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The no-fault dismissal

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While the proposals to make it easier for small companies to fire staff may be welcomed by some businesses, it's worth bearing in mind the negative effect legislation could have.

Business secretary Vince Cable says there must be 'strong evidence' to justify introducing 'no-fault dismissals', which could allow firms with ten or fewer staff to fire employees without proving any fault – if they pay compensation.

Angus Elphinstone, founder of courier company Anyvan believes that any small business under a certain number of employees should be given the power to dismiss unproductive members of their workforce.

He says, 'Running a small company takes hard work, much resource and capital, something that isn't often in abundance. The strain on small businesses when their workforce isn't productive is damaging with long-term effects. All small business need the ability to dismiss members who fall into this category however long they may have served.'

Conversely, and not surprisingly, Trades Union Congress general secretary Brendan Barber says that scrapping protection against unfair dismissal 'will do absolutely nothing to boost the economy'.

He adds, 'If people are constantly in fear of losing their jobs it will lead to even less consumer spending.'

Barber believes the measure would give free reign to 'nasty bosses' to dismiss at their leisure.

While it's hard to imagine even the most machiavellian managers suddenly turning into Alan Sugar-lite following any change in legislation, it's still worth bearing in mind the damage that this could do to the workforce.

While the measure could cut the cost of employment tribunals, what would it do for employee morale? Any feeling of job insecurity in the workforce driven by the spectre of instant dismissal can't be good for productivity at a time when employers need to get every bang for their buck from their staff.

Besides, as Jane Kaubler, partner at Russell-Cooke Solicitors points out, employers already have certain tools at their disposal to dismiss under-performing staff without the aforementioned legislation. These include the use of a probationary period, the flexibility afforded by the period of a year (2 years from 6 April) before full employment protection is available, and the application of robust appraisal and management procedures.

Cable says the UK already has one of the most flexible labour markets in the world which, compared to Germany and France, is 'very accommodating' to employers. Whether an increase in this flexibility is a good thing isn't so clear yet.



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