

UK vs. the world: Winning the productivity race

The UK is languishing in 6th place among G7 nations in terms of productivity, and in 17th place out of G20 countries. Something urgently needs to happen if we're to move up the table.

In this series, we'll take a close look at aspects that drive productivity and what other countries are doing to get it right – and how we can learn from them.

Driver #1: Management style

Who gets it right: Norway

There are different ways to measure productivity. The Conference Board and Eurostat use GDP measured in purchasing power parity (PPP) per hours worked. This makes Norway the most productive country in the world.

How do they do it? A Hay Group report puts their success down to leadership style, which stands in stark contrast to the UK's.

According to the London School of Economics' Growth Commission, the quality of UK management is "mediocre by international standards, ranked significantly below the 'premier league' of countries This gap matters because recent evidence suggests that about a third of international productivity differences can be attributed to management."

Steve New of Oxford University's Saïd Business School in his white paper Productivity: There's a Better Way, writes that British manager's "disrespect" for workers "plagues our organisations". Most of our managers are more interested in hitting unrealistic targets than listening to staff. The consequences to productivity are devastating. Companies are missing out, as New writes:

"In the search for improved productivity, involving the people who do the work usually means that there is never any shortage of ideas. People ... seem to be endless fountains of ingenuity."

Norway management agrees. The website World Business Culture explains:

"In Norway, bosses are expected to act more as coaches and facilitators than as paternalistic, authoritarian figures. ... Bosses are expected to act as the first amongst equals and their job is to encourage the best out of all colleagues and ensure an effective allocation of company resources.

"Managers often feel the need to include everybody in the decision-making process and it is seen as important that everybody's point of view is listened to and valued. ...[the] information flow within Norwegian organisations is usually very open and all employees therefore feel engaged and valued."

Good management equals employee engagement, which raises productivity. If anyone needs convincing, Norway's prosperity is proof that this works. The good news is, this attitude is not foreign outside of Norway, as New points out. "Companies like Toyota and Unipart get it," he said. "They promote programmes for problem solving and sharing experience that have become part of their cultures."

British companies, take note.

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