



Addressing the UK Productivity Gap

What role can learning and development play in giving the UK workforce a much-needed productivity boost?



Contents

A critical success factor	03
The problem with productivity	03
Building blocks	04
The role of L&D	06
The digital skills imperative	07
Productive learning	08
Closing the gap	12
About The Open University	13





A critical success factor

Few things are more crucial to the success of your organisation than the productivity of your employees.

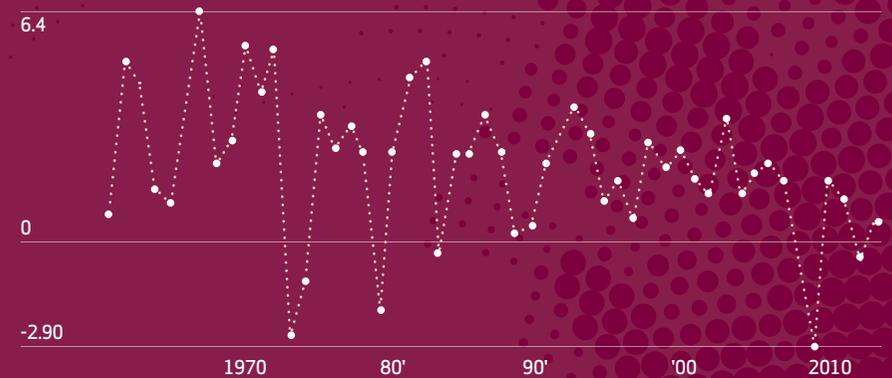
Low workforce productivity means slower growth, reduced profitability, and less prospect of meeting strategic business objectives. By contrast, high productivity means greater competitiveness, wider margins and sustained growth.

But what exactly is productivity? Put simply, it's the output you get from each employee, for each hour worked. As such, it's a vital measure of the impact of your human capital on business performance: it's the return on an organisation's investment in its people.



“Few things are more crucial to the success of your organisation than the productivity of your employees”

British workforce productivity over time



Source: The Independent: Three Charts That Show How Poor Productivity is in the UK, Matt Dathan, 10 July 2015

The problem with productivity

UK productivity is famously sluggish. According to the Office for National Statistics (ONS), we've seen seven years of productivity standstill since the financial crisis.¹ Productivity in Britain is second weakest among the G7 nations, and growing at its slowest rate since the 1990s.²

But that's not to suggest for a moment that the UK workforce is inherently ineffective or lazy. Research by Workfront, a project management software company, suggests that 96% of workers see themselves as

“very or quite productive”; and that nearly two thirds are willing to work after hours, at weekends and through their lunch breaks.³

To a degree, productivity is affected by factors beyond workers' control. The UK's growing skills gap, for example, has a damaging effect on worker productivity. So how can organisations go about closing the productivity gap? And what impact can HR and learning and development (L&D) professionals have?

¹ CIPD, Productivity: Getting the Best Out of People, 2015

² The Independent: Three Charts That Show How Poor Productivity is in the UK, Matt Dathan, 10 July 2015

³ Workfront: The UK State of Enterprise Work Report, 2016



Building Blocks

Productivity is basically a factor of two elements – skills and engagement. These are the building blocks of a productive workforce, and are deeply influenced by L&D. Let's take a look at each in turn:

1 Skills

Skills are vital to productivity. The more capable your employees are of performing their roles, the more productive they will be.

That sounds simple enough, but the reality is more complex. For organisations to succeed and grow, they need the right skills, in the right places, at the right time.

For L&D professionals, this means making sure that the learning offered continually delivers the mix of capabilities the organisation needs. And for HR, it means putting in place effective workforce and succession planning processes and performance management systems.

Making this happen is more challenging than ever, as job roles become increasingly complex and knowledge-intensive. Yet without the right skills, businesses will struggle to achieve and maintain the productivity levels needed to generate success. They'll find it difficult to tackle market challenges, forge a competitive advantage, and attain sustained and profitable growth.

“Skills are vital to productivity.
To succeed, you need the right skills,
in the right place, at the right time.”

“Working in a culture of learning is highly motivational”

② Engagement

Skills drive more than just capabilities; they also drive employee engagement. And better engagement means better productivity. As the Engage for Success movement claims, “The UK has an employee engagement deficit...The UK also has a productivity deficit...We believe these two factors are related.”⁴

For most people, being in a role that suits their capabilities is a motivating experience; whereas being overqualified for their job, or out of their depth, is frustrating, stressful and even depressing. What’s more, employees are motivated by the opportunity to learn. They want to gain new skills, develop themselves, and progress their careers.

Leadership skills are equally vital to engagement. The way staff are managed on a daily basis can be highly motivating, and can dramatically increase their productivity as a result. Or it can have the very opposite effect. Leaders and managers with the right competencies will create engaging working climates for their teams.

Ultimately, organisations benefit greatly from establishing a culture of learning, in which staff feel supported to develop new skills and improve their career prospects. Working in a nurturing environment of this kind is highly motivational and energising.

⁴Engage for Success, Employee Engagement: The Evidence, 2013





The role of L&D

Learning drives skills, and skills drive productivity. L&D therefore has a critical role to play in addressing the UK's productivity gap. There's a wealth of evidence to suggest that effective L&D improves an organisation's productivity and performance.

The Chartered Institute of Personnel and Development (CIPD) underlines the relationship between training and productivity. The Institute's Getting the Best Out of People report concludes that companies investing in workforce training tend to have higher productivity due to the impact on staff engagement and motivation.⁵

This correlation is not lost on business leaders. Deloitte University's Global Human Capital Trends 2015 found that senior decision-makers see skills shortages as a major barrier to success. Only 28 per cent believe their workforce is ready to carry out their strategy. In response, they're demanding more – and better – learning platforms and products.⁶

28%

of senior decision-makers believe their workforce is ready to carry out their strategy⁶

⁵CIPD, Productivity: Getting the Best Out of People, 2015

⁶Deloitte University Press: Global Human Capital Trends 2015: Leading in the New World of Work, 2015





The digital skills imperative

As the digital revolution accelerates, L&D's role in fostering productivity is set to become even more fundamental to the success of UK Plc.

Digital technology is transforming the way people work. It's changing how staff carry out their tasks, how they communicate and interact, and how they collaborate and innovate. It's blurring the physical boundary between work and home, and the notional boundary between their personal and professional lives.

In such a climate, employees increasingly require digital skills. That's not to suggest they all need to be coders, web developers and app designers. But everyone needs to know how to use the digital tools that are becoming commonplace at work.

To make the most of mobile apps, video-conferencing software, collaboration platforms, cloud-based systems, company-specific applications, internal social media, and so on, we'll all need to be 'digital' to a greater degree.

That's where L&D comes in. Training programmes will need to ensure that all employees are comfortable using digital technology at work – and that they're using it in the most productive way possible.

There can be no doubt that the future is digital. L&D must rise to the challenge.





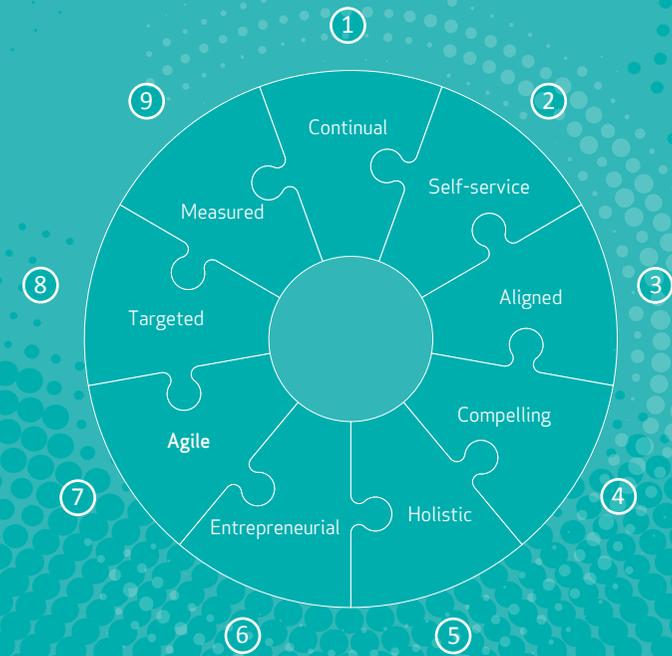
Productive learning

To deliver the right skills to the right people at the right time, L&D programmes require a number of critical attributes. Effective corporate learning needs to be:

1 Continual

It's L&D's job to continually give people the skills to perform – and improve – in their current roles; and the capabilities to move up to the next level. That's how frontline workers become managers, and managers develop into successful leaders.

A culture of continual learning will not only motivate your workforce; it will also benefit your organisation on a number of levels. Firstly, developing talent internally is far more cost-effective than recruiting it externally. And individuals promoted internally are likely to be more loyal and engaged – and therefore more productive.

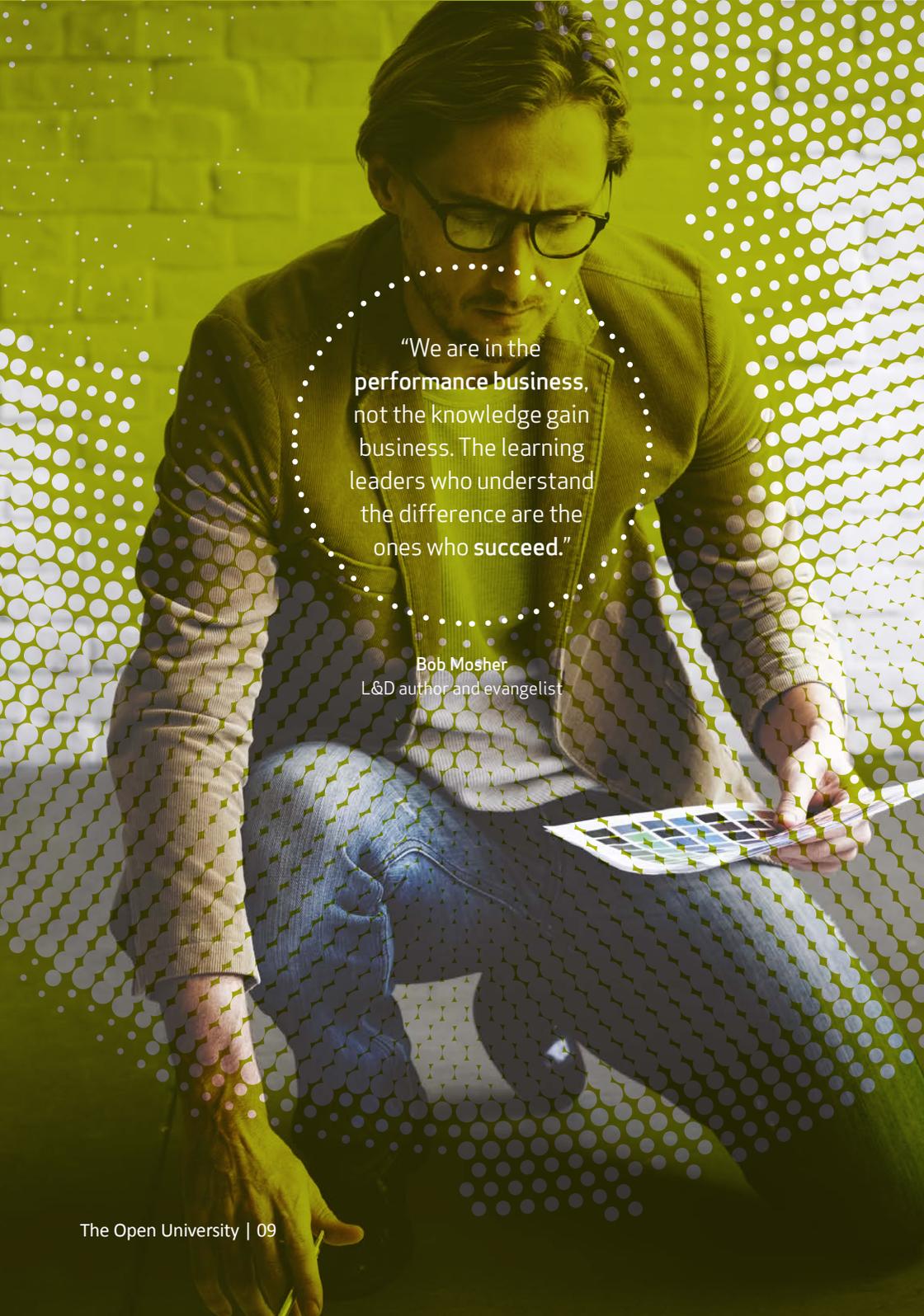


2 Self-service

Always-on, instant access to L&D content allows employees to pick and choose their learning. And it enables them to fit training around their busy work schedules and personal lives, as well as their increasingly dispersed and flexible working arrangements.

For today's workers, flexible L&D isn't a luxury. They expect to be able to train when and where they wish. And technologies such as mobile apps, video on-demand and massive open online courses (MOOCs), permit the self-service learning that younger generations, in particular, take for granted.

As with continual learning, self-service L&D is beneficial for the business as well the individual employee. Giving people autonomy over their skills and career development can be highly engaging.



“We are in the performance business, not the knowledge gain business. The learning leaders who understand the difference are the ones who succeed.”

Bob Mosher
L&D author and evangelist

3 Aligned

The role of L&D is to deliver the skills an organisation needs to fulfil its purpose and vision, and meet its strategic objectives. As L&D author and evangelist Bob Mosher puts it, “We are in the performance business, not the knowledge gain business. The learning leaders who understand the difference are the ones who succeed.”⁷

4 Compelling

Providing the capabilities to meet company demands means offering absorbing L&D content and delivery; and it means making sure that courses are relevant to employees’ current roles and career ambitions.

5 Holistic

L&D doesn’t stop at providing hard technical skills. It’s also there to instil the soft skills staff need to perform their increasingly complex roles: for example, communications skills, digital knowledge, and an aptitude for quickly digesting and distilling large amounts of information.

⁷ Chief Learning Officer: Becoming a Performing Organization, Bob Mosher, September 2010

6 Entrepreneurial

The 'L' of L&D – learning – gives people skills. But it's the 'D' – development – that brings about personal growth.

On the development side, organisations can greatly benefit from an entrepreneurial mindset in the workforce. Entrepreneurial workers have a strong sense of ownership of their responsibilities, and a determination to see things through to the right outcome. They're comfortable taking initiative, and make sure tasks are successfully completed.

7 Agile

As far as possible, L&D programmes need to be scalable, flexible and adaptable to rapidly changing business needs and market dynamics. The capabilities required to successfully support a business through recession, for example, may be different to those needed during periods of growth.

8 Targeted

The most impactful learning is designed with performance outcomes, not learning outcomes, in mind. The driving principle behind L&D needs to shift from, "What skills will people learn?" to "What additional contribution will they be able to make to the business afterwards?"

9 Measured

Finally, think about how you evaluate the business impact of the learning you invest in. Being able to prove the worth of staff training and development – in hard financial terms – will give the L&D function greater influence at board level.

There are many useful ways to track the impact your employees have on business performance, yet research suggests that less than half of companies actually do so.⁸ One simple, but helpful, measure is human capital value added (HCVA): revenue minus non-HR-related costs, divided by the number of employees in your organisation.

Consider how you can monitor the impact the learning you provide has on the organisation's HCVA and make sure to communicate the improvement it brings to your board.

⁸Pearson/FT Publishing: Key Performance Indicators, Bernard Marr, 2012





Productive learning: at a glance

Is learning driving productivity at your organisation?
To what extent is your L&D proposition:

- ① **Continual:** does it give your people the skills they need on an ongoing basis?
- ② **Self-service:** is it available to your employees 24/7?
- ③ **Aligned:** does it deliver the capabilities required to achieve your business goals?
- ④ **Compelling:** is it interesting and relevant to your employees?
- ⑤ **Holistic:** does it instil both hard and soft skills?
- ⑥ **Entrepreneurial:** does it foster a 'can-do' mindset among your workforce?
- ⑦ **Agile:** is it scalable and adaptable to the needs of your business?
- ⑧ **Targeted:** is it designed with performance outcomes in mind?
- ⑨ **Measured:** do you evaluate and communicate its impact?

“Employers have responsibility for improving productivity. Strong partnerships with colleges, universities and training providers can help to do this.”

Sir Charlie Mayfield
Chairman of the UK Commission
on Employment and Skills

Closing the gap

The UK’s productivity problem is holding back the performance of British business, and with it, our economic growth. However, L&D can be an important part of the solution

If you take the time to create properly designed and executed L&D programmes, you will deliver the cornerstones of a productive workforce – skills and engagement – for your organisation.

Achieving this means delivering the right capabilities to the right people at the right time, to ensure your organisation can achieve its goals. And it means doing so in ways that engage today’s employees, and suit their ways of working – and learning.

What’s more, the impact L&D is having on your business needs to be carefully measured, and communicated to your organisation’s stakeholders.

Yet, it’s not easy for employers to deliver these results alone. Some may need help from expert L&D solution providers to create fully rounded, highly effective workforce development propositions. In the words of Charlie Mayfield, Chairman of John Lewis and the UK Commission on Employment and Skills, “Employers have responsibility for improving productivity. Strong partnerships with colleges, universities and training providers can help to do this.”⁹

⁹The Education and Training Foundation: How Do We Respond to One of the Biggest Challenges Facing Our National Productivity - the Skills of Our Workforce?, 18 July 2014





About The Open University

For more than 45 years The Open University (OU) has led the way in part-time education, developing workplace learning and development solutions for employers (across the private, public and voluntary sectors), as well as educating individuals.

Specialising in developing high quality learning materials, based on rigorous research and industry insight, the OU combines academic excellence with technological expertise to deliver flexible, results-driven and truly engaging workplace learning solutions.

For more information, please visit:
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The OU's global reach enables consistent learning to be delivered at scale, across geographically dispersed workforces, through an online delivery model that uses advanced learning analytics to enhance the performance of busy professionals.

This – coupled with a successful, well-developed blended learning approach – is how the OU has enabled employers to deliver learning that is responsive to both organisational and staff needs, therefore maximising their return on learning investment.