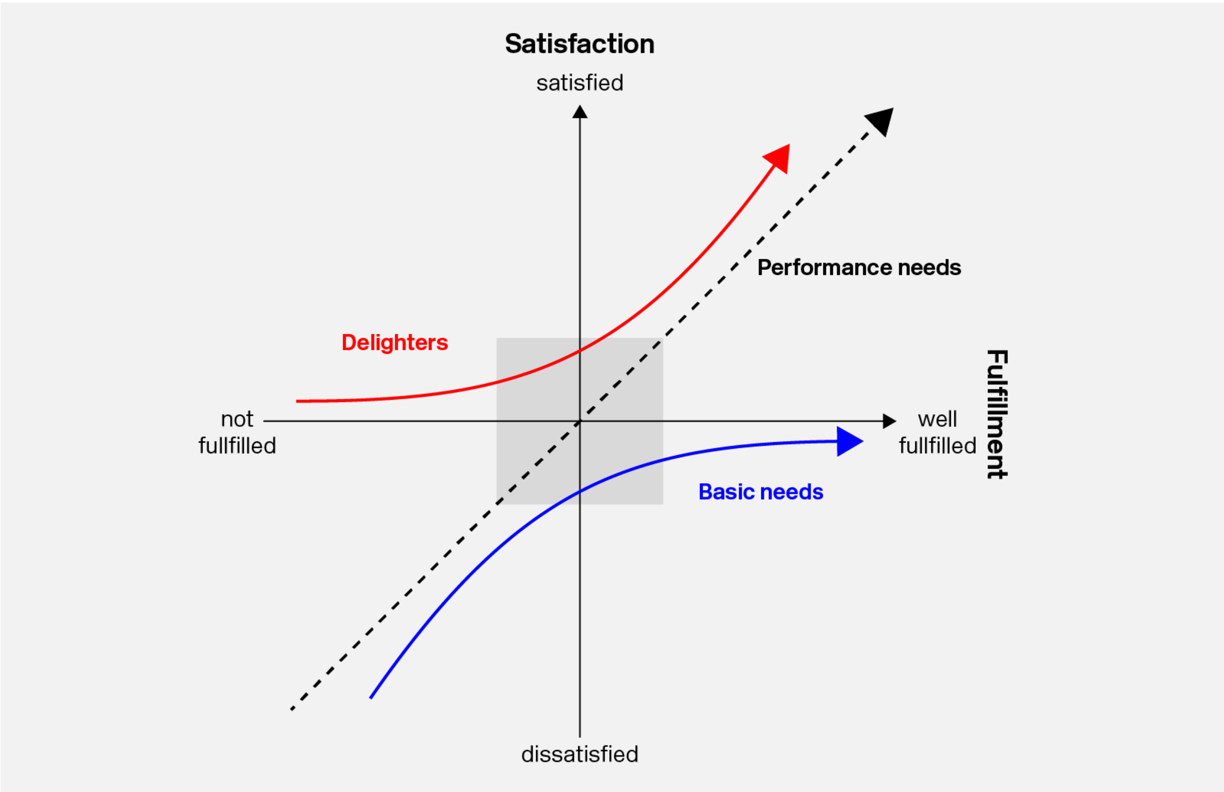
Appendix

THE KANO MODEL AND THE PRODUCTIVITY ENGAGEMENT APPROACH

The Kano Model

Figure A1. *Kano Model of Customer Satisfaction*

(Derived from: Kano, N. et al. (1984). Attractive quality and must-be quality. *Journal of the Japanese Society for Quality Control*, 14(2): 39–48).



As Figure A1 shows, the Kano model was developed as a means of understanding customer satisfaction. Though the terminology used is not always the same, three types of product attributes are identified:

- **basic attributes** are those which customers take for granted. The presence of such attributes will not add to customer satisfaction, but their absence will detract from it and might undermine the customer experience altogether.
- **delight attributes** are those aspects of the product that the customer by over-delivering or doing something out of the ordinary. In contrast to basic attributes, the absence of delight attributes will not have a negative effect on customer satisfaction. Their presence, however, can be a way of promoting a product.

- **performance attributes** are those whose achievement is most directly related to customer satisfaction. These are likely to be the basis on which companies compete against each other. Advantage in terms of increasing customer satisfaction, however, needs to be set against the cost of its achievement.

The Kano model in its original form thus provides a means of understanding customer satisfaction. Emphasis is often placed on the contrast between basic or 'must-have' attributes and delight or 'attractive' ones, which allows the company to make informed decisions about where to focus its quality improvement efforts.

The Kano Model and the Productivity Engagement Approach

The framework used in the development of the Productivity Engagement Approach extends the scope of the Kano model from product attributes to include value-adding organisational attributes. It simplified the categories to a distinction between 'Customers Value' (comprising delight and high-end performance attributes) and 'Customers Expect' (comprising low-end performance and basic attributes). In the initial company workshops, participants agreed the categorisation of a selection of the attributes they had cited in their prior questionnaire responses. This proved to be a rapid, subjective and successful activity in moving their mindsets to a more customer-related perspective. After the workshop, they could further analyse their readiness/effectiveness status in line with the Kano absent-to-fully 'implemented' or 'fulfilled' scale. Key performance indicators (KPIs) could also be added for monitoring purposes.

See also: Reynolds, C. & Siddle, C. (2020). *Relating Productivity to Organizational Context.* Research Report. Sheffield: Productivity Insights Network.