



BMG Research Research Report

Lincolnshire Employer Surveys 2001 onwards
Trends Analyses
December 2005

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Lincolnshire Development

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Because people matter.



This project has been funded
By the European Social Fund

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1 Executive Summary

Lincolnshire Development has undertaken an employer survey approximately yearly since 2001, with a consistent aim of ascertaining:

- business constraints;
- recruitment issues;
- skills shortages; and,
- training practices.

The overarching research objective is presented below. A broadly similar questionnaire has been used year-on-year, and a consistent methodology utilised (telephone survey with a sample specified by Lincolnshire Development, in line with ABI data).

Lincolnshire Development set sample quotas by Travel To Work Area (TTWA), broad industrial classification (SIC) and size, allowing a sub-sample profile robust enough to allow for weighting. 1,000 or more interviews have been undertaken in all four surveys since 2001.

'To undertake a survey of employers across Lincolnshire and Rutland which explores business constraints, recruitment issues, skills shortages and training practices.'

Whilst weighted data is available, the present trends analyses have been produced on *unweighted* data, at the request of Lincolnshire Development. It must be noted therefore that the contents of this report represent the views only of those employers spoken to as part of this survey.

This report is accompanied by a headline analysis of 2005 findings, including policy recommendations. That report is also based on unweighted data.

This project has been funded through Lincolnshire County Council's European Social Fund.

Key trends 2001-5

Staffing and the work environment

There has been an element of staff turnover for approximately two-thirds of Lincolnshire employers since the first survey in 2001; thus allowing a fairly consistent third to place this at 'nil'. Accordingly, each year, in the region of three-quarters suggest that there has been no change in that year's levels of staff turnover compared with years previous. Moreover, focussing on overall trends across the four years of the survey, we see that:

- Recruitment of permanent staff is considerably less in 2005 than in 2001, with the incidence of hard to fill vacancies greatly reduced also;

- There is a change in the reasons given for the existence of hard to fill vacancies, shifting from a general lack of applicants to a lack of applicants with the required qualifications / work experience / (job specific) skills;
- (Amongst those with hard to fill vacancies) optimism that recruitment difficulties will improve in the future is at it's highest since 2001;
- Where in previous years, increased wages was cited as the single factor most likely to alleviate recruitment difficulties, employers with hard to fill vacancies are increasingly of the opinion that more staff training / internal recruitment is key;
- Whilst Lincolnshire employers have consistently been shown to recruit from a variety of 'minority groups', there is a significant shift in 2005 away from younger people towards those aged 45+;
- Employers are increasingly more likely to be engaging with or providing any number or type of employee assistance programmes. Focussing in on assistance with travel to and from work, and with care of children, the same increase in intervention emerges through 2001-2005, notably flexibility of start & finish times, and paternity / increased maternity leave respectively.

Skills and Learning

Skills gaps have been consistently reducing since 2001 when 23% of employers felt that there was a gap between employee skills and those needed to meet current business objectives. In 2005, just one in ten employers feel this is an issue.

Despite this (and with the exception of information, communication and technology (ICT) skills) in 2005 employers with skills gaps (9% of the total sample) are *more* likely to feel that *all* of a list of generic, basic and job specific skills need improving amongst their workforce. These are increasingly focussed on (inter) personal skills. Reasons for changes in skills needs are as in previous surveys, but with a greater level of vehemence: implementation of higher standards of quality, and product/service development. These are driven (as previously) by striving for increased efficacy; legislation; and, (improved) customer service/relationship management.

Returning to *all* employers, with regards business and skills needs planning and training, we see that:

- Approximately two-thirds of Lincolnshire employers surveyed have a formal business plan, this is consistent from 2002 onwards;
- Whilst in the region of 1.5% of employers (annually) foresee a decrease in the skills needed from their workforce over the next 12 months, the remainder are increasingly likely to predict stability (ie, remain the same) than to predict an increase;

- Employers tend to cite the same skills as those in which they have skills gaps as those in which they foresee an increase in demand in the next 12 months. Most skills (all except for ICT) are mentioned by higher proportions of employers in 2005 than in 2003;
- Employers are increasingly likely to have a training plan in place for employees, doubling in likelihood since 2001 (29% of employers in 2001, compared with 61% in 2005);
- Within the caveat that there is little consistency in 2001-5 data on training provision, we note that employers are less likely than in previous surveys to be offering training in any of a number of skills areas, most notably with regards 'technical skills', which, is one of the 'top five' skills gaps currently faced by employers;
- In the region of 80% of employers in 2005 offer employees at least some support for training, this is most likely (as in previous years) to be payment for course fees. Whilst positive, we note that the proportion not offering any support is at its highest since 2001.

Life in Lincolnshire

Access to customers/suppliers remains one of the most positive aspects of business life within Lincolnshire County, which bodes well for continued business performance. However, we also note that there has been a transition whereby *availability of skilled staff* has shifted from being the most highly rated characteristic of Lincolnshire in 2001, to the lowest in 2005.

General Business Environment

Whilst in 2005 the proportion of Lincolnshire employers who have experienced *no* specified signs of business growth in the previous 12 months is at its lowest since 2001, increased profitability, turnover and market share all show signs of gradual decline in the last four years. Indeed, businesses are more likely than ever before to state an annual turnover of less than £200,000, but we note this with caution, as it may be a product of sampling, non-weighted data, or reduced tendency of employers not to know, or refuse to answer this question.

Lincolnshire employers are continuing to improve their performance with regards customer retention and indeed, relationship management, although this does not appear to translate into increased confidence in future growth. Indeed, a slightly greater proportion in 2005 anticipate decreased company turnover in the next 12 months; potentially a reflection of the smaller proportion experiencing financial growth in the *last* 12 months. In a similar vein:

- Employers are more likely than in any previous survey to be able to mention at least one factor that is preventing the organisation from growing;

- Factors increasing in prevalence to the greatest extent since 2001 include transport costs, interest rates and increased labour costs, with transport costs cited as the single greatest obstacle;
- Whilst no more than one in ten employers since 2001 have experienced difficulty in sourcing premises, this is a slightly increasing trend;
- Internet access and use is relatively constant since 2001, standing at approximately three-quarters of the sample who are on-line. A rapid growth in broadband connectivity is evident, driven by the desire for faster internet connection;
- Employers are able to state a variety of uses of the internet, including buying, selling, advertising and research, with those not using it for any specified means citing lack of suitability. The proportion of employer organisations with their own website is showing a slight upward trend since 2001, but progress is variable (proportion with their own site since 2001 being: 60%; 73%; 70%; and, 68%, this fluctuation potentially a reflection of industry representation within the sample);
- Employers are consistent in rating the value of the internet in meeting business objectives at approximately 5.00 on a scale of 1 to 10, where 10 is positive;
- Proportion of employers not needing any assistance or improvement in the use of the internet continues to increase (17% in 2001 to 57% in 2005); with the single most valued improvement remaining improved speed of internet connection.

Markets and suppliers

Tendency to export any products or services is at its lowest since the survey began in 2001; currently standing at 19% of employers. Despite this, exports are made to an increasingly diverse range of countries, thus employers with an international market place are continuing to widen this. Lincolnshire employers are more likely than in previous years to predict an *increase* in exports over the next 12 months.

**SECTION ONE:
Short Term Analysis 2003/2005**

2 Staffing and Vacancies

Staff Turnover

Amongst the two research samples of Lincolnshire employers, staff turnover is relatively unchanged in the last two years; a consistent third reporting this as nil.

Table 1

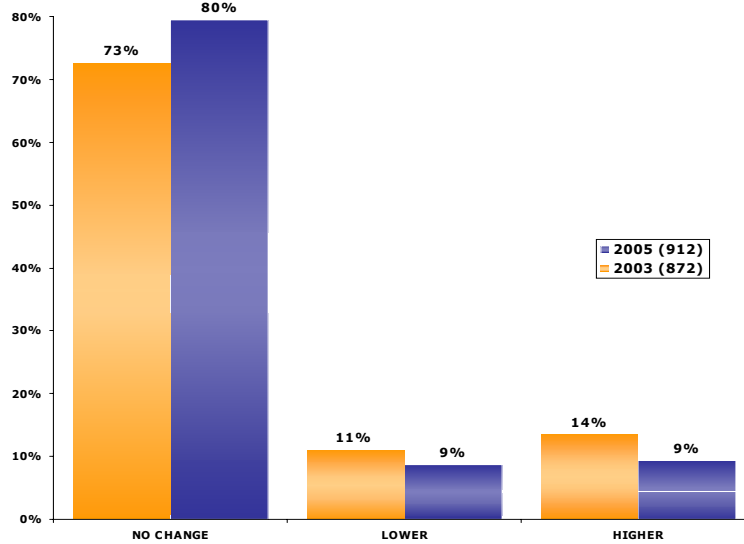
AVERAGE ANNUAL STAFF TURNOVER WITHIN EMPLOYERS' ORGANISATIONS (ALL RESPONDENTS) - %		
	2003	2005
Nil	33	33
1-2%	17	29
3-5%	11	12
6-10%	11	9
11-30%	10	4
31-50%	3	3
Over 50%	2	2
DON'T KNOW/REFUSED	14	9
<i>UNWEIGHTED BASES</i>	<i>1019</i>	<i>1004</i>

There is an indication of turnover rising a little, as evidenced by the shift in proportions placing this at between 1-2%, to more in the region of between 11% and 30%.

Overall, however, levels of staff turnover are more stable in 2005 than in 2003. A higher proportion of respondents in 2005 than in 2003 report levels of staff turnover as unchanged in the last 12 months. Proportions of respondents that report either higher or lower levels of staff turnover are lower in 2005 than in 2003.

Figure 1

WHETHER RESPONDENTS' ORGANISATIONS ANNUAL STAFF TURNOVER IS HIGHER OR LOWER THAN A YEAR AGO (ALL RESPONDENTS)



FIGURES IN PARENTHESES DENOTE UNWEIGHTED SAMPLE BASES

Staff Recruitment

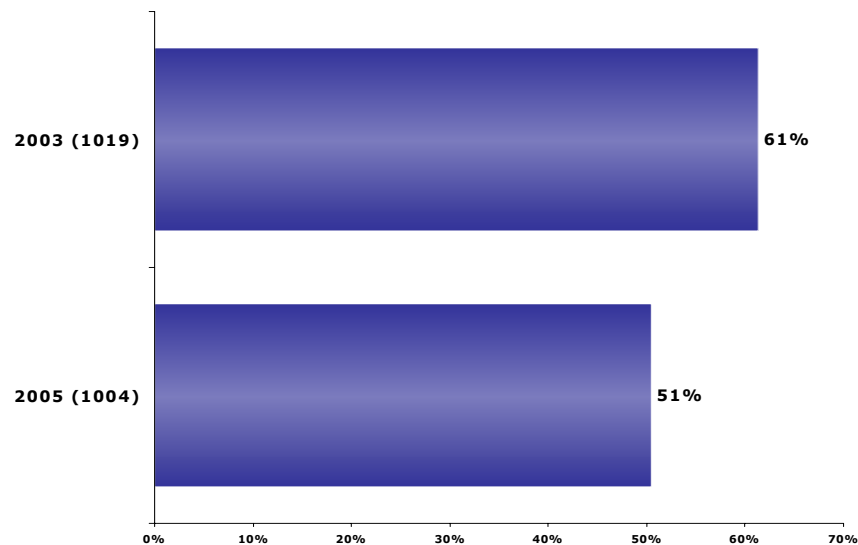
Given the previously discussed reductions in staff turnover in recent years, whilst we have yet to explore *new* recruitment, we see that fewer organisations in 2005 have recruited any permanent staff in the last 12 months.

Correspondingly, the lower level of recruitment in 2005 is reflected in the fact that overall, fewer *numbers* of staff were recruited in the previous 12 months.

Based on *all* respondents (whether or not they have recruited), around a quarter in both 2003 and 2005 have recruited just one or two staff. However, half in 2005 have recruited no-one.

Figure 2

PROPORTION OF ORGANISATIONS THAT HAVE RECRUITED ANY PERMANENT STAFF IN THE LAST 12 MONTHS (ALL RESPONDENTS)



FIGURES IN PARENTHESES DENOTE UNWEIGHTED SAMPLE BASES

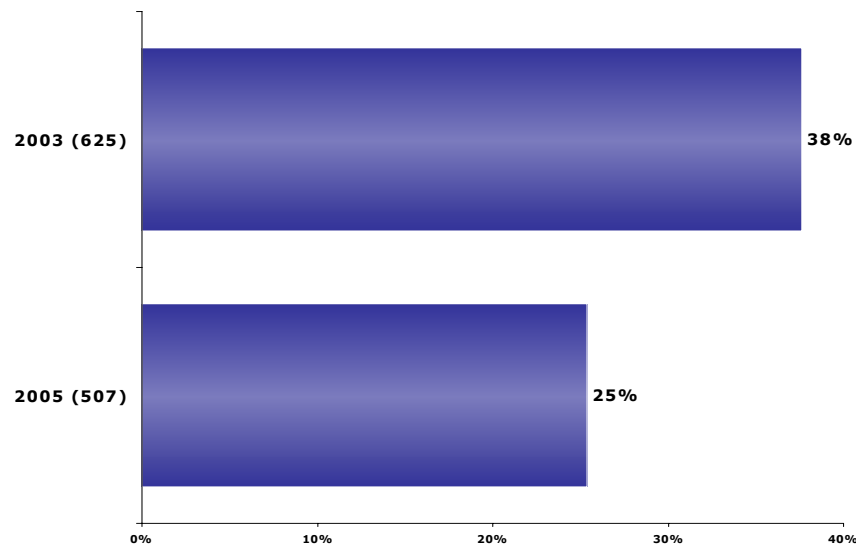
Table 2

NUMBER OF PERMANENT STAFF RECRUITED IN THE LAST 12 MONTHS (ALL RESPONDENTS) - %		
	2003	2005
NONE	39	50
1-2	29	24
3-4	15	10
5+	17	15
DON'T KNOW	1	2
UNWEIGHTED BASES	1019	1004

Thus the level of recruitment is lower in 2005 than in 2003 and a similar trend is apparent with regard to the incidence of *hard to fill* vacancies; indeed, it follows that fewer job opportunities will mean that there are fewer *hard to fill* vacancies. Just a quarter of organisations that recruited in the last 12 months in 2005 have had problems filling vacancies, compared with more than a third in 2003; as shown in the figure below (proportion of employing organisations that have experienced hard to fill vacancies; not proportion of vacancies that have proved hard to fill).

Figure 3

PROPORTION OF ORGANISATIONS THAT HAVE EXPERIENCED ANY PROBLEMS FILLING PERMANENT VACANCIES (WHERE HAVE RECRUITED PERMANENT STAFF)



FIGURES IN PARENTHESES DENOTE UNWEIGHTED SAMPLE BASES

So where are these shortages? The table below shows the job titles of vacancies that have proved hard to fill, and we begin with a caveat. In 2003, respondents with hard to fill vacancies were asked to specify *all* roles that had been difficult to fill in the past 12 months; in 2005 they were asked to state just one, and thus the two sets of data are not truly comparable (we do not know the basis for selection of role in the most recent survey).

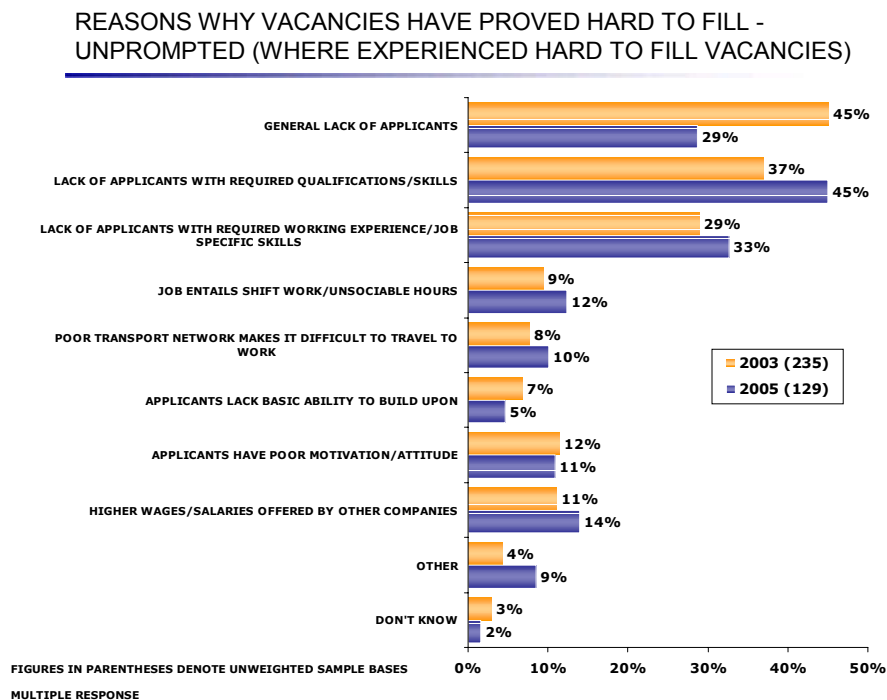
Table 3

JOB TITLES OF HARD TO FILL VACANCIES - %		
	2003*	2005
MANAGERS & SENIOR OFFICIALS	3	6
PROFESSIONAL	6	6
ASSOCIATE PROFESSIONAL & TECHNICAL	13	12
ADMINISTRATIVE & SECRETARIAL	9	5
SKILLED TRADES	18	18
PERSONAL SERVICE	25	16
SALES & CUSTOMER SERVICE	9	12
PROCESS, PLANT & MACHINE OPERATIVES	20	12
ELEMENTARY	15	10
UNWEIGHTED BASES	235	129
*2003 COLUMNS TOTAL MORE THAN 100% AS RESPONDENTS WERE ASKED TO STATE ALL HARD TO FILL VACANCIES, NOT JUST ONE		

In 2005, there is evidence of lack of appropriate skills and qualifications becoming increasingly important as a reason for problems in filling vacancies. In 2005, the general lack of applicants is cited less often in 2003, potentially reflecting the fact that levels of recruitment are lower and demand is more in line with supply now.

It is notable that whilst causes are still cited as applicant-related, these are now centred around them (not) being appropriately skilled, qualified and/or experienced.

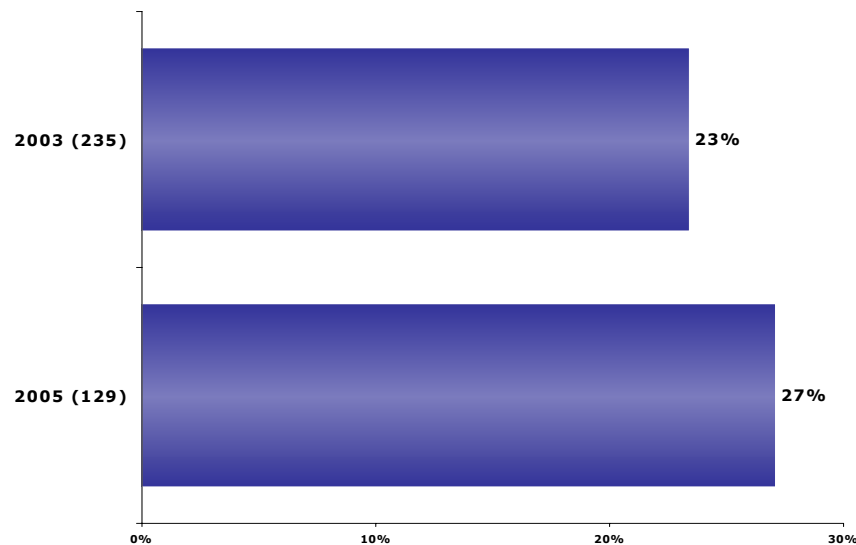
Figure 4



There is slightly more optimism amongst 2005 respondents with regard to the possibility of recruitment difficulties in the future, with the proportion anticipating improvement in this respect in the future increasing by four percentage points.

Figure 5

PROPORTION OF ORGANISATIONS THAT EXPECT THEIR RECRUITMENT DIFFICULTIES TO IMPROVE IN THE FUTURE (WHERE EXPERIENCED HARD TO FILL VACANCIES)



FIGURES IN PARENTHESES DENOTE UNWEIGHTED SAMPLE BASES

We recall here that the primary causes of hard to fill vacancies in 2005 are cited as applicant specific, representing a change from a *general* lack of applicants two years previously.

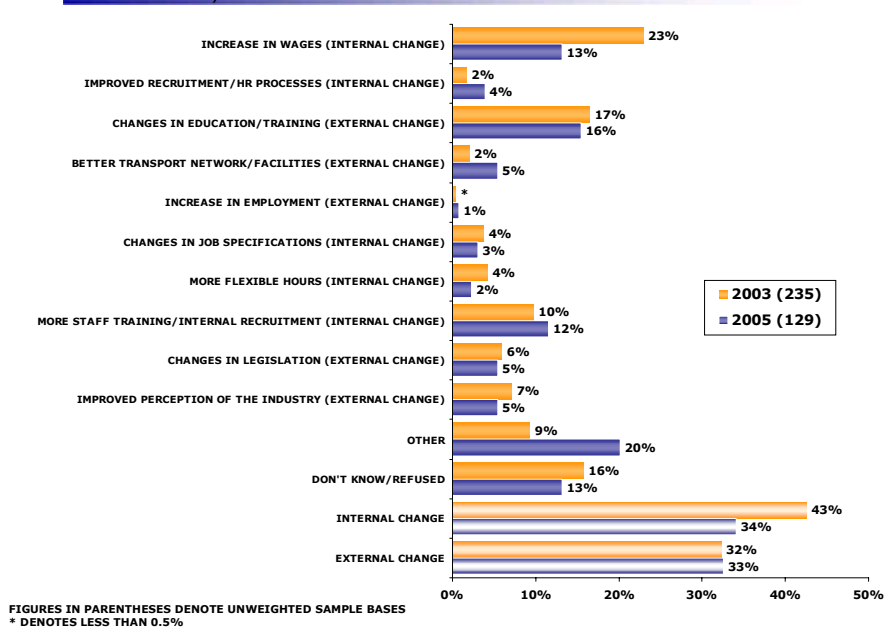
As shown below, when asked what *single* factor will alleviate difficulties, no one stands out as particularly worthy of attention or intervention; this proving to be a stronger finding in 2005 than two years ago.

Whilst in 2003 respondents were more likely to suggest something associated with *internal* change, they are now *no more likely to do so* than to suggest something associated with *external* change.

It is interesting to note that despite currently *receiving* applications, albeit from insufficiently qualified/skilled/experienced candidates, employers are significantly less likely than in 2003 to feel that higher wages would prove a useful solution.

Figure 6

SINGLE FACTOR THAT WOULD HELP WITH RECRUITMENT DIFFICULTIES – UNPROMPTED (WHERE EXPERIENCED HARD TO FILL VACANCIES)



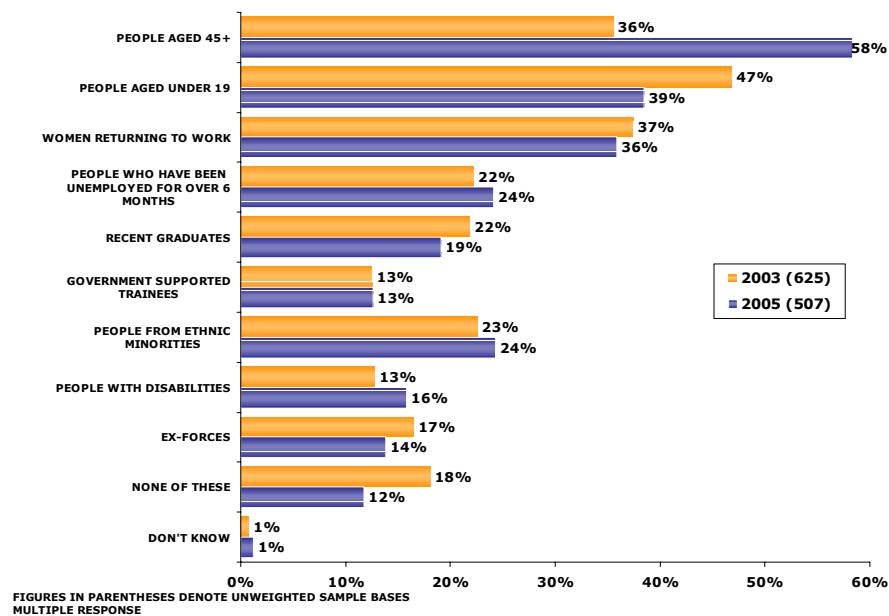
When asked about the *types* of people recruited over the past 12 months, employers continue to recruit from a wide variety of backgrounds, although there is a swing in 2005 away from young people towards those aged 45+.

On a particularly positive note, respondents in 2005 are *more likely* to report that their organisation recruits from any of these minority groups now, compared with 2003.

Despite increasing central government funding for, encouragement and awareness-raising of, government supported training schemes such as Apprenticeships, the proportion of employers taking on such trainees remains static at 13%.

Figure 7

TYPES OF PEOPLE ORGANISATION HAS RECRUITED ON A FULL OR PART TIME BASIS IN THE LAST 12 MONTHS - PROMPTED (WHERE RECRUITED)



Working facilities

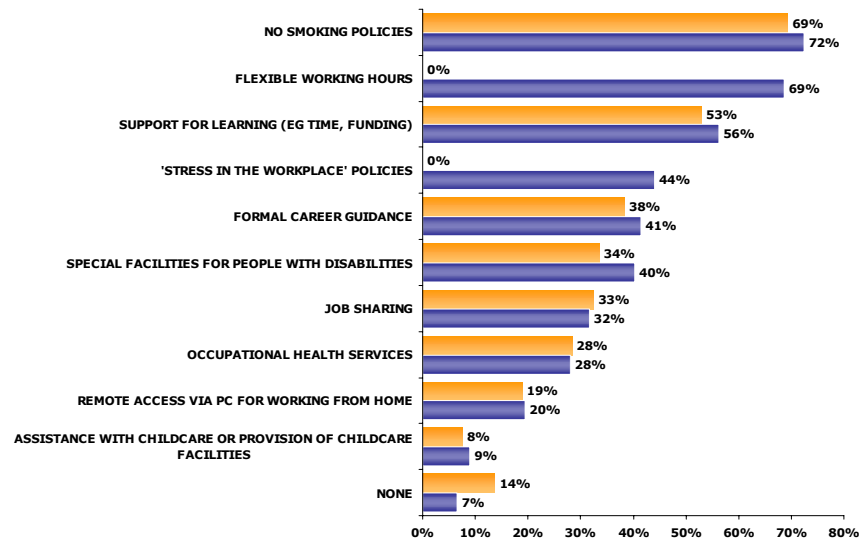
As for the types of working arrangements available to employees, more than half the organisations in 2005 have a no smoking policy (72%), offer flexible working hours (69%) and/or offer support for learning (56%). These proportions (where a comparison is possible) have increased little in the last two years, although organisations are more likely to offer at least one than they were two years ago.

However, although the proportion of organisations offering *none* of these arrangements has halved since 2003 the inclusion of new options in the question in 2005, most notably that of flexible working hours which is a frequently offered benefit, may have contributed to that.

Similarly, in line with growing awareness and acknowledgement of the impact of stress in the workplace, the addition of *stress in the workplace* policies has brought nearly half of the most recent sample on board with regards employee assistance.

Figure 8

TYPE OF FACILITIES PROVIDED FOR EMPLOYEES BY THE ORGANISATION - PROMPTED (ALL RESPONDENTS)



FIGURES IN PARENTHESES DENOTE UNWEIGHTED SAMPLE BASES

MULTIPLE RESPONSE

A higher proportion of organisations in 2005, compared with 2003, offer travelling assistance to their employees to and from work. More than a third now offer flexible start and finish times to coincide with public transport, and cycling into work is more likely to be supported by the provision of cycle sheds and showers.

Table 4

TRAVELLING ASSISTANCE OFFERED TO AND FROM WORK BY THE ORGANISATION - PROMPTED (ALL RESPONDENTS) - %		
	2003	2005
TRAVEL PLAN	4	5
FLEXIBLE START AND FINISH TIMES TO COINCIDE WITH PUBLIC TRANSPORT	15	37
FREE TRANSPORT FROM DESIGNATED PICK UP POINT	7	7
CAR SHARE SCHEME	8	11
CYCLE SHED	13	24
SHOWER	10	13
OTHER	2	5
NONE	61	41
UNWEIGHTED BASES	1019	1004

Positively, Lincolnshire employers show an increase in the propensity to offer assistance to employees with the care of children. Whilst generally, this assistance is most likely to take the form of flexible working hours (including part time working and special leave arrangements) there has been an increase in the last two years in the proportion of organisations offering:

- more flexible working hours;
- part time working;
- special leave arrangement; and,
- paternity leave.

Continuing this pattern, we also note that *fewer* organisations offer *just the bare minimum* with regard to maternity leave.

Table 5

TYPE OF SCHEMES OFFERED TO EMPLOYEES TO ASSIST WITH THE CARE OF CHILDREN BY THE ORGANISATION - PROMPTED (ALL RESPONDENTS) - %		
	2003	2005
PAID PATERNITY LEAVE	44	55
FLEXIBLE WORKING HOURS	54	63
PART TIME WORKING	54	67
SPECIAL LEAVE ARRANGEMENTS	46	63
MATERNITY LEAVE CONDITIONS OVER AND ABOVE THE STATUTORY REQUIREMENTS	38	32
WORKING FROM HOME	13	15
WORKPLACE NURSERY OR CRECHE PROVISION	4	4
OTHER	1	5
NONE	30	20
<i>UNWEIGHTED BASES</i>	<i>1019</i>	<i>1004</i>

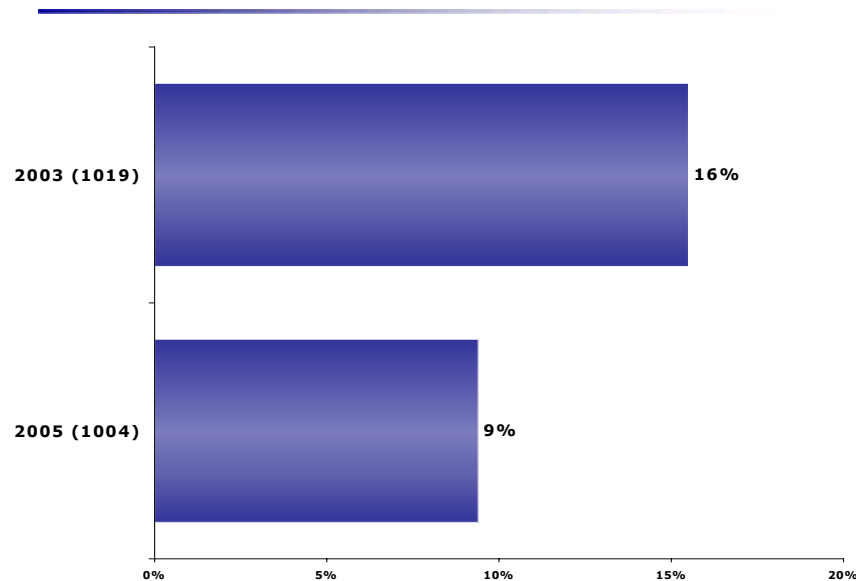
3 Skills and Learning

Skills Gaps

It is a very positive finding that Lincolnshire employers are less likely to report skills gaps in 2005 than they were in 2003. We note this is in line with a general reduction in staff turnover and fewer hard to fill vacancies.

Figure 9

PROPORTION OF ORGANISATIONS THAT FEEL THERE IS A SIGNIFICANT GAP BETWEEN THE TYPE OF SKILLS THEIR CURRENT EMPLOYEES HAVE NOW AND THOSE THAT THEY NEED TO MEET THEIR CURRENT BUSINESS OBJECTIVES (ALL RESPONDENTS)



FIGURES IN PARENTHESIS DENOTE UNWEIGHTED SAMPLE BASES

In terms of the *types* of skills that need improving, there has been an increase in the need to improve personal skills, technical skills and particularly in *team working* in the last two years (the proportion specifying this as a skill that needs improving increasing from 39% to 53% from 2003 to 2005). Indeed, four of the 'top' five skills that need improving in 2005 are concerned with personal skills and ability to work with (or further, lead) others.

Table 6

TYPES OF SKILLS THAT NEED IMPROVING AMONGST EXISTING EMPLOYEES - PROMPTED (WHERE SKILLS GAPS EXIST) - %		
	2003	2005
PERSONAL SKILLS	51	59
INTERPERSONAL SKILLS	53	55
TEAM WORKING	39	53
TECHNICAL SKILLS	43	52
LEADERSHIP SKILLS	46	52
MANUAL OR CRAFT SKILLS	47	51
PROBLEM SOLVING	44	47
ICT SKILLS	38	38
LITERACY SKILLS	30	32
NUMERACY SKILLS	30	28
OTHER	2	5
NONE OF THE ABOVE	-	6
<i>UNWEIGHTED BASES</i>	<i>158</i>	<i>94</i>
<i>MULTIPLE RESPONSE</i>		

Skills needs within organisations were previously changing for not one, but a variety of reasons and this is even more likely to be the case in 2005.

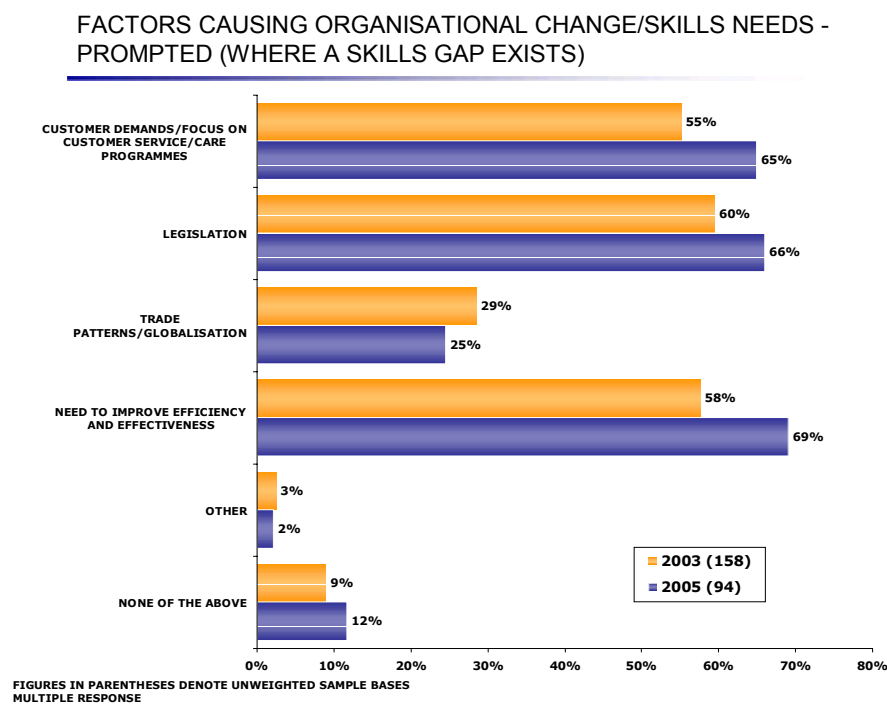
Of particular importance in 2005 is the impact new technology is having on skills needs, although the prime influence continues to be the need to implement higher standards of quality.

Table 7

REASONS WHY SKILLS NEEDS HAVE CHANGED - PROMPTED (ALL RESPONDENTS)		
	2003	2005
IMPLEMENT HIGHER STANDARDS OF QUALITY	56	64
COPE WITH NEW WORKING PRACTICES	51	56
COPE WITH THE INTRODUCTION OF NEW TECHNOLOGY	44	56
DEVELOP NEW PRODUCTS AND SERVICES	41	46
INCREASED EMPHASIS ON ICT	35	38
NONE OF THE ABOVE	10	18
OTHER	6	1
<i>UNWEIGHTED BASES</i>	<i>158</i>	<i>94</i>
<i>MULTIPLE RESPONSE</i>		

So what is bringing about these changes in skills requirements? Related to the impact of higher standards of quality cited above, there are three clear drivers of change: the need to improve efficiency and effectiveness; legislation; and, customer relationship management (including customer demands, a focus on customer service, and customer care programmes).

Figure 10

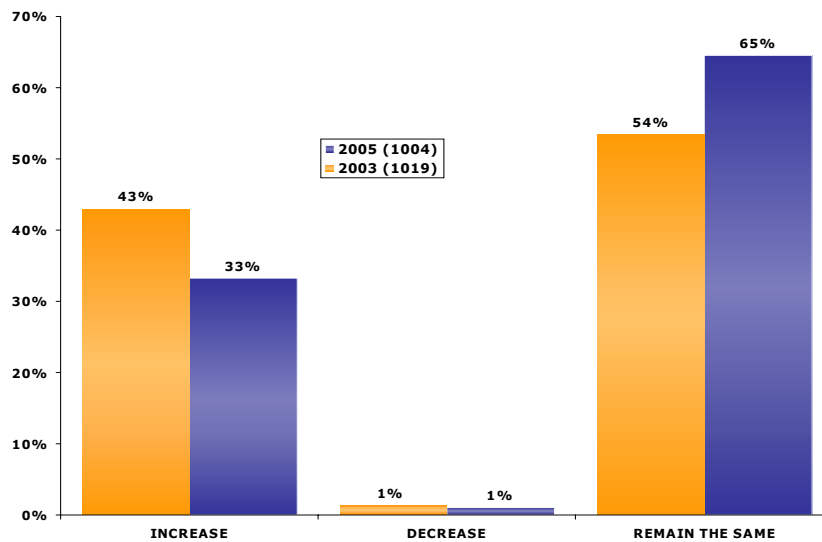


Business and Skills Needs Planning

In 2005, two thirds of organisations have a formal business plan, this representing a *slight* but not a statistically significant decline on 2003 (68%; 71%). Fewer respondents in 2005 expect an increase in demand for skills in their workforce in the next 12 months than in 2003, and more foresee stability into 2006 and 2007.

Figure 11

WHETHER ORGANISATIONS FEEL THE SKILLS IN THEIR WORKFORCE WILL INCREASE, DECREASE OR REMAIN THE SAME IN THE NEXT 12 MONTHS (ALL RESPONDENTS)



FIGURES IN PARENTHESES DENOTE UNWEIGHTED SAMPLE BASES

In more detail then, the skills areas in which an *increase* in demand is expected in the next 12 months are most likely to be those of personal skills, interpersonal skills and team working.

Despite the fact that organisations in 2005 are less likely to expect an increase in the demand for skills *overall*, demand in each of the areas specified is more likely to increase in the next 12 months than in the same period two years ago.

Table 8

SKILLS THAT WILL EXPERIENCE CHANGE IN DEMAND IN THE NEXT 12 MONTHS - PROMPTED (WHERE FORESEE AN INCREASE IN SKILL REQUIREMENTS) - %		
	2003	2005
LEADERSHIP SKILLS	45	55
ICT SKILLS	51	57
PERSONAL SKILLS	53	70
INTERPERSONAL SKILLS	49	68
TECHNICAL SKILLS	55	57
PROBLEM SOLVING	42	60
TEAM WORKING	47	66
MANUAL OR CRAFT SKILLS	35	41
LITERACY SKILLS	22	30
NUMERACY SKILLS	22	33
OTHER	1	4
NONE OF THE ABOVE	-	4
<i>UNWEIGHTED BASES</i>	<i>452</i>	<i>345</i>
<i>MULTIPLE RESPONSE</i>		

Training

In 2005, more than three-fifths of respondents (61%) have a training plan; a lower proportion than in 2003 (68%). We note that this reflects the slightly lower proportion that have a business plan.

The table below presents each skill area in which training is offered, so that it can be seen whether training is offered internally or externally. At least half the organisations offer training in any one of the areas and it is most likely to be internally provided. Comparing 2003 and 2005 figures for external training in any area, we see that the proportions of Lincolnshire employers using only external training sources in any area have neither increased nor decreased in the last two years.

Table 9

AREAS IN WHICH ORGANISATIONS OFFER TRAINING TO EMPLOYEES, AND MODE OF PROVISION – PROMPTED (ALL RESPONDENTS) - %					
		INTERNAL	EXTERNAL	BOTH	DO NOT OFFER
TECHNICAL SKILLS	2003	33	14	20	32
	2005	27	13	16	43
MANUAL SKILLS	2003	41	7	14	37
	2005	37	6	12	44
IT SKILLS	2003	29	14	18	38
	2005	27	14	11	47
TEAM WORKING	2003	46	5	13	35
	2005	41	6	11	41
PROBLEM SOLVING	2003	40	5	14	40
	2005	38	6	10	46
PERSONAL SKILLS	2003	41	7	14	37
	2005	35	8	10	46
INTERPERSONAL SKILLS	2003	39	6	14	39
	2005	36	8	10	46
LEADERSHIP SKILLS	2003	30	12	15	42
	2005	28	12	11	49
NUMERACY SKILLS	2003	21	7	9	61
	2005	17	8	5	68
LITERACY SKILLS	2003	21	7	10	61
	2005	16	9	5	70
UNWEIGHTED BASES: 2003 = 1019; 2005 = 1004					

However, the final column shows that in each case, Lincolnshire employers are *less* likely to be offering training to employees, most

notably with regard to technical skills. We recall that technical skills are amongst the 'top five' skills gaps currently faced by employers.

As shown below, the majority of all training undertaken in 2005 does not lead to a qualification, and there has been hardly any change in this respect in the last two years. Now, as in 2003, the two skill areas in which training is most likely to lead to a qualification are those of leadership and technical skills.

Table 10

WHETHER TRAINING OFFERED IN ANY SKILL AREA LEADS TO A QUALIFICATION (WHERE OFFER TRAINING IN AN AREA)					
		UNWEIGHTED SAMPLE BASES	LEADS TO A QUALIFICATION	DOES NOT LEAD TO A QUALIFICATION	DON'T KNOW
			%	%	%
LEADERSHIP SKILLS	2003	584	39	55	6
	2005	505	44	54	2
IT SKILLS	2003	627	36	55	9
	2005	523	31	66	3
PERSONAL SKILLS	2003	634	27	66	7
	2005	534	23	73	4
INTERPERSONAL SKILLS	2003	605	25	67	8
	2005	532	18	78	4
TECHNICAL SKILLS	2003	680	39	54	7
	2005	567	36	61	3
PROBLEM SOLVING	2003	599	20	72	8
	2005	540	17	80	4
TEAM WORKING	2003	655	20	73	8
	2005	584	18	78	4
MANUAL SKILLS	2003	631	27	66	7
	2005	556	23	75	3
LITERACY SKILLS	2003	384	28	62	10
	2005	298	23	74	3
NUMERACY SKILLS	2003	388	29	62	9
	2005	309	22	74	4

Of those training courses that do lead to a qualification, most qualifications offered are NVQs, in general being the more advanced level of NVQ, at level 3 or 4. Again, there has been little change in this respect between 2003 and 2005.

Table 11

NVQ LEVEL OF QUALIFICATION OFFERED BY ORGANISATIONS (ALL RESPONDENTS)							
		UNWEIGHTED SAMPLE BASES	NVQ LEVEL 1	NVQ 2+	NVQ 3+	NO NVQ	DON'T KNOW
			%	%	%	%	%
LEADERSHIP SKILLS	2003	230	2	64	51	21	13
	2005	220	5	63	46	14	18
IT SKILLS	2003	227	4	53	37	23	20
	2005	164	4	51	38	23	21
PERSONAL SKILLS	2003	172	3	74	53	15	8
	2005	122	6	67	44	16	11
INTERPERSONAL SKILLS	2003	153	9	71	50	12	8
	2005	97	6	73	47	14	6
TECHNICAL SKILLS	2003	264	3	58	42	22	16
	2005	204	3	57	41	20	20
PROBLEM SOLVING	2003	121	3	77	55	13	7
	2005	89	6	70	47	16	9
TEAM WORKING	2003	128	7	73	50	12	9
	2005	105	9	69	48	13	10
MANUAL SKILLS	2003	173	8	61	39	17	14
	2005	127	6	62	42	17	14
LITERACY SKILLS	2003	109	13	62	39	16	9
	2005	69	7	68	38	13	12
NUMERACY SKILLS	2003	114	11	61	40	17	11
	2005	68	7	66	37	12	15

Most respondents report that their organisation offers some kind of support to staff undergoing training. There has been little change in this respect between 2003 and 2005.

The most widely offered provision is *permission to undergo training during working hours* followed closely by *payment of course fees*. Overall, the figures reported in 2003 and 2005 are very similar apart from with regard to time off in lieu and travelling expenses, where there has been a slight increase in the extent to which these are offered by organisations in the last two years.

Table 12

TYPES OF SUPPORT FOR TRAINING OFFERED - PROMPTED (ALL RESPONDENTS) - %		
	2003	2005
PAYMENT FOR COURSE FEES	64	64
FUNDING FOR MATERIALS	50	49
USE OF RESOURCES	57	57
PAID TIME OFF	58	59
TRAVELLING EXPENSES	50	56
TIME OFF IN LIEU	31	41
TRAINING DURING WORKING HOURS	74	75
OTHER	*	1
NONE OF THE ABOVE	15	19
<i>UNWEIGHTED BASES</i>	<i>1019</i>	<i>1004</i>
<i>MULTIPLE RESPONSE</i>	<i>* DENOTES LESS THAN 0.5%</i>	

4 Life in Lincolnshire

Employers were asked about their working life and circumstances in Lincolnshire and the perceived benefits of conducting business in the County. Employers were asked to give a rating of between 1 and 10, where 1 is poor and 10 is good, for each of a range of factors in their Local Authority District (LAD).

The table below displays the overall ratings for Lincolnshire in terms of rates and rents, access, staff availability, house prices and cost of living, and crime rates, for 2005 compared with 2003.

Table 13

RESPONDENTS' RATING OF THEIR LAD ON EACH FACTOR AS A PLACE FOR THEIR BUSINESS TO BE LOCATED (ALL RESPONDENTS) - %						
	2003			2005		
	Poor	Neither Good nor Poor	Good	Poor	Neither Good nor Poor	Good
RENTS/BUSINESS RATES	15	42	16	14	45	18
ACCESS TO SUPPLIERS	11	43	32	13	43	31
ACCESS TO CUSTOMERS	10	39	40	10	42	40
AVAILABILITY OF SKILLED STAFF	24	49	18	21	51	20
COST OF LIVING/HOUSE PRICES	11	48	34	13	52	29
LOW LEVEL OF CRIME IN THE AREA	16	50	29	16	57	23
<i>Unweighted bases</i>	<i>1019</i>			<i>1004</i>		

In both 2005 and 2003 the largest proportion of respondents rated their LAD on each factor as 'neither good nor poor', giving a score of 4-7. LADs are given the highest rating for providing access to customers, with two fifths of respondents rating their LAD as 'good' on this factor.

Rents and business rates and the availability of skilled staff are rated as 'good' by the lowest proportions of respondents in both 2005 and 2003. The availability of skilled staff continues to be the weakest factor for LADs, with one in five respondents rating their LAD as poor in this area. In order to look at trends more easily the following table summarises the mean score for each factor, for 2003 and 2005. The higher the mean score, the better the rating.

Table 14

RESPONDENTS' MEAN RATING OF THEIR LAD ON EACH FACTOR AS A PLACE FOR THEIR BUSINESS TO BE LOCATED (ALL RESPONDENTS) – MEAN SCORES		
	2003	2005
RENTS/BUSINESS RATES	5.42	5.56
ACCESS TO SUPPLIERS	6.26	6.18
ACCESS TO CUSTOMERS	6.72	6.64
AVAILABILITY OF SKILLED STAFF	5.21	5.36
COST OF LIVING/HOUSE PRICES	6.37	6.11
LOW LEVEL OF CRIME IN THE AREA	5.91	5.72
<i>Unweighted base</i>	<i>1019</i>	<i>1004</i>

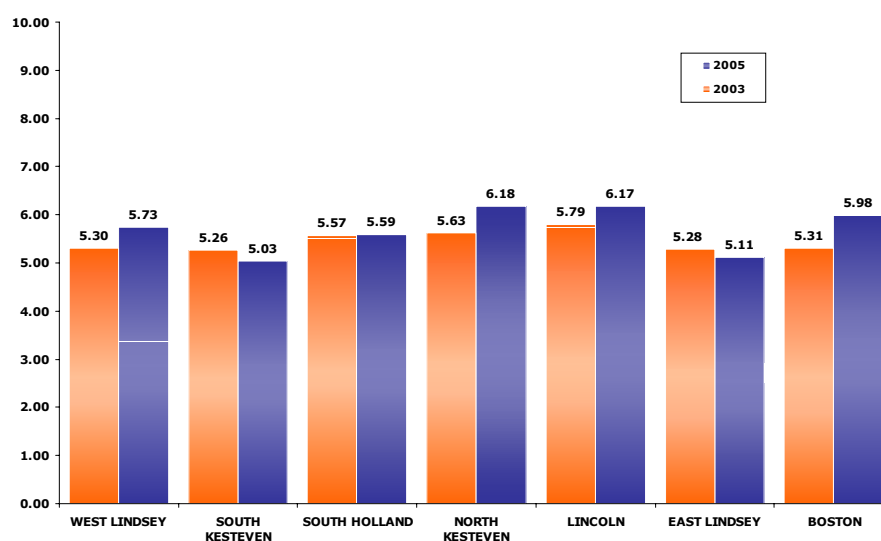
Generally there has been little change over the last two years regarding employers' opinion of their business location.

Rent/Business Rates

Rent and business rates are rated most favourably in North Kesteven and Lincoln and least favourably in South Kesteven. Boston has seen the greatest improvement compared with 2003, in terms of employers' feelings towards rent and business rates in their area.

Figure 12

HOW GOOD RESPONDENTS THINK RENT / BUSINESS RATES ARE IN SPECIFIED LAD, ON A SCALE OF 1 TO 10 WHERE 1 IS VERY POOR AND 10 IS VERY GOOD (ALL RESPONDENTS) – MEAN SCORES



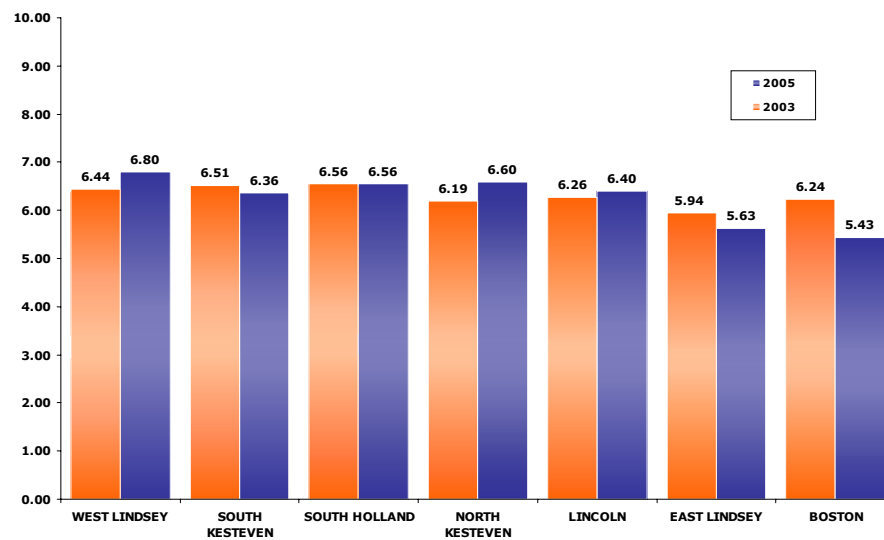
SAMPLE BASES VARY

Access to suppliers

At least a quarter of employers in each LAD rate access to suppliers as good. Access to suppliers receives a particularly positive rating in West Lindsey, where over a third of respondents rate this factor as good and just 5% give a poor rating. The largest shift in opinion on this factor has occurred in Boston. The proportion of respondents in Boston rating their LAD as poor in this area has increased from 11% in 2003 to 21% in 2005.

Figure 13

HOW GOOD RESPONDENTS THINK ACCESS TO SUPPLIERS IS IN SPECIFIED LAD, ON A SCALE OF 1 TO 10 WHERE 1 IS VERY POOR AND 10 IS VERY GOOD (ALL RESPONDENTS) – MEAN SCORES



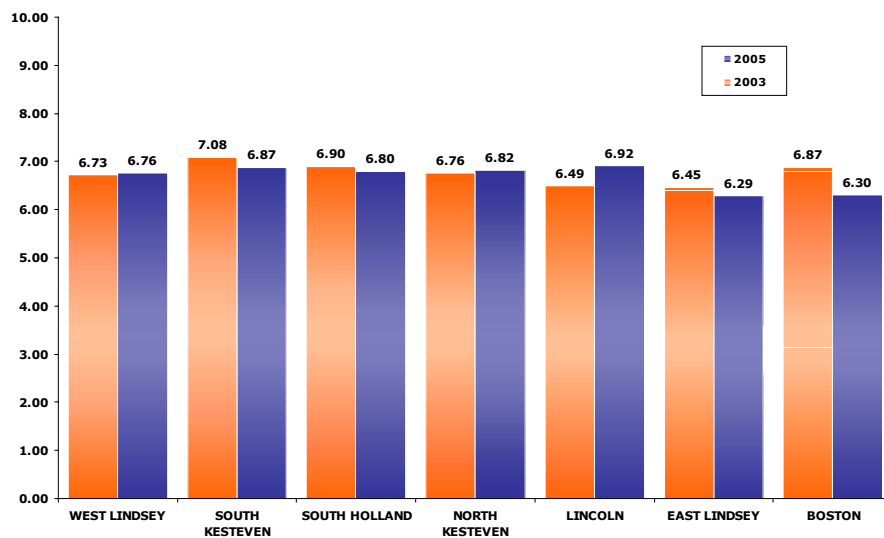
SAMPLE BASES VARY

Access to customers

Since 2003 there has been little change in employers' ratings of their access to customers in most LADs. In each LAD over a third of employers give a rating of 'good' (8-10) for this factor. LADs are rated similarly on this aspect, with East Lindsey and Boston receiving the lowest ratings. Compared with 2003 Boston has again seen the largest decline, with a 10% point increase in the proportion of employers rating their LAD as poor in this area (from 9% in 2003, to 19% in 2005). The greatest improvement has been in Lincoln.

Figure 14

HOW GOOD RESPONDENTS THINK ACCESS TO CUSTOMERS IS IN SPECIFIED LAD, ON A SCALE OF 1 TO 10 WHERE 1 IS VERY POOR AND 10 IS VERY GOOD (ALL RESPONDENTS) – MEAN SCORES



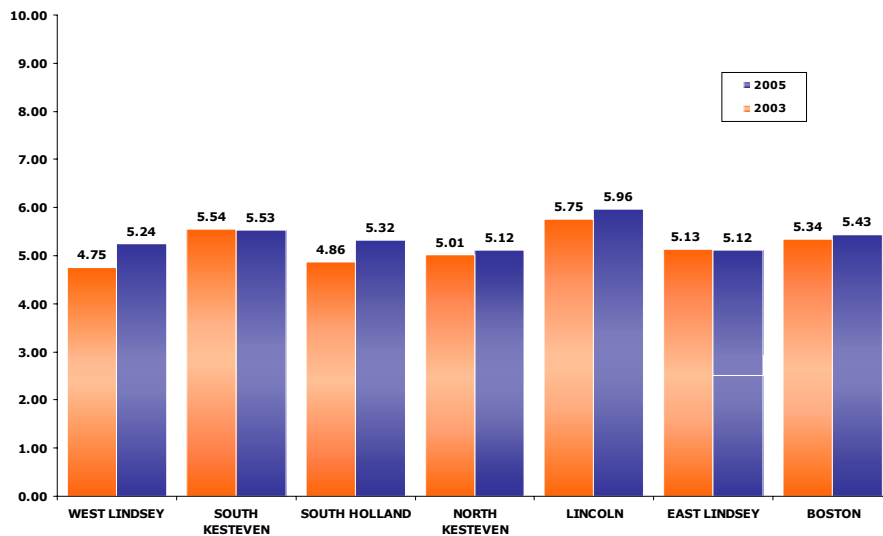
SAMPLE BASES VARY

Availability of skilled staff

The two lowest performing LADs on availability of skilled staff in 2003 (West Lindsey and South Holland) have this year seen the greatest improvement. Lincoln continues to outperform the other LADs on this factor.

Figure 15

HOW GOOD RESPONDENTS THINK AVAILABILITY OF SKILLED STAFF IS IN SPECIFIED LAD, ON A SCALE OF 1 TO 10 WHERE 1 IS VERY POOR AND 10 IS VERY GOOD (ALL RESPONDENTS) - MEAN SCORES



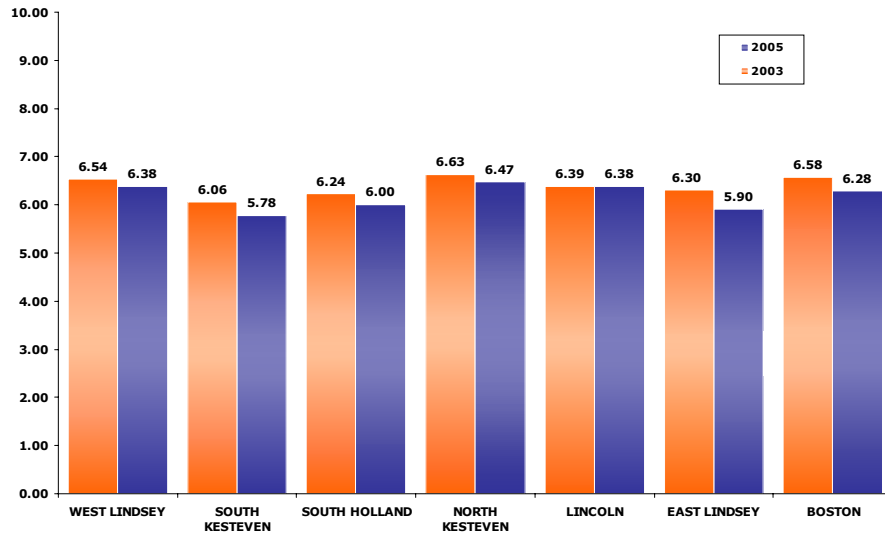
SAMPLE BASES VARY

Cost of living/ house prices

Except in Lincoln, all LADs have experienced at least a slight drop in the rating of cost of living and house prices since 2003. North Kesteven is rated most favourably on this factor while South Kesteven continues to receive the least favourable rating.

Figure 16

HOW GOOD RESPONDENTS THINK COST OF LIVING/HOUSE PRICES ARE IN SPECIFIED LAD, ON A SCALE OF 1 TO 10 WHERE 1 IS VERY POOR AND 10 IS VERY GOOD (ALL RESPONDENTS) – MEAN SCORES



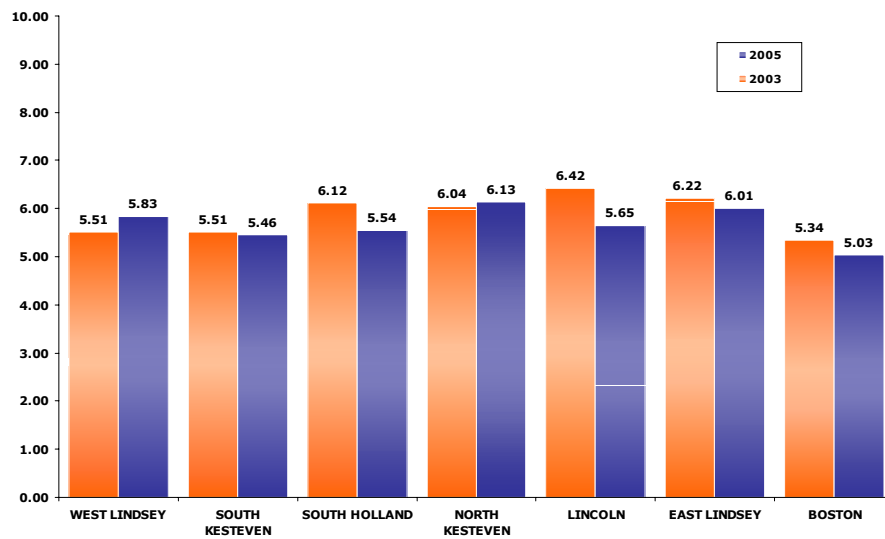
SAMPLE BASES VARY

Low level of crime

In terms of a low level of crime, Lincolnshire receives a mixed response. In East Lindsey and North Kesteven 3 in 10 employers give a rating of good. Boston scores lowest, with 24% rating the LAD as poor. Compared with 2003 ratings have dropped sharply in Lincoln and South Holland, West Lindsey is the only LAD to improve on 2003.

Figure 17

HOW GOOD RESPONDENTS THINK LOW LEVEL OF CRIME IN THE AREA IN SPECIFIED LAD, ON A SCALE OF 1 TO 10 WHERE 1 IS VERY POOR AND 10 IS VERY GOOD (ALL RESPONDENTS) - MEAN SCORES

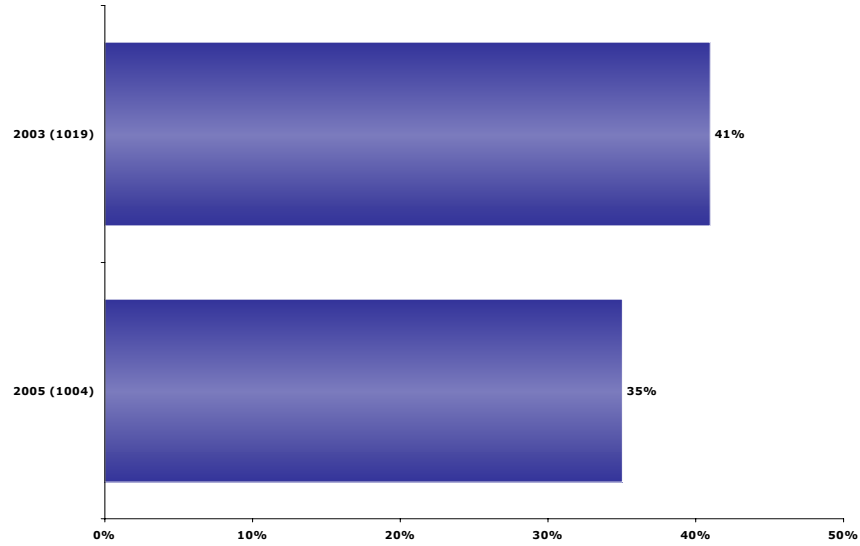


SAMPLE BASES VARY

The average proportion of organisations to have experienced crime is 35%, which represents a 6% point reduction compared with 2003.

Figure 18

PROPORTION OF ORGANISATIONS THAT HAVE BEEN A VICTIM OF CRIME IN THE LAST 12 MONTHS (ALL RESPONDENTS)



SAMPLE BASES IN PARENTHESES

As in 2003, burglary and criminal damage are the types of crime most likely to have been experienced across the county. Since 2003 however there has been a significant increase in the proportion of organisations that say they have been a victim of criminal damage, such as vandalism or arson.

Table 15

CRIME/CRIMES ORGANISATIONS HAVE BEEN A VICTIM OF (WHERE ORGANISATION HAS BEEN A VICTIM OF CRIME) - %		
	2003	2005
BURGLARY	44	48
ATTEMPTED BURGLARY	20	21
CRIMINAL DAMAGE	43	55
THEFT OF VEHICLES	13	11
THEFT FROM VEHICLES	8	14
OTHER THEFT	32	35
FRAUD AND FORGERY	8	12
OTHER	3	3
<i>Unweighted bases</i>	<i>417</i>	<i>350</i>

The main impact that crime has on these organisations is increased operating costs (noticed by 42%). Compared with 2003 fewer organisations report the impact of increased insurance costs as a result of the crime they have been victims of.

Table 16

WAYS IN WHICH ORGANISATION HAS BEEN AFFECTED DUE TO THE CRIMES (WHERE ORGANISATION HAS BEEN A VICTIM OF CRIME) - %		
	2003	2005
INCREASED OPERATING COSTS	38	42
LEAD TO INCREASED SECURITY	21	24
DISRUPTION TO TRADING	10	15
INCREASED INSURANCE COSTS	24	12
THREATENED PERSONAL SAFETY OF STAFF	7	7
REDUCED STAFF MORALE	7	5
REPLACEMENT OF STOCK	-	3
JOB LOSSES	2	1
HAVE RELOCATED	1	1
LOSS OF PROFIT	-	1
PAYMENT OF REPAIR BILL	-	1
LOSS OF CUSTOMERS	-	1
LOSS OF REPUTATION	-	1
REDUCTION IN INVESTMENT	-	*
OTHER	2	1
NONE	31	27
UNWEIGHTED BASES	417	350

As in 2003 the cost of crime to those organisations affected is estimated to be mainly under £5,000.

Table 17

TOTAL ESTIMATED COST OF CRIME TO THE ORGANISATION DURING THE PAST 12 MONTHS (WHERE ORGANISATION HAS BEEN A VICTIM OF CRIME) - %		
	2003	2005
LESS THAN £500	26	31
£500 - £1,000	17	18
£1,000 - £4,999	22	23
£5,000 - £9,999	6	6
£10,000 - £25,000	10	4
MORE THAN £25,000	3	3
DON'T KNOW	14	11
<i>Unweighted bases</i>	<i>417</i>	<i>350</i>

5 General Business Environment

This section is asked only of private sector businesses.

Business Growth

As can be seen in the following table, around half or more employers say they have experienced each example of business growth over the last 12 months. In the past 12 months, nearly nine in ten employers feel they have retained their existing customers, which represents a 10% point increase compared with 2003. Almost two thirds claim they have received fewer customer complaints, which also represents a significant improvement compared with two years ago. Only a minority (4%) feels that their company has not shown any of these characteristics over the past 12 months.

Table 18

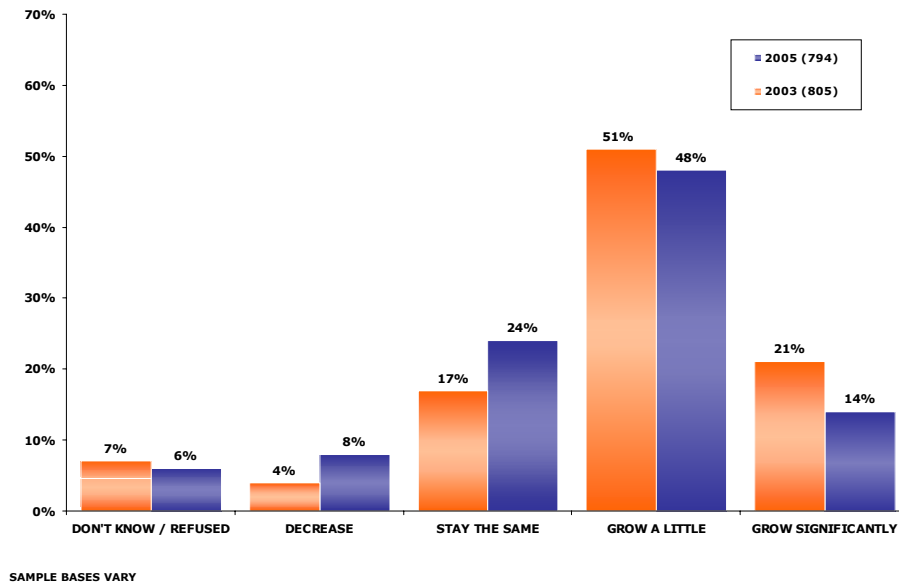
WAYS IN WHICH THE ORGANISATION HAS CHANGED IN THE PAST 12 MONTHS (PRIVATE SECTOR ORGANISATIONS) - %		
	2003	2005
INCREASED PROFITABILITY	60	53
INCREASED TURNOVER	62	59
RETAINED EXISTING CUSTOMERS	78	88
INCREASED MARKET SHARE	50	47
RECEIVED FEWER CUSTOMER COMPLAINTS	48	63
NONE OF THE ABOVE	6	4
<i>Unweighted bases</i>	805	794

The main reason cited by employers for these changes is improved customer service/customer care (17%), as it was in 2003 (12%).

Leading on from these signs of business health, approaching two thirds of private sector companies (62%) expect growth in turnover to some degree over the next 12 months, however this is a significantly lower proportion than recorded in 2003 (when 72% expected growth). Compared with 2003, private sector organisations are more likely to think their organisation's turnover will remain the same.

Figure 19

PROPORTION OF ORGANISATIONS THAT EXPECT THEIR COMPANY
TURNOVER TO INCREASE/DECREASE OVER THE NEXT 12 MONTHS
(PRIVATE SECTOR ORGANISATIONS)



Employers were asked what reasons they attribute to the changes expected.

Where a *decrease in turnover* is expected, the highest proportion of respondents (25%) suggest that a poor economic climate is the key reason.

Where turnover is expected to *stay the same* the economic climate (26%), the market reaching its limit (17%) and the organisation being at full capacity/not wanting more work (15%) are the main reasons given for this prediction.

Where turnover is expected to *grow a little*, factors of economic growth (15%) and greater demand/wider customer base (15%) are mentioned the most. Of those who expect turnover to *grow significantly*, the highest proportion say company expansion is the key reason for this (20%).

All private sector employers were also asked what factors from a given list are preventing their organisations from growing. The responses are shown in the table below:

Table 19

FACTORS PREVENTING THE ORGANISATION FROM GROWING - PROMPTED (PRIVATE SECTOR ORGANISATIONS) - %		
	2003	2005
AVAILABILITY OF TECHNICAL/CRAFT SKILLS	15	17
INCREASING LABOUR COSTS	27	40
MARKET SIZE	26	34
CASHFLOW	22	28
TRANSPORT INFRASTRUCTURE (ROAD, RAIL AND SEA)	16	33
AVAILABILITY OF LEADERSHIP SKILLS	8	11
AVAILABILITY OF GENERAL LABOUR	19	21
AVAILABILITY OF LAND/PREMISES	12	16
PLANNING LEGISLATION	N/A	23
BUSINESS LEGISLATION	N/A	33
STRENGTH OF THE POUND	15	25
INTEREST RATES	16	38
LACK OF CAPITAL FOR INVESTMENT	17	24
LACK OF TRAINING AVAILABLE LOCALLY	8	13
TRANSPORT COSTS E.G. FUEL ETC	19	51
EMPLOYEE RESISTANCE TO CHANGE	8	14
SICKNESS OR INJURY ABSENCE	10	11
OTHER	2	4
NONE	27	11
<i>Unweighted bases</i>	<i>805</i>	<i>794</i>

Since 2003 there has been a significant reduction in the proportion of organisations that say there are *no* factors that prevent their business from growing. There has been a corresponding increase in the proportion of respondents that say each of the factors are preventing their business from growing. The biggest single factor given is transport costs (51%), and by a significantly higher proportion than in 2003. Increasing labour costs and interest rates are also clearly a concern for businesses and considerably more so than in 2003.

Table 20

GREATEST OBSTACLE PREVENTING ORGANISATION FROM GROWING - PROMPTED (WHERE FACTORS PREVENT ORGANISATION FROM GROWING) - %		
	2003	2005
AVAILABILITY OF TECHNICAL/CRAFT SKILLS	6	4
INCREASING LABOUR COSTS	10	8
MARKET SIZE	16	10
CASHFLOW	13	11
TRANSPORT INFRASTRUCTURE (ROAD, RAIL AND SEA)	6	8
AVAILABILITY OF LEADERSHIP SKILLS	1	1
AVAILABILITY OF GENERAL LABOUR	9	3
AVAILABILITY OF LAND/PREMISES	7	4
PLANNING LEGISLATION	N/A	3
BUSINESS LEGISLATION	N/A	9
STRENGTH OF THE POUND	5	3
INTEREST RATES	6	6
LACK OF CAPITAL FOR INVESTMENT	8	3
LACK OF TRAINING AVAILABLE LOCALLY	3	1
TRANSPORT COSTS E.G. FUEL ETC	4	18
EMPLOYEE RESISTANCE TO CHANGE	1	1
SICKNESS OR INJURY ABSENCE	3	2
OTHER	2	3
<i>Unweighted bases</i>	563	698

Of all these factors, transport costs is seen as the greatest single obstacle (cited by 18%). Transport costs are clearly much more of a concern than in 2003, compared with the other barriers to growth. In second and third place, cashflow and market size are seen as the next greatest obstacles to growth. In 2003 these factors were the top two greatest concerns.

Business Conditions

Only 10% of private sector businesses experienced any trouble in finding suitable premises over the last 12 months, which is the same proportion as in 2003.

Around three quarters of private sector businesses have internet access (74%), although compared with 2003 the proportion has declined slightly (from 80%).

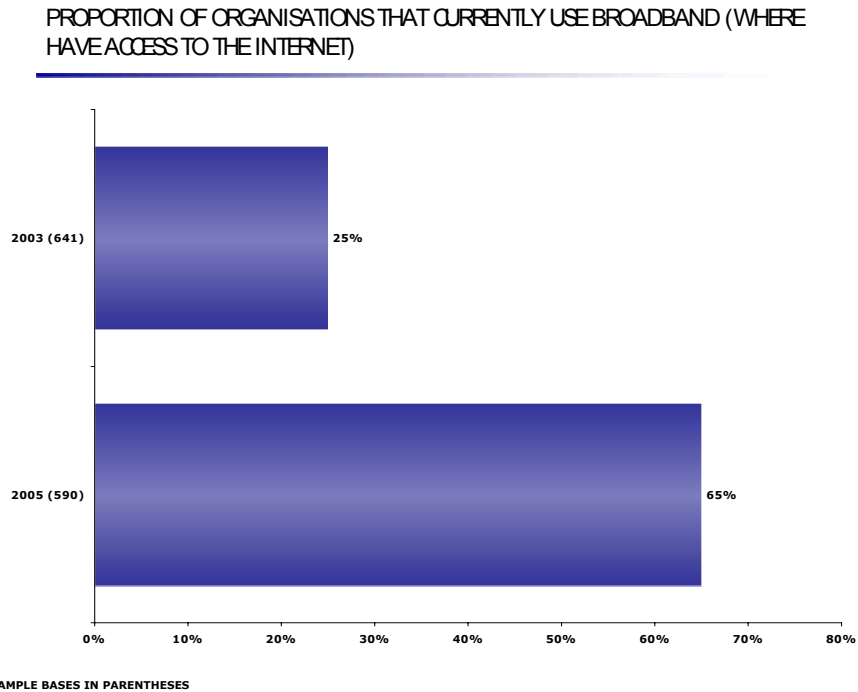
Two fifths of those with internet access use a standard modem, with a fifth using ISDN. Compared with 2003 it seems fewer organisations are accessing the Internet via ISDN.

Table 21

TYPE OF INTERNET ACCESS ORGANISATIONS CURRENTLY HAVE – PROMPTED (WHERE HAVE ACCESS TO THE INTERNET) - %		
	2003	2005
STANDARD MODEM	44	39
CABLE MODEM	6	13
ISDN	28	18
LEASED LINE	5	8
DSL	4	10
WIRELESS	1	6
SATELLITE	1	2
OTHER	1	5
NONE OF THE ABOVE	-	23
DON'T KNOW	16	9
Unweighted bases	641	590

Of those who have access to the internet, two thirds now say that they use broadband (65%), which is a significant increase compared with 2003.

Figure 20



26% of respondents are now aware of Lincolnshire Development's Broadband and ICT Project, not a considerable increase on awareness recorded in 2003 (24%).

As in 2003 the main benefits to the organisation of having broadband connection are felt to be faster internet connection, 'always on' internet access, and resources savings.

Table 22

BENEFITS OF BROADBAND TO THE ORGANISATION (WHERE USE BROADBAND) - %		
	2003	2005
FASTER INTERNET CONNECTION	83	83
RESOURCES SAVINGS/CAPABILITY	10	10
VIDEO CONFERENCING	5	*
'ALWAYS ON' INTERNET ACCESS	13	16
GREATER RANGE OF ICT APPLICATIONS	9	4
NETWORK LINES WITH OTHER BUSINESS	-	2
'WORK FROM HOME' SCHEME POSSIBLE	-	1
FREES THE TELEPHONE LINE	-	1
OTHER	1	1
NOTHING	2	4
<i>Unweighted bases</i>	162	386

The proportion of organisations with Internet access that have their own website has changed little since 2003; seven in ten say they have a website. Compared with 2003 the specific purposes for which the Internet is used has not changed much, as the following table highlights.

Table 23

PROPORTION OF ORGANISATIONS WHO USE THE INTERNET FOR SPECIFIED PURPOSES (WHERE USE INTERNET FOR SPECIFIC PURPOSES) - %		
	2003	2005
BUYING GOODS/SERVICES	61	65
SELLING GOODS/SERVICES	41	49
ADVERTISING/MARKETING	68	63
RECRUITING STAFF	23	22
PROVIDING TRAINING AND LEARNING	24	24
UP TO THE MINUTE REPORTING	38	39
RESEARCH	77	77
AFTERCARE	-	26
<i>Unweighted bases</i>	561	517

Research is still the purpose for which the highest proportion of organisations use the Internet - over three quarters use the Internet for this. Buying of goods/services and sales/ marketing is undertaken over the Internet by around two thirds of organisations.

Of those who do not currently use the Internet for any particular purpose, most are not *planning* to do so either. Plans to use the Internet for specific purposes are shown in the table below.

Table 24

PROPORTION OF ORGANISATIONS WHO PLAN TO USE THE INTERNET FOR SPECIFIED PURPOSES (WHERE DO NOT USE INTERNET FOR SPECIFIC PURPOSES) - %		
	2003	2005
BUYING GOODS/SERVICES	14	18
SELLING GOODS/SERVICES	16	16
ADVERTISING/MARKETING	26	20
RECRUITING STAFF	11	9
PROVIDING TRAINING AND LEARNING	12	11
UP TO THE MINUTE REPORTING	13	9
RESEARCH	19	19
AFTERCARE	-	7
<i>Sample bases vary</i>		

Where the Internet is not used for any of these purposes, the main reason, is that it is not suitable for that kind of business (51%). This was also the main reason given in 2003 (54%).

As in 2003, employers from private sector businesses are as likely to feel that having internet access is of little importance (30% 2003; 29% 2005); of *some* importance (33% in both 2003 and 2005) or indeed, is *very* important (31% in 2003; 33% in 2005). Those who feel the internet is most important to achieving their aims remain more likely to come from the construction industry, or banking, finance and insurance, again, these being the industries most likely to have internet access.

The need for assistance with connectivity/internet use is declining with time; when asked what assistance or improvements could be made to make the internet more useful, more employers claim that nothing would be relevant to them in 2005 (57% compared with 44% in 2003).

The main single response remains *improved speed of internet connection*, as specified by 14% in 2005; slightly reduced from a fifth in 2003. The lack of popularity of other suggestions (greater access to training, greater understanding of the benefits, access to more information about setting up a website) remains, with one in twenty or fewer in each case stating that these would be useful interventions.

Video conferencing is still not considered to be very useful; this continues to be considered by all employer groups to be of little use, rated on average 1.90 on a scale where 1 is of little use and 10 is very useful (compared with 1.26 in 2003).

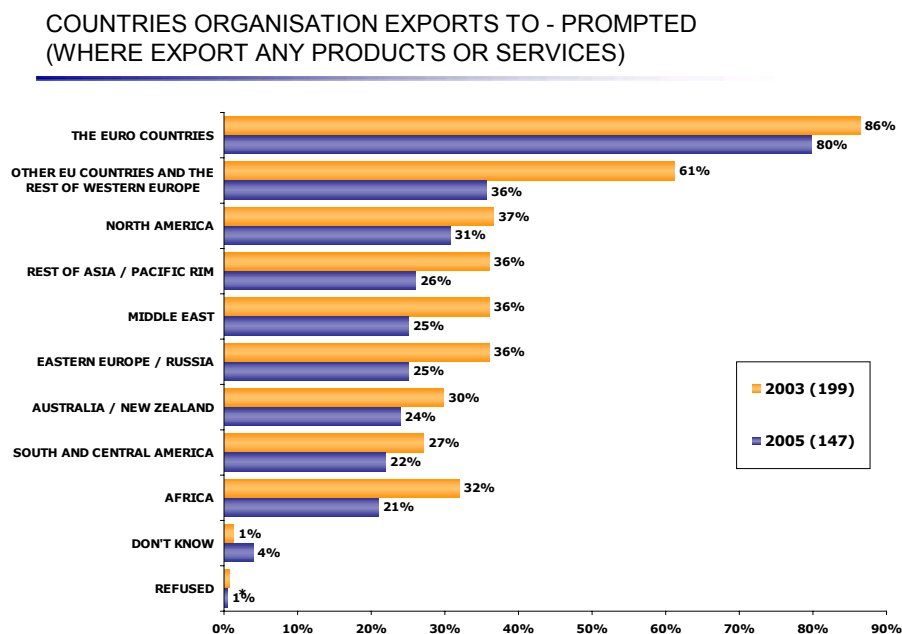
6 Markets and Suppliers¹

We see that Lincolnshire businesses are currently *less* likely to export products or services than they were in 2003; a market activity apparent amongst 19% of the sample in 2005, reduced from a quarter in 2003. It remains that those in manufacturing are most likely to export (products).

Accordingly, and, as shown in the figure below, Lincolnshire employers have *reduced* the diversity of their export markets, as in all cases, employers are less likely to export to the full range of countries than 24 months ago.

It remains that the main area to receive exported products and services is EU countries with the Euro currency, followed by the rest of the EU countries & Western Europe, and North America.

Figure 21



FIGURES IN PARENTHESES DENOTE UNWEIGHTED SAMPLE BASES

There remains a combination of stability and cautious growth in Lincolnshire with regard to export markets, with less than one in ten expecting their levels of exports to *decrease in the next 12 months* (6% in 2005, a slight increase on the 4% in 2003). It remains true that in the region of four in ten foresee increase, with approaching half of all respondents expecting no change.

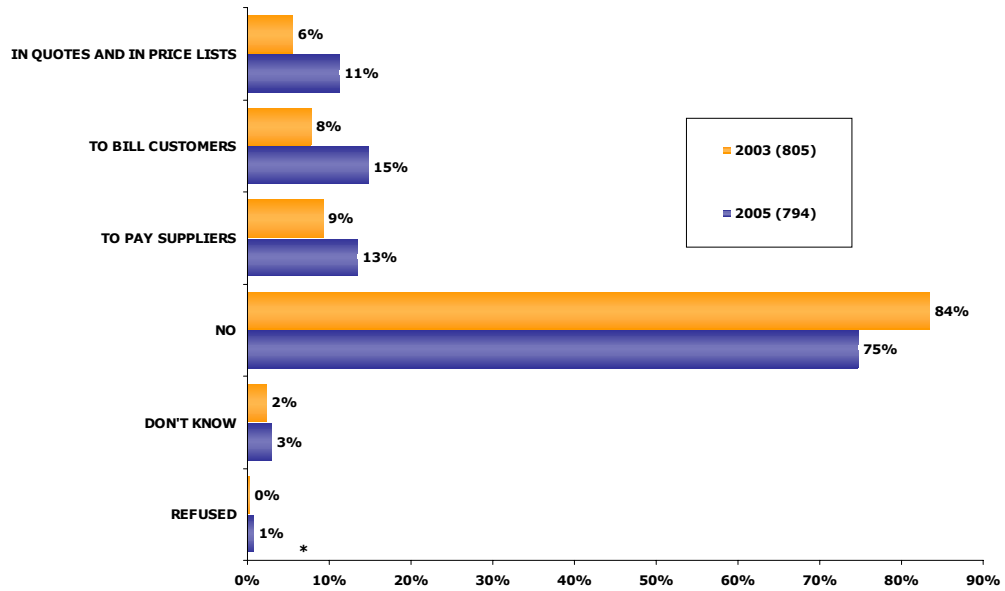
Key reasons for predicted increases in export levels remain broadly similar, summarised as increased customer awareness/demand. In 2005 these include: widening of advertising commitment (21%); greater demand for products/services (18%); in 2003 main causes included: new customers/contacts (10%) and more aggressive selling/marketing (9%).

¹ This section was also asked only of private sector businesses.

The chart below displays employers from the private sector whose company trades in the Euro. Organisations are more likely to do so than was the case in 2003, particularly in terms of billing.

Figure 22

WAYS IN WHICH THE ORGANISATION IS TRADING IN THE EURO
(WHERE NOT PUBLIC SECTOR ORGANISATION)



FIGURES IN PARENTHESES DENOTE UNWEIGHTED SAMPLE BASES
* DENOTES FIGURES LESS THAN 0.5%

**SECTION TWO:
Trends Analysis 2001/2005**

7 Staffing and Vacancies

Staff Turnover

The four surveys in the period 2001-2005 show a consistent base of employers with nil annual staff turnover, with approximately three in ten reporting this as the case.

We see that staff turnover is relatively reduced in 2005, with the proportion reporting 11-30% annual turnover decreasing, and correspondingly more employers reporting movement of just 1-2% of employees.

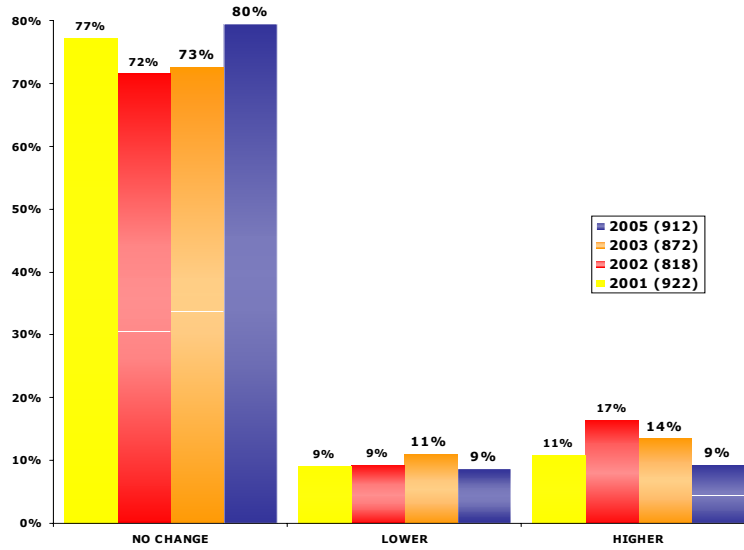
Table 25

AVERAGE ANNUAL STAFF TURNOVER WITHIN EMPLOYERS' ORGANISATIONS (ALL RESPONDENTS) - %				
	2001	2002	2003	2005
Nil	31	28	33	33
1-2%	23	21	17	29
3-5%	12	11	11	12
6-10%	10	9	11	9
11-30%	11	10	10	4
31-50%	3	2	3	3
Over 50%	1	1	2	2
Don't know/refused	8	19	14	9
<i>UNWEIGHTED BASES</i>	<i>1005</i>	<i>1002</i>	<i>1019</i>	<i>1004</i>

Indeed, when we take a year-on-year snapshot of whether staff turnover has been higher or lower than in the previous 12 months (figure overleaf), this appears to be stabilising, with proportion of employers reporting 'no change' in 2005 closely reflecting that in 2001.

Figure 23

WHETHER RESPONDENTS' ORGANISATIONS ANNUAL STAFF TURNOVER IS HIGHER OR LOWER THAN A YEAR AGO (ALL RESPONDENTS)

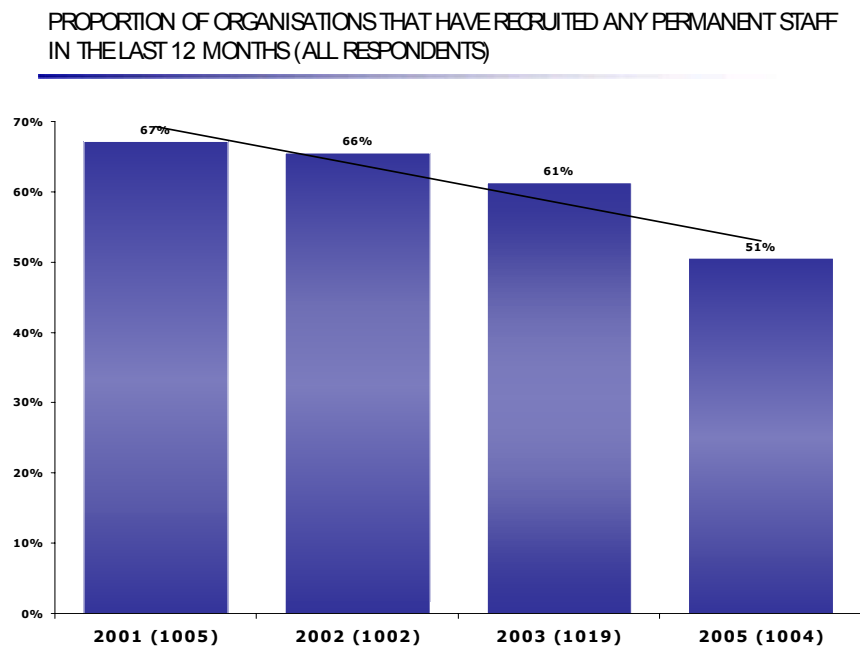


FIGURES IN PARENTHESES DENOTE UNWEIGHTED SAMPLE BASES

Staff Recruitment

Given the previously discussed reductions in staff turnover in recent years, whilst we have yet to explore *new* recruitment, we see that fewer organisations in 2005 have recruited any permanent staff in the last 12 months (figure overleaf). Indeed, the proportion of recruiting employers has decreased steadily over the last four surveys.

Figure 24



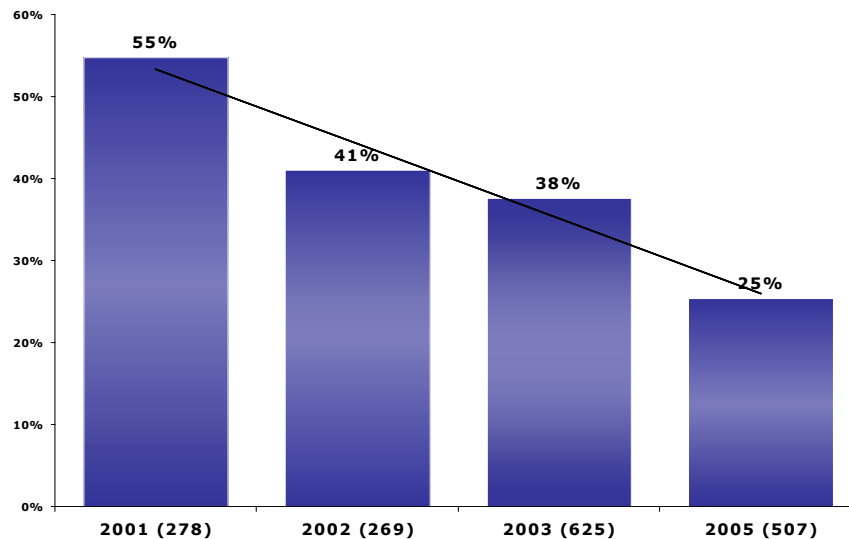
FIGURES IN PARENTHESIS DENOTE UNWEIGHTED SAMPLE BASES

Thus the level of recruitment is lower in 2005 than in previous years, and a similar trend is apparent with regard to the incidence of *hard to fill* vacancies. It must be noted here that logic suggests that there will be a given proportion of vacancies that are hard to fill, therefore, *fewer job opportunities means that there are fewer hard to fill vacancies*.

Just a quarter of organisations that recruited permanent staff over 2004 have had problems filling vacancies, compared with more than half doing so in 2000; as shown in the figure overleaf (proportion of employing organisations *that have experienced hard to fill vacancies*; not *proportion of vacancies that have proved hard to fill*).

Figure 25

PROPORTION OF ORGANISATIONS THAT HAVE EXPERIENCED ANY PROBLEMS FILLING PERMANENT VACANCIES (WHERE HAVE RECRUITED PERMANENT STAFF)



FIGURES IN PARENTHESIS DENOTE UNWEIGHTED SAMPLE BASES

In 2005, there is evidence of a lack of appropriate skills and qualifications becoming increasingly significant as a reason for problems in filling vacancies. This is shown in the table overleaf, with the ensuing figure presenting the key causes of hard to fill vacancies (as defined by frequency of mention) graphically.

In 2005, the *general* lack of applicants is significantly less of an issue than has been in previous years, potentially reflecting the fact that levels of recruitment are lower and demand is more in line with supply now.

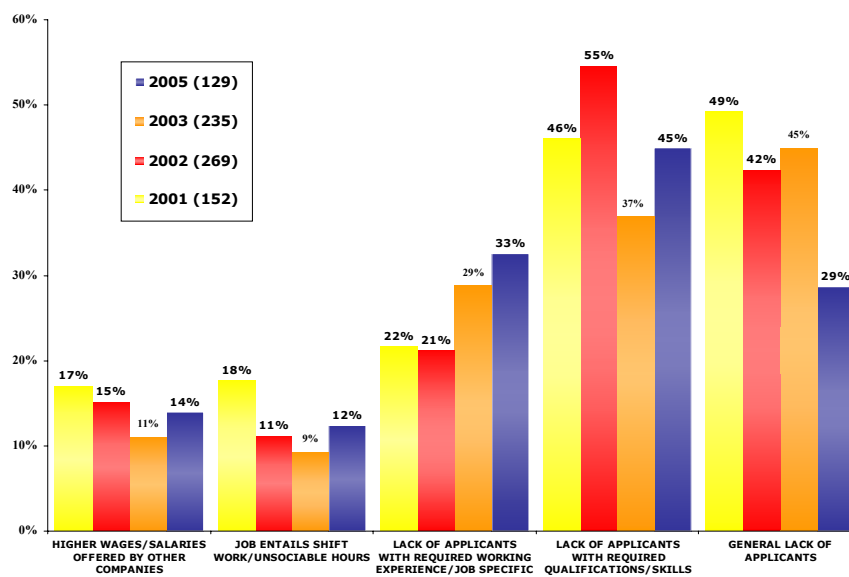
It is notable that whilst causes are still cited as applicant-related, these are now centred around them (not) being appropriately skilled, qualified and/or experienced, an issue increasing in importance over the last four years (figure overleaf).

Table 26

REASONS WHY VACANCIES HAVE PROVED HARD TO FILL – UNPROMPTED (WHERE EXPERIENCED HARD TO FILL VACANCIES AND PROVIDED A VALID RESPONSE) - %				
	2001	2002	2003	2005
GENERAL LACK OF APPLICANTS	49	42	45	29
LACK OF APPLICANTS WITH REQUIRED QUALIFICATIONS/SKILLS	46	55	37	45
LACK OF APPLICANTS WITH REQUIRED WORKING EXPERIENCE/JOB SPECIFIC SKILLS	22	21	29	33
JOB ENTAILS SHIFT WORK/UNSOCIABLE HOURS	18	11	9	12
POOR TRANSPORT NETWORK MAKES IT DIFFICULT TO TRAVEL TO WORK	13	10	8	10
APPLICANTS LACK BASIC ABILITY TO BUILD UPON	6	6	7	5
APPLICANTS HAVE POOR MOTIVATION/ATTITUDE	17	8	12	11
HIGHER WAGES/SALARIES OFFERED BY OTHER COMPANIES	17	15	11	14
OTHER	-	14	4	9
DON'T KNOW	1	2	3	2
<i>UNWEIGHTED BASES</i>	<i>152</i>	<i>269</i>	<i>235</i>	<i>129</i>

Figure 26

REASONS WHY VACANCIES HAVE PROVED HARD TO FILL - UNPROMPTED (WHERE EXPERIENCED HARD TO FILL VACANCIES)

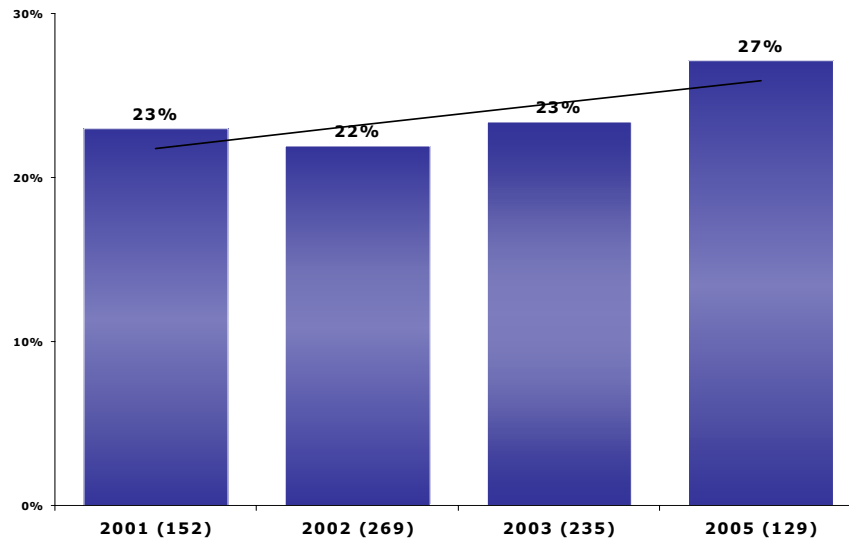


FIGURES IN PARENTHESES DENOTE UNWEIGHTED SAMPLE BASES - MULTIPLE RESPONSE

There is slightly more optimism amongst 2005 respondents with regard to expectations of recruitment difficulties in the future, with the proportion anticipating improvement in this area increasing by four percentage points since the last survey; an optimism that shows a generally positive trend.

Figure 27

PROPORTION OF ORGANISATIONS THAT EXPECT THEIR RECRUITMENT DIFFICULTIES TO IMPROVE IN THE FUTURE (WHERE EXPERIENCED HARD TO FILL VACANCIES)



FIGURES IN PARENTHESIS DENOTE UNWEIGHTED SAMPLE BASES

We recall here that the primary causes of hard to fill vacancies in 2005 are cited as applicant specific, representing a change from a *general* lack of applicants in previous years.

As shown overleaf, when asked what *single* factor will alleviate difficulties, whilst no *one* intervention stands out as particularly worthy of attention in 2005, this is a dramatic change in the previous trend whereby a change in wages was recognised as a significant factor.

Table 27

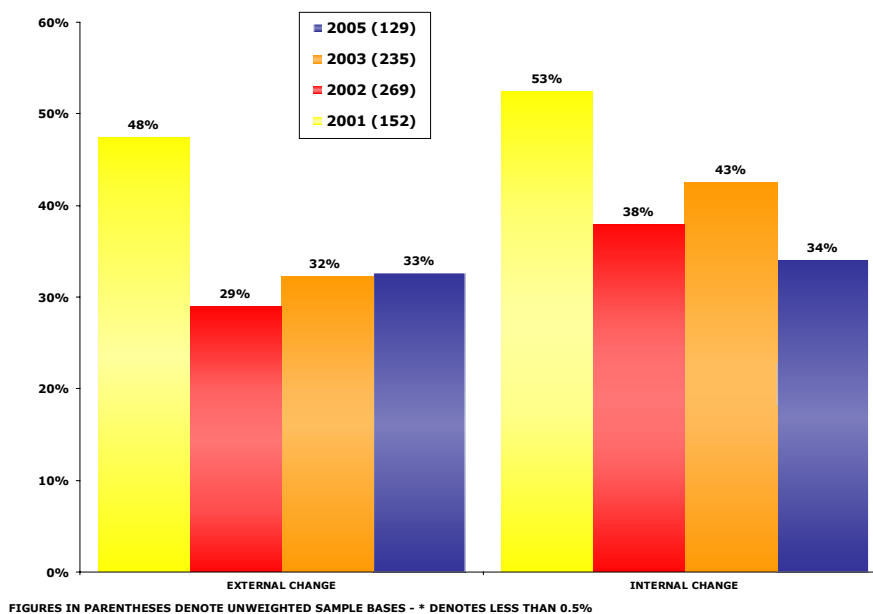
SINGLE FACTOR THAT WOULD HELP WITH RECRUITMENT DIFFICULTIES – UNPROMPTED (WHERE EXPERIENCED HARD TO FILL VACANCIES)				
	2001	2002	2003	2005
INCREASE IN WAGES (INTERNAL CHANGE)	29	26	23	13
IMPROVED RECRUITMENT/HR PROCESSES (INTERNAL CHANGE)	5	3	2	4
CHANGES IN EDUCATION/TRAINING (EXTERNAL CHANGE)	15	8	17	16
BETTER TRANSPORT NETWORK/FACILITIES (EXTERNAL CHANGE)	6	5	2	5
INCREASE IN UNEMPLOYMENT (EXTERNAL CHANGE)	6	4	*	1
CHANGES IN JOB SPECIFICATIONS (INTERNAL CHANGE)	2	3	4	3
MORE FLEXIBLE HOURS (INTERNAL CHANGE)	3	1	4	2
MORE STAFF TRAINING/INTERNAL RECRUITMENT (INTERNAL CHANGE)	2	5	10	12
CHANGES IN LEGISLATION (EXTERNAL CHANGE)	5	5	6	5
IMPROVED PERCEPTION OF THE INDUSTRY (EXTERNAL CHANGE)	1	7	7	5
OTHER	-	12	9	20
DON'T KNOW/REFUSED	20	11	16	13
INTERNAL CHANGE	53	38	43	34
EXTERNAL CHANGE	48	29	32	33
<i>UNWEIGHTED BASES</i>	122	269	235	129

The figure overleaf shows how the proportion of respondents seeking *external* change in order for their recruitment difficulties to improve has been relatively stable over the last four years, following significant reduction between 2001 and 2002.

We recall from a previous section of the report that there was an increased level of pessimism in 2001 with regard to hard to fill vacancies improving in the near future, and this is reflected in the greater number of required interventions (both internal and external) cited by employers in that first survey.

Figure 28

SINGLE FACTOR THAT WOULD HELP WITH RECRUITMENT DIFFICULTIES – UNPROMPTED (WHERE EXPERIENCED HARD TO FILL VACANCIES)



When asked about the *types* of people recruited over the past 12 months, employers continue to recruit from a wide variety of backgrounds, although there is a swing in 2005 away from young people towards those aged 45+.

Table 28

TYPES OF PEOPLE ORGANISATION HAS RECRUITED ON A FULL OR PART TIME BASIS IN THE LAST 12 MONTHS - PROMPTED (BASES VARY)				
	2001	2002	2003	2005
PEOPLE AGED 45+	-	-	36	58
PEOPLE AGED 55+	34	43	-	-
PEOPLE AGED UNDER 19	-	-	47	39
PEOPLE AGED UNDER 20	57	57	-	-
'OLDER' PEOPLE (FROM >45 AND >55 OPTIONS)	34	43	36	58
'YOUNGER' PEOPLE (FROM <19 AND <20 OPTIONS)	57	57	47	39
WOMEN RETURNING TO WORK	35	42	37	36
PEOPLE WHO HAVE BEEN UNEMPLOYED FOR OVER 6 MONTHS	24	23	22	24
RECENT GRADUATES	17	24	22	19
GOVERNMENT SUPPORTED TRAINEES	-	-	13	13
PEOPLE FROM ETHNIC MINORITIES	14	26	23	24
PEOPLE WITH DISABILITIES	12	17	13	16
EX-FORCES	17	20	17	14
NONE OF THESE	18	12	18	12
DON'T KNOW	1	2	1	1
UNWEIGHTED BASES	675	269	625	507
<i>NOTE – CODE FRAMES HAVE CHANGED IN SOME INSTANCES FROM SURVEY TO SURVEY – WHERE SPECIFIC OPTIONS WERE NOT PROVIDED, A '-' IN THE APPROPRIATE CELL INDICATES THIS FURTHER, THE 2002 SURVEY ASKED THIS ONLY OF THOSE WITH HARD TO FILL VACANCIES.</i>				

With the exception of young people and those leaving the forces, employers are more likely than in 2001 to employ from all minority groups. This does not always reflect an encouraging trend however; we note the vastly increased likelihood of employers offering roles to women returners in 2002.

Despite increasing central government funding for, encouragement and awareness-raising of, government supported training schemes such as Apprenticeships, the proportion of employers taking on such trainees remains static at 13% in the last 24 months. This option was not provided in 2001-2.

Working facilities

As for the types of working arrangements available to employees, in the form of employee assistance programmes, we begin with a caveat, that this question was not asked of employers in 2001, and (compared with subsequent years) a reduced list of options was offered in 2002.

Table 29

TYPES OF FACILITIES PROVIDED FOR EMPLOYEES BY THE ORGANISATION - PROMPTED (ALL RESPONDENTS) - %			
	2002	2003	2005
JOB SHARING	27	33	32
SPECIAL FACILITIES FOR PEOPLE WITH DISABILITIES	30	34	40
FORMAL CAREER GUIDANCE	43	38	41
SUPPORT FOR LEARNING	58	53	56
OCCUPATIONAL HEALTH SERVICES	20	28	28
'STRESS IN THE WORKPLACE' POLICIES	-	-	44
REMOTE ACCESS VIA PC FOR WORKING FROM HOME	13	19	20
NO SMOKING POLICIES	70	69	72
HEALTHY EATING OPTIONS	-	-	21
ASSISTANCE WITH CHILDCARE OR PROVISION OF CHILDCARE FACILITIES	6	8	9
FLEXIBLE WORKING HOURS	-	-	69
NONE	13	14	7
<i>UNWEIGHTED BASES</i>	<i>1002</i>	<i>1019</i>	<i>1004</i>

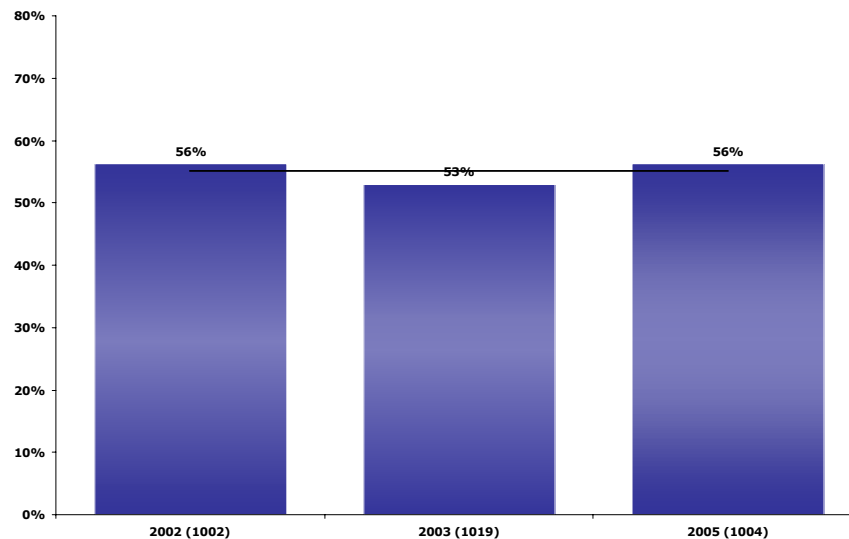
For information then, we note that the proportion of employers offering *none* of the specified interventions has halved in 2005 from the average in 2002-3, which is a positive finding (although the inclusion of 'flexible working hours' in 2005 may be responsible for this).

Employers are increasingly likely to offer special facilities for people with disabilities (potentially an impact of the Disability Discrimination Act) and further, to provide occupational health services.

There has been little change in the propensity for Lincolnshire employers to offer employees any form of support for learning in the last five years, as shown by the horizontal trend line in the figure below. Whilst the proportion providing such in 2005 is a slight improvement on that evident in 2003, overall we see that just over half of employers offer training support, and that this has been the case for the last three years.

Figure 29

PROPORTION OF RESPONDENTS WHO OFFER SUPPORT FOR LEARNING (EG, TIME, FUNDING) TO EMPLOYEES - PROMPTED (ALL RESPONDENTS)



FIGURES IN PARENTHESES DENOTE UNWEIGHTED SAMPLE BASES

MULTIPLE RESPONSE

Refining the focus of 'employee assistance programmes' to examine just *transport* assistance, we see that employers are increasingly likely to provide some type(s) of assistance for employees, with proportion stating 'none' declining from two-thirds in 2002 to just two-fifths in 2005. The fastest growing assistance is in the form of flexibility of start and finish times, and the provision of cycle sheds. We also note that employers are twice as likely in 2005 to offer car share schemes and showers than was the case three years ago.

Table 30

TRAVELLING ASSISTANCE OFFERED TO AND FROM WORK BY THE ORGANISATION - PROMPTED (ALL RESPONDENTS) - %			
	2002	2003	2005
TRAVEL PLAN	2	4	5
FLEXIBLE START AND FINISH TIMES TO COINCIDE WITH PUBLIC TRANSPORT	5	15	37
FREE TRANSPORT FROM DESIGNATED POINT	4	7	7
CAR SHARE SCHEME	5	8	11
CYCLE SHED	10	13	24
SHOWER	7	10	13
OTHER	6	2	5
NONE	63	61	41
<i>UNWEIGHTED BASES</i>	<i>1002</i>	<i>1019</i>	<i>1004</i>

Positively, Lincolnshire employers tend to show an increase (in the last three years) in the propensity to offer assistance to employees with the care of children. Whilst generally, this assistance is most likely to take the form of flexible working hours (including part time working and special leave arrangements) there has been an increase in the last two years in the proportion of organisations offering paid paternity leave.

Continuing this pattern, we also note that *fewer* organisations than in 2003 offer *just the bare minimum* with regard to maternity leave, but that this in itself was an increase on those doing so in 2002.

Table 31

TYPE OF SCHEMES OFFERED TO EMPLOYEES TO ASSIST WITH THE CARE OF CHILDREN BY THE ORGANISATION - PROMPTED (ALL RESPONDENTS) - %			
	2002	2003	2005
PAID PATERNITY LEAVE	35	44	55
FLEXIBLE WORKING HOURS	49	54	63
PART TIME WORKING	65	54	67
SPECIAL LEAVE ARRANGEMENTS	46	46	63
MATERNITY LEAVE CONDITIONS OVER AND ABOVE THE STATUTORY REQUIREMENTS	26	38	32
WORKING FROM HOME	10	13	15
WORKPLACE NURSERY OR CRECHE PROVISION	3	4	4
OTHER	-	1	5
NONE	22	30	20
<i>UNWEIGHTED BASES</i>	<i>1002</i>	<i>1019</i>	<i>1004</i>

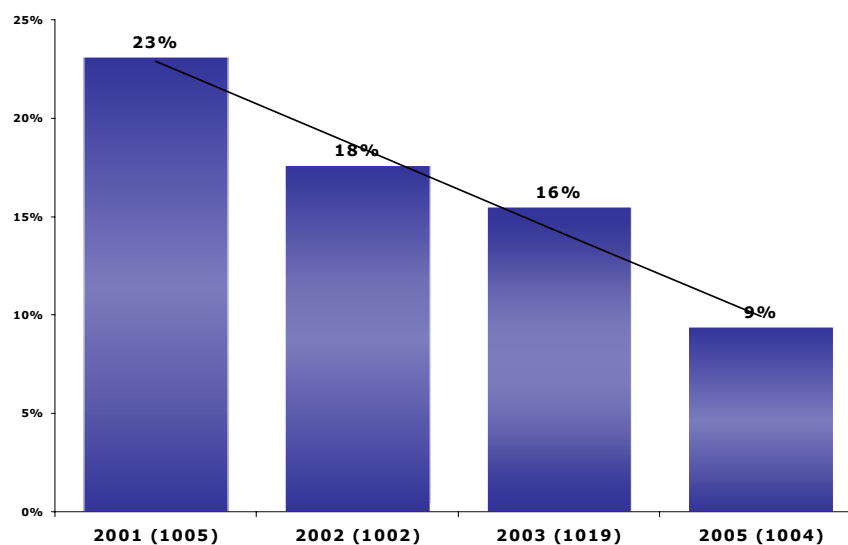
8 Skills and Learning

Skills Gaps

Skills gaps (between the skills held by current employees and those needed to meet current business objectives) are considerably less likely than in 2001, and this has been a steadily decreasing trend. We note this is in line with a general reduction in staff turnover and the number of hard to fill vacancies.

Figure 30

PROPORTION OF ORGANISATIONS THAT FEEL THERE IS A SIGNIFICANT GAP BETWEEN THE TYPE OF SKILLS THEIR CURRENT EMPLOYEES HAVE NOW AND THOSE THAT THEY NEED TO MEET THEIR CURRENT BUSINESS OBJECTIVES (ALL RESPONDENTS)



FIGURES IN PARENTHESIS DENOTE UNWEIGHTED SAMPLE BASES

In terms of the *types* of skills that need improving, there has been an increase across the board, with only I(C)T skills remaining a relatively unchanging skills need. There has been an increase in the need to improve personal skills, technical skills and particularly in *team working* in recent years (proportion specifying this as a skill that needs improving increasing from 30% to 53% in the last four years).

Indeed, four of the 'top' five skills that need improving in 2005 are concerned with personal skills and ability to work with (or further, lead) others.

Table 32

TYPES OF SKILLS THAT NEED IMPROVING AMONGST EXISTING EMPLOYEES - PROMPTED (WHERE SKILLS GAPS EXIST) - %				
	2001	2002	2003	2005
PERSONAL SKILLS	47	44	51	59
INTERPERSONAL SKILLS	36	35	53	55
TEAM WORKING	30	36	39	53
TECHNICAL SKILLS	35	39	43	52
LEADERSHIP SKILLS	28	33	46	52
MANUAL OR CRAFT SKILLS	33	46	47	51
PROBLEM SOLVING	28	31	44	47
ICT SKILLS	38	35	38	38
LITERACY SKILLS	18	17	30	32
NUMERACY SKILLS	15	15	30	28
OTHER	-	11	2	5
NONE OF THE ABOVE	-	1	-	6
<i>UNWEIGHTED BASES</i>	<i>232</i>	<i>176</i>	<i>158</i>	<i>94</i>
<i>MULTIPLE RESPONSE</i>				

Skills needs within organisations were previously changing for not one, but a variety of reasons and this is even more likely to be the case presently. Key drivers for skills changes are notably quality and product/service development.

Table 33

REASONS WHY SKILLS NEEDS HAVE CHANGED - PROMPTED (BASE DEFINITIONS VARY)				
	2001	2002	2003	2005
IMPLEMENT HIGHER STANDARDS OF QUALITY	49	48	56	64
COPE WITH NEW WORKING PRACTICES	43	38	51	56
COPE WITH NEW TECHNOLOGY	42	34	44	56
DEVELOP NEW PRODUCTS AND SERVICES	28	24	41	46
INCREASED EMPHASIS ON ICT	-		35	38
NONE OF THE ABOVE	19	6	10	18
OTHER	1	13	6	1
<i>UNWEIGHTED BASES</i>	<i>1005*</i>	<i>176</i>	<i>158</i>	<i>94</i>
<i>*ASKED OF ALL RESPONDENTS IN 2001, JUST THOSE WITH PRESENT SKILLS GAPS IN 2002-5 MULTIPLE RESPONSE</i>				

So what is bringing about these changes in skills requirements? Related to the impact of higher standards of quality cited above, there are three clear drivers of change: the need to improve efficiency and effectiveness; legislation; and, customer relationship management (including customer demands, a focus on customer service, and customer care programmes).

Table 34

REASONS WHY SKILLS NEEDS HAVE CHANGED - PROMPTED (BASE DEFINITIONS VARY)				
	2001	2002	2003	2005
CUSTOMER DEMANDS/FOCUS ON CUSTOMER FOCUS/CARE PROGRAMMES	49	37	55	65
LEGISLATION	41	38	60	66
TRADE PATTERNS/GLOBALISATION	21	13	29	25
NEED TO IMPROVE EFFICIENCY/EFFECTIVENESS	57	56	58	69
OTHER	1	6	3	2
DON'T KNOW	2	12	9	12
<i>UNWEIGHTED BASES</i>	<i>909*</i>	<i>176</i>	<i>158</i>	<i>94</i>
<i>*ASKED OF ALL RESPONDENTS IN 2001, JUST THOSE WITH PRESENT SKILLS GAPS IN 2002-5 MULTIPLE RESPONSE</i>				

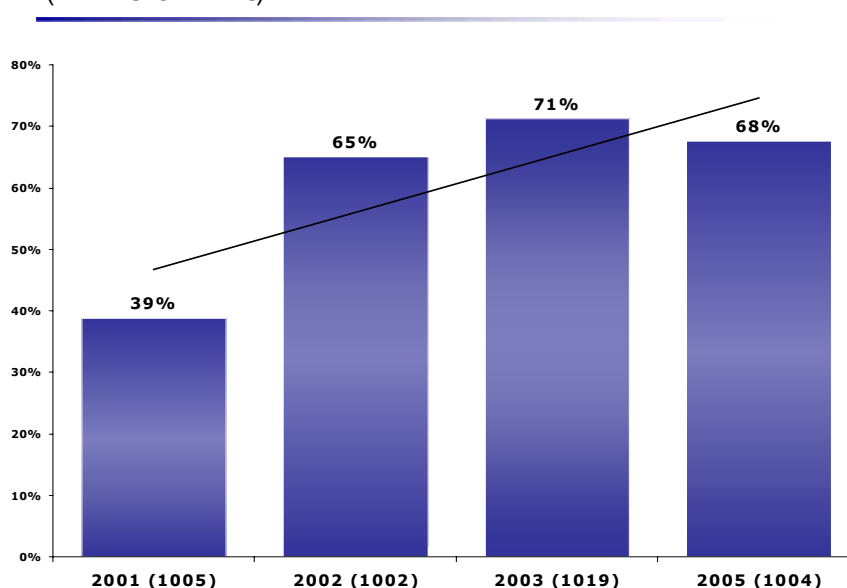
Business and Skills Needs Planning

In 2005, two thirds of organisations have a formal business plan, this broad proportion being constant over the last three years (68%; 71%; 65%), but showing an upward trend when we bring in employers from the 2001 survey.

Explaining this anomaly, we see that respondents four years ago were given the options of 'formal' and 'less formal' which divided a positive sample of approaching two-thirds (39% formal; 28% less formal, totalling 66% with a business plan of some description).

Figure 31

PROPORTION OF ORGANISATIONS THAT HAVE A FORMAL BUSINESS PLAN
(ALL RESPONDENTS)



FIGURES IN PARENTHESIS DENOTE UNWEIGHTED SAMPLE BASES

The figure below shows how employers anticipated skills demands are changing over recent years, and whilst a constant minority each year foresee a *decrease*, by far the majority anticipate stability or an upturn in needs.

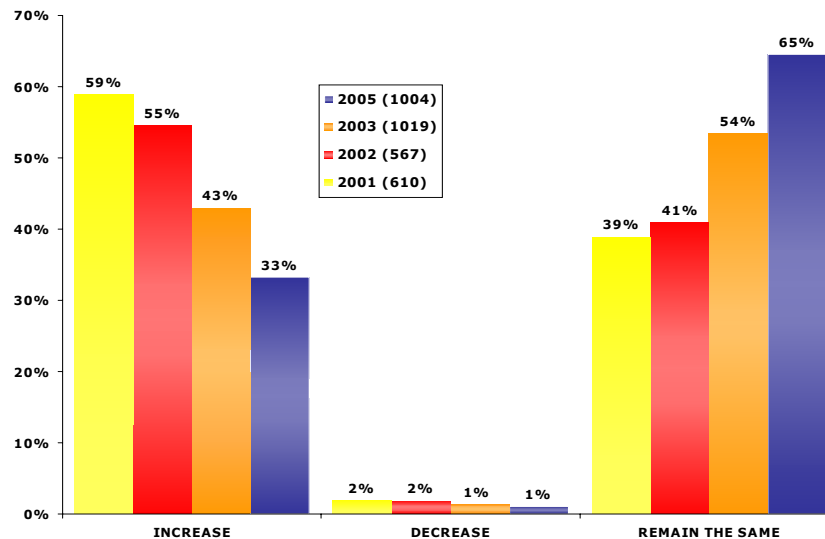
It is noticeable that employers are less likely survey-by-survey, to foresee further increase in skills needs, with a static level anticipated by a growing majority each year.

It must be noted that this is a levelling out following a steady increase rather than a downturn².

² These findings must be treated with caution due to sample base changes in 2001-2 compared with 2003-5; in latter years the question was asked of *all* respondents, in earlier years, just those with a business plan, for the period covered by that plan.

Figure 32

WHETHER ORGANISATIONS FEEL THE SKILLS IN THEIR WORKFORCE WILL INCREASE, DECREASE OR REMAIN THE SAME IN THE NEXT 12 MONTHS (ALL RESPONDENTS)



FIGURES IN PARENTHESES DENOTE UNWEIGHTED SAMPLE BASES

In more detail than (and shown in the table overleaf) the skills areas in which an *increase* in demand is expected in the next 12 months are most likely to be those of personal skills, interpersonal skills and team working.

Despite the fact that organisations in 2005 are less likely to expect an increase in the demand for skills *overall*, with the exception of I(C)T, demand in each of the areas specified is more likely to increase in the next 12 months than in the same timeframe in previous years³.

³ These findings must be treated with caution due to sample base changes in 2001-2 compared with 2003-5; in latter years the question was asked of *all* respondents anticipating a change in skill requirements in the next 12 months, in earlier years, just those with a business plan, who foresaw skills changes in the timeframe covered by that plan.

Table 35

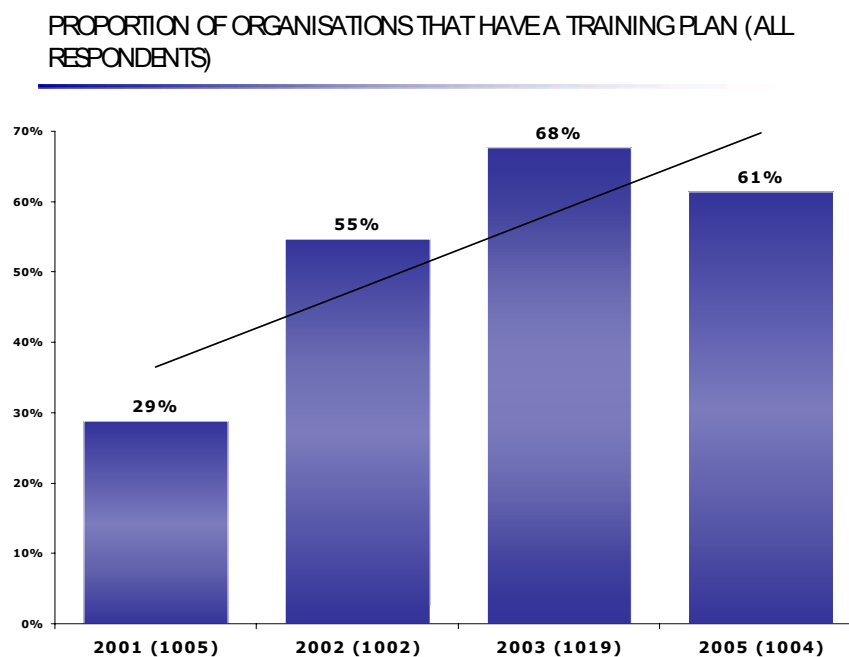
SKILLS THAT WILL EXPERIENCE CHANGE IN DEMAND IN THE FUTURE - PROMPTED (BASE DEFINITIONS VARY) - %				
	2001	2002	2003	2005
LEADERSHIP SKILLS	-	37	45	55
ICT SKILLS	64	59	51	57
PERSONAL SKILLS	51	49	53	70
INTERPERSONAL SKILLS	46	42	49	68
TECHNICAL SKILLS	46	52	55	57
PROBLEM SOLVING	39	36	42	60
TEAM WORKING	44	44	47	66
MANUAL OR CRAFT SKILLS	31	33	35	41
LITERACY SKILLS	19	15	22	30
NUMERACY SKILLS	18	17	22	33
OTHER	4	6	1	4
NONE OF THE ABOVE	-	-	-	4
<i>UNWEIGHTED BASES</i>	369	320	452	345
<i>MULTIPLE RESPONSE</i>				

Training

In 2005, more than three-fifths of respondents (61%) have a training plan; a lower proportion than in 2003 (68%). We note that this reflects the slightly lower proportion that have a business plan. As with the proportion of employers with training plans, the way in which the question was asked was slightly different in 2001, which affects a relatively stable tendency to have a business plan between 2002-5.

Explaining this anomaly, we see that respondents four years ago were given the options of 'formal' and 'less formal' which divided a positive sample of approaching two-thirds (29% formal; 31% less formal, totalling 60% with a business plan of some description).

Figure 33



FIGURES IN PARENTHESIS DENOTE UNWEIGHTED SAMPLE BASES

The table below presents each skill area in which training is offered, so that it can be seen whether training is offered internally or externally. In 2005, at least half of organisations offer training in any one of the areas and it is most likely to be internally provided. Comparing the 2003 and 2005 figures for external training only, it is apparent that there has been little change in the extent to which Lincolnshire employers only use external training sources has remained unchanged in the last two years.

Whilst this appears to have decreased since 2002, we note that this does not allow for the double-counting of employers who use *both* internal and external training.

Table 36

AREAS IN WHICH ORGANISATIONS OFFER TRAINING TO EMPLOYEES, AND MODE OF PROVISION – PROMPTED (ALL RESPONDENTS) - %					
		INTERNAL	EXTERNAL	BOTH	DO NOT OFFER
TECHNICAL SKILLS	2001	35	27	-	-
	2002	39	33	-	-
	2003	33	14	20	32
	2005	27	13	16	43
MANUAL SKILLS	2001	41	21	-	-
	2002	38	20	-	-
	2003	41	7	14	37
	2005	37	6	12	44
IT SKILLS	2001	36	25	-	-
	2002	38	29	-	-
	2003	29	14	18	38
	2005	27	14	11	47
TEAM WORKING	2001	37	13	-	-
	2002	39	14	-	-
	2003	46	5	13	35
	2005	41	6	11	41
PROBLEM SOLVING	2001	28	11	-	-
	2002	29	12	-	-
	2003	40	5	14	40
	2005	38	6	10	46
PERSONAL SKILLS	2001	40	15	-	-
	2002	40	18	-	-
	2003	41	7	14	37
	2005	35	8	10	46
INTERPERSONAL SKILLS	2001	30	13	-	-
	2002	35	17	-	-
	2003	39	6	14	39
	2005	36	8	10	46

Table 36 contd.

AREAS IN WHICH ORGANISATIONS OFFER TRAINING TO EMPLOYEES, AND MODE OF PROVISION – PROMPTED (ALL RESPONDENTS) - %					
		INTERNAL	EXTERNAL	BOTH	DO NOT OFFER
LEADERSHIP SKILLS	2001	-	-	-	-
	2002	32	24	-	-
	2003	30	12	15	42
	2005	28	12	11	49
NUMERACY SKILLS	2001	12	7	-	-
	2002	10	7	-	-
	2003	21	7	9	61
	2005	17	8	5	68
LITERACY SKILLS	2001	12	6	-	-
	2002	10	7	-	-
	2003	21	7	10	61
	2005	16	9	5	70
UNWEIGHTED BASES: 2001 = 1002; 2002 = 1002; 2003 = 1019; 2005 = 1004					
THE QUESTION WAS PHRASED IN A DIFFERENT WAY IN 2003-5, INCLUDING THE OPTIONS OF 'BOTH' AND 'DO NOT OFFER'. TO PROVIDE COMPARATIVE DATA FOR PROPORTIONS PROVIDING TRAINING INTERNALLY AND EXTERNALLY, FIGURES FROM 2001-2 HAVE BEEN RE-BASED ON A FULL SAMPLE RATHER THAN PRESENTED AS THE PROPORTION PROVIDING EACH TYPE OF TRAINING (WHICH WOULD BY DEFINITION ALWAYS TOTAL 100%, AND BE MEANINGLESS FOR COMPARISON)					

As noted in the 03/05 analysis, the final column shows that in each case, Lincolnshire employers are *less* likely to be offering training to employees, most notably with regards technical skills. We recall that technical skills are amongst the 'top five' skills gaps currently faced by employers.

It is positive that at least 80% of the sample from 2001 offer employees at least *some* support for training, although we note that the proportion not offering anything in 2005 is at it's highest since the Lincolnshire Employer survey began four years ago.

Table 37

TYPES OF SUPPORT FOR TRAINING OFFERED BY EMPLOYERS – PROMPTED (ALL RESPONDENTS) - %				
	2001	2002	2003	2005
PAYMENT FOR COURSE FEES	65	65	64	64
FUNDING FOR MATERIALS	37	42	50	49
USE OF RESOURCES	34	41	57	57
PAID TIME OFF	55	46	58	59
TRAVELLING EXPENSES	46	45	50	56
TIME OFF IN LIEU	18	23	31	41
TRAINING DURING WORKING HOURS	4	83	74	75
OTHER	2	1	*	1
NONE OF THE ABOVE	19	10	15	19
<i>UNWEIGHTED SAMPLE BASES</i>	<i>1005</i>	<i>1002</i>	<i>1019</i>	<i>1004</i>
<i>* DENOTES LESS THAN 0.5% BUT GREATER THAN 0.</i>				

Areas of notable improvement in that period include the proportion offering funding for materials, use of resources, and particularly, time off in lieu and training during working hours. Very few employers offered the latter in 2001 but then this was not offered in that survey year as a prompted option, and was included in subsequent questionnaires on the basis of these 4% citing work-time training as an additional 'other'.

There has been little change in the proportions of Lincolnshire employers providing payment for course fees, even though there have been some increases in the propensity to offer other types of training support. This suggests that this aspect of training support has plateaued and that some intervention is required to encourage more employers to pay for the courses as well as for materials and the time off to undertake training.

9 Life in Lincolnshire

Since 2002, employers have been asked about their working life and circumstances in Lincolnshire and the perceived benefits of conducting business in the County. A number of factors are included in the analysis, and employers rate each on a scale of 1 and 10, where 1 is poor and 10 is good, for each of a range of factors *in their Local Authority District (LAD)*. The table below displays the *overall ratings for Lincolnshire*.

Table 38

RESPONDENTS' RATING OF THEIR LAD ON EACH FACTOR AS A PLACE FOR THEIR BUSINESS TO BE LOCATED (ALL RESPONDENTS) - %									
	2002			2003			2005		
	Poor	Neither Good/Poor	Good	Poor	Neither Good/Poor	Good	Poor	Neither Good/Poor	Good
RENTS/BUSINESS RATES	14	37	18	15	42	16	14	45	18
ACCESS TO SUPPLIERS	11	43	31	11	43	32	13	43	31
ACCESS TO CUSTOMERS	11	43	31	10	39	40	10	42	40
AVAILABILITY OF SKILLED STAFF	26	48	21	24	49	18	21	51	20
COST OF LIVING/HOUSE PRICES	10	48	36	11	48	34	13	52	29
LOW LEVEL OF CRIME IN THE AREA	-	-	-	16	50	29	16	57	23
<i>Unweighted bases</i>	<i>1002</i>			<i>1019</i>			<i>1004</i>		
<i>AVAILABILITY OF CUSTOMERS AND SUPPLIERS WAS ASKED AS ONE QUESTION IN 2002, AND THUS FIGURES HAVE SIMPLY BEEN REPEATED TO COMPARE WITH SUBSEQUENT SURVEYS WHERE THE TWO WERE SEPARATED. IN 2002, RESPONDENTS WERE NOT ASKED TO RATE LEVEL OF CRIME IN THE AREA</i>									

Since 2002, the largest proportion of respondents rate their LAD on each factor as 'neither good nor poor', giving a score of between 4-7. Access to customers/suppliers remains one of the most positive elements of conducting business within Lincolnshire County.

In order to more easily examine trends, the table below presents mean scores for each factor (the higher the mean score, the better the rating); *availability of skilled staff* has undergone a transition from being the

most highly rated aspect of business life in the County in 2003, to the *lowest* in 2005.

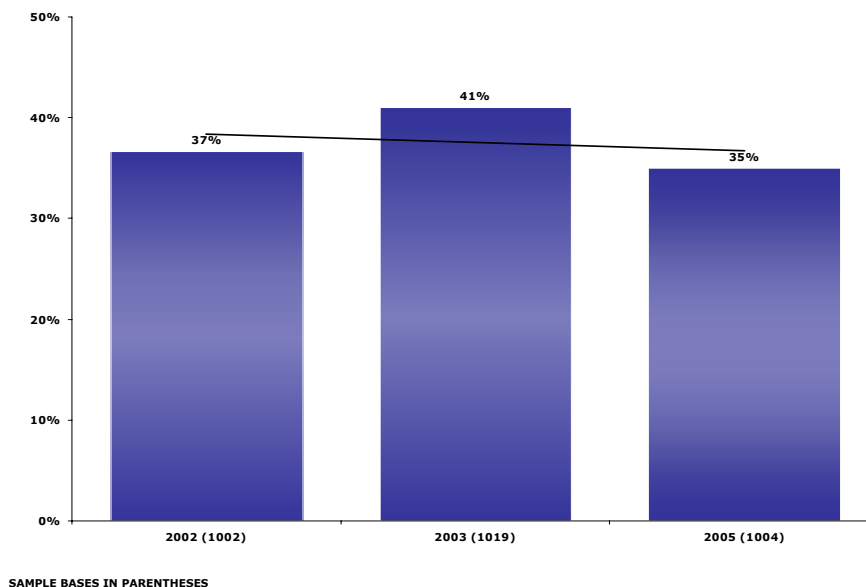
Table 39

RESPONDENTS' MEAN RATING OF THEIR LAD ON EACH FACTOR AS A PLACE FOR THEIR BUSINESS TO BE LOCATED (ALL RESPONDENTS) – MEAN SCORES			
	2002	2003	2005
RENTS/BUSINESS RATES	3.78	5.42	5.56
ACCESS TO SUPPLIERS	4.20	6.26	6.18
ACCESS TO CUSTOMERS	4.20	6.72	6.64
AVAILABILITY OF SKILLED STAFF	5.49	5.21	5.36
COST OF LIVING/HOUSE PRICES	4.28	6.37	6.11
LOW LEVEL OF CRIME IN THE AREA	-	5.91	5.72
<i>Unweighted base</i>	<i>1002</i>	<i>1019</i>	<i>1004</i>

There is a *slightly* increasing prevalence of crime, although recent experience shows a return to levels experienced in 2002.

Figure 34

PROPORTION OF ORGANISATIONS THAT HAVE BEEN A VICTIM OF CRIME IN THE LAST 12 MONTHS (ALL RESPONDENTS)



10 General Business Environment

This section is asked only of private sector businesses.

Business Growth

It is immediately apparent that the proportion of Lincolnshire employers stating that their organisation has felt *none* of the specified changes in the last 12 months is at its *lowest* since the survey began in 2001, suggesting on the whole, a period of growth?

Table 40

WAYS IN WHICH THE ORGANISATION HAS CHANGED IN THE PAST 12 MONTHS (PRIVATE SECTOR ORGANISATIONS) - %				
	2001	2002	2003	2005
INCREASED PROFITABILITY	58	52	60	53
INCREASED TURNOVER	65	57	62	59
RETAINED EXISTING CUSTOMERS	76	72	78	88
INCREASED MARKET SHARE	47	41	50	47
RECEIVED FEWER CUSTOMER COMPLAINTS	39	35	48	63
NONE OF THE ABOVE	8	11	6	4
<i>UNWEIGHTED SAMPLE BASES</i>	<i>793</i>	<i>788</i>	<i>805</i>	<i>794</i>

Perhaps not; the three figures that follow map trends with regards increased profitability, turnover and market share, none of which show significant upwards movement.

Figure 35

PROPORTION OF ORGANISATIONS THAT HAVE INCREASED PROFITABILITY OVER THE LAST 12 MONTHS (WHERE NOT PRIVATE SECTOR)

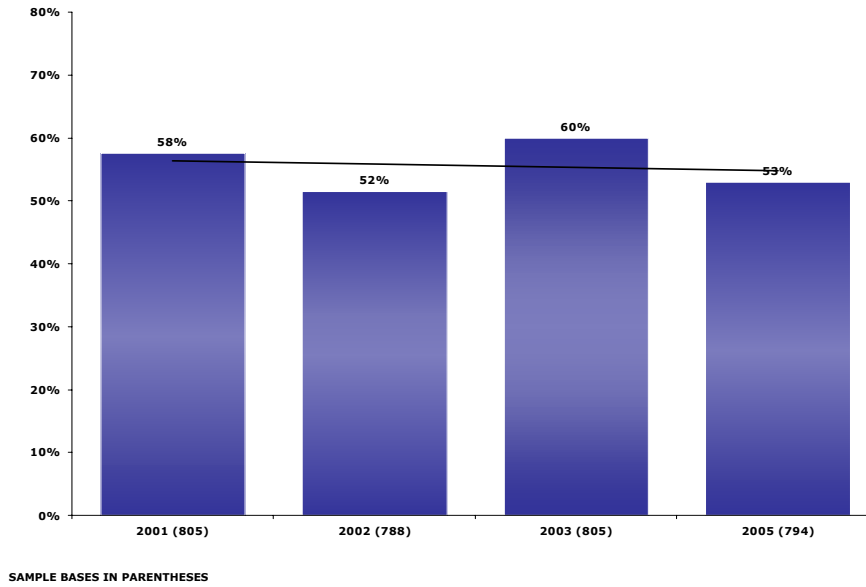


Figure 36

PROPORTION OF ORGANISATIONS THAT HAVE INCREASED TURNOVER OVER THE LAST 12 MONTHS (WHERE NOT PRIVATE SECTOR)

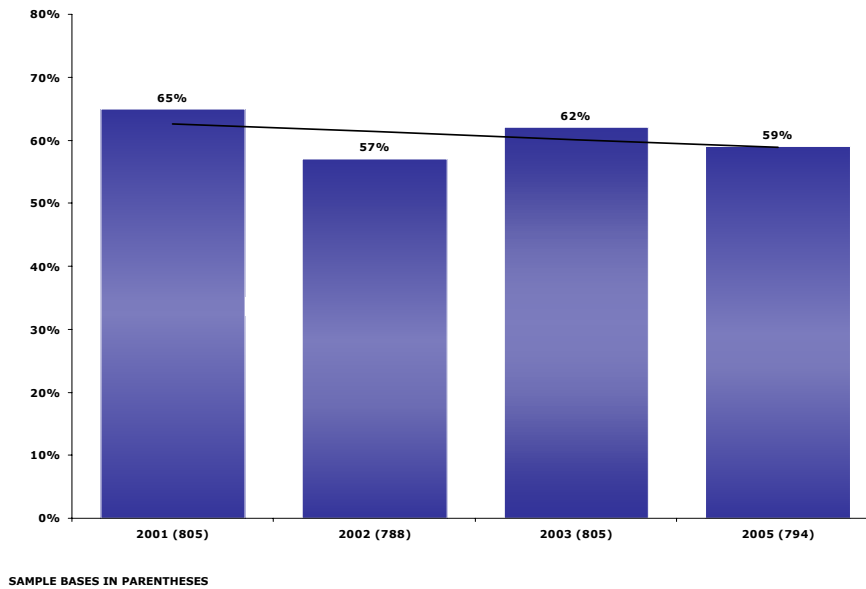
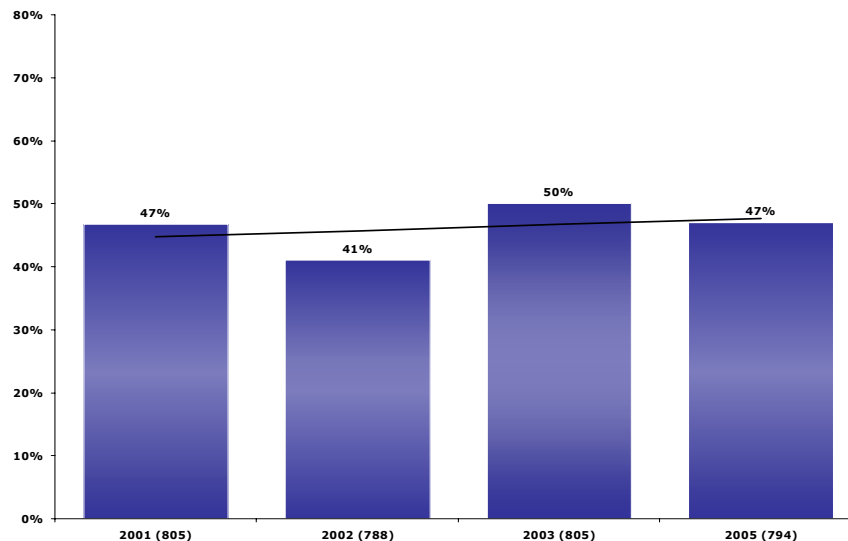


Figure 37

PROPORTION OF ORGANISATIONS THAT HAVE INCREASED MARKET SHARE OVER THE LAST 12 MONTHS (WHERE NOT PRIVATE SECTOR)



SAMPLE BASES IN PARENTHESES

Providing an element of context for this discussion of recent business performance, the table below shows how business turnover has remained relatively stable in recent years. Whilst there appears to be an increase in businesses with turnover less than £200,000 in 2005, we note the far lower proportion who don't know or refuse a response, and suggest this will account for some of these responses given the lack of movement in other parentheses.

Table 41

ORGANISATIONS' APPROXIMATE BUSINESS TURNOVER (NON PUBLIC SECTOR) - %				
	2001	2002	2003	2005
LESS THAN £200,000	11	10	12	20
£200,000 TO £499,999	15	10	13	12
£500,000 TO £999,999	12	8	10	11
£1M TO £3M	15	13	15	14
£3M TO £5M	5	5	4	5
£5M TO £10M	4	3	4	4
£10M+	6	6	8	6
DON'T KNOW / REFUSED	32	45	35	29
<i>UNWEIGHTED SAMPLE BASES</i>	<i>793</i>	<i>788</i>	<i>805</i>	<i>794</i>

Where Lincolnshire employers *are* undoubtedly performing better is in the customer relationship management (CRM) elements of business; retention of customers and reduction in complaints (see Table 40, previously). Regardless of the *nature* of change (be it financial or positive CRM), it is interesting to note the *key* reason cited over the years (unprompted):

- (2001) – Greater efficiency/meet deadlines/good service – (28%);
- (2002) – More emphasis on customer care (17%);
- (2003) – Improved customer service/customer care (12%);
- (2005) – Improved customer service/customer care (17%).

In each survey, a number of alternative reasons are offered, but also in each, there is the clear majority as cited above for each year between 2001-5. We note that the same, largely, CRM focus from year to year corresponds with contrasting business improvements (be that improved financial circumstance or customer relationships) and acknowledge that there are wider factors at play here, as suggested by the fact that small minorities of employers mention other reasons.

Leading on from these signs of recent business improvement, we see that employers in 2005 are at their most cautious since 2002 with regards anticipated company growth (in the next 12 months), although show a greater propensity to foresee stability than decline.

Table 42

PROPORTION OF ORGANISATIONS THAT EXPECT THEIR COMPANY TURNOVER TO INCREASE/DECREASE OVER THE NEXT 12 MONTHS (PRIVATE SECTOR ORGANISATIONS) - %				
	2001	2002	2003	2005
GROW SIGNIFICANTLY	19	13	21	14
GROW A LITTLE	48	49	51	48
<i>GROW (LITTLE/SIGNIFICANTLY COMBINED)</i>	67	62	72	62
STAY THE SAME	14	19	17	24
DECREASE	5	7	4	8
DON'T KNOW/REFUSED	14	14	7	6
<i>SAMPLE BASES VARY</i>				

Whilst this is somewhat surprising given the recent improvements in employment and skills trends, we recall that employers are less likely to have experienced financial growth recently (with a greater likelihood of realising CRM improvements) and this may be anticipation of a continuation of recent circumstances.

Indeed, given this predicted change, we see that in 2005 there has been a significant reduction in the proportion of employers stating that there are *no* factors preventing their organisation from growing; i.e. that 89% can name at least one factor that prevents growth. Thus less than half the proportion state 'no factors' are set to restrict business growth when compared with findings in 2001 (11% in 2005; versus 24% in the first survey).

Employers are more likely to agree that *all* specified factors are a factor preventing business growth than has been the case in any previous survey (whilst not always by a statistically significant proportion). Areas where this increase in perception is most heightened include the impact of:

- Transport costs (specified by 24% more than in 2001);
- Interest rates (by an additional 23%);
- Increased labour costs (16% more than in 2001);

We note how these share directly financial characteristics, and recall the reduced profitability and turnover of organisations in recent times, and suggest this provides a reduced capability to absorb such impacts.

Table 43

FACTORS PREVENTING THE ORGANISATION FROM GROWING - PROMPTED (PRIVATE SECTOR ORGANISATIONS) - %				
	2001	2002	2003	2005
AVAILABILITY OF TECHNICAL/CRAFT SKILLS	9	13	15	17
INCREASING LABOUR COSTS	24	18	27	40
MARKET SIZE	27	20	26	34
CASH FLOW	21	17	22	28
TRANSPORT INFRASTRUCTURE	19	14	16	33
AVAILABILITY OF LEADERSHIP SKILLS	9	4	8	11
AVAILABILITY OF GENERAL LABOUR	14	15	19	21
AVAILABILITY OF LAND/PREMISES	15	11	12	16
PLANNING LEGISLATION	-	-	-	23
BUSINESS LEGISLATION	-	-	-	33
STRENGTH OF THE POUND	18	15	15	25
INTEREST RATES	15	11	16	38
LACK OF CAPITAL FOR INVESTMENT	15	12	17	24
LACK OF TRAINING AVAILABLE LOCALLY	6	7	8	13
TRANSPORT COSTS; FUEL ETC	27	17	19	51
EMPLOYEE RESISTANCE TO CHANGE	12	9	8	14
SICKNESS OR INJURY ABSENCE	6	8	10	11
OTHER	11	10	2	4
NONE	24	32	27	11
<i>SAMPLE BASES VARY</i>	<i>793</i>	<i>788</i>	<i>805</i>	<i>794</i>

When we look at the *single greatest obstacle* we see that there are just a few notable changes over the past four years; firstly the *lessening* impact of availability of general labour (reducing overall by 4 percentage points since 2001). This fits neatly with our earlier examination of hard to fill vacancies as caused by availability of specific skills and/or experience, as opposed to general labour. Despite this, we see (top row, table below) no significant change in the impact of technical/craft skills availability.

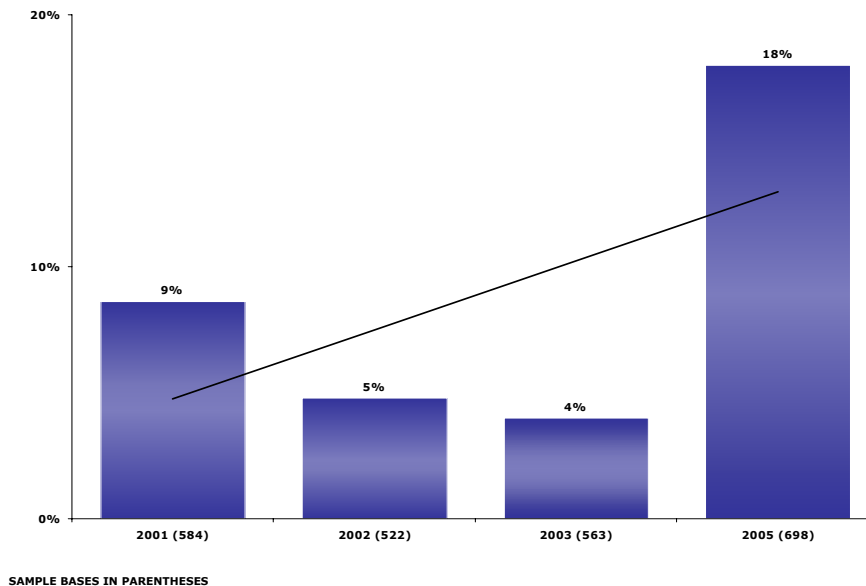
Table 44

GREATEST OBSTACLE TO ORGANISATIONAL GROWTH – PROMPTED (WHERE PRIVATE SECTOR, AND CITE FACTORS THAT PREVENT ORGANISATION FROM GROWING) - %				
	2001	2002	2003	2005
AVAILABILITY OF TECHNICAL/CRAFT SKILLS	6	8	6	4
INCREASING LABOUR COSTS	6	8	10	8
MARKET SIZE	15	14	16	10
CASH FLOW	10	11	13	11
TRANSPORT INFRASTRUCTURE	3	5	6	8
AVAILABILITY OF LEADERSHIP SKILLS	2	1	1	1
AVAILABILITY OF GENERAL LABOUR	7	8	9	3
AVAILABILITY OF LAND/PREMISES	7	10	7	4
PLANNING LEGISLATION	-	-	-	3
BUSINESS LEGISLATION	-	-	-	9
STRENGTH OF THE POUND	7	5	5	3
INTEREST RATES	2	2	6	6
LACK OF CAPITAL FOR INVESTMENT	5	4	8	3
LACK OF TRAINING AVAILABLE LOCALLY	1	1	3	1
TRANSPORT COSTS; FUEL ETC	9	5	4	18
EMPLOYEE RESISTANCE TO CHANGE	3	3	1	1
SICKNESS OR INJURY ABSENCE	1	3	3	2
OTHER	1	13	2	3
<i>SAMPLE BASES VARY</i>	<i>584</i>	<i>522</i>	<i>563</i>	<i>698</i>

On a financial note, the international implication of strength of the pound is a slightly reduced impact on organisational growth, countered by weightier impacts closer to home, namely interest rates, and significantly, transport costs.

Figure 38

PROPORTION OF RESPONDENTS WHO STATE THAT 'TRANSPORT COSTS' IS THE GREATEST OBSTACLE PREVENTING ORGANISATION FROM GROWING – PROMPTED (WHERE FACTORS PREVENT ORGANISATION FROM GROWING) - %



Business Conditions

Business premises

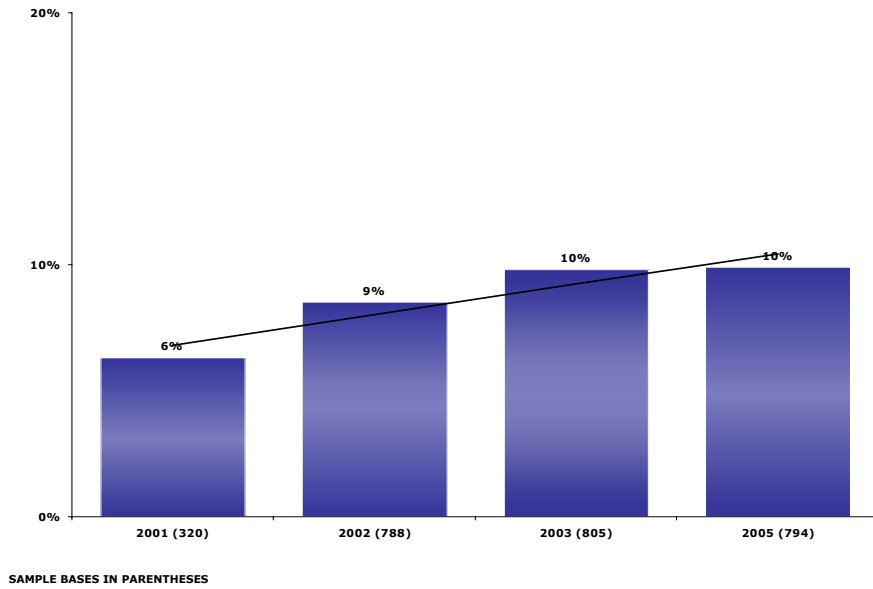
It is apparent from preceding tables that whilst *availability of land/premises* is a relatively constant inhibitor to growth for Lincolnshire employers (recognised by in the region of 14% of employers in each survey since 2001), its impact is much reduced in 2005, perhaps by the growing significance of other concerns.

Despite the fact that no more than one in ten employers since 2001 have experienced difficulty in sourcing appropriate premises in recent times, it's increasing tendency warrants noting (figure below).

It must be noted that in 2001-2, respondents were asked about the past *two years*, with those in 2003-5 asked about difficulty sourcing premises *in the last 12 months*. This shortening of timeframe, combined with an increasing incidence of difficulty shows how the issue is growing in relevance for employers.

Figure 39

PROPORTION OF EMPLOYERS THAT HAVE EXPERIENCED PROBLEMS IN FINDING SUITABLE PREMISES (WHERE NOT PUBLIC SECTOR) - %

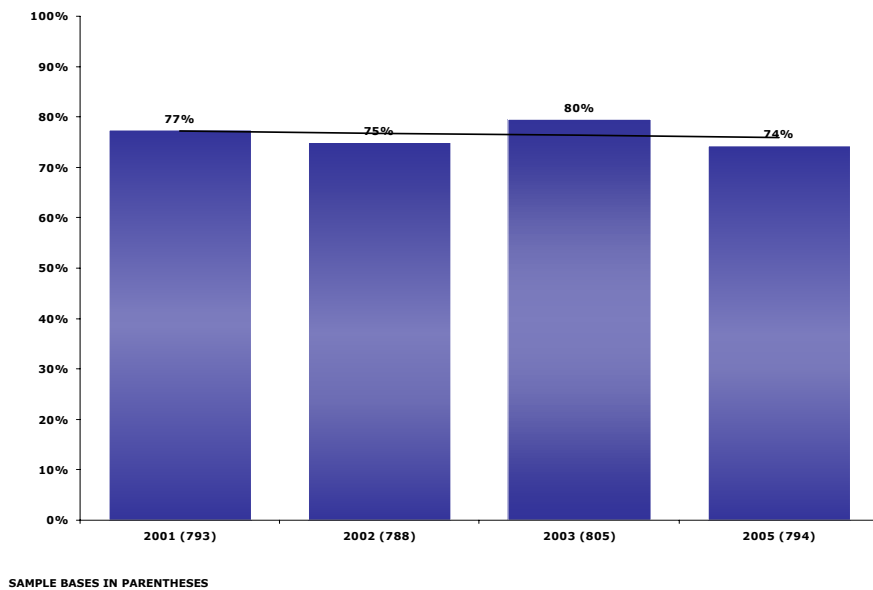


Internet access and use

A relatively constant three-quarters of private sector businesses have internet access, although there is evidence of a *slight* overall decline since 2001.

Figure 40

PROPORTION OF BUSINESSES THAT HAVE INTERNET ACCESS (WHERE NOT PUBLIC SECTOR ORGANISATION) - %



Lincolnshire employers are showing increasing levels of awareness with regard to their connectivity; proportions not knowing in 2005 just a third of those recorded in the first survey. Both standard modem and ISDN internet are steadily reducing in popularity.

Table 45

TYPE OF INTERNET ACCESS ORGANISATIONS CURRENTLY HAVE – PROMPTED (WHERE HAVE ACCESS TO THE INTERNET) - %				
	2001	2002	2003	2005
STANDARD MODEM	48	50	44	39
CABLE MODEM	3	8	6	13
ISDN	24	21	28	18
LEASED LINE	2	1	5	8
DSL	1	1	4	10
WIRELESS	*	-	1	6
SATELLITE	-	-	1	2
OTHER	-	-	1	5
NONE OF THE ABOVE	-	-	-	23
DON'T KNOW	27	21	16	9
<i>Unweighted bases</i>	<i>614</i>	<i>591</i>	<i>641</i>	<i>590</i>
<i>*DENOTES FIGURE LESS THAN 0.5% BUT MORE THAN 0.</i>				

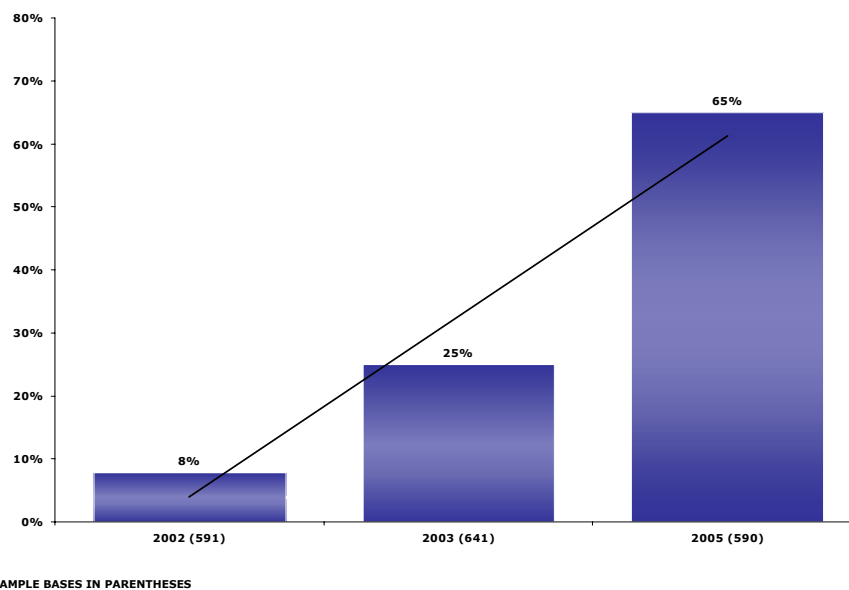
There is a *rapid* growth in the use of Broadband, from fewer than one in ten of those using the internet in 2002, to approximately two-thirds in 2005 (figure overleaf). The table below shows the perceived advantages.

Table 46

BENEFITS OF BROADBAND (WHERE USE BROADBAND) – PROMPTED - %			
	2002	2003	2005
FASTER INTERNET CONNECTION	83	83	83
RESOURCE SAVINGS / CAPABILITY	44	10	10
VIDEO CONFERENCING	9	5	*
'ALWAYS ON' INTERNET ACCESS	35	13	16
GREATER RANGE OF ICT APPLICATIONS	30	9	4
OTHER	-	1	1
NOTHING	9	2	4
<i>Unweighted base</i>	<i>46</i>	<i>162</i>	<i>386</i>

Figure 41

PROPORTION OF ORGANISATIONS THAT CURRENTLY USE BROADBAND (WHERE HAVE ACCESS TO THE INTERNET)

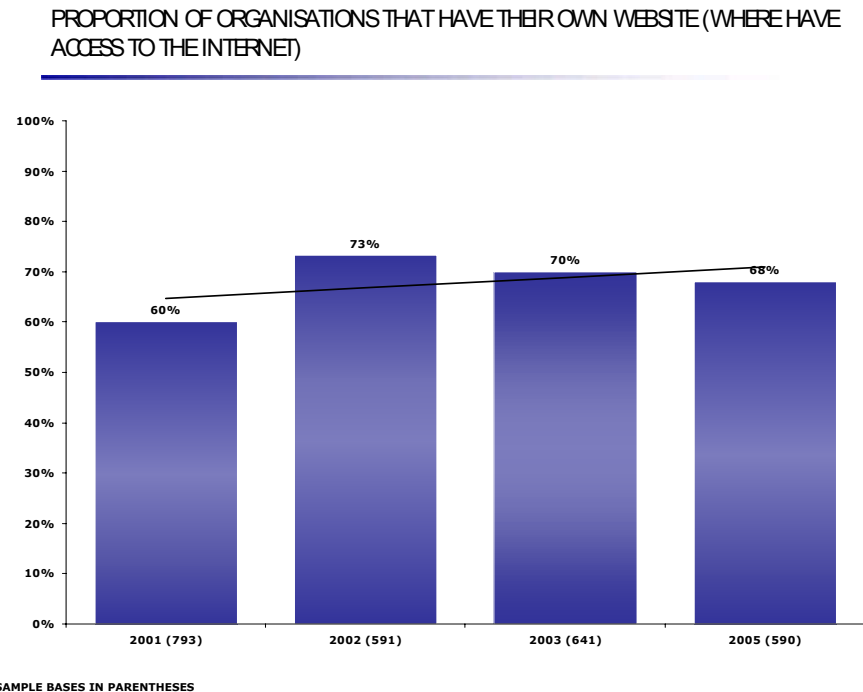


The one benefit of broadband, felt consistently by Lincolnshire employers with such connectivity since 2002 (across greatly varying sample bases) is the speed of internet connection. The reduction in the extent to which other benefits are felt show the developments in connectivity other than broadband.

The proportion of organisations with internet access that have their own website has changed little since 2002; a consistent seven in ten say they have a website; this is a notable upturn compared with proportions in 2001.

It must be noted that the bases for this question have changed; in 2001 it was asked of all businesses other than public sector organisations, in 2002-5, it was asked only of those non-public sector organisations that have internet access. In reality therefore, the proportion of organisations with their own website in 2001 is likely to be higher than specified, and thus more constant over time.

Figure 42



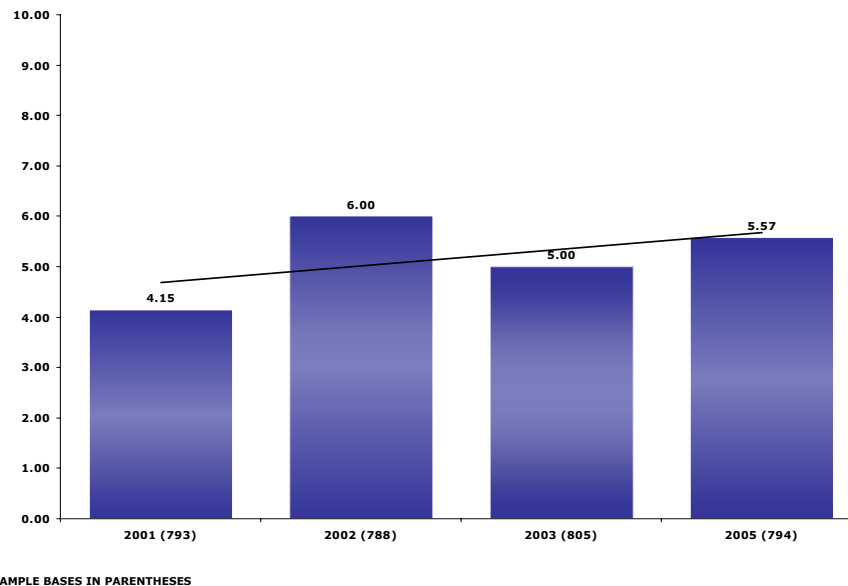
Whilst data is available on the uses respondents have and plan for the internet, sample bases were changed between 2001-2 and 2003-5, and data are not therefore suitable for comparison here. Specified uses include buying and selling goods and services, and advertising, researching and aftercare.

We can see from data generated in 2003-5, that the main reason for *not* using the internet for any specified purposes is lack of suitability (51% in 2005; 54% in 2003).

Perception of the internet having value in meeting organisational objectives has remained relatively stable (and potentially ambivalent) in the last four years; this showing a slight upward trend over the years, but maintaining an overall rating in 2005 of 5.57, where one is negative and 10 is positive.

Figure 43

RESPONDENTS RATING OF IMPORTANCE OF INTERNET ACCESS IN MEETING BUSINESS OBJECTIVES – MEAN RATING (1 = POSITIVE, 10 = NEGATIVE)



As shown below, the requirements for all types of assistance with internet use is declining or stable; matching this, the proportion of employers stating that they do not need any assistance continues to rise.

Table 47

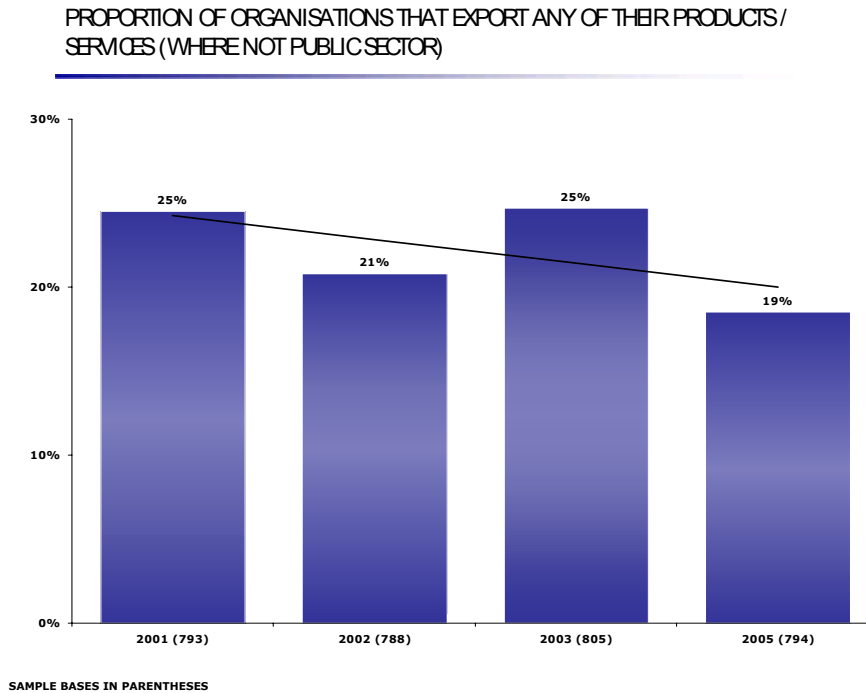
ASSISTANCE OR IMPROVEMENTS IN THE USE OF THE INTERNET THAT MAY BE OF USE TO RESPONDENTS (BASE DEFINITIONS VARY) - %				
	2001	2002	2003	2005
GREATER ACCESS TO TRAINING	12	10	7	5
GREATER ACCESS TO ICT ADVICE	-	-	4	2
GREATER UNDERSTANDING OF THE BENEFITS	14	15	5	5
ACCESS TO MORE INFORMATION ABOUT SETTING UP A WEBSITE	5	7	6	6
IMPROVED SPEED OF INTERNET CONNECTIONS	21	18	20	14
OTHER	3	2	3	8
NOTHING	17	46	44	57
DON'T KNOW/REFUSED	44	17	21	11
<i>Unweighted bases</i>	<i>336</i>	<i>788</i>	<i>805</i>	<i>794</i>
<i>THIS QUESTION WAS ASKED OF A REDUCED BASE OF RESPONDENTS IN 2001, AND THUS RESPONSES ARE NOT COMPARABLE – INCLUDED HERE FOR INFORMATION ONLY</i>				

The main single response remains *improved speed of internet connection*, as specified by 14% in 2005; slightly reduced from a fifth in previous surveys. Given the *increasing, but not maximised* proportion who have broadband connectivity, there is room for increased speed of access for these employers.

11 Markets and Suppliers⁴

Between a fifth and a quarter of employers each year state that they export any of their products/services; this showing a downward trend, presently at it's lowest since the Lincolnshire Employer Survey began.

Figure 44



Despite this, employers are exporting to a more diverse range of countries than ever before, therefore businesses that do have an international market place are continuing to widen this, despite the fact that fewer employers *overall* trade outside of the UK.

⁴ This section was also asked only of private sector businesses.

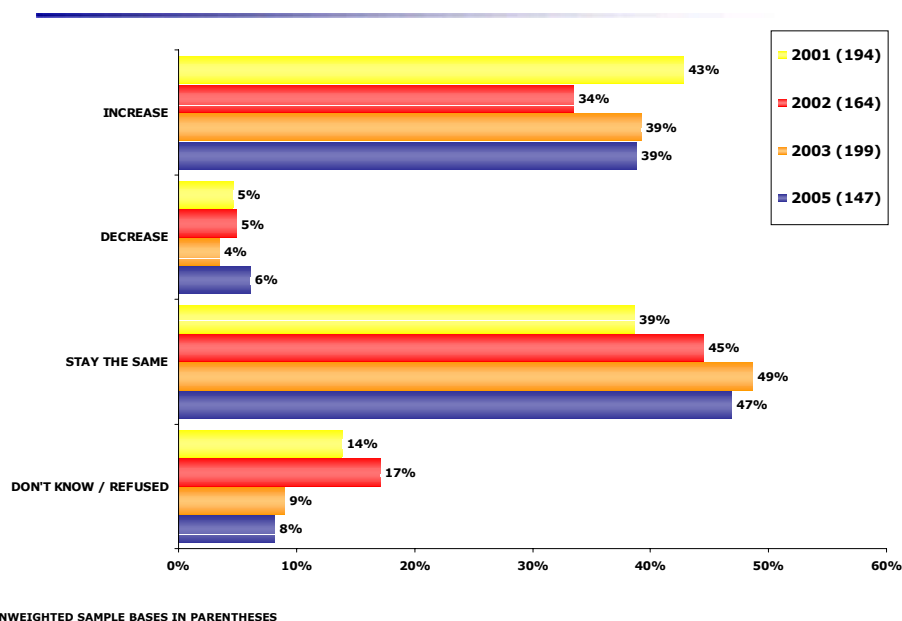
Table 23

AREAS OF THE WORLD THAT RESPONDENTS EXPORT TO (WHERE NOT PUBLIC SECTOR, AND EXPORT PRODUCTS / SERVICES) %				
	2001	2002	2003	2005
THE EURO COUNTRIES	76	87	80	86
OTHER EU COUNTRIES AND THE REST OF WESTERN EUROPE	36	44	36	61
EASTERN EUROPE/RUSSIA	19	24	25	36
AUSTRALIA/NEW ZEALAND	21	23	24	30
REST OF ASIA/PACIFIC RIM	25	29	26	36
AFRICA	23	24	21	32
NORTH AMERICA	32	34	31	37
SOUTH AND CENTRAL AMERICA	18	24	22	27
MIDDLE EAST	25	22	24	36
DON'T KNOW/REFUSED	5	2	5	2
<i>Unweighted sample base</i>	<i>194</i>	<i>164</i>	<i>199</i>	<i>147</i>

Whilst not to any statistically significant extent, Lincolnshire employers are presently at their most pessimistic with regard to expectations of export levels in the next 12 months. On the whole however, respondents remain more positive than in 2002, being more likely to predict *increase* in exports by 5 percentage points.

Figure 45

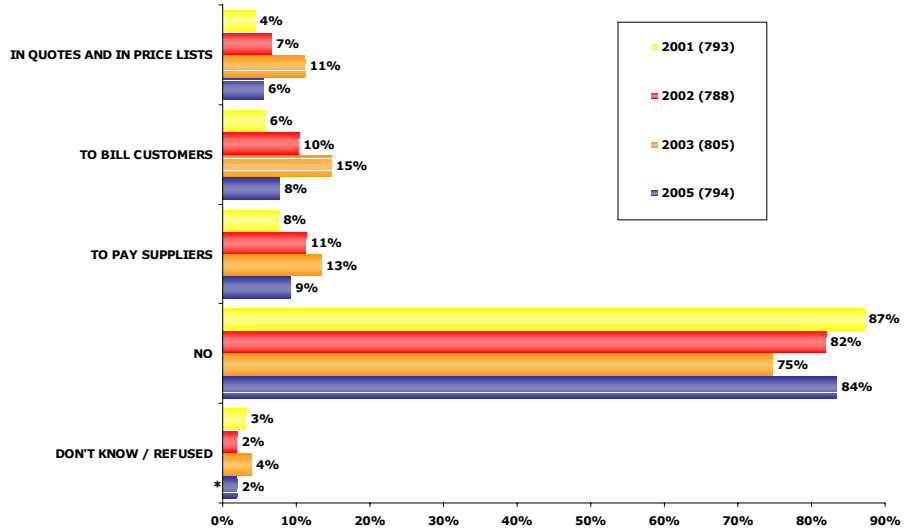
EMPLOYER EXPECTATIONS OF EXPORTS OVER THE NEXT 12 MONTHS (WHERE NOT PUBLIC SECTOR AND EXPORT PRODUCTS OR SERVICES)



On the whole, tendency to trade in the Euro is unchanging over the years, although this is more likely in 2005; increased by ten percentage points on 2003.

Figure 46

WAYS IN WHICH THE ORGANISATION IS TRADING IN THE EURO
(WHERE NOT PUBLIC SECTOR ORGANISATION)



UNWEIGHTED SAMPLE BASE IN PARENTHESES
* DENOTES FIGURES LESS THAN 0.5%