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Rethinking productivity: Understanding how value is created in the modern organisation

Roundtable discussion paper

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How do we understand productivity?

Productivity is not only your colleagues' level of output or your year-on-year revenue. It needs to be understood through daily experiences, unique to your own workplace: whether hybrid working helps you focus or reduces your connection to others, whether daily tools remove complications or increase the noise, or whether you feel supported by your manager and the people you are surrounded by daily. If these factors are not considered, a workplace can chip away at mood and focus, reducing engagement and productivity.

This paper was designed for a cross-industry roundtable, bringing together perspectives from corporate real estate, property advisory, facilities management, construction, insurance, recruitment, project and programme management and large enterprise. Each of these sectors differs, so productivity should be measured and defined on each sector's own terms.

I hope that when you read this paper, you will see research you agree with, and research you want to challenge. Maybe these sources will prompt you to review your own workplace strategies, so you change your hybrid working policy, trial new task-management technology or streamline your processes to boost employee engagement. The organisations willing to sit with this evidence, including its contradictions, rather than settle for one convenient metric, will be the ones that get closer to understanding what is really happening in their business.



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Executive summary

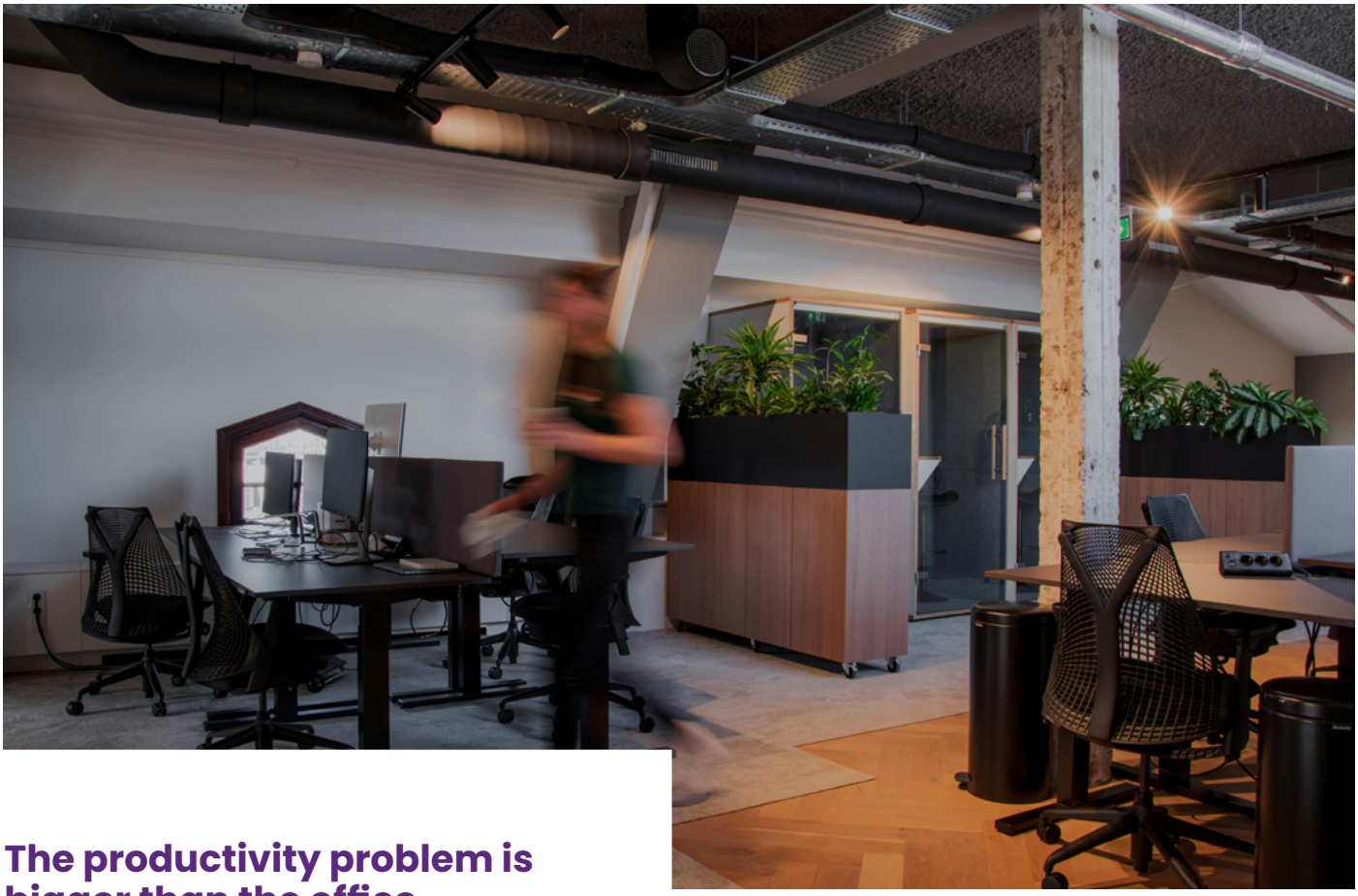
Currently, the UK faces a productivity challenge. Some specialists pin this downward trend on hybrid working after the pandemic, but ONS analysis identifies the initial break in the UK's productivity growth trend around the 2008 global financial crisis. In the final quarter of 2025, output per hour was only 2.4% above its 2019 average.

Productivity is shaped by several factors. Take hybrid working: explorations of its impact on productivity have led to mixed results. A large, randomised trial at Trip.com found that two home-working days per week reduced attrition by roughly one third without damaging measured performance, but that research did not settle questions about learning, culture, creativity or long-term organisational capability.

In terms of technology, it can increase both task productivity and organisational noise. Research on generative AI has recorded sizeable productivity gains, measured as "issues resolved per hour," in defined tasks, particularly for less experienced workers. Microsoft telemetry, meanwhile, describes AI as both the solution and a confounding factor of the intensely interrupted average workday, with distractions every two minutes and seemingly "infinite" tasks.

But time at work should not be conflated with productive capacity. The UK four-day-week trial reported broadly stable revenue alongside lower burnout, sickness absence and staff turnover. Yet many participating organisations also had to redesign meetings and processes for it to work.

Engagement is associated with performance, but it is not a simple independent variable. Gallup's 2026 report found that only 20% of employees globally are engaged, with Europe at 12%. All these factors do not exist in isolation. Rather, they tell us that productivity is systemic: it is defined by how people, place, process, technology, management, organisational design, time and attention interact. And these interactions can either streamline the workday, or create tensions.



The productivity problem is bigger than the office

The Office for National Statistics identifies a clear break in the UK's productivity growth trend around the 2008 financial crisis. Its latest full-year context available for this paper shows output per hour in the final quarter of 2025 only 2.4% above the 2019 average. The national productivity problem therefore cannot credibly be explained by hybrid working alone.

For property, construction, facilities, technology and enterprise leaders, this changes the starting question. Capital investment, skills, management quality, innovation, technology adoption, regulation and sector mix all influence productivity. Workplace can be an enabler or inhibitor, but it is not the whole equation.

Productivity is not one thing

There are at least four levels of productivity:

1. Individual productivity may be measured through tasks or output per hour.
2. Team productivity may be reflected in cycle time, service levels or milestone reliability.
3. Organisational productivity may be seen through revenue, margin, innovation and customer outcomes.
4. Economic productivity is typically measured through output per hour or similar national measures.

Evidence at one level should not automatically be treated as evidence at another. A person can become more efficient while the organisation becomes less effective. A team can hit its targets while creating delay elsewhere. An office can be well utilised while the people inside it are doing low-value work.

Six tensions in the evidence

1 Tension one: Hybrid work can preserve performance, but what does it not measure?

In a randomised controlled trial involving 1,612 graduate employees at Trip.com, hybrid working did not damage performance ratings, promotion outcomes or the available measures of output. Resignations fell by roughly one third and employees reported greater satisfaction. This is unusually strong causal evidence. Yet it has boundaries. The study excluded interns and employees in probation because on-site learning and mentoring were considered particularly important. It was conducted in specific professional functions within one company. Measurable performance is not necessarily the same as long-term organisational learning, social capital or innovation.

2 Tension two: AI improves task productivity, but can local gains create system-wide value?

A field study of 5,179 customer-support agents found that access to a generative AI assistant increased issues resolved per hour by 14% on average. The gain was 34% for novice and lower-skilled workers, while highly experienced workers saw comparatively little benefit. The authors also found evidence of improved customer sentiment and retention.

This is compelling evidence that AI can raise measured productivity in defined tasks. It also complicates the debate. A task completed faster is only valuable if the task itself should be done, its output is reliable, and the organisation can convert saved time into higher-value activity.



3 Tension three: Technology removes friction and creates it

Microsoft's 2025 Work Trend Index used aggregated Microsoft 365 signals to describe an increasingly fragmented knowledge-work day. Its analysis reported an interruption from a meeting, email or chat roughly every two minutes during core hours for the population analysed, with 275 pings across the full day for the highest-volume users.

The statistic should not be read as proof that every notification causes a two-minute cognitive interruption, and Microsoft's telemetry excludes EU tenants. Nevertheless, it exposes a real organisational tension: the same digital infrastructure that makes distributed work possible also lowers the cost of interrupting colleagues.

4 Tension four: Fewer hours can sustain output, but the mechanism matters

The UK four-day-week pilot involved 61 organisations and around 2,900 employees. Participating organisations reduced working hours by 20% without reducing pay. Among the 23 organisations providing comparable revenue data, average revenue rose by 1.4%. Employees reported lower burnout and stress; sick days fell by 65% and staff departures by 57% compared with the same period in the previous year.

The result is provocative, but it should not be simplified into the claim that four days are inherently more productive than five. Organisations volunteered for the programme, sectors varied, and the intervention frequently involved deliberate redesign of meetings, communication and workflow. An alternative interpretation is that the trial exposed how much low-value activity had accumulated in the conventional week.

5 Tension five: Engagement is important, but is it cause, consequence or both?

Gallup's 2026 State of the Global Workplace reports that global employee engagement fell to 20% in 2025. Europe was markedly lower at 12%. Gallup estimates that low engagement represented around US$10 trillion in lost productivity globally.

The relationship is commercially important, but engagement is not a single lever. High-performing teams may become more engaged because they have clear goals, good managers and successful outcomes; engaged teams may also perform better. Both mechanisms can operate together. A high-quality workplace cannot indefinitely compensate for unclear priorities, poor management or dysfunctional processes.

6 Tension six: Presence is easy to count; value is not

Attendance, occupancy and utilisation are useful operational measures. They help organisations understand demand, capacity, cost and patterns of use. Their weakness appears when they are treated as proxies for performance.

An occupied desk says that somebody is present. It does not tell us whether the person is concentrating, collaborating effectively, making a better decision, developing a colleague or creating commercial value. Equally, low occupancy does not prove low productivity. Workplace data alone doesn't tell the whole story; it needs to be connected to business outcomes.

The cross-industry test

A useful productivity model must survive contact with very different forms of work.

In **corporate real estate and property**, productivity may mean business value from the estate, experience and location. Utilisation is useful, but only becomes strategically powerful when connected to cost, retention, team outcomes, service and decision speed.

In **facilities and workplace services**, productivity may mean a reliable, frictionless environment that allows the core organisation to perform. Service activity is measurable; the business value created by removing friction is harder to isolate.

In **construction**, productivity may mean safe, predictable delivery with minimal waste, rework, and delay. Labour hours matter, alongside sequencing, hand-offs, design decisions and programme certainty.

In **insurance and large enterprise**, productivity may be expressed through the quality and speed of judgement, customer outcomes and risk control. Volume without quality can be actively destructive.

In **recruitment, a placement** is an output, but the more meaningful productivity question may be how quickly the person becomes effective, how long they remain and whether they improve organisational capability.

In **project and programme management**, reporting activity can create an illusion of control. The stronger measures may be the benefits realised, decisions accelerated, dependencies resolved and change successfully adopted.

In **technology**, adoption is not the same as productivity. The important question is whether technology reduces task time, defects, rework and friction, and what the organisation does with the capacity released.



Has productivity actually changed?

Knowledge work has made value less observable. Hybrid work has separated work from a single location. Digital collaboration has increased the volume and speed of interaction. AI is changing the relationship between expertise, experience and output. Organisations are trying to measure these changes with a mixture of industrial-era efficiency measures and newer experience or utilisation metrics.

This may explain why apparently contradictory findings can all be true. Hybrid work can preserve measurable individual performance while creating concerns about mentoring. AI can improve task speed while increasing the need for quality control. A better office can improve experience without fixing poor management. Fewer hours can maintain output when low-value work is redesigned out of the system.

Discussion framework

Purpose and outcomes: clarity about what value the organisation is trying to create.

People and capability: skills, experience, energy, motivation and management.

Process and governance: workflow, approvals, hand-offs, meetings and decision rights.

Place: physical environments that enable concentration, connection, learning and specialist activity.

Technology and data: tools that remove friction, augment capability and make useful evidence visible.

Time and attention: the finite cognitive resource consumed by interruption, coordination and complexity.

This model deliberately does not place the office at the centre. Nor does it place AI, wellbeing or management. It proposes that productivity is an emergent property of the system.

The practical task is to understand where friction is occurring and whether improving one component changes the performance of the whole.

Questions to bring into the room

- If the productivity slowdown began more than a decade before mass hybrid working, why has location become such a dominant explanation?
- Does the hybrid debate contain a false choice between measurable individual performance and less measurable organisational capability?
- Will AI remove work, improve work, or simply allow organisations to do more low-value work faster?
- Have we automated communication faster than we have redesigned decision-making?
- Is the four-day-week evidence really about working less, or about designing work better?
- Is engagement a driver of productivity, an outcome of productivity, or both?
- Are we answering a productivity question with an occupancy metric?

Final thought

This paper draws on a wide range of sources and statistics, but it resists a single conclusion. If there is one thread running through it, it is that evidence about productivity rarely travels well. What positively influences productivity in one context does not automatically hold in another.



Yes, productivity can be measured by presence, hours worked or activity, but if we want to improve it, we need to understand where value is really created, and importantly, where it gets lost. That relies on industry-specific evidence, so we can explore whether an intervention has actually made things better.

This evidence should tease out the real experiences of leaders, to explore where apparently sensible measures may be producing the wrong behaviours, where friction is hiding, and where better-connected data will improve decisions.

The most useful question leaders can ask themselves is no longer: How productive are our people?

It should be: **How effectively does our organisation convert people's time, capability, technology and environment into value?**

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