

PRODUCTIVITY AND SUSTAINABILITY: ARE THEY THE SAME THING?

PAPER #3 OF THE MCA PRODUCTIVITY CAMPAIGN



PRODUCTIVITY AND SUSTAINABILITY: ARE THEY THE SAME THING?

Paul Connolly, MCA Think Tank Director, argues that an emphasis on consumer outcomes and value creation could orientate productivity more convincingly towards sustainability.

The term 'productivity' can sometimes evoke grim macro-industrial images. Soviet five-year plans were about meeting production targets. Meeting those targets was usually discussed in productivity terms. Of course, coercion, including slave-labour, longer hours, terrible conditions, and the corralling of ever more workers into the system were the true hallmarks of Stalinist planning. Nevertheless, there were productive dimensions in play, such as new plant and widespread electrification.

However, this image of Moscow bureaucrats screaming 'More Coal!' down the telephone to regional managers and commissars is an extreme end of the spectrum of output obsession, which may be an unhelpful way to understand productivity. In the Soviet Union, goods produced under such conditions were often defective, of poor quality, prone to malfunction.



Coal mined by hard-pressed Stakhanovites was often not distributed or consumed. It was stockpiled, mislaid, even stolen. Production for the sake of production is poor value-creation.

And staying with coal, its image has of course changed. From the bedrock of economic progress it is now widely seen as a dirty, carbonising pollutant. For coal, we might substitute any number of consumer goods, such as cars, whose production and/or usage consumes significant non-renewable resources. Or we might think of those goods made from or wrapped in plastics. An unsophisticated vision of productivity is one in which more goods are produced for a given input ratio. But not only might these goods lack markets. They might also run down the world's resources or harm the environment.

Concern with these issues is intensifying. Consumers – and, as the reaction to the BBC's *Blue Planet II* shows, not exclusively young ones – are increasingly impatient with unsustainable production. [The MCA's report, Low Carbon, High Growth, examined some of these issues.](#) The sharing economy, circularity, and sustainable sourcing were all identified as potential growth areas for businesses to focus on given changing societal expectations and consumption patterns. These models are becoming more widespread. And they challenge traditional productivity thinking. Online platforms to promote sharing of under-utilised hardware, such as domestic tools, are attractive for consumers. But they present significant problems for hardware manufacturers.



However, sustainability intersects with productivity in one important respect.

Both are concerned with waste. [In this article, Bourton Group define eight types of waste in the productive process.](#)

Indeed some commentators are willing, with qualifications, to equate productivity and sustainability. Davide Stronati, an expert in sustainability at Mott MacDonald, argues that the terms "are synonyms in many evident aspects". One obvious sustainability mantra is to produce more for less. This is itself a good definition of productivity. But he also argues that there are opportunities for innovation "where the alignment between the terms is less clear". [In this article, he](#)



challenges of the productivity/sustainability relationship in more detail.

Davide Stronati suggests that retaining a focus on sustainability can counteract the temptation to pursue productivity by reducing environmental or safety standards. This inevitably brings us to regulation. Of course policymakers need to tackle these questions. As we will discuss in a later article, government has a role to play in refashioning the statistical assumptions underpinning productivity. For example, productivity measures could include



But meantime, there is no reason why businesses, seeking a competitive advantage with environmentally aware consumers, should not take a lead. By accenting where its productivity approach embeds circularity and reuse, decarbonisation, or reductions in plastic dependency, a business could significantly enhance its brand value. Furthermore, an emphasis on consumer outcomes and value creation could orientate productivity more convincingly towards sustainability. This would play out most obviously in the pursuit of digital alternatives to traditional modes of value-creation or fulfilment. Yet even in the case of the most inalienably physical products, a narrative that stresses the productive consequences of reducing package volumes or reusing product packaging and components could provide competitive advantage. It could also start a process we think is essential for the UK's productivity success and which we will discuss in a later article: detoxifying the term 'productivity'.



The Management Consultancies Association (MCA) is the representative body for management consultancy firms in the UK and has been at the heart of the UK Consulting Industry since 1956.

The MCA's mission is to promote the value of management consultancy for the economy and society as a whole. The MCA's member companies comprise over 50% of the UK consulting industry, employ around 45,000 consultants and work with over 90 of the top FTSE 100 companies and almost all parts of the public sector. The UK consulting industry is amongst the best in the world and a vital part of the business landscape.