Scotland’s Economic Performance

Remarkable

Introduction

Scotland has recently marked ten years since the beginning of the financial crash and the subsequent ‘Great Recession’. It is also ten years since the Scottish Government introduced its National Performance Framework (NPF) which measures performance and progress towards the Scottish Government’s economic priorities.

Through the prism of the NPF, the Scottish Parliament’s Economy, Jobs and Fair Work Committee will be examining Scotland’s economic performance since 2007, as well as exploring future challenges and opportunities for Scotland’s businesses and households. The Committee invites all interested individuals and organisations to submit written views on its inquiry.

The remit of the inquiry is: “To examine Scotland’s economic performance since 2007 and understand the reasons for recent trends and divergences in performance between Scotland and the UK as a whole, other regions/nations in the UK, and other countries in the EU. The inquiry will also identify challenges and opportunities facing the Scottish economy over the next ten years and understand what action is required to make Scotland’s economy more inclusive, innovative and international”.

To assist the Committee in its work, we are looking for responses to various questions. Remarkable would like to respond to the following questions.

Remarkable: who are we?

Remarkable is one of Scotland’s leading organisational development and leadership businesses. We have a 26 year heritage during which time we have worked with over 8,500 organisations across Scotland. We believe that successful organisations enable their people as leaders which is why our Vision is that by 2023 we will have helped 1 million people become leaders so the world can profit. Our Mission is to do this by redefining leadership, one person, one team, one organisation at a time.

Formerly known as Investors in People Scotland we provide a range of leadership and organisational development services. Most notably we deliver the internationally recognised Investors in People accreditation in Scotland, having done so for over 26 years; and building on our success and experience in this area we launched the Investors in Young People accreditation in 2014 which aims to help organisations attract, recruit and retain young people.

In our experience, the biggest people challenge facing business in Scotland is that of effective leadership and people management. People are the beating heart of any and every business so the way in which they are led, managed and developed is the most important enabler of success.

Our role is to scan the horizon and identify the practices and approaches which stand out as making a difference. In the rapidly changing world that we live in, this means practices which are fit for the future, not just tried and tested techniques of the past.

And we believe this is a really important element for Scotland to achieve future growth.
Where will we see future growth in our economy – exports, sectors, regions and innovations?

Innovation. Yes, we can increase our exports (the potential of Asian markets is huge, Brexit on the other hand is more of a challenge); yes there are sectors of our economy showing a huge amount of growth potential (that is to say, Food & Drink (including agriculture & fisheries), Creative Industries (including digital), Sustainable Tourism, Energy (including renewables), Financial & Business Services and Life Sciences¹; and there are regions within our nation that are set to outperform others through the City Deals and Regional Partnerships.

However, underlying these opportunities are, we believe, some fundamental innovations that have the power to dramatically shape the growth of Scotland’s future economy. Digital technology. Automation. Customer focus.

We believe they are inextricably linked. Digital technology is around us every day, everywhere in everything we do. As consumers and in our working lives. At work and at play we carry it around in our pocket, we rely on it – in some cases have become addicted to it – and it drives our behaviours. In some ways it is revolutionising the way we work (faster, more connected, creative ways of gathering, storing, sharing information); in other ways it could be creating a nation of introverts who prefer to remain desk bound than interact face to face with each other.

In our working lives one of the ways this is manifesting itself is through increased automation. Where once, people picked and packed products into boxes for shipment, these types of manual jobs are being automated. The Amazon Fulfilment Centre just outside Dunfermline is the biggest in the UK, the size of 14 football pitches - it still requires people yet there will be much automation inside those 1 million sq ft.

Which brings us to customer focus. The constant and instant availability of information about, well, anything, now means customers have more choice and a bigger voice than ever before. Think of our tourism industry. Now, even before we take a break we can get the unvarnished perspective on our destination from fellow travelers; and if promises aren’t delivered we can tell the world in real time about our travel woes and shocking customer service. What this means for our economy, for it to grow, is that we need to encourage and instill agility and responsiveness into the culture and structure of Scotland’s businesses, recognising that the most important relationship is not the one between the CEO and his or her senior leadership team but the one between the person delivering the service or selling the product and the customer.

In practice, to harness these innovations and ensure Scotland’s economy truly thrives and prospers, we need to challenge the traditional organograms and hierarchies of power of which businesses are so proud. The opportunity for innovation, the opportunity for differentiation in an automation, digital economy and where the power lies is in those face to face, real time, interactions between people. Innovation comes not only from the R&D teams, it comes from every day work, encouraging people to experiment and try different ideas, understanding the perspective of people closest to the day to day delivery of Scotland’s products and services. They are most often the real experts. As a result, for Scotland to truly maximise innovation a reliance on traditional leadership methods won’t be sufficient.

Our approach to leadership has been less transformational than those revolutions occurring across our nation’s working conditions, its approach to digital technology and to automation. It still largely conforms to the notion that leadership is about a small number of talented senior leaders directing junior followers towards a goal, a notion rooted in Scotland as a manufacturing led nation and thus mass production, when making people consistently complete repetitive tasks was king. Today Scotland is an increasingly service driven economy, look at our growth sectors. For
our economy to truly thrive and grow we need to encourage our people to think, to innovate, to respond. Not just do their jobs.

As Professor Ewart Keep, Chair in Education, Training and Skills at Oxford University and Director of SKOPE says, "Innovation still essentially means more scientific research and knowledge transfer and nothing else. The place of workplace innovation or employee innovation in process and product remains entirely absent in official thinking, which puts us a very long way behind many of our [national] competitors who many years ago realised that incremental improvements were at least as important as the next ‘big science’ breakthrough (see Keep, 2016). For as long as we cling on to the outdated ‘science and science only’ model of innovation, our chances of becoming the most innovative economy are actually liable to be exceedingly slender”. So we believe, the answer to this Committee question lies in our people - our nation of brave, bold, adventurous, creative people with their diversity of skills, of experience and of thought.

And our experience of working with thousands of organisations over many years suggests the following guiding principles are ones that as a nation we should be aiming to achieve:

✓ a culture of excellence not just compliance
✓ workplaces that are safe environments for everyone to speak up and contribute
✓ a default assumption that pushes decision making down the organisation to ensure those in customer facing jobs have the authority to create outstanding customer experiences
✓ a bias for action and experimentation
✓ a belief that people need more control at work and this can be readily achieved by focusing on giving people clarity of expectation whilst ensuring competence

Aspects of this are reflected in the recommendations of Scotland’s Fair Work Commission which provides a good platform from which Scotland can truly create a culture of inclusive innovation and growth.

2 Source: [http://www.skope.ox.ac.uk/blog/welcome-to-the-policy-loop-some-thoughts-on-the-latest-industrial-strategy/](http://www.skope.ox.ac.uk/blog/welcome-to-the-policy-loop-some-thoughts-on-the-latest-industrial-strategy/)

Remarkable is about the subtle nuances, the skills and the lived experiences of our working nation. Yes we like numbers but we’ll leave the statistics about our nation’s industrial composition to the experts. We’d like to give our view on what, in our experience, are the barriers to diversification and growth across business in Scotland.

As we said in our introduction, over and over again organisations tell us that the biggest challenge they face is that of leadership and people management. So it surprises us to see what we perceive as a lack of innovation and creative thinking in leadership and management orthodoxies and structures. More Of The Same is just, well, more of the same. What Scotland needs is to become a nation of people that think act differently, that break down the barriers that stifle innovation and creative thinking, that achieve their own personal and organisational effectiveness, that create new business models that are fit for purpose. Neo-Enlightenment for the 21st century.

To be truly effective this has to be applicable and relevant for everyone, no matter their age, stage, social background or employment. So to borrow a concept from Zen Buddhism, the encouragement of a “Beginner’s Mind”, a mind in which anything is possible and mind ready for
new things. Achieving this mindset take works though. And commitment. Unless of course you are an infant or toddler in which case this is the mindset into which you were born. For those of us Scots a little older however, we need to try a little harder. So here’s the thing…

Three words. All beginning with C. Clarity. Competency. Control. Three sides of a triangle and each as important as the other. Clarity means developing, implementing and effectively communicating a really clear sense of organisational purpose to everyone – from the CEO to those at the front line interacting with customers on a daily basis.

Competency means ensuring everyone from those in glass offices to all those at the intersection with customers have the right skills to undertake their roles. This doesn’t mean perpetually remaining within a comfort zone, often this means encouraging people out of those to take on a challenge, to enhance and fine tune their skills, to learn and develop a little bit more. And it also means occasionally making mistakes because most often we learn more from those experiences than we do from all the positives.

Control. Give it. Don’t take it. But ensure people demonstrate the other two Cs before increasing it otherwise organisations will descend in chaos.

With this kind of continuous growth mindset ready for new things we believe anything is possible, although what follows may be a little controversial: we can choose as a nation to go beyond productivity as a measure for economic success. Defined as “the amount of output (goods and services) produced in an economy adjusted for the amount of labour (i.e. the number of workers or hours worked) used to produce that level of output”¹, productivity focuses solely on input/output statistics. What about the quality of those outputs, what makes them different from similar outputs from other economies, how innovative are they?

So we believe the answer to the committee question lies in encouraging our nation to embrace the excitement of possibility and thus innovation, by creating businesses that thrive on giving their people those three little words – clarity, competency and control.

¹ Source: [http://www.gov.scot/About/Performance/scotPerforms/purposetargets/productivity](http://www.gov.scot/About/Performance/scotPerforms/purposetargets/productivity)

What are the main drivers of income and wealth inequality in Scotland?

Scotland is a proudly diverse nation. We are not all the same. That would be very boring. We welcome people from across the world to live, work and visit here. Yet how far is this diversity reflected across the decision making units within our economy - in our board rooms, in our senior leadership team meetings, in our management meetings, in our team meetings, on our “shop floors”? Do all of our citizens feel a sense of inclusion and belonging within their employment? And what is the impact of this in terms of their financial equality?

Let us offer two perspectives from opposite ends of the socio-economic spectrum. Professor Sir Harry Burns is the Director of Global Public Health and is based in the International Public Policy Institute at the University of Strathclyde. His principal interest is in using Improvement Science to transform the lives of people, particularly children and young people living socially difficult lives. And more widely, his focus is on how societies can create “wellness”, where health is a state of complete physical, mental and social wellbeing, not merely the absence of illness.¹

Darren McGarvey, stage name Loki, is a Scottish rapper, hip hop recording artist, social commentator and author. He has a particular interest in community and social responsibility. His first publication, *Poverty Safari*, gives a voice to the feelings and concerns from people from deprived communities – his community - who feel misunderstood and unheard. “I understand the
sense that you are invisible, despite the fact that your community can be seen for miles around and is one of the most prominent features of the city skyline.\textsuperscript{2}

Whichever lens with which we try and understand those leading “socially difficult lives”, one thing is for sure – not only are there citizens in Scotland living in socio-economic poverty, we have citizens also experiencing “work poverty”; that is, low paid, unfulfilling employment often with the experience of low personal morale. An office cleaner, for example. They work in offices before- or after-hours, alone, with no company, little routine guidance and support, little feeling of belonging to something bigger. Or building security managers who day after day sit in office foyers, with little support and guidance, isolated from the organisation that employs them and with little human interaction other than a “Good Morning” and “Good Night”. Or those who keep our streets clean and free from rubbish: in all weathers they are pounding our pavements, navigating street furniture, parked vehicles, buggies and other obstacles. They work alone, they walk further and further from their depot, they have little regularity of anyone within their organisation to talk to. Employment like this will often be quite boring; and in their own ways possibly quite stressful too. So under such circumstances how can these citizens overcome barriers to financial equality?

We live in a society where for some workplace stress is the bain of their employment. In fact, evidence from research such as the Whitehall II (the Stress and Health study)\textsuperscript{3} concluded that stress levels and early morbidity were inversely correlated to the level of control which people have in their working lives - the lower people’s levels of control and discretion the higher their levels of stress. The problem is that we’ve been building organisations and processes based on compliance, control and top down targets.

Understanding, recognising and learning to deal with stress, our natural human fight or flight response, plays a huge part in endeavouring to overcome this. And in an employment or workplace context from our experience, particularly in the Health and Wellbeing space, we know stress often occurs as a result of a lack of control in our tasks, in our responsibilities and in our roles. Influencing this are the dual notions of clarity and competency – the clear understanding of the part everyone plays in achieving organisational ambitions and goals and the skills and the stretching of those skills that enable this. Creating environments where employees have increased clarity and competency reduces their levels of stress and aids their sense of workplace belonging and community. This now legendary anecdote brings this to life: During a visit to the NASA space center in 1962, President John F. Kennedy noticed a janitor carrying a broom. He interrupted his tour, walked over to the man and said, “Hi, I’m Jack Kennedy. What are you doing?”. “Well, Mr. President,” the janitor responded, “I'm helping put a man on the moon”.

Let Scotland be a nation where we encourage everyone to work together equally, inclusively and collaboratively to achieve those stellar ambitions as we seek to break down barriers to financial inequality.

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\item \textsuperscript{1} Source: \url{https://www.strath.ac.uk/research/internationalpublicpolicyinstitute/sirharryburns/}
\item \textsuperscript{2} Source: \url{https://www.scotsman.com/lifestyle/culture/books/book-review-poverty-safari-by-darren-mcgarvey-1-4631316}
\item \textsuperscript{3} Source: \url{https://www.ucl.ac.uk/iehc/research/epidemiology-public-health/research/whitehallII}
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