



S E R V I C E

117 Too much cash directed to shareholders
Economy perks up

118 Discrimination as mothers lose jobs
Union reforms could harm productivity

119 Union political funds
Fit note fails to deliver

120 Labour disputes in 2014

Annual Subscription £84.50 (£71.50 for LRD affiliates)

Volume 77, Issue 30, 30 July 2015

Too much cash directed to shareholders

The Bank of England's chief economist has said that business investment has been lower than was "desirable" for years and shareholder power was leading to slower growth,

UK businesses were giving too much money to shareholders and not investing enough, Andy Haldane told BBC TV's *Newsnight* programme. He warned that firms were "eating themselves" by favouring shareholder dividend payouts over investing their profits.

Haldane said that in 1970, £10 out of each £100 of profits were typically paid to shareholders through dividends.

Today, however, that figure was between £60 and £70. That left far less money available for growth-boosting investment, Haldane argued.

Part of the problem is the nature of UK company law (and US law), which gives most decision making power to shareholders.

However, other models are available. Mr Haldane noted that other systems of corporate law give

greater weight to other stakeholders – such as employees and customers – than the UK system.

He argued that the model of the shareholder-dominated firm had been very successful over the past 150 years, but also said it was possible to "have too much of a good thing". With business investment low and productivity growth weak, it may be the time to look again at the model, Haldane said.

www.bbc.co.uk/news/business-33660426

Economy perks up

The UK economy picked up in the second quarter of the year, according to official figures.

The economy, as measured by gross domestic product (GDP), is estimated to have increased by 0.7% in the April-June quarter of 2015 compared with 0.4% growth in the first quarter.

Output increased in two of the main industrial groupings within the economy: services increased by 0.7% on the previous quarter when there was 0.4% growth and production increased by 1.0% against 0.2%.

Manufacturing output, part of the production, is estimated to have fallen by 0.3% in the second quarter on the previous quarter, after just 0.1% growth in the first quarter.

LABOUR RESEARCH DEPARTMENT

Published weekly by LRD Publications Ltd, 78 Blackfriars Road, London SE1 8HF. 020 7928 3649 www.lrd.org.uk

The Office for National Statistics said that GDP was 2.6% higher in second quarter, compared with the same quarter a year ago.

www.ons.gov.uk/ons/dcp171778_412372.pdf

Discrimination as mothers lose jobs

Thousands of new mothers are forced to leave their jobs due to discrimination, new research shows.

The study by the Equality and Human Rights Commission and the Department for Business, Innovation and Skills estimates that around 54,000 new mothers are losing their jobs across Britain every year – almost twice the number identified in similar research undertaken in 2005.

It also found that 10% of women were discouraged from attending antenatal appointments by their employers, putting the health of mother and baby at risk.

Other key findings of the study were:

- 9% said that they were treated worse by their employer on their return to work than they were before pregnancy;
- more than one in 20 (7%) said they were put under pressure to hand in their notice;
- when mothers were allowed to work flexibly, around half reported negative consequences, such as receiving fewer opportunities at work or feeling that their opinion was less valued; and
- the impact on younger mothers – those under 25 years old – is greater in many areas, with around 6% experiencing dismissal compared with 1% across all age groups.

Discrimination against pregnant women and those on maternity leave is unlawful under the *Equality Act 2010*. It is unlawful for an employer to treat a woman unfavourably because she is pregnant, is ill because of her pregnancy, is on maternity leave, has taken maternity leave or has tried or intends to take maternity leave.

However, the introduction of tribunal fees has been a barrier to justice for many women who feel they have discriminated against by their employer just because they are pregnant or a new mother..

The TUC's Frances O'Grady said: "Becoming pregnant should be one of the happiest times in a woman's life, not a period of anxiety and stress.

"These findings must not be swept under the carpet. The current culture of bullying, harassment and ill-treatment that many female workers experience must be consigned to the past."

She said the report should also act as a wake-up call to ministers. "If they want more employers to comply with the law they shouldn't be charging women up to £1,200 to pursue a pregnancy discrimination claim."

One in three mothers felt unsupported by their employer at some point while pregnant or returning to work is one of many other depressing findings from the study.

Nearly three in 10 said they were not allowed the flexibility they had requested during pregnancy; in term of hours (29%), start times (24%) or additional breaks (28%).

One in nine did not feel equally valued by their employer more generally (11%); or said they were treated less favourably in some other way by their line manager as a result of pregnancy (12%).

<http://www.equalityhumanrights.com/publication/pregnancy-and-maternity-related-discrimination-and-disadvantage-first-findings-surveys-employers-and-0>
www.tuc.org.uk/equality-issues/gender-equality/pregnancy-discrimination/new-report-shows-many-employers-are-denial

Union reforms could harm productivity

Restricting facility time for union representatives in the public sector would be counterproductive and may damage levels of trust between employers and employees and ultimately lower labour productivity, according to new research.

Tory proposals in the *Trade Union Bill*, which started its parliamentary journey into law on 15 July, include an attack on trade union facility time in the public sector, where union representatives are paid to carry out union duties.

However, joint research from professors of HR Management, Nick Bacon, from Cass Business School, and Kim Hoque, from Warwick Business School, found that public sector workforces performed better when a union rep was present in the workplace.

The research, based on the government-sponsored Workplace Employment Relations Survey data (WERS 2011), suggests that reducing trade union facility time is likely to have a detrimental effect on UK workforces, especially in the public sector,

where unions still have significant membership and support.

"Restricting facility time for union representatives in the public sector would be counterproductive and may damage levels of trust between employers and employees, reduce co-operation when introducing change to improve public services, increase labour turnover, increase the number of industrial tribunal cases, and result in lower levels of labour productivity, service quality and financial performance," said Hoque.

Two-thirds (66%) of union reps in the public sector state that they work closely with management when changes are being introduced; a figure that rises to 82% among full-time worker representatives.

When focusing on NHS workplaces in particular, the research showed that labour turnover was almost three times higher and the industrial tribunal rate 14 times higher in NHS workplaces without union reps compared to workplaces where reps were present.

And managers in NHS workplaces with union reps present were more likely to report higher productivity, greater quality of services and "better" financial performance.

"The steps laid out by the government do not appear to take into account evidence, using data the government itself has sponsored, pointing to the positive effects that workplace trade union representatives have in the public sector," Bacon said.

"Both full and part-time workplace union representatives help improve performance in the public sector and managers widely recognise this to be the case."

www.wbs.ac.uk/news/research-restricting-union-representative-facility-time-counterproductive/

Union political funds

The number of members contributing to their union's political fund has increased, according to the latest annual report of the union watchdog, the Certification Officer.

Twenty five unions had political funds with 4,954,606 members paying into the fund – an increase of 163,395 or 3.4% on the previous year. In most cases the Certification Officer's analysis covers 2013 and 2014, although unions will have since filed later annual returns.

Two unions – general union Unite and public service union UNISON – have over one million members paying a political levy: UNISON 1,193,255 members and Unite 1,187,023.

The total income of the political funds of the 25 unions was down by 0.4% to £23.97 million on the £24.07 million for 26 unions the previous year.

Total expenditure was up by 11.9% to £19.88 million from £17.77 million the year before.

Four unions spent over £1 million in the period covered by the union watchdog's annual report. UNISON spent £6.56 million, while Unite's spending was £4.79 million. The GMB general union spent £2.84 million and shop and distribution workers' union Usdaw £2.01 million.

The funds available in political funds grew over the year. For the 25 unions the total was up to £29.14 million – a 16.3% rise on the £25.06 million at the start of the year.

The annual report lists the 13 unions that balloted members on the political fund and all had substantial Yes votes. In both the GMB's and Community's cases 94% of members voted Yes.

www.gov.uk/government/publications/annual-report-of-the-certification-officer-2014-2015

Fit note fails to deliver

The government's flagship "fit note" scheme for getting people back to work has failed to deliver five years on from implementation, seriously hampering the UK's attempts to improve its sickness absence performance and reduce unnecessary sickness absence.

The findings come from a survey of 345 companies by EEF, the manufacturers' organisation and Jelf Employee Benefits. The survey finds that far from aiding economic growth and improving productivity by getting people back to work earlier, the situation has failed to improve.

According to EEF, only around one in eight GPs – 5,000 out of 40,584 – have been trained in health and work, while only a small sum has been spent on GP training compared to the £170 million the government has invested in the Fit for Work service over last five years.

www.eef.org.uk/about-eeef/media-news-and-insights/media-releases/2015/jul/government-fit-note-fails-to-deliver-5-years-on

Labour disputes in 2014

The number of working days lost to industrial action increased by over three-quarters to over three-quarters of a million, official figures show.

In 2014, 788,000 working days were lost in the UK from 155 stoppages of work arising from industrial action, the review of 2014 labour disputes published by the Office for National Statistics (ONS).

The days lost figure was 77.5% above the total lost in 2013 of 444,000, but still well below on the 2011 figure of 1.4 million when there was a small number of large-scale public sector strikes.

The overall number of stoppages of 155 recorded last year by the ONS was up by 41 in number or by over a third (36%) on the 2013 figure of 114.

Last year, there were 50 stoppages in the public sector down on the 2012 figure of 63. There were 64 stoppages in the private sector against 68 the year before.

In terms of days lost, the public sector accounted for nine out of 10 last year, up from eight out of 10 the previous year. However, there were only 68 stoppages in the public sector against 87 in the private sector.

The public administration and defence industry group had the largest number of working days lost – 390,300,000 – accounting for just under 50% of the working days lost in 2014.

However, this industrial group only accounted for 12.3% of all strikes (19), indicating that the number of workers taking part in these strikes was, on average, greater than other industry groups.

Education was in second spot with 312,800 days lost in 30 disputes.

Pay was once again the principal cause of disputes, as it has been over the past 10 years apart from 2009 and 2010 when in the recession redundancy was the main cause.

In 2014, nine out of 10 days lost were due to disputes over pay. Disputes over pay also include stoppages over feared or alleged reductions in earnings as well as disputes over the size of pay increases. And disputes over pension provisions are also classified as disputes over pay.

Information regarding labour disputes within the UK is collected by ONS from a variety of sources. Certain major industries and public bodies provide regular centralised returns, but more often the information is collected directly from the employer or trade union involved after ONS have identified disputes from press reports.

The statistics exclude disputes that do not result in a stoppage of work, for example work-to-rules and go-slows; this is because their effects are not quantifiable to any degree of certainty. Stoppages involving fewer than 10 workers or lasting less than one day are also excluded unless the total number of working days lost in the dispute is 100 or more.

Stoppages over issues not directly linked to terms and conditions between workers and employers are also omitted.

However, “lock-outs”, where an employer prevents their employees from working by refusing entry to the place of work, and “unlawful” or wildcat strikes are included. Nevertheless, no distinction is made between a “strike” and a “lock-out” or between “lawful” and “unlawful” stoppages.

www.ons.gov.uk/ons/dcp171776_411531.pdf

AVAILABLE NOW

SICKNESS ABSENCE AND SICK PAY

£8.45 a copy

Order online at www.lrd.org.uk or telephone your order on 020 7928 3649