



Half of Businesses 'Won't Recruit Due To Employment Red Tape'

- Almost 50% of businesses believe current employment laws discourage job creation, says McGrigors / CBI Northern Ireland joint survey
- Calls for an 'urgent review' of the cost of employment law

A major new survey published today by the leading employers organisation, CBI Northern Ireland and Belfast law firm, McGrigors, reveals that almost half of businesses believe the current level of employment legislation discourages job creation.

The survey, entitled "Unlocking Employment: A joint survey on attitudes to Employment Law among Northern Ireland Businesses", is based on responses from over 140 local businesses surveyed in September 2011.

The key finding of the CBI/McGrigors research are that:

- 79% of employers believe that, in view of employment law obligations generally, Northern Ireland has become a harder place to do business since 1997
- 84% of respondents believe that employment law in Northern Ireland has become overly burdensome
- 49% of respondents believe that the current level of employment legislation discourages job creation within their organisation
- 81% believe that the current level of employment law creates a more litigious workplace
- 44% report having seen an increase in employment tribunal claims against their business within the past 5 years
- 46% of respondents believe the changes to Agency Workers will have a 'negative' or 'very negative' impact on their business

CBI Northern Ireland Director, Nigel Smyth believes that the results provide a "sound evidence base for policy decisions."

He said: "For the Northern Ireland economy to grow and generate new jobs, businesses need an environment where employment law and practice encourage job creation and modern employee relations. Yet we know from our members that employment law represents one of the most complex and challenging areas of regulation, which can act as a potential barrier to growth. This is especially pertinent at a time when the Northern Ireland economy needs the private sector to grow."

"While there are firm commitments nationally from the coalition government to reform employment regulations it is disappointing that the recently published draft Economic Strategy gives no recognition of the importance of addressing this vital issue. If the Executive is serious about putting the economy as the No 1 priority, and is committed to rebuilding the Northern Ireland economy, it is essential that reform of employment regulations is part of that agenda.

[Adam Brett](#), a Partner and employment law expert at McGrigors in Belfast, says that he hopes the survey will play an important part in the debate around Northern Ireland's economic revival.

Brett says: "To date, much of the debate around economic renewal has tended to focus on Corporation Tax. However, we believe that business and government need to think in broader terms if Northern Ireland is to grow through the tough times that lie ahead. The quality of Northern Ireland's talent is undeniable, but if we are to realise its full potential, we must ensure an employment environment in which private sector employers can react quickly without being tied up in excessive regulation."

[Paul Gillen](#), a lawyer at McGrigors in Belfast who helped devise the survey, agrees.

"We wanted to ask Northern Ireland's businesses for their views on the employment law regime and provide empirical evidence of where the pressure points arise. We need to accept that the economy has changed, and that the time has come to consider whether the law should change too in order to reflect new commercial realities", says Gillen.

He continues. "The findings are particularly pertinent at a time when Vince Cable is considering a radical shake-up of employment regulations in GB. It is important that Northern Ireland is not left behind as we compete for jobs and investment."

On a more positive note, the new survey has revealed that - despite the uncertain economic outlook - 39% of businesses in Northern Ireland expect to increase the size of their workforce in the coming year. Some of Northern Ireland's most prominent employers expect to make a significant number of permanent appointments over the next 12 months, although 22% of businesses expect to reduce headcount.

The survey has also highlighted a reluctance to hire candidates from the public sector, casting doubt over government aims to soften the impact of public sector job losses through private employment. 80% of respondents said they would prefer candidates with a private sector background to fill new posts.

Recommendations

A number of key recommendations have been put forward by the CBI Northern Ireland and McGrigors to address issues raised by employers in the survey, namely: the economic impacts of employment law in Northern Ireland; attitudes towards employment law; recruitment and restructuring; equality and disputes. Those recommendations include calls for:

- an urgent review into the cost of employment law to see whether efficiency savings can be made to reduce the cost – in terms of time and money – of compliance for businesses
- a clarification of the rules surrounding Unfair Dismissal, which emerged as a key issue highlighted by the survey. As one respondent said "We are reluctant to take on because it is so difficult to lay off."
- the introduction of 'protected conversations' in relation to retirement, to help businesses and their employees plan for the abolition of the Default Retirement Age
- a redressing of the balance between employer and employee rights in disputes to eradicate vexatious claims and curb a 'have a go culture' in tribunal claims