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BUSINESS REVIEW

Spotlight on issues
affecting business

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BUSINESS

REVIEW

REACTION TO THE PRIME MINISTER'S RESIGNATION

UK business groups have called for stability after Prime Minister Boris Johnson resigned as Conservative leader and the race to find a successor began.

Mr Johnson intends to remain as Prime Minister in a caretaker capacity until the Conservative party has elected a new leader. An economic speech set for 12 July, involving Mr Johnson and his Chancellor, to set out their approach to rising living costs, was cancelled.

Kitty Ussher, Chief Economist at the Institute of Directors commented, *"What business hates most is uncertainty and instability, which heightens the sense of external risk. Having said that, we recognise that this is an issue for the Conservative Party to resolve."* She said that the government's priority *"must be to give businesses the confidence to invest."*

Director General of the Confederation of British Industry (CBI) Tony Danker commented on Boris Johnson's departure, *"We now need the political vacuum to be filled at speed to protect people's living standards, through action on business confidence, investment and growth."* He continued, *"Getting the economy growing again has got to be the number one focus for all politicians, and I look forward to working with the government on a plan for a better, brighter economic future for people right across the United Kingdom."*

GOVERNANCE AND INNOVATION

A new inquiry has been established to explore the extent to which companies' governance arrangements and the governance framework can encourage or deter innovation.

Innovation has long been recognised as an essential element for value creation, both for individual firms and the economy as a whole. The inquiry, which has been launched by The Institute of Directors Centre for Corporate Governance, aims *'to identify good practices that, if more widely adopted, can help governance to become an active driver of sustainable value creation.'*

In essence, the study is seeking to determine whether good governance can be a key driver of an innovative organisational culture. A key focus of the inquiry will therefore be to determine whether an effective board of directors can be instrumental in opening up a company to new ideas and ways of working.

As part of the inquiry, the Centre has published a call for evidence in order to enable company directors and executives to share their experiences on issues relating to governance and innovation. The deadline for submitting responses to the consultation is 12 August 2022, with the final report, which will include recommendations for companies, investors and policymakers, due to be published in the autumn.

REGULATORY LESSONS FROM THE PANDEMIC

The Federation of Small Businesses (FSB) has urged the government to learn lessons from the implementation of coronavirus health measures in order to limit future regulatory confusion.

In a new report, the FSB, Newcastle University and the University of Birmingham highlight how a lack of regulatory clarity during lockdowns placed added strain on businesses. Research for the report shows over a third of small firms found it quite or very difficult to understand government COVID-security regulations, while almost a quarter thought the distinction between guidance and legal requirements was *'totally unclear.'*

This lack of clarity meant some firms went beyond minimum requirements for fear of falling short and this came at a cost in terms of worry, time and money. The FSB is now urging government to develop a new smarter regulatory approach that removes red tape and delivers constructive, clear regulation.

FSB National Chair Martin McTague said, *"This is the moment to step back and assess what broad regulatory lessons can be learned from the pandemic. While it is understandable that governments and regulators had to act at great speed as the circumstances of the pandemic evolved, some of the regulatory shortcomings were consistent with problems encountered in more normal times, including around clarity and communication."*



OTHER NEWS

EMPLOYERS EXPECTED TO STEP UP

New research conducted by Lattice suggests that a convergence of factors, including increased turnover, rising inflation, volatile markets and the current cost of living crisis, will exert increased pressure on compensation cycles. In particular, workers are expecting their employers to step up as the cost-of-living squeeze continues, with more than half of all UK employees believing that cost of living should be a key consideration in their compensation reviews.

BEST CITIES TO START A BUSINESS

A recent study by Novuna Business Cash Flow has analysed a range of factors in order to identify the best UK cities for Generation Z to start their own business. London ranked top of the list with Cambridge securing second spot, while Derby, Oxford and Manchester also featured among the top five cities for Gen Z to launch their business in.

'WASTED' WORK UNCOVERED

Research commissioned by Wrike suggests workers typically spend 89 working days a year and five days of personal time on 'wasted' work or work that is not accounted for, such as duplicate work, unproductive meetings and information tracking. The report's authors believe this creates friction between employees and also a disconnect between leadership and workers, with many employees thinking their employers don't understand how hard they work.

BUSINESS OWNERS' SOCIAL MEDIA USE

A recent survey has reported a significant rise in small firms' usage of social media channels for marketing and sales, with Instagram and TikTok increasingly popular tools with younger business owners.

The research, commissioned by small business lender iwoca, sought to identify the top online channels SMEs use for their business and how the figures have altered since the pandemic. In total, it found the small business community's use of social media channels, such as Facebook, Instagram and TikTok, has risen by 14 percentage points since the onset of the pandemic.

Company websites remain small firms' most popular online channel, with 40% using them for their business, a two-percentage point rise compared to pre-pandemic levels. Facebook and Instagram are the next most popular, with the former used by 37% and the latter 19% of small business owners, an increase of three and four percentage points, respectively.

The survey also reported significant variation between younger and older business owners. For instance, while 37% of under 44 year-olds now use Instagram to market their business, only 11% of the over 44s do so. Similarly, 10% of younger small business owners were found to be using TikTok, compared to just 1% of over 44s.

EMPLOYERS URGED TO PRIORITISE WELLBEING

A new report from the National Forum for Health and Wellbeing at Work has urged business leaders to measure employee wellbeing in order to help improve workforce happiness, productivity levels and the overall health of the UK economy.

The advice comes amidst the rising prominence of wellbeing across policy, business and academic agendas partly as a result of the mental health and wellbeing fallout from the pandemic. The report also highlights other factors that are intensifying the need for employers to demonstrate that they understand and care about employee wellbeing.

These include: the priority that Generation Z and Millennials now place on wellbeing issues in comparison to previous generations; the permanence of hybrid working models; and increased investor focus on environmental, social and governance issues, which increasingly covers health and wellbeing considerations.

QUIRKY QUOTE:

"A vacation is what you take when you can no longer take what you've been taking"

— Earl Wilson

NINE-DAY FORTNIGHT



BRITS CRAVE WORK-LIFE BALANCE

New research conducted by European HR and Payroll solutions specialist SD Worx suggests UK employees are increasingly striving to achieve a better work-life balance.

The study found that more than four out of ten UK employees would be prepared to take unpaid leave in order to get more time off work. This was the highest figure of all the European countries that were surveyed with the exception of Sweden.

Interestingly, however, the research also shows the UK is home to a relatively large proportion of 'workaholics' with many people struggling to disconnect from the working world. For instance, just under a third of UK employees admitted they check their work while they should be offline and just over a third said they find it difficult to let go of workload while on holiday.

Commenting on the research findings, SD Worx UK HR Country Lead Colette Philp said, "People work to live, not live to work, and that's why it's so important businesses create a culture where personal time and annual leave is respected, and team members are encouraged to completely disconnect. This type of culture shows a company prioritises individual wellbeing and it can help prevent staff burnout."

Recent years have seen a notable trend towards a shortened working week with a number of companies experimenting with and extolling the virtues of the four-day week as a means of boosting productivity. Now a Brighton-based IT company is trialling what it feels is a more viable alternative – the nine-day fortnight.

Digital transformation consultancy Cloud9 Insight has begun to offer its employees the opportunity to work Monday to Friday one week and then Monday to Thursday the next. In order to implement the move, the company asked employees to add 30 minutes to the length of their normal working day.

As a result, the business loses just three hours per person each fortnight compared to the traditional 9-to-5 working week. And the company argues this negates a potential drawback of a four-day week model

which simply compresses five days work into four and therefore leads to significantly longer working days.

Carlene Jackson, the company's CEO, said, "We were concerned this could lead to the opposite of the intended outcome – with staff working much longer hours on work days and not being able to have dinner with their partners or to put their children to bed in the evening. So we came up with what you might call a Third Way – the nine-day fortnight. Under this scheme, employees would have every other Friday off, while only being asked to add 30 minutes to their normal working day."

Ms Jackson also stressed how important it is for employees to value their time outside of work adding, "It's important that employees realise that life isn't about just making money. Our employees and our businesses have to be more connected with the community, with society and we need to give people the opportunity to have a better quality of life."

QUIRKY QUOTE:

"Neglecting vacation is neglecting success because every success needs an accumulated positive energy!"

— Mehmet Murat ildan

All details are correct at the time of writing (12 July 2022)

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