

Employer Skills Survey 2009

Commissioned by:



Lincolnshire & Rutland
**Employment
and Skills Board**

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Introduction

This research has been commissioned by the newly formed Lincolnshire & Rutland Employment and Skills Board as part of its remit to understand and represent the views of employers in the two counties. The survey also provided an opportunity to better understand the issues at a very local level.

Since 2001, Lincolnshire County Council's Economic Regeneration Team has conducted a survey of employers in the county with the aim of gaining an insight into a range of business issues and constraints.

Under the Employment and Skill Board's commission, this year's survey has concentrated on employment and skills issues with a particular slant towards gauging the effects of the current economic downturn.

Nearly 1,400 employers across Lincolnshire and Rutland took part in a telephone survey, generating information about staffing and recruitment issues, including skill shortages, annual staff turnover and training practices. *Details of the survey methodology are presented in Appendix E, page 12.*

Further to this, information on general business was elicited such as company turnover and expectations for the difficult months ahead, together with an indication of the obstacles and barriers to growth.

This report presents the findings from the survey along with local intelligence, providing a local context to some of the issues raised by employers. It is the first in a series of papers which will look at business life in the county.

Alongside this report, data at local authority district and county level has also been made available via the Instant Atlas interactive mapping tool on the Lincolnshire Research Observatory (LRO) website <http://shared.research-lincs.org.uk> . This tool enables easy comparisons to be made of the survey data across the districts and the county average, question by question.

Key Findings:

- Incidences of 'hard to fill' vacancies have reduced whilst levels of recruitment have remained at similar levels to previous surveys. Rising unemployment levels have played a role in this development.
- Those employers who are experiencing 'hard to fill' vacancies increasingly look to external changes; as opposed to changes they can make themselves, to alleviate these difficulties, and they are more optimistic about recruitment difficulties improving.
- Incidences of skills gaps amongst employers have increased by 2% since 2005 but still remain low at 11% compared to previous surveys.
- Increasing trend amongst employers to state that there will be no requirement for the skills of their workforce to increase, a sign of acceptance amongst employers of the skills base in the county.

Positive Signs

Despite being undertaken at a time of unprecedented economic and financial upheaval, many of the findings from the survey show both a positive attitude and outlook for county employers in the face of the economic downturn.

In the last year, nearly 3/4's of employers (72%) have experienced growth, either in terms of increased profitability (31%) increased turnover (35%), or increased market share (27%). Only a fifth (21%) of employers stated that in the past 12 months they had not experienced growth of any kind.

Staffing

In terms of staffing, recruitment levels in the last year are comparable to 2005 levels with 52% of all employers surveyed having recruited staff compared to 51% in 2005. Since 2001, a fairly consistent one third of employers have put their staff turnover at zero but in 2009 this proportion has risen to 40%, the majority (92%) of these employing between 2 and 24 people. This is most likely a sign of employees choosing to remain in their present employment whilst the future outlook is uncertain.

Where employers are reporting high levels of turnover it is for reasons of seasonality. For example, in East Lindsey, where employers were the most likely to report that they have an annual staff turnover of more than 30%, high levels of recruitment will take place at the beginning of the holiday season, with numbers in employment falling in the off-season.

Recruitment

Employers have continued to recruit from a wide variety of backgrounds although there has been a marked reduction in employment across most of the minority groups compared to 2005. Subsequently, employers are increasingly stating that employment took place from none of the groups presented (22% compared to 12% in 2005).

Details of all types of people organisations have recruited in the last 12 months from 2001 to 2009 are presented in Appendix D, page 11.

Of those employers that had recruited in the last year only 7% experienced any particular issues. Of these, the largest number of issues was reported around the recruitment of people from outside the UK, in particular the language barrier, and confirming their eligibility to work in the country were cited. These issues were most likely to arise in Lincoln, Boston and South Holland (employers in these districts were those most likely to have recruited people from outside the UK - all 23%), mirroring patterns of international immigration which have been observed in the county over a number of years,

'Hard to fill' vacancies

Whilst levels of recruitment in the last year are comparable to 2005 levels the proportion of those experiencing recruitment difficulties or a 'hard to fill' vacancy is down from 25% in 2005 to 10% in 2009. This fall in 'hard to fill' vacancies therefore can not be attributed to a corresponding fall in recruitment activity.

In line with previous years, lower skilled jobs formed the majority (72%) of those vacancies which have proved difficult to fill, with 'Service Occupations – Caring' and 'Elementary Trades – Administration & Service' occupations being the most prevalent.

In terms of higher skilled occupations, 'Corporate Manager' vacancies were identified as the most difficult to fill, reflecting the lower skills base of workers in the county when compared regionally or nationally. Where people are qualified to this level, they tend to live on the edge of the county and out-commute to similar but higher paid jobs outside of the county¹.

Details of all vacancies identified as 'hard to fill' by Standard Occupational Classification (SOC) are presented in Appendix B, page 9.

Where incidences of 'hard to fill' vacancies do occur, most employers point to these difficulties arising due to a lack of applicants, an issue that has featured highly in all surveys since 2001 (bar 2005 when lack of applicants with required qualifications/skills was cited as key).

Employee assistance

It is worth noting here that there was no correlation between 'hard to fill' vacancies' and no employee assistance facilities being offered. In fact employers citing the existence of a 'hard to fill' vacancy were actually less likely to offer no employee assistance facilities (11%).

The propensity of employers to provide no employee facilities is at its highest since the 2003 survey (21% compared to 14% in 2003) though the removal of 'no smoking policies' option in the advent of the national smoking ban may be responsible for this.

Skills gaps

11% of employers stated that they were experiencing a significant skills gap in their workforce i.e. a gap between the type of skills that employees have and those they need to meet their employer's objectives. This is a slight increase on 2005 when only 9% of employers were reporting a skills gap but still down on previous years (23% in 2001, 18% in 2002, and 16% in 2003).

Skills gaps were most prevalent amongst employers in South Holland (16.9%). This no doubt a reflection of food manufacturing and other associated industries in the area such as haulage, with employers in these two sectors (Manufacturing, and Transport & Communications) most likely to highlight a skills gap (14%).

In terms of the skills that required most improvement in their workforce, employers were most likely to identify 'Personal skills' (19%) followed by 'Technical skills' (17%) and 'ICT skills' (12 %).

¹ 'Retention of Skilled Workers' report, Lincolnshire Research Observatory

Future Outlook

Looking to the future, over a quarter (28%) of employers in Lincolnshire and Rutland anticipate recruiting new staff over the next 12 months. Lower skilled jobs again formed the majority (73%) of examples given with 'Elementary Trades – Administration & Service' Occupations, Sales Occupations and 'Service Occupations – Caring', being the most prevalent.

Details of all vacancies which employers will be recruiting for in the next 12 months by Standard Occupational Classification (SOC) are presented in Appendix C, page 10.

Employer optimism

Whilst fewer employers are experiencing recruitment difficulties, those that are are much more optimistic about these difficulties improving in the future. 43% of employers in 2009 (compared to only 27% in 2005) think that these recruitment problems will ease over time, the highest level of optimism in a decade of employer surveys.

In terms of alleviating these recruitment difficulties, 'changes in education and training', as in 2005, continue to be seen as the way forward, indicating that employers see a mismatch between the skills that are produced by the education system and those they require within their workforce.

In previous years an 'increase in wages' has been cited as the one thing that would help with recruitment difficulties though in 2009 the proportion of employers putting this forward was at its lowest (7% compared to 29% in 2001).

Bearing in mind the types of vacancy that are consistently proving hard to fill i.e. elementary, low skilled, low wage, it would appear that employers are becoming increasingly resigned to the fact that these jobs will continue to remain an unappealing option to the workforce. Instead, employers will continue to pay comparatively lower wages and wait for other external factors to take effect e.g. image of the sector improves, or a rise in unemployment, making them more tempting to people who would not normally consider them. Further evidence of this can be seen in the fact that employers are now much more likely to point to increases in unemployment as a factor in alleviating these problems (10% in 2009 compared to 1% in 2005).

External changes

Of some further concern here is that employers see the role of rectifying this situation in the main lies elsewhere. Employers were much more likely to cite external changes (39%) i.e. changes that they have little or no influence over such as rises in unemployment or changes in education/training, rather than internal changes (18%) i.e. ones they can make themselves such as increases in wages or improved recruitment processes, as ways of dealing with this issue.

Static skills requirement

Employers are less likely in 2009 to foresee a need for their skills in their workforce to increase with only a quarter of employers predicting this compared to a third in 2005. Instead, a static skills base is increasingly the norm amongst employers with 73% seeing no call for an increase in skills in their workforce, compared to 65% in 2005.

It is worth noting here that there is an increasing trend amongst Lincolnshire & Rutland employers since 2001 to state that there will be no requirement for the skills of their workforce to increase. Whilst on one hand this could denote a highly skilled workforce with little room for improvement, it is much more likely, given the known relatively lower skills base in the county (when compared regionally and nationally), that this is rather the acceptance over time of the skills situation in the area as a whole and the tailoring of employer expectations to suit.

On a more positive note, and in terms of those employers who felt that there would be a change in their skills needs, it is encouraging that 'coping with new working practices' and 'development of new products and services' are the main reasons cited for changes in their skills needs. This suggests that some employers are planning development and innovation, an important factor in retaining higher skilled workers and up-skilling current staff through training to fill skills gaps.

Training plans

In terms of minimising the effects of the downturn, and maximising the benefits of a recovery, employers who have a training plan will be much better equipped to do so, having a better recognition of skills gaps within their workforce and a more structured approach to meeting skills needs. 64% of employers in Lincolnshire and Rutland stated that they had such a training plan in place, which is slightly up on 2005 (61%) but down on 2003 (68%).

When asked what was, if any, the single most important training need in their organisation currently not being met, 12% of employers were able to state a variety of needs. It is worth noting that though employers tend to point towards gaps in personal skills within their workforce, here IT/Computer skills are highlighted as the key training need.

Economic outlook

Finally, employers were asked to rate their ability, and that of their locality, to withstand the effects of the current economic downturn, based on a scale of 1 being poor and 10 being good. Results were encouraging with employers confident of their own prospects, on average rating themselves as 7. Lincolnshire and Rutland scored on average 7 indicating that employers think that these localities will fair well and perhaps be less hard hit than other areas of the country.

Appendix A – Key District Facts

For each local authority district area, key facts are presented for the period 2008/09 based on 2009 Employer Survey data.

- denotes significantly above Lincolnshire & Rutland average
- denotes significantly below Lincolnshire & Rutland average

		Boston	East Lindsey	Lincoln	North Kesteven	South Holland	South Kesteven	West Lindsey	Rutland	Lincolnshire & Rutland Average
% of employers:	- reporting staff turnover higher than last year	8.1	11.4	11.7	10.8	7.7	17.1	12.8	10.2	11.3
	- who have recruited in the last year	48.5	63.6	60.7	52.4	48.3	55.3	49.2	39.6	52.2
	- experiencing recruitment difficulties	7.2	11.8	4.8	14.6	9.6	12.8	11.2	10.4	10.3
	- expecting these recruitment difficulties to improve	50	30.8	60	23.1	50	75	40	28.6	43.2
	- not providing any facilities for employees	21.1	9.8	19.7	17.1	19.2	20	22.7	37.9	20.9
	- anticipating recruiting new staff in the next year	25.1	39.3	30.1	34.1	29.1	27.1	26.5	16	28.4
	- reporting a skills gap in their workforce	8.8	9.2	9.8	12.9	16.9	9.4	13.8	10.1	11.4
	- who foresee a need for increased skills in their workforce	21.6	30.6	26.6	28.8	19.8	28.2	22.7	18.3	24.6
	- who have a training plan	72.5	79.2	70.5	64.1	59.3	67.1	55.8	40.8	63.7

Appendix B – Respondent example of hard to fill vacancy experienced in the past 12 months by Standard Occupational Classification (SOC), Base 74

SOC 2 digit	%	SOC 1 digit	%	Broad	%
11 – Corporate Managers	10	Managers	11	Higher Skilled	29
12 – Managers/Proprietors in Agriculture/Services	1				
21 – Science/Technology Professionals	3	Professionals	12		
22 – Health Professionals	3				
23 – Teaching & Research Professionals	3				
24 – Business & Public Service Professionals	3				
31 – Science/ Technology Associate Professionals	1	Associate Professional / Technical	6		
32 – Health & Social Welfare Associate Professionals	4				
34 – Culture, Media & Sports Occupations	1				
41 – Administrative Occupations	1	Clerical / Secretarial	1	Lower Skilled	72
51 – Skilled Agricultural Trades	4	Craft & Skilled	21		
52 – Skilled Metal & Electronic Trades	7				
54 – Textiles, Printing & Other Skilled Trades	10				
61 – Caring Personal Service Occupations	14	Personal & Social Care	19		
62 – Leisure & Other Personnel Service Occupations	5				
71 – Sales Occupations	10	Sales	10		
82 – Transport & Mobile Machine Drivers & Operatives	5	Process, Plant & Machine Operatives	5		
91 – Elementary Trades, Plant & Storage Related Occupations	4	Elementary Occupations	16		
92 – Elementary Administration & Service Occupations	12				

Appendix C – Respondent example of vacancy which employers will be recruiting for in the next 12 months by Standard Occupational Classification (SOC), Base 392

SOC 2 digit	%	SOC 1 digit	%	Broad	%
11 – Corporate Managers	3	Managers	5	Higher Skilled	18
12 – Managers/Proprietors in Agriculture/Services	2				
21 – Science/Technology Professionals	3	Professionals	5		
23 – Teaching & Research Professionals	1				
24 – Business & Public Service Professionals	1				
31 – Science/ Technology Associate Professionals	1	Associate Professional / Technical	8		
32 – Health & Social Welfare Associate Professionals	4				
33 – Protective Service Occupations	1				
34 – Culture, Media & Sports Occupations	1				
35 – Business & Public Service Associate Professionals	1				
41 – Administrative Occupations	4	Clerical / Secretarial	5	Lower Skilled	83
42 – Secretarial & Related Occupations	1				
51 – Skilled Agricultural Trades	1	Craft & Skilled	6		
52 – Skilled Metal & Electronic Trades	3				
53 – Skilled Construction & Building Trades	1				
54 – Textiles, Printing & Other Skilled Trades	1				
61 – Caring Personal Service Occupations	16	Personal & Social Care	17		
62 – Leisure & Other Personnel Service Occupations	1				
71 – Sales Occupations	18	Sales & Customer Service	19		
72 – Customer Service Occupations	1				
81 – Process Plant & Machine Operatives	3	Process, Plant & Machine Operatives	8		
82 – Transport & Mobile Machine Drivers & Operatives	5				
91 – Elementary Trades, Plant & Storage Related Occupations	8	Elementary Occupations	28		
92 – Elementary Administration & Service Occupations	20				

Appendix D – Types of people organisation has recruited in the last 12 months, 2001 – 2009, (%), various bases

	2001	2002	2003	2005	2009
People aged 45+	-	-	36	58	45
People aged 19 and under	-	-	47	39	36
Women returning to work	35	42	37	36	23
People who have been unemployed for over 6 months	24	23	22	24	14
Recent graduates	17	24	22	19	14
Government supported trainees	-	-	13	13	5
People from ethnic minorities	14	26	23	24	16
People from outside the UK	-	-	-	-	17
People with disabilities	12	17	13	16	8
Ex-forces	17	20	17	14	9
None of these	18	12	18	12	22
Don't know	1	2	1	1	1

'-' denotes that the question was not asked in the corresponding years survey

Appendix E - Survey Methodology

Interviews were conducted by telephone with 1379 employers across Lincolnshire and Rutland between 30th March and 24th April 2009.

Senior level managers were targeted for interview within each business in order that a good overview of all areas of the business could be provided.

A representative sample of employers across the 7 Lincolnshire local authority districts and Rutland was constructed by Standard Industrial Classification (SIC) 92 (at Broad Industrial Group level) and size of organisation.


Details of the both the target and achieved sample by SIC and business size (measured by number of employees) are presented below:

SIC 92	Target	Achieved
SIC A,B – Agriculture, Forestry & Fishing	120	120
SIC C,E – Energy & Water	6	5
SIC D – Manufacturing	113	118
SIC F – Construction	122	118
SIC G,H – Distribution, Hotels & Restaurants	430	441
SIC I – Transport & Communications	73	71
SIC J,K – Banking, Finance & Insurance	198	202
SIC L,M,N – Public Administration, Education & Health	160	164
SIC O,P,Q – Other Services	135	140
Total	1357	1379

No. of employees	Target	Achieved
2-24	959	976
25-249	371	374
250+	27	29

Further to this, these interview targets were evenly distributed across the seven local authority districts plus Rutland ensuring that at the end of the survey approximately 170 business interviews had been conducted across each.

As with previous year's surveys, the majority of employers who took part had been trading in Lincolnshire for five or more years (84.7%).

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