ACAS SUBMISSION TO BEIS CALL FOR EVIDENCE ON BUSINESS PRODUCTIVITY

1. Acas welcomes the opportunity to respond to the Government’s call for evidence on the actions that could be most effective in improving productivity and growth in small and medium-sized businesses.

2. As you know, Acas is an independent non-departmental public body with a statutory duty to improve employment relations in Great Britain. Acas plays a significant role inside organisations across the country; helping employers to get the best out of their people relationships, introducing appropriate management policies and practices and resolving conflict at the earliest opportunity. Our services are designed to strengthen the link between good workplace relations and productivity.

3. In 2015 we published a report, Building Productivity in the UK, which set out the role the workplace can play in improving productivity and identified a number of specific levers that organisations can use to bring about change. Although much of the recent debate on how to tackle the country’s productivity problem has centered on issues such as raising skill levels, improving infrastructure and creating better access to finance, Acas believes that fairly basic changes in the way people are organised and managed in the workplace can also make a significant contribution to tackling the problem.

4. Our ‘Building Productivity’ report sets out some of the evidence supporting this contention and much of this is referred to you in your call for evidence document. However, there is some other work that we carried out in 2011 that we think helps to demonstrate the link between good workplace practices and improved productivity and which may be relevant to your review. The work also demonstrates the positive impact business support interventions can have which was another issue you asked for further evidence on.

5. The project in question was funded by the East Midlands Development Agency and carried out jointly by Acas and the UK Work Organisation Network. It involved delivering tailored support to ten diverse organisations designed to improve work organisation, engagement and productivity and to stimulate innovation. As can be seen from the independent report on the work (Unlocking Engagement: A Review of the ‘Innovative Workplaces’ Initiative) a number of benefits were delivered to the participating organisations including improved communication, innovation in both jobs and work systems, and management and leadership and increased staff engagement.

6. Interestingly for your present review, two of the participating organisations reported a (measured) growth in turnover per worker of £9,417 and £30,500 following the improvements they had made in work organisation and relationships as a result of the project. When aggregated out across all the organisations participating in the project the independent reviewers estimated that this gave a gross additional GVA through productivity gains of £567,000. The project resulted in a return on investment of £4 for every £1 spent. In addition to this one-off business support initiative, Acas also regularly undertakes analysis to assess the overall impact of all our services, from an economic perspective. In particular, attention should be drawn to the productivity gains that are generated by the in-depth consultancy services we provide in workplaces. The latest independent economic impact analysis of Acas
services calculated that, across one year of delivery (2014/15), these services had produced an estimated £11 million in productivity gains from improvements in product and service quality.

7. We hope the information contained in this response is helpful but if there is anything you would like to discuss or any further information you would like please do not hesitate to let us know.

Acas
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