



IFF Research

Research Report

Employer Attitudes and Motivations to Learning and Training (Wave 15)

Prepared for **CITB NI**
By **IFF Research**

December 2015





IFF Research

Contact details

Mark Winterbotham, Ben Davies, Sam Morris and Sam Selner

IFF Research Ltd
Chart House
16 Chart Street
London
N1 6DD

020 7250 3035



Contents

- 1 Introduction.....4
- 2 Management summary.....7
- 3 The profile of employers.....9
- 4 Key business challenges and priorities.....11
- 5 The economic situation and opportunities for growth.....13
- 6 Apprentices and graduates / interns.....16
- 7 Training progression19
- 8 Recruitment and recruitment barriers.....22
- 9 Earnings.....25
- 10 Revised Construction (Design and Management) Regulations (CDM regulations)
.....27
- 11 Non-UK workers29



1 Introduction

- 1.1 As an Industry Training Board and Sector Skills Council CITB NI's role is to encourage suitable, relevant training for those employed or intending to be employed in the construction industry, and to improve the skills and productivity of the industry in Northern Ireland. This is achieved through providing advice, courses and grants for training to help construction companies improve their skills to increase their competitiveness. This requires that CITB NI has a thorough understanding of the needs and practices of the industry relating to skill needs, learning and training.
- 1.2 CITB has a varied programme of on-going research activity to meet these aims. The current research project seeks to complement and enhance CITB's existing research by providing an open and regular programme of employer consultation, allowing a reality check on anecdotal information, and enabling employer reactions to be gained on 'hot topics' of the moment.
- 1.3 This document reports on the fifteenth wave of consultation focusing specifically on results from Northern Ireland. This involved 109 telephone interviews with employers (of whom eight were working as sole traders i.e. had no direct employees other than the respondent) operating within the traditional building sector (referred to as 'Construction' employers in the report) as well as the Professional Services sector.
- 1.4 The sample was drawn from a number of sources: the CITB's database of levy and non-levy payers (Northern Ireland), supplemented by Experian's employer database.
- 1.5 At the UK level quotas were set by region / country, and size (number of staff employed directly across the UK). Results were then weighted to ensure that on these variables survey results were representative. The one exception is the self-employed. Because of the vast number of self-employed, if these were weighted to their correct proportions the overall survey results would be completely dominated by the findings among this group. Hence they were weighted to a negligible proportion of the total sample (1%) and in effect where we report overall results these are based on all employers (i.e. those currently employing other staff and hence excluding sole traders / the self-employed).

1.6 Where comparable data exists, results in this report are compared with results from earlier waves. These adopted exactly the same methodologies, other than the fact two waves were Construction sector only and excluded Professional Services firms (waves 9 and 13). Fieldwork dates have been as follows (this lists the main month of quantitative fieldwork – for Wave 15, fieldwork took place from 10th August to 10th September 2015):

- Wave 1: February 2005
- Wave 2: September 2005
- Wave 3: June 2006
- Wave 4: December 2006
- Wave 5: August 2007
- Wave 6: March 2008
- Wave 7: July 2008
- Wave 8: March 2009
- Wave 9: November 2009 (Construction sector only)
- Wave 10: August 2010
- Wave 11: August 2011
- Wave 12: May 2012
- Wave 13: September 2013 (Construction sector only)
- Wave 14: September 2014
- Wave 15: August 2015.

1.7 The management summary follows. After that, the report is divided into a number of chapters:

- The profile of those interviewed
- Business challenges
- Economic situation and growth opportunities
- Apprentices, graduates and interns
- Training progression
- Recruitment barriers and earnings
- CDM regulations
- Migration and non-UK workers.

Caution in interpretation

- 1.8 Results presented in this report are based on a relatively small number of interviews (109) and should best be treated as indicative. On a base of 109 interviews, sampling error, in the worst case scenario from a statistical reliability angle of a survey result of 50%, is approximately +/- 9.4%, which means that statistically we are 95% confident that the true result lies within the range 40.6% - 59.4% range. In the case of a survey result of 25% or 75% the sampling error falls to +/- 8.1%. Furthermore, results were not weighted to be representative of each country / region individually, hence there is no guarantee that the results presented are fully representative of the sector in Northern Ireland. Hence again some caution is needed with the interpretation of the results.

2 Management summary

2.1 This report presents findings of the fifteenth wave of research examining employers' views on a range of learning, training, skills and related issues. The quantitative element on which this report concentrates consisted of 109 telephone interviews conducted in August and September 2015 with employers and the self-employed across Northern Ireland operating within the traditional building sector ('Construction') and in Professional Services.

Business challenges and the economic climate

2.2 There are some signs of improving conditions for Construction employers: more (15%) report no particular challenges than in 2013 and 2014 (3%), and, indicative of increased demand, there has been an increase in those reporting difficulties finding suitable staff (21%, up from 3% in 2013 and 13% in 2014).

2.3 However, the improvements should not be overstated:

- Still around two-fifths of Construction employers (43%) spontaneously mention needing to increase sales as a challenge (little change from 2013 and 2014)
- More say turnover decreased in the last 12 months compared with the 12 months before that (36%) than say it increased (24%), with this somewhat less positive than 2014 (when more reported an increase than a decrease)
- Almost three-quarters (73%) say profit levels are still lower than before the recession (twice the 35% found UK-wide), and just 7% report higher profit levels.

2.4 Employers are reasonably optimistic for the coming 12 months with two-fifths (39%) expecting turnover to increase compared with 17% expecting it to fall. Results are broadly similar to those in 2014.

Apprentices and Graduates / Interns

2.5 Employers were asked what types of workers they generally tended to recruit. The most common response was experienced workers (68%). Around two-fifths of employers said they did or would recruit apprentices (42%, higher than the rest of the UK (27%)). A similar proportion (around a quarter) said they do / would recruit returners to the industry, FE college leavers, recruit university graduates, and school leavers who are not apprentices.

2.6 Those who only employed experienced workers (a base of 29 respondents) most commonly preferred doing so because they needed new staff to be up to speed straight away (44%), they specialised in high level skills / consultancy (36%), because of the nature of their business (15%) and because offering training for less experienced staff was deemed too expensive (13%).

2.7 Around a quarter of Construction firms (27%) reported currently employing apprentices, with two employed for every five firms in the sector. Most of these were in traditional trade roles - 85% of those employing apprentices reported that all of their apprentices were in traditional construction trades.

2.8 A quarter (24%) of Professional Services firms currently employed interns or recent graduates.

- 2.9 Around one in seven (15%) Construction firms recruited apprentices from outside their organisation in the last 12 months with results suggesting that the number taken on is equivalent to 3 for every 10 firms in the sector. In addition, 5% of Construction firms reported started existing employees on apprenticeships, while 4% had taken on university graduates.
- 2.10 By far and away the main reason for Construction not taking on apprentices was their simply not recruiting at all (61%). Other reasons included apprentices not being relevant or appropriate to the business (14%) and preferring to recruit experienced staff (13%). Nevertheless, 9% had not recruited apprentices because they struggled to find applicants.
- 2.11 Of the 11 Professional Services firms that had not recently taken on interns or recent graduates, the main reason was also because they were not recruiting at all (mentioned by 8 respondents). The other main reason given was the perceived costs being too high (3 respondents).
- 2.12 The vast majority of recent recruiters of apprentices / interns / graduates rated their skills and attributes as good (46%) or very good (42%). One in six rated their skills as poor (10%) or very poor (7%). Reasons relate to their lacking practical or technical skills, common sense or 'real' experience of working in construction.
- 2.13 Overall a third (32%) of firms in Northern Ireland said they are likely to take on apprentices, graduates and interns over the next 12 months, though only 3% said this was definite (6% were very likely and 23% quite likely). Results are in line with the UK average (33%) as well as the corresponding figure in 2014 (31%), suggesting the numbers likely to be recruited in the next 12 months will be broadly similar to the number over the last 12 months.

Recruitment and recruitment barriers

- 2.14 Three in ten employers had recruited or tried to recruit in the last 12 months. These employers were most likely to have been seeking experienced site labourers (61%), followed by experienced personnel with high level of technical or craft skills (35%) or new recruits with no prior experience (34%).
- 2.15 The most common method used to try to recruit staff was word of mouth (45%) followed by recruitment via schools and colleges (32%). A fifth of recruiters had attempted to recruit using paid advertising in the press and / or recruitment agencies.
- 2.16 Around a quarter had successfully recruited any staff via word of mouth and school / college in the last 12 months, while around one in eight recruiters had success recruiting via paid press advertising or recruitment agencies.

Non-UK workers

- 2.17 In total, 4% of businesses in Northern Ireland were employing non-UK workers (rising to 27% of those with 100+ staff), with a further 1% reporting they had done so in the last 12 months. All firms were asked what they perceived to be the main reasons why their or other businesses in the sector choose to employ non-UK workers. It was most often felt to be to keep costs down (37%), though other reasons included non-UK workers having a better work ethic (13%), there being a shortage of highly-skilled candidates from the UK (12%), or simply non-UK candidates being / having been the best candidates.

3 The profile of employers

- 3.1 In this section we briefly discuss the (weighted) profile of the 109 employers and self-employed / sole traders interviewed for the quantitative survey. This is background information to show the number of interviews on which results among sub-groups are based, and to show that the sample is broadly representative of the sector (though noting the point about the weighting of the self-employed made in paragraph 1.5). In the following table the first column of data shows the number of interviews conducted, while the second column shows the weighted profile.

Sample profile: Size (number directly employed UK wide)		
	Number of interviews	Proportion weighted
Self-employed (one direct employee only)	8	1%
2-9	60	89%
10-24	24	8%
25-99	13	2%
100+	4	<1%

- 3.2 Clearly most firms employing staff are small, with around nine in ten having fewer than ten direct employees across the UK. The vast majority of firms were single site organisations (88%; similar to the 85% in Wave 14).

Sub-sector

- 3.3 Four-fifths (79%) of firms operated in the traditional building (Construction) sector and one-fifth (21%) in Professional Services. This is similar to the proportion found UK-wide (78% and 22% respectively – at the UK level the weighting of the survey data ensured that by sub-sector it was representative of the business population, though this was not done at country level).

Labour only sub-contracting

- 3.4 Construction firms were asked whether they currently employed any staff on a labour-only sub-contract basis, such as the self-employed or those taken on via an agency. Fewer than half (44%) were employing labour-only sub-contractors at the time of the survey, lower than the UK-wide figure (52%) and lower than the figure found in the previous two waves in Northern Ireland (65% in 2014, and 54% in Wave 2013), but returning to the levels found 2010-2012 (when the figure ranged from 40%-48%).

The client base

- 3.5 Four-fifths of employers worked for the general public (81%), while around half worked as sub-contractors for other construction or engineering firms (54%), for other commercial clients (50%) or for public sector organisations (45%).
- 3.6 When asked for their *main* client type, respondents most often said this was working as sub-contractors for other construction or engineering firms (33%), with the remainder evenly divided between the general public (23%), commercial clients (22%) and public sector organisations (22%).

Membership of a trade body or federation

- 3.7 Approaching three in five firms were members of a federation or trade body (57%). Membership was higher among those in the Professional Services sector (82% vs. 50% among those in Construction; this was as reported in 2014, though the sample then contained a higher proportion in Construction that were members of federations or trade bodies (67%).

4 Key business challenges and priorities

- 4.1 It is clearly important that CITB NI understands and monitors the key challenges that businesses in the sector face so that policy can be designed and communicated in a way that has maximum effect. It is also key to see how the industry currently perceives the core activities of CITB, namely learning, training and skills. This will give an indication of how easy or difficult it will be to convey key messages to the sector promoting training and skills development.
- 4.2 Results to this spontaneous (non-prompted) question are shown on the following table, with challenges ranked in descending order for Construction employers in Northern Ireland (i.e. excluding sole traders and Professional Services firms) this wave.

Main key challenges (spontaneous)				
	Northern Ireland			UK
<i>Base: all Construction employers</i>	Wave 13 2013	Wave 14 2014	Wave 15 2015	Wave 15 2015
	(114) %	(81) %	(85) %	(1,115) %
Need to increase sales	53	39	43	20
Finding suitably skilled staff	3	13	21	20
Clients slow to pay	28	23	14	10
Getting finance to expand	7	13	12	4
Need to increase profitability	12	*	12	12
Retaining staff	3	*	8	2
Rising costs of materials	4	4	4	7
Dealing with the recession / downturn	10	6	3	4
Competition	9	*	3	7
Having more work than we can handle	-	1	2	7
No particular challenges	3	3	15	19
*' = > 0% but less than 0.5%; '-' = 0%.				

- 4.3 The findings suggest some (perhaps modest) improvements in the economic climate compared with 2013 and 2014; the proportion of Construction firms mentioning the economic downturn as a challenge has continued to fall (now 3%, down from 10% in 2013) and in addition, more firms said they were not currently facing any particular business challenges (15%, up from 3% in Waves 2013 and 2014). However, still around two-fifths say sales are a challenge, broadly similar to the previous two years. (Although not shown on the previous table, which is based just on Construction employers because Wave 13 excluded Professional Services firms, it is worth noting that Professional Services employers were particularly likely to say sales were an issue for them (69%, though a low base of 16 respondents should be noted.) Indicative of an upturn, however, is that the proportion of Construction employers facing difficulties finding suitable staff has continued to increase (to 21%; in 2013 just 3% mentioned this issue).
- 4.4 The various challenges identified by employers can be classified into:
- Supply side issues relating to supply of staff or skills;
 - Demand side issues relating to a lack of demand for work;
 - Costs of operation issues relating to the profitability of the work.
- 4.5 Analysis shows that despite the rise in concern about finding suitably skilled staff, overall demand side issues remain dominant for Construction employers, and are of concern to around half (54%) of Construction businesses, compared to a fifth (22%) facing supply side challenges. Around three in ten (29%) are concerned about issues relating to costs of operation, such as compliance with regulation, material costs, or needing to increase profitability.

The challenge of finding suitably skilled staff

- 4.6 A fifth (21%) of Construction firms spontaneously mentioned the issue of finding suitably skilled staff as a challenge, though very few Professional Services firms mentioned it (1%), and overall around one in six employers (17%) mentioned facing recruitment difficulties. When asked specifically if they faced difficulties finding suitable staff, overall three in ten did (31%). This is lower than found UK wide (41%).
- 4.7 Construction sector employers were asked which occupations they felt were in particularly short supply; amongst the 38 answering the most common occupations mentioned were carpenters / joiners (mentioned by 10), bricklayers (8), plumbers (4) and labourers (4).
- 4.8 Difficulties finding suitable recruits is more than an inconvenience for employers. The issue has varied impact including projects over-running (36%), staff having to work longer hours (18%), loss of business to competitors (16%) and (each mentioned by 10-12% of those with recruitment difficulties) late starting projects, not being able to grow as they would like, and wage inflation / paying a premium.

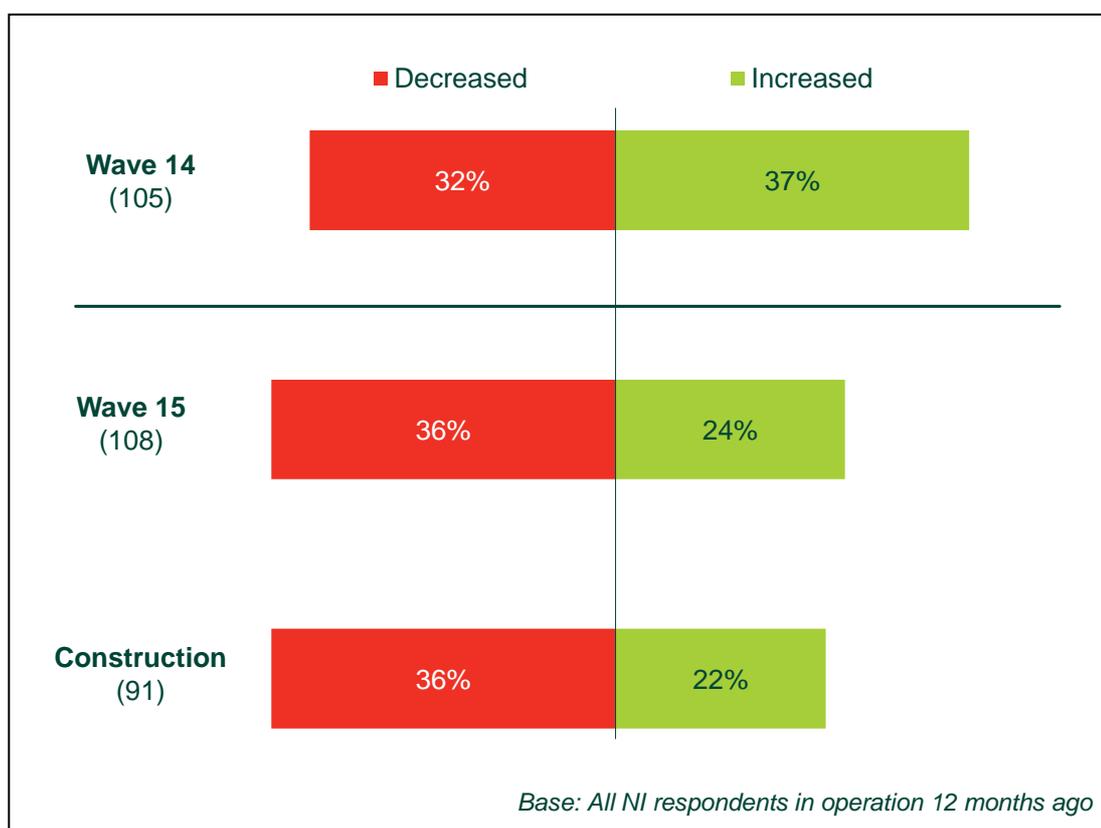
5 The economic situation and opportunities for growth

5.1 In previous waves of the panel research, a section of the panel survey has focused on the economic downturn. Given the improvement in the economic outlook, these questions have been re-focused on growth opportunities, as well as trends in turnover. Comparisons are made with previous waves where available.

Sales / turnover and profit levels

5.2 Employers were asked how their total annual turnover in the last 12 months compared with the 12 months before that. Although we have commented in the previous chapter that there are early signs of economic improvements in terms of employers facing less severe challenges than in 2014, this improvement appears to be quite recent, as more employers reported a decrease in turnover in the last 12 months compared with the 12 months before that (36%) than reported an increase (24%). This is a less positive picture than in 2014, where over a third (37%) reported an increase in turnover, though still higher than 2012 (when just 13% reported an increase).¹

Figure 5.1 Change in turnover over previous 12 months



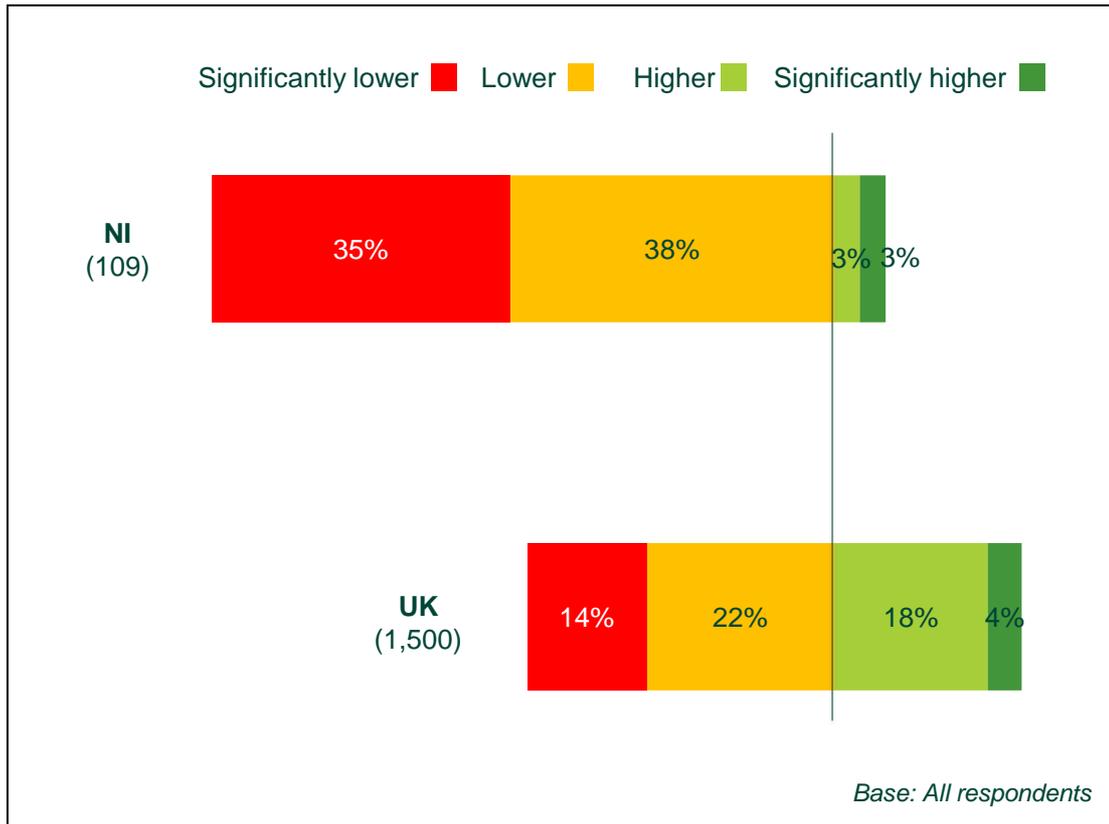
5.3 Optimism remained fairly high regarding expected turnover in the next 12 months. Most commonly, firms felt that their turnover would remain the same (43%), though far more expected an increase in turnover (39%) than a decrease (17%).

¹ Note that Wave 13 has not been used for comparative purposes as it excluded Professional Services firms.

Profit levels compared with before the recession

5.4 Respondents were asked how their profit levels compared to pre-recession levels. Indicative of how slowly the sector has recovered, almost three-quarters (73%) reported that their profit levels were still lower than before the recession (no change from 2014 (72%)). Over a third (35%) said profit levels were *significantly* lower than before the recession. Just 7% reported their profit levels were higher, while 16% said they had stayed at the same level. The situation is very different from the UK as a whole, where only a third (35%) of firms reported lower profit levels.

Figure 5.2 Profitability relative to 2008: NI vs. UK

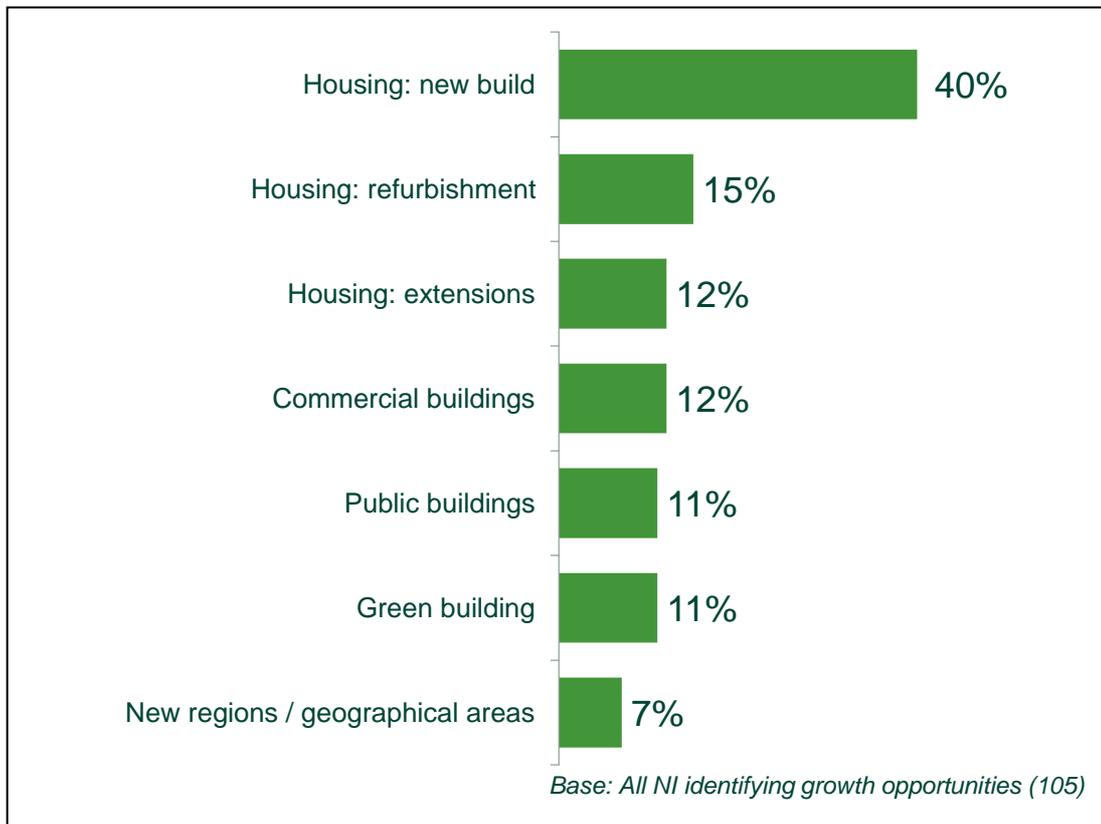


Growth opportunities

5.5 The vast majority of companies saw growth opportunities for the next 12 months (96%). In terms of client type where these opportunities existed, this was most often in work for the general public (52%, far higher than the UK average (40%)), though heavily influenced by the prevalence amongst small firms with 2-9 employees (55%). A significant minority (31%) felt growth opportunities would come from other commercial clients. Fewer employers anticipated growth opportunities in working as a sub-contractor (18%) or in work for the public sector (17%).

- 5.6 In terms of types of work, approaching half of firms (48%) felt there would be growth opportunities in the housing market, with this predominantly expected from new builds (40%). Around a quarter of firms were unable to identify a particular type of work that might offer growth opportunities. The specific areas identified by businesses are shown in the chart below, where mentioned by more than 5% of respondents.

Figure 5.3 Types of work offering growth opportunities in the next 2-3 years (prompted)



6 Apprentices and graduates / interns

- 6.1 This chapter explores issues surrounding current and future recruitment, skills and supply of apprentices within Construction sector firms and graduates within Professional Services firms. Comparisons are made with the previous recent waves of the research where possible.

Current employment of apprentices, interns and graduates

- 6.2 Over a quarter of Construction firms (27%) reported employing apprentices at the time of the interview, while just 5% of Professional Services firms had interns or recent graduates (the latter is much lower than the 24% found UK-wide). Predictably larger firms are more likely to have such staff (for example among Construction firms 26% of those with 2-9 staff have apprentices, increasing to 34% among those with 10-99 staff to 44% where 100+ staff are employed).
- 6.3 On average Construction firms employed a mean of 0.4 apprentices (i.e. 2 for every 5 firms) in line with the rest of the UK (a mean of 0.5 apprentices).
- 6.4 One in seven (14%) Construction firms reported employing apprentices in traditional construction trades. Of the 25 respondents currently employing apprentices, 17 reported all of them working in traditional construction trades, 3 employed some and 5 did not employ any in these roles. Overall, 13% of Construction firms reported employing apprentices in non-trade roles (higher than the 3% UK average); results suggest there is one such apprentice for every 10 Construction firms.

General recruitment of apprentices, graduates and FE college leavers

- 6.5 Employers were asked what types of workers they generally tended to recruit. The most common response was experienced workers (68%). Around two-fifths of employers said they recruited apprentices (42%, higher than the rest of the UK (27%); other results in this section in Northern Ireland are very similar to the UK as a whole). A similar proportion said they recruit returners to the industry (28%), FE college leavers (26%), university graduates (23%), and school leavers who are not apprentices (23%).
- 6.6 Those who only employed experienced workers (a base of 29 respondents) most commonly preferred doing so because they needed new staff to be up to speed straight away (44%), they specialised in high level skills / consultancy (36%), because of the nature of their business (15%) and because offering training for less experienced staff was deemed too expensive (13%).

Recruitment of apprentices, interns and graduates in the last 12 months

- 6.7 Overall a tenth (10%) of Construction firms reported taking on apprentices from outside of their organisation in the last 12 months, rising to 16% amongst those working as sub-contractors, and to 27% among those with 100+ staff. Most had taken 1 or 2 apprentices (7% of all Construction employers). On average, across Construction as a whole, firms took on a mean average of 0.4 apprentices from outside of their organisation. In addition, 5% of Construction firms reported starting existing employees on an apprenticeship in the last 12 months.

- 6.8 Of the 17 Professional Services firms interviews, only 4 had taken on any interns or graduates over the last 12 months. Construction firms were also asked if they had taken on any university graduates over the last 12 months. In line with the UK average, 1 in 25 (4%) had done so.
- 6.9 Firms that had not recently taken on apprentices, graduates and interns were asked why they had not done so. By far and away the main reason for Construction not taking on apprentices was their simply not recruiting at all (61%). Other reasons included apprentices not being relevant or appropriate to the business (14%) and preferring to recruit experienced staff (13%). Nevertheless, 9% had not recruited apprentices because they struggled to find applicants.
- 6.10 Of the 11 Professional Services firms that had not recently taken on interns or recent graduates, the main reason was also because they were not recruiting at all (mentioned by 8 respondents). The other main reason given was the perceived costs being too high (3 respondents).
- 6.11 Although a lack of candidates is not a key reason for not taking on apprentices or interns, it is interesting that fewer employers in this wave report there are more people wanting to become apprentices or start an internship or graduate programme than there are positions available (42%) than was the case in 2014 (59%; in 2011 the figure was as high as 72%).

The quality of recent apprentices, graduates and interns

- 6.12 This section looks at the perceived quality of the recent apprentices, graduates and interns taken on in the last 12 months, as well as the extent to which employers believe there are more people wanting to become apprentices / graduates than there are positions available. Results should be treated as indicative due to the low base sizes involved.
- 6.13 At an overall level, nine in ten (89%) recent recruiters of apprentices / interns / graduates rated their skills and attributes as good (46%) or very good (42%), while one in six rated their skills as poor (10%) or very poor (7%). Those who felt the skills of these recruits was poor (a base of 7 respondents) mentioned: them lacking practical or technical skills (3 respondents), common sense (2) and 'real' experience of working in construction (2). Lack of timekeeping, willingness to learn, adequate education and enthusiasm for the job were also mentioned (each by 1 respondent).

The quality of recent graduates joining the Construction Sector

- 6.14 All of the 11 Construction firms that had taken on university graduates rated their skills as good (10) or very good (1).

The quality of recent FE leavers

- 6.15 Overall 8% of firms had taken on recent leavers from Further Education over the last 2-3 years. Of these 21 respondents, the vast majority (19) felt the skills and attributes of these recruits was good (13) or very good (6), with only 2 respondents rating them as poor.

Recruitment of apprentices, interns and graduates in the next 12 months

- 6.16 Overall a third (32%) of firms in Northern Ireland said they are likely to take on apprentices, graduates and interns over the next 12 months (3% said this was definite, 6% very likely and 23% quite likely), in line with the UK average (33%) and the corresponding figure in 2014 (31%).

EMPLOYER ATTITUDES AND MOTIVATIONS TO LEARNING AND TRAINING (WAVE 15)

Future employment of apprentices, graduates and interns	Wave 11 (2011)	Wave 12 (2012)	Wave 14 (2014)	Wave 15 (2015)
<i>Base: all</i>	%	%	%	%
Likely to in the next 12 months	4	14	31	32

6.17 Amongst the 48 Northern Ireland employers likely to take on apprentices, graduates or interns over the next 12 months, the vast majority (93%) were likely to take on one or two of these workers; and the mean average among recruiters was expecting to take on 1.5 apprentices, graduates or interns.

7 Training progression

7.1 This chapter explores what firms do to help the development of their staff, and covers the use of training and development plans, and the training provision available to both new entrants and existing employees.

Use of training and development plans

7.2 Half of firms (49%) in Northern Ireland reported having written training or development plans in place for any of their employees. In most cases these covered all employees (39% of all employers). (Comparative figures for the UK as a whole were 43% of employers having training and development plans with 24% having these for all staff.)

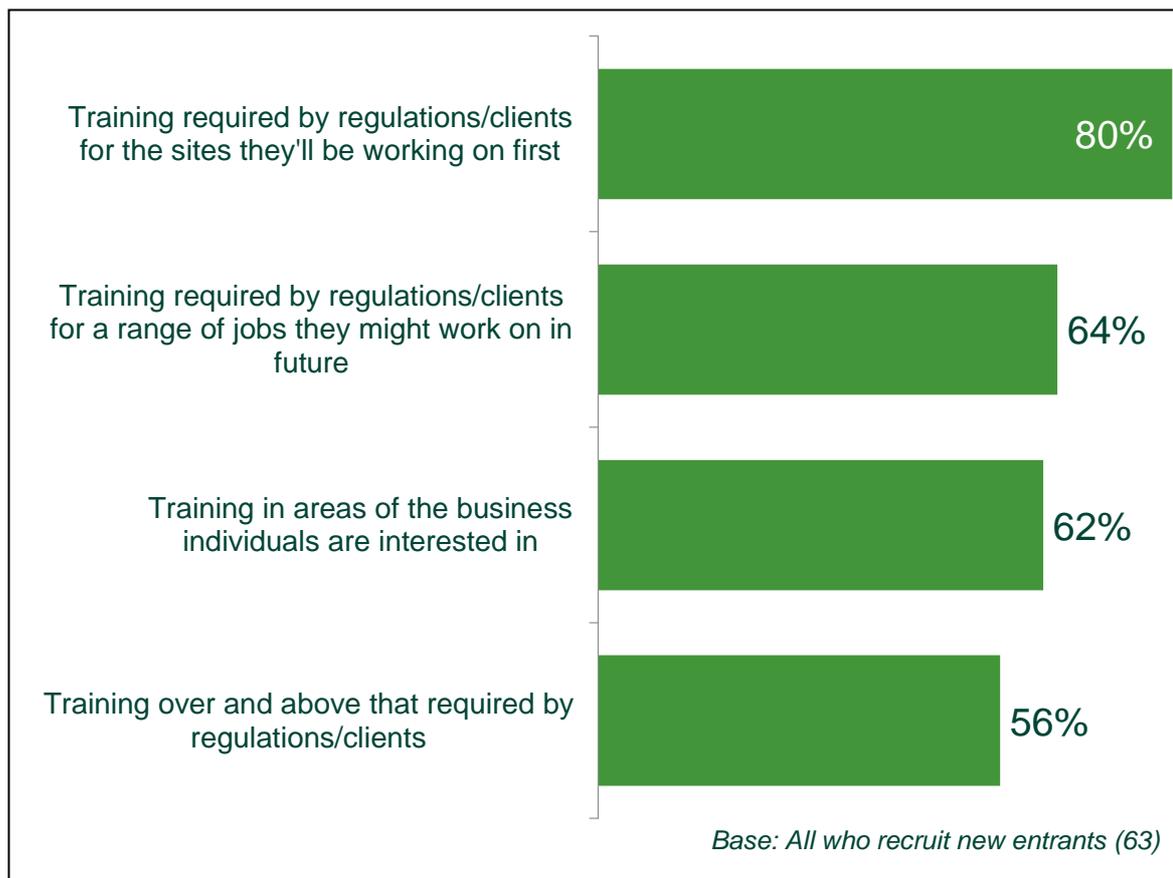
Training offered to new entrants

7.3 Respondents were asked which of a list of types of training they offer to new entrants they take on. The vast majority offer each of the following:

- An induction (91%);
- A formal review session a few weeks or months after they start where they can talk about their training and development needs (91%, higher than the UK average of 74%);
- Informal mentoring (83%); and
- Toolbox talks, or discussion sessions about issues or construction techniques (74%).

7.4 Fewer offer a formal mentoring scheme where each new entrant was assigned their own mentor (43%) and training in soft skills such as team working (45%).

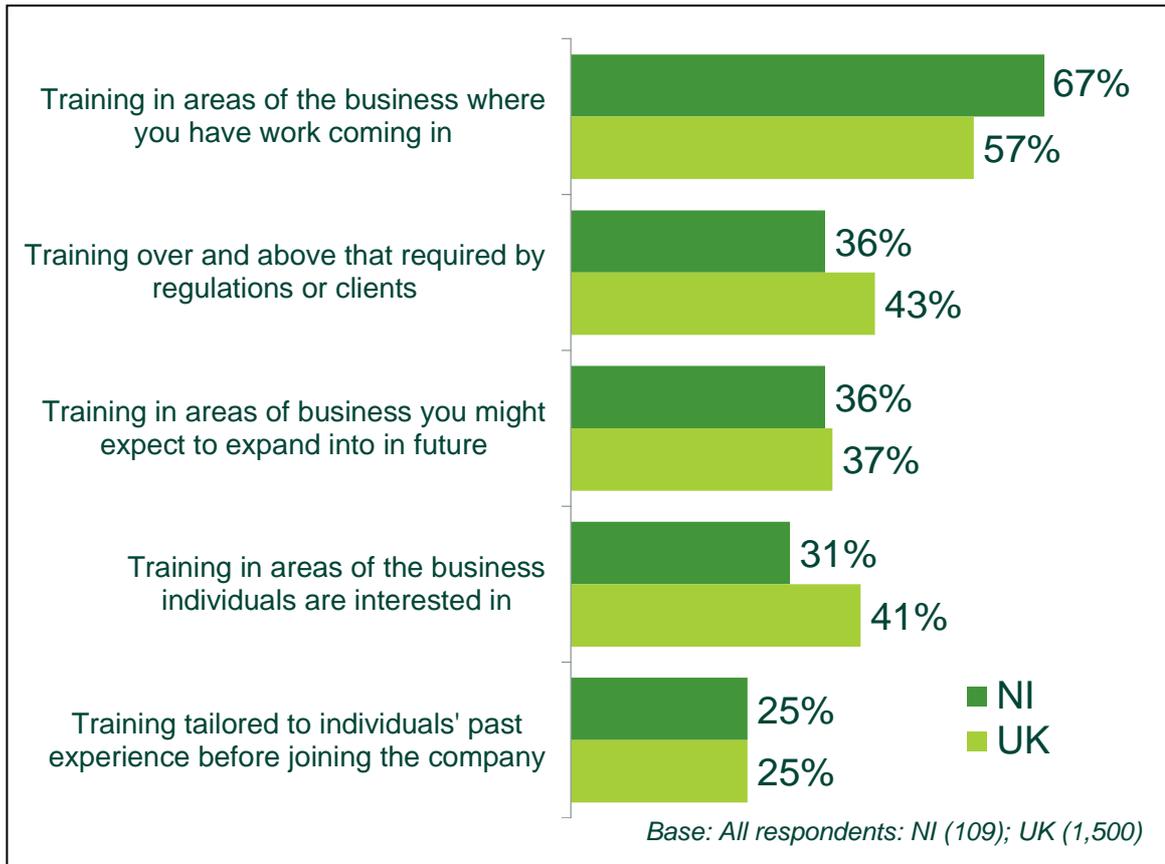
7.5 The training offered to new entrants appears heavily influenced by legislation or by their main clients: 93% reported offering training that was required by regulations or clients for the sites that the employees would be working on first (80%) or would be working on in the near future (64%), higher than UK average (83%). Just over half (56%) went beyond the training required by regulations or their main clients.

Figure 7.1 Training for new entrants (prompted)

Training offered to experienced employees

- 7.6 As Figure 7.2 shows, experienced staff were most commonly offered training based on the immediate needs of the business; two-thirds (67%) trained in areas of the business where work was coming in; the proportion offering this training was higher amongst those with commercial (79%) and public sector clients (83%).
- 7.7 Beyond training required by immediate or future business needs, a third (36%) reported offering training to experienced staff that was over and above what was required by regulations or clients. Firms working as sub-contractors (47%) and those with public sector clients (50%) were more likely to do so. The same proportion (36%) reported offering training in areas where the business was expected to grow in the future.
- 7.8 Approaching a third (31%) reported training experienced staff in areas of the business that they were interested in. This was again more common amongst firms working as sub-contractors (40%) and those with public sector clients (47%).
- 7.9 Firms were least likely to offer training tailored to individuals' past experience before joining the company (25%).

Figure 7.2 Training for experienced employees (prompted)



8 Recruitment and recruitment barriers

8.1 Three in ten companies interviewed (30%) had recruited or tried to recruit staff in the last 12 months, including any working on a self-employed basis (lower than the UK-wide average of 46%). This increases from a quarter of employers with 2-9 staff (28%) to half those with 10-99 staff (50%) and all those with 100 or more employees. It is this group and their efforts to recruit employees who are analysed in the rest of this chapter.

Types of staff recruited and channels of recruitment

8.2 As shown in Figure 8.1, experienced site labourers (61%) were the most sought after staff amongst those that had recruited, or tried to recruit in the last 12 months.

Figure 8.1 Types of employee recruited / tried to recruit

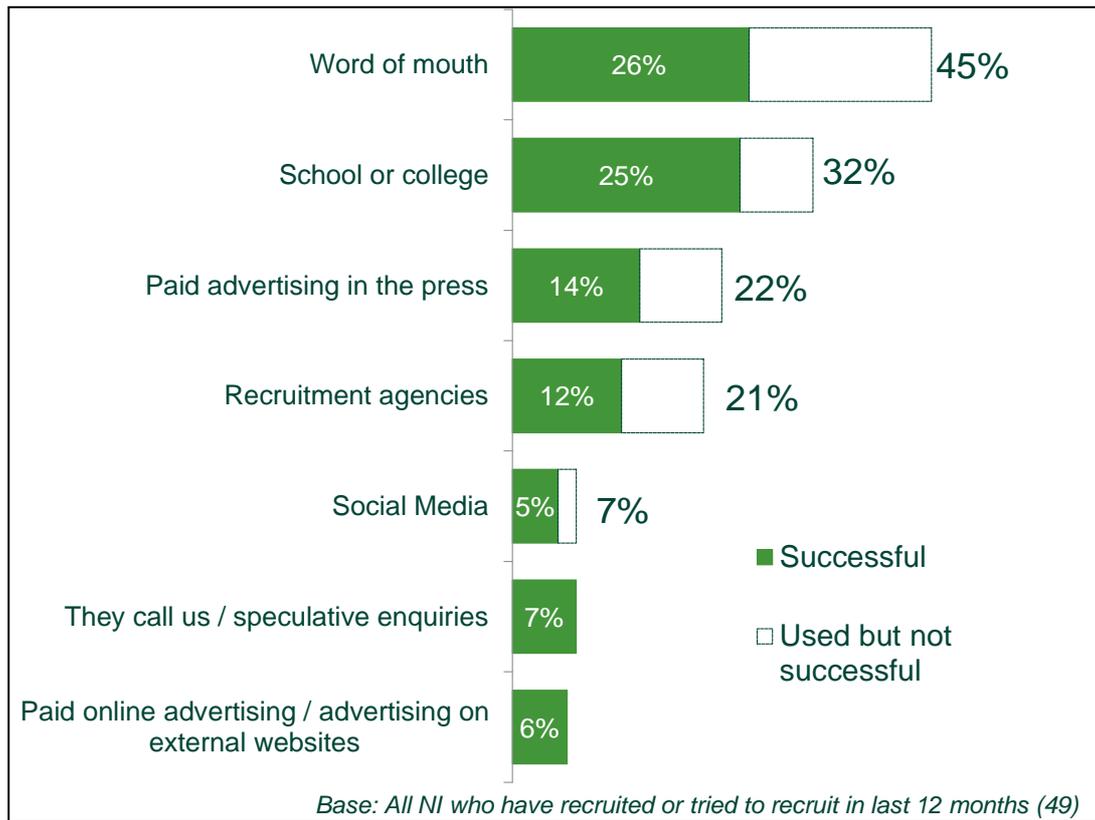


8.3 The most common method used to recruit staff was word of mouth, used by almost half of businesses (45%) followed by recruitment via schools and colleges (32%). Around a quarter of firms were successful in recruiting via each of these methods.

8.4 A fifth of firms said they attempted to recruit using paid advertising in the press and / or recruitment agencies. Each of these methods had similar levels of success (13% and 12% of firms respectively successfully recruiting through these channels).

8.5 Note on the following chart successful recruitment shows *any* successful recruitment via that method. It does not take into account the volume of recruitment achieved through each method.

Figure 8.2 Recruitment channels used / successful



Recruitment Costs

- 8.6 Companies were far more likely to report that their recruitment costs *per employee recruited* had increased in the last 2-3 years (27%) than say it had decreased (3%).
- 8.7 On average, recruiters in Northern Ireland spent £1,475 on 'out of pocket' recruitment costs (e.g. paid advertising or spend on recruitment agencies) over the last 12 months (including two-fifths with no direct costs), and £1,370 on time costs. Both are higher than the UK average (£1,250 and £1,150 respectively).

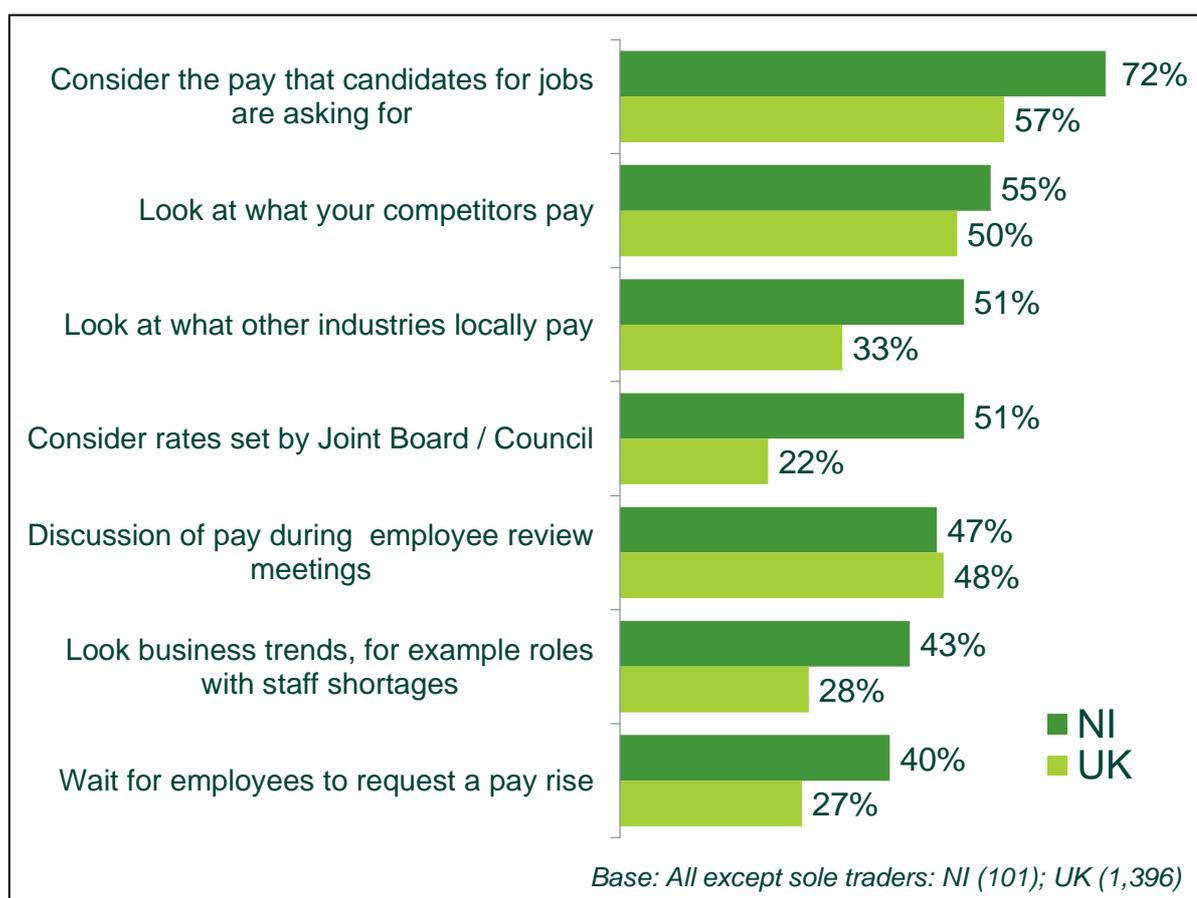
Recruitment Challenges

- 8.8 Amongst firms that had recruited, or tried to recruit staff in the last 12 months, seven in ten (70%) reported challenges in doing so. By far the most common recruitment challenge faced was a shortage of good applicants (67%), while a further 8% mentioned simply a shortage of applicants in general.
- 8.9 The 28 firms that reported having had difficulty finding suitable applicants were asked why they felt this was the case. Most commonly they felt this was due to schools and colleges not doing enough to promote the sector (mentioned by 6 respondents), competition from other companies in the sector (5), the poor image of the sector (5) or because wages are lower than those offered in other sectors (4).
- 8.10 The main impact resulting from recruitment challenges (a base of 34 respondents) was recruitment taking a lot longer than desired (mentioned by 25 respondents). Recruitment challenges also appeared to impact on the ability to undertake projects; 19 respondents said projects took longer to complete because of staff shortages, while a further 8 mentioned having to turn work down. In addition, 17 respondents said they took on staff with lower skill levels than they wanted because of difficulties in finding suitable staff during recruitment. This clearly may have implications for training but also for the quality and productivity of the work they undertake.

9 Earnings

- 9.1 Given the improving economic climate, and an increasing proportion of Construction and Professional Services businesses reporting shortages of staff, it might be expected that this would start to have an inflationary effect on earnings. Therefore, this wave included questions about earnings, in particular focusing on how employers decide what to pay their staff.
- 9.2 In deciding pay levels around three-quarters (72%) of firms in Northern Ireland consider the pay candidates ask for, while around half (ranging from 47%-55%) look at what competitors or other industries pay, consider rates set by a Joint Board or Council, or decide pay based on discussions with employees during review meetings. Fewer, though still around two-fifths, reported looking at business trends such as staff shortages (43%) or respond to employees' requests for pay rises (40%).
- 9.3 As shown in the chart below, firms based in Northern Ireland were more likely than UK firms overall to look at what other local industries pay, consider rates set by Joint Boards or Councils, or to look at trends within the business.

Figure 9.1 How firms decide what to pay their employees



How employers know what market rates are

- 9.4 Most employers who take into account what other businesses pay do this fairly informally through contacts with other businesses (70%) or by 'word of mouth' (13%). Other less mentioned ways of finding out what competitors and other business pay included:
- Using a service or consultant (8%)
 - Being told by applicants (4%)
 - Checking job adverts (3%); and
 - Industry knowledge / experience (2%).

Wage increases

- 9.5 Over a fifth (22%) feel there have been occupations where pay has increased over the last 12 months due to a shortage of candidates or high demand in the industry, very similar to the figure UK-wide (25%). Within the Construction sector (a base of 20 respondents), it was most commonly felt that pay had increased for bricklayers (mentioned by 8 respondents), carpenters / joiners (8), plumbers (3), managers (3), plasterers (2), surveyors (2) and engineers (2).

10 Revised Construction (Design and Management) Regulations (CDM regulations)

10.1 This chapter explores the awareness and understanding of the revised CDM Regulations. The CDM Regulations are the main set of regulations for managing the health, safety and welfare of construction projects. On 6 April 2015, the Construction (Design and Management) Regulations 2015 replaced the 2007 regulations. This legislation only applies to work carried out in Great Britain and therefore firms in Northern Ireland and not operating in Great Britain were not in scope for questioning. In total, 43 firms based in Northern Ireland were asked questions regarding the revised CDM regulations.

10.2 The key changes to the updated legislation are as follows:

1. All projects must have:
 - a. Workers with the right skills, knowledge, training and experience;
 - b. Contractors providing appropriate supervision, instruction and information; and
 - c. A written construction phase plan.
2. Projects where more than one contractor is involved (domestic or non-domestic) must have all listed at 1 above plus:
 - a. A principal designer and principal contractor must be appointed; and keep
 - b. A health and safety file
3. If work is scheduled to:
 - a. Last longer than 30 working days and
 - b. Have more than 20 workers working simultaneously at any point in the project; or
 - c. Exceeds 500 person days

All of 1 and 2 above plus the client must notify HSE about the project.²

Awareness of CDM regulations and how to be compliant

10.3 Approaching one-fifth (18%) of Northern Ireland businesses that ever operate in England, Scotland and Wales said they had heard of the CDM Regulations 2015.

10.4 The 15 respondents aware of the new regulations were asked to what extent they understood what they needed to do in order to be compliant with them: nearly all reported having a good (8) or reasonable (5) understanding, while 2 felt their understanding was poor.

² <http://www.citb.co.uk/health-safety-and-other-topics/health-safety/construction-design-and-management-regulations/> [accessed 12th November 2015]

Information and guidance on CDM regulations

- 10.5 Of the 15 respondents aware of the revised CDM regulations, 8 had sought information or guidance about them, with these mainly attending training courses (3), searching the press (3) or carrying out a general internet search (2). Single respondents had used: an external health and safety consultant; the Health and Safety Executive (HSE); CITB; a trade federation or body; and The Royal Society of Ulster Architects (RSUA).
- 10.6 Those that not sought information or guidance on the revised CDM regulations were all very (5) or fairly (1) confident about where they would need to go to find information if they required it.

11 Non-UK workers

11.1 In this chapter we report issues relating to the employment of non-UK workers, in particular considering the skills and experience of these workers, the training they receive and the main reasons why firms choose to employ them.

Prevalence of non-UK workers

11.2 In total, 4% of businesses in Northern Ireland currently employed non-UK workers (rising to 27% of those with 100+ staff), with a further 1% reporting they had done so in the last 12 months. Firms based in Northern Ireland were more likely than the rest of the UK to report not having employed any non-UK workers in the last 12 months (94% vs. 85%). Nevertheless, this was heavily influenced by results in London and the South East where around a third (35%) and a fifth (20%) respectively currently employed any non-UK workers over the last 12 months.

11.3 Survey results (admittedly on a low base) suggest that non-UK workers comprise about 1% of the Northern Ireland Construction and Professional Services workforce, compared with 2.5% within Great Britain.

Experience of non-UK workers

11.4 The 17 respondents currently employing non-UK workers, or having done so in the last 12 months most commonly reported these workers being experienced people with high level technical / craft skills (10) or experienced site labourers (10). A further six respondents said their workers included people with no previous experience in the Construction sector.

Reasons for employing non-UK workers

11.5 All firms in Northern Ireland were asked what they perceived to be the main reasons why their business or other businesses in the sector choose to employ non-UK workers. As the chart below shows, businesses most commonly reported employing non-UK workers to keep costs down (37%).

11.6 Other reasons included non-UK workers having a better work ethic (13%) or there being a shortage of highly-skilled candidates from the UK (12%). A similar proportion also mentioned a shortage of unskilled labour (6%) and a shortage of technical or craft skills amongst the UK workforce as their reasons for employing non-UK workers. Nevertheless, a fifth (19%) of firms said there was no particular reason other than their being the best candidates for the job.

Figure 11.1 Reasons for employing non-UK workers (spontaneous)

