

# ENGAGEMENT IS THE ENGINE OF PRODUCTIVITY: WHY HR MUST LEAD THE CHARGE

## Productivity Isn't Just About Tools Or Targets, It's About People, And People Thrive When They're Engaged.

The UK is facing a deepening productivity crisis. According to analysis from the Resolution Foundation<sup>i</sup>, productivity dropped by 0.5% between 2019 and 2024, marking the worst five-year performance since the 1970s, excluding the financial crisis. This stark contrast to the Office for National Statistics' more optimistic estimate of a 1.8% rise suggests that UK workers may be even less productive than official figures imply. This is a major concern for organisations, and a clear call to action for HR teams. In today's performance-driven workplace, it's rare to find an organisation that isn't rethinking its operating model, processes, structures, and tools to drive greater productivity. In fact, a Barclays survey revealed that the majority of business leaders identified driving increased productivity as a key priority for 2025<sup>ii</sup>. It makes sense – businesses are working in uncertain, challenging times<sup>iii</sup> with scarce resources, and need every drop of advantage they can create.

But too often, the conversation about productivity is reduced to flowcharts, metrics, dashboards, and deadlines. People, and HR, are often the last consideration, a key part of the 'implementation', not a key consideration in developing strategy. But it's the people that make performance.

Beneath the surface of every high-performing organisation and team is something essentially human: **engagement**.

There's a lot of debate about how to define and measure engagement<sup>iv</sup>, but it is something most people can feel and see in others. It's there in the energy, commitment, and focus that people bring to their work, not because they have to, or are being constrained to, but because they choose to.

## Engagement Turns Potential into Performance

Engagement is the emotional and psychological connection people feel to their work, their team, and their organisation. Leaders, including HR leaders, frequently discuss the importance of engagement, and many invest in engagement surveys to measure it. However, how many deliberately build strategies to maximise it? Too often it's the reverse – here's the strategy, now please build an implementation plan to engage everyone with it.

## Performance = Resource × Motivation

Organisations are often resource-constrained, including access to skills and talent. An Open University YouGov poll last year showed that the biggest barriers hindering productivity are a lack of budgets, a lack of relevant technical skills, and outdated technology systems<sup>1</sup>. Over time, businesses can invest in building and recruiting talent but can't buy or dictate motivation. What they can do is shape a culture where motivation thrives, where people are energised and empowered to apply their skills fully and sustainably.

Individual performances, unless the business is a one-person operation, are not enough to achieve great productivity. Productivity in a team or organisation comes from harnessing all that performance energy and combining and directing it to deliver maximum impact.

## Engagement: The Bridge Between Motivation and Performance

**23% higher profitability    81% lower absenteeism**  
**18% higher productivity    43% lower turnover**

The good news (or the bad, depending on the business) is that there's a self-reinforcing loop. Successful teams are motivating places to work. And that makes them successful. They attract more talent, are given more resources and have more success – so is engagement a product of success rather than its cause? Well, no, because even hugely successful teams can become disengaged, especially in a changing environment. And engagement can be created that turns performance around without changing all the people. So, what drives and sustains engagement?



## The 4Cs of Engagement

To build engagement that lasts, organisations need to focus on four key drivers:

**1. Clarity** – At its simplest, clarity is ensuring people know what's expected of them, why it matters, and how success is defined. It's not enough to 'cascade' strategy and give out targets and KPIs. Real clarity helps employees to see why they are here, how they fit in, and what they are creating together. Many leaders overestimate the clarity that their teams have about purpose, how strategy delivers on purpose and how the day-to-day priorities of their work contribute.

**2. Conversation** – Conversation is at the heart of building and sustaining engagement. Without conversation, there won't be real clarity – the overestimation mentioned above is happening because Leaders are 'telling' rather than conversing. Conversation fosters commitment when it creates meaningful dialogue that gives space for individuals to explore what truly drives them. It's those Coaching-style conversations that build trust, encourage feedback, and enable growth.

**3. Commitment** – Commitment relies on clarity and coaching conversation. It can only be sustained when individuals find meaning in their work, feel aligned with the organisation's values and supported in their personal goals. Everyone is driven by different values, beliefs, and life purposes, and needs to find enough of what is important to them in their work to sustain energy and commitment.

**4. Culture** – Culture is clarity in action. The old saying 'culture eats strategy for breakfast' is still true. Culture isn't something that's created by writing it down; it's what is co-created through priorities, behaviour, and what or who is celebrated. The behaviour of leaders and managers is key because it's how people understand what is important. What leaders do on a day-to-day basis drives what will become, and if that isn't what is intended, then there is going to be a mismatch that will, in turn, undermine clarity and commitment.



## HR: The Hidden Engine Behind Engagement

Here's the twist: when strategies and transformations are created to increase productivity, engagement is often viewed as an implementation issue, rather than a key strategic driver of productivity. And HR is rarely seen as a key player in shaping productivity strategy. And yet HR holds keys to enabling all four Cs.

**Clarity:** HR designs roles and responsibilities with purpose.

**Conversation:** HR builds coaching capabilities across the organisation.

**Commitment:** HR aligns assessment, recognition, and development with values and purpose.

**Culture:** HR shapes systems, rituals, and rewards that reinforce the desired culture.

HR is uniquely positioned to drive performance through engagement. But only if it's empowered to act not just as a support function, but as a co-creator of strategy.

## Time for a New Productivity Playbook

If UK productivity is to rebound, it won't be because of the better use of technology or tighter workflows alone. It will be because organisations have learned to tap into the full potential of their people. That means putting engagement and HR at the heart of productivity strategy. Because engagement isn't just a "nice to have," it's the engine that



<sup>1</sup><https://www.telegraph.co.uk/business/2025/04/08/uk-suffers-unprecedented-fall-in-productivity-as-gap/>

<sup>2</sup><https://home.barclays/insights/2025/06/uk-business-productivity-ai/#~:text=Productivity%20is%20a%20key%20focus,productivity%20as%20a%20key%20priority>

<sup>3</sup><https://commonslibrary.parliament.uk/economic-update-uncertain-times-for-business/>

<sup>4</sup>CIPD: Employee Engagement, Definitions measures and outcomes

<sup>5</sup><https://www.hrdconnect.com/2024/11/15/lack-of-budget-and-technical-skills-holding-uk-businesses-back-from-improved-productivity/>