

Only 2 in 5 UK businesses have introduced support to help staff with rising cost of living as operating costs rise

March 1 2023



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New research from the Work Foundation at Lancaster University reveals that while two-thirds of senior business leaders (66%) agree that

employers have a "substantial role" to play in supporting staff through the rising cost of living, only 40% have introduced new support measures since the start of 2022.

At the same time, four in ten business leaders (41%) also report increases in [production costs](#) in their organizations. Pressures that are likely to increase, the Work Foundation warns, as Government support on energy costs reduces in April 2023, with sectors like hospitality and leisure particularly at risk.

Polling more than a thousand senior decisionmakers from British firms in December 2022, the new study explores the role organizations have to play in supporting staff during the cost of living crisis.

Findings reveal that financial well-being support for employees throughout 2022 was ad-hoc, responsive and focused on the short-term. Data also shows:

- Less than one in five (18.2%) British business leaders who introduced cost of living support said they awarded pay raises that were above standard incremental increases—failing to protect employees' pay against double-digit inflation.
- After pay raises, the second most common offer of support was a one-off bonus/cost of living support payment for staff (17.7%). While a huge help to many, such discretionary payments can cause disruptions and reductions in essential social security payments for low income workers.
- Larger organizations are more likely to have provided support to mitigate the impact of rising costs on workers than smaller firms (49% and 32% respectively).

The study also indicates a split between workers when it comes to their expectations of their employers. Staff in secure employment and on

higher pay tend to expect more of their organizations. They expect broader ranges of support to be available, beyond pay raises; whereas lower paid workers in more insecure forms of employment don't expect any support beyond pay increments.

Ben Harrison, Director of the Work Foundation at Lancaster University, said, "Employers have a crucial role in supporting their workers through the cost of living crisis. Even if we see inflation halve in 2023, the impact of rising prices will last long into the future, especially for those on low incomes and in insecure employment—factors which disproportionately affect women, disabled people and those from black and ethnic minority backgrounds.

"It's vital that [business leaders](#) engage with their workforce to understand the challenges their employees face, and put proper financial well-being strategies in place. Ensuring pay levels rise as close to inflation as possible is key, but if businesses find themselves unable to afford such an uplift, there are lots of other ways they can offer support."

The study reveals some of the employers who are providing support are finding innovative ways to help. Examples include providing in-store vouchers or pre-loaded gift cards; flexibility over pay dates, independent financial planning advice and interest free loans to help employees move away from a reliance on pre-paid energy meters.

However, the research also indicates a reluctance from many employees to speak up about their financial circumstances.

"Although the relationship between employers and employees has shifted since the pandemic, our research does suggest there remains a stigma that prevents many employees from feeling able to discuss their circumstances and seek much-needed support at work," Harrison adds. "Employers looking to act must prioritize creating an inclusive and safe

workplace culture, and offer means of accessing support that their employees feel comfortable in harnessing."

One of the employers involved in the Work Foundation research, One+All, is an SME based in Stockport that produces schoolwear, and introduced financial well-being support during the cost of living crisis. Donald Moore, Chair of One+All, said, "The majority of our colleagues earn less than £30,000 a year so their financial well-being has always been important to us. We have had support available for many years including interest free loans, money management, profit share and signposting. With the [cost of living](#) crisis having a serious impact on so many people we wanted to find out how our colleagues were coping, and better understand those in need.

"We sent out a colleague survey and that told us that a couple of them had prepaid energy meters, which can be much more expensive. Many colleagues wanted more help with money management with us and with our bank. As a result of our findings, we were able to increase profit share to mitigate their increase in food and energy costs. We also helped those in need with interest free loans to move away from prepaid meters. All colleagues were delighted with our response to their concerns."

The Work Foundation also suggests Government has a pivotal role to play, and should take steps to provide workers with as much security as possible by strengthening employment rights and ensuring everyone has access to good, secure work. It recommends the Department for Business and Trade spearhead an Employment White Paper consultation to set out comprehensive proposals for enhancing employment rights and protections fit for the 21st century.

More information: Report: [Shifting Sands: Employer responsibility during the cost of living crisis](#)

Provided by Lancaster University

Citation: Only 2 in 5 UK businesses have introduced support to help staff with rising cost of living as operating costs rise (2023, March 1) retrieved 26 April 2024 from <https://phys.org/news/2023-03-uk-businesses-staff.html>

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