



IFF Research

Research Report

Employer Attitudes and Motivations to Learning and Training (Wave 14)

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

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1 Introduction

- 1.1 As an Industry Training Board and Sector Skills Council CITB NI's role is to encourage the adequate training of 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 fourteenth wave of consultation focusing specifically on results from Northern Ireland. This involved 105 telephone interviews with employers (of whom eleven 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 for the first wave of the research 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 14, fieldwork took place from 29th August to 9th October):

- 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

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

- The profile of those interviewed
- Business challenges and priorities
- The economic downturn and the response of employers
- Apprentices and new graduates
- Skills erosion and recruitment
- The low carbon agenda
- Women in Construction.

Caution in interpretation

1.8 Results presented in this report are based on a relatively small number of interviews (105) and should best be treated as indicative. On a base of 105 interviews, sampling error, in the worst case scenario from a statistical reliability angle of a survey result of 50%, is approximately +/- 9.5%, which means that statistically we are 95% confident that the true result lies within the range 40.5% - 59.5% range. In the case of a survey result of 25% or 75% the sampling error falls to +/- 8.3%. 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 fourteenth 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 105 telephone interviews conducted in September and October 2014 with employers and the self-employed in Northern Ireland operating within the traditional building sector ('Construction') and in Professional Services.

Business challenges

2.2 Results on business challenges reveal signs of significant economic recovery:

- The proportion mentioning the need to increase sales continues to fall (from 60% in 2012, to 53% in 2013 to 39% in 2014). It remains a key issue for many, but it is not now the only predominant theme.
- The economic downturn is no longer commonly seen as the key business challenge; the proportion has fallen to 6% from 21% in 2012.
- There has been a marked increase in skills shortages, with 13% saying finding suitably skilled staff is a key business challenge, up from 3% in 2013, and rising to 30% when prompted.

2.3 Nevertheless, almost all Northern Ireland employers are facing challenges; only 3% said they face no business challenges, compared to a UK average of 17%.

The economic downturn and recent business performance

2.4 Results on recent business performance confirm improved trading conditions. In terms of sales and turnover, more report this has been higher over the last 12 months than for the previous 12 months (37%) than say it has fallen (32%). Encouragingly, the proportion reporting a decrease has fallen significantly from 61% in 2012.

2.5 Optimism about turnover in the next 12 months was reasonably high (and results were more positive than found in 2012): the majority felt their turnover would stay at about the same level (52%), however many more expect turnover to increase (44%) than decrease (4%). In comparison, in 2012 only 18% of employers in Northern Ireland expected their fee income to increase over the next 12 months.

2.6 While increased recent turnover and expected turnover is clearly encouraging, given that there has been a sustained downturn the base point for many employers may be quite low. For this reason respondents were asked how current profit levels compared to *pre-recession levels*. Almost three-quarters of Northern Ireland employers (72%) reported lower current profit levels than prior to the recession, significantly higher than the UK

average (44%), while only 5% reported higher profit levels currently (compared to a UK average of 19%).

- 2.7 Employers were asked how the number of direct employees working for their business had changed in the last 12 months. More respondents reported fewer direct employees working for the business (17%) than more (6%). While the proportion saying they had fewer direct employees was in line with the UK average (16%), far more Northern Ireland employers had experienced no change (77% vs 66% UK average) and significantly less had more employees on their books (UK average of 18%). This shows that employee growth is at a slower rate overall in Northern Ireland than in the UK as a whole.

Apprentices and graduates / interns

- 2.8 The proportion of employers recruiting apprentices, graduates and interns has continued to rise, with three in ten (30%) doing so in the last 12 months, up from 15% in 2012 and 20% in 2013. By far and away the main reason for Northern Ireland employers not taking on such staff was their simply not having recruited at all in the previous 12 months (72%).
- 2.9 Around three-fifths of employers (59%) feel there is an oversupply of apprentices, graduates and interns: this is similar to the 2012 figure (61%) but a sharp fall from 2011 (72%) suggesting increased demand from two years previously. This is confirmed by the fact that three in ten firms (31%) are likely to take on apprentices, graduates and interns in the next 12 months (1% said this was definite, 10% very likely and 20% quite likely), much higher than found in 2011 (4%) and 2012 (14%). Considering only Construction sector firms, 36% were likely to take on apprentices in the next 12 months (1% definitely, 12% very likely and 23% quite likely). This proportion was significantly higher than the UK average (25%).

Skills erosion and recruitment

- 2.10 Overall, 18% of firms had taken on somebody over the past two years who had been out of the industry for 12 months or more.
- 2.11 Of those employers who had not taken on 'career breakers' the majority said they would not be concerned about taking on somebody who had been out of the industry for 12 months or more (64%). However, around a tenth of employers (11%) said they would be very concerned, significantly more than the UK-wide average (5%).
- 2.12 All employers were asked how long a gap from working in the industry would count against candidates during recruitment. Most commonly, and in line with the UK as a whole, respondents felt a break of two years or more (38%) would count against candidates. The overall indication is that firms perceive skills erosion to be a relatively medium to long-term concern in terms of how quickly it sets in. Only 7% of respondents felt that a break of less than six months was a problem when recruiting, while 8% felt that 6-12 months out of the industry would count against candidates. Around one in six employers (17%) said that the length of time out of the industry would not count against candidates.

The Low Carbon Agenda

- 2.13 Most employers (69%) feel they are quite or very aware of the implications of the Low Carbon Agenda and its associated initiatives for the Construction industry. Most firms (68%) feel the issue of carbon reduction and energy efficiency was currently important for their customers and clients, a 28 percentage point rise from results in 2012. Employers also feel its importance will increase: 80% consider that energy efficiency and carbon reduction will be important in five years' time (16% feel it will be vital in five years' time, compared to 5% currently). Just 1% of firms think carbon reduction and improved energy efficiency will not be an issue at all in five years' time.
- 2.14 Around nine in ten firms had taken at least one of seven measures to reduce their carbon footprint in the last 2-3 years (88%, in line with the UK average (87%)), with reducing waste to landfill the most common.
- 2.15 Most firms (61%) feel the Low Carbon Agenda is having no impact on their business overall, though positively more feel it is having a positive impact (26%) than a negative one (12%).
- 2.16 Around three-quarters of Northern Ireland employers (74%) intend to reduce carbon emissions further in the next five years, a significantly higher proportion than the UK-wide average (61%). Those who intend to reduce carbon emissions most commonly plan to do so by using more energy-efficient equipment (41%), minimising their businesses' travel and vehicle usage (33%) and by reducing their waste and recycling (10%).

Women in Construction

- 2.17 Over three-quarters of firms in Northern Ireland employed women. Most commonly these firms employed women in administrative or clerical roles (87%) and managerial roles (64%), while just under half had directors at board level (48%): few of these firms employed women in skilled trades roles (9%).
- 2.18 Employers feel a number of factors contribute to the underrepresentation of women in the sector, most commonly a lack of strong female role models in the industry (83%), followed by a perception that Construction is male-dominated, the industry be seen as 'dirty' and 'messy' and low awareness of the variety of roles available to women in Construction (each mentioned by around two-thirds).
- 2.19 There was strong support for introducing quotas for the number of women in senior roles in the industry. Approaching two-thirds (64%) agreed that quotas were a good idea, with a fifth (19%) agreeing strongly. This was significantly higher than the UK-wide average, where less than half (45%) agreed.
- 2.20 When prompted with a number of possible activities to increase the representation of women, the majority of businesses felt each would be effective. This included providing training incentives to train women (78%), increasing / better promotion in schools of careers for women in construction (75%), raising awareness of the range of non-manual jobs available (72%) and better flexible working arrangements for employees (71%).

- 2.21 Firms were asked how long they think it will take to raise the percentage of women in the industry to 25%, from the current 13% level. Most commonly, firms felt it would take between 5 and 10 years (58%), whilst a further one in seven firms (14%) believing it would take between 11 and 20 years, showing that most felt it was a medium-term aspiration.
- 2.22 Employers in Northern Ireland were more optimistic than the rest of the UK about how quickly the 25% level could be met. Around two-thirds of firms in Northern Ireland (65%) thought it would take 10 years or less, compared with under half of UK employers overall (46%).
- 2.23 On a positive note, the majority of firms (64%) felt a more diverse workforce would be beneficial to the industry by increasing productivity.

Supply chain and the image of the sector

- 2.24 Three-fifths of firms (60%) feel part of a supply chain. Nevertheless, only 12% of firms feel they were part of a supply chain to a 'great extent', significantly lower than the UK average (22%).
- 2.25 Over three-quarters of firms (77%) feel that cost is the primary element on which work is awarded (two-thirds agree strongly with this), indicating that competition between suppliers is a key factor in the award of work. Employers feel that tendering processes are a burden to business, with around two-thirds agreeing that competitive tendering leads to challenging or difficult relationships and that the benefits of collaboration with other smaller businesses are lost through competitive tendering.
- 2.26 Half of firms in Northern Ireland (49%) felt the Construction sector has a strong voice amongst UK businesses as a whole. Around a quarter (23%) felt the voice of the Construction sector was weak, a significantly higher proportion than the UK-wide average (16%).
- 2.27 The vast majority of employers feel the Construction sector is crucial to the recovery (95%) and most feel proud to work in the industry (81%, just 8% disagree), however the majority of employers feel the industry is often misrepresented in the media (54%). Confirming some of the views on high levels of competition just discussed in regard to tendering, opinion is relatively divided on feeling part of an industry with a collective, shared common purpose: just under half feel this (48%), but around a sixth disagree (17%), and many are neutral or unsure.
- 2.28 Firms were asked how well the general public, regulators, the government and client organisations understand the Construction Industry. In relative terms, firms feel the industry is best understood by clients (60% feel clients understand the industry well). Respondents were more divided on how well the industry is understood by the general public (53% well vs. 47% poorly). A slight majority (51%) feel that the industry is understood well by regulators, compared with two-fifths who feel they have a poor understanding. Half feel the government has a poor understanding of the industry. Overall the results suggest employers feel more could be done to improve the understanding of all stakeholder groups.

3 The profile of employers

- 3.1 In this section we briefly discuss the (weighted) profile of the 105 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 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)	11	1%
2-9	52	88%
10-24	17	8%
25-99	13	3%
100+	12	1%

- 3.2 Clearly most firms employing staff are small, with almost nine in ten having fewer than ten direct employees across the UK. A large proportion of firms were also single site organisations (85%; similar to the 83% in wave 13).

Sub-sector

- 3.3 Four-fifths of firms operated in the traditional building (Construction) sector and one-fifth 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 by sub-sector it was representative of the business population, though this was not done at country / region 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. Two-thirds (65%) were employing labour-only sub-contractors at the time of the survey, higher than the UK-wide figure (54%) and also higher than the figure found in the previous waves in Northern Ireland (54% in wave 13, and 40%-48% in waves 10-12).

The client base

- 3.5 Firms were most likely to say their main clients were the general public (37%) or commercial clients (35%). This compares with around a sixth working mainly as a sub-contractor for other firms (17%) and around one in ten working for the government or other public sector clients (9%).

Membership of a trade body or federation

- 3.6 Just over two-thirds of all firms were members of a federation or trade body (69%). Membership was higher for firms with 10+ staff (89%, vs. 67% among those with 2-9 employees) and among those in the Professional Services sector (79% vs. 67% among those in Construction).

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 NI, 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. 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).

Main key challenges (spontaneous)				
	Northern Ireland			UK
<i>Base: all Construction employers</i>	Wave 12 2012	Wave 13 2013	Wave 14 2014	Wave 14 2014
	(81) %	(114) %	(81) %	(1,095) %
Need to increase sales	60	53	39	24
Clients slow to pay	18	28	23	15
Cashflow / getting paid	6	2	18	4
Finding suitably skilled staff	2	3	13	21
Getting finance to expand	21	7	13	3
Dealing with the recession / downturn	21	10	6	6
Rising costs of materials	14	4	4	8
Competition	4	9	*	4
Need to increase profitability	9	12	*	4
Dealing with legislation and red tape	5	9	-	9
No particular challenges	-	3	3	17
* = > 0% but less than 0.5%; '-' = 0%.				

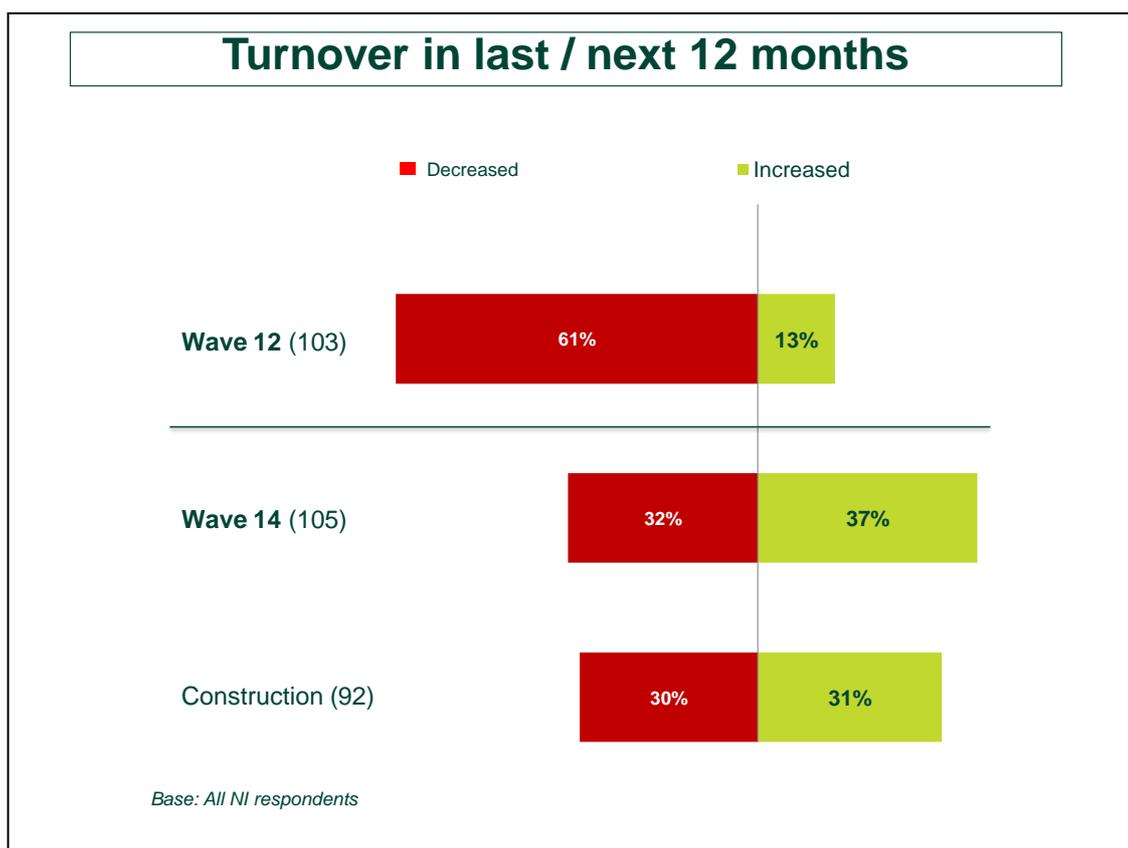
- 4.2 The main challenge for Construction employers remains the need to increase sales, mentioned by two-fifths of employers in Northern Ireland (39%). However, far fewer mention this than did so in 2012 (60%) and 2013 (53%), indicating signs of a recovery. Nevertheless, the proportion feeling increasing their sales is a key challenge is higher than in the UK as a whole (24%). Similarly, while 17% across the UK report no particular challenges, in Northern Ireland just 3% faced no specific challenges.
- 4.3 The more positive outlook in 2013 compared to recent years was reinforced by the continuing fall in the number employers who felt dealing with the recession was a key business challenge (mentioned by 21% in wave 12, 10% in wave 13 but just 6% in this wave). (It is important to note that the more positive picture compared with previous waves is relative – as we see in the next chapter there are still many employers that say their turnover has decreased in the previous 12 months, it is just that the proportion that say it has decreased has fallen).
- 4.4 This wave of research further explored the issue of finding suitably skilled staff. Early indications of an economic recovery in wave 13 suggested that this might again become a key business challenge within the industry, as it was pre-recession. The issue has started to become more important, with 13% of Construction employers spontaneously mentioning the shortage of skilled workers as a key business challenge, a sharp rise from 3% in wave 13, though lower than the proportion for the UK as a whole (21%). Furthermore, when prompted, this proportion rose to three-tenths (30%).
- 4.5 Firms having difficulty finding suitably skilled staff (base of 29 employers) mentioned various negative impacts, including projects over-running (6 employers) and work being turned down (4 employers), indicating that for many it is more than a mere inconvenience.

5 The Economic Downturn and recent business performance

5.1 The results on key business challenges presented in the previous chapter provide evidence that the economic recovery has been consolidated after some initial promising early signals in wave 13 (2013), with the need to increase in sales becoming a less prevalent issue and far less mentioning the economic downturn as a key challenge. In this chapter we explore the impact this recent improvement in the economic outlook has had in terms of recent business performance including employment, turnover and profit levels. Comparisons are made with wave 12 (conducted in 2012); the last wave in which both Construction sector and Professional Services firms were interviewed, and also in some cases wave 13.

Sales / turnover and profit levels

5.2 Employers were asked how their sales / turnover in the last 12 months compared with the 12 months before that. Overall, there was a fairly even split between those reporting an increase (37%), decrease (32%) and no change (31%). While the proportion of employers reporting a decrease in turnover was significantly higher than the UK average (21%), it is much lower than the 61% of Northern Ireland employers reporting this in Wave 12 (2012), with far more employers reporting an increase in their annual turnover (23% reported an increase in Wave 12). Construction sector firms were less likely to report an increase in turnover (31%).



5.3 Optimism about turnover in the next 12 months was reasonably high (and results were more positive than found in the previous wave). The majority of firms felt their turnover would stay at about the same level (52%), however a far higher proportion expected turnover to increase (44%) than decrease (4%). In comparison, in 2012 only 18% of employers in Northern Ireland expected their fee income to increase over the next 12 months.

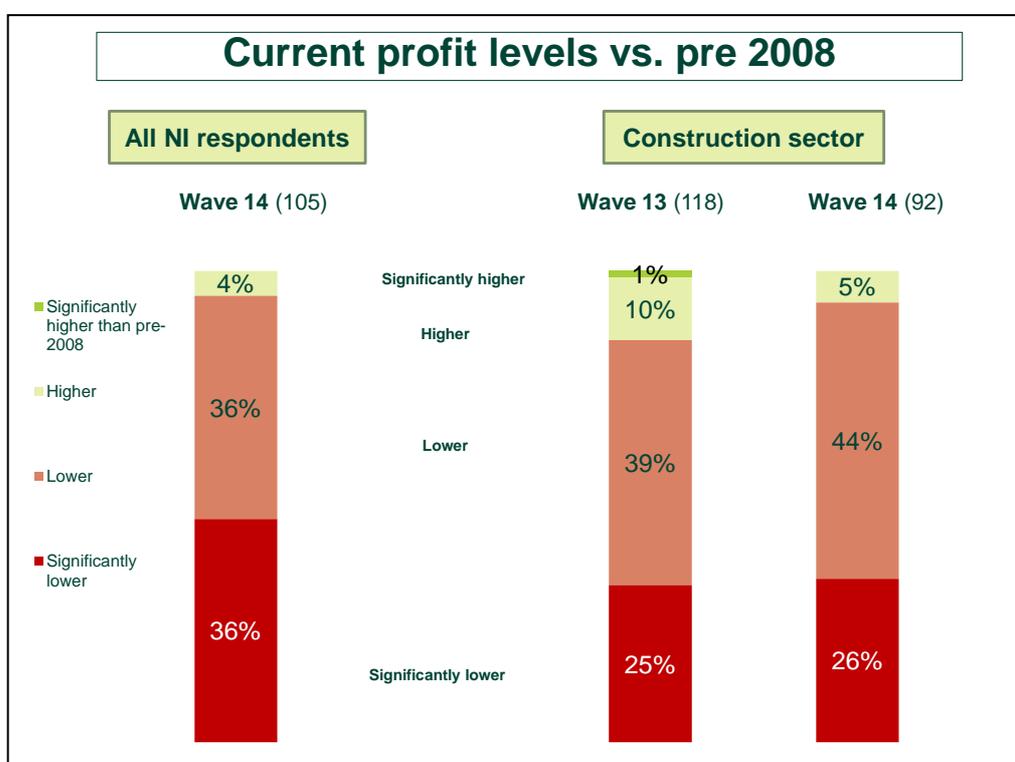
5.4 At the qualitative stage some employers raised the issue of lower profitability even where turnover and sales were at reasonable levels.

“Acquiring work with beneficial rates – you can get lots of work but it’s very badly paid and not really worth doing”.

Construction, 10-24 employees, NI

5.5 For this reason at the quantitative stage, respondents were asked how current profit levels compared to *pre-recession levels*. Almost three-quarters of Northern Ireland employers (72%) reported lower current profit levels than prior to the recession, significantly higher than the UK average (44%), while only 5% reported higher profit levels currently (compared to a UK average of 19%). This again suggests it will be sometime before profit levels in Northern Ireland return to pre-recession levels.

5.6 Amongst Construction sector firms, the picture was roughly the same (70% reporting lower profit levels currently and 5% reporting higher¹), however in contrast with the UK trend, their economic situation appears to have worsened since the previous wave of research in 2013 (64% reporting lower levels currently and 12% reporting higher).



¹ Note: in wave 14 less than 0.5% in Northern Ireland answered ‘significantly higher’. In combination higher and significantly higher adds to 5%.

- 5.7 Firms were asked whether the UK economy's period of sustained growth in 2013, referred to by some as the start of the recovery, had been reflected in their area of work. A slight majority of businesses (54%) felt there had been a recovery in their area of work.
- 5.8 Those who had seen a recovery tended to feel this was in regard to commercial work (19%), private sector work (16%) and public sector work (12%), though a third (33%) felt there were no particular areas of work or types of client in which they had seen a sustained period of growth over the last 12 months.
- 5.9 All firms were asked if there were areas in which growth is expected in the next 12 months. Almost a fifth of employers (18%) felt commercial work would grow; a significantly higher proportion than the UK average. Furthermore, significantly more Northern Ireland employers felt the renewable energy sector would grow than the UK overall (9% vs 1%). House building (11%), the private sector (8%) were also felt to be areas of potential growth.

Employment

- 5.10 Employers were asked how the number of direct employees working for their business had changed in the last 12 months. More respondents reported fewer direct employees working for the business (17%) than more (6%). While the proportion saying they had fewer direct employees was in line with the UK average (16%), far more Northern Ireland employers had experienced no change (77% vs 66% UK average) and significantly less had more employees on their books (UK average of 18%). This shows that employee growth is at a slower rate overall in Northern Ireland than in the UK as a whole.
- 5.11 A similar pattern was evident in the change in the number of labour-only sub-contractors (LOSC) employed by Construction businesses. Most said there had been no change in the number (70% vs. 64% across the UK) – of the remainder more had fewer LOSC now than 12 months previously (17%) than had more (13%).
- 5.12 Results on the proportion of employers reporting changes in employment in the previous 12 months are summarised in the following table.

Size compared with 12 months ago				
	Directly employed staff		Labour-only sub-contractors	
	Northern Ireland	UK-wide	Northern Ireland	UK-wide
<i>Base: first two columns: all / last two columns: all employing LOSC</i>	105	1,500	92	1,197
	%	%	%	%
More now than 12 months ago	6	18	13	21
The same	77	66	70	64
Fewer now than 12 months ago	17	16	17	15

The recovery and opportunities for growth

- 5.13 A key issue from a planning perspective (such as general recruitment, recruitment of apprentices and graduates, and for skills training and development) is whether firms believe the recent upturn in economic activity is part of a sustained recovery as opposed to a short-term phenomenon. Promisingly, most employers felt confident that the recent economic improvement was part of a sustained recovery (64%; though only 7% were very confident)
- 5.14 Firms also gave their spontaneous views on what could be done to sustain a prolonged recovery in the Construction industry. Though a wide variety of suggestions were made, firms most commonly wanted increased government spending on construction and infrastructure (40%) and banks to lend more to Construction firms (10%); Northern Ireland employers were significantly more likely to mention these than UK employers generally (23% and 5% respectively). Other suggestions included improving training by making it cheaper or more accessible (9%), less regulation and red tape (7%) and reduced tax and National Insurance rates.

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. Due to low base sizes, apprentices and graduates / interns have been grouped together for analysis.

Current employment and recruitment of apprentices

6.2 The following table shows the proportion of employers recruiting apprentices, graduates and interns in the last twelve months and the proportion likely to do so in the next 12 months.

Recruitment and employment			
	Wave 11 (2011)	Wave 12 (2012)	Wave 14 (2014)
<i>Base: all</i>	%	%	%
Recruited any in the last 12 months	15	20	30
Likely to in the next 12 months	4	14	31

6.3 The proportion of employers recruiting apprentices, graduates and interns has continued to rise, with three in ten (30%) doing so in the last 12 months, up from 15% in 2012 and 20% in 2013. A similar proportion (31%) reported that they are likely to take on apprentices / graduates in the next 12 months, rising from 4% in 2012 and 14% in 2013.

6.4 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 amongst Northern Ireland employers was their simply not recruiting at all (72%). Though this was also the most common reason amongst UK employers generally (51%), the proportion mentioning this was significantly less than in Northern Ireland.

6.5 Secondary reasons for not recruiting these groups were preferring to recruit experienced staff (12%), the recruitment of apprentices, graduates and interns not being appropriate to their business (9%), the high costs involved (5%) and bad past experiences when recruiting these groups (4%).

The quality of recent apprentices and supply and demand

6.6 This section looks at the perceived quality of the recent apprentices or graduates 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 indicatively due to the low base size of 34 employers who had recently recruited apprentices, graduates and interns.

6.7 At an overall level, around three-fifths (58%) rated the skills and attributes of recent apprentices, graduates and interns as good (47%) or very good (11%). This proportion was lower than the UK average (75% rating them good or very good, and far more

employers UK-wide rated the skills and attributes of apprentices, graduates and interns as 'very good' (31%). In contrast, around two-fifths of employers in Northern Ireland (42%) rated the skills of recent apprentices, graduates and interns as poor (6%) or very poor (36%; across the UK as a whole just 5% described them as very poor, suggesting, even with the low base sizes, something of an issue in Northern Ireland).

- 6.8 Clearly the quality of those recruited can relate to the quantity of available apprentices and graduates to the extent that employers may or may not have a high number to select from. To this end, firms were asked whether they thought there were more people wanting to become apprentices or start an internship or graduate programme than there were positions available. Around three-fifths of employers (59%) feel there is an oversupply of apprentices, graduates and interns, similar to 2012 (61%) but much lower than in 2011 (72%), suggesting higher recent demand.
- 6.9 Where oversupply was felt to exist construction firms (a base of 41 employers) tended to feel carpenters / joiners (14 employers), electricians (14 employers) and bricklayers (8 employers) were the main occupations where an oversupply of apprentices existed, while 7 employers felt this was an issue across the board.

Recruitment of apprentices in the next 12 months

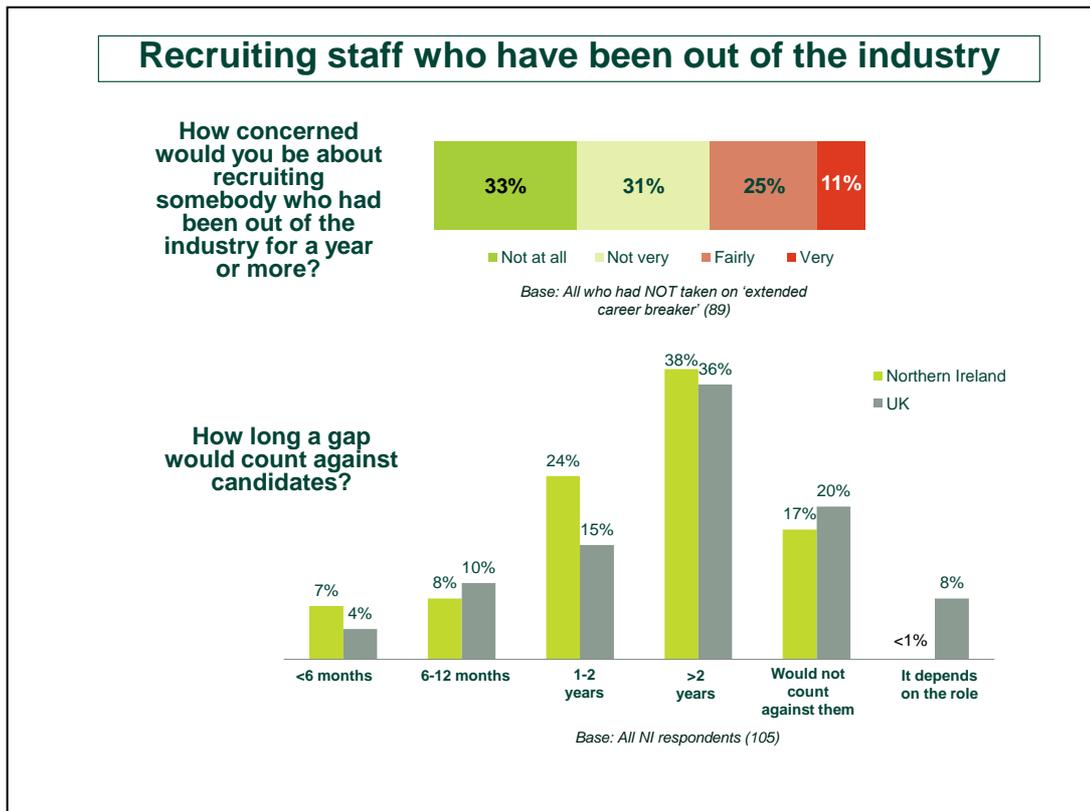
- 6.10 Three in ten firms (31%) were likely to take on apprentices, graduates and interns in the next 12 months (1% said this was definite, 10% very likely and 20% quite likely). This is a sharp rise from and the 4% in wave 11 (2011) and the 14% in wave 12 (2012) who were likely to do so. Considering only Construction sector firms, 36% were likely to take on apprentices in the next 12 months (1% definitely, 12% very likely and 23% quite likely). This proportion was significantly higher than the UK average (25%).
- 6.11 Amongst the 41 Northern Ireland employers who were likely to take on apprentices/graduates and interns over the next 12 months, 22 employer said they were likely to take on only 1 apprentice, graduate or intern, 13 employers were likely to take on 2-4, while 6 were likely to take on 5-9.

7 Skills erosion and recruitment

- 7.1 Clearly during the recession many workers left the construction industry. One response to growing demand for skills as the economy picks up is for the industry to recruit back these workers. This may have training implications if the skills of these workers have become outdated or eroded. This chapter looks at whether firms have taken on recruits who have been on an extended break from the industry, whether this was or would be a concern to recruiting firms, and where skills erosion has or is most likely to occur.

Level of concern about recruiting 'career breakers'

- 7.2 Overall, 18% of firms had taken on somebody over the past two years who had been out of the industry for 12 months or more. Of these 16 employers, there was a fairly even split between those who said they were concerned (7 employers) and those not concerned (8 employers).
- 7.3 Of those employers who had not taken on 'career breakers' the majority said they would not be concerned about taking on somebody who had been out of the industry for 12 months or more (64%). However, around a tenth of employers (11%) said they would be very concerned, significantly more than the UK-wide average (5%).
- 7.4 All employers were asked how long a gap from working in the industry would count against candidates during recruitment. Most commonly, and in line with the UK as a whole, respondents felt a break of 2 years or more (38%) would count against candidates. A further quarter of employers (24%) felt that a 1-2 year gap would count against candidates, significantly higher than the overall UK proportion (15%).
- 7.5 The overall indication is that firms perceive skills erosion to be a relatively medium to long-term concern in terms of how quickly it begins to happen. Only 7% of respondents felt that a break of less than six months was a problem when recruiting, while 8% felt that 6-12 months out of the industry would count against candidates. Around one in six employers (17%) said that the length of time out of the industry would not count against candidates.



Occupations prone to skills erosion

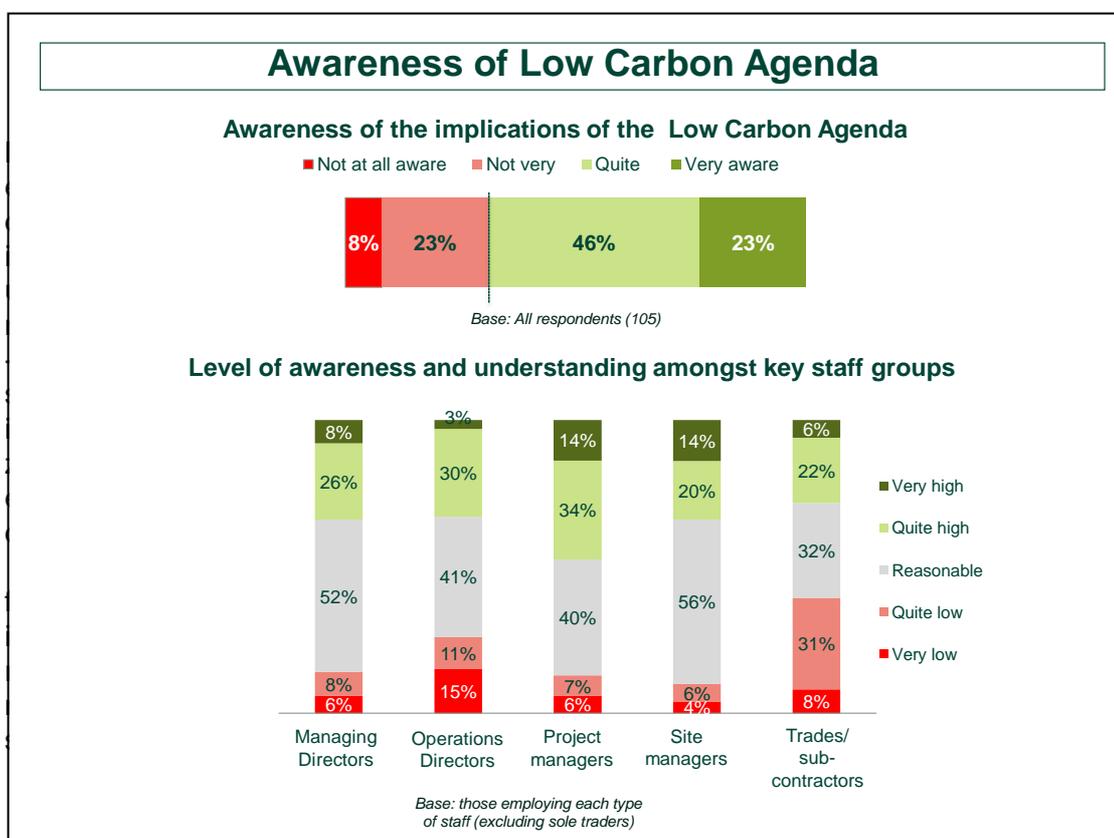
- 7.6 Half of respondents (50%) felt there were specific occupations in which skills become outdated more quickly than average. The 34 Construction sector employers who felt skills became outdated in specific occupations mentioned electricians (16 employers), plumbers (12 employers) and plant and machine operatives (7 employers) as the occupations most prone to skills erosion after a 6 month period out of the industry.
- 7.7 Firms who felt there were particularly occupations in which skills become outdated quickly (42 employers) were also asked which skills tended to get eroded. Technical skills and IT skills were most thought to erode quickly (14 and 12 employers respectively). Those that felt there were particular skills that eroded within six months (36 employers) were also asked what if any measures they put in place to help address instances where new recruits have had some skills 'eroded' due to time away from the industry. By far and away the most common measure put in was an increase in training activity, mentioned by 25 employers.

8 The Low Carbon Agenda

8.1 A large section of the questionnaire was devoted to awareness, the perceived importance of, and involvement with the Low Carbon Agenda. This was introduced briefly to respondents as follows: *'the government is committed to reduce carbon emissions and support clean energy generation and energy efficiency. This is sometimes called the Low Carbon Agenda. In Northern Ireland the following text was added: This includes initiatives such as Green New Deal and the Warm Homes Scheme'*. This chapter explores the findings, making comparisons where possible with wave 12.

Awareness and understanding of the Low Carbon Agenda

8.2 Most employers (69%) feel they are quite or very aware of the implications of the Low Carbon Agenda and its associated initiatives for the Construction industry. The proportion aware was slightly higher than the current UK-wide average and higher than the corresponding proportion aware in Northern Ireland in wave 12 (59%) – though these differences are not statistically significant.



8.3 Respondents were asked about the level of awareness and understanding amongst different key staff groups. Amongst those who employed each corresponding staff group, awareness was highest amongst Project Managers, with almost half (48%) having a high level of awareness. Managing Directors, Operations Directors and Site Managers had similar levels of awareness (33-34% rating their awareness as high). Trades staff / sub-contractors were generally perceived to have lower levels of awareness (38% of firms with these staff rated their understanding and knowledge as low).

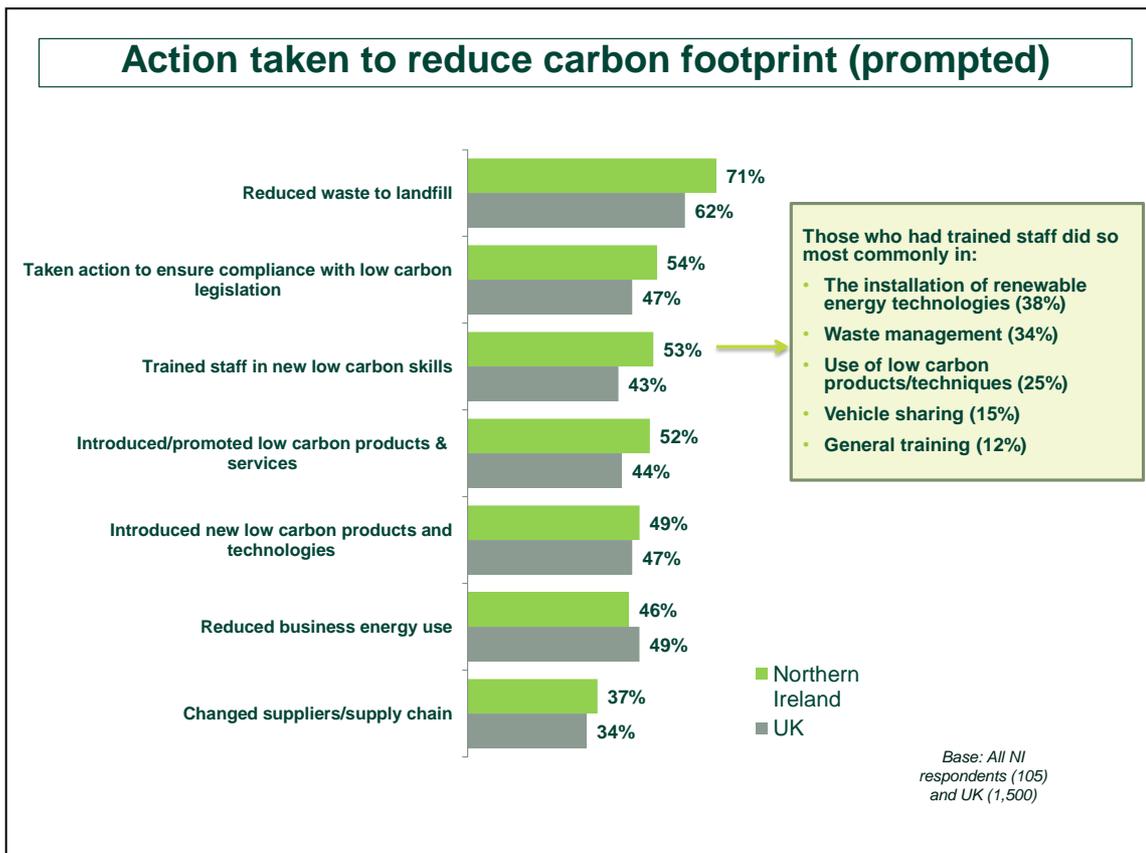
Clients' attitudes to low carbon issues

8.4 Most firms (68%) felt that the issue of carbon reduction and energy efficiency was currently important for their customers and clients, a large increase compared with 2012 (40%).

8.5 Firms were also asked how important they felt these issues would be in five years' time. The proportion who felt that this would be important then rose to 80%. Significantly more firms felt that low carbon reduction and energy efficiency would be *vital* in five years' time (16%) than regard it as vial currently (5%). Just 1% of firms think carbon reduction and improved energy efficiency will not be an issue at all in five years' time.

Recent activity to reduce carbon footprint

8.6 This section looks at the carbon reduction measures firms had taken in the last 2-3 years. As the following chart shows, firms had most commonly reduced waste to landfill (71%), while around half had taken measures to ensure they were compliant with low carbon legislation, trained staff in new low carbon skills, introduced new low carbon products and technologies and taken steps to reduce business energy use (each 46%-54%). The chart below shows how Northern Ireland compares against the UK as a whole on taking measures to reduce the carbon footprint. Northern Ireland employers were significantly more likely to have trained staff in new low carbon skills than the UK overall (53% vs.43%).



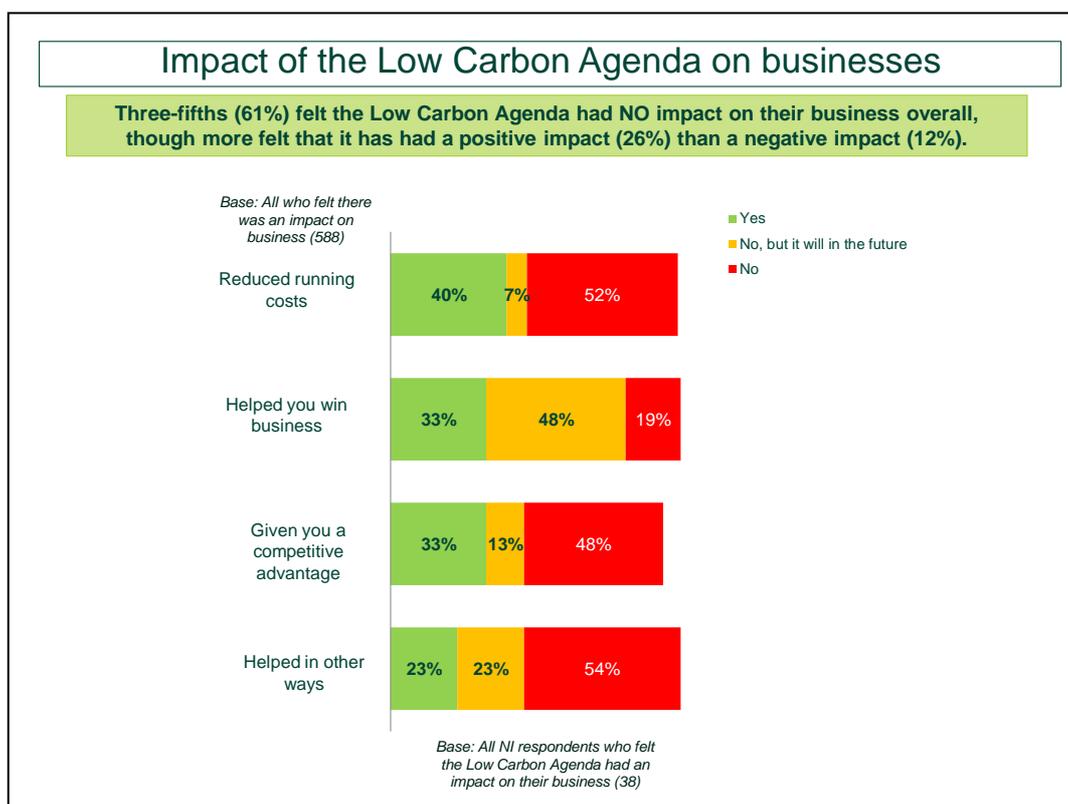
8.7 Around nine in ten firms (88%) had taken *any* of these measures to reduce their carbon footprint, in line with the UK average (87%). Nevertheless, the proportion of Northern Ireland employers saying they had taken all of these measures was significantly higher than the UK average (18% vs. 7%).

8.8 Those who had trained staff in new low carbon skills (53% of employers) were asked which areas this training covered. Almost two-fifths (38%) trained staff on the installation of renewable technologies, while training also commonly covered waste management (34%), the use of low carbon products and techniques (25%). Northern Ireland employers were more likely than those in the UK overall to provide training on environmental issues (12% vs. 4%) and on improving business practices (7% vs. 1%).

8.9 While the majority of firms said these carbon reduction measures had no real effect on costs (53%), considerably more firms said these measures had increased costs (31%) than reduced them (16%). That said, less than 1% though felt they had added significantly to their costs; lower than the UK average (5%). Similarly, few felt that these measures had reduced costs significantly (2%).

Impact of the Low Carbon Agenda

8.10 Most firms (61%) felt the Low Carbon Agenda was having no impact on their business overall. Positively, a higher proportion felt that the Low Carbon Agenda was having a positive impact (26%) than negative (12%). The chart below shows the impact that employers felt the Low Carbon Agenda had on their business.



8.11 Those who felt the Low Carbon Agenda had an impact on their business were asked what impacts it had². The most common impact was helping to reduce running costs (40%), though a relatively low proportion of remaining employers felt this would help their business in the future (7%). A third of these employers (33%) felt the Low Carbon Agenda had helped them win business though a further half (48%) felt this this would help in the future, suggesting that this could potentially become the most impactful outcome overall. The proportion of Northern Ireland employers that had been impacted by the Low Carbon

² Figures for this base of respondents should be treated indicatively due to a low base size (38).

Agenda but saying it had not helped them win business was significantly lower than the UK average (19% vs. 43%). A third of these employers (33%) also felt the Low Carbon Agenda had given them an advantage over their competitors.

- 8.12 Seven employers mentioned other ways in which the Low Carbon Agenda had impacted on their business. These impacts included having better informed staff and helping to provide a better service to customers and clients (each mentioned by 2 employers).

Future of the Low Carbon Agenda

- 8.13 Around three-quarters of Northern Ireland employers (74%) intend to reduce carbon emissions further in the next five years, a significantly higher proportion than the UK-wide average (61%). Those who intend to reduce carbon emissions most commonly plan to do so by using more energy-efficient equipment (41%), minimising their businesses' travel and vehicle usage (33%) and by reducing their waste and recycling (10%).
- 8.14 Those who did not intend to reduce their carbon emissions were asked what barriers, if any, prevented them from introducing more low-carbon technologies or practices into their business. Most commonly, respondents said these would add to their costs (8 respondents) or were not relevant to their business (4 employers), while 6 employers said there were no barriers.

9 Women in Construction

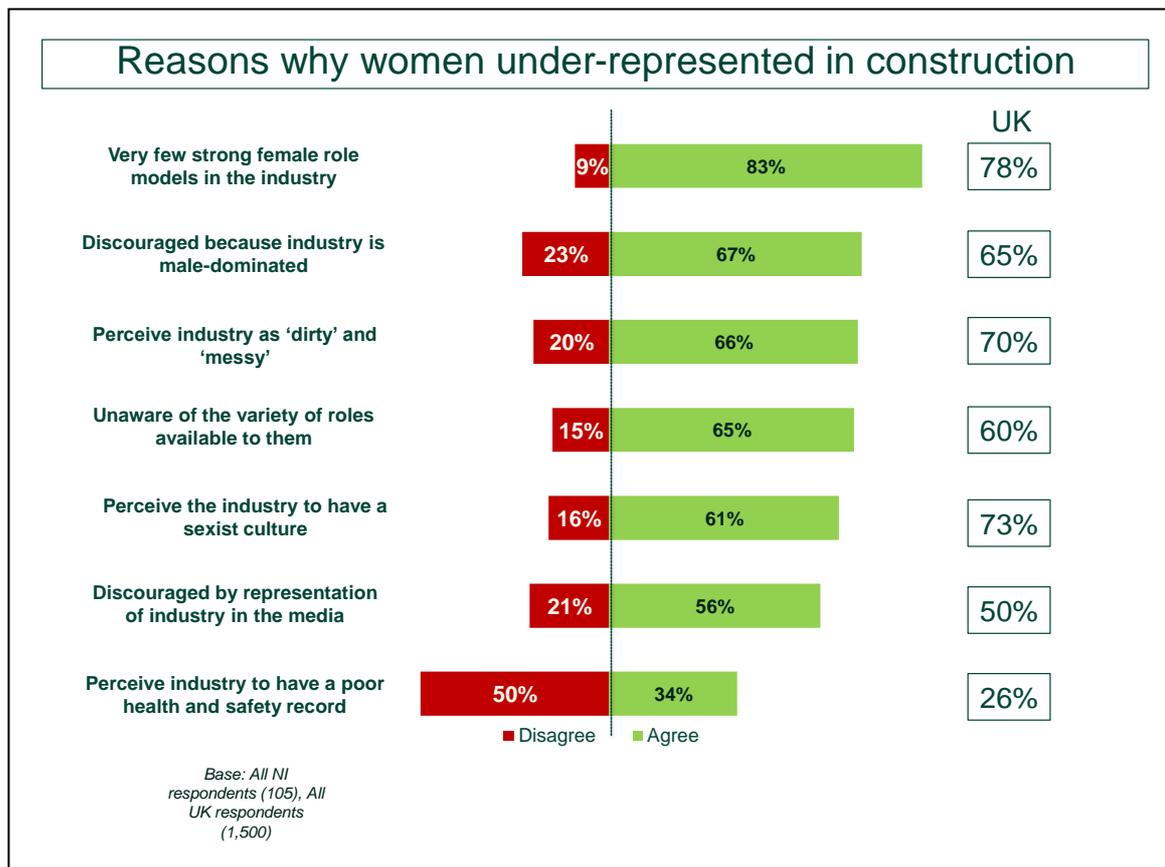
9.1 This chapter explores the prevalence of women in the wider Construction sector, the types of role they fulfil, ways of improving progression opportunities for women and perceptions of why women are under-represented in the industry.

Prevalence and roles of women in Construction

9.2 Over three-quarters of firms in Northern Ireland employed women. These firms most commonly women were employed in administrative or clerical roles (87%) and managerial roles (64%), though around half had directors at board level (48%). Less than a tenth of these employers (9%) had female staff in skilled trades roles.

Why women are under-represented

9.3 Having been informed that women currently make up on average 13% of the construction industry workforce, employers were asked the extent to which they agreed or disagreed that a number of factors were reasons for this. Results are summarised on the following chart.

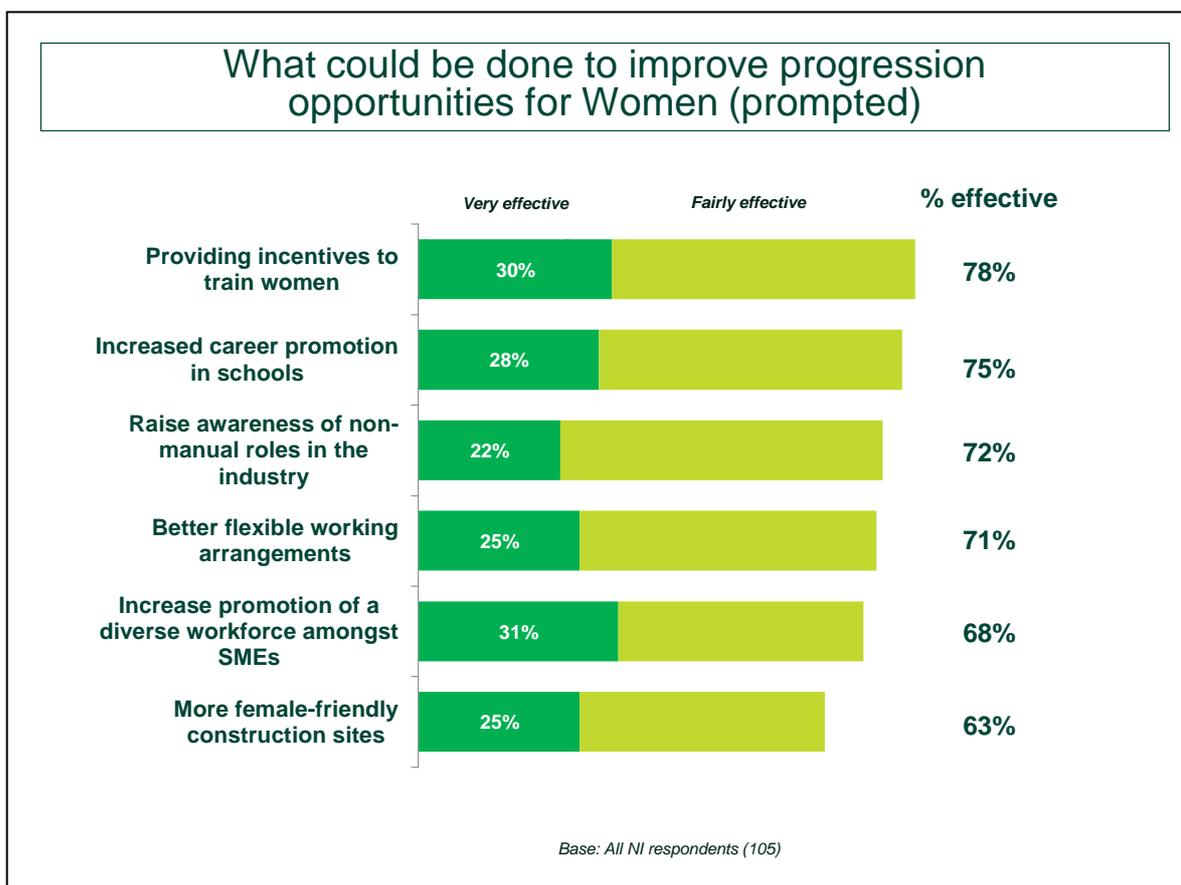


9.4 Employers most commonly agreed that the lack of strong female role models in the industry was a contributing factor (83%). Two-thirds (67%) agreed that women were discouraged from pursuing a career in Construction because they perceive it to be male-dominated, while similar proportions felt that women perceived the industry to be 'dirty' and 'messy' (66%) or felt that women were unaware of the variety of roles available to them in the Construction industry (65%).

- 9.5 Compared with the UK-wide average Northern Ireland respondents were significantly less likely to agree that women are under-represented because they perceive the industry to have a sexist culture (61% vs. 73% across the UK as a whole).
- 9.6 Only a third (34%) of respondents agreed that women were under-represented in the industry due to the perception that the industry has a poor health and safety record; this was the only prompted statement which the majority felt was not a contributing factor to the under-representation of women.

Improving progression opportunities for women

- 9.7 Firms were asked to what extent they agreed that introducing quotas for the number of women in senior roles in the industry is a good idea. On balance views were favourable - approaching two-thirds (64%) agreed that quotas were a good idea, with a fifth (19%) agreeing strongly. This was significantly higher than the UK-wide average, where less than half (45%) agreed.
- 9.8 Respondents were asked to rate the effectiveness of a list of other activities that might improve progression opportunities for women in the industry. Results are summarised on the following chart.



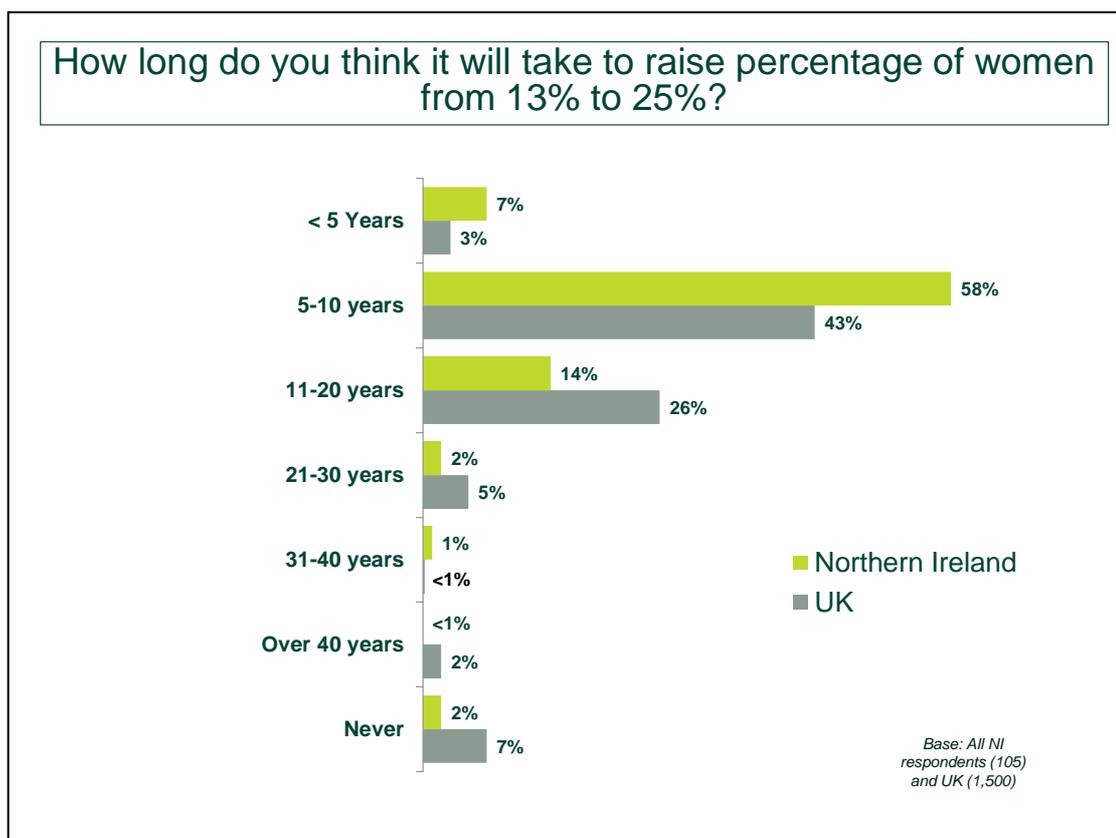
9.9 The majority of businesses felt that each of these activities would be effective. In line with the UK-wide average, the measure considered most effective was providing incentives to train women (78%), followed by greater promotion in schools of careers for women in construction (75%), raising awareness of the range of non-manual jobs available (72%) and better flexible working arrangements for employees (71%).

9.10 While the overall effectiveness of increasing promotion of a diverse workforce amongst SMEs rated slightly lower than other measures (68%), it had a high proportion of employers thinking this would be ‘very effective’ (31%). Introducing female-friendly construction sites ranked lowest in terms of effectiveness, though a sizeable majority still felt it would have a positive impact in improving progression opportunities for women (63%).

The future of women in Construction

9.11 Firms were asked how long they think it will take to raise the percentage of women in the industry to 25%, from the current 13% level. Most commonly, firms felt it would take between 5 and 10 years (58%), whilst a further one in seven firms (14%) believing it would take between 11 and 20 years, showing that most felt it was a medium-term aspiration.

9.12 Employers in Northern Ireland were more optimistic than the rest of the UK about how quickly the 25% level could be met. Around two-thirds of firms in Northern Ireland (65%) thought it would take 10 years or less, compared with under half of employers across the UK as a whole (46%). Furthermore, firms in Northern Ireland were less likely to say the 25% level could never be met (2% vs. 7% UK average).



9.13 Almost two-thirds of employers (64%) felt that larger companies have a particular responsibility to help or encourage SMEs to improve their employee diversity. The proportion who felt large firms did *not* have a responsibility was significantly lower than the UK average (25% vs. 38%).

Firms were asked what larger businesses could do to help SMEs improve their employee diversity. Around one in seven (14%) felt that simply employing more women in these larger firms would encourage an overall improvement in employee diversity within the industry as a whole. Around a tenth (11%) suggested that larger firms leading by example through improved recruitment practices would encourage SMEs to improve their own employee diversity. A large proportion, however, wanted large firms to do more to help but were unsure what specific steps they should take (44%).

- 9.14 On a positive note, the majority of firms (64%) felt a more diverse workforce would be beneficial to the industry by increasing productivity. Only a quarter (25%) felt the industry would not be more productive if it were more diverse, a significantly lower proportion than the UK average (37%).

10 Supply chain and image of the industry

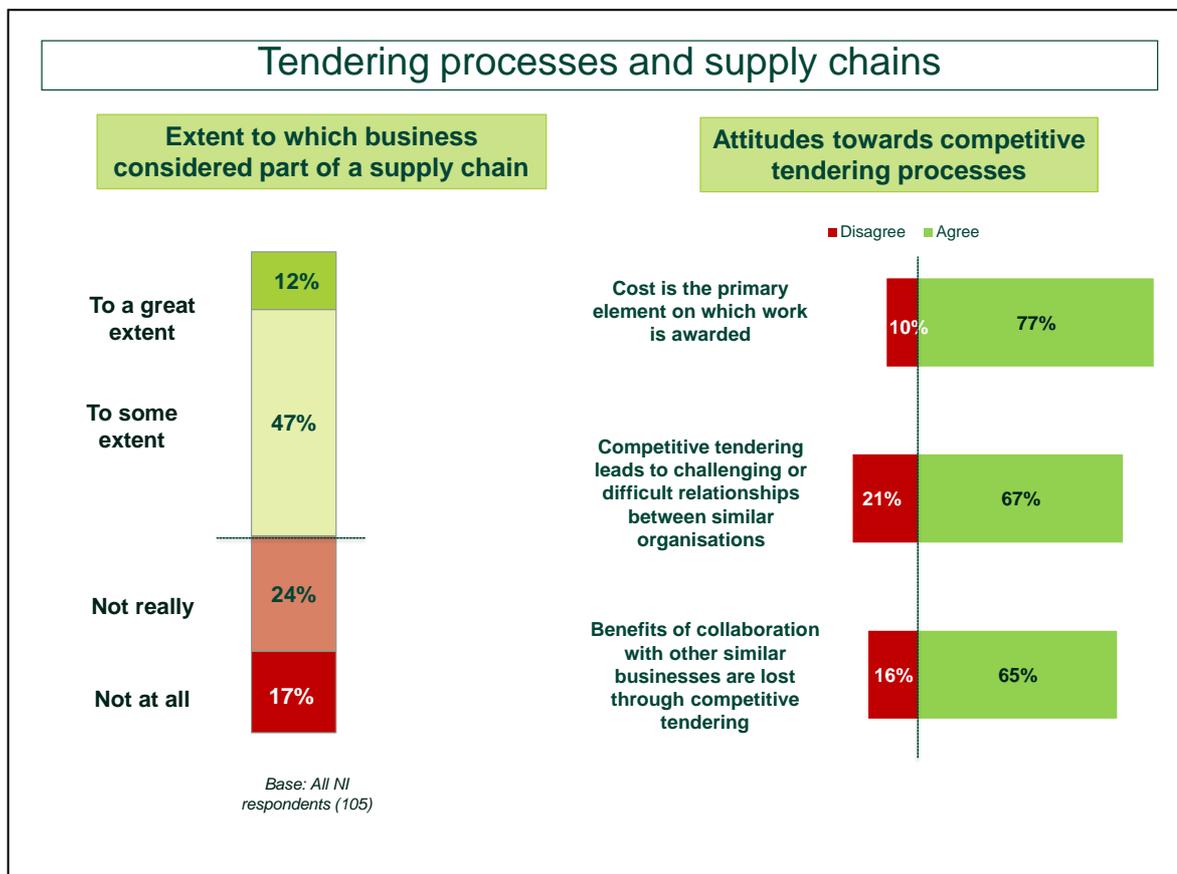
10.1 This chapter explores attitudes towards supply chains, tendering processes and views on the image of the industry, focusing on how well the industry is understood by key groups including the general public, regulators, the government and clients.

Perceived involvement in supply chains

10.2 Employers were asked to what extent they would consider their business to be part of a supply chain: three-fifths of firms (60%) felt they were. Nevertheless, only 12% of firms felt they were part of a supply chain to a 'great extent' (12%), significantly lower than the UK average (22%).

Tendering processes

10.3 Firms were presented with a list of statements related to tendering processes and the extent to which this encourages collaboration or not (as shown in the chart below) and asked to what extent they agreed or disagreed with each. For simplicity those who neither agree nor disagree or who answered don't know have not been shown, hence results add to less than 100%.



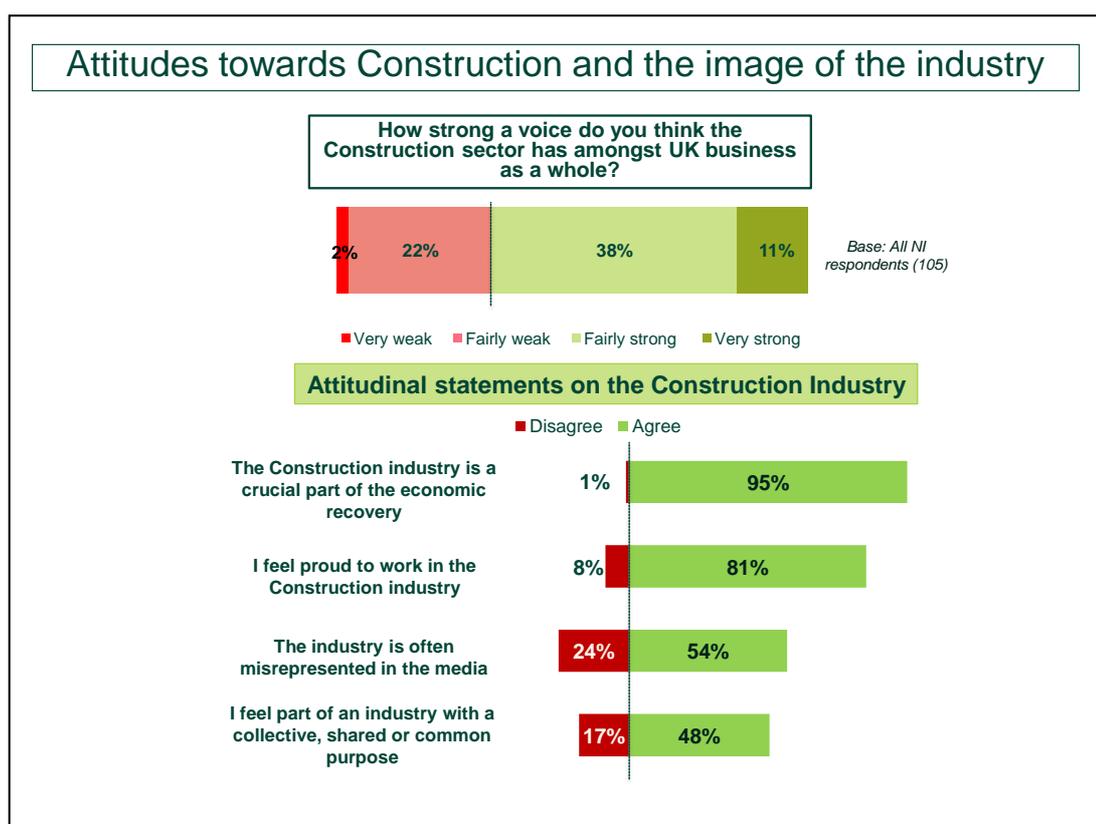
10.4 Over three-quarters of firms (77%) feel that cost is the primary element on which work is awarded (two-thirds agree strongly with this), indicating that competition between suppliers is a key factor in the award of work.

10.5 Supporting the price-competitive environment which most feel is a primary consideration in the award of projects, two-thirds of firms (67%) agreed that competitive tendering leads to challenging or difficult relationships between similar organisations, significantly

higher than the UK average (57%). A similar proportion of firms (65%) in Northern Ireland also agreed that the benefits of collaboration with other smaller businesses were lost through competitive tendering. Once again this was significantly higher than the UK average (55%), showing that employers in Northern Ireland appear to operate in a very competitive environment.

Image of the Construction industry

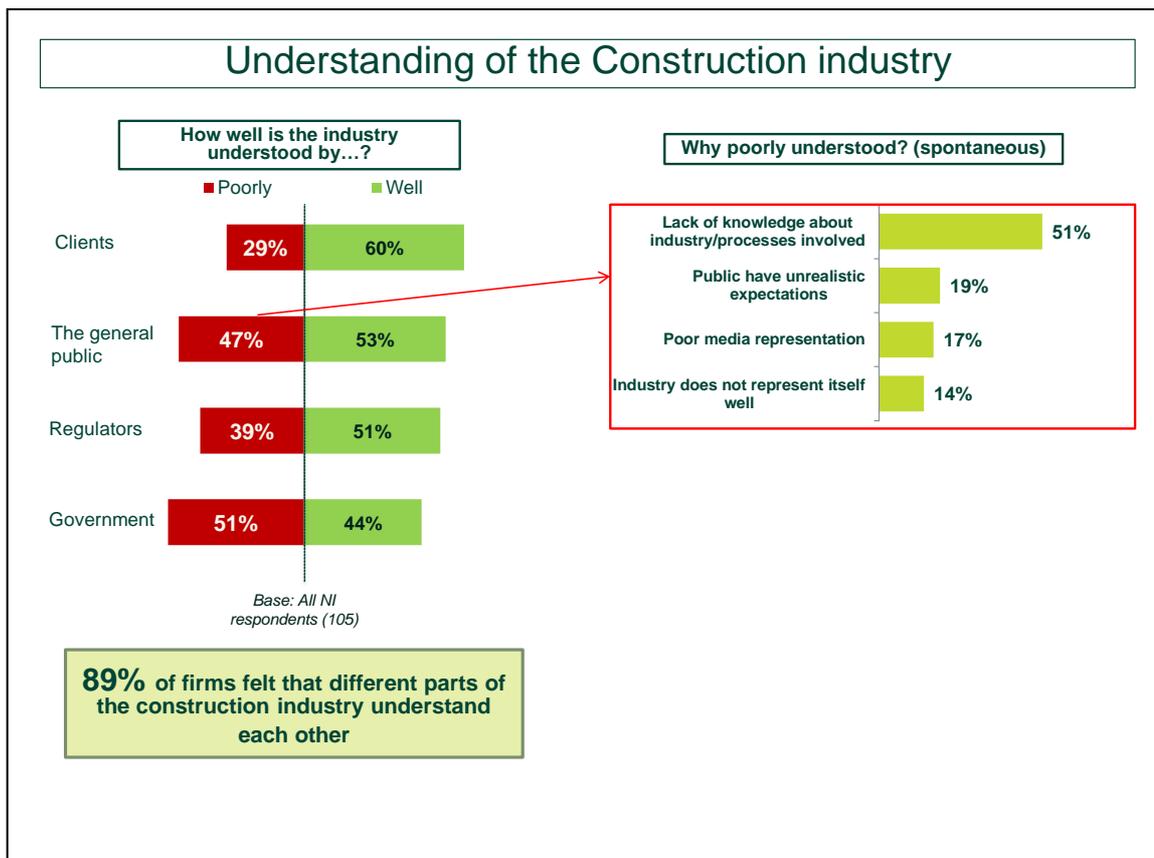
- 10.6 Almost half of firms in Northern Ireland (49%) felt the Construction sector has a strong voice amongst UK businesses as a whole. Around a quarter (24%) felt the voice of the Construction sector was weak, a significantly higher proportion than the UK-wide average (16%).



- 10.7 Respondents were presented with a number of attitudinal statements about the Construction industry and the media (as shown on the previous chart) and asked to what extent they agreed or disagreed with each statement.

- 10.8 Results show generally positive views about the sector. The vast majority of employers feel the Construction sector is crucial to the recovery (95%) and most feel proud to work in the industry (81%, just 8% disagree). However the majority feel the industry is often misrepresented in the media (54%). Confirming some of the views on high levels of competition just discussed in regard to tendering, opinion is more divided on feeling part of an industry with a collective, shared common purpose: just under half feel this (48%), but around a sixth disagree (17%), and many are neutral or unsure.

- 10.9 Firms were asked how well the general public, regulators, the government and client organisations understand the Construction Industry. In relative terms, firms felt the industry is best understood by clients (60% feel clients understand the industry well). Respondents were more divided on how well the industry is understood by the general public (53% well vs. 47% poorly). Half (51%) felt that the industry was understood well by regulators, compared with two-fifths who felt they had a poor understanding. In comparison half felt the government had a *poor* understanding of the industry. Results suggest employers feel more could be done to improve the understanding of all stakeholder groups.
- 10.10 Results are summarised on the following chart, which also shows why some feel the public understand construction poorly, though with low base sizes these findings should be treated indicatively.



- 10.11 A perceived lack of understanding about the industry, its processes and how it works was the most common reason why firms felt the general public understand the industry poorly, being mentioned by around half of these employers (51%), while a fifth felt that the public had unrealistic expectations about the costs and timing of construction work. Around a sixth of employers (17%) suggested the poor media representation of the industry was responsible for the general public's poor understanding, though a similar proportion felt the industry was responsible by not representing itself well (14%).
- 10.12 Respondents were also asked how well they feel the different parts of the Construction industry understand each other. The vast majority (89%) feel this understanding is good, with 16% of employers believing that the different parts of the industry understand each other 'very well'.