

Business and Trade Committee: Inquiry – [Make Work Pay: Employment Rights Bill](#)

About CMI

The Chartered Management Institute (CMI) is the leading professional body dedicated to raising the standards of management and leadership excellence, across the UK. CMI empowers managers and leaders through accredited qualifications, training, and resources, helping them develop skills that drive organisational success.

We have over 220,000 members and more than 150,000 people are currently studying on one of our management and leadership programmes. Our Royal Charter defines our charitable mission as increasing the number and standard of professionally qualified managers and leaders. Every month we poll over 1000 of our managers on key issues, including workers rights. This makes CMI well placed to provide constructive expertise and guidance on how managers working across all sectors of the economy view the proposals set out in the Bill, as well as how the new measures could be implemented in such a way as to reduce the burden on business, support workers, enhance productivity and improve workplace performance and culture.

Introduction

Our data shows that there is strong support for the Employment Rights Bill among British managers, with many forward-thinking workplaces already adopting many of its policies. Over 75% of managers we polled in October were supportive of improved workers rights as a means to boosting productivity and over 65% felt it should be a top national priority.

We also previously polled British managers on individual policies and found widespread support:

- **92%** of British managers say **enhanced family-friendly policies** were important to implement.
- **90%** of British managers say action plans to **eliminate gender, ethnicity and disability inequalities** were important to implement.
- **82%** of British managers say **day one rights**—ensuring immediate basic rights for all employees—were important to implement.
- **80%** of British managers say the right to **request flexible working** as default from day one was important to implement.
- **74%** of British managers say banning zero hours contracts was also important to implement.

We have long advocated for, and have an extensive evidence base on how, flexible, hybrid and inclusive working practices are key tenets for healthy workplace cultures and therefore a growing and productive economy. Many of the proposed changes in the Bill are intended to be the catalyst for implementing better day-to-day working practices but the extent to which they do this will depend on implementation on the ground – policy alone cannot achieve this. Skilled managers will be crucial to successful roll out and delivery, however given that 82% of managers are "accidental managers"¹ promoted into their roles without formal training in management and leadership, the challenge is not just about introducing new policies but ensuring managers are equipped to implement them effectively.

¹ [CMI Better Management Report](#) (2023)

Businesses will be less burdened by regulation or implementing a code of practice if they have well-trained managers and a positive working culture. Among employers who have heard of CMI, survey data shows that 68% of employers say that professional Chartered Managers are more likely to be better at leading teams compared to non-Chartered Managers² and 86% of managers agree that being a trained Chartered manager grows awareness of how to create diverse and inclusive workplaces.³

We believe the next year is essential for the long-term success of this legislation. Between the Bill's passage and implementation, the Government's ability to partner with organisations and businesses will be a key determinant of how smoothly businesses will integrate these new policies. If the balance is right, this legislation can drive positive changes that help businesses attract and retain talent, improve productivity and support workers' well-being. We see an opportunity for the Government and the Fair Work Agency to partner with organisations such as CMI to provide the necessary training and support for managers who will be expected to successfully lead and implement these changes.

Protecting workers

Does the Employment Rights Bill adequately safeguard the workers it seeks to protect?

- **Alignment with employee priorities:** CMI polling shows that flexible working and job security are the key factors in employee retention. Over a third of managers said that flexible working (including remote and hybrid) (37%), job security (32%) and interesting work (30%) are the top three key reasons they remain at their current organisation.⁴ By introducing policies that align with these priorities, the Bill will help employees feel valued and supported, increasing satisfaction and loyalty.
- **Better work-life balance and inclusivity:** The Bill's focus on work-life balance and inclusivity provides employees with better opportunities for stability and career growth. By fostering equality, particularly through addressing pay disparities and family rights, it ensures all employees, regardless of gender or family status, can succeed. For example 73% of managers we polled agreed that employees should be entitled to parental leave from day one of employment.⁵
- **Reducing turnover and improving outcomes:** Negative work cultures, often linked to ineffective management, are a key driver of employee dissatisfaction, with one in three employees citing it as the reason they left a job⁶. Ensuring managers are properly trained to deliver the provisions of this Bill will not only support its implementation but also reduce turnover and boost team performance.
- **Improved workplace support:** Employees will benefit from a more inclusive and supportive work environment. Stronger family-friendly rights, flexible working, and efforts to address the gender pay gap will create conditions where all staff can thrive. CMI polling found that

² CMI Employer Chartered Manager Survey (2024)

³ CMI Chartered Managers Research (2024)

⁴ CMI Managers Voice poll Oct 23

⁵ CMI Managers Voice poll Oct 24

⁶ [CMI Report: Why UK PLC Needs Better Managers](#) (2023)

over two fifths of managers (47%) claimed that their current workplace has implemented action plans to eliminate gender, ethnicity and disability inequalities, followed by right to sick pay from day one of sickness (39%) and protection for carers (34%).⁷ Skilled managers will be essential in delivering these benefits effectively.

Impact on businesses

What impact will the areas covered by the Employment Rights Bill have on small, medium and large businesses?

- **First line of implementation:** Business owners will be on the front lines of implementing this Bill. Skilled managers are critical to ensuring these measures are effectively put into practice, bridging the gap between policy and workplace reality while fostering a supportive environment.
- **Opportunity to improve workplace culture:** The Bill encourages business owners to adopt a more collaborative, employee-centred approach to management. By prioritising employee well-being and work-life balance, businesses can foster a healthier culture that drives productivity, satisfaction, and retention. Research shows workers who feel well treated are 7.5 times more likely to be satisfied with their job, leading to better performance and long-term success for businesses.⁸
- **The role of training and enforcement:** If enforcement of these new rights increases, it is crucial that employers are well-equipped to meet these expectations. This is not just about ensuring compliance but about genuinely improving the employee experience. We need to support managers to avoid breaches and help them understand how these policies can be integrated into a culture of mutual respect and well-being. By way of example, our data shows that managers are crucial to delivering inclusive and successful workplaces, with 87% of employees feeling supported in their workplace when they have a manager who has received formal management training.⁹
- **Reducing the burden on businesses:** While the introduction of a Fair Work Agency may to some seem like an added regulatory burden, it could reduce compliance challenges over time if implemented effectively. By streamlining enforcement and offering clear guidance, it would help businesses navigate employment law more efficiently. This approach could save time and resources, particularly for SMEs, while ensuring adherence to workplace standards.

What impact will these measures have on staff retention, hiring practices, probationary periods and wages?

- **Attracting top talent:** The Bill aligns with what employees value most; flexible working from day one and enhanced family-friendly rights, and so can help employers stand out in a competitive recruitment market. The above policies, alongside the introduction of a right to disconnect were the most strongly supported policy measures among CMI managers

⁷ CMI Managers Voice poll Oct 24

⁸ [CMI Walking the Walk Report](#) (2024)

⁹ [CMI Walking the Walk Report](#) (2024)

surveyed, with 92% saying the policies were important for employers to adopt¹⁰. 82% and 80% respectively said the Government's plans to grant day-one rights to all workers were important as well as the introduction of the right to request flexible working as a default from day one.¹¹

- **Supporting retention and reducing churn:** When employees feel valued and supported, they are more likely to stay with their organisation, which improves retention rates and reduces recruitment costs. Creating workplaces that reflect modern needs will appeal to job seekers while ensuring existing employees remain engaged and motivated. According to our research, of those workers who do not rate their manager, half (50%) plan to leave their company in the next year, only a third (34%) feel motivated to do a good job, and only one in four (25%) are happy with their overall compensation.¹² Furthermore, over a third of managers said that flexible working (including remote and hybrid) (37%), job security (32%) and interesting work (30%) are the top three key reasons they remain at their current organisation.¹³
- **Training drives confidence and capability:** [CMI's hybrid working report](#) with Timewise demonstrates the transformative power of training. Managers who completed targeted training reported significant improvements in managing hybrid teams, resolving conflicts, keeping teams motivated, and addressing underperformance.¹⁴ Well-trained managers are also more confident in fostering positive workplace cultures and calling out bad behaviour.¹⁵

How will other areas set out in the Plan to Make Work Pay impact businesses?

Economic growth and wealth creation

- **Improved rights, increased productivity:** A wealth of publicly available data exists showing a clear link between stronger workers' rights and increased productivity. In our October managers polling 76% agreed that improving workers' rights positively impacts productivity.¹⁶ 68% of managers also said that hybrid working made it easier to increase their productivity and where managers trust their direct reports, they find that productivity rises – poorly managed teams face lower motivation, satisfaction, and retention.¹⁷
- **Wider impact of skilled management:** However, we must not overlook the wider impact of an under-skilled management workforce. Around 50% of the UK's total productivity gap with the USA is due to management. If our management capability was made equal to Germany, the gain to our economy is estimated to be around £130bn in the coming decades.¹⁸ This, coupled with the fact that training expenditure is at its lowest since the introduction of the

¹⁰ CMI Managers Voice poll Sept 2023

¹¹ CMI Managers Voice poll Sept 2023

¹² [CMI Report: Why UK PLC Needs Better Managers](#) (2023)

¹³ CMI Managers Voice poll Oct 23

¹⁴ [CMI Report: How Management Skills Make Hybrid Working Work](#) (2024)

¹⁵ [CMI Report: Why UK PLC Needs Better Managers](#) (2023)

¹⁶ CMI Managers Voice poll Oct 24

¹⁷ CMI Managers Voice poll Nov 22

¹⁸ [World Management Survey](#)

Employer Skills Survey (ESS) in 2011, with investment per employee down by 19% in real terms, paints a worrying picture.

Ultimately, achieving the goal of a high growth economy will rely on both higher level skills in the workforce aligned to legislation such as this. The managers and leaders in businesses, public services and both local and central government must be up to this challenge. Without a concerted effort to professionalise the UK's management landscape productivity growth, public service improvement, better work conditions and the green transition will be held back. For example, our data shows that Chartered Managers in the public sector increase GDP on average by between an estimated £25-26million.¹⁹

While specialist and technical skills are clearly needed across specific growth-sectors, underplaying the critical role of cross-cutting, professional management and leadership skills needed by all these sectors, as well as to implement complex legislation, risks jeopardising the wider strategic ambitions.

What solutions or actions are required by Government, businesses and workers to effectively support the labour market while boosting productivity and protecting workers' rights?

- **Improved consistency and clarity in enforcement:** The creation of a single enforcement body, such as the Fair Work Agency, should bring much-needed consistency and clarity to the enforcement of workplace rights. This centralised body should also ensure that the rules governing workers' rights are applied fairly and uniformly across sectors, reducing confusion and providing a clear point of contact for both employers and employees. This consistency should lead to better compliance, especially in areas like flexible working, the right to disconnect, and family-friendly policies, which are becoming increasingly important in modern workplaces.
- **Encouraging a proactive approach to workplace culture:** A single enforcement body could shift the focus from reactive to proactive measures, encouraging businesses to foster a workplace culture that prioritises well-being and respect for workers' rights. Instead of simply monitoring compliance after the fact, the agency could promote a culture where employers are incentivised to go beyond the bare minimum in terms of employee rights.
- **Investment in management and leadership training:** While one in four people in the UK workforce holds a management role, only a quarter of workers (27%) describe their manager as 'highly effective'. Management training can therefore be considered an 'insurance policy' against a toxic workplace culture: Managers who have had training are significantly more likely to have reported concerns or wrong-doing at work than those who have not undergone formal training in management and leadership. The majority (72%) of those workers who rated their own manager as effective felt valued and respected. This figure dropped to just 15 per cent where the manager was ineffective.²⁰

In summary:

A healthy workplace culture cannot be legislated into existence, it must be fostered by skilled leaders and managers who understand the nuances of balancing employee rights with organisational needs. Businesses will not face as many burdens and potential costs if their managers are trained and upskilled. Workers will be better supported, happier and more productive in a well-managed,

¹⁹ CMI Chartered Manager research 2024

²⁰ [CMI Report: Why UK PLC Needs Better Managers](#) (2023)

inclusive and trusting environment. With productivity lagging behind G7 peers, businesses must embrace a new approach with their teams that reduces stress, promotes a healthy work-life balance, and attracts the very best talent.

But this is only one piece of the puzzle. The Government needs to place better management and leadership at the heart of a wider plan for a strong economy, improved public services, and raising the productivity of workplaces across the countries - this Bill is only one example of why higher quality management is crucial to a more productive and successful economy and a healthier, happier workforce. Many employers, public and private sector, as well as the higher education sector are deeply concerned about the unintended consequences of the proposed defunding of Level 7 apprenticeships, which are vital to developing managers in both private sector and public service organisations, especially at a time of great legislative change.

To remove this funding route will disproportionately impact management upskilling across public services and SMEs. Contrary to popular myth, CMI data indicate that less than 10% of Level 7 apprentices are in FTSE 350 companies and nearly 60% of all Level 7 Senior Leader apprentices come from the public sector (with 27% coming specifically from the health sector) and 26% from SMEs.

To conclude, management and leadership are cross-cutting higher level skills that are essential in creating successful, high trust workplace cultures. These skills are not only inherently important in terms of implementing new employment rights or for driving economic growth, but also because good managers and leaders support and develop others, widening opportunity for everyone in the economy.