

UKBB 112 September 2007 Analysis

The September survey asked for views on the call for an overhaul of the GCSE system, panellists' experiences of school leavers, the use of agencies to fill vacancies, 'gap' years, unsolicited phone calls, customers and suppliers who do not have an email connection and the quarterly Trends questions.

About the respondents

The UK Business Barometer surveys the people running small and medium size businesses. In the September survey, 121 respondents were drawn with the following population characteristics:

Sector			
Production & Manufacturing	Distribution	Services	Total
24.0%	9.1%	66.9%	100%

Turnover (£)			
< 1M	1M - 3M	> 3M	Total
71.1%	14.0%	14.9%	100%

Number of Full-time Employees					
1-10	11-20	21-50	51-100	100+	Total
62.0%	21.5%	8.3%	4.1%	4.1%	100%

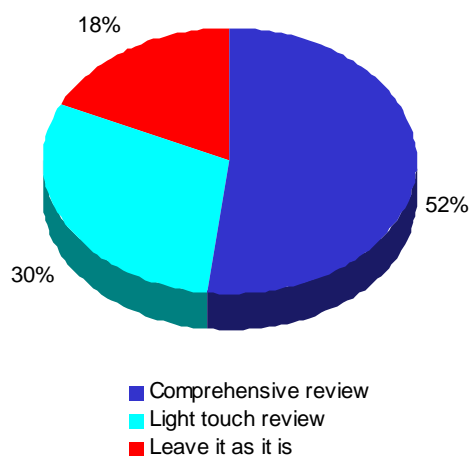
Survey findings

Top grades have improved again on average in the GCSE exam entries across England, Wales and Northern Ireland. However, business leaders have called for an overhaul of the GCSE system claiming school leavers entering the world of work lacked basic skills.

Panellists were asked to draw on their own experience of the abilities of recent school leavers to assess the extent to which they feel there is a need for a review of the GCSE system.

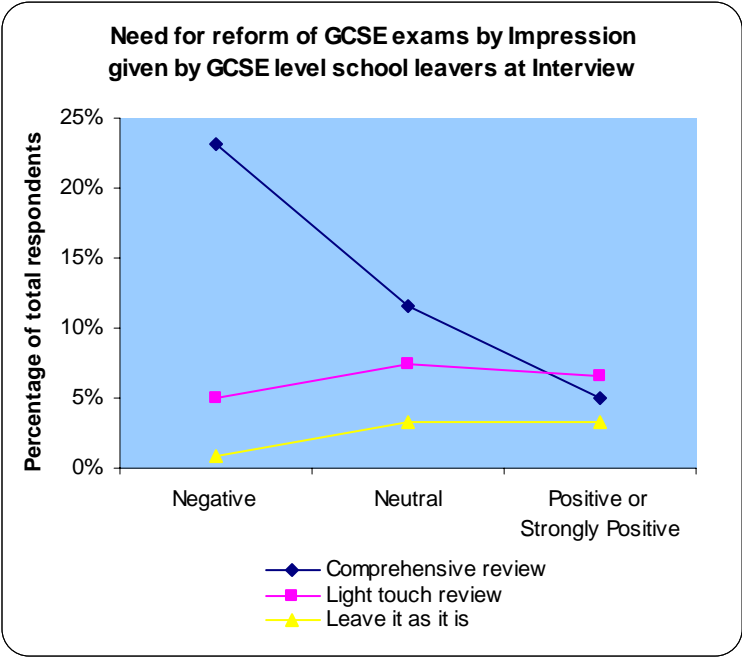
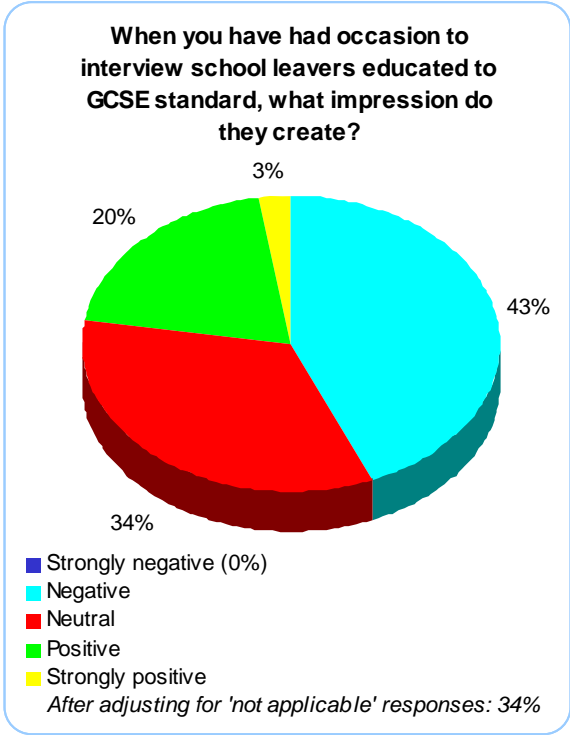
Over half of the respondents would like to see a comprehensive review, while 30% think the need is more for a light touch review.

To what extent do you feel that there is a need for a review of the GCSE system?



Panellists were also asked what impression is created by school leavers educated to GCSE standard during interviews.

Out of the 66% of respondents who were able to respond to this question, 43% said that they received a negative impression although no one said it was strongly negative. 34% felt neutral about it, but only a minority of 23% said these applicants created either a positive or strongly positive impression.



Most of those who gained a negative impression when interviewing GCSE-level school leavers would like GCSE exams to be comprehensively reviewed. This contrasts with those who felt positive, amongst whom more respondents would like a light touch review rather than a comprehensive review.

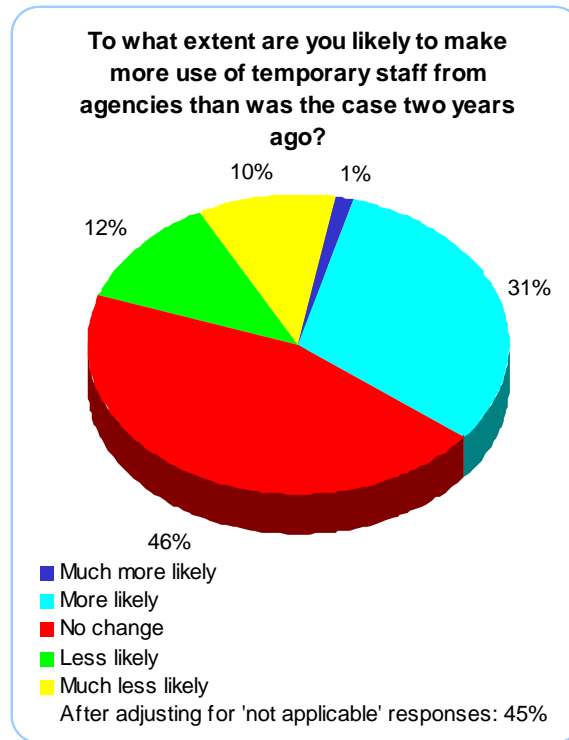
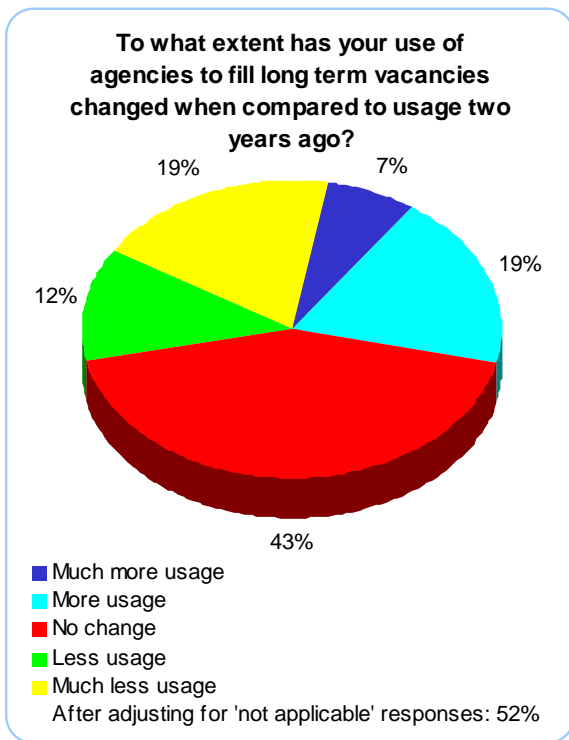
The 'not applicable' responses were about evenly shared between comprehensive, light touch and no review.

In their recent report on the Survey of Skills Shortages and Recruitment Agency Behaviours, published October 2007, ACE (the Association for Consultancy and Engineering) found that 92% of companies surveyed use recruitment agencies, but 80% of their respondents said that recruitment consultants provide an average to poor service. Another survey, of students and graduate users by Milkround.com found that more use recruitment websites than company websites when job hunting.

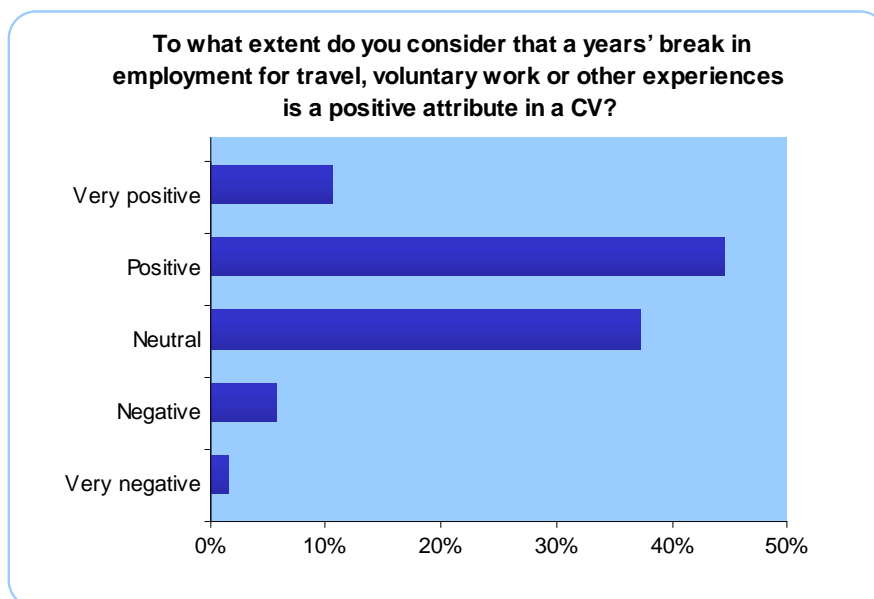
The September UKBB survey of smaller businesses asked panellists to what extent has their use of agencies to fill a) long term vacancies and b) temporary vacancies changed when compared to usage two years ago.

For long term vacancies, the balance of agency usage has decreased with 31% saying they make less or much less usage while 26% say they make more or much more usage. More

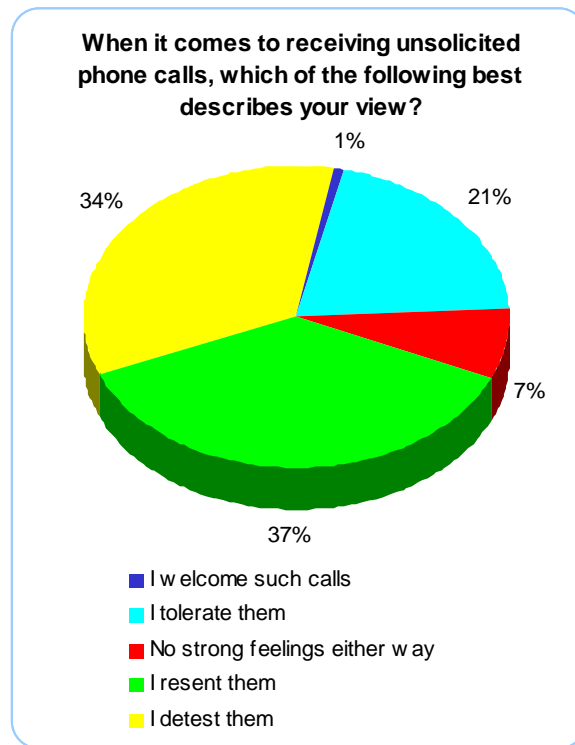
respondents say they are more or much more likely to use temporary staff from agencies (32%) than say they are less or much less likely to use them (22%), compared to two years ago.



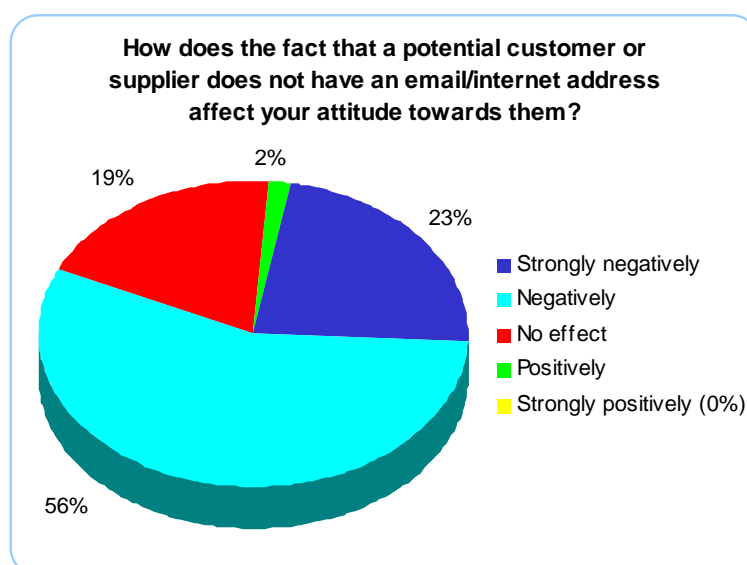
Mid-career gap years have already grown rapidly in popularity amongst employees but very little is known about employers' views on them. Amongst the smaller businesses responding to the September UKBB, 11% said that they think that taking a break for a year to travel, do voluntary work or have other experiences is a very positive attribute in a CV, while 45% said it is a positive attribute. Only 8% said that they would view it as a negative or very negative point.



'Cold calling' is one of the most widely used sales techniques, although success rates are said to have dropped rapidly over the last decade. Being on the receiving end of a cold call is not popular. Looking at cold calling over the phone, only 1% of respondents said they welcome unsolicited calls and while 21% tolerate them, 37% resent them and 34% detest them.



Being a survey conducted over the internet, panellists for the UKBB are obviously internet-wise smaller businesses. Increasingly, companies need to have some means of detecting customers or suppliers who may use the company for criminal purposes or fraud, or who may not be established enough to trade with safely or securely. One indicator could be the absence of an email address – and 79% of respondents said that their attitude towards a potential customer or supplier would be affected either negatively or strongly negatively if they had no email/internet address.

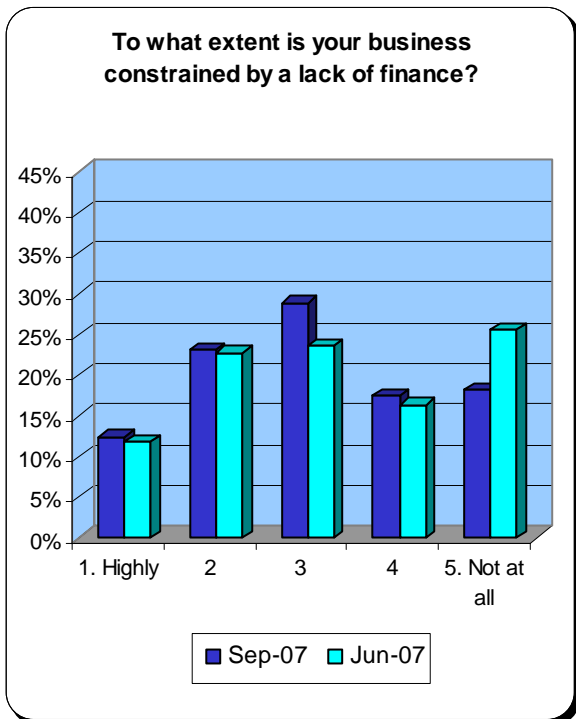
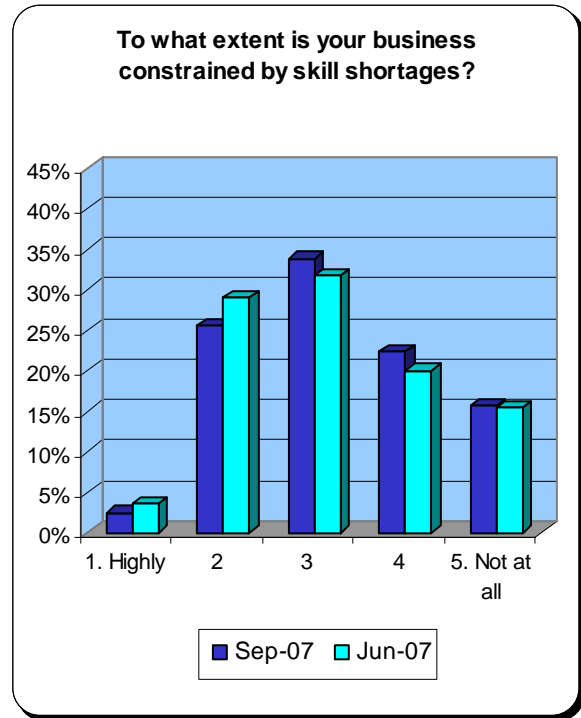


Third Quarter 2007 Trends

Average constraints on businesses due to skill shortages decreased by 3% during the third quarter but those due to lack of finance increased.

The index for businesses with turnovers of between £1M and £3M increased by nearly 2% for constraints due to skill shortages, but this was offset by decreases for both smaller and larger turnover businesses, to produce an overall average index decrease of 3% in the quarter.

By sector, constraints from shortages of skills eased back in the Production/Manufacturing and the Service industries sector indices, whereas there was a small increase in the Distribution sector index.



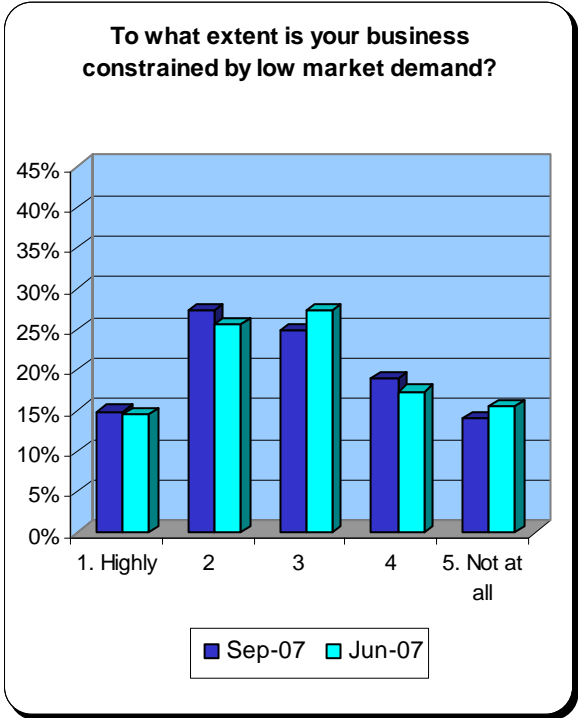
The index of constraints due to lack of finance increased across all ranges of business turnovers, averaging 5½% increase.

The index increase was particularly high for business with turnovers of above £3M, at 11% for the quarter.

Production/Manufacturing was the sector taking the strain – the index for this sector increased by 16% whilst the indices for Distribution and Services both decreased.

The average of the index of constraints across all businesses due to low market demand was very close to that in the previous quarter, but analysis by turnover range revealed that in businesses across the middle (£1M - £3M) range constraints dropped back by over 7% while in the higher (above £3M) range, constraints increased by over 7%..

By sector, constraints decreased for the second quarter running in Production and Manufacturing – this time by 14%, and also reduced in the Distribution sector, by nearly 7%. The Service industries sector experienced an increase in constraints of nearly 12%.



Average growth in the last quarter increased in the middle range of turnover (between £1 and £3M), and in the Production/Manufacturing sector, but decreased in the other turnover ranges and sectors. The overall average decreased in the three month period by 5%.

Overall, respondents expect the growth rate in the next quarter to be static, but business with turnover in the middle range (between £1 and £3M) are expecting higher growth, as are those in the Production/Manufacturing and Distribution sectors.

