

The Reputation of Business in Westminster

Three decades of MPs' attitudes



An analysis of Ipsos MORI's MPs trend data 1976 - 2005
Alex Bollen & Claire Emes

Ipsos MORI would like to take this opportunity to thank all of the MPs and Cabinet Ministers who have taken part in the study over the last thirty years, without whom the study and this paper would not have been possible



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Introduction

In 1976 James Callaghan replaced Harold Wilson as Prime Minister, Jeremy Thorpe resigned as leader of the Liberal Party after being accused of conspiring to murder a former male model, and Britain applied to the International Monetary Fund for a loan of \$3.9 billion.

1976 was also the first year that MORI surveyed Members of Parliament on behalf of a group of clients. MPs were then, and remain, a key stakeholder audience. Their decisions can directly impact all organisations and industry sectors, while their opinions of individual companies and organisations can greatly influence other stakeholders. For three decades MORI has helped a wide range of companies and organisations understand MPs' attitudes towards them, as well as towards wider political and economic issues. As a result, we have built up an extensive and unique bank of trend data among MPs. This paper draws these data together for the first time.

After 1976, the survey took place again in 1978, 1980 and every year since. To meet client demand the questionnaire has steadily expanded, and since 1991 the survey has been conducted twice a year. For each study, a representative sample of backbench and frontbench MPs is drawn from across the political spectrum (it is not a paid-for panel, which has limitations as a research vehicle). Interviews are then conducted face-to-face either in Westminster or in the MPs' constituencies. Most of the biggest names in British politics have taken part in the survey over the years.

This report brings together thirty years of research among this key audience and covers MPs' attitudes towards business and the political and economic landscape in which business operates. Specifically:

- ▶ The issues MPs are contacted about most frequently by individuals
- ▶ MPs' economic outlook and how their views compare with other audiences
- ▶ How MPs' concerns for business and industry have changed since the late 1970s
- ▶ MPs' views on whether business is meeting its social and environmental responsibilities
- ▶ The factors MPs take into account when judging companies
- ▶ The lessons we have learnt from analysing the reputation of individual companies
- ▶ Individual MPs singled out as most impressive by their peers

Where appropriate, this report refers to data in two earlier reports on general public and Captains of Industry trends:

- The More Things Change: Government, the Economy and Public Services since the 1970s - an analysis of long term general public trends
- The Changing Views of Big Business - an analysis of MORI's Captains of Industry trend data from 1981 - 2003

Summary

The Political Landscape

- ▶ MPs' postbags give a fascinating insight into the political environment in which businesses operate. MPs are contacted by their constituents and other individuals about a wide range of issues, which broadly divide into two groups - **perennial concerns** and **topical issues**
- ▶ The perennial issues MPs have to deal with most often centre on welfare matters such as housing, social security and, top of the list in recent years, child support. Other ongoing issues which MPs are contacted about include **key policy areas** such as health, crime, education and immigration, which broadly reflect, and sometimes precede, the public's views on the most important issues facing Britain. Topical issues crop up temporarily in MPs' postbags - over the years they have included such diverse themes as Poll Tax, dog registration and Iraq

The Economic Landscape

- ▶ From 1987 until the late 1990s, MPs remained optimistic about the economy's prospects. Since Labour's 1997 election victory MPs' economic outlook has, on the whole, been less positive and has fluctuated to a much greater degree; a very similar pattern to Captains of Industry. As this has occurred against a backdrop of relative economic stability in the British economy, this suggests that MPs, like Captains of Industry, are now **more influenced by global events when predicting the fortunes of the British economy**
- ▶ Up until the late 1990s, both MPs and Captains of Industry were generally much more optimistic about the economy than the general public, but their **outlook over recent years is more in line with that of the public**
- ▶ MPs' views on the economy are heavily influenced by whether or not their own party is in power. **When their party is in government MPs tend to have a much more optimistic view of the economy than when their party is in opposition**
- ▶ Until the 1990s, **MPs' main concerns for business** surrounded the competitiveness of British industry, high interest rates and a lack of investment, mirroring Captains' concerns about flagging demand, and the general public's worries about unemployment. Concerns about interest rates dominated the early 1990s, and investment and financial support reappeared as the top concern during the mid-1990s. Concerns about the strength of the pound predominated in the period after, although **since 2004 MPs have echoed the uneasiness of Captains about overregulation and bureaucracy**

The Business Environment

- ▶ When judging companies, two criteria have been particularly important to MPs over the past twenty-five years: **employee relations** and **financial performance**. Conservative MPs have placed much more emphasis on the latter and Labour MPs on the former, though the difference between the two parties has decreased slightly over the years
- ▶ Recent years have seen an **increase in the importance of 'soft' issues** such as social responsibility, treatment of the environment, and honesty and integrity. Over the same period, we have also seen Captains of Industry and the general public give greater prominence to factors such as honesty and integrity, and reputation. Taken together, these trends suggest that **more is now expected of companies than just functional delivery**, whether in terms of product or financial performance

- ▶ There are clear **party political differences** in perceptions of how responsible business is. Labour MPs are much more likely than Conservative MPs to believe that industry and commerce do not pay enough attention to either their social or environmental responsibilities. When we compare MPs with Captains of Industry and the general public, we see that **Labour MPs' views are much more in tune with those of the general public, whilst Conservative views sit nearer to those of business leaders**; will David Cameron change this?
- ▶ Company trends strongly illustrate that **reputation can be much easier to lose than recover**. However, it is possible to maintain **a very strong reputation** over a long period of time, and this **can help organisations recover more quickly** from difficulties. **Reputation alone cannot be relied on forever** though, and if an organisation continues to have problems, its reputation will inevitably fade

The Political Landscape

Constituents' Concerns

One of the most important roles of an MP - some would argue the most important - is to represent his or her constituents. Since 1987 we have been asking MPs what issues individuals contact them about most often, giving a fascinating insight into the political landscape MPs have to navigate, as well as the day-to-day concerns they have to deal with.

Constituents and other individuals raise a wide range of problems, concerns and observations with MPs. Broadly speaking, these issues can be divided into two groups - perennial concerns such as housing, health and social security, and topical issues which crop up temporarily in MPs' postbags in response to external events or key policy changes.

The Topical Issues

A good example of an issue which featured only briefly on MPs' radars is dog registration - cited by almost half of MPs in 1991 following the Dangerous Dogs Act. Similarly, following the House of Commons' vote for Sunday shopping in November 1993, three-fifths of MPs listed Sunday trading as a 'postbag issue'. After shootings at Dunblane Primary School in March 1996, MPs were inundated with correspondence regarding dangerous weapons. European bans on British beef in the late 1990s prompted constituents to contact their MPs, as has the war in Iraq in recent years. The most extreme example followed the introduction of the Poll Tax in 1990 when 78% of MPs listed it as an issue they were contacted about most often, almost twice as many as any other issue that year. To some extent, this is reassuring about the health of British democracy: people are contacting their MPs with their views about important policies. However, it raises key questions such as what is happening to the volume of correspondence, and do all citizens feel equally comfortable contacting their MP?

The Perennial Issues

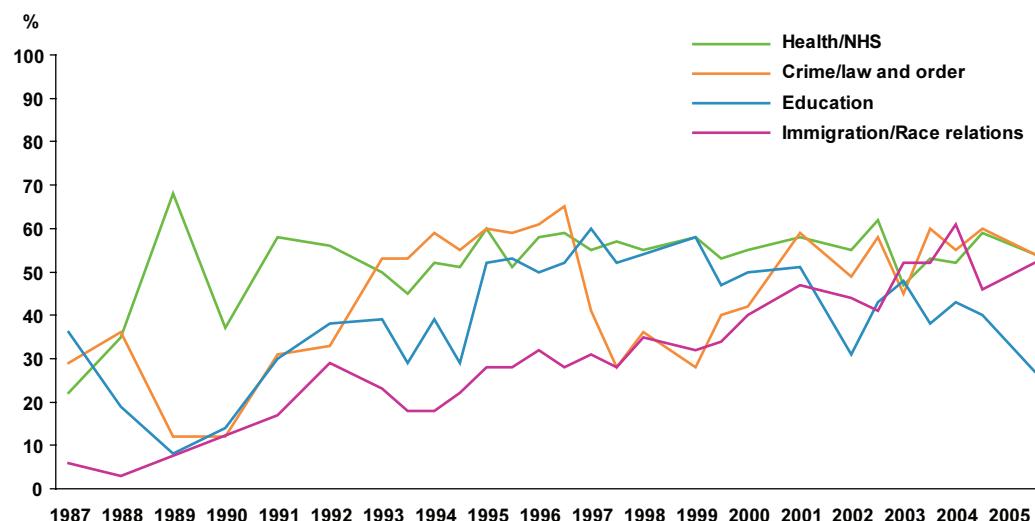
Over the years the recurrent subjects of MPs' postbags centre on welfare issues such as housing, social security and, top of the list in recent years, child support. In most cases MPs will simply refer constituents to the appropriate authority. Occasionally, however, they will take up a constituent's case personally with a minister or agency, or by asking a question in Parliament. This lower profile, but increasingly time-consuming, aspect of an MP's job sees them act more like a 'case worker'.

Other consistent issues MPs are contacted about include key policy areas such as health, crime, education, and immigration. In terms of importance, these can ebb and flow as figure 1 illustrates.

- The mid-1990s saw an increase in the proportion of MPs listing crime, or law and order. This mirrors British Crime Survey figures which show that the number of incidents peaked in 1995
- Education rose in importance in the lead-up to the 1997 election and the early years of New Labour, most likely due to heightened awareness of the issue following Tony Blair's 'Education, Education, Education' mantra but has since declined again
- Over recent years, MPs' postbags and surgeries have increasingly been taken up by immigration and race relations. In 1988 just 3% of MPs cited immigration or race relations as one of the issues they receive most approaches about, but by 2004 this had risen to 61%
- In contrast, contact regarding health or the NHS has been high throughout the last decade and a half, with more than half of MPs listing it as an issue for most of the period

Figure 1: Constituent Correspondence for MPs

Q. Which of the subjects on this list, if any, do you receive most letters about in your postbag, or receive most approaches about from individuals in clinics or other ways?

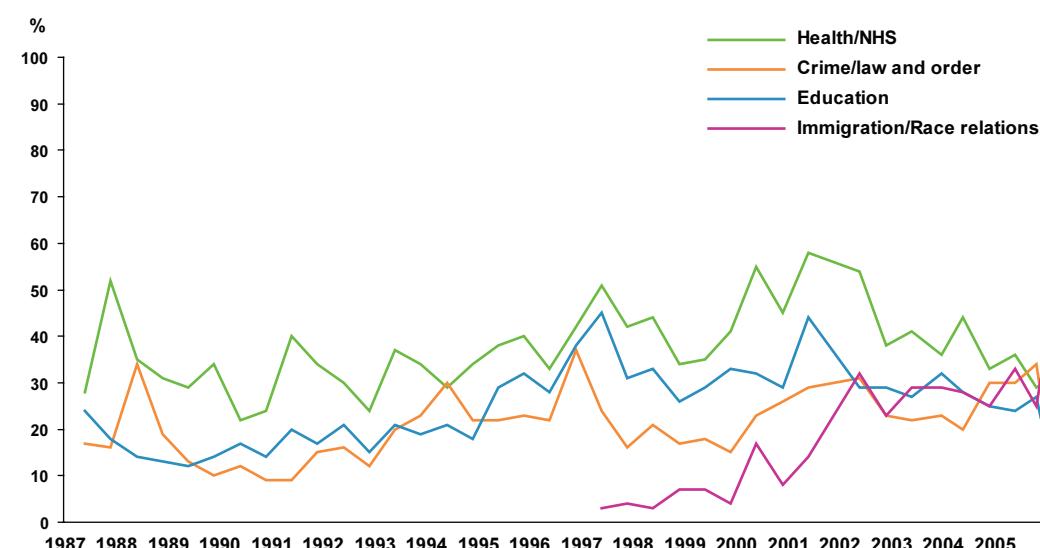


Base: Members of Parliament, 1987-2005

Comparing MPs' postbags with the general public's views on the most important issues facing Britain (figure 2) shows a good similarity in the two sets of figures - that is to say, MPs' postbags have broadly reflected public concerns. Again, health is consistently high throughout the period measured, mentions of crime rise in the mid-1990s, and education peaks in 1997.

Figure 2: Public Concern

Q. What would you say is the most important issue facing Britain today?
What do you see as other important issues facing Britain today?



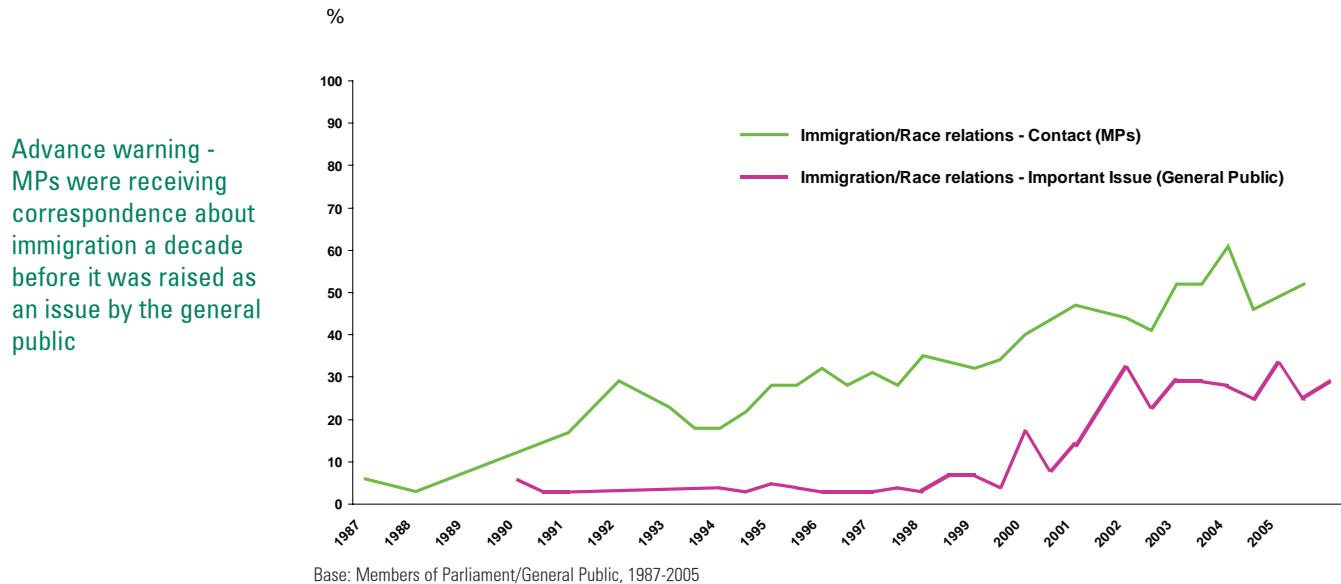
Base: General Public, 1987-2005

Correspondence regarding immigration and race relations has increased substantially over the last twenty years

MPs' postbags have broadly reflected public concerns on key policy areas

Interestingly, postbag comments about immigration and race relations started rising well before general public concern. As figure 3 shows, around a third of MPs were listing immigration as a subject they were often being contacted about in the early to mid-1990s, years before it was mentioned by any significant proportion of the general public as an important issue. This is an example of MPs' postbags acting as a bellwether of public attitudes. Could MPs' postbags today be providing early-warning signs for other issues on the horizon?

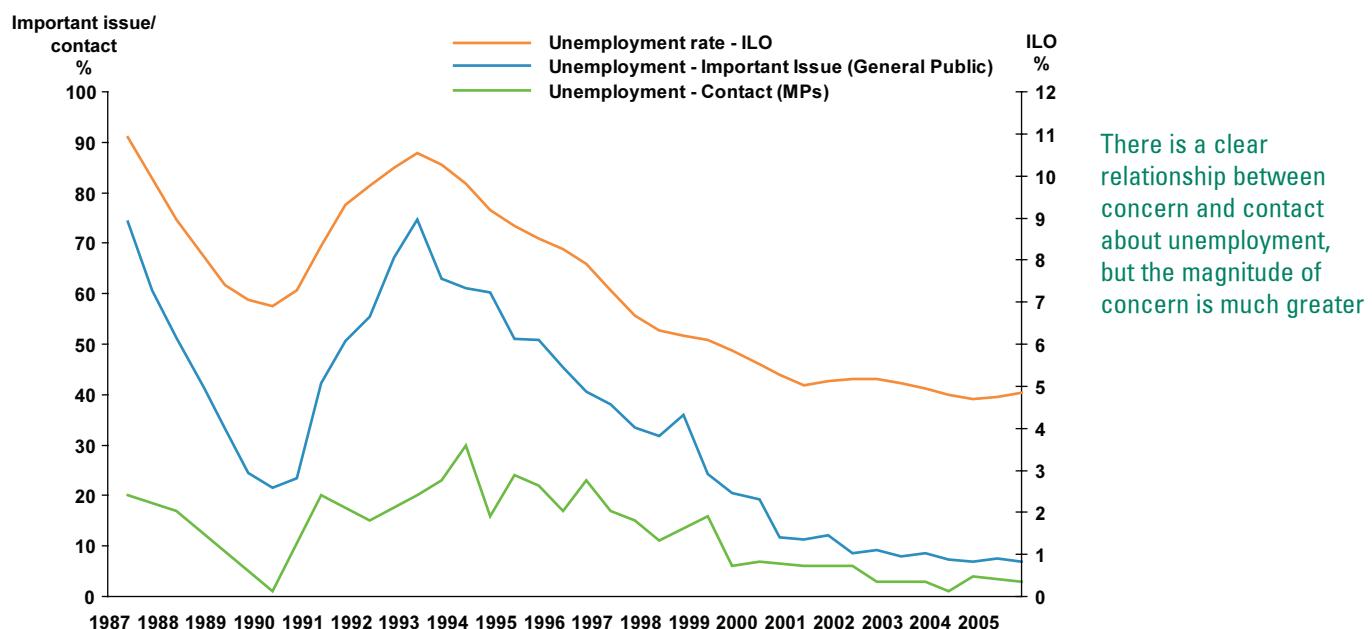
Figure 3: Immigration - Correspondence for MPs and Public Concern



Unemployment is another long-term postbag issue. Whilst the trends for correspondence with MPs and the most important issue follow a similar pattern, there is a difference in the magnitude: throughout the period, and particularly during unemployment peaks, more people saw unemployment as an issue than registered in MPs' postbags. Constituents may have chosen not to contact their MP about unemployment because, unlike health and education provision, they do not see their MP as directly accountable for (or able to do anything about) an individual's employment. Or perhaps the groups of people more likely to be affected by unemployment feel less able to contact their MP. Another reason might be that whilst many of those with jobs are concerned enough about the effect of unemployment on the economy and society to mention it as an important issue facing Britain, they do not feel the need to write to their MP about it as it does not directly affect them. Conversely, an issue such as child support registers higher in MPs' postbags than in society because for those involved in the system it is of immense importance and something that they do feel their MP can do something about, but it does not affect society as a whole in the way that unemployment does.

As previously mentioned, there is, however, a clear link between levels of concern and contact over unemployment, and the rate of unemployment. In 1993, for example, when the rate of unemployment was over 10%, around eight in ten people saw it as one of the most important issues facing Britain and almost one in four MPs spontaneously named unemployment as an issue they were contacted most often about.

Figure 4: Unemployment - Correspondence for MPs, Public Concern and Rate of Unemployment



Base: Members of Parliament/General Public, 1987-2005

MPs' postbags vary not only over time, but also by type of constituency and MP. Conservative MPs are more likely to be approached about issues such as law and order, whilst Labour MPs' postbags are more likely to include correspondence on issues such as housing or social security. This may partly be due to constituents taking into account an MP's party policy stances (and consequently the likelihood of them being willing and able to help on the issue) but it will also partly reflect the differing demographic make-up of Conservative and Labour constituencies.

The Economic Landscape

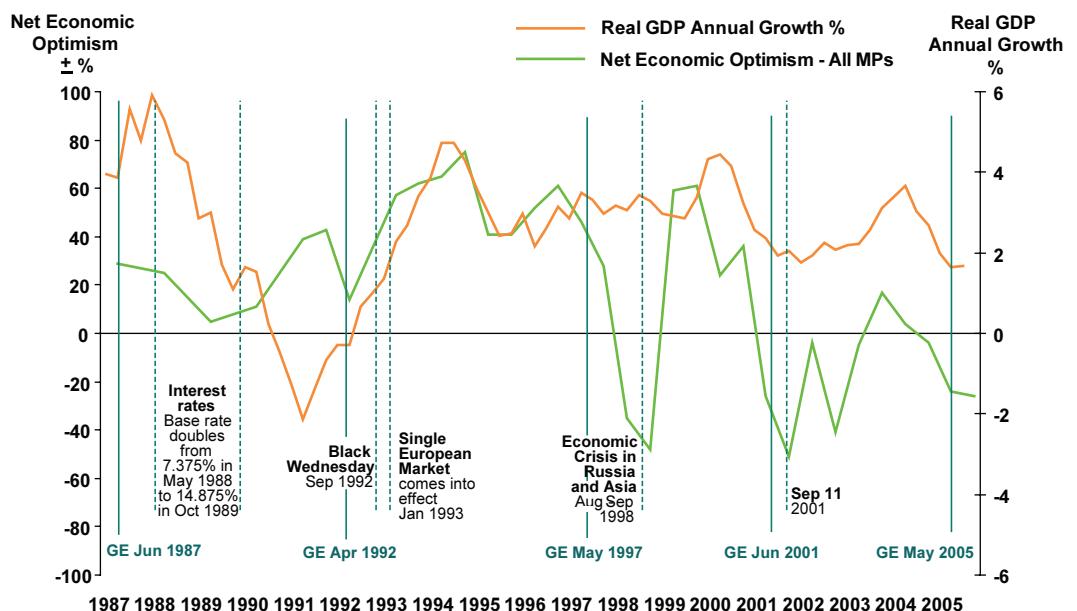
MPs' Economic Outlook

Since 1987 we have asked MPs if they think the economy will improve, stay the same or get worse over the next 12 months. Figure 5 shows MPs' net economic optimism (the difference between the percentage saying the economy will improve and those saying it will get worse), alongside actual economic growth.

Figure 5: Prospects for the Economy vs Real GDP Annual Growth

Q. Do you think that the general economic condition of the country will improve, stay the same or get worse over the next 12 months?

Recent years have seen a divergence in the performance of the British economy and MPs' economic optimism



Base: Members of Parliament, 1987-2005

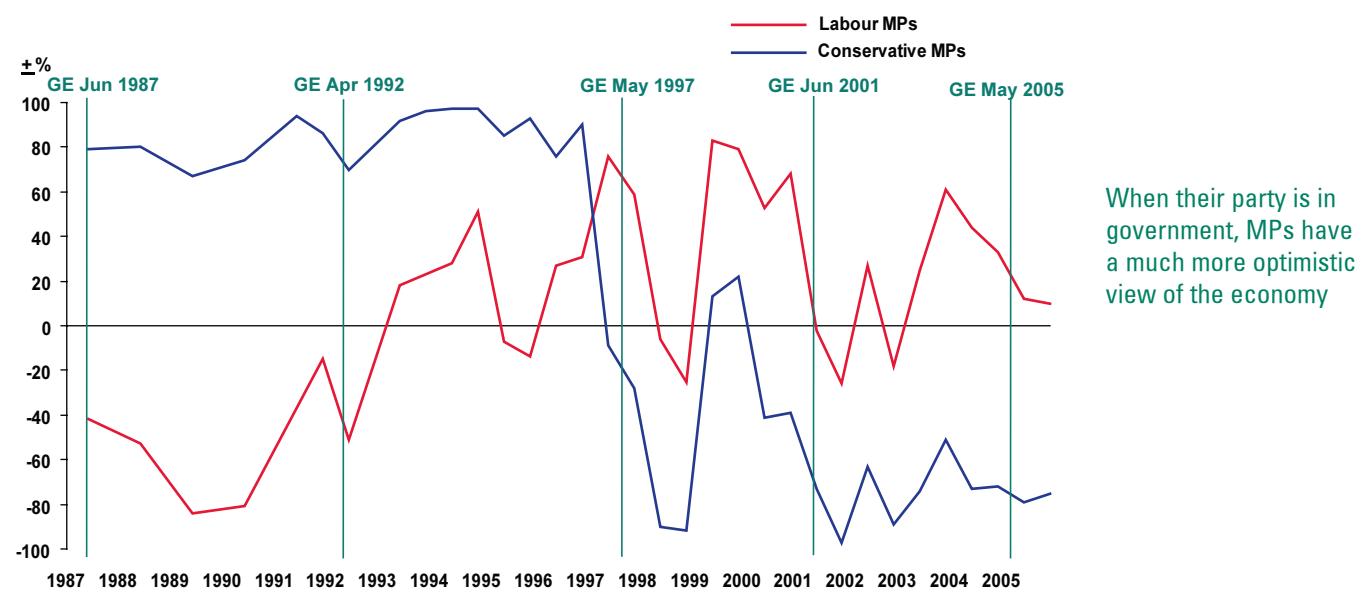
Until the late 1990s, MPs remained optimistic about the economy. Following Labour's 1997 election victory, MPs' economic outlook has, on the whole, been less positive and has fluctuated to a much greater degree. As the chart illustrates, this occurs against a backdrop of relative economic stability in the British economy. Using the annual percentage rate of change in real GDP as a measure of the performance of the British economy, we can see a clear divergence since the late 1990s in MPs' predictions for the British economy and actual economic performance.

This divergence suggests that, in recent years, MPs have become more global in their outlook, paying greater attention to events such as the 1998 economic crises in Asia and Russia and the 2001 economic slowdown in Japan and the US (exacerbated by 9/11) when predicting the fortunes of the British economy. Our Captains of Industry research over the same period has also shown a similar pattern of global events having a greater influence on levels of optimism about the British economy.

MPs' economic optimism is heavily coloured by their party perspective. As the chart below shows, up until 1997 Conservative MPs' outlook for the economy was significantly more positive than Labour MPs'. Since the change of government in 1997, however, the reverse has been true. The key factor is not whether a particular MP is Labour or Conservative but whether or not their party is in power. The extent of this polarisation is considerable: the average net economic outlook score for the governing party across the period measured is 93 points higher than the opposition. Whilst at any time a greater proportion of MPs from the governing party than the opposition believes the economy will improve, the extent and direction of change in opinion from one survey to the next is remarkably similar for both parties - it seems MPs are seeing the same pattern, just from a different viewpoint.

Figure 6: Net Economic Optimism: Labour and Conservative

Q. Do you think that the general economic condition of the country will improve, stay the same or get worse over the next 12 months?



Base: Members of Parliament, 1987-2005

Comparing economic outlook across three key audiences

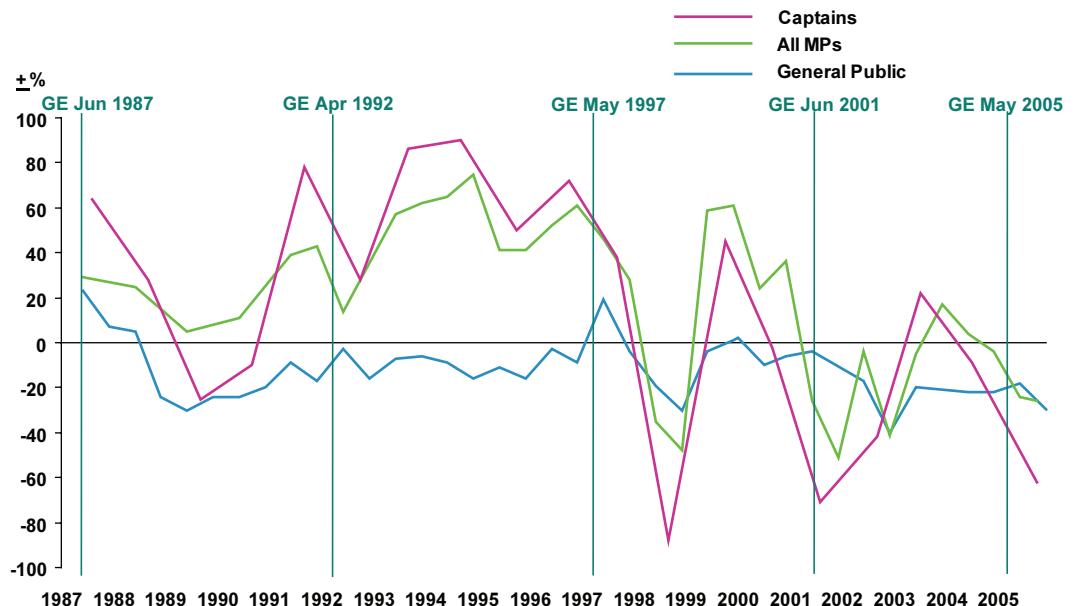
MPs' economic optimism follows a very similar pattern to Captains'. Up until the late 1990s, both audiences were generally much more optimistic about the economy than the general public. MPs and Captains have become less optimistic since then and their outlook over recent years is more in line with the general public. As we have seen, global events seem to be having a greater influence on the outlook of both MPs and Captains in recent years.

The trend line for Captains has more exaggerated peaks and troughs than for MPs and, to a much greater extent, for the general public. The general public's net economic optimism is characterised by a significant proportion consistently saying the economy will 'stay the same' or they 'don't know', and by less consensus among those who foresee a change preventing the net figure for the general public from reaching the extremes. Similarly, MPs' economic optimism is moderated, as we have seen, by a polarisation of views between government and opposition MPs. Captains are a much more homogeneous group, and are not affected by party political pressures in the same way, allowing much greater consensus - and clear movement over time.

Figure 7: Net Economic Optimism: MPs, General Public and Captains of Industry

Q. Do you think that the general economic condition of the country will improve, stay the same or get worse over the next 12 months?

MPs' economic optimism has followed a similar pattern to that of Captains of Industry but Captains are more homogeneous in their view



Base: Members of Parliament/General Public/Captains of Industry, 1987-2005

The Business Environment

MPs' Concerns for Business and Industry

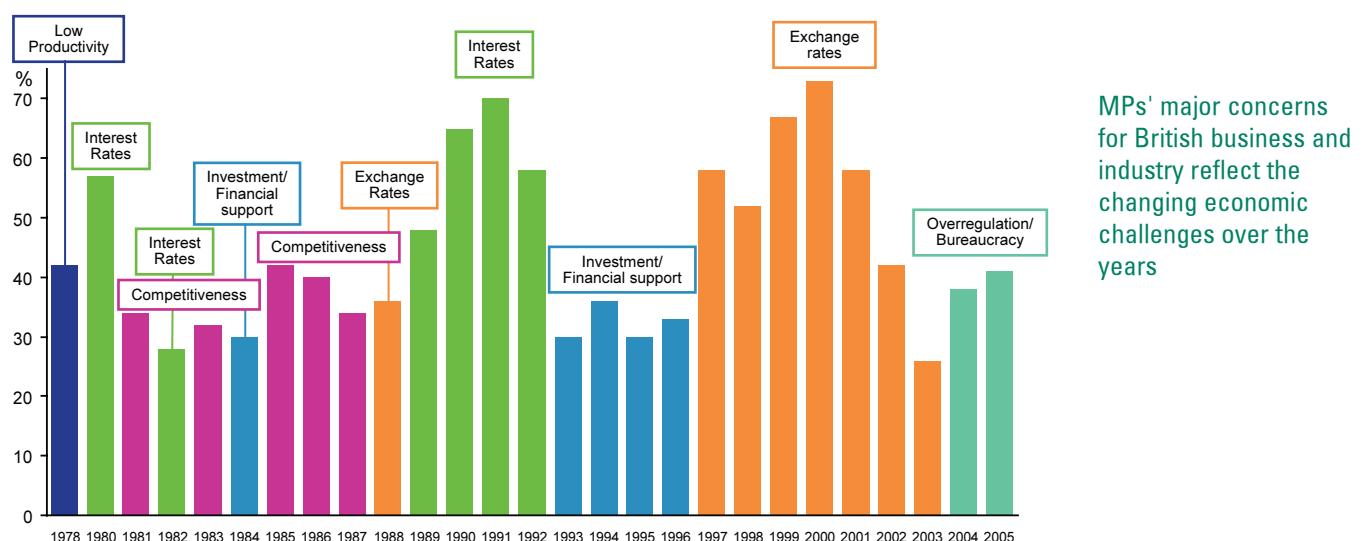
The country's economic and industrial landscape has changed considerably since the late 1970s, so it is unsurprising that the concerns for business at the forefront of MPs' minds have also varied.

Up until the end of the 1980s, MPs' main concerns surrounded the competitiveness of British industry, high interest rates and a lack of investment. MORI research shows that during the same period Captains of Industry were predominantly concerned about flagging demand, and the general public saw unemployment as the most important issue facing Britain. The same economic issues were being viewed through different lenses, with MPs showing concern at a macroeconomic level, while Captains worried about the impact of falling demand on their businesses, and the general public the security of their jobs.

Concerns about interest rates dominated the early 1990s after Britain's exit from the ERM, when base rates doubled to almost 15% in 17 months. Investment and financial support reappeared as the top concern during the mid-1990s. The period since has been dominated by concerns surrounding the strength of the pound, although MPs have echoed the uneasiness of Captains about overregulation and bureaucracy in 2004 and 2005.

Figure 8: Most Important Problems Facing Business and Industry – Top Mentions

Q. What are the most important problems facing British business and industry today?



Base: Members of Parliament, 1978-2005

Business' Wider Responsibilities

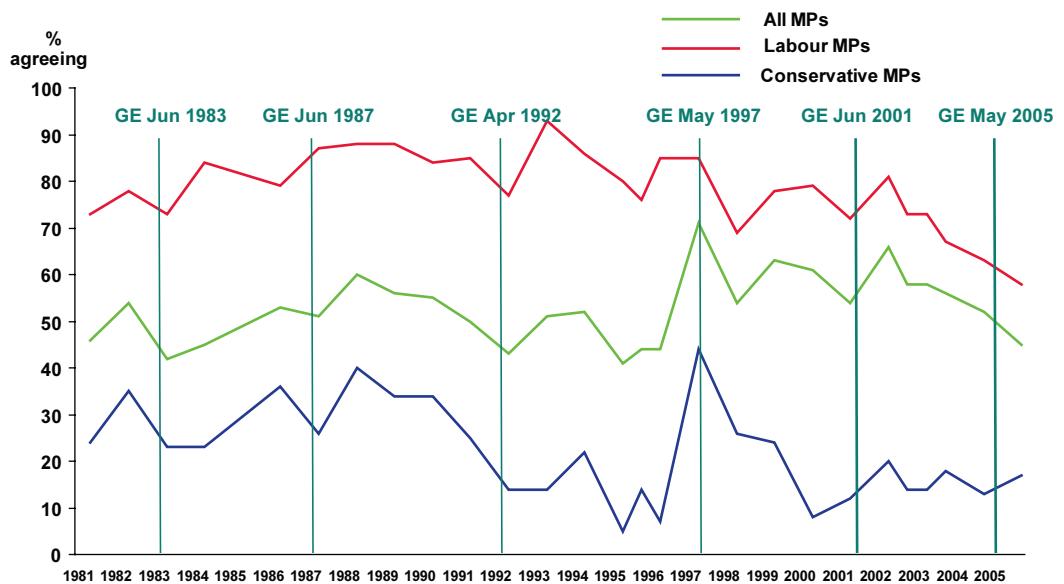
There are clear party differences in views of what business' wider responsibilities should be. Labour MPs are much more likely than Conservative MPs to believe that industry and commerce do not pay enough attention to either their social or environmental responsibilities.

This gap clearly reflects differing expectations, with Labour demanding much more from business in these areas. As we shall see, Labour MPs place more emphasis on social and environmental responsibilities than their Conservative counterparts when judging companies.

Figure 9: Social Responsibility – All, Labour and Conservative MPs

Q. How strongly do you agree or disagree with the statement 'Industry and commerce do not pay enough attention to their social responsibilities'?

Clear party political differences exist in perceptions of business responsibility

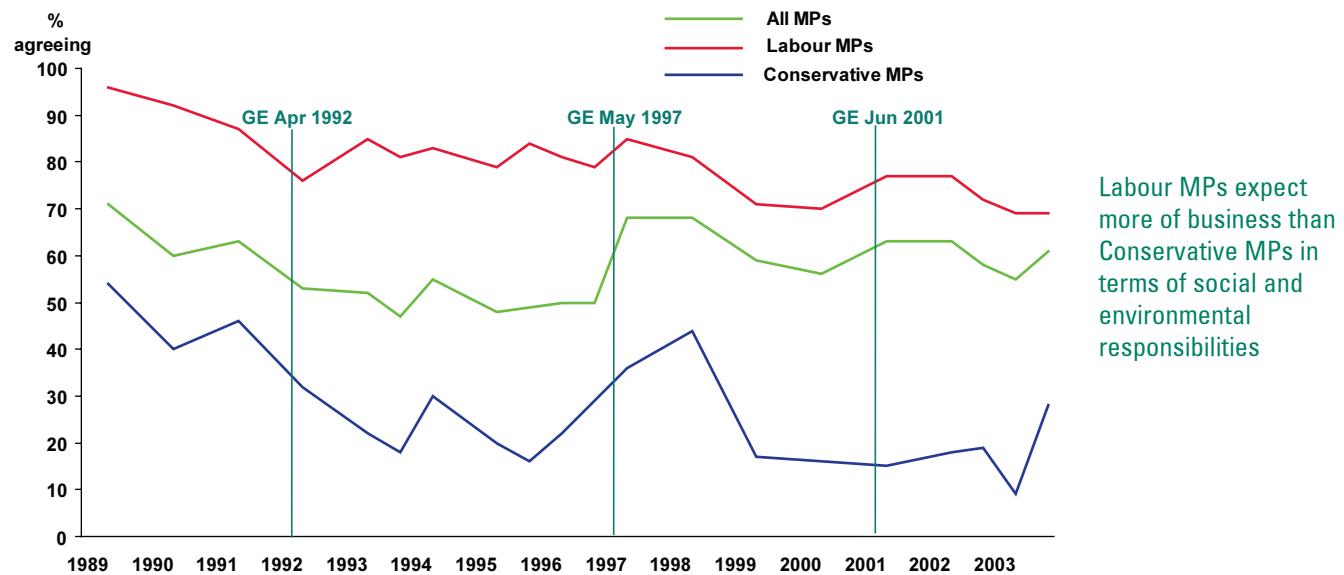


Base: Members of Parliament, 1981-2005

However, since the late 1980s more MPs in both main parties feel that business is doing enough to meet its responsibilities. Given the significantly increased emphasis on social and environmental responsibility by British business, it is perhaps surprising that there has not been a greater shift in opinions - this appears to reflect a raising of the bar: as businesses improve, MPs expect more of them.

Figure 10: Business and the Environment – All, Labour and Conservative MPs

Q. How strongly do you agree or disagree with the statement 'Industry and commerce do not pay enough attention to their treatment of the environment'?

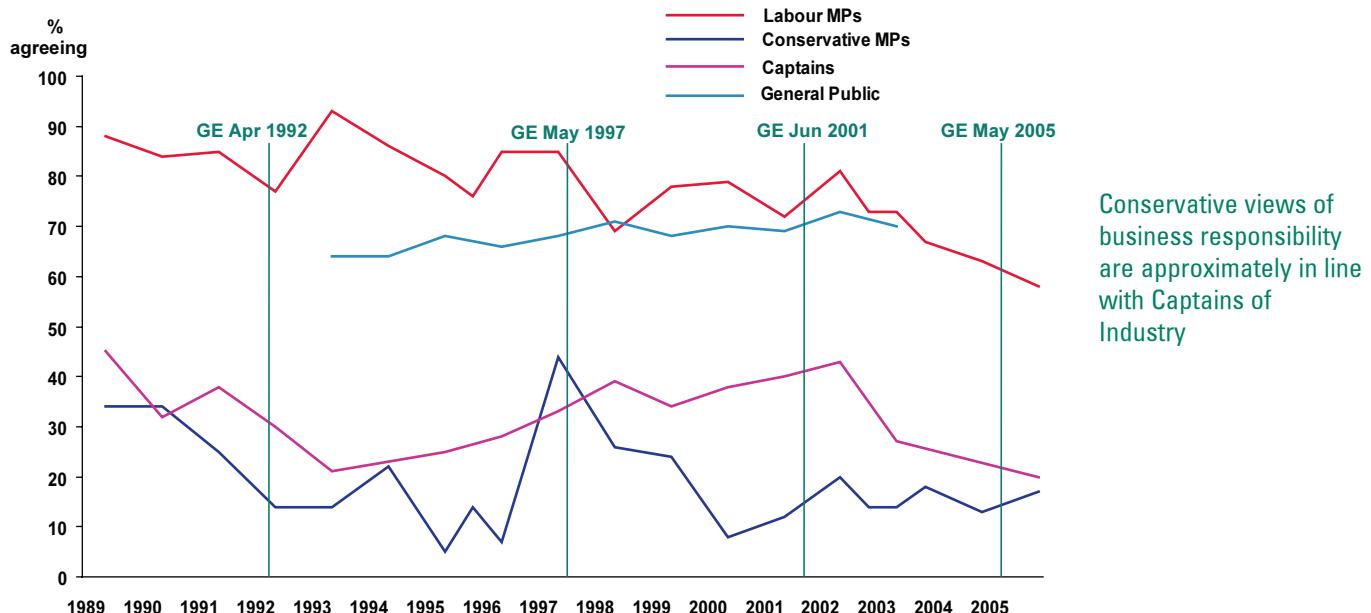


Base: Members of Parliament, 1989-2003

Comparing MPs with Captains of Industry and the general public, in terms of the social and environmental responsibilities of business, we see that Labour MPs are much more in tune with the general public, whilst the Conservative trend line sits nearer Captains'. This suggests that there is still something in historic portrayals of Labour as the 'people's party' and the Conservatives as 'the party of big business'. It will be interesting to see if this changes now that the Conservatives are being led by David Cameron.

Figure 11: Social Responsibility MPs, General Public and Captains of Industry

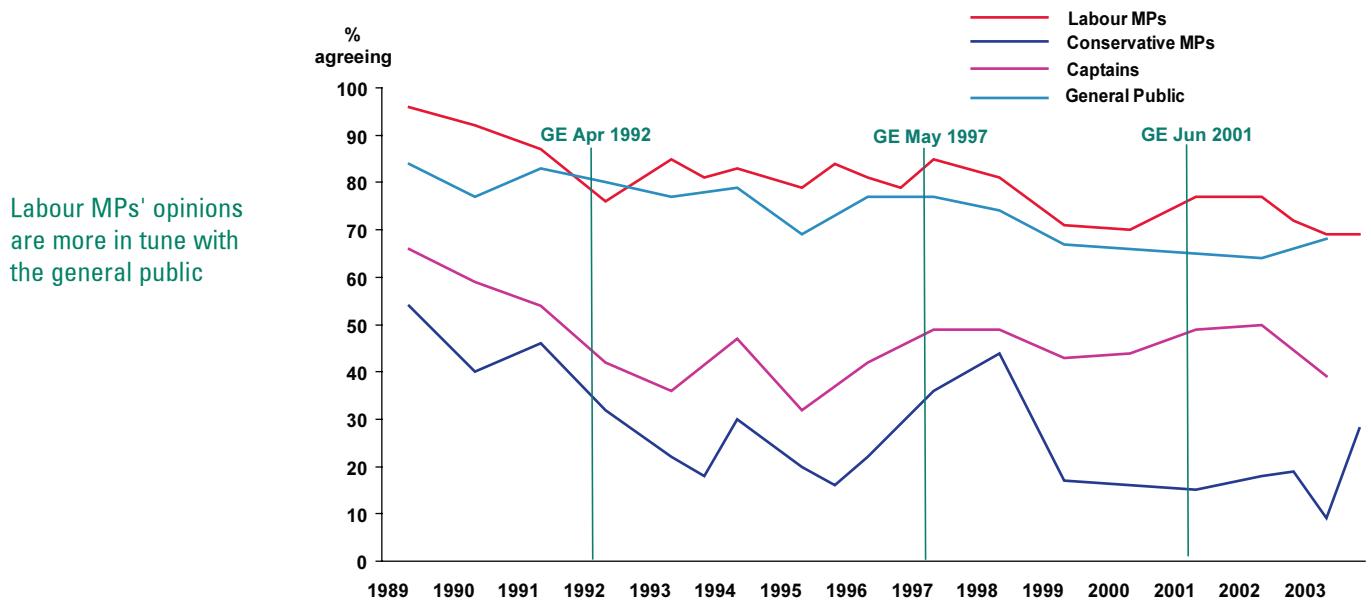
Q. How strongly do you agree or disagree with the statement 'Industry and commerce do not pay enough attention to their social responsibilities'?



Base: Members of Parliament/General Public/Captains of Industry, 1989-2005

**Figure 12: Business and the Environment
MPs, General Public and Captains of Industry**

Q. How strongly do you agree or disagree with the statement 'Industry and commerce/British companies do not pay enough attention to their treatment of the environment'?



Base: Members of Parliament/General Public/Captains of Industry, 1989-2003

How do MPs judge companies?

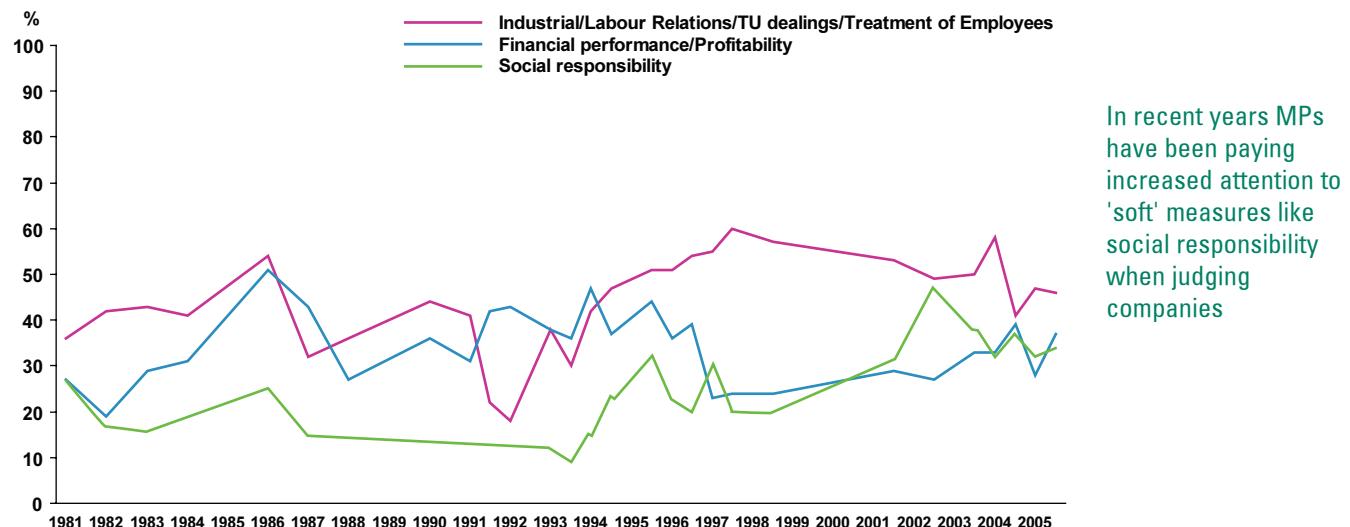
Staff and Profits Matter

In 1981 we started asking MPs what factors they take into account when judging companies. Whilst the range of factors mentioned is diverse, two criteria appear to have been consistently important to MPs: employee relations and financial performance. Although the language and emphasis have changed (MPs now talking of 'treating employees well' instead of 'industrial' or 'labour relations'), throughout the last two decades, how companies have acted as employers has had a significant influence on how MPs have rated them. While the importance of financial performance dipped during the 1990s for MPs (a result of the change in composition in the House following Labour's 1997 election victory), interestingly, it seems to be once again increasing in importance.

Conservative MPs are more likely to focus on financial performance and much less on treatment of employees. The opposite has been true of Labour MPs, though the difference between the two parties has diminished slightly over the years. Another indication of the parties' differing political priorities for business, is levels of agreement with the statement 'the main responsibility of companies is to perform competitively, even when this means reducing the number of people they employ'. Almost all Conservative MPs throughout the period have agreed; a significantly smaller proportion of Labour MPs agree, but, again, the gap between the two parties has narrowed in the past few years.

Figure 13: Important Factors when Judging Companies

Q. What are the most important factors you take into account when making your judgement about companies? (SPONTANEOUS)



Base: Members of Parliament, 1981-2005

The Rise of Softer Issues

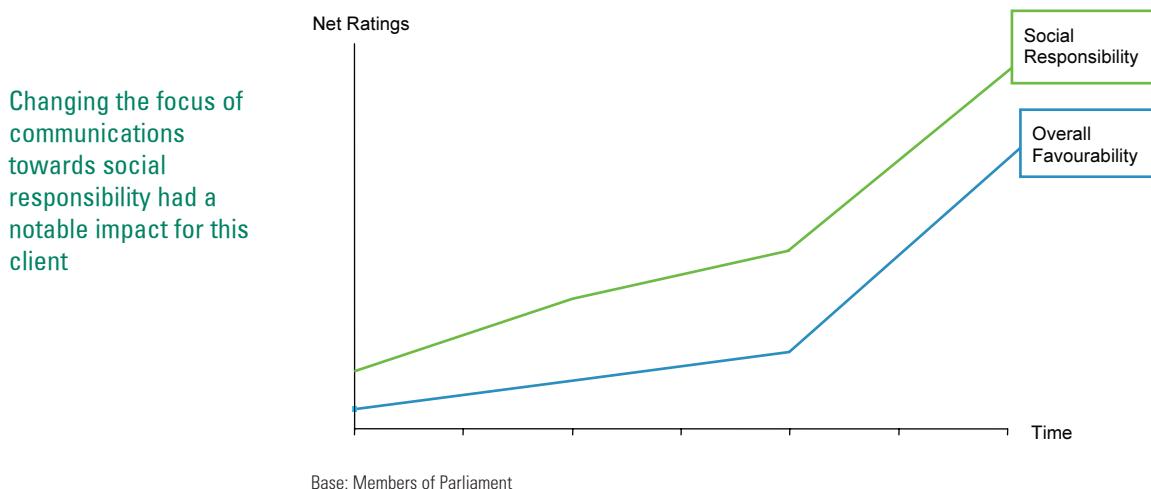
Recent years have seen an increase in the importance of 'soft' measures when judging companies. For instance, in 2002 almost half of MPs considered social responsibility one of the most important factors they take into account when making a judgement about a company, second only to treatment of employees. Not surprisingly, Labour MPs are more likely than Conservative MPs to mention social and environmental factors.

Over the same period, we have also seen Captains of Industry and the general public give greater prominence to 'soft' factors such as honesty and integrity and reputation. Taken together, these trends suggest that more is now expected of companies than just functional delivery, whether in terms of product or financial performance.

Understanding how MPs judge companies has important implications for corporate communications, as clearly these will be much more effective where they are tailored to MPs' interests, priorities and expectations.

A good example of this is the Ipsos MORI client who put the technical excellence of its operations at the centre of its communications, with little discernable effect on its overall reputation. The company also has a strong record of social responsibility, which, as we have seen, is an important criterion for judging companies. When the client shifted the focus of its communications onto this record, an upswing in its ratings for social responsibility led to an increase in favourability among MPs over the same period.

Figure 14: Improving Favourability through Focusing on the Right Issues



Corporate Reputation

MORI has been measuring MPs' attitudes towards individual companies and organisations since the survey began in 1976. The 'favourability' rating is the building block of our reputation research and is a powerful overall measure which encapsulates both objective (knowledge based) and subjective (impressions and feelings) factors, and reflects the deep-rooted attitudes all individuals may have about a company or organisation. Our unique bank of trend data allows our clients to benchmark their ratings against their historic ratings, their competitors' ratings and against the ratings they have achieved among other stakeholders.

Analysis of our company trend data has allowed us to draw a number of simple but meaningful conclusions about corporate reputation:

- ▶ Reputation is much easier to lose than recover
- ▶ A very strong reputation over a long period of time creates a 'bank of goodwill' which acts as a ballast to soften the impact of problems and can help organisations recover more quickly from difficulties
- ▶ Reputation cannot, however, be relied on indefinitely: if an organisation continues to have problems its bank of goodwill will be eroded and its reputation will tarnish
- ▶ MPs are regarded as opinion leaders, and their corporate reputation ratings usually pre-date those of the general public (often by a number of years)
- ▶ Opinions can be influenced by careful management of the underlying drivers of reputation, though it must be borne in mind that these are specific to each organisation

A final word

The most impressive MP

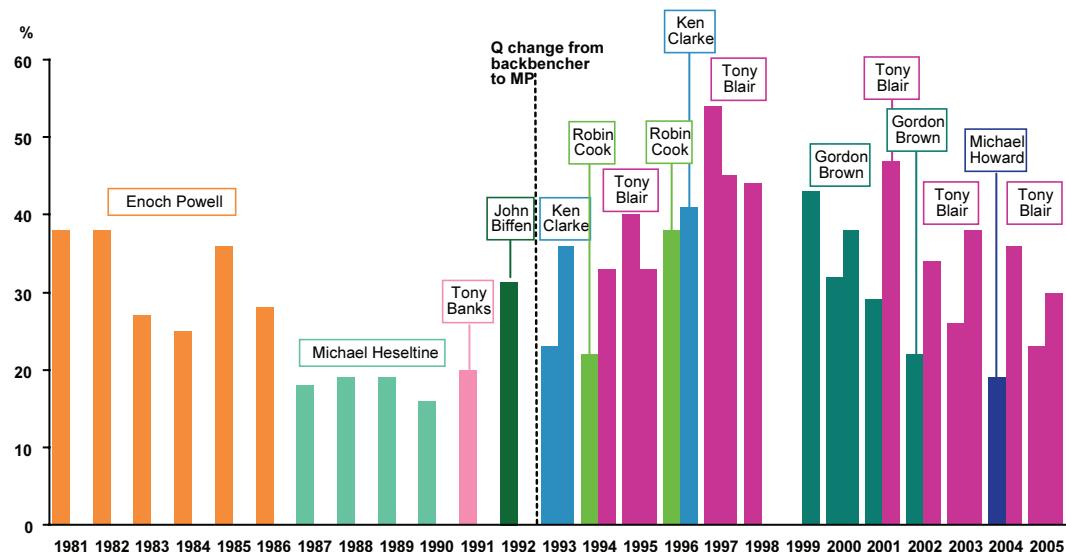
Between 1981 and 1993 MPs were asked who they thought was the most impressive backbencher. The early 1980s were dominated by the controversial yet charismatic Enoch Powell, who received most mentions from both government and opposition MPs until 1985 and was seen as the most impressive backbencher overall until 1986. Michael Heseltine's resignation from government over the Westland affair in 1986 saw him replace Powell the following year and hold the position until he helped precipitate Margaret Thatcher's downfall in 1990.

The question wording was changed in 1993 to the most impressive MP, bringing frontbenchers into the equation. The period since then has been dominated by the key names in British politics. Tony Blair tops the list thirteen times, followed by Gordon Brown with five top spots and Ken Clarke with three.

A woman is yet to win the accolade of most impressive MP, but if ministers had been eligible during Margaret Thatcher's premiership it is highly likely that she would have done so. The House of course remains male-dominated, with there being relatively few female nominees (or in fact nominators)!

Figure 15: Most Impressive MP

Q. Who, in your opinion, is the most impressive backbencher/MP of any party at the moment? Who else comes to mind?



According to his peers, Tony Blair has been the most impressive MP of the last decade

Base: Members of Parliament, 1981-2005

The Ipsos MORI study of Britain's Members of Parliament is part of the regular programme of multi-sponsored studies among key audiences. The study provides an authoritative view on the attitudes and perceptions of MPs which is used by leading organisations to evaluate the effectiveness of their brand and communications. The study has been running for over 30 years and takes place bi-annually. In each study, Ipsos MORI conducts face-to-face interviews with a representative sample (by party and ministerial or spokesperson position) of no fewer than 100 MPs.

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