

Employer Panel Quarterly Survey

June - August 2006

EU expansion – a ‘lucky break’ for industry?

Employer Panel members have confirmed anecdotal evidence that the recent influx of EU Accession State workers has had a positive impact on the UK’s hospitality industry. However, opinions are divided on whether restrictions should be placed on potential new workers from Romania and Bulgaria. There are also concerns that some employers are simply exploiting those willing to work for low wages and the long term impact this might have on attracting future talent.

Headline findings

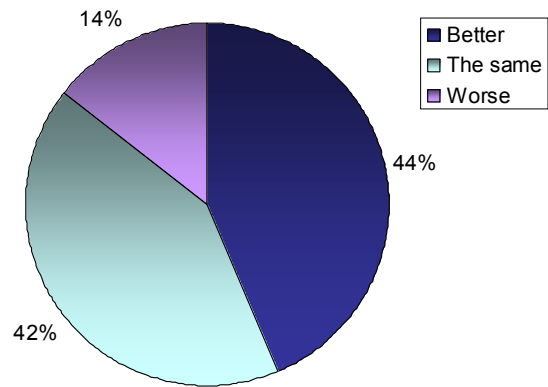
67 percent of respondents feel that the influx of workers from the EU Accession States into the hospitality, leisure, travel and tourism industries over the last two years has been a positive development.

The main reasons given for this are that Eastern European staff are hard working and have a better ‘work ethic’ than UK born employees, they have filled ‘hard-to-fill’ vacancies and that they are more skilled and experienced than their UK counterparts.

Just over half (57 percent) of all respondents stated that they now find it easier to fill job vacancies and they are broadly happy with the level of skills of these new recruits.

In the vital area of customer service, the majority of respondents believe that the customer service skills of EU Accession State workers are the same (35 percent) or better (37 percent) than those of UK born staff. Only 12 percent feel that their customer service skills are poor.

Figure 1: How would you rate the customer service skills of EU Accession State workers compared to UK born staff?



Where employers do have concerns they are mainly related to English language skills and the preconceptions and views of customers. Of those who currently employ staff from the EU Accession State countries (mainly Poland, the Czech Republic and Slovakia), a fairly large proportion (41 percent) do not believe their English language skills are sufficient for serving customers.

A small minority feel that their customers preferred to be served by local staff. These respondents tended to be employers based in tourist areas within Wales, Scotland and Northern Ireland.

Impact on the labour market

In terms of wider implications, there is evidence that some employers have reduced the number of UK students they employ as a result of employing more workers from the Accession States.

Perhaps a more concerning finding in the long term is that 40 percent of respondents believe that the influx of Accession State workers has deflated wage levels across the sector. A number of employers raised this as a specific concern for the long term success of the sector. It was felt that whilst low wages meant low prices for customers in the short term, in the long term fewer young people from the UK would be attracted into the industry and that employers would become over reliant on a transient migrant workforce.

EU Expansion

Next year, Bulgaria and Romania are due to join the EU. There has been much debate in the media about the impact that this might have on the UK labour market. The mixed views expressed by industry commentators in the trade press have been replicated by Employer Panel respondents.

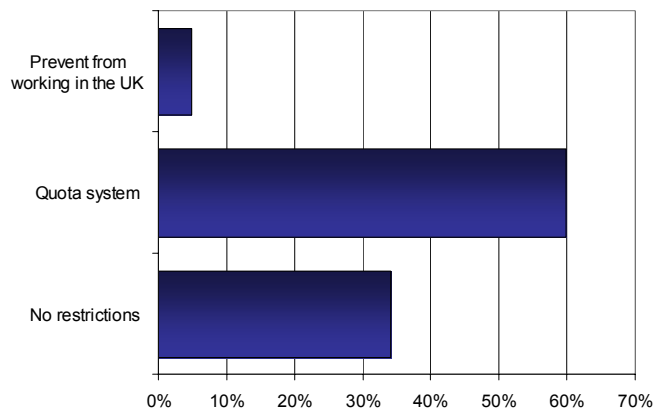
The majority of respondents (60 percent) believe that some sort of quota system should be put in place for those wishing to work in the UK, mainly to safeguard against the ‘flooding’ of the industry with overseas workers; to protect UK workers; and to have some sort of control on the types

of workers entering the country (namely a points system based on skill levels).

A sizeable minority of respondents (34 percent) believe that there should be no restrictions at all. Whilst for some this is for reasons of equality and ‘fairness’, for others it is a result of their good experiences employing Eastern European workers to date and the fact that they are still having problems filling vacancies.

Only 5 percent of respondents believe that migrants from Bulgaria and Romania should be prevented from working within the UK.

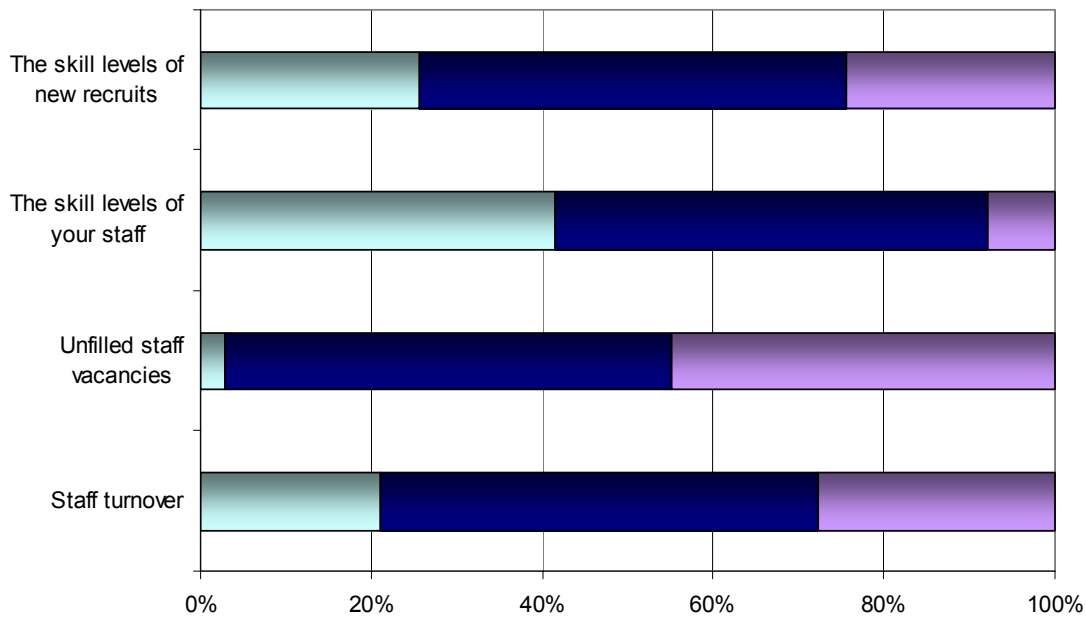
Figure 2: Panel member’s views on Romanian and Bulgarian workers



Recent trends...

Staff turnover, vacancies and skills

During the summer period (June to August 2006) Employer Panel members reported positive news in terms of unfilled vacancies and workforce skills. On balance, respondents tended to report a decrease in the number of unfilled staff vacancies and an increase in the skills levels of their staff. The results were also positive, but to a lesser extent, in terms of respondents reporting a decrease in staff turnover. However, there was no overall trend in terms of the skill levels of new recruits with similar numbers reporting an increase as a decrease.



	Staff turnover	Unfilled staff vacancies	The skill levels of your staff	The skill levels of new recruits
■ Decreased	27%	45%	8%	24%
■ Stayed the same	51%	52%	51%	50%
■ Increased	21%	3%	42%	26%

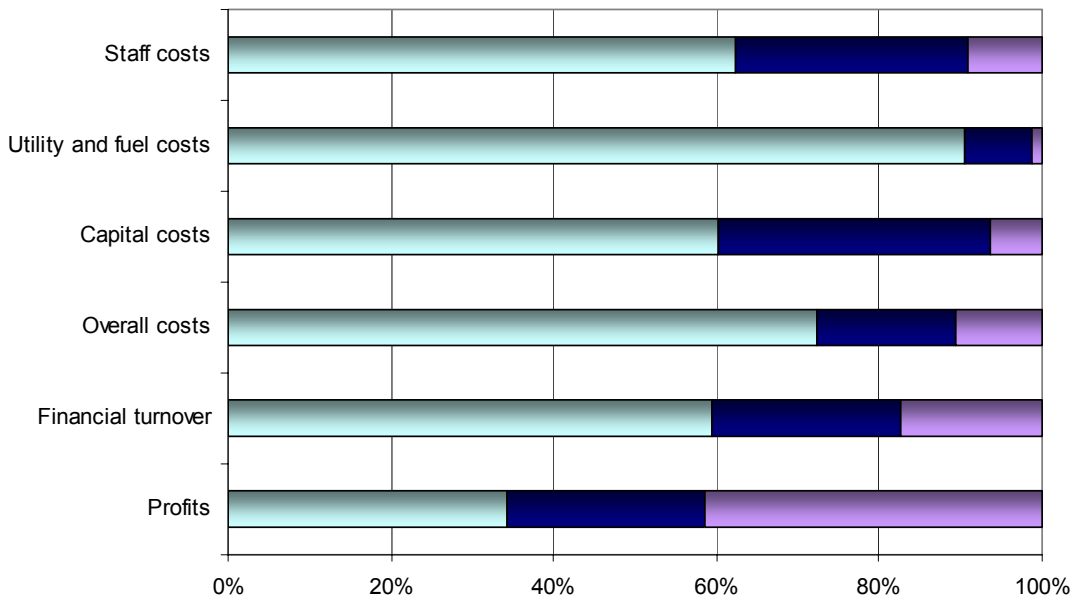
In terms of specific job roles that are proving difficult to fill, skilled chefs (defined as chefs who cook from scratch and need a wide knowledge base) are clearly the most difficult staff to find, followed by kitchen and catering assistants, receptionists and unit/senior managers. Away from hospitality businesses, travel consultant and tour guide roles were cited as being difficult to fill.

Percentage of respondents reporting recruitment difficulties for specific occupations:

Skilled chefs	29%
Kitchen and catering assistants	10%
Receptionists	7%
Unit/senior managers	5%
Housekeepers	5%
Others chefs and cooks	5%

Costs, turnover and profits

Panel members report a less positive picture in terms of costs and profits over the last three months. Most respondents report increased costs across the board. Virtually all respondents faced increased utility and fuel costs in particular following recent price hikes. Whilst, on balance, respondents' financial turnover has increased, more reported a fall in overall profits than a rise.



	Profits	Financial turnover	Overall costs	Capital costs	Utility and fuel costs	Staff costs
■ Decreased	40%	17%	11%	6%	1%	9%
■ Stayed the same	23%	23%	17%	32%	8%	29%
■ Increased	33%	59%	72%	58%	90%	62%

About the panel...

There was a 15 percent response rate to this first Employer Panel survey. 84 percent were from the hospitality industry and 16 percent were travel, tourist services, events and gambling employers.

If you are an owner, a operational, HR or training manager in the sector and would like to join the panel, please e-mail your name, job title and company to Caroline Perkins – caroline.perkins@people1st.co.uk

The next survey will be conducted in December 2006.

And the winner is.....! Congratulations from all at People1st to this quarter's prize draw winner - Tony Murdock - who wins an iPod nano.