

Separating CBI myth from reality

On Europe

The CBI's last annual employment trends survey published in September 2003, argues that the prospect of further employment regulation, especially from the EU threatens to undermine the UK's flexible labour market and will strangle UK job creation.

The facts

From 1980 to 1995, the main era of deregulation, privatisation and declining levels of collective bargaining in the UK, unemployment was higher in the UK than in the highly regulated economic area of the Eurozone. UK unemployment rates have only significantly declined during the latter period of the 1990s thanks to the introduction of European employment and social legislation via the UK's commitment to the Social Chapter.

Amicus say that greater employment protection in the UK, on a par with that in continental Europe will safeguard even more UK jobs. We are campaigning for stronger employment legislation that will stop UK workers being cheaper and easier to sack and so more vulnerable when multinational companies want to make job cuts.

On productivity

The employers claim that greater regulation not only leads to higher levels of unemployment, but that it also stifles productivity. They claim that Europe must grasp the neo-liberal economic model of the US to remain competitive and secure high levels of productivity similar to those achieved in the US

The facts

The highly regulated workforces of Germany and France have not only eliminated the substantial historic US lead in workplace productivity (GDP per hour), they have actually pulled ahead. Furthermore, between 1992 and 2002, the US lost ground to almost every other regulated European economy in terms of GDP per hour – the most effective measure of productivity. By 2002, 8 of the 15 EU economies – Luxembourg, Belgium, Italy, Netherlands, France, Ireland, Denmark and Germany – had higher workplace productivity than the US. In fact the most notable absence from that list is the UK, which has responded to the CBI's demands for low regulation and the adoption of a 'flexible workforce'.

On the Temporary Agency Workers Directive

The CBI claim that the proposed directive would destroy 160,000 employment opportunities, which are vital routes into work for the unemployed, working mums and ex-offenders.

The facts

If regulated, temporary agency workers could be used to create an effective flexible workforce which benefits the needs of business, ie to deal with occasional crises in production or service, to alleviate production problems during peak demands and to cover employee absenteeism or maternity/paternity leave, long term sickness and parental leave.

If temporary and agency workers are not awarded equal terms and conditions to permanent employees from day one of their employment, unscrupulous employers will be given the competitive advantage of circumventing the law by repeatedly employing temporary workers.

Working Time Directive

The CBI believes that the UK should continue to operate the opt out. They say that removing the opt out would stop thousands of people working overtime and remove vital flexibility for employers. They say that employers do not abuse the opt-out option and can be justified by the lack of complaints and tribunals over the issue.

The facts

Amicus believe that many employers have abused the 'opt out' option, subjecting their employees to work unnecessarily long working. This situation not only has detrimental effects in the health, well being and family life of many workers, it also has a negative impact on workforce productivity.

Pension compulsion

The CBI believes that the voluntarist approach to occupational pension schemes should be kept and that business has no responsibility for the pensions crisis.

The facts

According to figures from the Inland Revenue, between 1987-88 and 2001-02, firms saved £18.57 billion in reduced or suspended contributions which amounts to savings of around £4,000 per employee scheme.

Clearly had that level of funding gone into schemes on behalf of members then we would not be seeing the increased cost pressure on schemes we are today.

Amicus is campaigning for compulsory contributions which will allow pension funds – final salary, money purchase, or stakeholder – to accrue significant enough funds over time to provide greater security for members and less volatility for employers. Progressive and enlightened employers also understand the value of a good occupational pension scheme for the recruitment and retention of a loyal workforce.

Gender pay gap

The CBI claim that there is no need for legislation to force companies to conduct mandatory equal pay audits. They have suggested that the causes of the pay gap relate to the career choices that women are taking.

The facts

The reality is that the gender pay gap nationally remains a staggering 18%. This is clearly unacceptable and organisations must take steps to address it.

Amicus believes that unless legislation is introduced to compel companies to conduct equal pay reviews, the gender pay gap will not be closed. It is evident that most companies are simply choosing continue to ignore this key equality issue. The business case for employers to take action to address the issues that prohibit the progression of women above the glass ceiling are indisputable.

Amicus will sustain its' campaign for organisations to conduct equal pay reviews. Moreover, we will continue to work with companies to implement policies and initiatives to address the issues that contribute to the pay gap i.e. improved childcare facilities, flexible working opportunities, mentoring schemes etc. It is vital that the government and trade unions provide guidance to employers and unions to take action to advance women in the workplace.