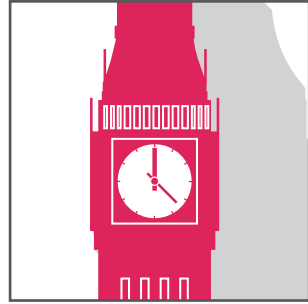


CIPD Manifesto for Work 2017



Foreword

We live in the most uncertain and fast-changing political, economic and social context anyone can remember. Many of the challenges facing the next government in the UK go far beyond the central focus of Brexit negotiations and can be traced back to the failure of the UK economy, despite its many success stories, to truly deliver value across all sectors of society.

We face the challenges of improving productivity and international competitiveness, of investing in and building the skills we need now and for the future, of driving more innovation, and encouraging more agile and responsive businesses that look to the long term and not just maximising the short term.

We need to make much more progress on creating inclusive workplaces and providing opportunities for progression, in a fairer distribution of reward, and in creating working environments that engage our people and support rather than undermine their well-being. And we need to rebuild trust in our leaders, in big business and in our establishment institutions.

At the CIPD, our purpose is to champion better work and working lives – for the benefit of individuals, organisations, economies and society as a whole. We believe work can and should be a force for good that helps society to flourish and prosper. As the professional body for experts in people and work, we have an important role to play in helping our members address these challenges at an organisational level, but we're calling on the next government to play its part too.

Government plays a critical role in setting the policy and legal frameworks to manage and regulate many different dimensions of work, the workforce and the workplace, efficiently and fairly. But not everything can or should be regulated or sought to be controlled through rules. Government must also play a major role in influencing mind-sets and behaviours based on key principles of ethical and sustainable business and employment practice, and in convening and encouraging dialogue, consultation and debate on how we can all influence the future.

We need the next government to play an active role in promoting and supporting the development of 'good work' across the economy – for example, by supporting the development and dissemination of advice and guidance for employers on the HR and people management practices that underpin good work, and responsible and ethical employment practices regardless of where or how people work. Our 140,000 members are responsible for recruiting, managing and developing a large proportion of the UK workforce and working in partnership with the next government can champion better work and working lives.

Following the UK's vote to leave the European Union, the next two years will be characterised by much uncertainty for our work and home lives. And since work is fundamental to so much of our lives, whether we work in paid employment ourselves or not, we believe that a key focus of this general election and for the next government should be on addressing workplace issues through a much more human lens than ever before. Brexit poses many challenges, not least relating to skills and immigration, but it also creates opportunities. Capitalising on the creativity and potential of our people, or 'human capital', can position the UK as the global leader in high-value, high-skills economies, and as a great place to work and do business.



Peter Cheese

Peter Cheese

Chief Executive, CIPD

Executive summary

The UK faces a time of huge transition and transformation. We believe we must work towards putting people much more at the heart of business thinking and practice. It is people who drive creativity and innovation, productivity, customer service and all the elements of successful and sustainable enterprise of any kind. We need to invest in them, engage them, and lead from the principles that good work is purposeful, good work is safe, inclusive and good for our well-being, and that good work exists for the long-term benefit of individuals, organisations and society. That work can, and should, be a force for good, for all.

In this wider context, we are therefore calling for the next government to:

Overhaul the UK's system of corporate governance by setting out the key principles of responsibly and ethically run organisations in an updated UK Corporate Governance Code, and encouraging more transparency over how organisations live up to these principles and how they invest in and develop their workforces for the long term. The limited remit of remuneration committees should be extended to create wider human capital sub-committees overseeing how organisations develop their people, build positive cultures, reward fairly and provide meaningful employee voice.

Help create a more accessible labour market and more inclusive workplaces by supporting employer efforts to increase the range and uptake of flexible working practices available to people, and by encouraging more organisations to measure and publish more data on the make-up of their workforce as a means to stimulate action to improve access to work and progression among disadvantaged groups.

Support investment in skills, lifelong learning and improvements in employee well-being and engagement by reforming the apprenticeship levy as a broader training levy, and encouraging the development of much greater support for and focus on lifelong learning. We would also strongly encourage a much greater focus on increasing the quality of people management capability and identifying the demands for future skills across the economy in a forward-thinking industrial strategy to help redress the growing mismatches in skills, improve job quality and boost productivity.

Ensure the development of modern working practices doesn't undermine individuals' employment rights or security by protecting and raising awareness of existing employment rights, clarifying employment status between employees, workers and the self-employed, alongside a review of associated taxation and benefits regimes, and taking action against employers that fail to meet their obligations under employment law.



Governance, risk and reward

We call on the next government to:

Set out the key principles that underpin good work and responsible business practice and, working in partnership with employers and other key stakeholders, advocate and champion efforts to raise levels of trust, fairness and transparency in organisations and workplaces.

Our recommendations:

- **Reform the UK's Corporate Governance Code**, setting out the key principles underpinning sustainable and ethically run organisations.
- **Require publicly listed companies to establish a board-level human capital development sub-committee** to consider the organisation's overall investment in its workforce, alignment to strategy and long-term value-creation.
- **Set voluntary human capital reporting standards** to encourage more publicly listed companies to provide better information on how they invest in, lead and manage their workforce for the long term.
- **Require publicly listed companies to publish the ratio between the pay of their CEO and median pay** in their organisation to further boost transparency.
- **Restore the full independence of the Low Pay Commission** so future rises in the National Living Wage are based on the judgements of the social partners and not politicians; widen the LPC's remit to look at underlying causes and solutions to low pay as part of a modernised industrial policy which seeks to raise productivity in all sectors of the economy.
- **Improve communication and marketing about the new state pension** so there is more awareness among employees of what they are entitled to get and when.
- **Invest in employee financial awareness campaigns** and work with employers in promoting them to workers; embed financial education in school, college and workplace qualifications.

Public trust in business has continued to fall over the last year, in the wake of further high-profile corporate scandals, spiralling executive pay and the growing gap in wealth between the richest and poorest in society. The core strand that connects these issues is that too many organisations are run with a singular focus on their financial stakeholders, which undervalues the human capital – the people, their skills and knowledge – that delivers business success. Consequently, many businesses need to fundamentally rethink how they create value for the long term, fairly recognising all of the stakeholders and contributors they are responsible to, from their workforces to their suppliers and customers, and even to the communities they are part of and the environments they impact.

Increasing transparency and fairness

However, too few organisations have the necessary human capital data to enable them to understand the value that their investment in people brings to the business; nor are they able to identify potential problems around culture, lack of diversity, skills development or employee engagement and well-being which could undermine effective governance or productivity. In addition, not enough organisations publicly report on this type of information externally to provide greater transparency for all external stakeholders, including investors as well as regulators.

Tackling executive pay excesses

The CIPD is also calling for publicly listed companies to be required to be more open about their reward strategies and to publish the ratio between the pay of their CEO and median pay in their organisation to further boost transparency and help ensure there is closer alignment between top pay and rewards across the wider workforce relative to individuals' efforts and contributions. A feeling that pay at the top is out of control lies behind much of the public's loss of confidence in business. Employees are demotivated by excessive executive pay too, as CIPD research¹ has revealed almost six in ten say it directly demotivates them at work.

Reforming the role of the Low Pay Commission

As well as addressing the issue of pay at the top, there remain significant challenges with pay at the bottom. The rise of the National Living Wage (NLW) has ensured that those at the bottom of the labour market have seen their real wages protected, although at the cost of reduced differentials for some earning just above the NLW. However, the politicisation of the NLW in recent years and during this election is a cause for concern, with political parties competing over the future level of the NLW with little

¹ CIPD. (2015) The view from below: What employees really think about their CEO's pay packet. London: Chartered Institute of Personnel and Development. Available at: <https://www.cipd.co.uk/knowledge/strategy/reward/ceo-pay-report> [Accessed 8 May 2017].

regard for the impact on jobs, differentials or competitiveness. Moreover, trying to address low pay just through setting ever higher minimum wages does not deal with the root cause of the problem, which is low productivity across the low-pay sectors. Consequently, the independence of the Low Pay Commission should be re-established and it should be given a wider remit to look at the underlying causes and solutions to low pay as part of a modernised industrial policy which seeks to raise productivity in all sectors of the economy.

Supporting employee financial well-being

Another issue that needs to be recognised is the negative trend in well-being, stress at work, and financial security, all of which have a detrimental impact on the UK economy as well as society more broadly, with CIPD research² finding one in four employees say that stress caused by financial worries has a negative effect on their performance at work. Government can play a role in supporting financial well-being in particular by investing in financial awareness campaigns, for example, by embedding financial education through workplace qualifications and the national curriculum – while also ensuring that communications around the new state pension are ramped up so that employees know what they are entitled to and when.

² CIPD. (2017) Employee financial well-being: why it's important. London: Chartered Institute of Personnel and Development. Available at: <https://www.cipd.co.uk/knowledge/culture/well-being/employee-financial-well-being> [Accessed 8 May 2017].



Inclusion

We call on the next government to:

Lead and support efforts to create more flexible and inclusive workplaces, to help individuals who are disadvantaged in the labour market, for whatever reason, to access and progress in work.

Our recommendations:

- **Help increase the uptake and range of flexible working opportunities** across the economy by supporting innovative campaigns by professional and sector bodies and social enterprises.
- **Set a new voluntary target for 20% of FTSE 350 board-level executive directors to be women by 2020** as a stepping stone towards achieving equal gender representation on boards by 2030.
- **Launch an ‘Age Confident’ campaign** and a wider, national rollout of a ‘mid-life’ career review.
- **Build on and broaden the Disability Confident campaign** to support greater inclusion around disability, with a focus on SMEs, and support the **creation of a one-stop-shop resource hub** to help employers navigate and access existing information, advice and guidance.
- **Support Baroness McGregor-Smith’s recommendation for organisations to regularly publish workforce data broken down by race and pay band**, with the aim of spurring on employer action to address racial inequalities at work.
- **Develop a national strategy on childcare**, aimed at delivering improved access to good-quality, affordable childcare in ten years’ time. In particular, this must encompass a way of closing the current gap in the availability of free childcare for children aged 0-2.

Significant numbers of people in underrepresented groups in the labour market continue to struggle to access and progress in work. In addition to the cost to individuals of facing prejudice or bias as a result of missing out on job opportunities, factors such as an ageing workforce and expected restrictions on employers’ ability to recruit talent across the EU mean that creating more-inclusive workplaces is becoming even more important.

An inclusive employer approach to both recruitment and progression is essential to attract a diverse range of individuals and then enable people to achieve their potential at work, whatever their background, identity or circumstances.

Recent developments such as the Gender Pay Gap Reporting Regulations, the extension of voluntary targets to improve the gender balance in FTSE leadership and the doubling of free childcare for 3–4-year-olds are positive steps in the right direction. However, much more still needs to be done to help disadvantaged groups to access the labour market and remove barriers to progression within work.

Enhancing support for carers

More support for those with childcare and eldercare responsibilities is essential. There is a significant gap in childcare provision between the end of maternity or shared parental leave and the start of free education or childcare. And with our ageing population, the number of people with eldercare responsibilities will continue to grow. With estimates suggesting that three in five people will end up caring for someone at some point in their lives³, employers need to empower and support working carers before they lose out on key talent.

Boosting uptake of flexible working

Although barriers to entry and progression will differ between groups and between individuals within those groups, research tells us that flexible working is a critical aspect of workplace inclusion, with the potential to positively impact both access to work and progression across multiple underrepresented groups. The provision of flexible working can help people with a wide range of different circumstances both ‘get in’ and ‘get on’ in employment. Over the past 15 years, flexible working provision has increased, but the range of flexible working arrangements offered remains narrow, largely restricted to part-time working and flexi-time, and actual uptake has changed little. Government action is needed to catalyse employer action, particularly in promoting more innovative working approaches which can cater for specific individual circumstances.

Improving the evidence base

Well-informed action on inclusion that gets to the root of issues is only possible if we have better employment and workforce data for underrepresented groups in the labour market. Employers need to be examining this data and drawing out insights about their recruitment and progression practices: for example, if they are fair and inclusive, or if cultural or unconscious biases and attitudes exist that are preventing certain groups from entering the workplace in the first place, or impose ‘glass ceilings’ that prevent people from achieving their potential while at work. Although government has

³ George, M. (2001) It could be you – a report on the chances of becoming a carer. London: Carers UK.

recognised the need for better data and reporting, we know the quality of the human capital data collected by organisations is poor and current reporting is inadequate.

Building campaigns for action

Government can help drive employer action by supporting publicity and education campaigns, such as Disability Confident, Fuller Working Lives and a continued focus on tackling the stigma around mental health in employment. These can help challenge the often negative myths and misconceptions that endure about the needs and wants of individuals within certain groups. Working together, government, professional bodies, unions and employers can provide practical guidance and examples of 'what works' to help create more genuinely inclusive workplaces and highlight the benefits that this undoubtedly brings to individuals, businesses, the economy and society.



Modern working practices

We call on the next government to:

Protect and enforce existing employment rights and ensure that individuals know the protections they are entitled to and can seek redress where these are abused.

Our recommendations:

- **Commit to protecting existing employment rights** following the UK's departure from the EU.
- **Launch a consultation to consider whether a clearer basis of demarcation is possible between 'employee', 'worker' and 'self-employed'** that maps clearly across employment rights, tax and benefits.
- **Run a high-profile 'know your rights' campaign**, working with organisations such as Acas, Citizens Advice Bureau, trade unions and professional bodies, which would set out information on the different types of employment status and the associated employment rights people are entitled to.
- **Legislate so that workers on zero-hours contracts should have the right to request a minimum number of hours per week** after 12 months of employment.
- **Conduct a full consultation on the impact of employment tribunal fees** to ensure that all workers have access to justice.
- **Amend the Employment Rights Act 1996** to require employers to provide all workers with a written copy of their terms and conditions after two months of employment.
- **Government should increase the resources available to Acas** so it can work proactively with organisations to improve their working practices if they are in danger of falling foul of the law through a lack of resources or ignorance.

The UK has a flexible labour market which works well and generally strikes the right balance between providing flexibility for employers and job opportunities and security for individuals. CIPD research in 2015⁴ finds that despite the UK having one of the least regulated labour markets amongst OECD countries in terms of employment protections, UK workers enjoy above-average satisfaction with their job, the hours they work, working conditions and work-life balance. The UK also benefits from high levels of employment and a high proportion of people in permanent work compared with our main international competitors.

However, the political debate about employment regulation can, at times, be unnecessarily polarised. At one extreme, critics argue the system is over-regulated, burdensome for employers to comply with and consequently stifles growth; at the other, opponents claim that there is an increasing trend towards casualisation of jobs, thereby resulting in a lack of income and work security for areas of the UK workforce.

Protecting employment rights

In the CIPD's view, the UK's current employment rights framework and flexible labour market is working well, and it is crucial that existing employment protections are not watered down or used as a bargaining chip during the UK's Brexit negotiations with the EU.

The nature of work is undoubtedly changing for many people – gone are the days when people would expect to have a job for life; nowadays it is seen as normal for people to change their career path. At the same time, many people choose to leave 'traditional' employment entirely, opting instead to earn their income in more atypical and flexible forms of employment, such as in the gig economy, where people trade their time and skills to provide services via the Internet. CIPD research⁵ tells us that approximately 1.3 million workers currently work in the gig economy – around 4% of working adults. This, however, hasn't really changed the overall structure of employment in the UK, but rather the nature of self-employment. After all, the share of permanent jobs in the economy has remained fairly stable since 2010 at about 80% of the workforce, roughly the same share as 20 years ago.

4 CIPD. (2015) Employment regulation and the labour market. London: Chartered Institute of Personnel and Development. Available at: <https://www.cipd.co.uk/knowledge/work/trends/labour-market-regulations> [Accessed 8 May 2017].

5 CIPD. (2017) To gig or not to gig? Stories from the modern economy. London: Chartered Institute of Personnel and Development. Available at: <https://www.cipd.co.uk/knowledge/work/trends/gig-economy-report> [Accessed 8 May 2017].

Clarifying employment status

It is appropriate, however, that employment regulation in the UK reflects modern working practices, as recent court rulings have identified considerable grey areas in atypical working practices, particularly on whether individuals are employed or self-employed. For this reason, the CIPD supports government focus on addressing this as well as the independent review into working practices in the modern economy led by Matthew Taylor. One area that certainly needs to be addressed is that of employment status, and whether or not the current definitions of 'employee', 'worker' and 'self-employed' need to be updated to ensure the right balance of rights, responsibilities and protections is struck.

Raising awareness of employment rights

Another priority for the Government should also be to ensure that UK workers are aware of the rights they have at work and where they can go to seek redress if they feel they aren't receiving the protections they believe they are entitled to. At the same time, government should work with organisations such as the CIPD to develop models of what 'good work' really looks like, ensuring good employment practices are disseminated and implemented in the UK's workplaces.

Skills



We call on the next government to:

Provide the opportunities that people need to learn and develop their potential and progress at work and support efforts to enhance the quality of people management to unlock greater investment in skills.

Our recommendations:

- **Ensure industrial strategy has a stronger focus on boosting the quality of people management capability** and identifying and matching skills across the economy, working in partnership with the UK Productivity Council, Investors in People, employers, professional bodies, unions and Growth Hubs and Local Enterprise Partnerships at a local and sector level.
- **Increase investment in adult skills** and provide more opportunities for people to take part in lifelong learning by using any underspend from the apprenticeship levy which does not go towards developing apprenticeships.
- **Widen the apprenticeship levy to be a broader training levy** to make it more flexible for employers' skills development requirements.
- **Raise the quality of careers advice and guidance** provided in schools by ensuring that schools that are judged by OFSTED to provide inadequate careers advice to pupils cannot be judged to be outstanding.
- **Pilot a revised version of the Individual Learning Accounts**, but with much greater scope for co-investment between employer and employee, combined with a high-quality careers advice offer.
- **Provide access to a mid-life career MOT for people aged 50 and above**, which should be facilitated by employers and by the Government using online support and through an improved National Careers Service.

If the UK economy really is to work for everyone, we need to address long-standing challenges that face us, such as falling investment in skills and the growing mismatch of skills supply and demand, low or stagnating pay for too many people, poor progression in the workplace and our low productivity. Improving the skills of the workforce, and how those skills are used by employers, should be at the heart of the next government's approach to solving these challenges.

Boosting demand for skills

Successive governments have prioritised increasing the supply of skills – for instance, by widening participation in higher education and by reforms to technical education. Yet, without a corresponding increase in the demand for the skills from businesses, such an approach will not deliver the right outcomes for business or for individuals. There is growing evidence of a lack of investment in workplace training and development, as well as too many people in jobs that do not fully utilise their skills and qualifications. Under-utilisation of skills has been identified as one of the issues underlying the UK's poor productivity record. Effective utilisation of skills in the workplace also requires well-trained managers and good people management and development practices. Not enough businesses in the UK have the capability to ensure that they manage and develop their people and design jobs to ensure that the skills their staff possess are put to good use. Raising the people management capabilities of businesses and encouraging the adoption of high-performance working practices, therefore, have a critical part to play in raising the demand for skills. Such progressive people management practices include flexible working, job design, and training and development, which are key to supporting employee engagement and well-being, boosting inclusion and supporting efforts to increase productivity. Consequently this ambition needs to be a key component of any future industrial strategy.

Addressing these issues is a particular challenge for SMEs – which often lack anything other than a rudimentary level of HR capability. Until this is addressed, the chances of significantly increasing SME engagement in apprenticeships or other training initiatives are severely limited. Throughout 2015–16, the CIPD ran its People Skills programme, in partnership with the JP Morgan Chase Foundation, which piloted the provision of HR support to SMEs in three locations in England and Scotland. Evaluation of the programme identified the positive role that face-to-face advice, facilitated by strong local institutions, can play in helping to create a 'supportive skills eco-system' at the local level that can help SMEs to raise their ambition.

Reforming the apprenticeship levy

Some of the current initiatives being pursued to address the underlying weaknesses in the UK's skills system, such as the apprenticeship levy, have good intentions, yet there are significant doubts about whether the approach will help counteract the long-term decline in employer investment in training. In fact, our previous research⁶ suggests that it could prove counterproductive, by incentivising businesses to undertake costly rebadging of existing training effort in attempts to recoup funding or by diverting investment away from other equally valuable forms of training. To ensure that the levy

6 CIPD. (2016) Employer views on the apprenticeship levy. London: Chartered Institute of Personnel and Development. Available at: <https://www.cipd.co.uk/knowledge/fundamentals/people/routes-work/employer-views-apprenticeship-levy-report> [Accessed 8 May 2017].

leads to an overall increase in employer training effort, it should be adapted into a more flexible training levy.

Increasing participation in training

A key challenge for the next government is finding a mechanism to encourage and incentivise individuals and employers to participate in and invest in training to reskill and up-skill throughout their working lives. Access to finance is one of the principal reasons that adults do not engage in learning, as well as insufficient information of the types of training and the return on investment for different courses. Personal learning accounts have been used in a number of countries – including the UK – to overcome financial barriers to lifelong learning, with evidence from the US suggesting that when combined with employer co-investment and high-quality careers advice, they can lead to better matching of skills development between individual and business need.

Improving careers advice and guidance

Another key way of improving the match between the skills people develop and those needed by employers is through the provision of high-quality careers advice and guidance. This has a key role to play in shaping learner demand and career choice and better aligning them with the current and future requirements of the labour market. This should be available to people of all ages, from young people in education right through to people in their fifties and beyond.

The Careers and Enterprise Company is undertaking important work to raise standards in schools and colleges, and the CIPD is partnering with them in recruiting enterprise advisers. One way of improving the quality of careers advice for young people in education is by building links between local employers and schools, and enterprise advisers volunteer their time to work directly with schools' leadership to develop effective employer engagement plans and careers education strategies. Establishing these links gives young people an improved insight into the range of careers available to them, thereby helping them make more informed choices. CIPD members are also volunteering to help job-seekers through our Steps Ahead Mentoring programme, which offers face-to-face mentoring. While initially only available to young people (aged 18–24), its success has seen it extended to help people returning to the labour market after time out – primarily women – in certain areas of the country.



Key challenges ahead

View from CIPD Chief Economist Ian Brinkley

If the next government really is to create an economy and society that works for everyone, its priorities must include meaningful action to address the UK's productivity deficit and ensuring that the country's businesses and workplaces can access the skills and talents they need post-Brexit. Smarter public and private investment in the UK's human capital – the skills, knowledge and well-being of all our people – and action to stimulate the uptake of progressive people management and development practices can help address both these key challenges.

Making the best of Brexit

The economic impact of Brexit has seen renewed fall in real wages as inflation rises. But otherwise there are great uncertainties on what will happen to the migrant workforce in the UK and what terms the next government can negotiate with the remaining Member States around Britain's exit from the EU. The greater the uncertainty and the longer it persists, the more likely it is that it will adversely impact on investment and growth plans by UK businesses.

Some issues which are unsettling organisations could be dealt with quickly, for example, the future status of EU citizens already in the UK. Any future restrictions on access to migrants need to take account of the costs and difficulties this may create for sectors of the UK economy where EU nationals make up a significant part of the workforce. Reasonable transition periods once agreements have been reached to give industry time to react are essential.

Longer term, it is likely there will be some negative impacts on the economy from reduced trade and investment flows, restrictions on foreign labour supply, as well as relocation of some multinational operations to the EU. At this stage it is impossible to say whether that impact will be significant or not, or over what timeframe. It does, however, make it even more imperative to tackle some of the big underlying weaknesses in the economy, particularly the UK's dire productivity performance.

Our calls to action on skills and inclusion are designed to maximise the opportunities presented by Brexit and address the challenges we are likely to face.

Tackling the productivity deficit

Since 2008 productivity growth has been close to zero, and as a result real wage growth has also been zero. This is unprecedented in modern times, with some suggesting we have to go back to pre-industrial times to see a similar lack of progress.

As the CIPD's latest *Labour Market Outlook*⁷ shows, basic pay awards are likely to fall over the coming months, so rising inflation means another period of falling real wages.

There are many reasons for the slowdown. The UK is not alone in seeing both productivity and wage growth slow dramatically compared with the pre-recession economy, and some of the reasons vary from country to country. But many are pointing to a common thread of a slowdown in innovation. In many countries a minority of firms across many sectors have made full use of the new digital technologies to drive up productivity. But the vast majority have not, opening up a gap between the high-fliers and the rest, which has resulted in productivity growth declining to zero or even falling in these organisations.

No one yet knows for sure why the rate of technological adoption has fallen and, as always, there will be no one single or simple explanation. But it may well be that the complexities of harnessing the current wave of technologies often require big changes in business models, the quality of human capital and work organisation, which are too stretching for many managers faced as they are with short-term performance demands, volatile markets and continued uncertainty about the economy.

New technology is a significant disruptive force, but harnessed in the right way, coupled with appropriate investment in human management practices, it can help create more high-skilled and high-value work, and augment human potential rather than simply displace or destroy jobs and skills.

However, most managers rate the productivity of their organisation or workplace as above average when compared with others in the same industry, so many may not recognise the need to change.

This can help explain why there has been a long tail of under-performing firms in the UK for many years and concerns about some shortcomings in the quality of management. As the CIPD's recent report⁸ on skills shows, we have a poor record on the utilisation of skills, on some basic educational outcomes, and on employer effort on training investments compared with many other major OECD countries. The combined impact of these long-standing weaknesses has made it harder for the economy to change and adapt over the past decade in ways that boost productivity.

The next government's industrial strategy needs to set out clearly steps to address these issues, which are key to improving both economic performance and the quality of people's working lives. This manifesto suggests a series of measures policy-makers

7 CIPD/The Adecco Group. (2017) *Labour Market Outlook: Winter 2016/17*. London: Chartered Institute of Personnel and Development. Available at: <https://www.cipd.co.uk/knowledge/work/trends/labour-market-outlook> [Accessed 8 May 2017].

8 CIPD. (2017) *From 'inadequate' to 'outstanding': making the UK's skills system world class*. London: Chartered Institute of Personnel and Development. Available at: <https://www.cipd.co.uk/about/media/press/170419-uk-skills-crisis> [Accessed 8 May 2017].

can take to help tackle our productivity deficit by boosting investment in skills, helping to create more flexible and inclusive working practices, and supporting efforts to boost employee engagement and well-being and, ultimately, organisational performance.

Advocating better work and working lives

A third big work-related theme of this election is around the distribution of reward and fair treatment in the labour market and the workplace, which a revival in average productivity and average real wages will not automatically address. The share of income across the economy that has gone to the workforce declined from 58% in 2009 to 53% in 2015, according to the Bank of England, with a greater share accruing to shareholders, business owners and, increasingly, to those that create new technologies, than the workers most impacted by static or declining wages.

The rise of the gig economy and zero-hours contracts, as well as the relationship between agency workers and contracting employers, has raised a mix of old and new challenges about the balance between rights and responsibilities and the ability of those without a regular job to progress. The Matthew Taylor-led review of modern working practices is expected to report in the next few months with recommendations for government, employers and individuals in the gig economy. But we know that many of those in regular employment also encounter poor practice and face major barriers to progression, not least the less skilled, women, the disabled, and black and minority workers. Developing models of what 'good work' looks like in addition to more effective dissemination and implementation of good employment practices developed by the CIPD and others will be central to tackling these wider workplace issues.

This means that the workplace and the role of HR-related practice have important contributions to make in addressing these big issues around productivity, pay and progression. Our manifesto sets out proposals which will improve corporate governance, the quality of people management, and investment in and better use of skills and commitment to lifelong learning.

This is a powerful package for long-term change which is an essential building block in moving the UK economy towards the high road.



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