

## Written evidence submitted by the Chartered Management Institute (CMI)

The Chartered Management Institute (CMI) is the professional body for managers, working with business and education to develop more skilled, confident and successful managers & leaders. We have a membership community of over 157,000 managers, and more than 90,000 people are currently studying on one of our management & leadership programmes. Backed by a Royal Charter, CMI is the only organisation able to award Chartered Manager status.

CMI's charitable mission is to increase the number and standard of professionally qualified managers & leaders. To accomplish this, we work with over 800 partners, including many employer providers, in every region of the UK to equip managers with the skills they need to succeed. We also have strong Regional Hubs that allow us to engage with our membership about issues affecting local economies.

- The Covid-19 pandemic has transformed the world of work and accelerated changing ways of working. Although there have been challenges, government policy has the opportunity to build on the positives that have emerged and set expectations around good management that deliver more resilient businesses, good quality jobs and inclusive economic growth.
- Management & leadership skills are key to tackling the twin challenges of low productivity and reorganising the economy, as well as address long-term regional disparities. The Government's [Business Productivity Review](#) demonstrates that good management and leadership skills are key enablers of firm productivity by unlocking important drivers of growth such as capital investment, technology adoption, on-the-job learning and efficiency improvements.
- Management & leadership qualifications, such as 'Chartered Manager' status provide positive economic returns for both the UK economy and individuals. Despite this, organisations are underinvesting in management training. We believe that the Government's 'Help to Grow: Management' scheme and the 'Lifetime Skills Guarantee' is a positive step towards addressing this underinvestment but the policy response needs to go further.
- Management & leadership skills should be considered 'core skills'. These skills are essential to help people pivot between sectors and job roles; they are vital irrespective of the sector or job, they widen the pool of jobs people can access and they enhance individuals' ability to progress within these jobs.
- We would like to see a coordinated policy response to economic recovery that is joined up across the areas of employment, education and professional services. To strengthen its policy response we believe the Government should:

- Extend support for adult skills through the Lifetime Skills Guarantee up to Level 5, enabling adults who already have a Level 3 qualification to access critical training at higher levels.
- Allocate additional funding to ensure that every course funded through the National Skills Fund also includes a 'bolt on' of high-quality core skills training, including digital, communication and management and leadership provision.
- Incentivise employers engaged in government programmes to support young people and the low skilled into employment - such as through Kickstart or Apprenticeships - to commit to good management practice and development and progression. This would complement other government initiatives to support management and leadership development such as Help to Grow: Management.

### How much difference can government policy make to economic growth?

- The Covid-19 pandemic has transformed the world of work and accelerated changing ways of working. This has brought with it huge challenges for organisations which have had [to adapt & innovate at pace](#); they have been required to implement increased levels of home working and deal with heightened employee needs, such as [increased levels of stress and anxiety](#).
- CMI's '[Management Transformed](#)' research, conducted during 2020, found that managers have had a key role to play in making a success of the rapid changes experienced over the past year, focusing on communicating and engaging with colleagues and employees, prioritising the wellbeing of staff, and demonstrating a commitment to diversity & inclusion.
- Although there have been challenges, some positive developments have also emerged - such as an increased acceptance of flexible working. Government policy has the opportunity to build on these positive changes and set expectations around good management that will deliver more resilient businesses, good quality jobs and inclusive economic growth:
  - Management & leadership skills are key to tackling the twin challenges of low productivity and reorganising the economy, as well as address long-term regional disparities:
    - The [Industrial Strategy Council](#) found that **2.1 million** workers are likely to be under-skilled in at least one core management skill (such as leadership, decision making and advanced communication skills). Meanwhile, the Department for Education's 2019 [Employer Skills Survey](#) found that management & leadership skills were reported by **57%** of employers as a skills gap amongst their workforce.

- This view is shared by managers and leaders: [CMI and the IoD](#) found that **98% of managers** and **95% of directors** highlighted enhancing management & leadership skills as critical to improving organisational performance in the coming financial year.<sup>1</sup>
  - Highly skilled managers and leaders will be needed in large numbers to drive the economic recovery and new economic priorities. For example, the Government's plans to create two million green jobs by 2030 could require a minimum of 130,000 new managers & leaders.<sup>2</sup>
    - Research from the [Management Expectations Survey](#), published today (17 May 2021), finds that better managed businesses have been more adaptable and demonstrated greater versatility during the pandemic than their poorly managed counterparts. For example, they have been more likely to adopt home working and to shift to online sales more quickly.
    - Polling conducted jointly by [CMI and the Institute of Directors \(IoD\)](#) found **96% of managers** and **89% of directors** believe management & leadership roles are important for shaping the UK's economic recovery in 2021.<sup>3</sup>
- The Government should invest in management & leadership development because without government support, organisations will continue to underinvest in this training. In the UK, there are approximately 11,000 Chartered Managers and 1,000 Chartered Directors: only a small proportion of the 3.5 million people working as managers, directors or senior officials in 2019.<sup>4</sup> This is despite the clear economic and productive benefits of management qualifications (detailed below).
- It is therefore positive to see the Government's 'Help to Grow: Management' programme for SME leaders, a continued commitment to apprenticeships at all levels and ages in the Plan for Growth, and management training included in the DFE's National Skills Fund list of free Level 3 courses.
- Good management is central to delivering on a number of government priorities. For example:
  - In-work progression

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<sup>1</sup>Figures based on polling of 1,232 practicing managers and 925 directors, conducted between 12th - 25th January 2021

<sup>2</sup> CMI estimates based on the number of green jobs that government plans to create (2 million) and [McKinsey](#) research on the maximum direct reports for a manager (15)

<sup>3</sup>Figures based on polling of 1,232 practicing managers and 925 directors, conducted between 12th - 25th January 2021

<sup>4</sup>Oxford Economics, The Economic Impact Of Chartered Managers, September 2019 (unpublished)

- Boosting local and national productivity (particularly for SMEs)
- The Good Work Plan
- Filling employer skills gaps and levelling up opportunities for individuals across the country.
- We would like to see a wider acknowledgement from the Government of the value of management skills, and greater efforts to coordinate existing and future policies to boost employment, skills and productivity, in order to deliver better outcomes for individuals and organisations.

**What are the causes of the gap in the UK's level of productivity compared to other advanced economies, and why has productivity growth been persistently weak in the aftermath of the 2007-09 financial crisis?**

- The UK has lagged behind other G7 nations in terms of its productivity, with a [‘long-tail of low productivity’](#) for SMEs (small and medium sized enterprises) in particular. This is partly due to a lack of government investment in higher level skills and the lack of a supportive policy framework to enable private investment. This is a historic problem that has been exacerbated by the pandemic.
- Good management and leadership skills are key enablers of firm productivity: they unlock important drivers of growth such as capital investment, technology adoption, on-the-job learning and efficiency improvements. This was recognised in the Government's 2019 [Business Productivity Review](#), which noted that:

*‘Businesses that embrace leadership and management best practice and adopt tried-and-tested technologies are more profitable, productive and are better to work for. We need to get businesses across the country to adopt these actions and boost their own productivity’.*

- The Review found that strong leadership and management practices - including activity such as setting targets, analysing operations, and monitoring, managing and incentivising performance - are strongly correlated to firm-level productivity. Even small improvements in management practices were associated with up to a 5% increase in the growth rate of a business's productivity. Management & leadership skills are also critical to support [effective digital adoption](#).
- CMI has consistently highlighted the role of good management & leadership in tackling this long-tail of productivity, increasing individual labour market competitiveness and managerial capability. For example:<sup>5</sup>
  - **81%** of those achieving Chartered Status say that their management skills have improved and that since becoming Chartered, they have used their

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<sup>5</sup>CMI (2019) ‘The Value of Chartered Managers’

managerial skills to lead people and manage change

- **78%** say that since becoming Chartered, they have had a positive impact on the wider team in their organisation (such as increased employee engagement)
- Independent research by Oxford Economics found that Chartered Managers contribute an additional £22,400 on average to the UK economy every year and can boost the revenue of their organisation by up to £62,000 per year.<sup>6</sup>
- CMI research has also found that management apprenticeships have an important role to play in [boosting productivity](#).

**What policies are effective in helping people to reskill, move between occupations and sectors and take advantage of new opportunities? How could these be best implemented in the aftermath of the pandemic, and as technological developments such as artificial intelligence change the nature of work?**

- Management & leadership skills are vital to support people to move between sectors and job roles and to take advantage of new opportunities; they are needed irrespective of the sector or job, they widen the pool of jobs people can access and they enhance individuals' ability to progress within these jobs.
- As highlighted above, these are core skills that employers want and need. An April 2020 CMI poll<sup>7</sup> found 34% of managers reported skills gaps among their staff and these gaps were predominantly found in the areas of communication, digital and management skills.
- When looking to the future, we should not assume that employer demand is for technical skills alone. The World Economic Forum's recent [Future of Jobs Report 2020](#) found that although skills related to data analytics and software development will be important, the top skills which employers see as rising in prominence in the lead up to 2025 include groups such as critical thinking and problem-solving, and skills in self-management such as active learning, resilience, stress tolerance and flexibility.
- Government initiatives such as the National Skills Fund, Lifetime Skills Guarantee and Lifetime Learning Loan are welcome but they do not go far enough to boost upskilling and reskilling - particularly for those adults most in need of this training and that need additional support to boost their resilience in the labour market.

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<sup>6</sup>CMI (2019) '[The Value of Chartered Managers](#)'

<sup>7</sup>CMI 'Manager's Voice' poll of 1,033 UK-based managers, conducted between 2nd - 16th April 2020

- Adult participation in learning has fallen to its lowest rate in 23 years, and it is estimated that [1.8 million workers](#) face under-skilling in terms of knowledge necessary for education & training. Yet analysis from the [Work Foundation](#) found that **1.4 million** low-paid mid career workers (aged 25 - 49) could be locked out of the Lifetime Skills Guarantee or other schemes such as the Kickstart Scheme.
- The Lifelong Loan Entitlement (LLE) will hopefully bring welcome simplification to the skills funding system. However, given the historic low levels of take-up of Advanced Learner Loans, we are concerned that a loan system is not the right financial mechanism to address the dearth of mature and part-time students studying in higher education below degree level, or the need for adults to take time out of work to retrain.
- We recognise the desire to ensure the LLE is an effective and coherent policy but the timeline is not ambitious enough. The skilling and reskilling challenge is now; 2025 is much too late to give people access to these learning opportunities.
- We know that low skilled workers and young people have been particularly hard hit by the pandemic, in part because they are over-represented in sectors that have been most affected by lockdown and social distancing restrictions. The Government has rightly invested in supporting these people back into work - for example through the Kickstart scheme. But it has overlooked the central role managers play in the success of young people and those who are low skilled in work. Forthcoming joint research from CMI and the Learning & Work Institute (LWI)<sup>8</sup> highlights the challenges of providing this support and the importance of doing so, especially as more flexible and remote working is expanded.
- To strengthen its policy response we believe the Government should:
  - Extend support for adult skills through the Lifetime Skills Guarantee up to Level 5, enabling adults who already have a Level 3 qualification to access critical training at higher levels.
  - Allocate additional funding to ensure that every course funded through the National Skills Fund also includes a 'bolt on' of high-quality core skills training, including digital, communication and management and leadership provision.
  - Incentivise employers engaged in government programmes to support young people and low skilled into employment - such as through Kickstart or Apprenticeships - to commit to good management practice and development and progression. For Kickstart this could mean requiring employers to declare their commitment to develop employees within the role and to demonstrate

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<sup>8</sup>This research is due to be published on 19 May 2021

how they have made training and support available to them. For apprenticeships this could mean establishing a commitment to the ongoing support, development and progression of apprentices. This would complement other government initiatives to support management and leadership development such as Help to Grow: Management.

- We also want to see the Government build on existing policy and delivery mechanisms, rather than creating new bodies and institutions, to boost value for money. Chartered bodies can support this:
  - UK Chartered bodies are the closest thing the UK has to Germany's 'Chambers of Industry & Commerce' model, a model that is internationally recognised for its ability to meet employer needs, plug skills gaps, boost firm-level productivity and secure private sector investment in training.
  - The key principle from the Chartered model is ensuring training provision is truly employer-led, and designed in collaboration with employers, to align with professions and be as job-specific as possible.
  - As a Chartered body we set high quality standards, which we ensure by accrediting only a limited set of qualifications, consistently refining qualification frameworks to maintain relevance with professional standards and delivering them in different and flexible ways. For example, CMI has kept our qualification standards agile by developing new [bitesize](#) qualifications suitable for delivery in a digital world, as well as developing new qualifications to support emerging business challenges such as diversity & inclusion.
  - It is worth noting that CMI and other Chartered bodies are not usually involved with the delivery of qualifications - instead, we set the standards, and work with local education providers and employers to support the delivery of programmes that meet these standards. This means that delivery is plugged into local economic needs and can play a useful role in supporting local skills provision to be high quality and support progression.

### **Does the Government have the right mix of policies and a coherent strategy to promote long-term productivity growth and create new high-quality jobs?**

- Please see the previous section for our answer to this question

### **Is the "Plan for Growth" an adequate replacement for the "Industrial Strategy"?**

- CMI is supportive of several elements within the Plan for Growth. These include:
  - The continued focus on adult skills as a critical issue to tackle in order to

- close the UK's productivity gap
- The continued commitment to apprenticeships, particularly the principles of "all ages, all levels" (the benefits of which we discuss [here](#))
- The 'Help to Grow Management' and 'Help to Grow Digital' schemes to build management and digital skills in SMEs
- The Plan also highlights the importance of "*align(ing) the post-16 technical education system with employer demand*". The employer-led principle is important so that people are undertaking education and training that gives them the skills employers actually want and need.
- We would like to see the Plan for Growth place greater emphasis on the changing world of work - a trend that was advancing before the pandemic but has now been accelerated - and the crucial role that managers play in supporting good work. For example, we would like to see the Government develop a UK-wide understanding of hybrid working and its consequences - especially for young people and the low skilled - and investigate the effectiveness of different in-work support for retention and progression.
- As detailed above, the best way to achieve this is through a coordinated policy response to economic recovery that is joined up across the areas of employment, education and professional services. This has never been more important. At present, it is not clear the Plan for Growth can deliver this.

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