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Recruitment

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WEB VERSION: INTRODUCTION

The Lloyds Bank/TSB-sponsored series of small business management reports commenced in 1992, and concluded in 2009. In total, 53 reports were published over a period of 17 years.

Our target audience comprised the owner-managers of independent small businesses, typically employing fewer than 50, and based in mainland UK.

The series originated from a longitudinal study of small business management, undertaken by the Polytechnic of Central London (now University of Westminster), and culminating in: *The Management of Success in 'Growth Corridor' Small Firms*, (Stanworth, Purdy & Kirby, Small Business Research Trust, 1992).

THEMES

The themes were wide-ranging – including such as entrepreneurship, work & stress, employment strategies, and the environment – a full list is shown overleaf.

INSIGHT

In addition to asking questions and supplying the respondents with a range of answer options, the corresponding questionnaire was included as an appendix to each report so that readers would know exactly what questions had been put to respondents.

We also sought qualitative information – in the form of verbatim comments about the key theme – to help elaborate on whatever related challenges respondents felt they were facing at the time.

Finally, the findings are primarily intended to be indicative rather than definitive – partly due to the sample size, which is, on average, 111 for the 2003-09 reports.

PUBLISHING FORMAT

The reports were published in hard copy form, obtainable via subscription. Initially

by the Small Business Research Trust, and from 2003, by the Small Enterprise Research Team (SERTeam), both research charities based at the Open University.

Regrettably, SERTeam ceased operating in 2009, and so in 2010 the authors felt that the more recent reports would find wider interest if they were made freely available in Acrobat format via the Internet – especially with the UK economy set for a protracted journey out of recession, and with the government in turn refocusing on smaller businesses to aid the recovery.

It is worth mentioning that the series commenced as the UK economy emerged from the early 1990s recession.

In 2015, the earlier reports were also converted (1993 to 2003), with the full series made available at Kingston University: <http://business.kingston.ac.uk/sbrc>

SUPPORTING INFORMATION (WWW)

In later years – as the world-wide-web developed and an increasing number of sources of information became more readily available – suggestions for online sources of related material were included.

N.B. For reports 2003 onwards - where successfully validated, the web links (URLs) were enabled in 2009. And in the case of many invalid web links, an alternative was offered, but not where the organisation appeared defunct and an obvious replacement was not traced.

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Quarterly Small Business Management Report
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- 1 Surviving The RecessionFebruary 1993
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- 4 Financial ManagementDecember 1993

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1996 (Vol.4)

- 1 Training March 1996
- 2 A Day In The LifeJune 1996
- 3 Financial Management September 1996
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1997/8 (Vol.5)

- 1 'Europe' & Small Businesses ... March 1997
- 2 Employee Recruitment.....July 1997
- 3 Information Technology..... October 1997
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- 1 Marketing & Sales.....July 2001
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- 3 Health Issues January 2002
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- 1 Networking in BusinessAugust 2002
- 2 The EuroDecember 2002

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- 3 Crime Against Small Firms June 2003

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2003-04 (Vol.1)

- 1 Small Firms And PoliticsOctober 2003
- 2 Pensions February 2004
- 3 Work-Life Balance..... July 2004

2004-05 (Vol.2)

- 1 Education & EnterpriseOctober 2004
- 2 Made in Britain February 2005
- 3 Management & Gender Differences..... July 2005

2006 (Vol.3)

- 1 Local or Global ?.....January 2006
- 2 Managing IT May 2006
- 3 Networking in Business September 2006

2006-07 (Vol.4)

- 1 Owner-Manager Flexible Working..... December 2006
- 2 The Ageing Workforce..... April 2007
- 3 Travel & Transportation..... August 2007

2008-09 (Vol.5)

- 1 The London 2012 Olympic And Paralympic Games..... April 2008
- 2 Competition: Small Firms Under Pressure.....January 2009

WEB VERSION PUBLISHING

<http://business.kingston.ac.uk/sbrc>

Certain content needed to be re-set, e.g., the figures in the earlier editions, but the report body content is intended to be identical to that in the printed original. This web version - an Acrobat document - is derived from the original DTP text and will permit searching.

LIABILITY DISCLAIMER

The information and analysis in each report is offered in good faith. However, neither the publishers, the project sponsors, nor the authors, accept any liability for losses or damages which could arise for those who choose to act upon the information or analysis contained herein. Readers tracing web references are advised to ensure they are adequately protected against virus threats.

HIGHLIGHTS

This is the eighteenth of a series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail/distribution and business services. The focus of this survey was on **Employee Recruitment**. The principal findings were as follows:

- **Informal search methods** - most small firm respondents in our survey favoured pragmatism, as opposed to political correctness, in their employee recruitment practices. 'Word-of-mouth' was the strategy most frequently favoured.
- **Use of local press** - not until firms employed 10 staff or more did use of 'local press' begin to edge ahead of 'word-of-mouth' as a preferred recruitment strategy.
- **Use of 'Word-of-mouth'** - in recruitment processes, use of 'word-of-mouth' appeared strongest in the South of England, compared with the North and Midlands.
- **Main determinant of wage levels for new employees** - when asked to identify the single most important factor in determining the wages of a new recruit, the most preferred factor was 'What other comparable people on the firm get paid', followed by 'What the firm can afford'. However, this ordering was sharply reversed in the case of our Retail/Distribution' sector firms, nearly half of which had less than 5 employees.
- **Skills shortages** - one-third of small firms in our sample were experiencing problems in attracting skilled labour. This figure grew from around 10 per cent for firms in the 0-4 employee range to nearly 60 per cent for firms employing 20-49 personnel.
- **Demand for skilled labour in 'larger' small firms** (5 employees and above) - for the larger firms who are recruiting staff, 75 per cent of these reported problems in finding skilled people.
- **Missed business opportunities** - one-in-four respondents claimed to be missing out on business opportunities due to skilled-staff shortages.
- **Main reasons for skills shortages** - firms experiencing skills shortages blamed 'schools' and 'other employers' most commonly, with firms in the Business Services sector also often blaming colleges.
- **Other reasons** - amongst other reasons offered by our respondents, the death of traditional apprenticeship schemes featured quite often, as did the down-turn in large company training, brought on by the fashion in sub-contracting as a substitute for in-house production.
- **The need to train new employees** - 60 per cent of respondents said they always had to give new employees at least some additional training. This figure was lowest in Manufacturing, perhaps due to the sector's past history of training through apprenticeships.
- **Workforce stability** - most respondents reported surprisingly high levels of staff stability, with over three-quarters claiming that new recruits were likely to stay with them for 3-5 years or longer.

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The Trust acknowledges the help provided by Graham Bannock & Partners Ltd, David Purdy, The Open University and The University of Westminster in designing the survey, processing data and analysing the results.

The Small Business Research Trust is particularly pleased to acknowledge the generous support provided by Lloyds Bank plc in sponsoring the research, analysis and presentation of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of Lloyds Bank plc.

MANAGEMENT ISSUES

The emphasis of our Quarterly Management Reports is on monitoring the key management problems and practices of smaller business, with an emphasis on survival and success. Accordingly, each issue of the Lloyds Bank/Small Business Research Trust Management Report addresses one or more highly topical small business management issues. In this survey we focus on **Recruitment**.

Past surveys have covered:

1993 (Vol.1)

- No.1 *Surviving The Recession***
- 2 *Using Your Time***
- 3 *Management Style***
- 4 *Financial Management***

1994 (Vol.2)

- 1 *Purchasing***
- 2 *Quality Standards & BS 5750***
- 3 *Management Succession***
- 4 *Customers & Competitors***

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- 4 *Pricing Policies***

1996 (Vol.4)

- 1 *Training***
- 2 *A Day in the Life***
- 3 *Financial Management***
- 4 *Tax Compliance***

1997 (Vol.5)

- 1 *'Europe' & Small Businesses***

It is planned to cover the following management issues in future:

- I.T.
- 'All Report' Review

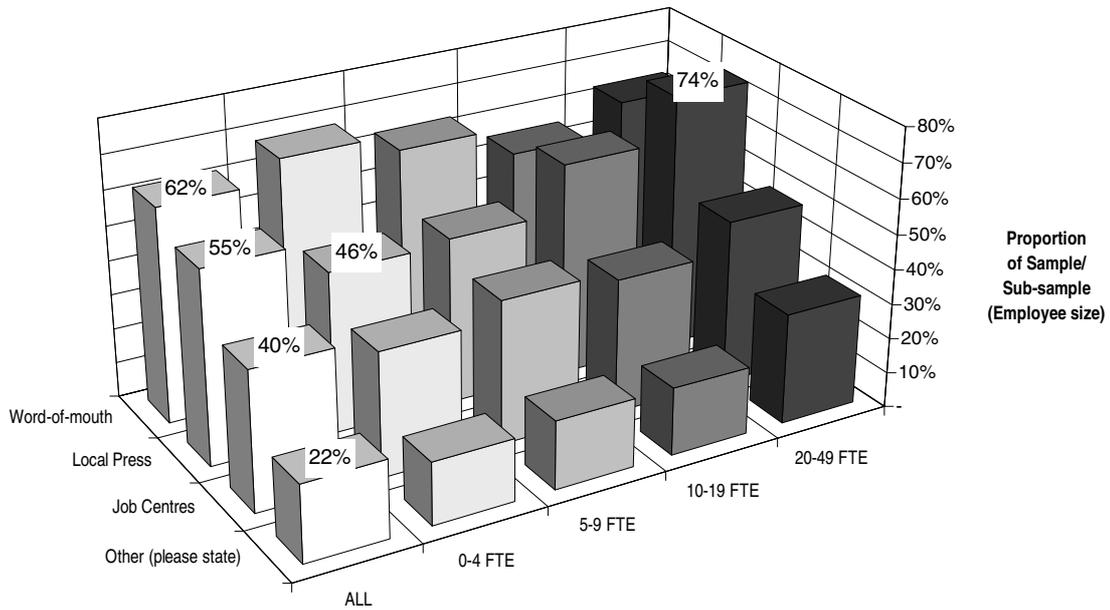
THE SAMPLE

This report is based on responses received from a panel of some 350 small businesses situated in the Northern, Midland and Southern regions of Britain. Respondents are predominantly small firms with fewer than 50 employees, drawn mainly from the manufacturing, business services, and retail/distribution sectors of the economy. Over half of the participating firms employ fewer than 10 people and over one-third of the firms are less than 5 years old.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as an appendix. This survey was carried out during April 1997 (for reference, virtually all of responses appear to have been completed prior to the General Election held on the 1st May 1997).

Fig 1 - COMMONEST METHODS OF SEARCHING FOR NEW EMPLOYEES: BY EMPLOYEE SIZE



EMPLOYEE RECRUITMENT AND THE SMALL BUSINESS

"The cost of taking on the wrong person for any job is very expensive in opportunity cost, on-the-job training and disruption. More time and resource on recruiting is money well spent".

The above statement was made by one of our respondents from this latest piece of research into small business success.

Much attention has been paid to the importance for small businesses of local economic networks. Although some researchers have argued recently that economic globalism and the growth of markets may have witnessed a decline in the importance of local economic networks, research upon which this report is based certainly does not bear this out - as far as the operation of local labour markets is concerned.

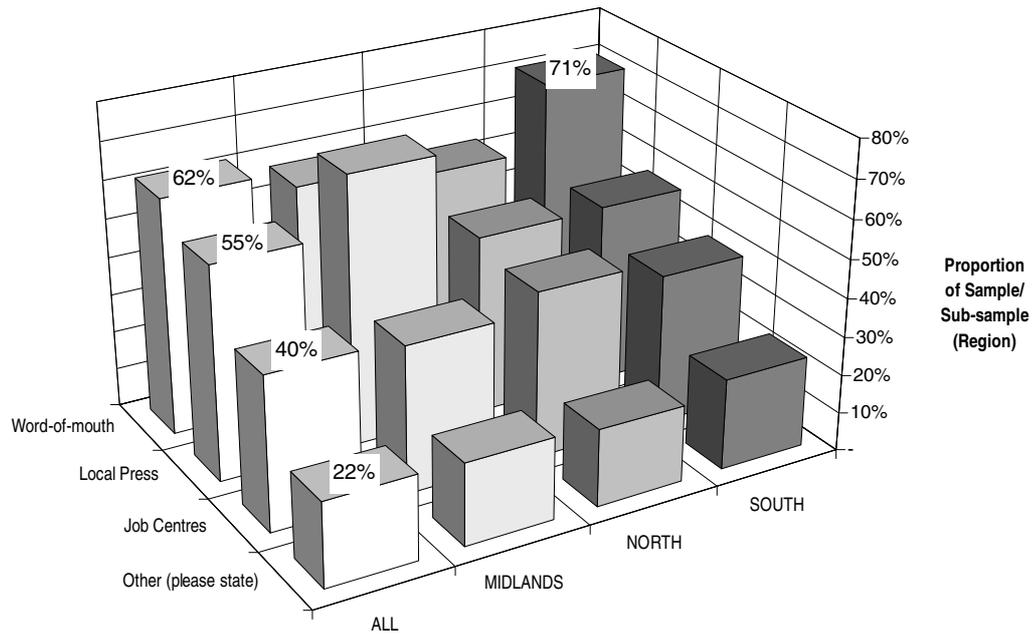
Back in 1995, the report on Small Firms' Customers and Competitors (Vol.2, No.4) showed that small firms in our sample relied on customers from within a 60-mile

radius of their premises for two-thirds of their turnover. Moreover, practically two-fifths of their sales turnover came from within a 15-mile radius.

Similarly, in this latest survey, when we asked what strategies were used in recruiting new staff (Figures 1, 2 and 3), the most commonly mentioned, by 62 per cent overall, was 'Word-of-Mouth'. As firms grew in size, the use of 'Local Press', 'Job Centres', 'Agencies' and 'National Press' increased, though 'Word-of-Mouth' was never below second place and was still mentioned by more than 50 per cent of respondents. For the smallest firms in our sample, employing 0-4 staff, 68 per cent identified 'Word-of-Mouth' as their preferred strategy.

Preference for 'Word-of-Mouth' recruitment was notably stronger in the South (71 per cent) than in the Midlands and the North (57 and 53 per cent respectively). Use of 'Job Centres' was strongest in the Manufacturing sector.

Fig 2 - COMMONEST METHODS OF SEARCHING FOR NEW EMPLOYEES: BY REGION

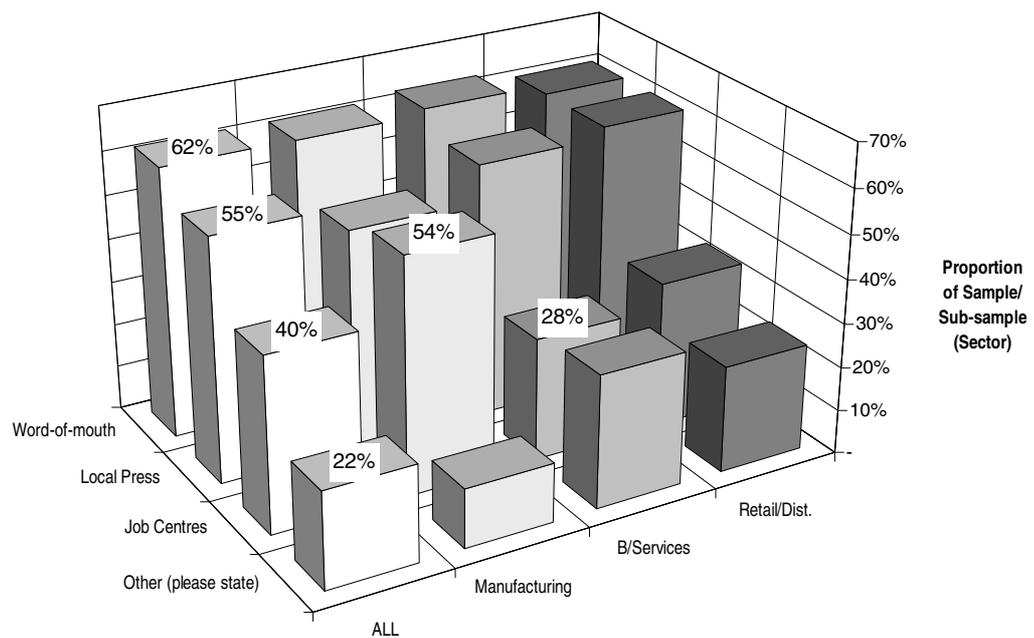


PRAGMATISM OR POLITICAL CORRECTNESS?

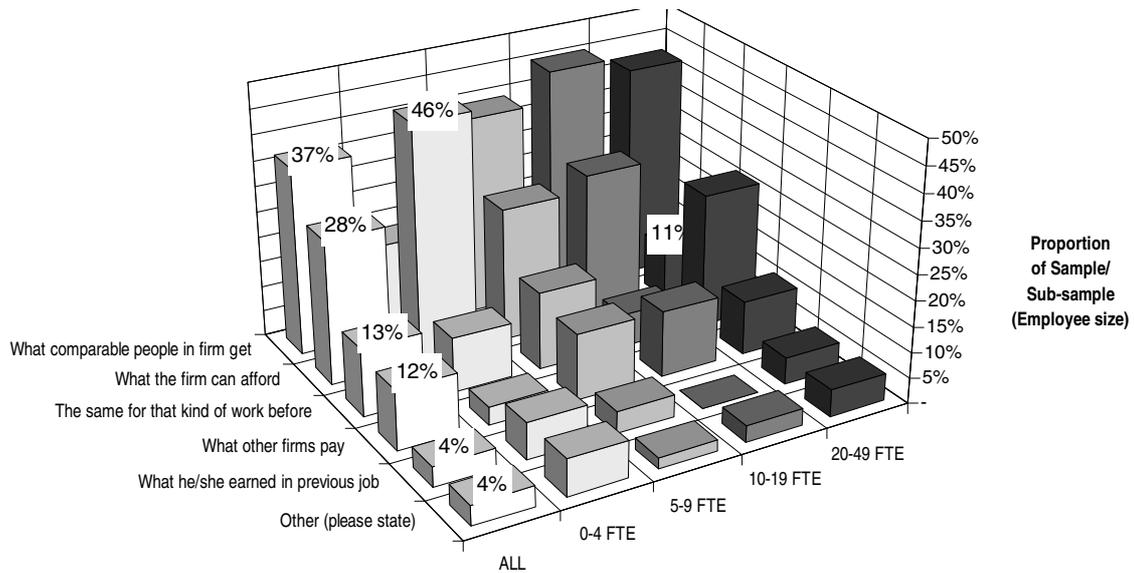
The prevalent use of 'Word-of-Mouth' recruitment amongst our sample firms, whereby small business owners use local informal networks to access the local

labour market, will not surprise many observers in the field of entrepreneurship. However, it may well shock larger company Human Resource Management (HRM) specialists. For them, the notion of building a workforce via recourse to family, friends and acquaintances would

Fig 3 - COMMONEST METHODS OF SEARCHING FOR NEW EMPLOYEES: BY SECTOR



**Fig 4 - MAIN DETERMINANT OF WAGE LEVELS FOR NEW EMPLOYEES:
BY EMPLOYEE SIZE**

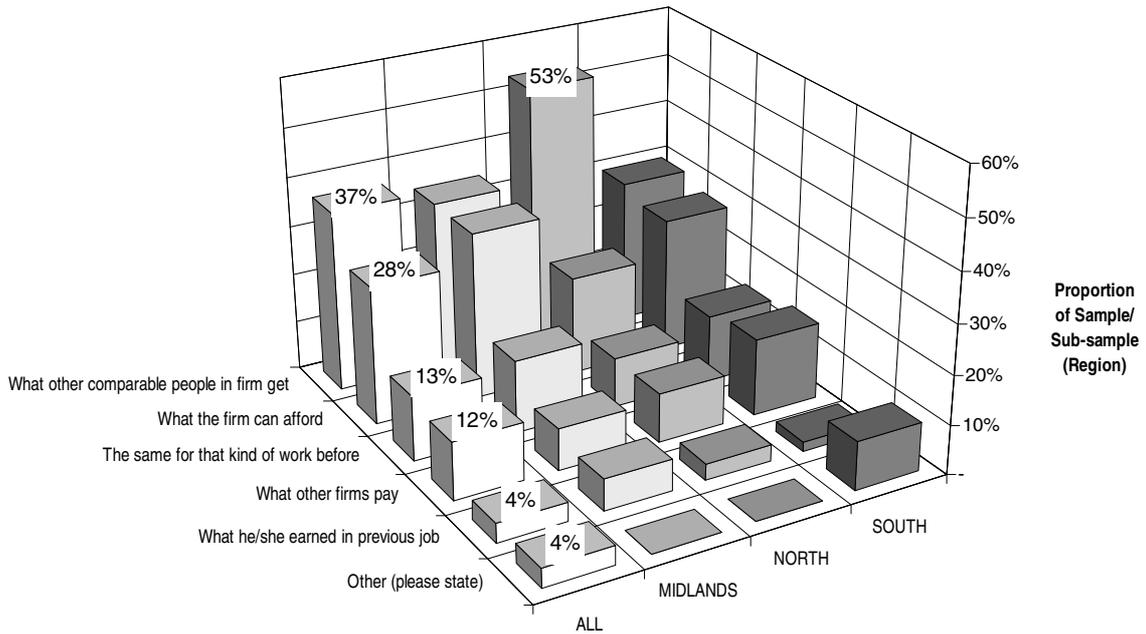


appear unprofessional and "non-pc" (not politically correct).

This does not mean that small-business owners are 'anti-pc'. Indeed, political-correctness considerations do not appear to impinge upon the everyday pragmatic task of business survival. To them, the task of ploughing time and energy into attempting to ensure that their workforces reflect national trends in terms of gender, race, age and sexual preferences, has no place. In short, small businesspeople are putting pragmatism before 'political correctness'.

The use of family labour, in particular, in the small business is often nowhere more visible than in ethnic minority businesses and there appears no reason to suggest that small firms, regardless of the ethnicity, sex or age of the owner, are likely to depart from the networking approach to labour recruitment that serves their needs so well in other areas of resource procurement.

**Fig 5 - MAIN DETERMINANT OF WAGE LEVELS FOR NEW EMPLOYEES:
BY REGION**



WAGE DETERMINATION

Figures 4, 5 and 6 examine factors influencing wage levels for new appointees. Overall, the single factor mentioned most commonly (by 37 per cent) was 'What other comparable people

in the firm get', followed by, 'What the firm can afford'. In the very smallest firms and in the Retail/Distribution sector (often the same firms), the latter factor - 'What the firm can afford' - emerged most strongly.

Northern firms and those in

**Fig 6 - MAIN DETERMINANT OF WAGE LEVELS FOR NEW EMPLOYEES:
BY SECTOR**

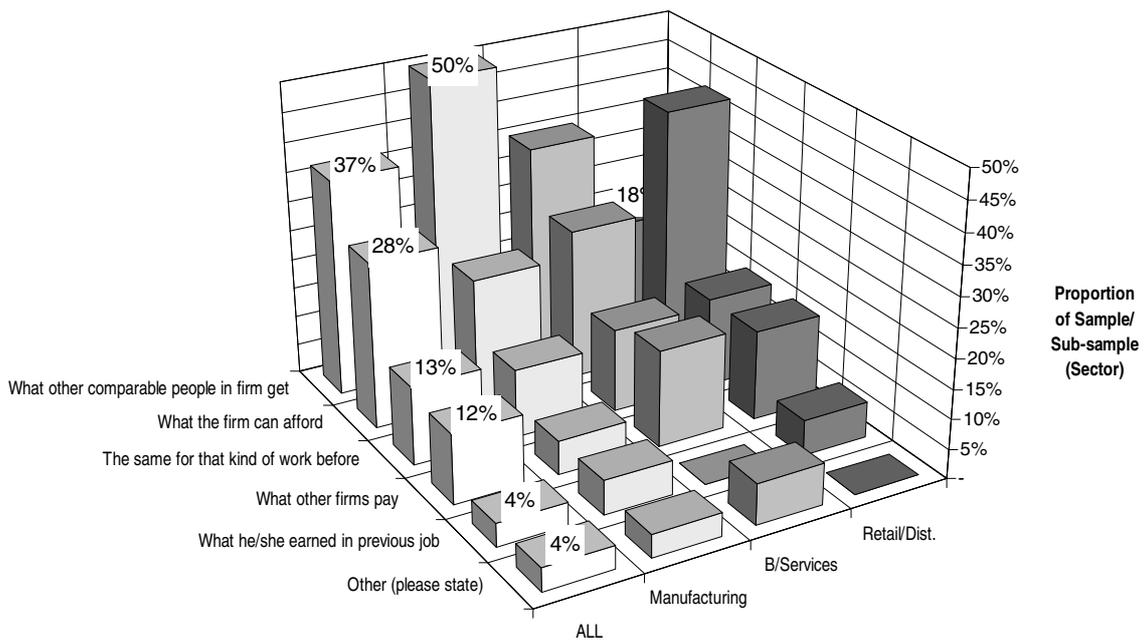
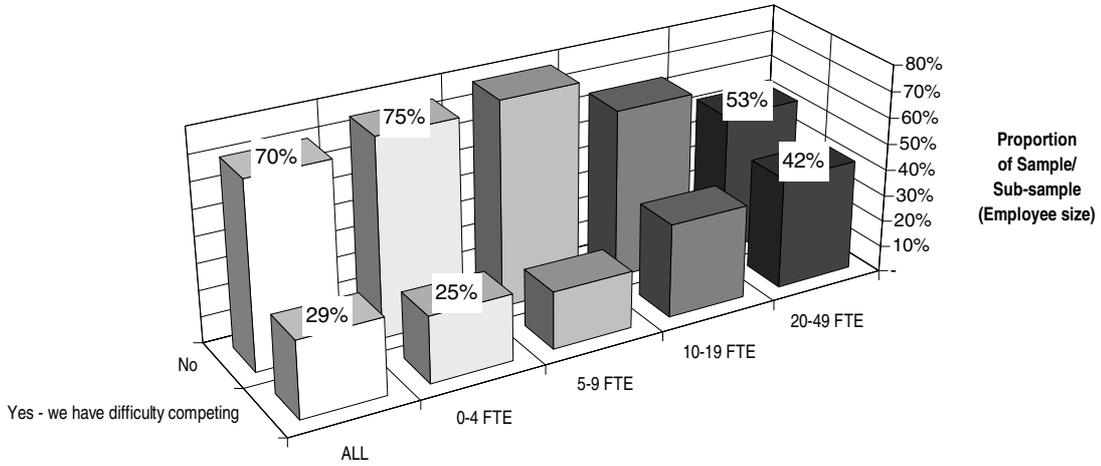


Fig 7 - IS RESPONDENT FIRM AT A MAJOR DISADVANTAGE TO LARGE FIRMS WHEN RECRUITING NEW STAFF ? : BY EMPLOYEE SIZE



manufacturing, perhaps reflecting their histories, were those most likely to attempt to achieve comparability.

COMPETITION FROM LARGE FIRMS FOR STAFF

Figures 7, 8 and 9 show responses to a question asking whether respondents felt at a major disadvantage to large firms in the quest to secure new staff. A majority

Fig 8 - IS RESPONDENT FIRM AT A MAJOR DISADVANTAGE TO LARGE FIRMS WHEN RECRUITING NEW STAFF ? : BY REGION

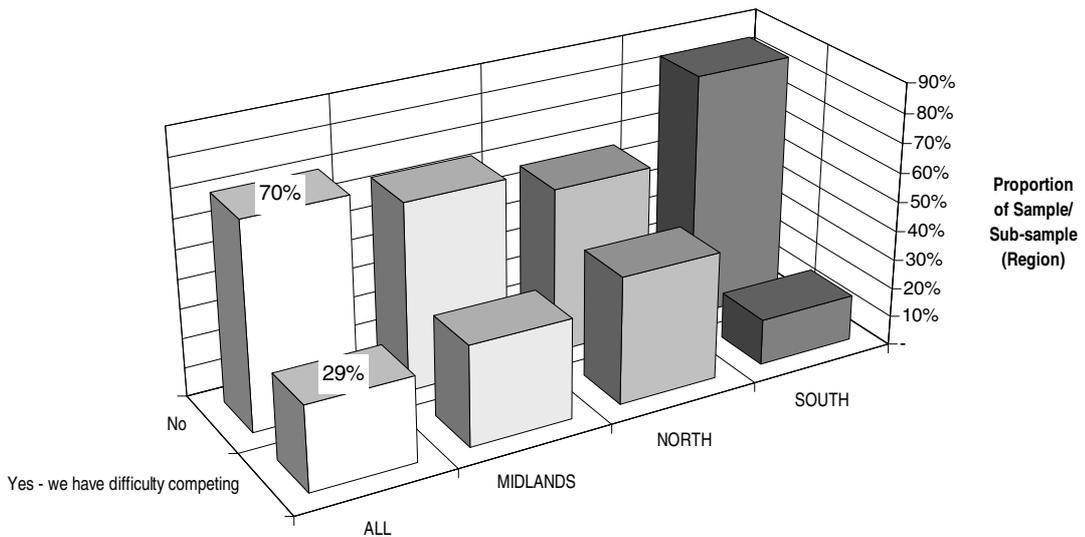
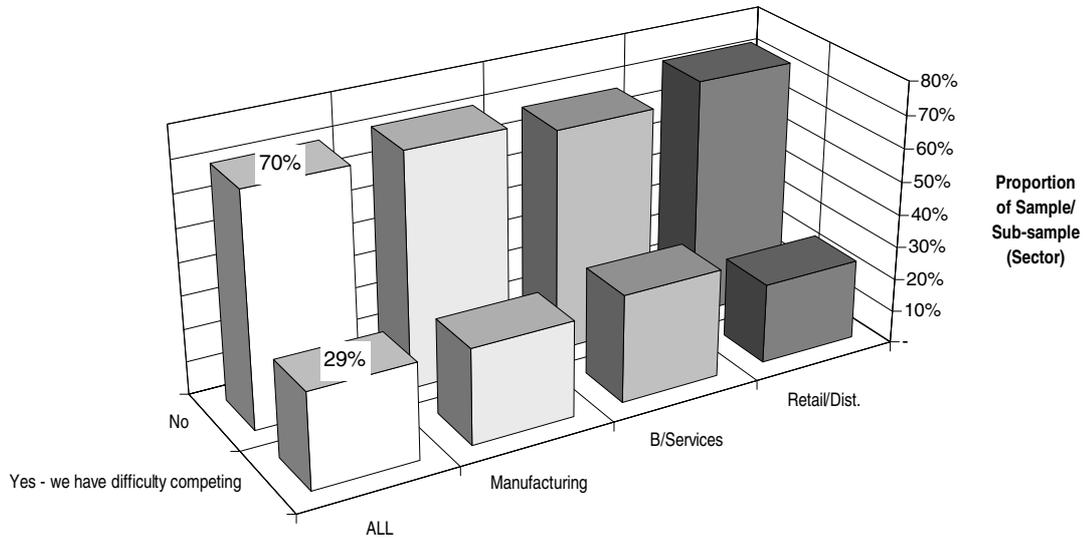
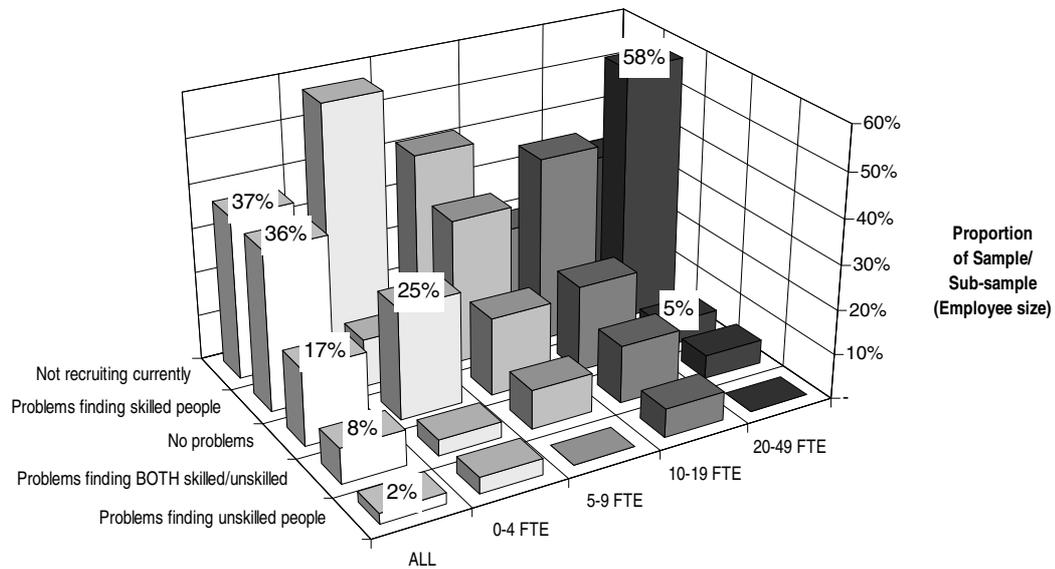


Fig 9 - IS RESPONDENT FIRM AT A MAJOR DISADVANTAGE TO LARGE FIRMS WHEN RECRUITING NEW STAFF?: BY SECTOR



(70 per cent) claimed that they were not disadvantaged here. However, it was noticeable that it was the smaller firms and also those based in the South which felt least disadvantaged. It was precisely these firms which had claimed to have made best use of the medium of 'Word-of-Mouth' methods of attracting staff.

**Fig 10 - EXTENT OF CURRENT RECRUITMENT PROBLEMS:
BY EMPLOYEE SIZE**

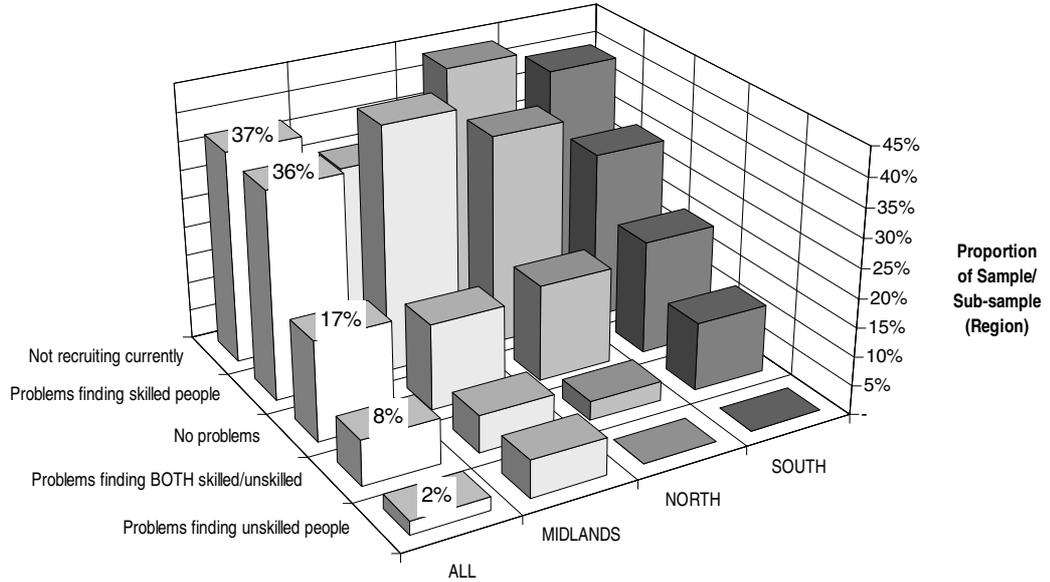


CURRENT DIFFICULTIES IN FINDING STAFF

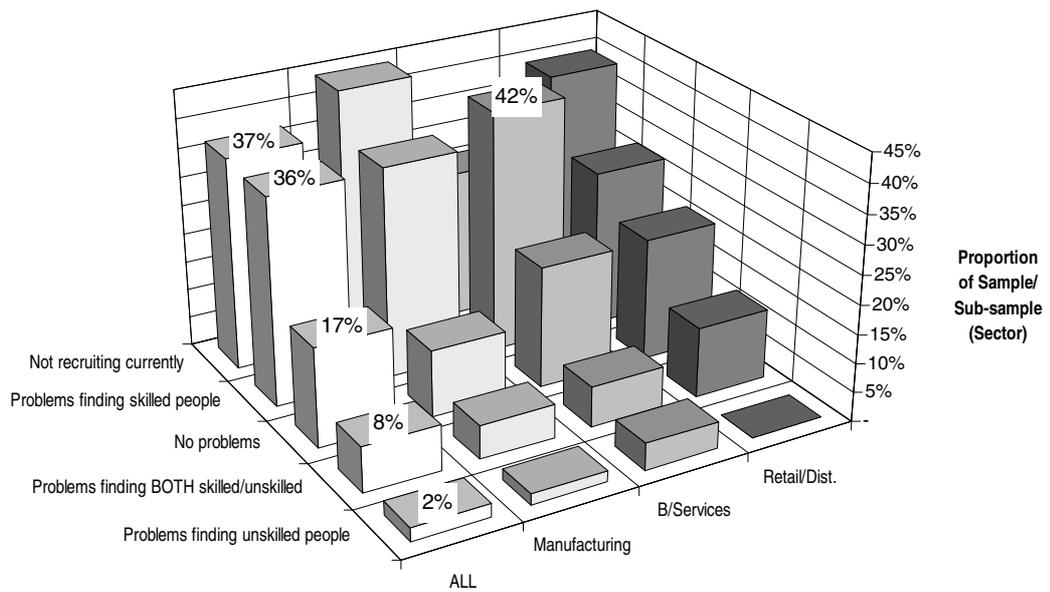
Figures 10, 11 and 12, appear to largely replicate the above findings. That is, the firms least likely to be encountering problems recruiting skilled staff were, in the main, those most likely to be using local networking strategies - the smaller firms and those in the South. Firms in Retail/Distribution also claimed low levels of difficulty in recruiting skilled staff. This may well have been due to the relatively low skills associated with many jobs in the sector.

However, the sample appeared to have considerable difficulty in finding skilled staff for all but the smallest firms. For the larger firms who are recruiting staff (5 employees and above), 75 per cent of these reported problems in finding skilled people.

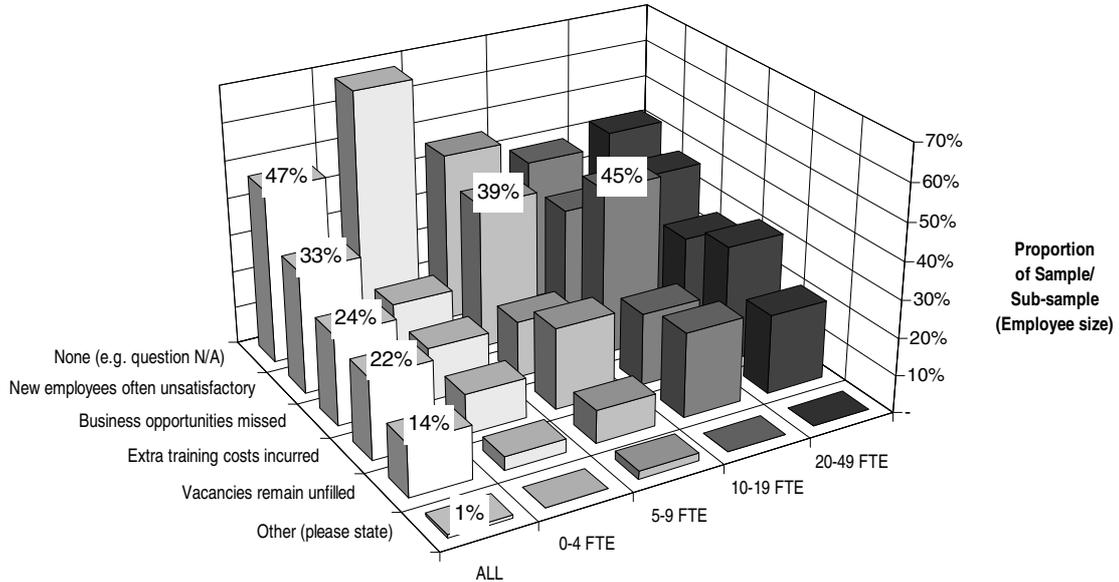
**Fig 11 - EXTENT OF CURRENT RECRUITMENT PROBLEMS:
BY REGION**



**Fig 12 - EXTENT OF CURRENT RECRUITMENT PROBLEMS:
BY SECTOR**



**Fig 13 - MAIN EFFECT OF SKILL SHORTAGES:
BY EMPLOYEE SIZE**

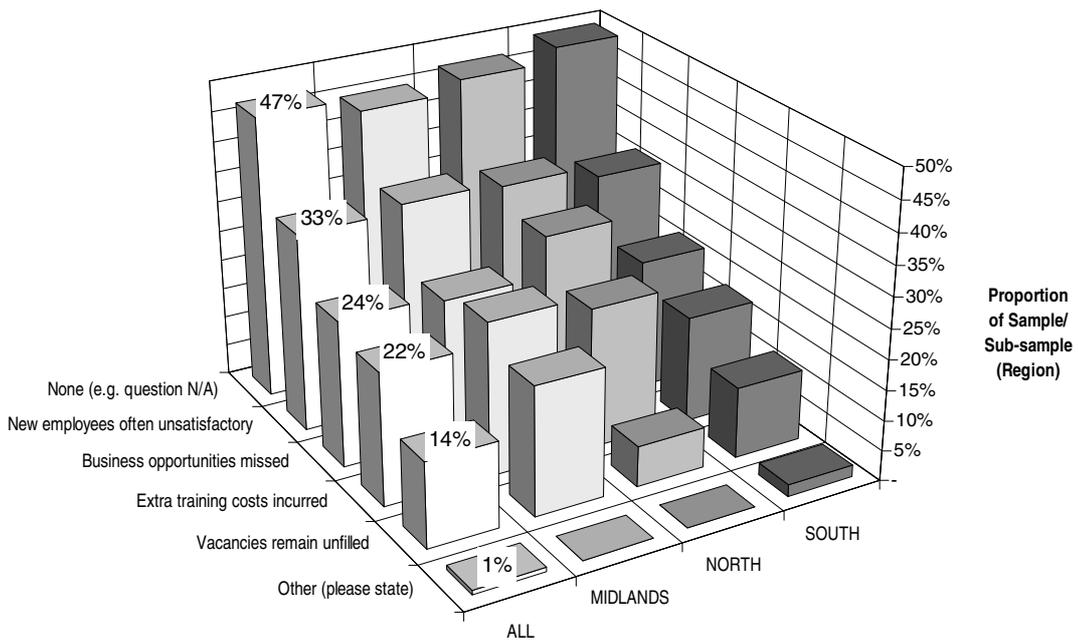


MAIN EFFECTS OF SKILL SHORTAGES

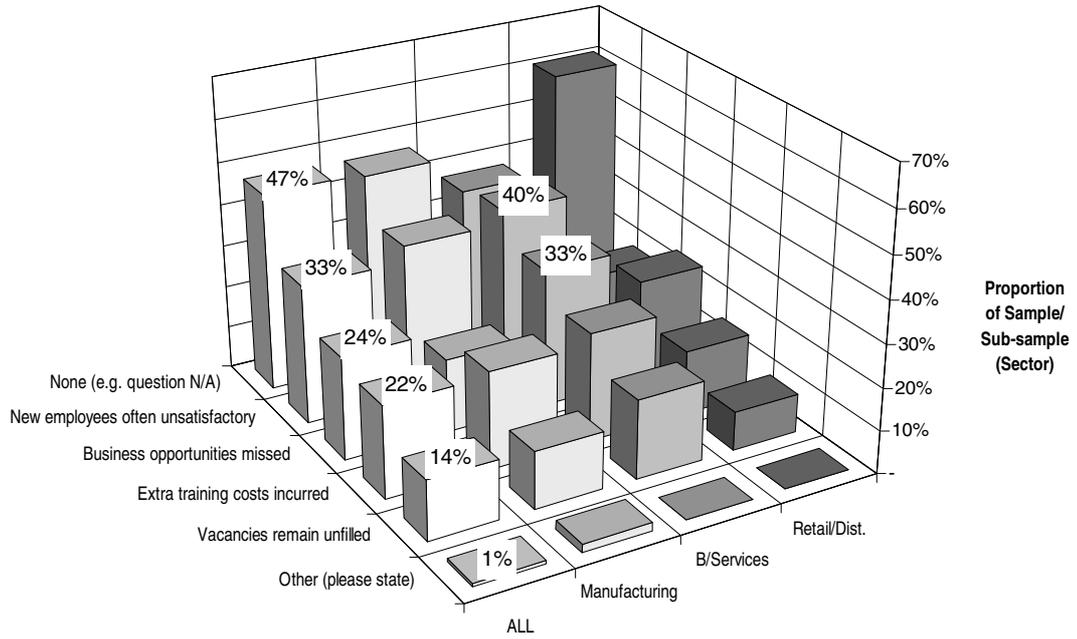
Figures 13, 14 and 15 examine the principal effects resulting from staff recruitment difficulties. The 4 main effects were, in order: 'Having to settle for often

unsatisfactory employees', 'Missing business opportunities', 'Incurring extra training costs' and, finally, 'Vacancies remaining unfilled'. Generally, smaller firms were least vulnerable to these consequences. Firms in the Retail/ Distribution sector were the least likely to

**Fig 14 - MAIN EFFECT OF SKILL SHORTAGES:
BY REGION**

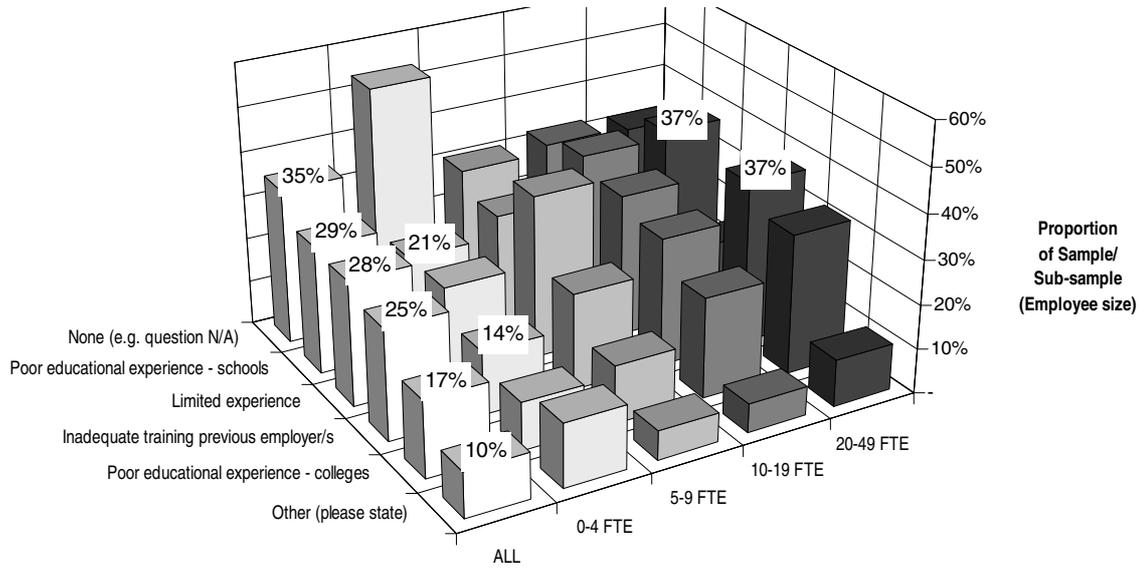


**Fig 15 - MAIN EFFECT OF SKILL SHORTAGES:
BY SECTOR**



find new employees unsatisfactory and Business Services sector firms were most likely to be losing business opportunities through vacancies remaining unfulfilled.

Fig 16 - REASONS FOR SKILLS SHORTAGES WHERE NEW RECRUITS SEEM WEAK: BY EMPLOYEE SIZE



MAIN REASONS FOR SKILL SHORTAGES

'Schools', 'colleges' and 'other employers' were blamed most often for the lack of existing skills. 'Limited experience' was also mentioned quite often but is seen, for

the purposes of this analysis, as largely a reflection of the other three reasons (Figures 16, 17 and 18).

Looking first at colleges, problems were most manifest in the Business Services sector and the North. This might be

Fig 17 - REASONS FOR SKILLS SHORTAGES WHERE NEW RECRUITS SEEM WEAK: BY REGION

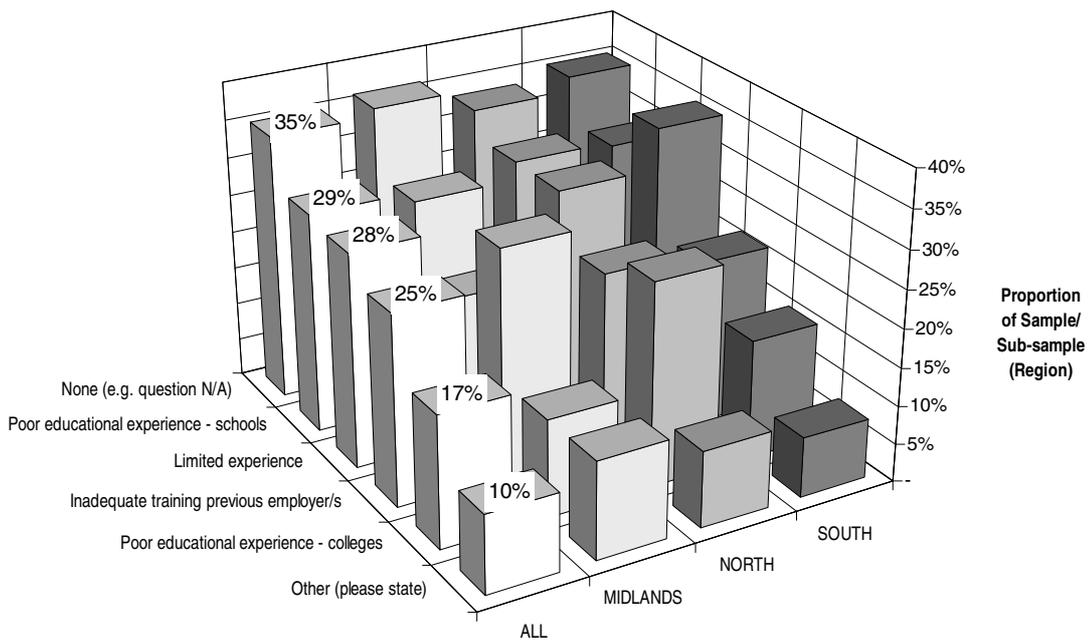
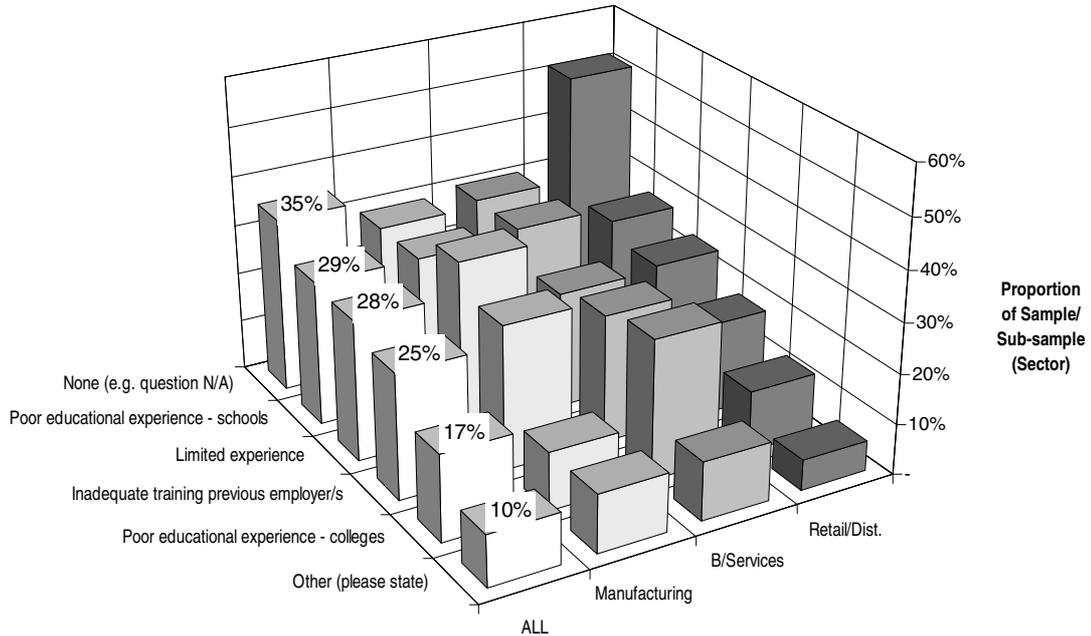


Fig 18 - REASONS FOR SKILLS SHORTAGES WHERE NEW RECRUITS SEEM WEAK: BY SECTOR



explained by the Business Services sector requiring more graduates and Northern students tending to gravitate South.

*our field - are out-of-date ...
Probably the lecturers need regular
in-trade refresher courses."*

On the issue of schools, the following statements highlight some of the concerns:

Most of the above statements will register with readers. The decline of emphasis on spelling and English grammar, even amongst bright students, is a cause for concern at university level now and the thrust towards getting increasing numbers of people into college derives from the demise of many craft and allied jobs in manufacturing in recent decades. Finally, the issue of college lecturers maintain up-to-date contacts with industry is assuming a greater significance as college budgets are cut and bureaucratic work-loads increase.

"Basic English needs full attention at all schooling levels. Even graduates lack spelling, grammar and focused reading skills."

"We are extremely worried about the quality of candidates. There is, no doubt, a decline in their educational standards and hence ability."

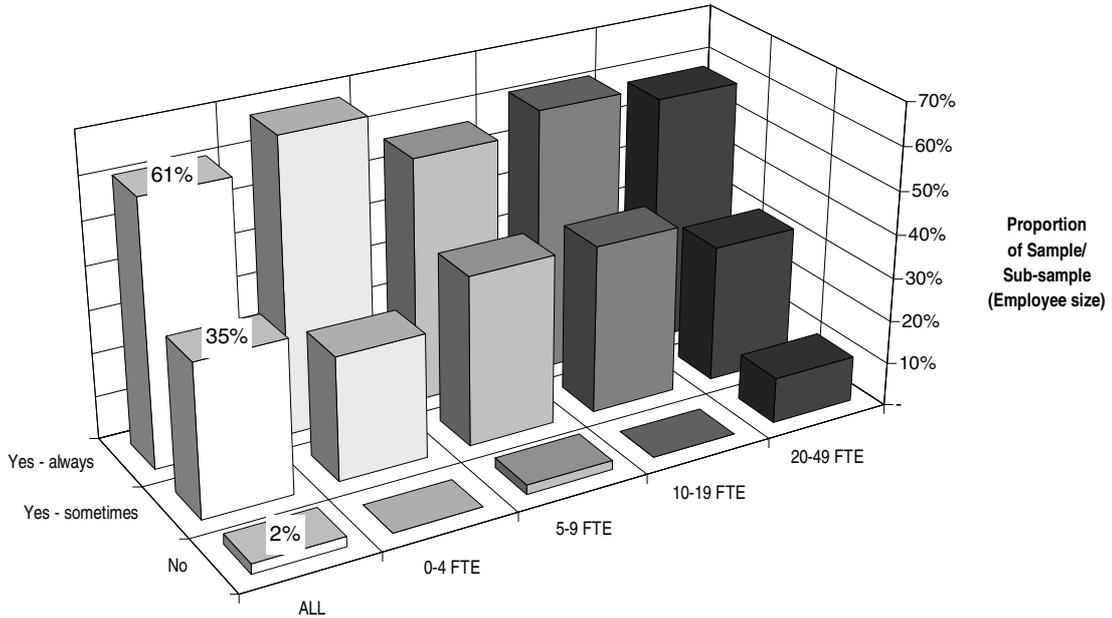
"As a small company, we have a very unsatisfactory pool of 16 year-olds to recruit from every summer. (This is) not because 16 year olds are getting any less able, but as a result of schools keeping even mediocre students on into (the) sixth form, and then on to university. We now as a country have a surplus of graduates with no jobs to suit".

'Other employers' also came in for a deal of criticism here, being mentioned by 25 per cent of all respondents. Quite a few respondents, particularly in Manufacturing, bemoaned the collapse of traditional apprenticeships:

"Most colleges in Graphic Design -

"... manufacturing industry in Britain died when the apprenticeships schemes stopped."

**Fig 19 - DO RESPONDENTS EXPECT TO TRAIN NEW EMPLOYEES ?:
BY EMPLOYEE SIZE**



"Bring back more apprenticeships, especially engineering. I am speaking as someone with an Arts College degree."

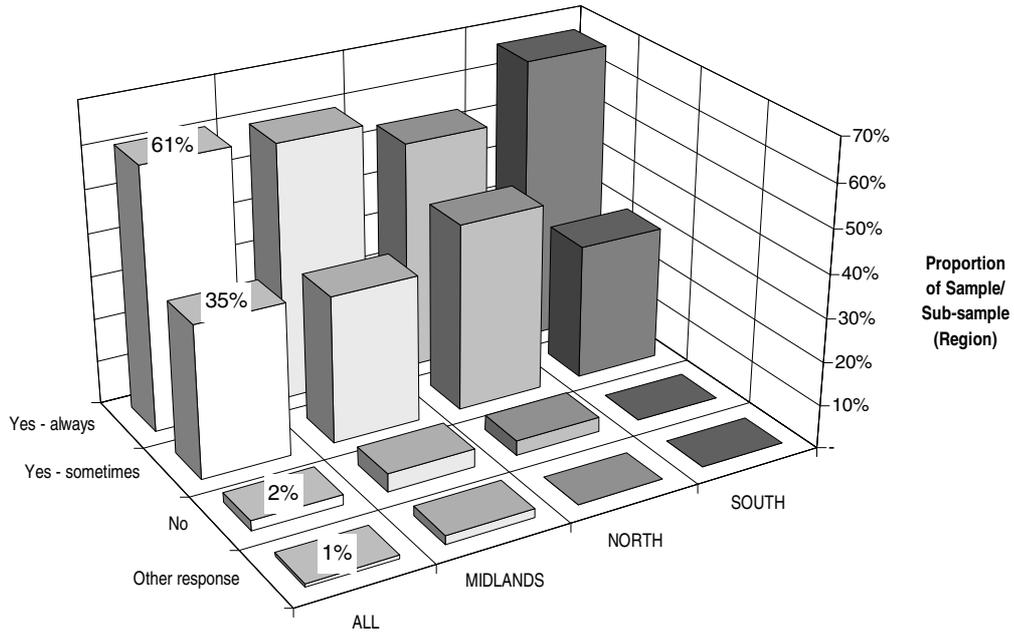
"Today's so-called skilled people are few and far between - how can an individual attend college for 2 years and become skilled? True apprenticeships no longer exist."

"The main problem is that they (large companies) don't train any more. Everything is sub-contract."

Finally, one respondent reflected on the problems small firms have in creating what is known as an 'internal labour market', or opportunities for progression within the firm:

"One particular challenge in a small company is creating opportunities for progression within the organisation, particularly when many staff stay a long time. In our case, 7-8 years is common."

**Fig 20 - DO RESPONDENTS EXPECT TO TRAIN NEW EMPLOYEES ? :
BY REGION**



TRAINING OF NEW EMPLOYEES

Figures 19, 20 and 21 indicate that almost all small firms in our sample undertook some training of new employees. Approaching two-thirds said that this was "always" the case whilst

most of the remaining one-third said that this was "sometimes" the case. The most notable exception to this general trend was in the case of the Manufacturing sector where only half said that some element of training was "always" necessary. Quite possibly this is a

**Fig 21 - DO RESPONDENTS EXPECT TO TRAIN NEW EMPLOYEES ? :
BY SECTOR**

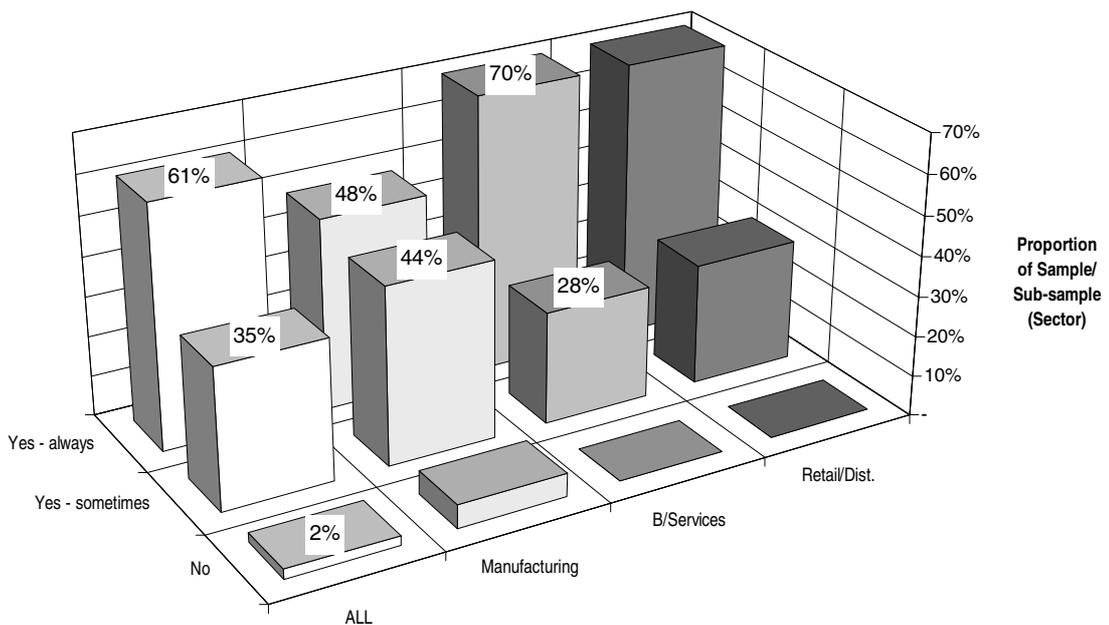
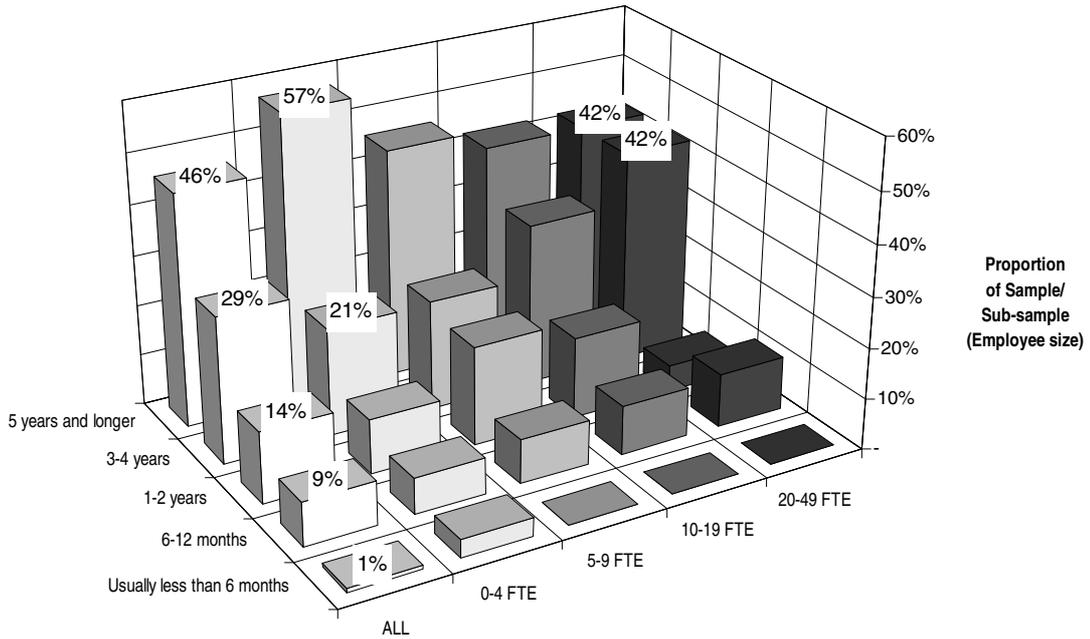


Fig 22 - LENGTH OF TIME NEW RECRUITS STAY WITH RESPONDENTS: BY EMPLOYEE SIZE



reflection of the existence of traditional apprentice-trained craftsmen.

HOW LONG DO NEW RECRUITS STAY?

Figures 22, 23 and 24 suggest that, across all sizes, sector and regions, around three-quarters of respondents claimed that new recruits stayed with

Fig 23 - LENGTH OF TIME NEW RECRUITS STAY WITH RESPONDENTS: BY REGION

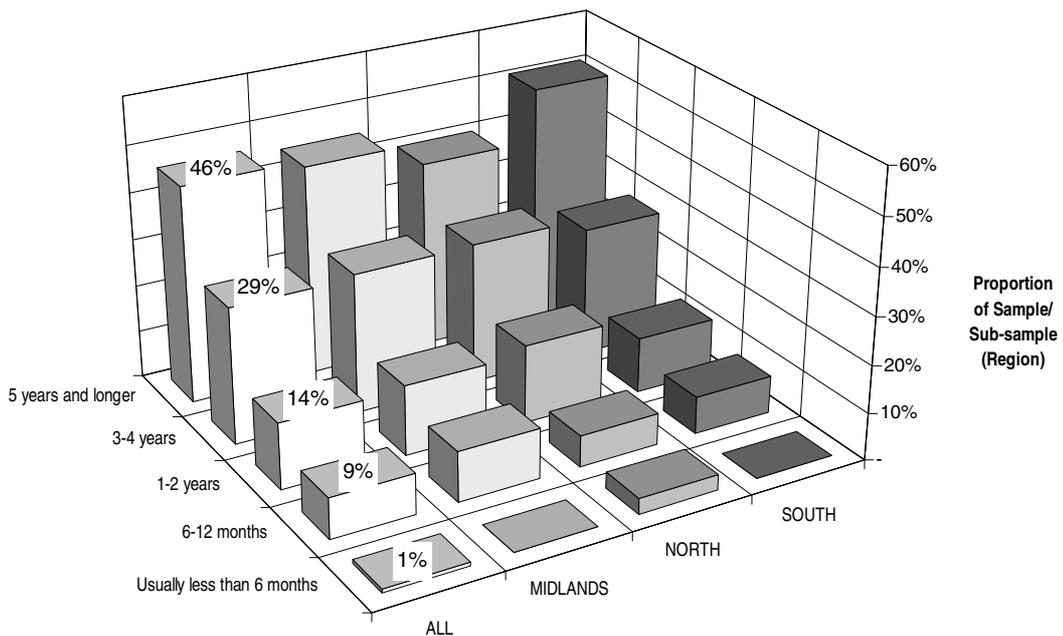
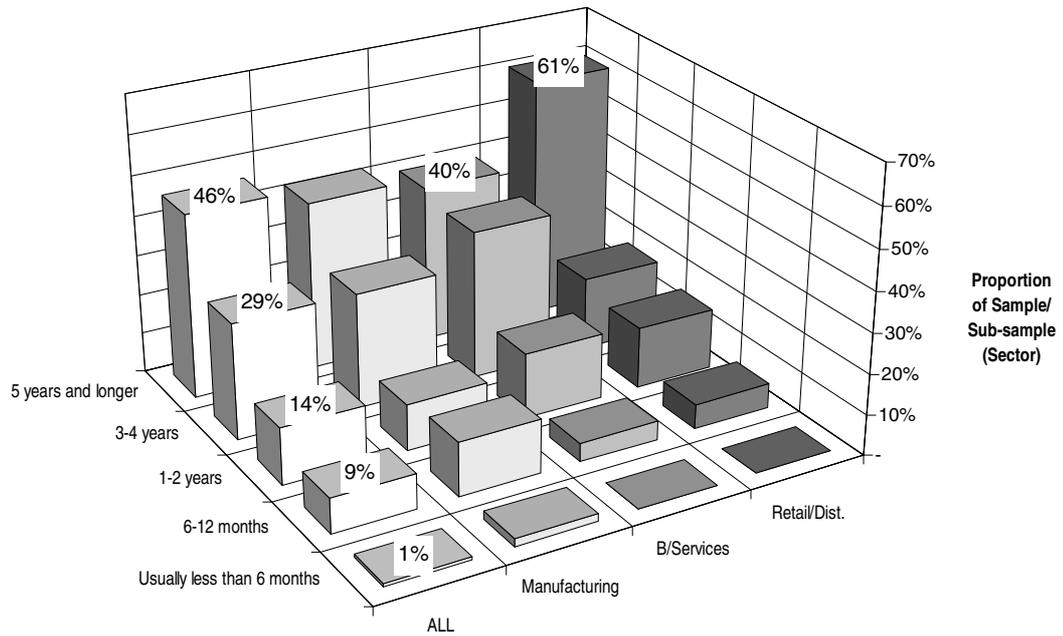


Fig 24 - LENGTH OF TIME NEW RECRUITS STAY WITH RESPONDENTS: BY SECTOR



them for 3-5 years or more, indicating relatively stable workforces, along with the cost savings and disruption minimisation which that indicates.

RESPONDENTS' COMMENTS

Respondents' comments are shown on the following pages.

MANUFACTURING

-	<i>"More help should be given to small firms to employ - not penalise through high N.I.C. [There is] No incentive to employ extra staff."</i>
Bar Fitting, Shopfitting, Joinery Manufacturing	<i>"As a company we have training for CITB trainees which we pay an annual fee for these people, most of which do not attend college. 1 in 5 will get apprenticeships. This, to me, keeps unemployment down. But the other % are not willing to work on giving [them] the opportunity to do so. So when will we get the right figures on unemployment ?"</i>
Cash Register Ribbons and Stationery	<i>"My only concern is the 'Social Chapter' and [the] minimum wage. I don't want either thankyou very much !"</i>
Commissioning/Testing of Industrial Air Conditioning	<i>"The Job Centre is useless. No idea what maths level is required. We waste a lot of time interviewing people."</i>
Ductwork, Air Conditioning, Building Services Engineers	<i>[There is a] "Lack of assistance from local government in helping to create jobs."</i>
Fabrication, Welding, Machining, Special Purpose Machines	<i>"Manufacturing industry was hurt very badly 1990-92 and training was abandoned by many. Result - shortage. Now things are improving. Likely to put pressure on pay etc. Here we go again !!!"</i>
Fireplace Manufacture & Gas Fire Sales	<i>"If I had more confidence in the future and we found we were under pressure again, then I would look for new recruits. As it is, we shall remain as we are."</i>
Kitchen & Furniture Manufacturers	<i>"The government agencies are all weak with regards [to] training, only scratching the surface of requirements for employers."</i> <i>The manufacturing industry in Britain died when the apprenticeship schemes stopped.</i> <i>Financial help should be paid directly to the employer to employ staff if you need to expand, in this way, none of the benefits to the state would be lost, e.g. tax and NI, which would cut out people avoiding work through too high benefits and [provide] a more stable society through higher employment, giving greater stability economically and better growth in small businesses."</i>
Manufacture & Distribution of Industrial Fasteners	<i>"[There is a] Total lack of funding by government into the more traditional skills needed when training young people for manufacturing-based employment."</i>
Manufacture of Transformers and Associated Assemblies	<i>"The 'work ethic' seems much lower than say 10/15 years ago. Employees will work for long enough to claim benefit then move on."</i>
Manufacturing	<i>"A lot of youngsters of today don't want to learn; and most of them who have worked for us are idle."</i>

MANUFACTURING continued

Mechanical Installation and Maintenance Service	<i>"Today's so-called skilled people are few and far between - how can an individual attend college courses for 2 years and become skilled? True apprenticeships, i.e. 16-21 years [age], no longer exist in the true sense."</i>
Modelmaking for T.V. Commercials	<i>"[There is] Not enough practical skill training. Too much emphasis at college on 'personal development' and creativity, not enough [on] learning skills and gaining experience - bring back more apprenticeships, especially engineering. I am speaking as someone with an art college degree!"</i>
Plastic Fabrications	<i>"[Problems:] Lack of apprenticeships; lack of incentives from the government - both for employees and employers; wrong attitude to employment by former unemployed recruits."</i>
Resincast Giftware	<i>"DTI etc. are a bunch of pen-pushers who have no more idea of the needs of business as small as ours as the Pope!"</i>
Sub-contract Engineering Machining & Light Fabrication	<i>"In engineering, there are now no apprenticeships offered by the large companies. Graduates seem to be the order of the day, who generally lack basic knowledge. Consequently, there are very few 'intelligent artisans', i.e. relatively bright people willing to use their hands."</i>
Toys/Educational Products	<i>"Key issue is sectoral skills, e.g. abundance of unskilled staff but shortage of trained, particularly computer-linked, staff."</i>

BUSINESS SERVICES

-	<i>"[There] Should be more government training schemes."</i>
Accountancy, Audit, Tax & Management Consultancy	<i>"There are many good people around looking for placement. The small business owner must be mindful of the fact that the business should be least affected by the recruitment of any new employee at any level, and must always consider the actual costs and management time costs of training against the timescale involved in making the new employee cost-effective."</i>
Advertising & Commercial Photography	<i>"College-trained people have too high [an] opinion of their worth and capabilities. [We are] currently assessing the introduction of modern apprenticeships and NVQs."</i>
Analytical and Consulting Chemists (Industrial)	<i>"The schools and colleges have little or no idea what is required from a science-based organisation. We are extremely worried about the quality of candidates, there is no doubt a decline in their educational standards and hence ability."</i>
Architect	<i>"Recruitment involves a lot of sifting but suitable staff are still there."</i>
Audit Accountancy and Taxation	<i>"The examination results for employees who attend public sector courses are so poor that we are forced to insist on private sector provision. This is expensive and should have been addressed many years ago."</i>
Chartered Accountants	<i>"There is not as much job changing nowadays - possibly because of economic uncertainties. Also people were not trained in the recessionary years because there was not enough opportunity."</i>

BUSINESS SERVICES continued

Chartered Accountants	<i>"Too much effort is put into college courses on some related subjects - rather than providing basic core skills."</i>
Conference Placement, Management, Consultancy, Training, Travel	<i>"One particular challenge in a small company is creating opportunities for progression within the organisation, particularly when many staff stay a long time (in our case 7/8 years is common)."</i>
Exhibition Organisers	<i>"[We] Regard problem as our own but happy to receive financial help for training."</i>
Food Technology & Quality Consultant	<i>"Basic english needs full attention at all schooling ages. Even graduates lack spelling, grammar and focused reading skills."</i>
Freight Forwarder	<i>"All staff at present are either family or friends."</i>
Furniture & Display Hire Contractors	<i>"Many of the job applicants having trained with various local training organisations are unfortunately of an unacceptable level for employment."</i>
Graphic Designers	<i>"Most college courses in Graphic Design - our field - are out-of-date and quite unrelated to modern methods. Probably the lecturers need regular in-trade refresher courses. We always have to train from scratch if the recruit is fresh from college."</i>
Implementation & Audit of Quality Standards	<i>"It is not fully realised or appreciated by government agencies that there are very specific problems in the South-West area."</i>
Management Training Courses	<i>"[It is] Important to reduce subjectivity by being very clear what you need from the person. Compile a profile of essentials (all of which must be met) and desirable attributes (nice to have). Also use testing as a screening process and interview only those who survive the tests. It's more efficient and we make fewer mistakes."</i>
Plumbing & Heating Services	<i>"We are already having to turn work down because of [a] shortage of skilled labour. The Construction Industry has a real problem this year, not with staff but craftsmen, i.e. bricklayers, plumbers, plasterers etc. Recruiting skilled people is very difficult. I have a file full of people who are not suitable. The main problem is that [named large construction firms] don't build anymore, everything is sub-contract."</i>
Property Consultant/Estate Agent	<i>"I am not convinced the NVQ programme is producing the goods !"</i>
Public Relations	<i>"Whatever claims may be made by the government, the irrefutable evidence is that schools are proving themselves increasingly incapable of teaching young people to spell, think and articulate."</i>
Public Relations and Marketing Consultancy	<i>"We use a Charles Handy type core/periphery structure which gives us great flexibility, no employment problems and the ability to use top quality consultants as and when needed."</i>
Quality of Service Measurement/Orientation Training	<i>"We get involved in work experience and shadowing schemes to enable school/college leavers to appreciate what small firms can offer - wide variety and great opportunities !"</i>
Telephone Marketing and Telephone Sales Company	<i>"I always take 'raw' people and train them. I just look for self-motivation, enthusiasm and awareness of business. Few school leavers or young people have any understanding of working in the business-to-business sector."</i>

RETAIL AND DISTRIBUTION

Computer Data Communications Solutions in PC/Mainframe Environment	<i>“Unsatisfactory performance can be hidden from an employer in a large organisation - not so easy in a small business. When the employee is directly responsible for his or her actions, the real quality and value shows or not. Usually the latter.”</i>
Engineering Distributors	<i>“We are a small company employing 10 full-time staff. All employees currently have been with us at least 5 years. We pay what we can afford: this is not near the average wage as seen in the press, but well above the so-called minimum wage that would be implemented if certain parties had their way. We must be doing something right.”</i>
Hardware and Pet Store	<i>“Trustworthy staff experienced in life skills and communication are difficult to find.”</i>
Holiday Park	<i>“Being rather isolated, it is difficult to get labour other than from the island. Also because our main workload is [in] summer, we can’t always offer all-year round employment.”</i>
Operating Public Houses	<i>“In the hotel sector it is becoming more difficult: skill shortages - poor education - no social skills.”</i>
Performance Motor Parts	<i>“In our opinion, the majority of applicants sent by Job Centres are totally unsuited to positions on offer !”</i>
Retail/distribution	<i>“For many years we have considered maturity and common sense an asset, rather than qualifications.”</i>
Retailing Sports Goods	<i>“Training costs average £250/day. Time, cost and risk affects bottom line profits. Incentives ? Tax breaks ?”</i>
Selling and Support of Computer Hardware and Software	<i>“[There are] Poor links in the computer world between schools and business, e.g. which products are general (typing etc.) and which are specialised.”</i>
Specialised Accessory Equipment to Process Industries	<i>“The cost of taking on the wrong person for any job is very expensive in opportunity cost, on-the-job training and disruption. More time and resource on recruiting is money well spent.”</i>
Suppliers of Woodscrews, Adhesives, Fixings &c.	<i>“As a small company we have a very unsatisfactory pool of 16 year olds to recruit from every summer ! Not because 16 year olds are getting any less able, but as a result of schools keeping even mediocre students on into sixth form and then onto university. We now as a country have a surplus of graduates with no jobs to suit, however, we have just recruited a graduate to fill our sales vacancy (5 years late for him).”</i>

ADDENDUM - ADDITIONAL INFORMATION

As an aid to the interpretation of the various figures (histograms), we have included some further information about the firms responding to this survey. The analyses involve key variables, and **industry sector, region and employee size** are those most frequently used as they are reasonably reliable indicators and less prone to misinterpretation.

Industrial sectors - based on the descriptions supplied by respondents, each firm is coded according to the Standard Industrial Classification (SIC 1980). Firms are then grouped into manufacturing, business services, retail/distribution. From 1996 onwards, firms falling outside these 3 bands - previously classified as 'other' - are now allocated to the foregoing sector which offers the closest match.

Regions - firms are also classified according to their physical location, namely, North, Midlands and the South.

Employee size - finally, firms are placed in bands according to the number of employees. Each part-time employee is assumed to be equivalent to 40 per cent of a full-time employee ('FTE' = full-time equivalent). All of the surveys to date have received only a small number of responses from firms with 50 or more FTE employees. These responses have been **included** in the breakdowns for the sectoral and regional analyses, but have been **excluded** as a '50+FTE' band in the **employee-size** analyses (the 'All' band in each histogram includes all usable responses regardless). This is because a percentage breakdown band based on just two or three firms may not be representative of this size of business.

DISTRIBUTION OF FIRMS

The highest concentration is in manufacturing (41%), followed by business services, see **Figure 25**.

Fig 25 - INDUSTRIAL SECTOR: BY REGION

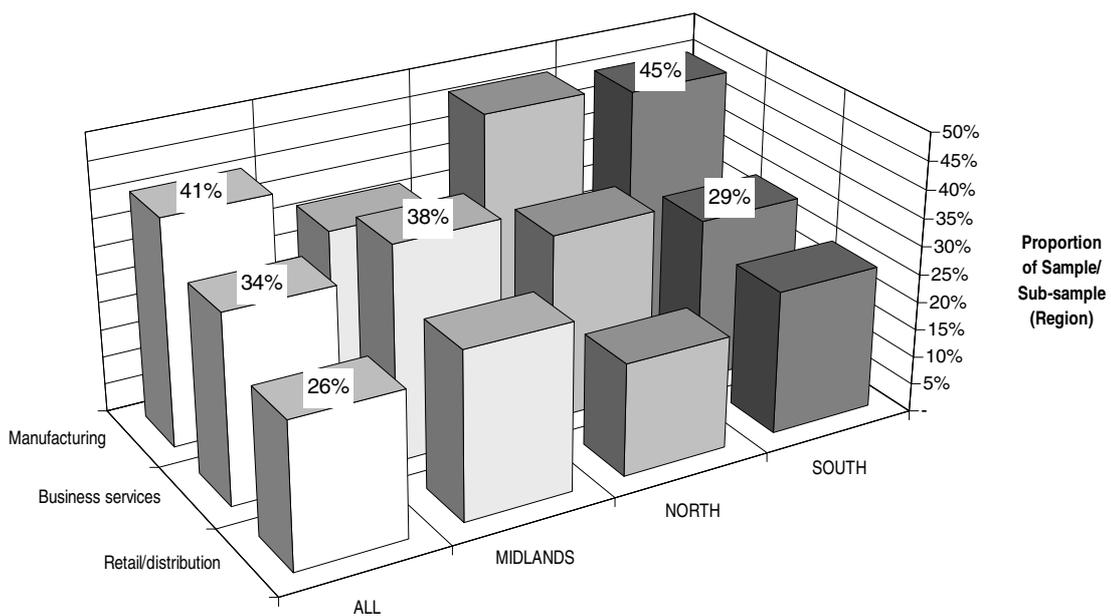
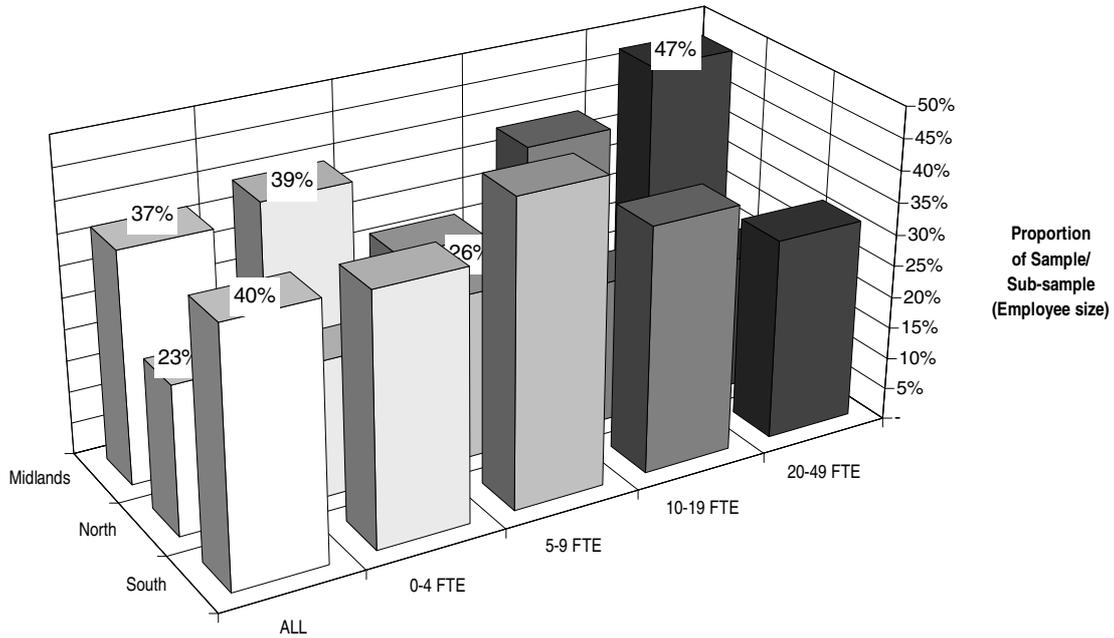


Fig 26 - INDUSTRIAL SECTOR: BY EMPLOYEE SIZE

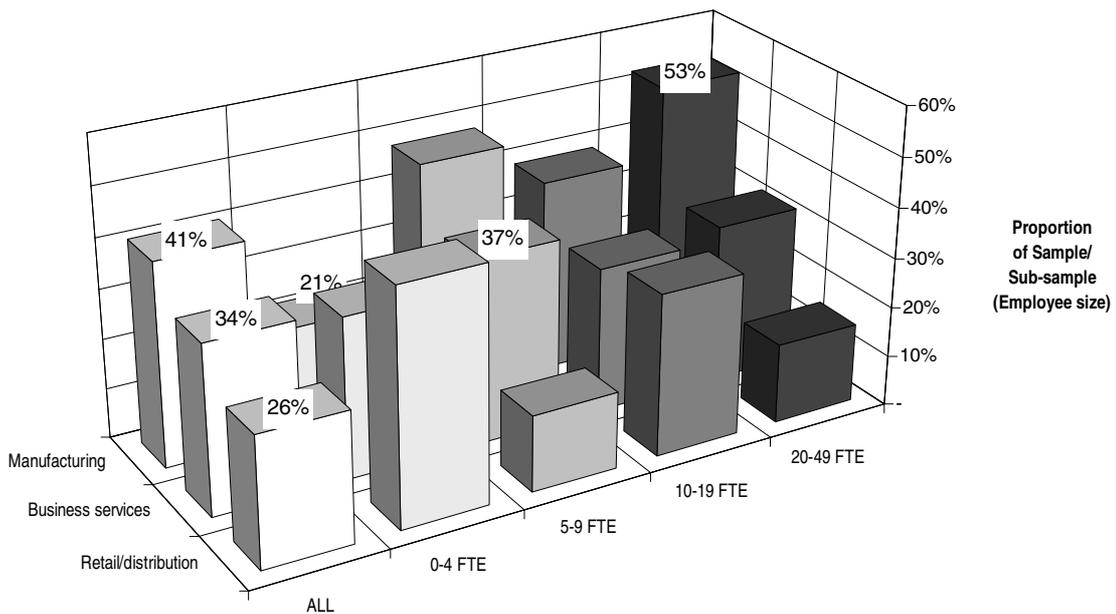


The sub-sample in the **Midlands** for this survey has 39% of the smallest businesses (see **Figure 26**).

the firms in **retailing/distribution** tend to have **fewer full-time equivalent employees (Figure 27)**.

The **Manufacturing** and **business services** firms in the sample tend to be **larger**, in terms of employees, whereas

Fig 27 - REGION: BY EMPLOYEE SIZE





This questionnaire will take approximately 5-10 minutes to complete - most answers require only a single tick. All information received will be treated in complete confidence. **PLEASE DESPATCH AS SOON AS POSSIBLE.**

MANAGEMENT ISSUE: Recruitment

- 1** Please indicate the number of people working in your business (including yourself):
- Full-time : _____ A
- Part-time (16 hours/wk or less)..... : _____ B

- 2** Finding new employees - When searching for new staff, which of the following do you most commonly use:
- ✓ Against all which apply*
- Job Centres A
- Local Press B
- Word-of-mouth (employees, contacts etc.)..... C
- Other (please state): _____ D

- 3** Wage levels - Which ONE of the following mainly determines the level for new appointments:
- Just ONE ✓ only*
- What you feel the firm can afford A
- OR** What other comparable people in your firm get paid..... B
- OR** What you have paid for that kind of work before C
- OR** What other firms pay D
- OR** What the successful candidate earned in his/her previous job..... E
- OR** Other (please state): _____ F

- 4** Labour market competition - Do you feel that your business is at a major disadvantage to large firms when recruiting new staff ?
- Just ONE ✓ only*
- Yes - we have difficulty competing with large firms A
- OR** No B

- 5** Recruiting difficulties - Does your business CURRENTLY have significant problems in finding the right people ?
- Just ONE ✓ only*
- Yes - there are problems finding **skilled** people..... A
- OR** Yes - problems finding **unskilled** people..... B
- OR** Yes - problems finding **BOTH skilled/unskilled**.... C
- OR** No D
- OR** No - we're not recruiting at the moment..... E

6 Skills shortages - What are the MAIN effects of the difficulties noted in the previous question for your business ? **✓ Against all which apply**

Vacancies remain unfilled..... A

New employees are often unsatisfactory B

Extra training costs are incurred C

Business opportunities are being missed D

None (e.g. question not applicable) E

Other (please state): _____ F

7 Reason for skills shortages - Where new recruits seem weak, what do you feel are the MAIN reasons: **✓ Against all which apply**

Poor educational experience - schools..... A

Poor educational experience - colleges..... B

Inadequate training with previous employer/s C

Limited experience - e.g. too many previous jobs .. D

None (e.g. question not applicable) E

Other (please state): _____ F

8 Training - Generally speaking, do you expect to train new employees ? **Just ONE ✓ only**

Yes - always A

OR Yes - sometimes B

OR No C

9 Employment period - How long will a new recruit usually stay with you ? **Just ONE ✓ only**

Usually less than 6 months..... A

OR 6-12 months..... B

OR 1-2 years..... C

OR 3-4 years..... D

OR 5 years and longer E

10 Recruitment - If you have any strong views about the topic, especially if you feel that any aspect is not fully appreciated by important sections of the business community (such as the government help agencies or the financial services sector), then please comment

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