

Wednesday 9th May 2018

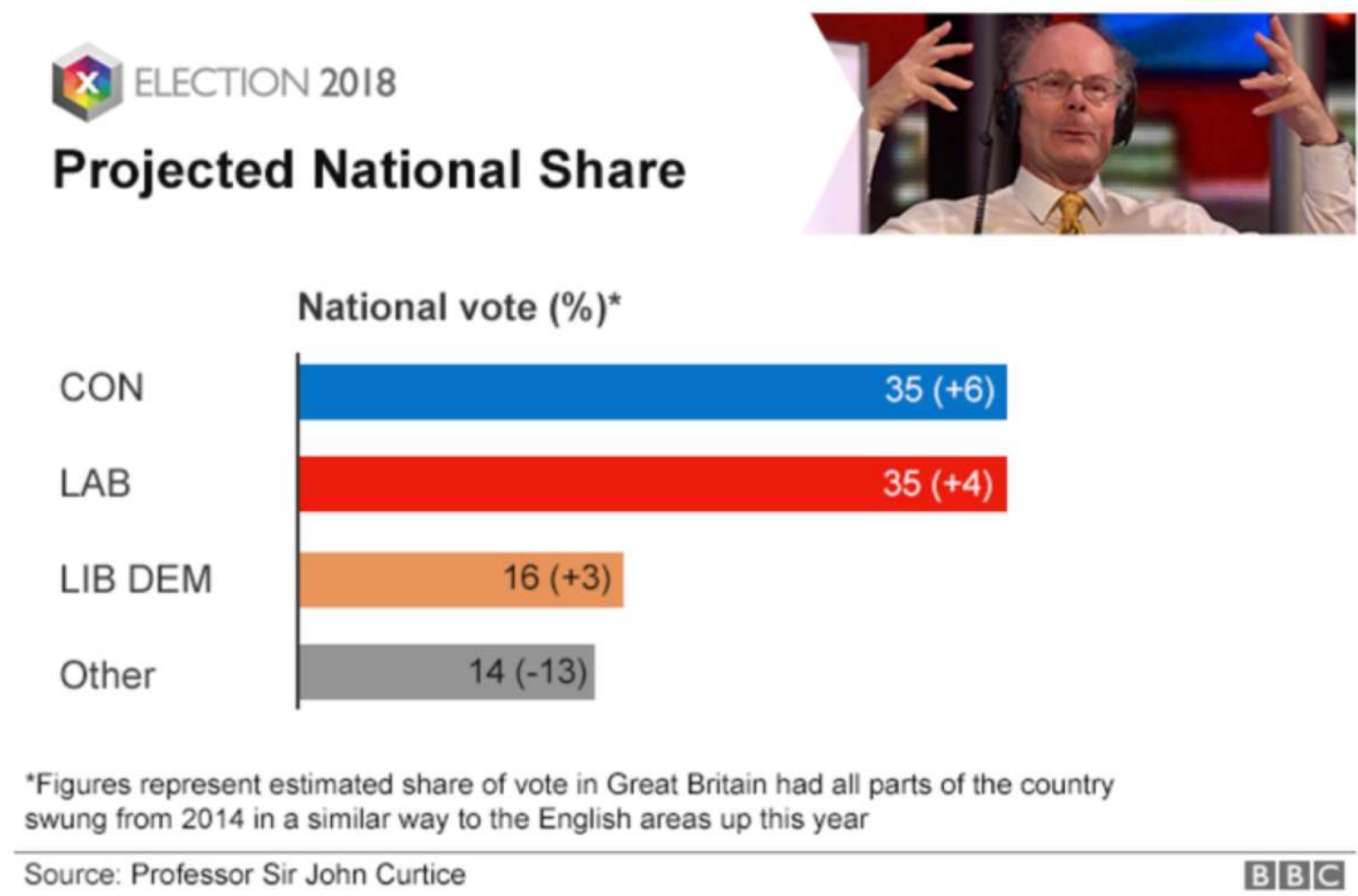
The economy, business and politics

Whose side are the public on?

Michaela Rhode & Charlotte Malton

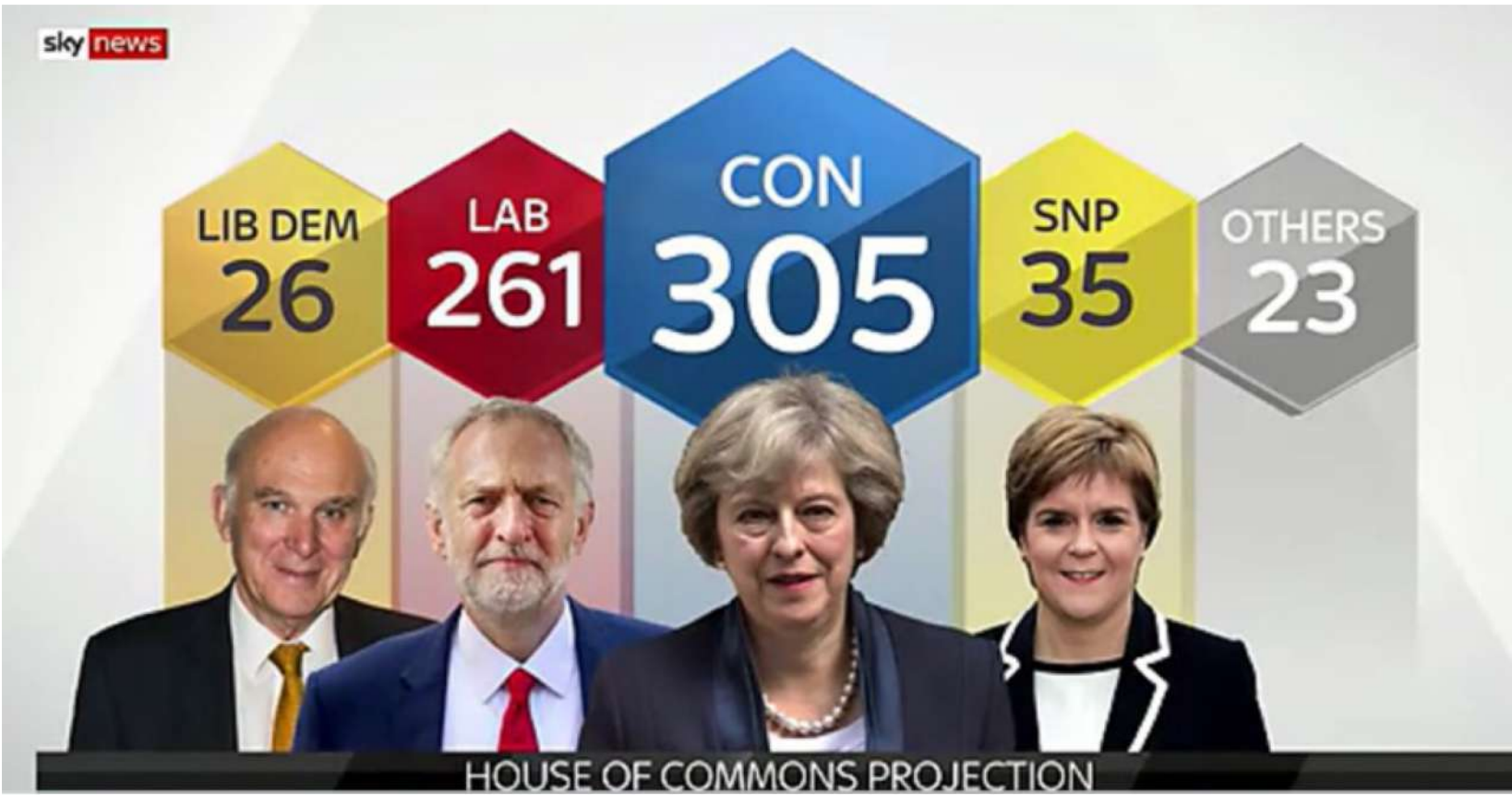
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Labour lost the spin-war last week, but closer analysis suggests politics is still in deadlock

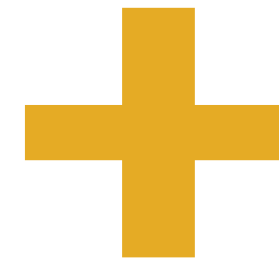


“It is not clear, on this showing, what the path for a workable parliamentary majority for either of them is.”

Stephen Bush, New Statesmen



We wanted to understand how business and the economy fit into the electoral landscape



3 x Focus groups in Chipping Barnet & Southampton Itchen

25th & 26th April 2018

‘Swing’ voters – none voted Labour in GE2017, all C1–C2 social grade

Online survey

2nd – 3rd May

**Nationally representative sample of 2,044
GB adults aged 18+**

Take-outs for business

1.

Don't be complacent about your reputation - as consumers, workers and tax payers, the public view businesses with suspicion

2.

These reputational negatives make business vulnerable if faced with a manifesto that is not “business friendly”

3.

Not all 'Business' is equal: people feel warmer towards small/family businesses compared to big/foreign businesses

4.

Yet the public want business to succeed – and right now they are seeing evidence that business is under threat

5.

There is an opportunity for business to build on the belief that it is crucial to a thriving economy.

Take-outs for politicians

1.	If confrontation arises, politicians shouldn't assume they will win because they are less trusted than business
2.	This agenda matters very much to people. The strength of the economy is something people care about, particularly now as they feel that British business is vulnerable.
3.	Both parties have strengths, but no-one is truly 'owning' the economic argument right now
4.	Labour has a clear opportunity to build in this area. Its values appeal to people and make its business policies seem attractive on first glance
5.	But the Conservatives have a deeper credibility on economic competency, which means they are currently more trusted than Labour

1

Business is not always liked, but it is respected

‘Business’ has an image problem

43%

Trust business



Source: Edelman Trust Barometer 2018, UK only figures

As employers...

- Low pay
- Zero hour contracts
- ‘Disposable’ employees

As corporate citizens...

- Avoid tax
- High levels of executive pay

“When I think of business I just think of those zero-hour contracts. It’s disgraceful what some companies are doing.”

Female, 47-65, Barnet

As providers of goods and services ...

35%

Agree that generally businesses are on my side as a consumer

Business is seen as ruthless, cut-throat, and top of the food chain

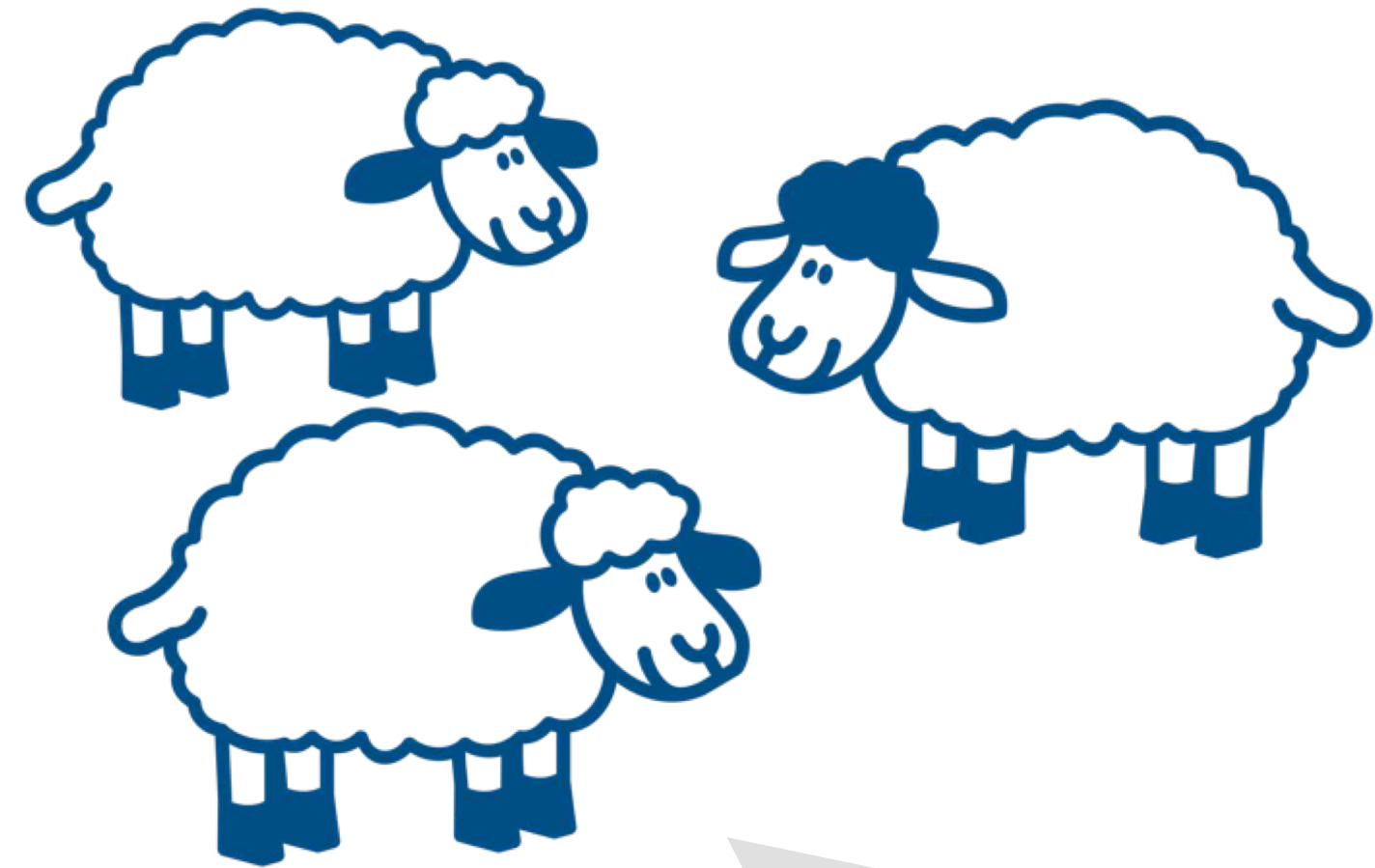
How I see business....



"It's a survivor. Out there in the wild. To be successful you have to look after number one."

Male, 47-65, Southampton

How business sees me....



"Business would see us as sheep - we have to follow their rules. We'd be known [to them] as 'sheep-le'."

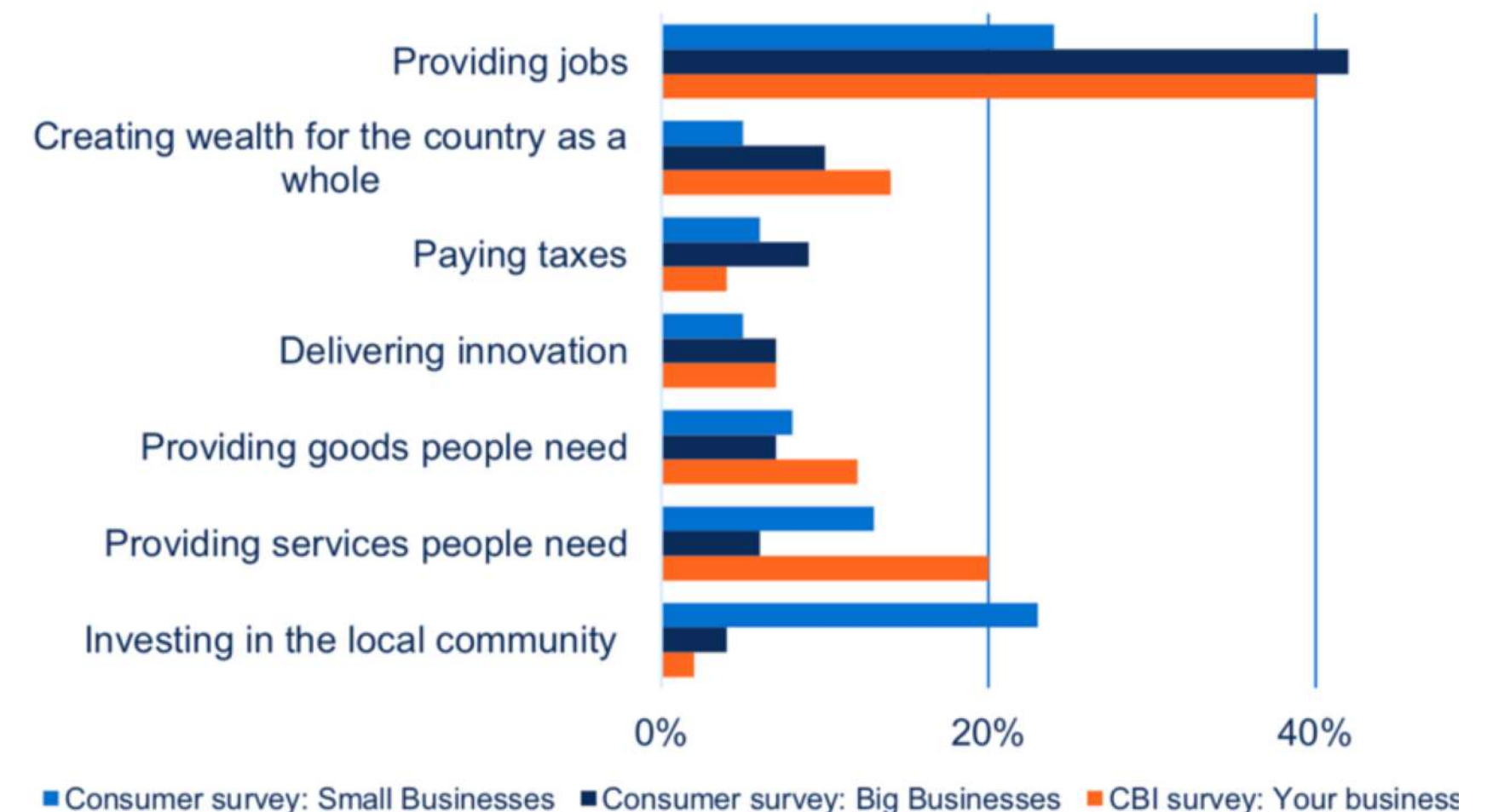
Male, 47-65, Southampton

This is moderated slightly depending on the size of the business

- **Big business is often associated with ‘the economy’ as a whole:**
 - Seen as vitally important, but distant and impersonal
 - Big businesses are often viewed with suspicion, especially ‘foreign’ multinational businesses
- **With small and ‘family’ businesses the relationship feels more personal:**
 - Perceptions of local businesses can act as a barometer of ‘how well are things going for me and my area’

“You’ve got the fluffy businesses, the local community businesses. Then you’ve got the big, meaner ones.”
Female, 47-65, Barnet

What do you think is the biggest contribution big / small businesses / your business makes to UK society?



But even if people don't like business, they do take it seriously as the driving force of the economy



- Business is perceived as an important source of income for the country
- Business growth and profit is regarded as beneficial for the country's strength and international reputation
- Personal business success is admired, albeit grudgingly at times

"The country has to grow. If we don't grow we'll get left behind. It [business success] has a knock on effect all the way through the system."

Male, 47-65, Southampton

"The more business is making profit, the more it is adding to the system. They offer employment."

Female, 47-65, Barnet

Right now many think business isn't doing so well, and that's worrying

"You've got your global companies which are doing fine, but then you've got your smaller family companies which are struggling."

Female, 47-65, Barnet

58%

Agree that UK businesses are struggling at the moment

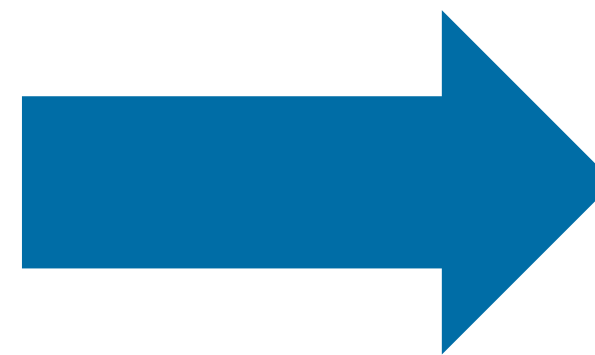
"Other people are taking over our businesses. We're just selling them off cheaply to foreign countries."

Male, 47-65, Southampton

The public *do* make a link between business policy, the economy, and their own lives

I've noticed...

- Shops closing on the high street
- People I know struggling to find work



Makes me worry about...

- Businesses leaving the UK
- Brexit

"All the businesses are going abroad and it's jobs [we're losing]."

Male, 47-65, Southampton

"Business rates should be looked at on the high street. Philip Green is closing his stores because it's too expensive and he's a millionaire."

Male, 47-65, Southampton

They want politicians to protect and champion business



Agree that the UK
Government should do
more to support UK
businesses

VS



Agree that the UK
Government should do
more to regulate UK
business

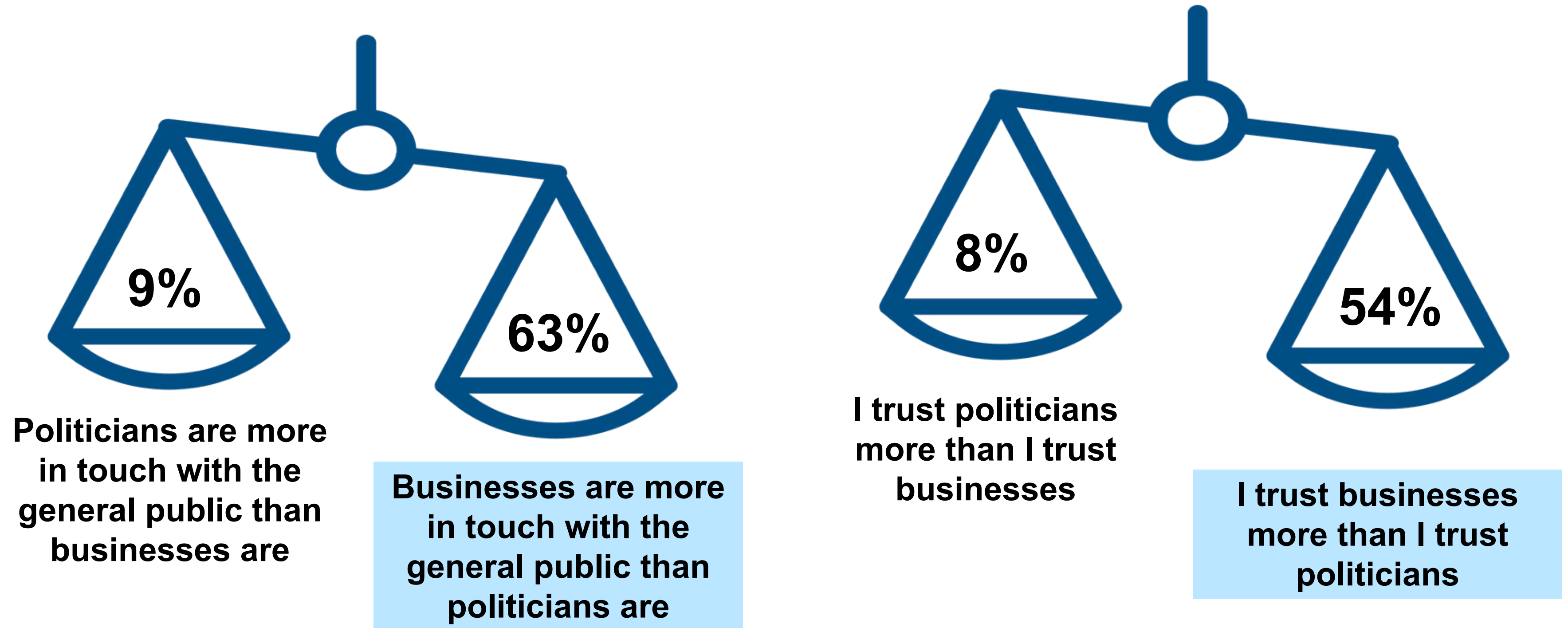
"It's like the umbrella, the economy. It's at the top, and then everything underneath is what we care about."

Female, 18-47, Southampton

"Let's get money in, let's get the country strong."

Male, 47-65, Southampton

If it comes to a choice, people come down on the side of business



2

For the Conservatives, this should all be good news

The Conservatives are described in a similar way to business

This doesn't make them *popular*...



"They stay out all night and go prowling and they'll go wherever it takes."

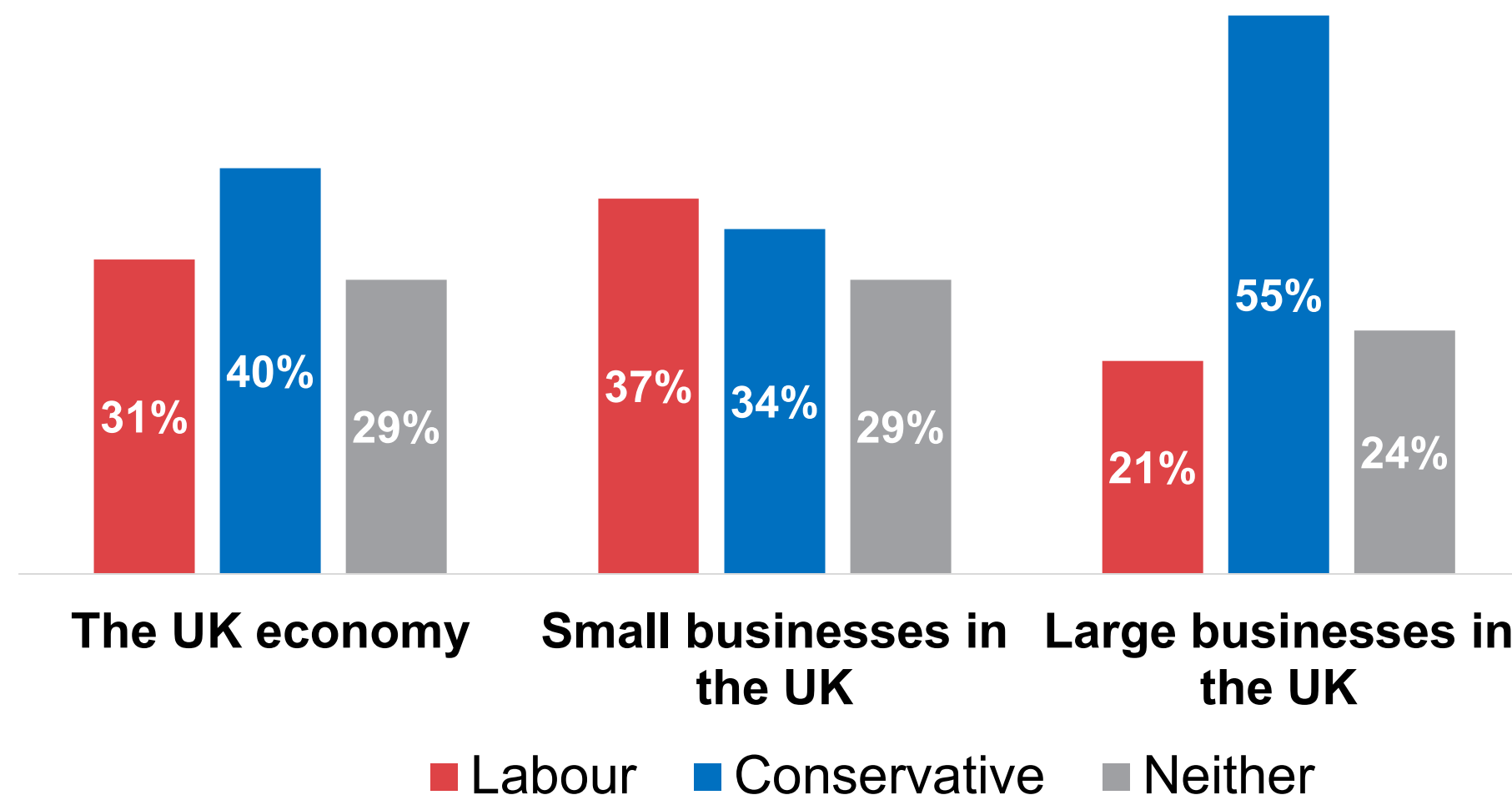
Female, 18-47,
Southampton

- Conservatives are seen as 'ruthless' and 'out for themselves'
- And there is a strong perception that they are 'elitist' and 'for the rich'



But it does mean that they are clearly seen as the best party on the economy

Which of the following parties would be the best party for....



“The Conservative’s policies are more practical and realistic if you’re looking at it from the perspective of the UK economy.”

Female, 18-47, Southampton

- Often credited with having rescued the economy from Labour
- The values associated with the Conservatives – ambitious, ruthless - are perceived to be more in step with the conditions needed for business to thrive

Currently they are not maximising their advantage here

2015



2017



Today



Only **39%** of the public can name Phillip Hammond as Chancellor of the Exchequer

3

Labour is all the things that business is not, in good ways and bad

Labour is caring, but not competent

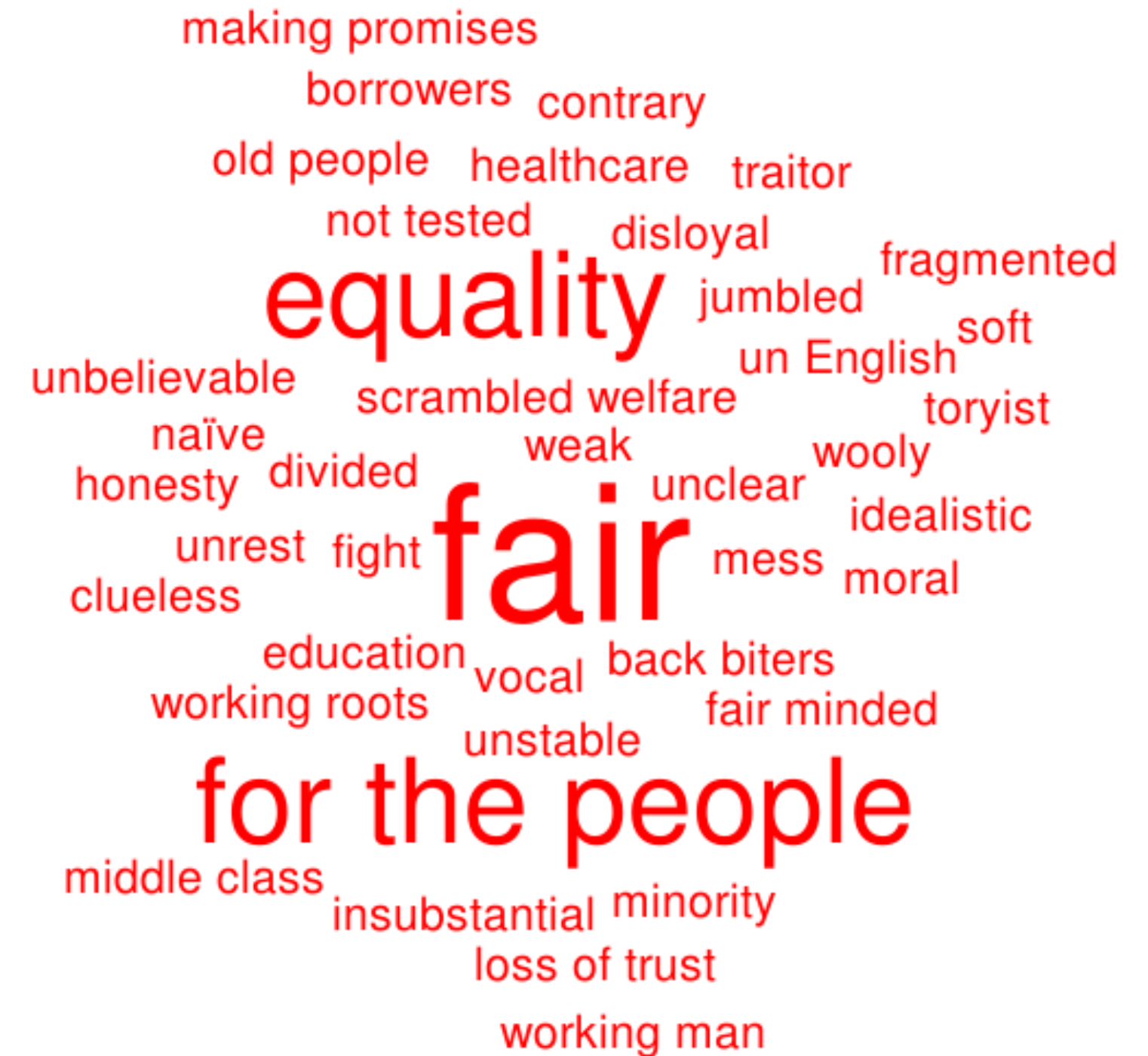
They are seen to be *trying hard*...



“They are like a dog- it seems like a good idea at the time but then turns out to be really annoying and a big commitment...”

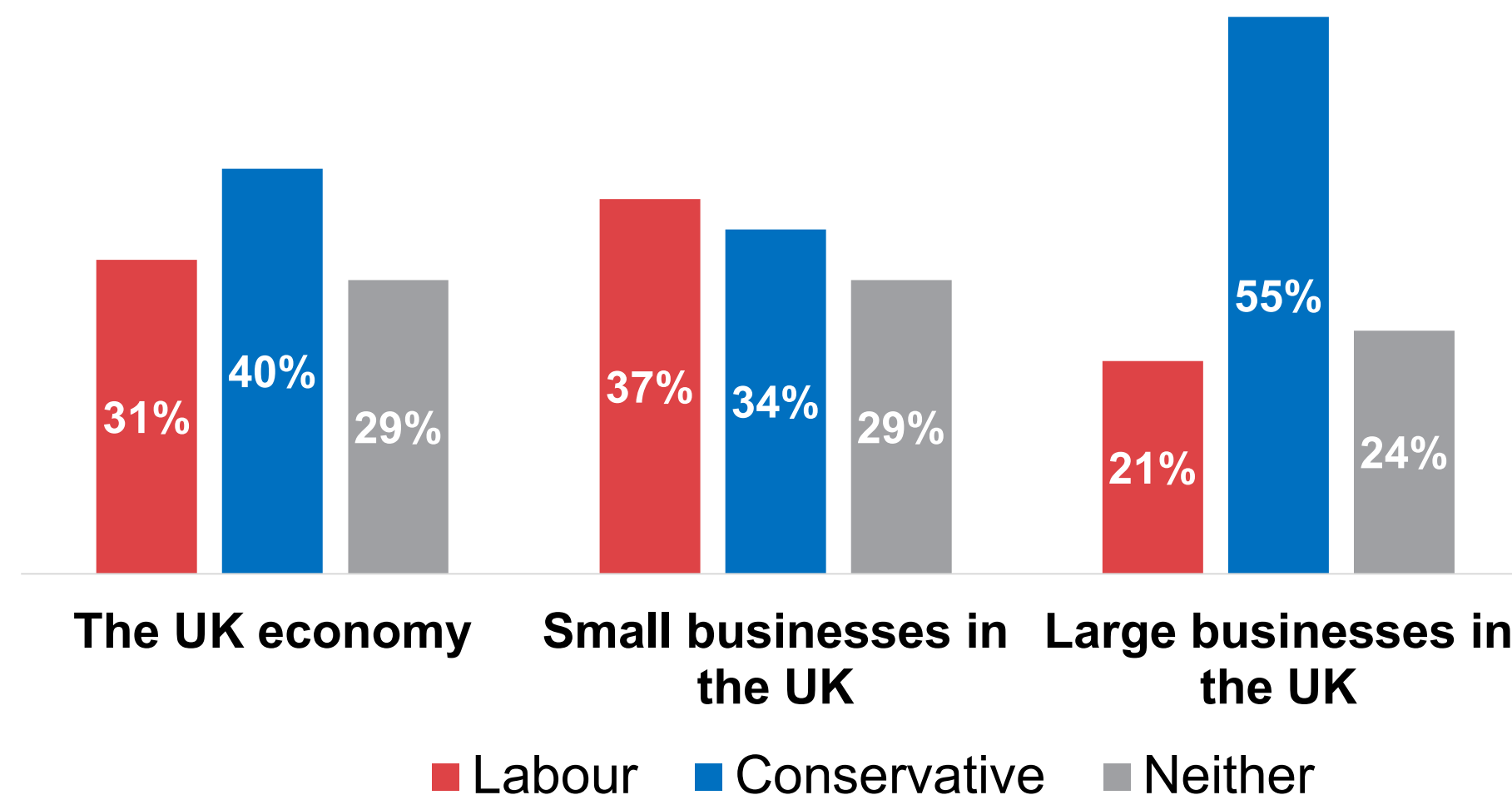
Female, 18-47, Southampton

- Labour are seen as ‘fair’ and genuine in their desire to help people
- But there is concern that in their quest to be liked, they are over-promising



Whilst Labour enjoys a marginal lead with small businesses, it is seen as the less-good option for the economy overall, and a terrible option for 'big business'

Which of the following parties would be the best party for....



"They're frightening. If they came into power they would just spend."

Male, 47-65, Southampton

Thinking about 'business' and the 'economy' magnifies what concerns people have, and tends to make them feel more negative about Labour

At first sight, Labour policies are attractive and speak to the issues that matter to people

When tested blind, Labour policies are relatively popular

% of respondents who think each is a good idea (8-10 on 10 point scale)

61 %	Raise Minimum Wage to the level of the Living Wage (£10 an hour by 2020) for all those aged 18+
58 %	Help small businesses (e.g. with lower corporate tax rate and reform to business rates)
55 %	Strengthen workers' rights (e.g. banning zero hours contracts, increasing trade union power)
55 %	Tax rises on top 5% of earners (those who earn over £70,000 per year)

“Probably a good idea. If you look at the companies on the high street, Poundland for example, all their staff are on minimum wage.”

Female, Southampton, 18-47

“That sounds good. It’s the smaller businesses that need the most support. They’re just prey to the bigger businesses.”

Female, Barnet, 47-65

There is least support for policies which are thought could impede business success

% of respondents who think each is a good idea (8-10 on 10 point scale)

26 %

Raise corporation tax from the current rate of 19% to 26% by 2020-21

39 %

Work towards a 20:1 pay ratio between highest and lowest paid workers, and introduce fines for companies that exceed this

"I think we shouldn't concentrate on squeezing tax out of British companies when there's massive corporations here like amazon who aren't paying anything at all."

Male, 18-47, Southampton

"If you've made the money and been successful you shouldn't be penalised for that."

Female, 18-47, Southampton

Views of renationalization are complicated

% of respondents who think each is a good idea (8-10 on 10 point scale)

46 %

Bring rail and water industries, and the Post Office, back into Government ownership

- Initial views are positive- driven by low spontaneous awareness of cost implications, optimism about what it will mean for the consumer and nostalgic lens
- But when business rebuttal is tested, concern about the cost has potential to change views

“It sounds like a good idea, but it would be so expensive. Where is the money coming from?”

Male, 47-65, Southampton

When business policies are associated with Labour, there is a noticeable drop in support

- The immediate reaction is ‘how will they pay for it?’
- Plays into existing preconceptions, and makes them think the policy is less feasible/ more risky
- Prompts concern that Labour is looking to ‘rock the boat’



“They sound good on paper, but they need a calculator.”

Female, 18-46, Southampton

“Where’s the money coming from? If it’s borrowing then no, we don’t want [these policies]. We already have massive national debt.”

Male, 47-65, Southampton

When business concern about Labour's policies is shared with voters, it also gives pause for thought

“Jeremy Corbyn calls his manifesto ambitious, but businesses will be concerned about what happens when this ambition collides with reality. Individually, policies to renationalise the railways, water and sections of the energy industry, or to abolish tuition fees, may sound popular. But the costs would be staggering, the benefits unclear, and the related tax rises would make the UK a less competitive economy.”

Institute of Directors

“That’s what we’ve all been saying all along.”

Female, 18-46, Southampton

Business rebuttals prompt people to consider the knock-on impact of policies

- A cautious tone chimes strongly with what the public feel – ‘sounds good on paper but...’
- Rebuttals are most effective when they tap into concerns about losing jobs or businesses moving abroad

4 Conclusions

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