

THE WORKFORCE SURVEY

April 2009



British
Chambers of
Commerce
The Ultimate Business Network

ABOUT US

The British Chambers of Commerce is the national body for a powerful and influential Network of Accredited Chambers of Commerce across the UK; a Network that directly serves not only its member businesses, but the wider business community.

Representing 100,000 businesses who together employ more than 5 million employees, the British Chambers of Commerce is The Ultimate Business Network. Every Chamber sits at the very heart of its local community working with businesses to grow and develop by sharing opportunities, knowledge and know-how.

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This is a difficult time for employers and their employees. As the recession deepens, it is important that the Government's employment policy deals with the needs of employers and employees now, without losing sight of the needs of the economy in the medium and long term.

Businesses are telling me that flexibility is the most important thing they need from their workforce. They also tell me they are concerned that the increasing amount of employment regulation, and extra cost associated with it, threatens to damage our flexible labour market. It is for this reason that the British Chambers of Commerce is very supportive of flexible working, but strongly against the increase in regulation surrounding it.

We need to ensure there is a productive and efficient workforce that is ready and willing to work at the other side of this recession. This means utilising workers who have previously been left behind, such as older workers, carers and the long term unemployed. It also means resisting calls to significantly increase restrictions on migrant labour.

The downturn has aligned the interests of employers and employees; employers want to retain their staff rather than have to make redundancies; and employees want to remain in work, and are often taking shorter hours and lower salaries to do so. Of course there needs to be help and support for those who lose their jobs, but more help for businesses to enable them to retain their staff is vital.

A handwritten signature in black ink, which appears to read "David J. Frost". The signature is stylized and includes a flourish at the end.

David Frost
Director General
British Chambers of Commerce

1.1 EXECUTIVE SUMMARY

The British Chambers of Commerce set out to discover how businesses use of labour is changing and their attitudes towards the workforce. At a time of recession, the efficient use of labour in the economy is even more important; a proper understanding of the needs of business is vital if the labour force is going to adapt and help the UK on the road to recovery.

We surveyed our members on the composition of their workforce, recruitment practices, staff retention and attitudes towards older workers, carers and migrants. Changes to employment legislation, flowing from both an EU and a UK legal basis, are having a significant impact on businesses. Our Chamber HR helpline¹ receives over 13,000 calls a year from businesses that need assistance navigating employment laws on issues such as redundancy, discrimination law and dismissal procedures. We were pleased that the Government has responded positively to the Anderson Review and are encouraged by the measures they are taking, especially the piloting of a new insured advice line. However, the answer lies not just in putting in place procedures to help businesses with the complexity of employment law, but also in making it less complex.

SUMMARY OF RESULTS

- **Composition of the UK Workforce: 36% of businesses hire staff on temporary, fixed term or 0 hour contracts.** This helps them to manage changes in demand and use expensive skilled personnel when necessary. 25% of businesses use agency workers with flexibility again seen as the main driver.
- **Recruitment: Only 50% of businesses have recruited in the last 6 months.** This is not surprising, with many firms reporting recruitment freezes and with calls to our Chamber HR line on redundancy more than doubling in the past year. The survey also shows that 24% of businesses are not planning to recruit for any positions that may become vacant when a current staff member leaves.
- **Recruitment process: Only 28% of businesses use JobCentre Plus.** This figure falls to just 14% for businesses with less than 5 employees. The most popular route is an advert in a local newspaper, used by 43% of businesses, and recruitment agencies, used by 42%.

- **Employment law: 47% of businesses with less than 5 employees find navigating employment law difficult.** This is compared to only 12% of businesses with 250+ employees. There is also a significant difference between sectors with 43% in the transport, retail and wholesale sector finding employment law difficult compared to just 27% in the public, education and voluntary sector.
- **Staff retention: 84% of flexible working requests have been accepted.** However 63% of businesses believe there are barriers to allowing flexible working. The most popular reason is that staffing levels have to be maintained at certain hours and so flexible working is not appropriate. Over a quarter think that it is often inapplicable to the job role.
- **Carers: Where businesses have employed a carer, only 12% of businesses feel they received adequate support from the Government.** Many are unaware of help available. Others suggested financial support and/or Government advice would have been useful. There are 1.9m people in the UK with caring responsibilities of more than 20 hours per week. Only 400,000 of those are in fulltime employment².
- **Older workers: 33% of all businesses have an employee over 65 years old.** For a further 27% of businesses, older workers make up less than 10% of the workforce. For those who do hire older workers, loyalty, maturity, experience and the wish to retain or attain skills are the main reasons business have given for doing so.
- **Migrants: Around a quarter of businesses employ migrant workers primarily due to a shortage in supply of domestic candidates with the requisite skills/experience.** Other reasons cited include that migrants are more productive and have a better work ethic than native workers.

1.2 BRITISH CHAMBERS OF COMMERCE RECOMMENDATIONS

Our economic forecast predicts that unemployment during the recession will peak at 3.2m in the second half of 2010. The Government needs to do everything in its power, not only to support those being made redundant get back into the workplace but also to help businesses retain their staff.

Our survey illustrates that business owners in the UK want to be good employers; they want to employ the best person for the job regardless of nationality or age; they want to allow their

¹ We operate a helpline for our business members to call to get advice on a number of employment law and HR related issues.

² Carers UK

employees to choose working patterns that best suit their home life; and they want the most productive workforce possible for their business to thrive. However, our survey also identifies significant barriers which prevents employers maximising the efficiency of their workforce and therefore prevent the government maximising the productivity of the labour market.

THE BCC RECOMMENDS:

■ **A moratorium on UK only labour market regulation**

Any employment law introduced here that is not also introduced elsewhere represents an additional cost to UK business that their counterparts in the EU and elsewhere do not face. The planned extensions of the right to request flexible working and the right to request time off for civic duties are two examples expected this year that should be postponed. Furthermore, any proposals in the Equality Bill that are going to have a significant financial impact on business should be curtailed.

■ **The worker/employee distinction must be maintained**

Businesses clearly value the flexibility that agency staff provide which illustrates why we need a separate temporary worker category. Indeed, the survey dispels the myth that agency workers are inherently vulnerable and that employers use them in preference to permanent staff as they have less rights. In fact, only 10% of businesses who use agency staff listed this as a reason, compared to the 67% who said it improves the flexibility of their workforce.

The Pensions Act 2008 Section 89 (2)(b) is an example of the blurring of the separate categories, stating that the agency is deemed the employer for the purposes of this legislation. Going forward, the two categories need to be kept distinct to allow employers the flexibility they require.

Implementation of the Agency Workers Directive needs to be delayed until the last possible common commencement date, October 2011. There is a real danger that implementation could dramatically increase the cost of hiring agency workers and undermine our flexible labour market. The primary concern should be that these burdens do not discourage the use of agency staff in the UK at a time when demand is already diminishing in the recession³.

■ **JobCentre Plus needs to focus on engaging businesses, especially SMEs**

JobCentre Plus is failing. Its aim is to “help more people into work and employers to fill their vacancies, and to provide people of working age with the help and support to which they are entitled⁴.” This is contingent on its ability to reach out to employers and it is failing to do so. 72% of businesses do not use JobCentre Plus indicating that over 850,000 do not use the service. This must be immediately addressed.

■ **Older workers need targeted support to get them back into the workplace**

In 2031, it is projected that over 20% of the UK population will be over 65⁵. Our survey shows that businesses value the skills, loyalty and experience of older workers but that not many are applying for vacancies. As our economy begins to recover, the Government needs to make sure that older people are not left behind. Specific programmes are required to retrain and improve the confidence of older workers to empower them to apply for jobs. This is necessary to make sure the demography of the UK population does not hamper future opportunities for economic growth.

■ **Migrant Workers must be allowed to continue coming to the UK**

The Government must resist calls to place more restrictions on migrant workers coming to the UK. There is a clear correlation between whether a migrant is European or not and the work they are likely to undertake. Non-European migrants are more likely to be employed in professional occupations with Europeans more likely to be involved in processing and elementary positions. It is clear that non-European migrants make a large contribution to the UK economy and the recession should not be used an excuse to arbitrarily tighten controls.

■ **More help must be given to employers to help carers remain in work**

The Government has focussed on the flexible working regulations, which make provision for parents, at the expense of helping employers with the wider flexible working agenda. Only a quarter of employers thought there were no barriers to carers remaining in work, with most citing inability to accommodate flexible working as the main hurdle. Furthermore, only 12% felt they had adequate Government support. More guidance and financial support must be made available to businesses to enable them to retain and hire those with caring responsibilities.

³ According to the REC/KPMG report March 2009, vacancy numbers declined at the fastest rate since the survey began in October 1997.

⁴ <http://www.jobcentreplus.gov.uk/JCP/index.html>

⁵ <http://www.statistics.gov.uk/cci/nugget.asp?id=763>

SECTION TWO: COMPOSITION OF THE UK WORKFORCE

2.1. BREAKDOWN OF THE WORKFORCE

What percentage of your permanent workforce are full-time/part-time?

Perhaps unsurprisingly, this survey shows the greater proportion of the UK's permanent workforce to be employed full-time. Almost three quarters of UK businesses employ 76% or more of their permanent workforce full-time.

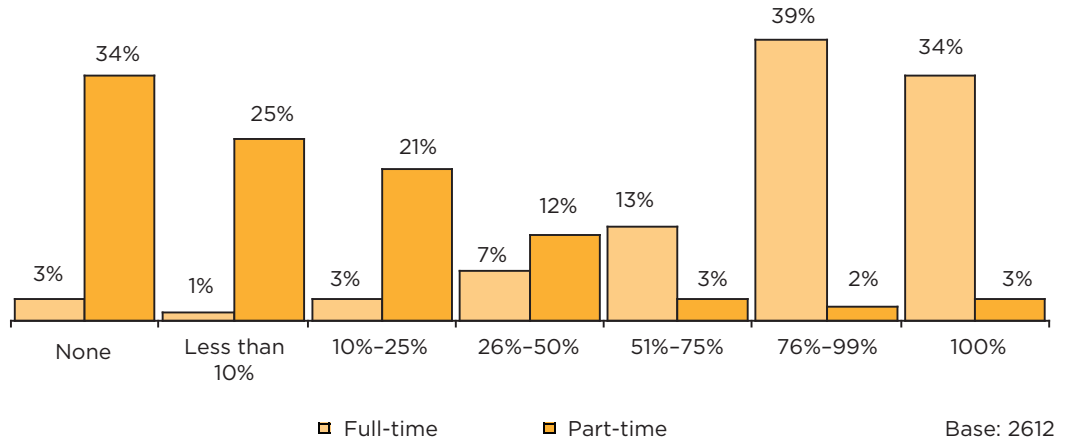
66% of businesses have part-time staff, rising to 95% of those with 250 or more employees.

In the main, part-time staff account for up to 25% of businesses' permanent workforce.

Businesses with part-time staff

| | 0 to 4 | 5 to 49 | 50 - 249 | 250+ |
|---------------|--------|---------|----------|------|
| None | 58% | 32% | 11% | 5% |
| Less than 10% | 2% | 28% | 49% | 44% |
| 10% - 25% | 10% | 24% | 24% | 33% |
| 26% - 50% | 16% | 10% | 9% | 13% |
| More than 50% | 14% | 6% | 7% | 5% |
| Base: | 730 | 1318 | 387 | 175 |

Percentage of permanent workforce employed



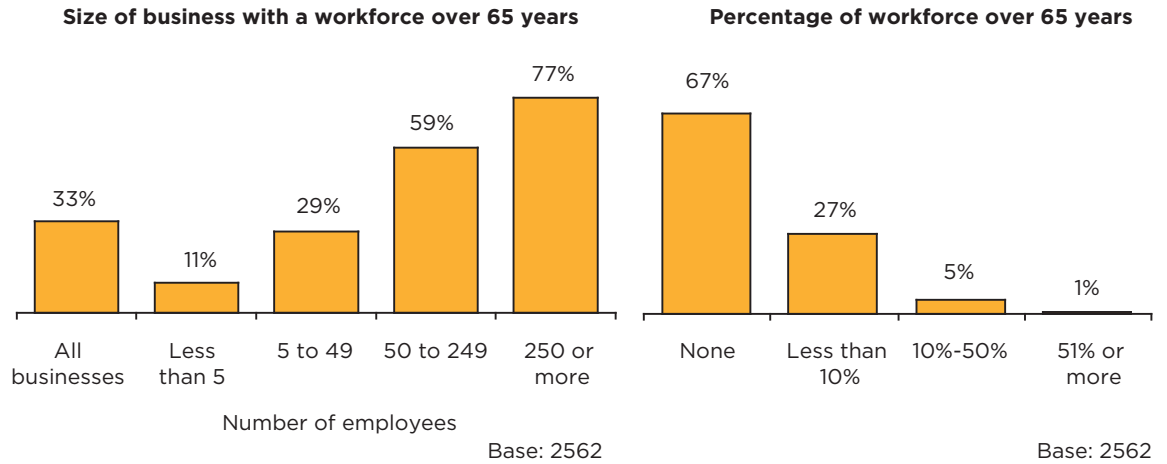
What percentage of your workforce are over 65 years of age?

Businesses with staff over the age of 65 years are in the minority, especially where they have fewer than 50 employees. Overall, 33% have staff over the State Pension age, rising to as many as 59% of those with 50 to 249 employees and 77% with 250 or more. Additionally, this proportion is significantly higher for those in manufacturing,

engineering and construction (40%); those in the public, education and voluntary sector (41%); and those in the hotel, restaurant and leisure. Conversely, only 9% of businesses in marketing and media and 21% in the business and professional services sector have staff of this age.

For the vast majority of businesses the over 65s account for less than 10% of their workforce.

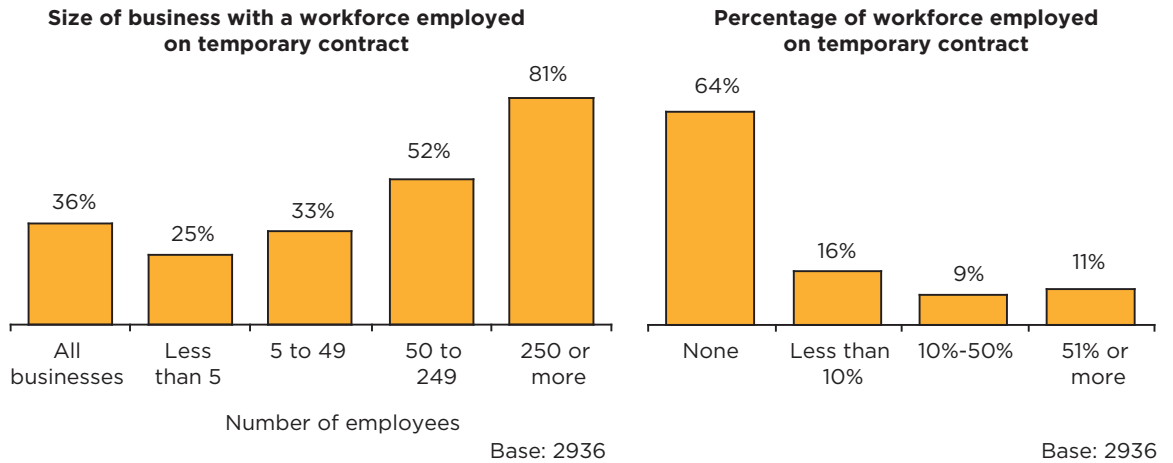
SECTION TWO: COMPOSITION OF THE UK WORKFORCE



2.2. USE OF FLEXIBLE WORKERS

What percentage of your workforce are employed on a temporary, fixed term or 0 hour contract?

Overall, 36% of businesses employ staff on a temporary, fixed term or 0 hour contract, rising to 52% of those with 50 to 249 employees, a massive 81% with 250 or more employees, 53% in the public, education and voluntary sector and 57% in the hotel, restaurant and leisure sector.



SECTION TWO: COMPOSITION OF THE UK WORKFORCE

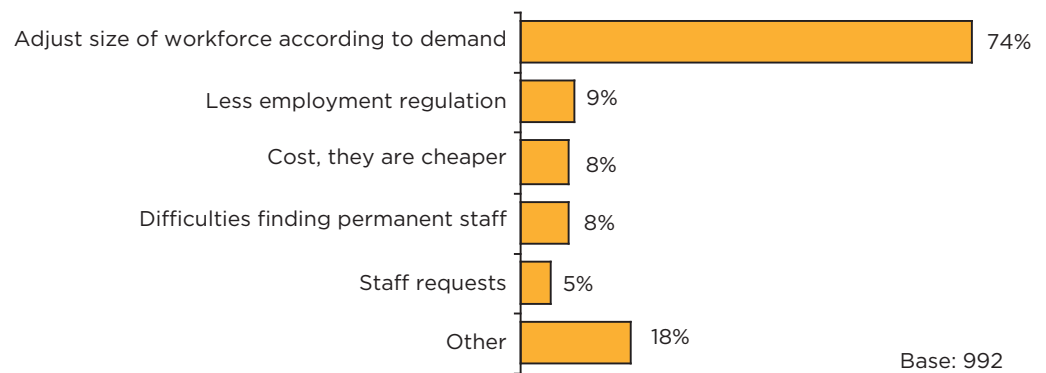
For what reasons do you currently employ these workers on a flexible arrangement, such as temporary, fixed term or 0 hour contracts?

Businesses primarily employ workers on flexible arrangements because it allows them to adjust the size of their workforce and therefore manage changes in demand. 74% claim this, rising to 81% amongst those with less than 5 employees.

Fewer than 10% claim they use these arrangements because they are covered by less

employment regulation, workers are cheaper to engage through these arrangements, they have had difficulties finding the right permanent staff or staff have requested flexibility in their contracts. Other reasons given include funding restrictions, the need to remain flexible, cover for maternity leave, sickness or other short term needs, access to a pool of quality, skilled labour and using the arrangement during a probationary period.

Reasons for employing flexible contract workers



“Contracts demand different skills and I can choose the additional skills I need when I need them.”

“Due to the opening hours and identifiable trends in the business it helps having greater flexibility in the workforce.”

“For the most part they are technically skilled personnel and are needed by the business - we have adapted to accommodate.”

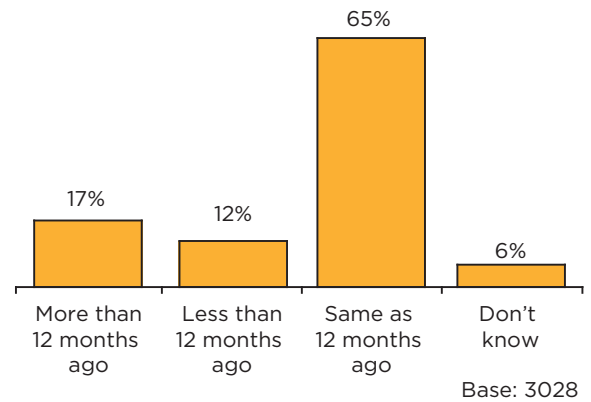
“Because it suits the employee to take time out to fit around family life. This gives us a more committed workforce.”

SECTION TWO: COMPOSITION OF THE UK WORKFORCE

Does your business employ more or less workers on a flexible arrangement than 12 months ago, such as temporary, fixed term or 0 hour contracts?

The majority of businesses employ the same number of workers on a flexible arrangement as they did 12 months ago, though 17% claim to employ more, rising further to 26% amongst those in the public, education and voluntary sector.

Use of workers on a flexible arrangement



SECTION THREE: RECRUITMENT OF STAFF

3.1. REPLACING STAFF

Over the next three months, when employees leave their current position, what proportion are you most likely to recruit for, rather than leave vacant?

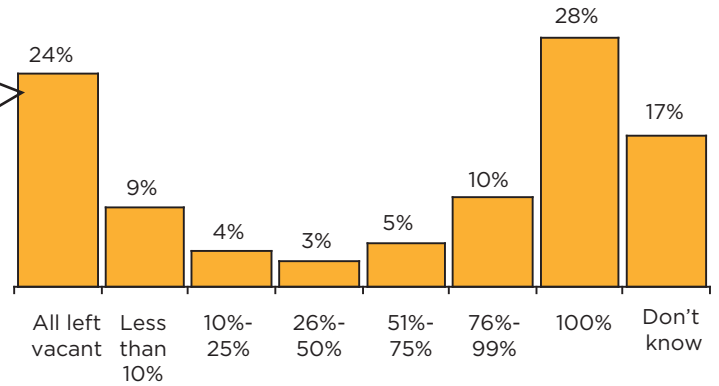
Almost a quarter of all businesses will leave positions vacant when employees vacate their current roles. This proportion rises still further

to 30% for those in manufacturing, engineering and construction and 31% for those with less than 5 employees.

59% indicate that they will be involved in some degree of recruitment to fill vacancies; just over a quarter suggest that they are likely to recruit for 100% of positions that become vacant.

| Businesses likely to leave all positions vacant (by business size) | |
|--|-----|
| 0-4 employees | 31% |
| 5-49 employees | 24% |
| 50-249 employees | 18% |
| 250+ employees | 10% |
| Base | 738 |

Proportion of positions likely to recruit for



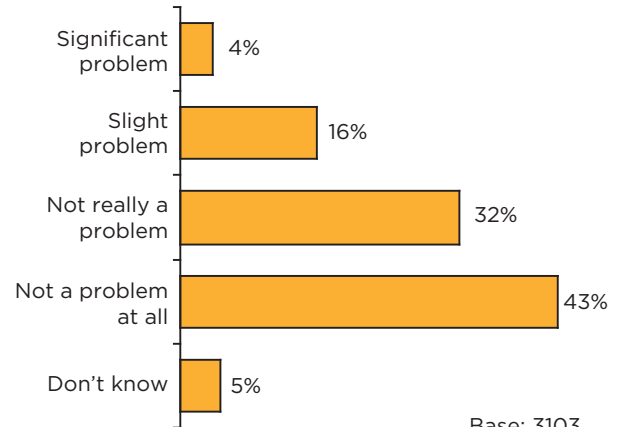
Base: 3079

To what extent is staff turnover a problem for your business?

Staff turnover is not considered to be a problem for the majority of businesses; 75% claim this.

Although 20% indicate staff turnover is a problem, albeit slight in most cases, this figure rises to 35% for those employing over 250 employees and 38% for those operating in the hotel, restaurant and leisure sector.

Extent to which staff turnover is a problem for business



Base: 3103

SECTION THREE: RECRUITMENT OF STAFF

3.2. RECRUITMENT SOURCES

What sources do you use to recruit staff?

UK businesses use a wide variety of sources to recruit their staff, with no one method dominating the recruitment process. Over half use two or more sources and just under a quarter uses three or more.

Around four in ten use their local newspaper, recruitment agencies and in-house referral schemes. Just 28% use Job Centre Plus, falling still further to 14% of those with less than 5 employees.

9% use the internet to recruit staff, whether through their own company website or job listing sites, word of mouth, personnel networking and recommendation, and advertising in the national press.

Businesses working in marketing and media are more predisposed to recruiting staff through websites and their existing contact network, while those in the public, education and voluntary services sector tend to use national and local newspapers more and recruitment agents less. Businesses in the hotel, restaurant and leisure sector are more prone to using JobCentre Plus, local newspapers and in-house referral schemes.



3.3. USE OF TEMPORARY AGENCY WORKERS

Do you use temporary agency workers?

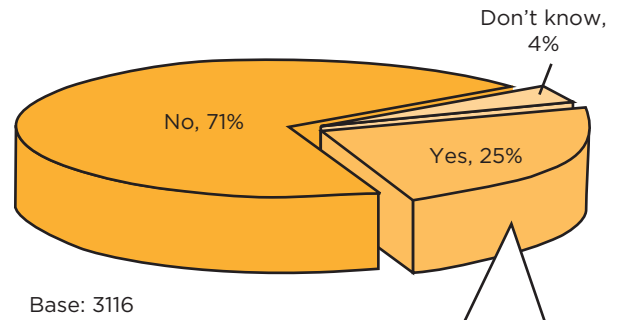
Why do you use temporary agency workers?

The use of temporary agency workers is common in a quarter of all businesses, rising to 51% amongst businesses with 50 or more employees. It is also more prevalent amongst those operating in the public, education and voluntary services sector (30%) and those in manufacturing, engineering and construction (35%).

Proportionally fewer of those in business and professional services (17%) and those engaged in transport, export, storage, retail/wholesale (19%) use temporary agency workers.

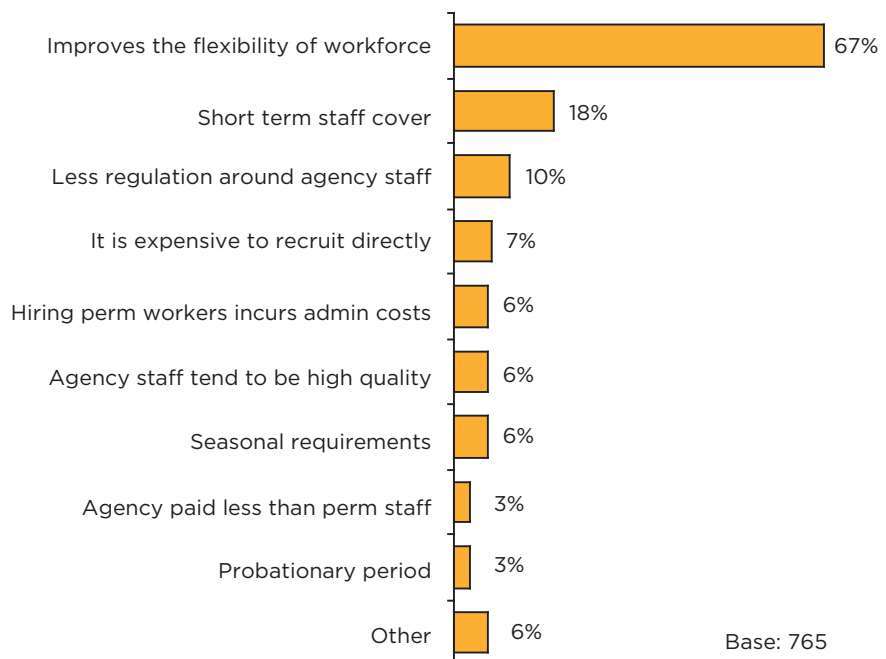
It is flexibility that is the main driver for using agency workers; two-thirds of those employing these workers claim this. Temporary agency workers are also used by 18% of businesses for short term staff cover, such as during illness, holidays and maternity leave.

Use of temporary agency workers



| Businesses with temporary agency workers (by business size) | |
|--|-----|
| 0-4 employees | 8% |
| 5-49 employees | 23% |
| 50-249 employees | 47% |
| 250+ employees | 61% |
| Base | 782 |

Reasons for using temporary agency workers



“Temp to perm allows us to assess the potential employee and new working practices before being committed to an employment contract.”

“[We use temporary agency workers] to staff up major project activities which need high calibre, expensive skills (e.g. design, project management) for a limited period as it would not be cost effective to have such personnel on the permanent payroll.”

“We occasionally win very short term contracts e.g. for 2 weeks and may then take agency workers to meet that capacity.”

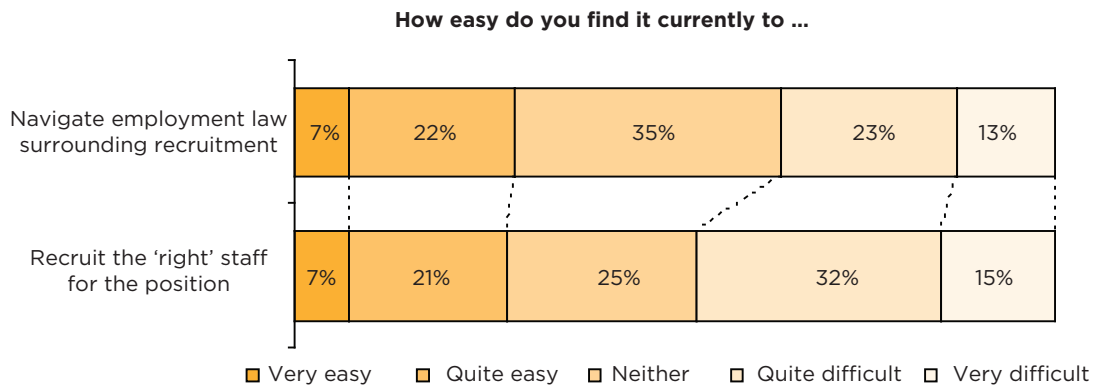
3.4. CHALLENGES OF RECRUITMENT

How easy do you find it currently to navigate employment law surrounding recruitment; recruit the ‘right’ staff for the position (e.g. in terms of education, job skills, soft skills such as communication and timekeeping)?

Navigating employment law is a challenge for over a third of UK businesses. However, this proportion rises to 47% of those with less than

5 employees and falls to 12% of those with 250 or more. By contrast, 43% of those in the transport, retail and wholesale sector find navigating the law difficult as opposed to just 27% of those in the public, education and voluntary sector.

Recruiting the ‘right’ staff for vacant positions is difficult for an even larger proportion of businesses: almost half.



Base: 2532 to 2755

4.1. FLEXIBLE WORKING REQUESTS

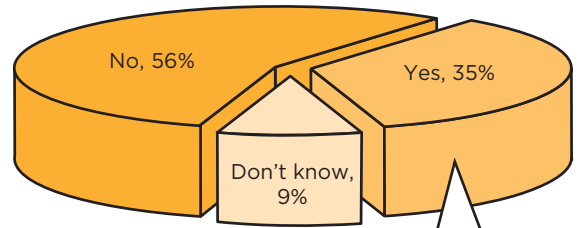
Over the last 12 months, have you received any requests from employees for flexible working?

How have you responded to the majority of requests from employees for flexible working?

Over the last 12 months, just over a third of all businesses have received flexible working requests, rising to over 70% of businesses with 250 or more employees. In the public, education and voluntary sector, almost half have received a request, compared with just a quarter of those focussed on marketing and media.

The vast majority of requests are accepted by employers, resulting in employees' working patterns changing. The figure of 84% rises still further to 92% amongst businesses employing less than five employees.

Requests for flexible working



Base: 3120

| Response to requests | |
|---|------|
| Accepted requests and changed employees' working patterns | 84% |
| Declined requests | 7% |
| Declined requests both in the first instance and on appeal | 2% |
| Declined requests but accepted when employees have appealed | 1% |
| Other | 6% |
| Base | 1074 |

4.2. BARRIERS TO FLEXIBLE WORKING

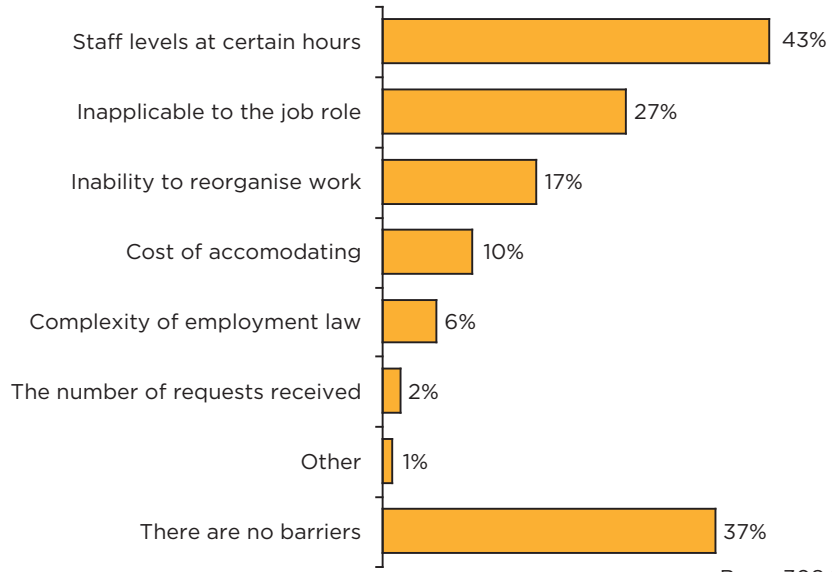
What are the barriers within your business to allowing flexible working?

Almost two thirds of UK businesses perceive there to be barriers within their business that discourage or prevent flexible working. The ability to achieve adequate staff coverage at certain hours is perceived to be the greatest barrier, especially amongst those focussed on manufacturing, engineering or construction; those in transport, export, storage, retail, or wholesale; those in the hotel, restaurant or leisure sector; those with 50 or more employees.

There are also barriers around the applicability and appropriateness of flexible working to certain job roles and the ability to reorganise work amongst existing staff.

37% of businesses claim that there are no barriers within their business that prevent flexible working. For those employing less than five employees this figure rises still further to 61%. A greater proportion of those in business and professional services (47%) and marketing and media (51%) also feel that there are no barriers.

Barriers within business to allowing flexible working



Base: 3084

4.3. CARERS

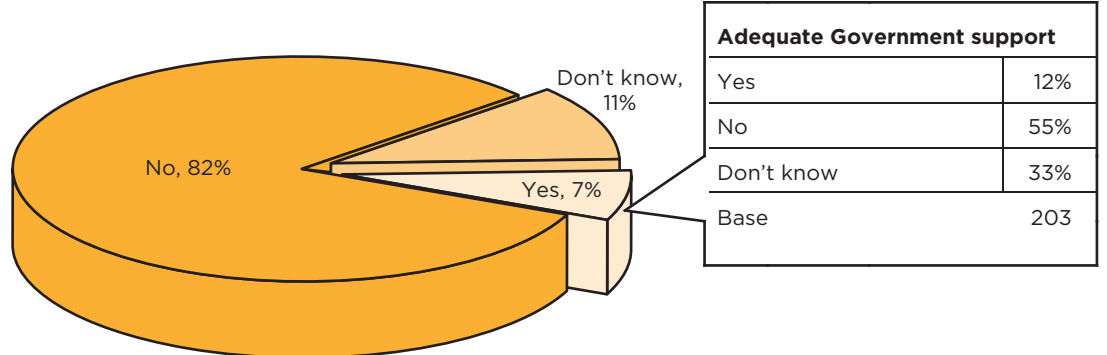
Have you ever had an employee who has become a carer (with caring responsibilities of more than 16 hours a week)?

Did you receive adequate support from government enabling you to continue to employ this person?

Only a minority of businesses have had an employee who has become a carer with responsibilities of more than 16 hours a week. Overall 7% of businesses claim this though the proportion rises to 15% amongst those in the public, education and voluntary sector.

Over half of businesses describe the support received from government, enabling them to continue to employ the carer, as inadequate. 35% would have liked financial support, 23% would have found advice useful and 21% claim to unaware of any help available to them.

Whether had an employee become a carer



Base: 3095

SECTION FOUR:
STAFF RETENTION

“...an extended hospitalisation of a child following open heart surgery with the mother as the carer... We were unable to obtain any source of help or guidance for ourselves and her other than through our retained employment advisers. It all ended sadly.”

“The Social Services/NHS provision needs to be lined up, and the support given should recognise the real need that will exist. Access to support needs to be simpler, and needs to be adequately funded.”

“Assistance to cover the additional costs of continuing to employ that person, i.e. an additional person part time.”

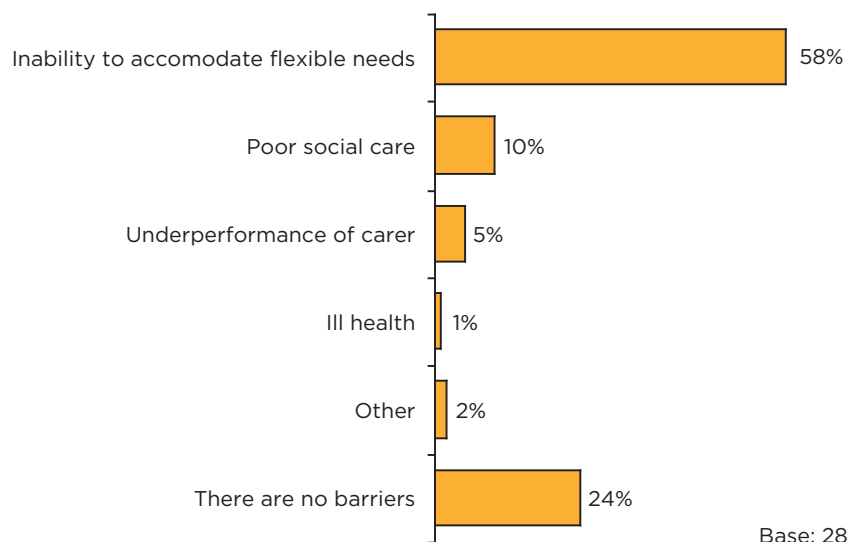
What do you see as the greatest barrier currently preventing carers from working?

Businesses’ inability to accommodate the flexible working needs of carers is seen as the greatest barrier preventing carers from working; almost three-fifths state this. Understandably,

businesses find it difficult to manage staffing resources when carers are unable to leave their charge or need to leave the workplace at short notice.

However, almost a quarter of businesses suggest there are no barriers.

Greatest barrier currently preventing carers working



SECTION FOUR: STAFF RETENTION

“There should be no barriers but it depends on the carer and their circumstances - if they are heavily stretched then this could result in underperformance, also if the person they are caring for is ill regularly then this could also result in absence.”

“The ongoing need for businesses to adapt their flexibility to meet the needs of the carer as the demands on them change - illness of the cared one, progressive decline and support for the carer after the death of a cared one. This can be very stressful and demanding for some businesses especially SME’s who want to be supportive.”

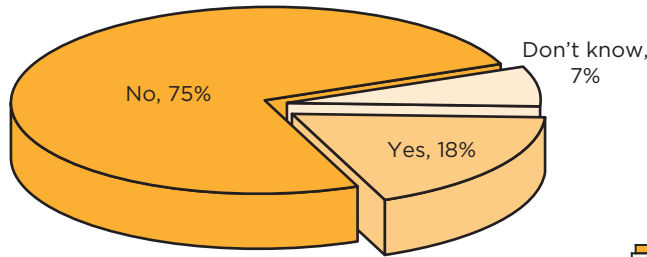
5.1. RETIREMENT AGE

Do you think there should be a mandatory retirement age?

At what age do you believe the retirement age should be set?

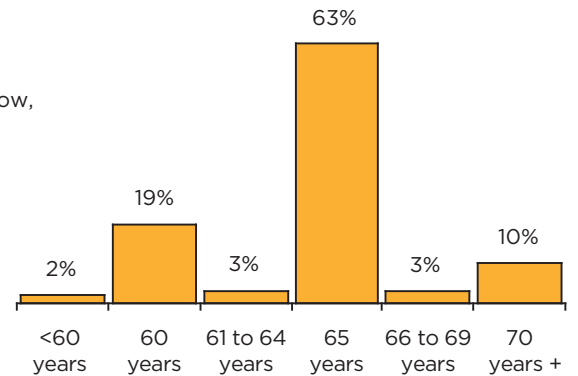
The vast majority of businesses think there should not be a mandatory retirement age. Of those that disagree, most believe it should be 65.

Whether there should be a mandatory retirement age



Base: 3297

Age retirement should be set



Base: 573

5.2. REASONS FOR EMPLOYING FEWER THAN 10% OF WORKERS OVER 65

What are your reasons for employing fewer than 10% of workers over the age of 65?

The majority of businesses do not claim to have judgmental reasons for not employing more workers over 65 and many cite a lack of opportunity to recruit amongst this age group.

Over 40% of businesses comment that they employ the right person for the job, regardless of age. These businesses state that they do not have any issues with employing workers over 65 and indeed some have employed them in the past.

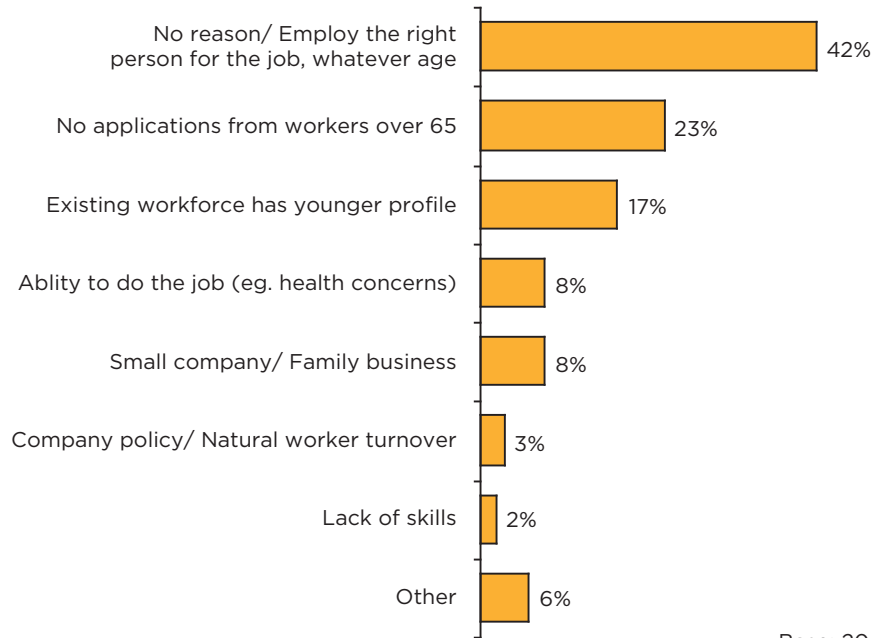
Almost a quarter of businesses have not received any applications from workers over 65, rising to 47% amongst those in the hotel, restaurant and leisure sector.

17% do not currently employ any due to the younger age profile of their business, often commenting that a large proportion of their workforce retire at 65. This figure rises to 23% amongst businesses in manufacturing, engineering and construction.

Concerns over their ability to do the job are raised by 8%, commenting on possible health issues and the physically demanding nature of some tasks.

SECTION FIVE: OLDER WORKERS

Reasons for employing fewer than 10% of workers over 65



“The members of staff who are over 65 are existing employees who requested to remain working after retirement age. They have been with the company for many years. I certainly would not hesitate to employ personnel over 65 if they were suitable for the position. However, as yet we have never had anyone applying for a position in our company who has been over 65.”

“None has applied [for vacant positions]. There are age-related issues, e.g. health, physical ability and skills training, but it depends on the individual not the age.”

“...We would take each case on its merits. I do not have a problem employing people over the age of 65.”

“Only reason [for employing fewer than 10% of workers over the age of 65] is performance level and competency level. If these 2 factors are fitting for the role then there should be no reason why that person cannot carry on with the job and the situation be reviewed from time to time as agreed by both parties.”

5.3. REASONS FOR EMPLOYING GREATER THAN 10% OF OVER 65S

Earlier in the questionnaire you stated that you employ {n%} of workers over the age of 65. What are your reasons for employing this proportion?

A sense of loyalty to their older workforce is one of the main reasons why businesses retain those aged 65 and older. 25% of businesses suggest that they have long standing staff, still perfectly capable of doing their job, who wanted to remain in employment after their 65th birthday.

A similar proportion suggest they have over 65s in their business because of their maturity, experience and general business outlook. 22% have specifically mentioned the retention or attainment of specialist skills.

Reasons for employing over 65s

| | |
|-----------------------------------|-----|
| Loyalty | 25% |
| Maturity, experience, outlook | 24% |
| Retain/attain skills | 22% |
| Owners, directors, family members | 20% |
| Other | 9% |
| Base: | 146 |

Overall a fifth of those employing the over 65s claim these are the business owners, directors or family members. This rises to 62% where the over 65s account for over three-quarters of the workforce.

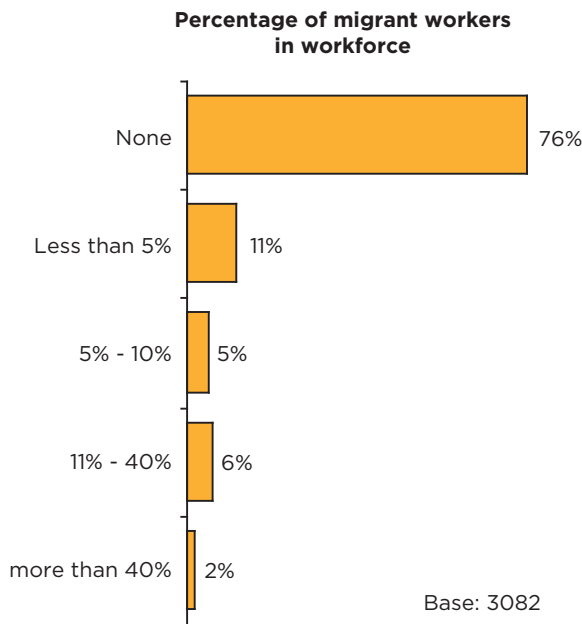
6.1 PROPORTION OF MIGRANT WORKERS IN THE WORKFORCE

What percentage of your workforce are migrant workers?

Just under a quarter of UK businesses currently employ migrant workers. This figure rises depending with the size of business, as the table below shows. For example, 71% of businesses with 250 or more employees employ migrant workers, though they typically make up less than 5% of the workforce.

It is the hotel, restaurant and leisure sector that uses the highest proportion of migrant workers; 48% claim to have these workers within their business. Almost a third of those in the manufacturing, engineering and construction sector have migrant workers in their staff mix.

Interestingly, 33% of businesses employing migrant workers indicate that staff turnover is a problem for their business compared to just 16% of those that do not employ these workers.



Businesses with migrant workers (by business size)

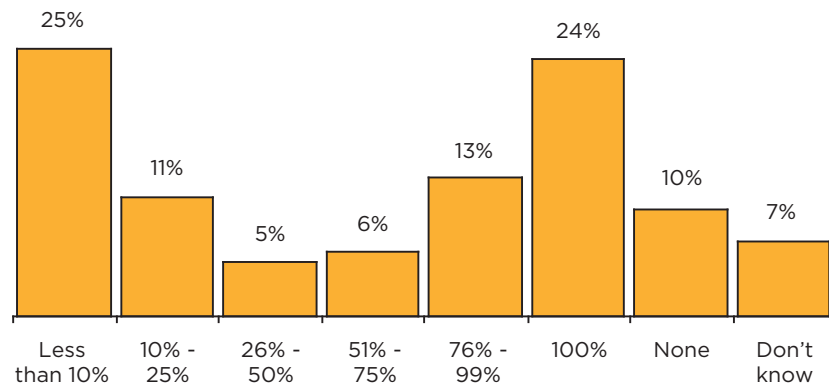
| | 0 to 4 | 5 to 49 | 50-249 | 250+ |
|---------------|--------|---------|--------|------|
| None | 95% | 81% | 44% | 29% |
| Less than 5% | 1% | 7% | 30% | 40% |
| 5% - 10% | 1% | 4% | 12% | 11% |
| 11% - 40% | 2% | 6% | 12% | 16% |
| More than 40% | 3% | 2% | 3% | 3% |
| Base: | 857 | 1552 | 453 | 211 |

What percentage of your current migrant workforce is European?

Amongst the UK businesses that employ migrant workers, over four-fifths have a proportion of

European workers. 24% claim that their entire migrant workforce is European.

Percentage of Europeans in migrant workforce



Base: 740

6.2. REASONS FOR EMPLOYING MIGRANT WORKERS

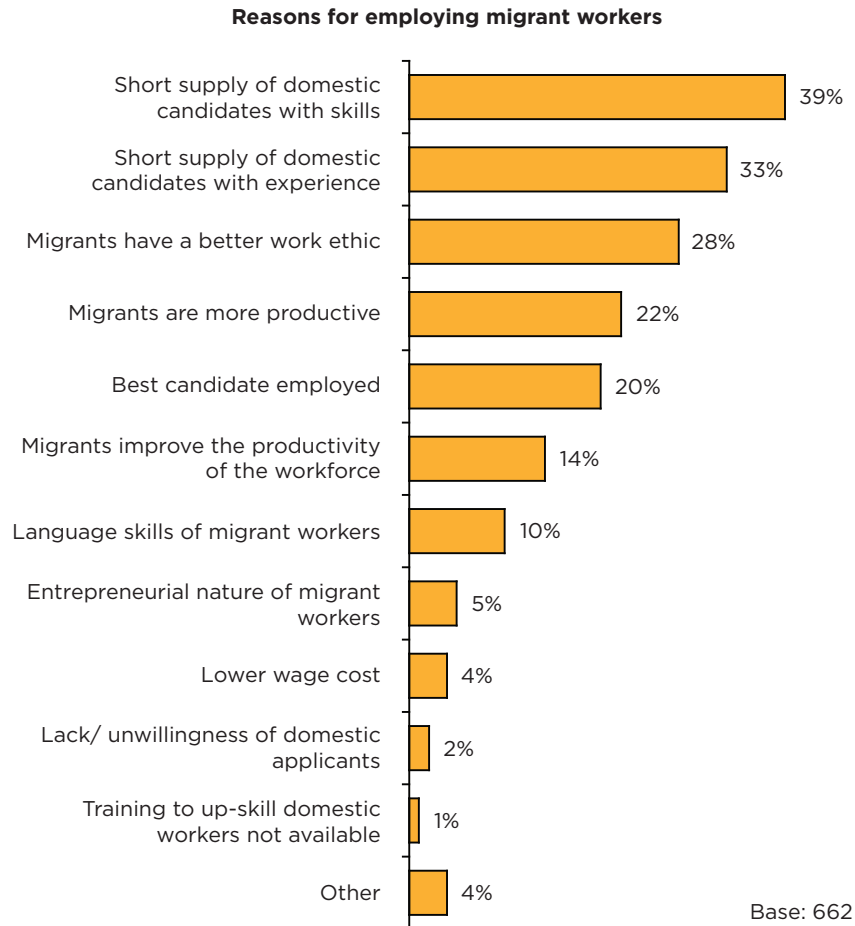
Why do you employ migrant workers?

A lack of domestic candidates with the requisite skills and/or experience has led to businesses recruiting migrant workers. Over a quarter also

cite migrant workers as having a better work ethic than domestic workers and 22% feel they are more productive.

A fifth of businesses suggest they have merely employed the best candidate for the job, regardless of their national status.

SECTION SIX: MIGRANT WORKERS



A greater proportion of those in the hotel, restaurant and leisure sector claim that migrant workers have a better work ethic and are more productive than their UK equivalents; 41% claim this for both these measures.

38% of businesses employing a migrant workforce comprising only European workers

claim these workers have a better work ethic, while 28% argue they are more productive than their UK counterparts. By contrast, just 17% of those employing a migrant workforce comprising only non-European workers indicate they have a better work ethic and 14% say they are more productive.

SECTION SIX: MIGRANT WORKERS

“The person was the best one who applied for the job.”

“More reliable, less sickness, less disruptive with other members of staff.”

“We try to select the best applicant on each occasion without regard to nationality.”

What type of work do your migrant workers undertake?

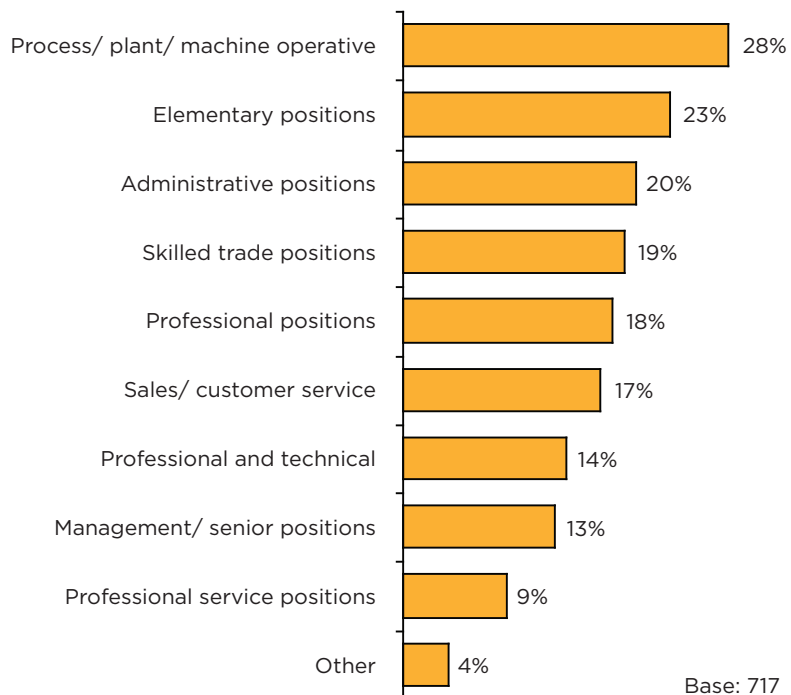
Migrant workers undertake a wide range of tasks in UK businesses, with some holding elementary positions and others securing professional and managerial roles and responsibilities.

Overall, 28% of businesses engage migrant workers as process, plant or machine operatives though, unsurprisingly, this figure rises to 52% amongst those in manufacturing, engineering and construction. A further 23% employ migrant workers in elementary positions, rising to 57% amongst those in the hotel, restaurant and leisure sector.

A greater proportion of businesses employing migrant workers in administrative and secretarial positions are located in the South and London (29%) and the East of England (33%).

Comparing those businesses that employ a migrant workforce comprising only European workers with those that have only non-European workers, it is evident that proportionally more of the former use these workers to fill manual positions and more of the latter fill professional white collar positions.

Work undertaken by migrant workers



Businesses with migrant workers

| | Those with 100% European | Those with 100% non-European |
|---|--------------------------|------------------------------|
| Process/plant/machine operative positions | 35% | 6% |
| Elementary positions | 18% | 8% |
| Skilled trade positions | 20% | 6% |
| Professional positions | 8% | 25% |
| Base: | 176 | 63 |

6.3. JOB APPLICATIONS

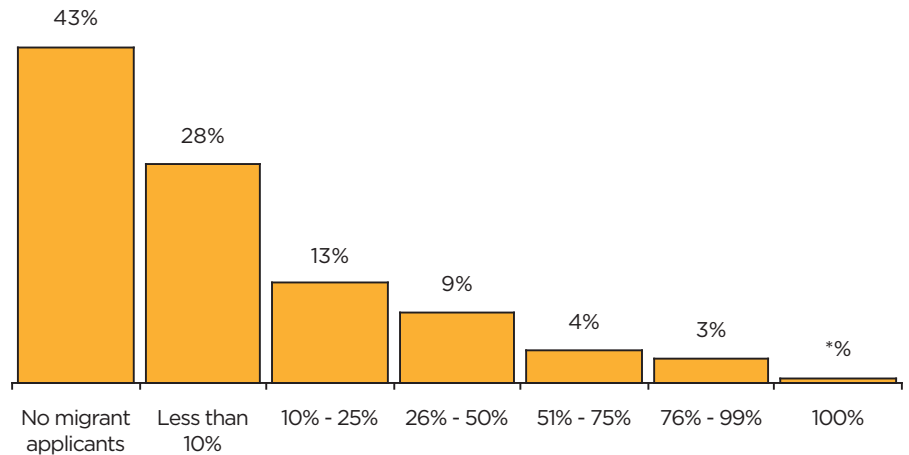
Thinking about the jobs your business has advertised over the last six months, what percentage of applicants were migrant workers?

Half of all businesses have not advertised any jobs in the last six months. This figure falls to 38% for those in the public, education and voluntary sector and 33% in the hotel, restaurant and leisure sector.

For those businesses that have advertised, 43% claim that they have had no migrant applicants in the last six months. This figure rises to 52% for those in the public, education and voluntary sector and 71% in the marketing and media sector.

28% of businesses have received less than one in ten applications from migrant workers whilst 29% have had 10% or more.

Percentage of migrant applicants in last six months



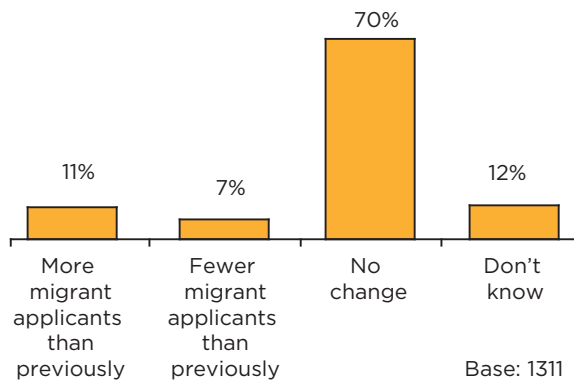
* Less than 0.5%

Base: 1328

How does this differ from the previous six months?

The vast majority of businesses have seen no change in the proportion of migrant workers applying for jobs compared to the previous six month period.

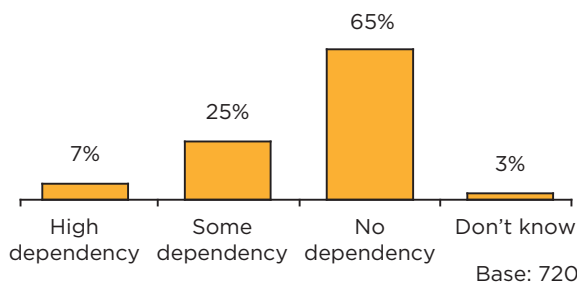
Difference in number of migrant applicants



To what extent is your business dependant on migrant labour?

Almost a third of businesses using migrant workers are dependent on them, rising to just over half in the hotel, restaurant and leisure sector; 18% claim they are highly dependent on them.

Dependency on migrant labour

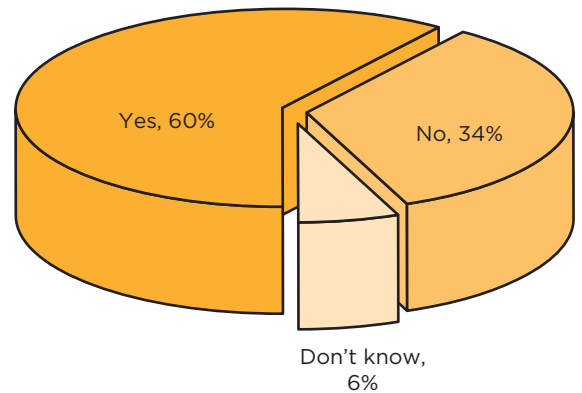


6.4. POINTS-BASED ASSESSMENT

Are you aware of the Government's new points-based system, requiring migrants from outside the European Economic Area and Switzerland to pass an assessment before they are given permission to enter or remain in the United Kingdom?

60% of businesses are aware of the Government's points-based assessment system for non-European migrants, rising to 72% amongst those who employ migrant workers and 78% of those who are dependent upon them.

Awareness of Government's new points-based system



7.1. BACKGROUND

The British Chambers of Commerce (BCC) believes that the principal aim of employment policy should be to maximise the productive capacity of the workforce as a whole and provide decent minimum standards for employment.

Maximising the productive capacity means a combination of ensuring a high level of participation (to make the most of as much of the UK's talent as possible) and ensuring those working are productive (equipping them with the right skills). To facilitate a high level of participation the workforce needs to be flexible, allowing people to move between occupations and facilitate the creation of jobs.

With the economy in recession, employment policy becomes even more crucial. In December 2008, the claimant count was 1.16m, the highest since December 2000⁶ and the unemployment rate was 6.1%. Furthermore, the number of people being made redundant is the highest since records began in 1995⁷. The BCC's economic forecast predicts that unemployment will peak at 3.2m compared to a peak of 3m in the recession of the early nineties. This represents 10% of the workforce, and it is vital that government policy does not let these people down at this critical time for the economy.

7.2 RESEARCH OBJECTIVES

Research by Design Ltd was commissioned to undertake this national survey with business members of the Accredited Chamber Network to:

1. Determine the composition of the UK workforce
2. Understand businesses' attitudes to recruitment and the sources used to recruit staff
3. Understand attitudes to requests for more flexible working arrangements
4. Ascertain levels of employment of older workers and opinion on retirement age
5. Determine the proportion of migrant workers employed, the types of work undertaken and the reasons for employment

7.3. RESEARCH METHODOLOGY

The selected research methodology was an online web based survey. This was facilitated by the supply of Chamber member email addresses where they were held.

Each member was emailed an invitation from David Frost, Director General of the BCC, asking for their participation. Within the email background information to the survey, a unique web link and assurances of anonymity and confidentiality were provided. An additional web link was included for those who preferred not to participate, allowing them to opt out of reminder emails.

Where a response was not received from a business a reminder email invitation was sent. In all, an initial invitation and two reminder emails were scheduled.

7.4. SAMPLE AND RESPONSE RATE

In all, 43 Accredited Chambers chose to participate in the study. 34 Chambers provided data allowing Research by Design Ltd to automate the initial invitation to participate and subsequent reminder emails with the remaining 9 supporting the online survey only. Fieldwork was undertaken between 10th February and 23rd February 2009.

In total 3,352 business members responded to the 2009 Workforce Survey. 2,904 replied to an invitation to participate in the survey administered by Research by Design Ltd, and 448 completed a survey administered in-house by selected Chambers.

Appendix 1 provides profile details of respondents to the survey.

7.5. ANALYSIS AND REPORTING

This report provides the findings given by the total sample (all member businesses). It also provides the findings of sub-groups of the total sample, defined by number of employees and business sector, where they are statistically significant compared to the national picture.

⁶ <http://www.statistics.gov.uk/cci/nugget.asp?ID=12>

⁷ Ibid

By the very nature that surveys typically represent the views of a sample of the population, sampling error must be considered when evaluating the findings. This is measured by the confidence level and interval of the data. Most commonly, market research studies require a 95% confidence level, indicating that we can be 95% confident that we have not arrived at the estimate by chance.

The confidence interval shows the variation that may exist in the findings drawn from a sample. For example, the survey shows that 70% of businesses have seen no change in the proportion of migrant workers applying for jobs compared to the previous six month period (question base of 1311 businesses). However, due to intrinsic characteristics of sampling, this will be surrounded by a confidence interval, in this case $\pm 2.5\%$. This indicates that the real figure, (the 'true' figure if the whole population were surveyed) lies somewhere between 67.5% and 72.5%.

The following table gives the confidence intervals for those findings that centre around 10% or 90%, 30% or 70% and 50% given varying sample sizes. (These assume a 95% confidence level using random sampling).

Confidence intervals for given results, based on a 95% confidence level

| Size of sample | 10% or 90% \pm | 30% or 70% \pm | 50% \pm |
|----------------|------------------|------------------|-----------|
| 3500 | 1.0 | 1.5 | 1.7 |
| 3000 | 1.1 | 1.6 | 1.8 |
| 2500 | 1.2 | 1.8 | 2.0 |
| 2000 | 1.3 | 2.0 | 2.2 |
| 1500 | 1.5 | 2.3 | 2.5 |
| 1000 | 1.9 | 2.8 | 3.1 |
| 500 | 2.6 | 4.0 | 4.4 |

When comparing the results from different groups within a sample, for example those with less than 50 employees and those with 50 or more, the difference in results are tested for statistical significance. This way we know whether the differences are 'real' or whether they could have occurred by chance. The test reflects the size of the samples, the percentage giving a certain answer and the degree of confidence chosen. Assuming a 95% confidence level, the differences between the results of two separate groups must be greater than the values given in the table below to be statistically significant.

Analyses of the findings in this report are based on all respondents less those who chose not to answer specific questions. The base (sample) size for each question is given in each chart. Where figures are not shown in the charts, these are 3% or less. Where figures do not sum to 100%, this is due to rounding. *% indicates less than 0.5%.

The tinted text boxes within this survey are quotations taken from respondents.

Percentage difference required before the results may be considered statistically significant

| Size of sample | 10% or 90% \pm | 30% or 70% \pm | 50% \pm |
|------------------|------------------|------------------|-----------|
| 1000 versus 1500 | 2.4 | 3.8 | 4.0 |
| 1000 versus 1000 | 2.7 | 4.1 | 4.4 |
| 1000 versus 500 | 3.3 | 5.0 | 5.4 |
| 500 versus 500 | 3.8 | 5.7 | 6.3 |

SAMPLE PROFILE

In total 3,352 business members responded to the 2009 Workforce Survey. 2,904 replied to an invitation to participate in the survey administered by Research by Design Ltd, and 448 completed a survey administered in-house by selected Chambers.

80% of those taking part in the survey indicate they have fewer than 50 UK employees. 13% have between 50 and 249 and the remaining 7% have 250 or more employees.

| No. of employees | 2009 |
|---------------------------------|-------|
| Sole trader | 7% |
| 1 - 4 | 26% |
| 5 - 9 | 17% |
| 10 - 49 | 30% |
| 50 - 99 | 7% |
| 100 - 249 | 6% |
| 250 - 499 | 3% |
| 500+ | 4% |
| Total stating no. of employees: | 3,352 |

The largest sector represented in this survey is the business and professional services sector, with 31% of these businesses participating. This is followed by manufacturing, engineering, construction and electrical at 26%.

| Primary business sector | 2009 |
|--|-------|
| Business & professional services | 31% |
| Manufacturing, engineering, construction & electrical | 26% |
| Transport, export, storage retail & wholesale | 11% |
| Public, education, voluntary services, healthcare, charities | 10% |
| Marketing & media | 5% |
| Leisure, hotels & restaurants | 5% |
| Other services & not stated | 12% |
| Total stating business sector: | 3,362 |

CHAMBERS PARTICIPATING IN THE SURVEY

Businesses that participated in the survey are members of the following 43 Chambers.

| | |
|--|--|
| Aberdeen and Grampian Chamber of Commerce | Leicestershire Chamber of Commerce |
| Ayrshire Chamber of Commerce & Industry | Lincolnshire Chamber of Commerce & Industry |
| Barnsley and Rotherham Chamber of Commerce & Industry | London Chamber of Commerce |
| Bedfordshire & Luton Chamber of Commerce | Mid Yorkshire Chamber of Commerce & Industry |
| Birmingham Chamber of Commerce & Industry | Milton Keynes & North Bucks Chamber of Commerce |
| Cambridgeshire Chamber of Commerce | Norfolk Chamber of Commerce & Industry |
| Chambers of Commerce North West | North and Western Lancashire Chamber of Commerce |
| Coventry & Warwickshire Chamber of Commerce | North Staffordshire Chamber of Commerce & Industry |
| Cumbria Chamber of Commerce & Industry | Northampton Chamber of Commerce |
| Derbyshire and Nottinghamshire Chamber of Commerce | Northern Ireland Chamber of Commerce & Industry |
| Doncaster Chamber of Commerce | Portsmouth & South East Hampshire Chamber of Commerce & Industry |
| Dorset Chamber of Commerce & Industry | Renfrewshire Chamber of Commerce |
| East Lancashire Chamber of Commerce | Sheffield Chamber of Commerce & Industry |
| Edinburgh Chamber of Commerce | Shropshire Chamber of Commerce & Enterprise |
| Essex Chamber of Commerce | Southern Staffordshire Chamber of Commerce & Industry |
| Fife Chamber of Commerce | St Helens Chamber |
| Glasgow Chamber of Commerce | Suffolk Chamber of Commerce |
| Greater Manchester Chamber of Commerce | Surrey Chambers of Commerce |
| Hereford & Worcestershire Chamber of Commerce | Sussex Enterprise |
| Hertfordshire Chamber of Commerce & Industry | Thames Valley Chamber of Commerce & Industry |
| Hull and Humber Chamber of Commerce, Industry & Shipping | |
| Kent Invicta Chamber of Commerce | |
| Leeds, York and North Yorkshire Chamber of Commerce & Industry | |



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