

IT'S A MUM'S WORLD

ATTITUDES TO BUSINESS REFORM,
THE ECONOMY AND PAY



About the High Pay Centre

The High Pay Centre is an independent non-party think tank established to monitor pay at the top of the income distribution and set out a road map towards better business and economic success.

We aim to produce high quality research and develop a greater understanding of top rewards, company accountability and business performance. We will communicate evidence for change to policymakers, companies and other interested parties to build a consensus for business renewal.

The High Pay Centre is resolutely independent and strictly non-partisan. It is increasingly clear that there has been a policy and market failure in relation to pay at the top of companies and the structures of business over a period of years under all governments. It is now essential to persuade all parties that there is a better way.

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About Mumsnet

Mumsnet is the UK's busiest network for parents, with over 40 million page views and 5.3 million visits per month. It has 200 local sites, as well as a network of 1500 bloggers. It regularly campaigns on issues such as support for families of children with SEN, improvements in miscarriage care and freedom of speech on the internet.

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Foreword

When our children are young, we all have high hopes for them. We like to think the future will be better for them. But Britain's dire economic situation has dashed hopes for many mums that brighter prospects lie ahead.

They already feel that in some aspects, their life is harder than their parents'. But the glum mums are even more worried about the outlook for their kids.

As part of a survey among Mumsnet users for the High Pay Centre, mothers of young children said they believed it would be more difficult for their kids to get onto the housing ladder and that they would be saddled with debt.

Breaking the post-war expectation that each generation would enjoy a higher standard of living than the last, the mums' pessimism offers a bleak outlook on Britain today. Many mums believe that their children will struggle to get a job. They want to see something done about this. Mums want the business community to create jobs ahead of improving returns for shareholders. They also want the government to do more to help the young find work.

**Deborah Hargreaves,
Director, High Pay Centre**

Executive Summary

Will our children enjoy the same privileges we have? At a time of recession what should businesses be doing to stimulate growth? And are we paying fair rate for the job? These are some of the questions we wanted to explore in this survey of Mumsnet users. Understanding attitudes to business behaviour, government intervention and just rewards at this time of recession is essential, and who better to ask than mums?

In June 2012 the High Pay Centre asked Mumsnet to conduct an online survey of Mumsnet users to explore attitudes and opinions.¹ We received 1014 responses, the majority of respondents had young children with only 10% stating they had a child of 16+.

Thinking about the future for their children:

- > 80% of Mumsnet users felt that opportunities to get on the housing ladder would be worse than it was for them;
- > 78% concluded that levels of personal debt would be worse.

What should be done?

- > 72% agreed that "Businesses should prioritise creating jobs over delivering short term shareholder returns";
- > 81% either tended to agree or strongly agreed that the "government should do more to support job creation schemes in companies for younger people".

Trust in Business:

- > The way a company treats its employees was identified as the number one factor which positively affected their overall level of trust in a business (81%);
- > This was closely followed by good customer services (80%);
- > With superior products (48%) and level of community and/charity support (22%) also scoring highly.

What about pay?

- > It was perhaps unsurprising that the highest level of disapproval went to footballers. 95% of Mumsnet users thought that the estimated pay of the average Premier league footballer of £2m was too high;
- > Next in line was the average CEO of a FTSE 100 company on an estimated £4.8m where 91% felt this was too high;
- > Interestingly Doctors on £82,692 were seen as earning about the right amount (73%) and MPs on £65,738 were seen to be on the right amount by 54% of respondents.

¹ Mumsnet hosted the survey on site - it was open to all UK Mumsnetters. Interviews were completed between 20-26 June 2012. The data is not weighted. An incentive of a £200 Amazon voucher was offered to one winner.

Introduction

A week does not pass without a new Eurozone crisis, a revelation on the declining state of our economy, or a new business or political scandal. Understanding how these affect the public mood is important for any organisation, and is particularly important for both government and business.

What people think matters; it matters for businesses that want to sell products or services and it matters for politicians who make choices on policy and in turn want to be elected.

Understanding this we worked with Mumsnet to explore some key issues on the state of the economy as well as to explore attitudes to business, trust and pay.

This survey suggests that the current economic and political events are not without effect and it is clear that they are influencing the public mood, as traditionally optimistic mothers are no longer feeling positive about the future for their children.

It is the economic orthodoxy of our time that each generation will have it better than the last. Part of the social compact, that we can expect a better outlook for our children. But in this survey of Mumsnet users we found a group of mums feeling particularly pessimistic about the future.

Better or worse?

We wanted to understand attitudes to the future of the economy and explore whether mums were optimistic about the long term economic future and the opportunities for their children on a range of issues. So we asked mums to tell us whether they thought things would be better or worse for their children on a range of issues (See Table 1). The results suggest that on a number of key indicators mums expected living standards to be worse for their children. These included 87% stating that the state pension would be worse for their children, 80% agreeing that opportunities to get on the housing ladder would be worse, and 78% concluding that level of personal debt would be worse. While these conclusions may not come as a surprise the level of pessimism in mums should not be ignored.

Interestingly when asked to compare their own standard of living to their parents 45% stated it was much or slightly better with only 29% concluding it was worse. But while the conclusions were less stark, it was clear that on a number of issues Mumsnet users felt that they were having a harder time than their parents with 65% claiming their level of personal debt was worse, 50% stating their long term job prospects were not as good either (see Table 2).

table 1 Responses to: What are your expectations for your children's standard of living in relation to your own in the following areas? (over their lifetime (or in retirement for pensions)) Do you expect your child(ren)'s experience of these things will be better, similar or worse than yours?

Answer Options	Much/ slightly better	Similar	Slightly / much worse
Overall standard of living	17%	41%	39%
Level of personal debt (including student loans, mortgage and personal loans)	7%	14%	78%
Opportunity to get on the housing ladder	6%	12%	80%
Short term job prospects	8%	36%	47%
Long term job prospects	12%	35%	49%
Work life balance	14%	40%	42%
State pension	3%	7%	87%

Together these suggest a sense of decline, and a significant degree of pessimism which should be concerning to politicians and businesses which are relying on consumer confidence to encourage growth.

What to do?

table 2 Responses to “And thinking about your own parents how does your general or expected standard of living compare to theirs – across their lifetime? So is your own experience, better, similar or the worse than your parents in relation to...”

Answer Options	Much/ slightly better	Similar	Slightly / much worse
Overall standard of living	45%	24%	29%
Level of personal debt (including student loans, mortgage and personal loans)	12%	21%	65%
Opportunity to get on the housing ladder	19%	20%	60%
Short term job prospects	20%	33%	42%
Long term job prospects	23%	25%	50%
Work life balance	27%	28%	43%
State pension	6%	12%	74%

We asked respondents to think about the economic position in the UK at present - we sought to understand what, if anything, Mumsnet users thought should be done to improve things. And whose responsibility it was to do it.³

Here we found high levels of support for action from both business and government. Of those who responded 82% supported government and businesses working together to improve the living standards eg through tax breaks and a higher minimum wage.

Interestingly when asked about business priorities 72% agreed that “Businesses should prioritise creating jobs over delivering short term shareholder returns. However, Mumsnet users also felt that “government should do more to support job creation schemes in companies for younger people” 81% either tended to agree or strongly agreed.

Asked about executive pay, Mumsnet users supported government regulation with 78% agreeing or tending to agree that the government should regulate to ensure that the pay packages of executives of some of the UK’s biggest companies were fair in relation to the rest of the workforce.

When we asked those who had supported government regulation what measures they agreed with 73% supported the publication of a pay ratio, and 59% supported the inclusion of employee representatives on to remuneration committees.

² For a full copy of the data set please contact info@highpaycentre.org

Trust in Business

Looking at the key business issue of trust we asked Mumsnet users what factors affected their trust in business both positively and negatively (See Table 3 and 4).

Respondents could tick up to three responses. They identified the way a company treats its employees as the number one factor which positively affected their trust in a business (81%), this was closely followed by Good customer services (80%), with superior product (48%) and level of community and/charity support (22%) also scoring highly.

Interestingly, only 11% identified executive pay as a factor that could positively affect their trust in business. However, when the question was reversed and we asked Mumsnet users what factors could negatively affect your trust in business 39% identified executive pay, putting it higher than environmental issues, low levels of community/charity support and the economic crisis.

table 3 Responses to “Which of the following factors most positively affects your overall level of trust in businesses? Tick up to 3 responses”

Answer Options	Response Percent
The way a company treats employees	81%
Good customer service	80%
Superior product / output	48%
Level of community/ charity support	22%
Environmental issues	16%
Executive pay levels	11%
How they handle the economic crisis	9%
Don't know/ NS	1%
NA: I don't trust businesses	3%
Other (please specify)	2%

table 4 Responses to “Which of the following factors most negatively affects your overall level of trust in businesses? Tick up to 3 responses”

Answer Options	Response Percent
Poor customer service	81%
The way a company treats employees	67%
Inferior product / output	63%
Executive pay levels	39%
Environmental issues	14%
Low level of community/ charity support	9%
The economic crisis	6%
Don't know/ NS	1%
NA: I trust businesses	0%
Other (please specify)	2%

Too much or not enough?

³ Pay levels were taken from published lists of figures and the sources cited.

⁴ Sources: Annual Survey of Hours and Earning (2012); High Pay Commission (2012) Cheques With Balances; <http://www.parliament.uk/about/mps-and-lords/members/pay-mps/>; Will Hutton (2011) Fair Pay Report.

Finally we explored Mumsnet users' attitudes to current pay levels in a range of jobs including the CEO of a FTSE 100 company, footballer, Prime minister, MP, cleaner and nurse (see Table 5).³ It was perhaps unsurprising that the highest level of disapproval went to footballers.

95% of Mumsnet users thought that the estimated pay of the average Premier League footballer of £2m was too high. Next in line was the average CEO of a FTSE 100 company on an estimated £4.8m; 91% felt this was too high.

table 5 Responses to “In terms of each role’s value to society, community and the economy, please say for each one whether you think they earn too much, too little or about the right amount of money.”⁴

Answer Options	Earns too much	Earns too little	Earns about the right amount	Don't know
Doctor £82,962	20%	5%	73%	2%
Nurse £30,742	1%	61%	37%	1%
Secondary School Teacher £37,265	7%	29%	61%	3%
3* General in the Army (Lieutenant-General or equivalent) £151,609	61%	1%	24%	14%
Local Government Chief Executive £124,784	80%	1%	13%	6%
Finance Director in financial services £94,000	51%	1%	38%	9%
FTSE100 Business Chief Executive (total package includes basic pay, benefits and performance related elements) £4,800,000	91%	0%	5%	3%
Premiership footballer (estimated) £2,000,000	95%	0%	2%	2%
Police officer £39,165	4%	37%	56%	2%
Prime Minister - £142,500	22%	15%	59%	4%
Members of Parliament - £65,738	33%	10%	54%	3%
Domestic Cleaner £14,144	1%	66%	30%	3%
Lawyer £48,449	7%	8%	82%	3%
Accountant £36,960	3%	9%	86%	2%
Journalist £29,132	4%	16%	76%	4%
Office Manager £32,074	6%	6%	85%	3%
Estate Agent £26,895	9%	6%	82%	4%

Conclusion

Interestingly doctors on £82,692 were seen as earning about the right amount (73%) and MPs on £65,738 were seen to be on the right amount by 54% of respondents. Indeed 59% of respondents felt the Prime Minister on £142,500 was on the right amount, while 15% of people felt he was being paid too little.

What was clear from the survey results was that the vast majority of people are willing to accept pay differentials based on job. Even in what may not be considered popular professions people were willing to accept pay differentials, for example 38% of people felt that £94,000 was about the right amount for a finance director in financial services. However, interestingly most people seemed to supported lower levels of differential than currently exist with 66% of people stating that the lowest paid job, that of a domestic cleaner on £14,144 should be higher paid.

The main findings of this survey paint a picture of glum mums, pessimistic about the future for their children. Such an outlook is undoubtedly concerning for politicians and business leaders alike. However, we should also note that these results tell us important things about pay.

Pay continues to be a rarely discussed topic. But who gets paid what matters and when it is deemed to be unfair it has an effect, particularly on public trust in business.

At the High Pay Centre we are interested in attitudes towards pay generally and will continue to explore these issues. We believe there is a growing demand for a public debate on pay.

