

# **Engineering Employers Research 2007**

Findings of a survey conducted for the Royal Academy of Engineering

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## **Research objective**

The survey was designed to investigate awareness and opinion relating to older employees within engineering based businesses.

## **Methodology**

The sample was drawn from the Dun & Bradstreet database supplemented by an internal database.

208 interviews were conducted with CEOs and directors of engineering businesses over the period 15<sup>th</sup> to 19<sup>th</sup> October 2007.

Estimated statistical accuracy: +/- 4% to +/- 7% for the whole sample at the 95% confidence interval

## Headline findings

- 91% of engineering businesses favour their employees working beyond 65
- 71% of engineering businesses were concerned about the loss of skills resulting from the retirement of older workers
- 65% of large businesses (those with over 250 employees) believed there would be a shortage of young people
- 62% of large engineering businesses were experiencing problems recruiting
- 49% of CEOs and directors of engineering businesses believed that their workforce would face a shortage of young people over the next ten years
- 40% believed that over the same period their business would see a steady increase in the proportion of the workforce aged between 50 and 64
- 32% foresaw an increase in the process of retraining
- 26% believed that there would be increased use of migrant labour
- 22% expected to see an increasing in the training of older workers. A similar proportion
- 58% of engineering businesses offered retraining to older workers
- 36% had increased the pay of older workers
- 46% of engineering businesses enabled retirees to come back to work
- 30% of engineering businesses have created a repository of retired workers
- A majority of engineering businesses rated employees aged over 50 better for loyalty (64%), diplomacy (57%), reliability (56%), punctuality (55%) and dedication (55%)

## Summary

### Workforce Composition Changes Anticipated over Ten Years(Q.1)

Almost half (49%) of all CEOs and directors of engineering businesses believed that their workforce would face a shortage of young people over the next ten years. Slightly fewer (40%) believed that over the same period their business would see a steady increase in the proportion of the workforce aged between 50 and 64.

Almost one-third (32%) foresaw an increase in the process of retraining, 26% believed that there would be increased use of migrant labour and more than one in five (22%) expected to see an increasing in the training of older workers. A similar proportion (21%) did not foresee any significant changes.

**Which of the following changes, if any, do you expect to see in the composition of your workforce over the coming 10 years? (Q.1)**

	<b>Proportion of respondents</b>
A shortage of young people entering my business	49%
A steady increase in the proportion of 50 to 64 year olds	40%
An increase in retraining	32%
An increased use of migrant labour	26%
An increase in training older employees	22%
No significant changes	21%

**Base: All respondents**

Large engineering employers (those with over 250 employees) were somewhat more likely to believe that there would be: a shortage of young people (65%), an increase in retraining (62%), an increase in the use of migrant labour (56%), and an increase in the retraining of older workers (35%). Respondents within these businesses were also the least likely to believe that there would not be any significant change by 2017 (6%)

Respondents in the smallest businesses (with up to 9 employees) were least likely to believe that there would be: an increase in the training of older workers (16%), an increased use of migrant labour (13%) and an increase in retraining (21%). This group was the most likely (29%) to believe that there wouldn't be any significant changes by 2017.

## Retirement beyond 65 (Q.2)

The likelihood of a business having a default retirement age of 65 appeared to be directly related to the size of the business. Two-thirds of small businesses have no default retirement age while just under a quarter (24%) of large businesses do not have one,

**With regard to employee retirement beyond the age of 65, which of the following best describes your current policy? (Q.2)**

<b>Number of employees</b>	<b>Proportion of businesses with no default retirement age</b>
0 to 9	66%
10 to 49	47%
50 to 249	34%
250 +	24%
<b>Base:</b>	<b>All respondents</b>

Majorities of businesses both with 50 – 249 employees (53%) and with over 250 employees (59% stated that they intended to look favourably at requests from employees to work beyond the age of 65.

**With regard to employee retirement beyond the age of 65, which of the following best describes your current policy? (Q.2)**

	<b>Proportion of respondents</b>
We do not have a default retirement age	49%
We intend to look favourably on such requests	40%
We do not intend to allow employees to work beyond 65	9%
Not stated	2%
<b>Base:</b>	<b>All respondents</b>

9% overall and 18% of the larger businesses stated that they did not intend to allow employees to work beyond 65. This indicates that 91% overall and 82% of larger businesses either currently allow employees to work beyond 65 or are planning to consider favourably requests to work beyond 65.

### Requirement for employees to be graduates or above (Q.3)

Smaller businesses were more likely to require a higher proportion of graduates in the workforce. Almost half (46%) of employees of businesses with fewer than ten employees are required to be educated to degree level or equivalent. 31% of employees within larger engineering businesses are required to be graduates or equivalent.

#### What proportion of jobs in your organisation requires employees to be qualified to degree level or the vocational equivalent? (Q.3)

Number of employees	Proportion of graduates in workforce
0 to 9	46%
10 to 49	38%
50 to 249	32%
250 +	31%

Base: All respondents

### Difficulties in recruiting (Qs.4 & 5)

Larger businesses (62%) were more than twice as likely as the smallest businesses (30%) to be experiencing difficulties in recruiting employees. Overall, 44% of the engineering businesses questioned had experienced difficulty recruiting the previous 12 months. Over two-thirds (68%) of businesses within civil engineering (25 respondents) reported experiencing difficulty hiring during the previous 12 months.

#### Has your organisation had difficulty recruiting over the last 12 months? (Q.4)

Number of employees	Proportion of respondents reporting difficulty recruiting
0 to 9	30%
10 to 49	45%
50 to 249	59%
250 +	62%

Base: All respondents

The skills areas in shortage covered all general areas and specialist sectors and shortages of both suitable graduates and non-graduates were reported.

### **Motivating and retaining older engineering workers (Q. 6)**

A majority of 58% of all engineering businesses questioned stated that they already provided older workers with retraining in order to motivate and retain them within the workforce, 51% were giving them the opportunity to mentor colleagues and 42% were providing them with fresh assignments.

Over one-third (36%) had increased their pay; a similar proportion (32%) had provided older engineering workers with leadership training. Overall, 11% had provided older workers with a sabbatical.

#### **In order to motivate and retain older engineering workers do you do any of the following? (Q.6)**

	<b>Proportion of respondents</b>
Provide them with new training	58%
Give them the opportunity to mentor colleagues	51%
Provide them with fresh assignments	42%
Increase their pay	36%
Provide them with leadership training	32%
Give them the opportunity to take a sabbatical in order to refresh employees	11%

**Base: All respondents**

Large engineering businesses were most likely to provide new training (82%), provide the opportunity to mentor colleagues, provide fresh assignments (59%), provide leadership training (47%) and give a sabbatical (21%).

Medium-sized employers were most likely to state they would increase their older workers pay (47%) as a means of motivating and retaining.

### Loss of skills (Q.7)

A majority of 71% of all engineering businesses were concerned about the loss of skills resulting from the retirement of older engineers. This level of concern was generally similar within engineering businesses of all sizes.

**Engineers build up a range of skills and knowledge over their life time, as they retire are you concerned that your organisation will lose these skills? (Q.7)**

	<b>Proportion of respondents</b>
Yes	71%
No	25%
Don't know	4%
Not stated	1%

**Base: All respondents**

### Attracting older engineers (Q.8)

Almost half (46%) of engineering businesses enabled retirees to come back to work as needed. Large (59%) and medium-sized businesses (63%) were more likely to enable retirees to return than smaller businesses.

31% of engineering businesses overall allow older workers to work part time on annualised hours. Large businesses (59%) were considerably more likely to promote this arrangement than the smallest firms (19%).

#### Does your organisation do any of the following? (Q.8)

	Proportion of respondents
Enable retirees to come back and work as needed	46%
Allow older workers to work part time on annualised hours	31%
Create a repository of retired workers who agree to work flexibly for your organisation	30%
Allow older workers to work part time and take a part-pension	28%
Employ older workers (i.e. those aged 50 plus) as coaches or trainers	22%
Video or record in some electronic way the knowledge of older workers	4%

**Base: All respondents**

Three in ten of all engineering businesses have created a repository of retired workers who have agreed to work flexibly. This proportion is very similar across firms of all sizes.

A similar proportion (28%) allows older workers to work part time and take a part pension, and 22% employ older workers as coaches or trainers.

### Comparison of older and younger employees (Q.9)

Workers aged over 50 were rated more highly than their younger counterparts by a majority of businesses in six areas; loyalty (64%), diplomacy (57%), reliability (56%), punctuality (55%), dedication (also 55%) and commitment to the organisation's goals (51%).

**Generally speaking, how would you say older employees, who are 50 or older, perform against fully trained younger employees in each of the following areas: (Q.9)**

	<b>Proportion of respondents</b>
Loyalty	64%
Diplomacy	57%
Reliability	56%
Punctuality	55%
Dedication	55%
Commitment to organisation's goal	51%
Accuracy	45%
Trustworthiness	41%
Flexibility	28%
Team spirit	24%
Enthusiasm	19%
Seeking a challenge	12%
IT Skills	5%

**Base: All respondents**

Older workers were considered to be worse than younger workers by a majority of 62% engineering employers in terms of their IT skills.

They were also considered to inferior by a proportion of employers in terms of seeking a challenge (29%), flexibility (26%) and enthusiasm (22%).

Team spirit was considered to be equal in both older and younger workers by a majority of 64% of employers, as was seeking a challenge (53%), trustworthiness (52%), and enthusiasm (51%).

### **Estimated age profile of engineering business employees (Q.10)**

Employees within engineering businesses were most likely to be aged between 45 and 54 (27%) or aged between 35 and 44 (26%).

15% were aged between 45 and 54 and one in 25 (4%) was aged over 65 or older. The smallest businesses were the most likely to have older workers with 18% aged between 55 and 64, and 7% aged over 65. Thus one in four employees of engineering businesses with fewer than ten employees is over 55; this is twice the proportion within large engineering businesses (12% and 1% of the same age groups respectively).

Ends