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Government warned on employment law changes

Nick Martindale 17 October 2011 14:24

Employment commentators are divided over suggestions that the Government could consider abandoning plans to extend maternity and paternity leave and flexible working rights.

Reports at the weekend suggested that the Cabinet is divided over the proposals, which it is believed will form part of a report produced by venture capitalist Adrian Beecroft into ways in which the Government could reduce the bureaucratic burden on businesses.

Charles Logan, director at Hays, said: "While the economic outlook remains uncertain, it is unwise to introduce legislation which might act as a barrier to companies growing their businesses and taking on new staff. Small businesses, on whose continued growth the UK is reliant, will struggle the most with this extra burden as they do not have the HR resources of larger companies."

Others, though, were quick to extol the business benefits of such policies in helping organisations attract and retain talent.

Tom Doherty, general manager of HR services provider The HR Dept, said: "While large businesses can often cope with workers taking more flexible working time or time off for maternity or paternity leave, in a small business it can cause big problems with staffing, and the uncertainty of whether someone will return to the workplace following their leave. But some smaller businesses are finding they can be more flexible than larger players and are using this to their advantage to attract talent."

Peter Thomson, former director of the Future Work Forum at Henley Business School and co-author of Future Work, agreed: "Flexible working has been shown to increase productivity, reduce employee turnover and halve the rate of absenteeism.

"It is good for business but involves managers having to treat people like individuals and not apply a one-size-fits-all approach. HR has a responsibility to see that managers have the competence to empower employees and motivate them without having to look over their shoulders."

Darren Hayman, director of Future Exec at international HR recruitment consultancy Macmillan Davies Hodes, said: "Many UK organisations have cut or frozen pay and benefits already so to continue these cuts will give HR departments an increasingly difficult challenge when it comes to attracting and retaining their best staff."

Reports suggest that the Government may even consider reducing current rights around flexible working and parental leave, with Prime Minister David Cameron's policy adviser Steve Hilton believed to be pushing to abandon maternity pay altogether.

Mandy Garner, editor of workingmums.co.uk, warned that scaling back employment rights such as maternity leave and flexible working would be detrimental in the long term. "Rolling back hard-won employment rights - and it must be borne in mind that the right to request flexible working can be turned down on several grounds - will deter women from staying in the workforce and will see companies losing considerable experience and resources," she said.

"If you look at the most progressive and successful companies, and that includes small firms, they are doing all they can to recruit and retain women precisely because it makes business sense."

Edward Wanambwa, partner at law firm Russell-Cooke, also warned that even were the Government to scale back existing provisions, many organisations could still be bound by their own employment contracts.

"Such employers would have a choice between continuing to honour their contractual promises and seeking to vary the employment contracts in a negative way, to mirror lower statutory entitlements," he said.

"If approached in an unlawful way, the latter option could give rise to a range of potential claims in an employment tribunal, such as breach of contract and/or constructive unfair dismissal claims."



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