

## *Referendum 184*

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*Research report by the Forum of Private Business (FPB)*

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## Methodology

The Forum of Private Business (FPB) is a company limited by guarantee and was founded in 1977. It is a formal representative of small and medium-sized businesses in this country and represents 25,000 smaller firms, which in turn have a total of 600,000 employees.

The FPB's quarterly newsletter for members, *Referendum*, includes a ballot and is sent out to approximately 7,500 owners of smaller businesses. The importance of these businesses cannot be underestimated as they are important generators of wealth for UK plc as well as being an effective barometer of the national business climate. Responses to the ballot are sent to MPs, MEPs and members' local representatives in the Scottish Government and National Assembly for Wales.

Members were asked to respond to three statements, indicating whether they 'agree', 'disagree' or 'do not know' for each of the following:

- Q1. Granting temporary workers the same rights as permanent staff will seriously impact on the sustainability of smaller firms.
- Q2. It is important that changes to the dispute resolution process reduce the administrative burden on employers.
- Q3. Administering the Government's proposed 'Personal Accounts', to be introduced in 2012 with the Pensions Bill, will significantly add to my administrative burden.

A total of 541 business owners responded. Overall, the profiling of respondents reflects our membership in terms of geography, size of business and type of business.

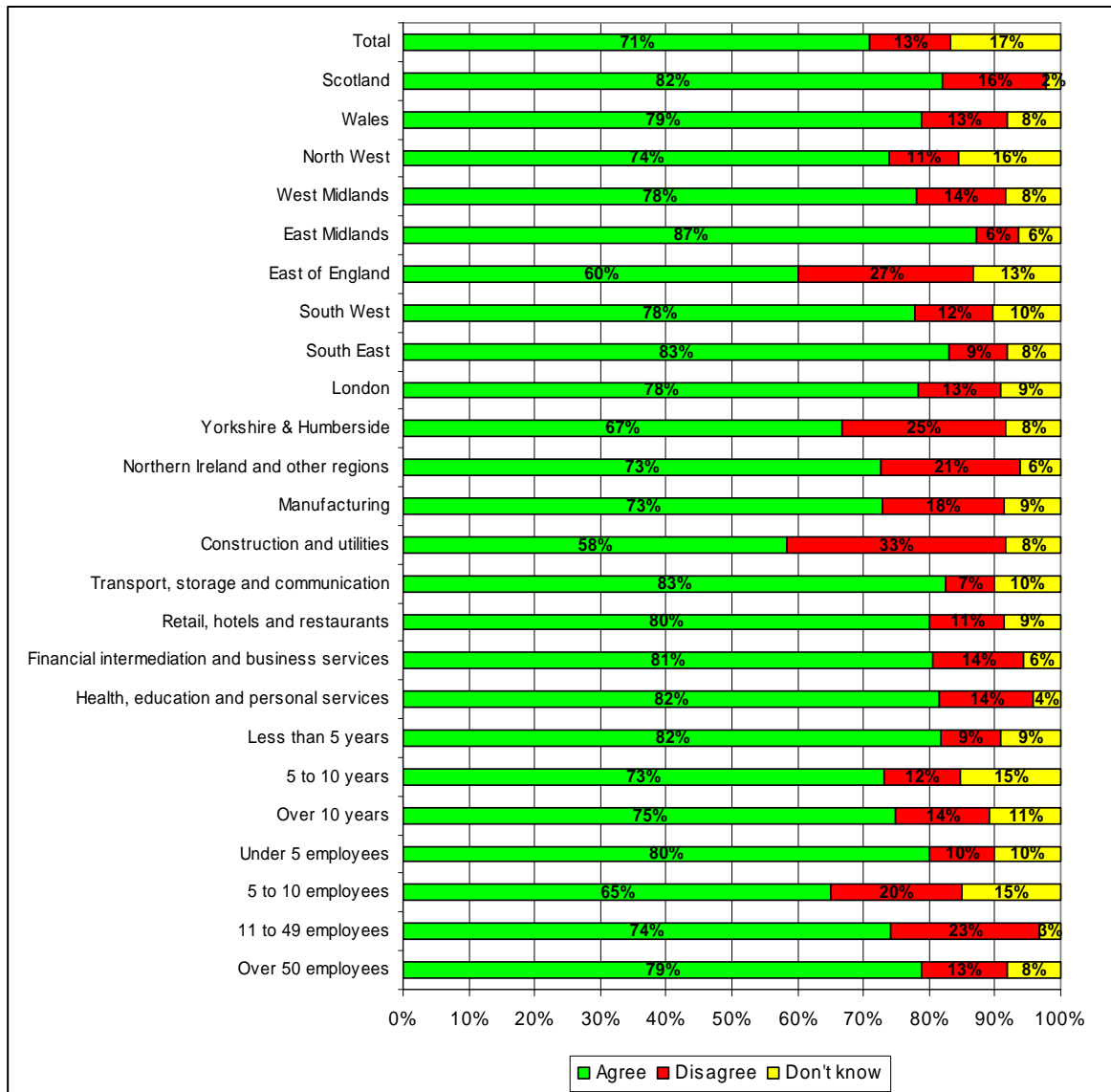
### Overview of responses to *Referendum 184*

Questions		Agree	Disagree	Don't know
Q1	Granting temporary workers the same rights as permanent staff will seriously impact on the sustainability of smaller firms.	78.7	13.1	8.1
Q2	It is important that changes to the dispute resolution process reduce the administrative burden on employers.	92.2	3.1	4.6
Q3	Administering the Government's proposed 'Personal Accounts', to be introduced in 2012 with the Pensions Bill, will significantly add to my administrative burden.	81.7	8.5	9.8

**Q1. Granting temporary workers the same rights as permanent staff will seriously impact on the sustainability of smaller firms.**

In total, 71% of respondents agreed with the statement, whilst 13% disagreed and 17% were uncertain. The construction industry showed the highest levels of disagreement; however, this may reflect the structure of the industry, which is heavily based on using sub-contractors and is male-dominated, marginalising one main scenario for employing temporary workers for more than three months, that of covering for an employee on maternity leave.

**Results for Q1 analysed by region, industrial sector, age of business and size of business**



The main reasons for agreement include:

- The economic climate is not right for this additional burden on small businesses.
- Any increase in costs at the present time affects the viability of their businesses.

- There are too many regulations being brought in and businesses need to catch up.
- It would not allow the business to meet short-term increases in workload for some contracts.
- All it would mean is increased reliance on current staff, requiring them to work more hours.
- It would erode the trust with long-term staff and, in effect, make them feel devalued.
- The main impact on businesses would be in terms of maternity leave, which may reduce the likelihood of employing women in the future.
- Temporary staff do not give the same commitment or understand the business's products in the same way as permanent staff.
- It should apply only to larger companies, which can afford this additional cost.
- It will remove the flexibility of taking on temporary workers, which is, the reason for employing them.
- Temporary workers already get paid a premium and this will not make them cost-effective.
- It will further erode competitiveness in the global market.
- All it will do is mean that temporary workers are used for short periods only.
- It should be up to agencies and not to the employers who are taking on temporary workers to provide these rights.
- It will mean an end to the current period of three months' probation, at which point individuals who have performed adequately will receive additional incentives.
- Businesses will be unable to afford the cover for employees on long-term sickness absence.
- There is a significant pool of temporary workers who do not want to be permanent.
- Permanent workers are believed to have too many rights already and these should not be extended to temporary workers.

The main reasons for disagreement include:

- We will simply not take on work placements, seasonal workers such as students, or other temporary workers.
- We would not employ people for that period of time without making them permanent.
- A level playing field is needed and failure to grant these rights would create a two-tier system.
- This will encourage employers to take on more permanent workers.
- Temporary workers are currently paid a premium for their flexibility and this would change.

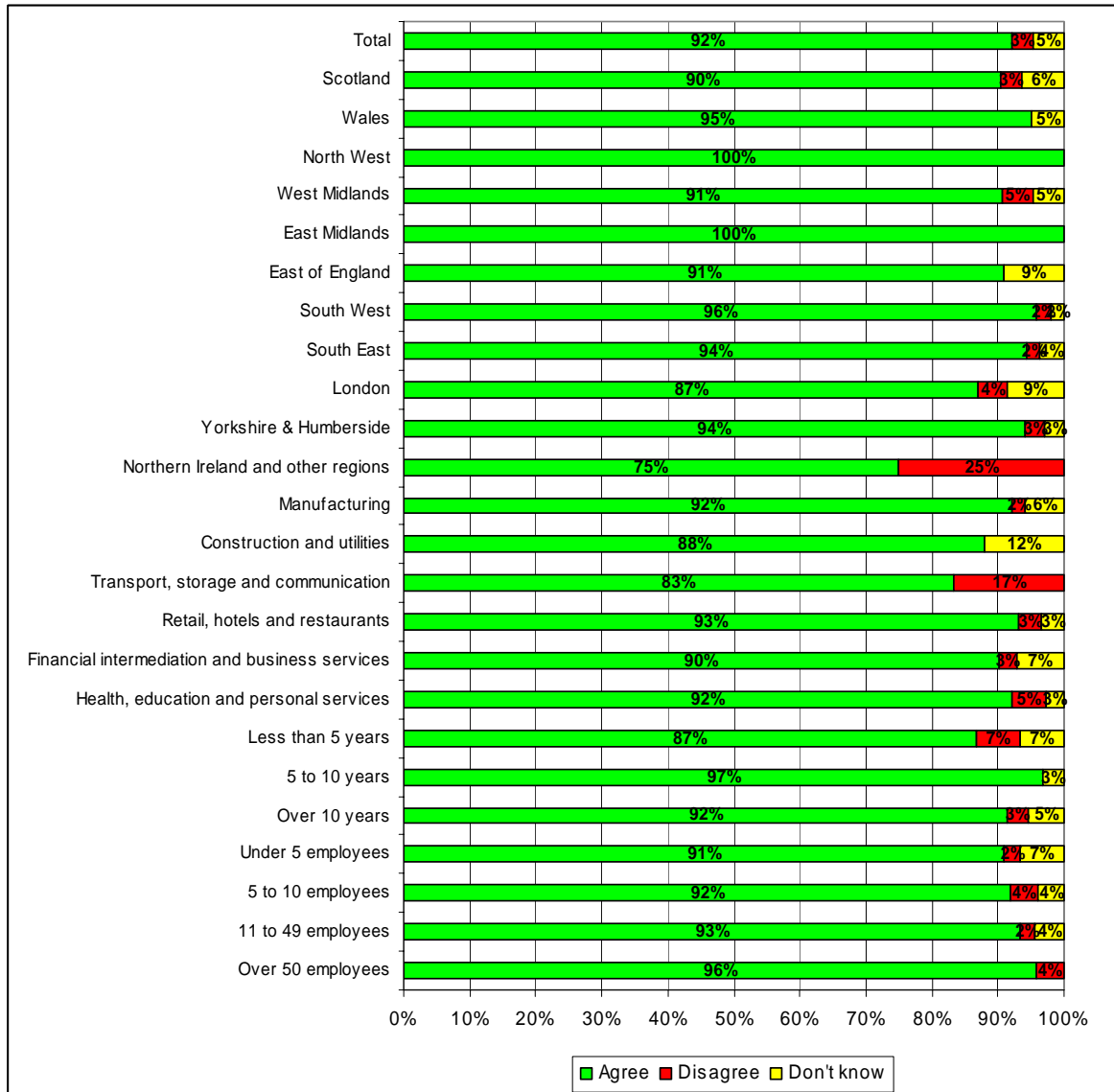
The main reasons for uncertainty include:

- Not applicable to the business.
- Uncertainty over what classifies a temporary worker.
- Personal empathy with individuals forced to do temporary work, in terms of providing for their families, but as an employer believing this is another cost to the business.

**Q2. It is important that changes to the dispute resolution process reduce the administrative burden on employers.**

92% of respondents agreed with this statement, with 2% disagreeing and 5% unsure. The majority of those who disagreed simply did not believe that reduction of the administrative burden on employers was possible. Many who agreed with the statement did not believe that this would actually happen.

**Results for Q2 analysed by region, industrial sector, age of business and size of business**



The main reasons for agreement include:

- The current system has to be made simpler and easier to understand.
- The current system is a tremendous strain on management resources and puts other employees' jobs in jeopardy as a result.

- Employers cannot win in these disputes and the best solution is to resolve them as quickly as possible.
- The current process is anti-employer and pro-employee as it stands, so needs reform.
- The current system is inappropriate for small businesses, where flexibility and sorting our problems quickly are part of the small business culture.
- Problems do not happen with good workers and there is no disincentive on bad workers to stop them causing trouble.
- The current costs for the process (£1,000 was quoted by two businesses) are too much for businesses to pay when the employee gets free support from organisations such as the Citizens Advice Bureau.
- Most small companies will never be able to afford a dedicated HR department.
- The procedures have to be made simpler as small businesses are suffocating under the burden of bureaucracy and will go out of business without regulations being made simpler.
- All procedures should be simple.

The main reasons for disagreement include:

- The Government will make it too complicated, which will lead to greater cost and less transparency.
- The dispute resolution process puts too much onus on the employer and the employee should take more responsibility.

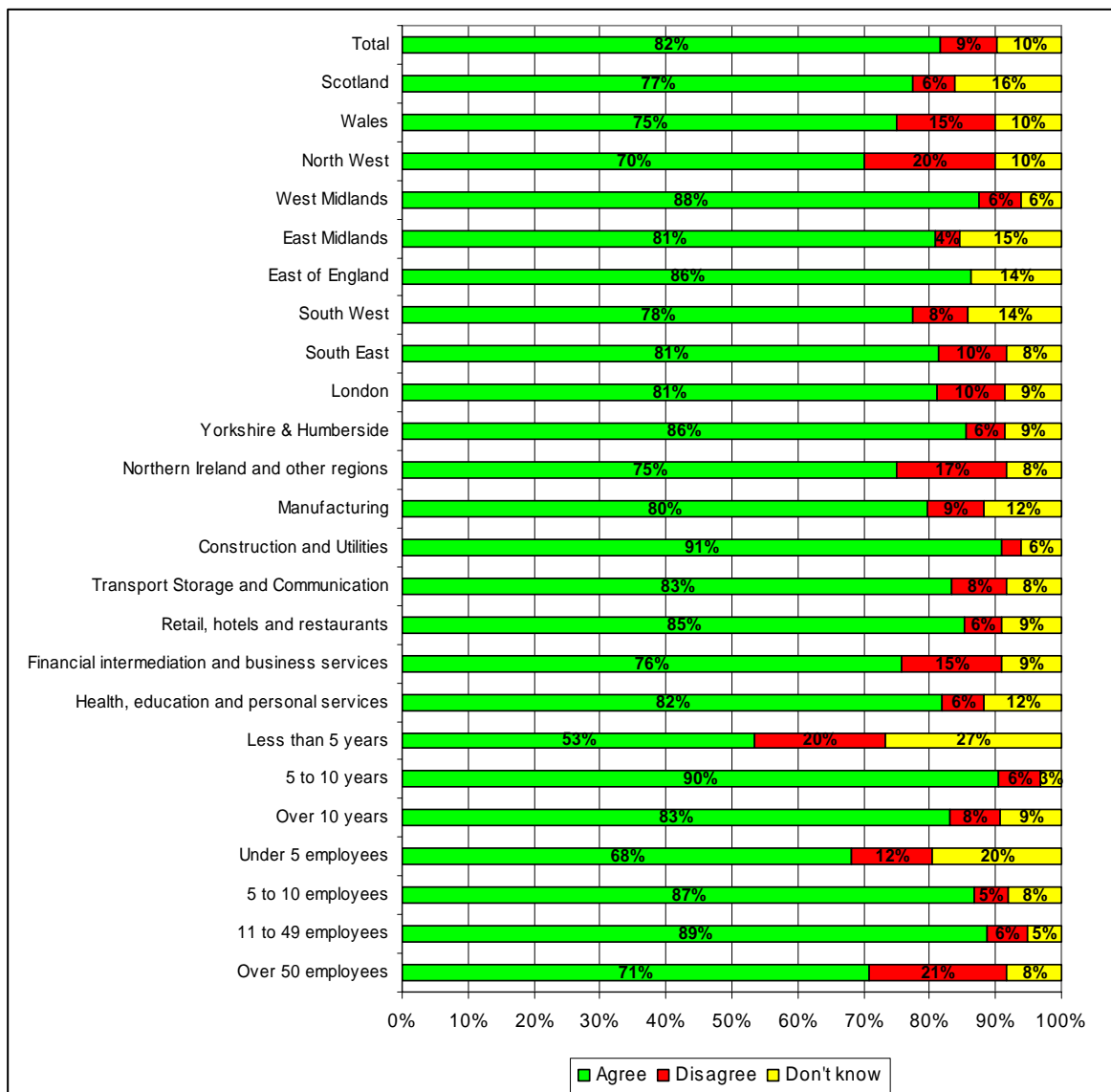
The main reasons for uncertainty include:

- Never had any disputes.

**Q3. Administering the Government's proposed 'Personal Accounts', to be introduced in 2012 with the Pensions Bill, will significantly add to my administrative burden.**

82% of businesses agreed with this statement, compared to 9% who were uncertain and 10% who did not know. Companies set up within the last five years were most likely to be uncertain about the 'Personal Accounts'. Companies with between 5 and 49 employees were most concerned about the administrative burden, whilst larger companies and those with limited numbers of employees were most confident that they would be able to deal with the paperwork.

**Results for Q3 analysed by region, industrial sector, age of business and size of business**



The main reasons for agreement were primarily the cost to small businesses (41% of those who provided a comment) and the time taken to deal with the administrative burden (32%). In some cases, respondents hinted at closing their businesses or having to force staff to forgo pay increases as a result.

Other reasons include:

- Reluctance of employees to contribute to pensions.
- The company's current provision is a more generous pension scheme for its staff, but this is going to be incompatible with the system suggested by the Pensions Bill.
- The Government is pushing its responsibilities onto small businesses and the belief that people should take the responsibility for their own financial provision.
- The poor performance of pensions and lack of trust in them in the past.
- The legal responsibility for providing a pension.
- The previous raid on pension funds in 1987.
- Annoyance at MPs preaching to small businesses about pensions when their own pensions are beyond the means of any private companies, even blue chip organisations.
- Concerns over competitiveness as small businesses will lose out to the self-employed, who may get round the current legislation.

The main reasons for disagreement include:

- The business already provides a pension scheme that is more generous than the current minimum standards.
- Pensions should be enforced and move with the employee, but contributions should be made by employees, employers and the Government.
- Once a system has been devised, it can be incorporated into the payroll system.
- The real problem is whether it will be worthwhile for low-paid workers.
- The real problem will be resentment from employees when their wages are docked to pay for their enforced pensions.

The main reasons for uncertainty include:

- Lack of knowledge of the proposals.
- The company has a pension scheme, but is unsure whether it is compliant.
- The company would treat the enforced pension as part of the pay deal, but the owners are unsure what effect that would have.

## Results from previous *Referendum* ballots

Referendum	Number of responses	Area of research	Agree	Disagree
183 - Q1 2008	610	England and Wales should follow Scotland's lead and allow more businesses to qualify for Small Business Rate Relief	84%	10%
		A tax incentive would encourage me to invest in sustainable initiatives for my business	78%	11%
		I am confident that the 2008 Budget will address the concerns of smaller businesses, having a positive effect on my business	4%	82%
182 - Q4 2007	529	The Government's regulatory simplification plan should be extended to include policy costs	83%	4%
		The UK has become a worse place for smaller businesses to do business as a result of the tax regime	97%	2%
		The Government should appoint a watchdog to oversee the retail sector	76%	11%
181 - Q3 2007	599	The Government should focus on 'employability' within further education courses	62%	23%
		Proposals for supplementary business rates is a system open to abuse	83%	13%
		The Small Business Forum should have the same access as the new Business Council	95%	2%
180 - Q2 2007	543	There should be a small business lease	81%	7%
		Business-owners should be able to provide evidence to Office of Fair Trading and Competition Commission with agreed anonymity	74%	6%
		Pricing in Proportion has had a negative effect on my business	42%	26%
179 - Q1 2007	579	Introduction of a verification procedure within the legislation for additional paternity leave	62%	29%
		A focus from Government on the health and welfare of the workforce	36%	49%
		Acas being involved earlier in the dispute resolution process	61%	19%
178 - Q4 2006	622	Linking the National Minimum Wage to the Retail Price Index	53%	32%
		Government setting aside a percentage of public procurement to be competed for by small firms only	67%	14%
		Tax incentive for employees who do not have professional qualifications to continue their professional development	71%	17%
177 - Q3 2006	472	Top 5 administrative employment regulation burdens:		
		Health and safety	30.3%	
		PAYE/NI	25.1%	
		Maternity/paternity	11.0%	
		Dismissals/redundancies	9.4%	
		Absence/sickness	7.4%	
176 - Q2 2006	692	An extra bank holiday should be introduced	61%	34%
		A more simplified planning system is required	62%	25%
		Intellectual property being recognised on the balance sheet is needed	24%	43%
175 - Q1 2006		Government closing the offshore VAT loophole	95%	2%
		Local authorities having a code of practice for smaller businesses	54%	25%
		Government's commitment to reduce the rising compensation culture in the UK	74%	9%