

MIKE PITT, employment, company and commercial law specialist, of Oldham's Pearson Hinchliffe, examines what companies really think about employment law.

MORE red tape and burden on business, or the key to building trust and employee motivation? With another wave of employment rights set to become law in October, there is no let-up in the debate about the pros and cons of employment law.

There will always be employers who believe that any new regulation “gets in the way” of creating wealth. But over the last 10 or 15 years more and more Oldham employers have been telling me that employment legislation has helped their business to achieve its goals.

Now a national survey by the Chartered Institute of Personnel and Development (CIPD) and law firm Lovells backs up my anecdotal evidence from the local scene. Their research finds that two-thirds of British companies believe that employment law is a significant driver of change and half see it as an essential standard. Less than 15 per cent believe that employment law gets in the way or detracts from the real issues.

The employers nationally give the Disability Discrimination Act, the Race Relations Act, the Sex Discrimination Act and the right to request flexible working as specific examples of good employment legislation. All of these laws have had significant impact on the local employment scene and most of the employers I meet are positive about them.

But employers do have one major gripe – in Oldham and across the country. Most think that employment legislation is clumsily drafted and more than 40 per cent feel that it comes with too little Government guidance. This is the real “red tape” issue facing employers today. It could probably be solved if the Government consulted more with employers before drafting legislation, and showcased the business case for good employment practice.

Almost two-thirds of employers claim in the national survey that lack of resources – such as staff, time and budget – is a major challenge in implementing employment law effectively. Yet I see time and again that the best performing firms I visit are those that invest most in introducing and managing employment law.

Communication has an important role to play. Managers have to understand how the law affects their companies' objectives, and then communicate the benefits to employees. This can help not only to gain their trust, but also to ensure that they feel fairly treated.

Good communication can also help to prevent tribunal claims. Almost 70 per cent of organisations in the national survey received one or no claims over the previous year. There was an average of 2.5 tribunal claims per organisation. Despite the cost and effort involved in taking cases to a tribunal, 12 per cent of respondents said that they contested every claim as a matter of principle.

By failing to treat each case on its merits, these organisations are creating unnecessary work and expense. More importantly, they are undermining the very trust and motivation that the proper implementation of employment legislation can do so much to foster.