

Scottish Business Pledge Survey 2017

Office of the Chief Economic Adviser

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1. Introduction and Summary of Key Findings

1.1. Introduction

Scottish Ministers agreed that Scottish Business Pledge progress should be monitored through a survey of Pledge firms conducted every two years. As such, this report sets out the key findings of a short survey of businesses signed up to the Scottish Business Pledge which took place between 21 July and 7 September 2017. It provides an insight into businesses' perceptions of the impact of the Pledge, the benefits of committing to the Pledge, and whether they would recommend the Pledge to other businesses. In addition, it sets out whether businesses that had not originally signed up to all nine Pledge elements have since increased their commitment to additional elements and whether businesses have since gained Living Wage accreditation.

A short written questionnaire was issued to all businesses who had been signed up to the Pledge for at least nine months at the time of the survey (300 businesses). Responses were received from 110 businesses, accounting for over a third of all businesses signed up to the Pledge for at least nine months. The survey results have been weighted by business size to ensure they are more representative of the population of Pledge businesses.

1.2. Summary of Key Findings

- 66 per cent of respondents reported a positive impact (57 per cent 'some positive impact' and 9 per cent 'very positive impact') on their business as a result of signing up to the Pledge. The most commonly cited reasons for the positive impact related to enhanced reputation/positive credentials.
- 34 per cent of respondents reported no specific impact on their business as a result of signing up to the Pledge. The most commonly cited reasons were a lack of awareness of the Pledge by customers, lack of interest from others in the sector and the Pledge not being sufficiently well known/valued.
- The most commonly reported benefit of committing to the Pledge was 'enhanced reputation', cited by 73 per cent of respondents.
- The vast majority (93 per cent) of respondents said that they would recommend the Scottish Business Pledge to other businesses.
- Of those respondents who had been unable to commit to all elements when they signed up to the Pledge, the majority (81 per cent) had since increased their commitment to at least some of the remaining elements.
- 20 per cent of respondents stated they had gained Living Wage accreditation since signing up to the Pledge whilst 44 per cent were already Living Wage accredited when they signed up to the Pledge.

2. Background

The Scottish Business Pledge is a shared mission between the Scottish Government and businesses, with the goal of boosting productivity, competitiveness, employment, fair work and workforce engagement and development. By making their Pledge, businesses demonstrate their commitment to shared values and to deliver them through their actions and future plans. The Pledge has nine elements:

1. paying the living wage
2. not using exploitative zero hours contracts
3. supporting progressive workforce engagement
4. investing in youth
5. making progress on diversity and gender balance
6. committing to an innovation programme
7. pursuing international business opportunities
8. playing an active role in the community
9. committing to prompt payment

Making the Pledge means that businesses:

- meet the core commitment of paying the living wage
- fulfil at least two other Pledge elements now
- are committed to delivering all nine elements over the longer term

3. Key Findings

3.1. Impact of the Pledge

57 per cent of respondents reported some positive impact and 9 per cent very positive impact on their business as a result of committing to the Scottish Business Pledge. 34 per cent of respondents said that committing to the Pledge made no specific impact on their business, while none of the respondents (0 per cent) reported negative impact (Table 1).

Table 1: What impact has your commitment to the Scottish Business Pledge made on your business? Base: Valid answers, 105 – weighted percentages ¹	
Some positive impact	57%
Very positive impact	9%
No impact	34%
Very negative impact	0%
Some negative impact	0%

¹ Percentages throughout the analysis have been weighted by business size to ensure that the survey sample is representative of the population of all businesses signed up for the Scottish Business Pledge.

Of those respondents that explained the reason of the positive impact (either some positive or very positive impact) of committing to the Scottish Business Pledge², more than half (51 per cent) of the answers related to enhanced reputation/positive credentials (Table 2).

Table 2: Reasons of the positive impact derived by committing to the Scottish Business Pledge Base: Valid answers, 33 - weighted percentages	
Enhanced reputation/positive credential/status	51%
Other	37%
Pledge as a useful exercise to help planning and monitoring work/ useful scheme to follow/self-testing business performance	13%

Respondents reported various answers within the category 'other', that broadly related to stronger relationships (e.g. a factor of success on tendering processes/led to some new contracts, easier recruitment, strong selling point). Some respondents said that committing to the Pledge has made them aware of existing issues and enabled them to prioritise activities on projects that aligned to the Pledge work streams. However, some respondents reported being unable to draw a clear causal relationship between committing to the Pledge and business outcomes.

Of those respondents that explained why they perceived no impact as a result of committing to the Scottish Business Pledge³, the most common answers related to the lack of awareness of the Pledge from customers, lack of interest from others in the sector and to the fact that the Pledge appears not to be well-known enough in order to be widely valued. In addition, some said that committing to the Pledge has made no difference to their business, as they already informally committed to the elements of the Pledge before they signed up.

3.2. Benefits of the Pledge

Respondents were asked what the benefits of committing to the Scottish Business Pledge elements⁴ have been. The most commonly reported benefit was enhanced reputation, cited by 73 per cent of respondents. This was followed by improved workforce engagement/utilisation (46 per cent), improved workforce development (30 per cent), increased competitiveness (25 per cent), reduced staff turnover (18 per cent), other (11 per cent), higher productivity (10 per cent), reduced absenteeism (8 per cent) and higher profitability (5 per cent) (Figure 1).

² 33 businesses responded to this question.

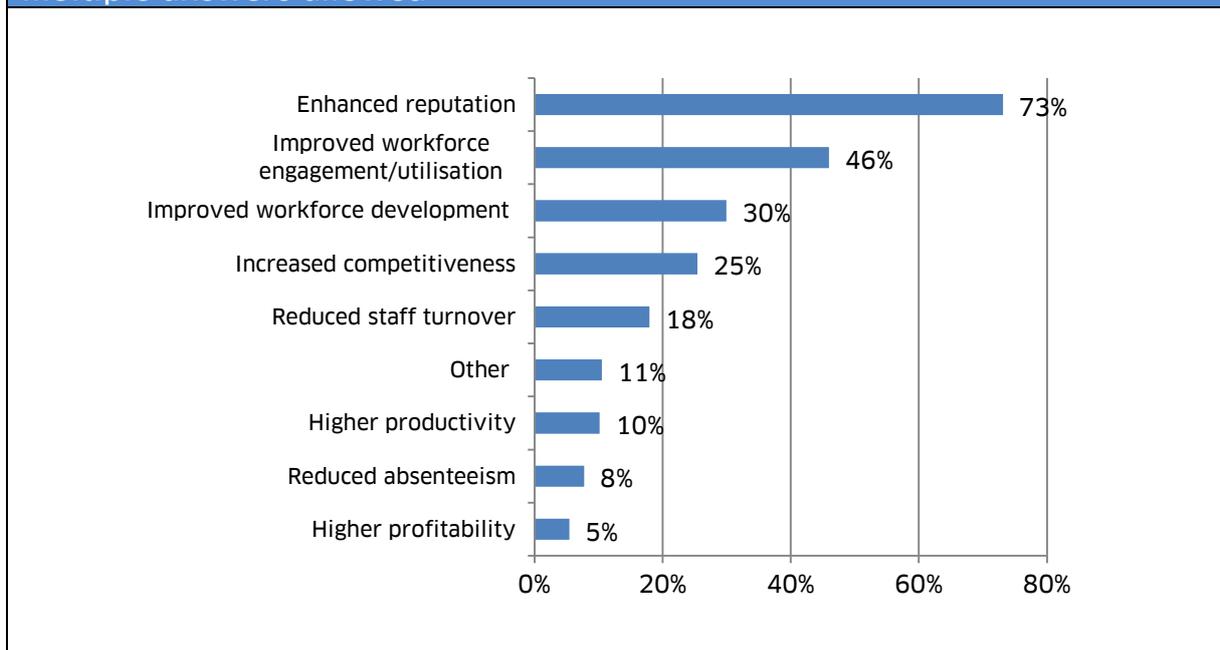
³ Note the small sample size of 9 answers for this question.

⁴ Multiple answers allowed for this question.

Those who cited 'other' reported different answers, including that the Pledge:

- is useful for recruitment and business tenders
- is a benchmark that helps identify where the business is doing well and that encourages improvement, if required
- fosters employee engagement, customer retention and stronger relationships

Figure 1: What have been the benefits of committing to the Pledge elements?
Base: Valid answers, 110 – weighted percentages
Multiple answers allowed

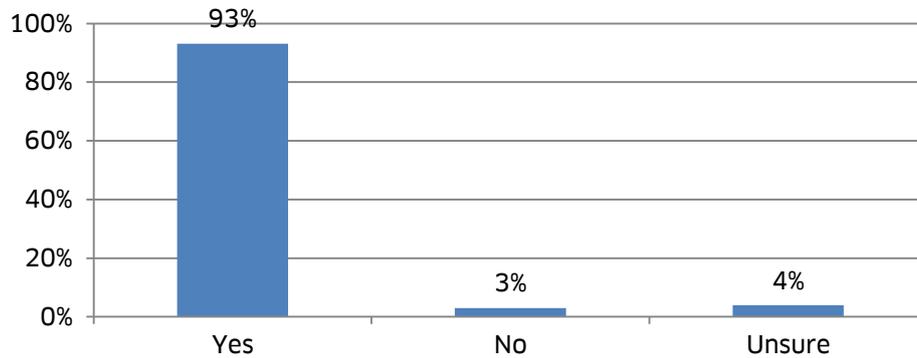


3.3. Recommending the Pledge

The vast majority (93 per cent) of respondents said that they would recommend the Scottish Business Pledge to other businesses, 3 per cent would not recommend it and 4 per cent were unsure (Figure 2).

Figure 2: Would you recommend the Scottish Business Pledge to other businesses?

Base: Valid answers, 101 – weighted percentages



Those who explained the reason why they would recommend the Scottish Business Pledge to other businesses⁵ reported several reasons for this. Overall, the most commonly reported answer related to the fact that the Pledge promotes fairness/equality/ethics/Corporate Social Responsibility (especially through paying the Living Wage). Another common answer related to the fact that the Pledge promotes and formalises ‘best practice’ and works as a framework/benchmark of positive standards/guidelines for the business to operate more effectively.

Those who said they would not recommend it or were unsure said that committing to the Business Pledge has made no difference/no benefits to their business as yet.

3.4. Commitment to the Pledge elements

Respondents who had been unable to commit to all nine Pledge elements at the time of signing up to the Business Pledge were asked if they had now increased their commitment to any of those elements. It is important to note that answering yes to this question does not necessarily mean the business has formally completed all of the requirements of that Pledge element but rather that they have made progress in that area.

The vast majority of respondents had increased their commitment to at least some of the remaining Pledge elements since signing up. 38 per cent of respondents reported that they had now increased their commitment to all remaining elements and a further 43 per cent had increased their commitment to some but not all the remaining elements. Less than a fifth (17 per cent) of respondents had not increased their commitment to any of the remaining elements (Table 3).

⁵ 87 answers for this question.

Table 3: Have you now increased your commitment to any of the remaining elements?

Base: Valid answers, 92 - weighted percentages

Yes, all	38%
No, none	17%
Yes, some but not all	43%
Unsure	1%

Of those respondents who had increased their commitment to at least some of the remaining Pledge elements, the most common element where progress had been made was 'making progress on diversity and gender balance' (balanced workforce).

3.5. Living Wage accreditation

20 per cent of respondents reported that they have been able to enhance their support for the Pledge by gaining the Living Wage Accreditation. 44 per cent were already Living Wage accredited, while 37 per cent had not gained accreditation (Table 4).

Table 4: Have you been able to enhance your support for the Pledge by gaining Living Wage Accreditation?

Base: Valid answers, 109 - weighted percentages

Yes	20%
No	37%
Already Living Wage Accredited	44%

The most commonly reported reason for not being Living Wage accredited⁶ was the lack of time/resources to dedicate to this (24 per cent of those that were not Living Wage accredited), followed by application in process/plans to ask for accreditation soon (19 per cent), no need/not see the benefit (18 per cent) and unawareness of this accreditation (14 per cent) (Figure 3).

⁶ 40 respondents said they were not Living Wage accredited.

Figure 3: Reasons for not being Living Wage accredited
Base: Valid answers, 40 - weighted percentages

