Environmental Technologies
Phase 2: Online survey findings

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1 Summary

While the region's environmental technologies sector has been adversely affected by the recession, companies are still faring better than their counterparts in other sectors. Indeed substantial numbers of firms are actively diversifying in the sector. The extent of job cuts has been less significant and there remains a demand for staff with specific skills. Indeed many firms are struggling to recruit skilled engineers, environmental professionals, technologists and technical analysts.

Companies highlighted skill gaps and deficiencies across a wide range of occupations with the workforce. It is encouraging to note, therefore, that the proportion of environmental technologies firms providing training for their staff and taking a strategic approach to the planning and funding of training is higher than in many other sectors. The proportion of firms aware of and using initiatives such as 'Train to Gain' and Apprenticeships are also above the regional average.

2 Introduction

The potential contribution environmental technologies such as renewable energy, pollution monitoring and waste management can make to the regional economy is an area of interest for a number of RSP partners, notably AWM, the LSC and local authorities. The Observatory has been commissioned to carry out research to identify:

- The relative importance of these industries to the regional economy and the profile of the workforce by gender, ethnicity, age and qualification attainment
- Key developments in the sector, potential market opportunities and drivers of skills change
- Current and potential labour and skill needs and any gaps and shortages
- Investment in training and upskilling by employers
- The use of publicly funded, private sector and internally run training and any gaps or weaknesses in provision
- Recommendations and actions to address any issues identified

The project has three key phases:

- Phase 1 – a review of secondary sources of data and analysis
- Phase 2 – quantitative survey of businesses
- Phase 3 – qualitative research to include face to face interviews with businesses and the development of case studies

This report highlights key messages from phase 2 of the project. It will help inform, and will be supplemented by, findings from phase 3 (due to be completed by the end of May 2009).

The on-line survey was created by the Observatory using Survey Monkey survey software and was sent out to nearly 400 companies included in the enviro TRADE directory, assembled by AWM environmental technologies cluster team. The survey went live on the 9th February 2009 and closed on the 4th March 2009. The response rate was approximately 17%, which is sufficient for meaningful analysis[1][2].

[1] Nevertheless the sample size means that findings should be viewed as indicative of key trends.

[2] Also it should be noted that not all respondents completed all questions the survey.

Data from two published surveys, the British Chamber of Commerce quarterly economic survey (Quarter 4, 2008) and the LSC's national employer's skills survey, (2007) have been used as comparators where appropriate.

The on-line survey was split into 3 main sections:-

1) Workforce profile

2) Business conditions

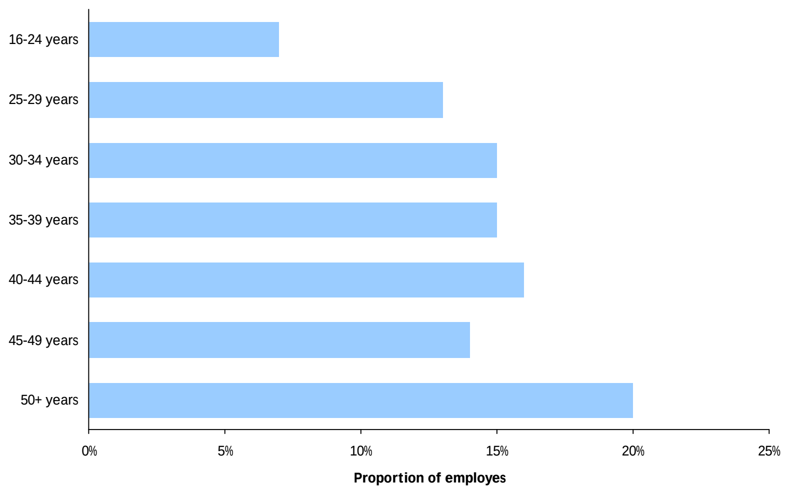
3) Employment, skills and training

3 Workforce profile

The survey findings relating to the workforce profile of the environmental technologies sector accord with these from published data set out in the phase 1 literature review in that there is a particularly high proportion of:

- Over 50s (20%)
- Male employees (67%)
- White employees (88%)
- Staff with skilled professional occupations (25%)
- Staff with higher level qualifications (i.e. qualified to NVQ level 4 or above) (35%). This is higher than the regional average of 31.5%[3].

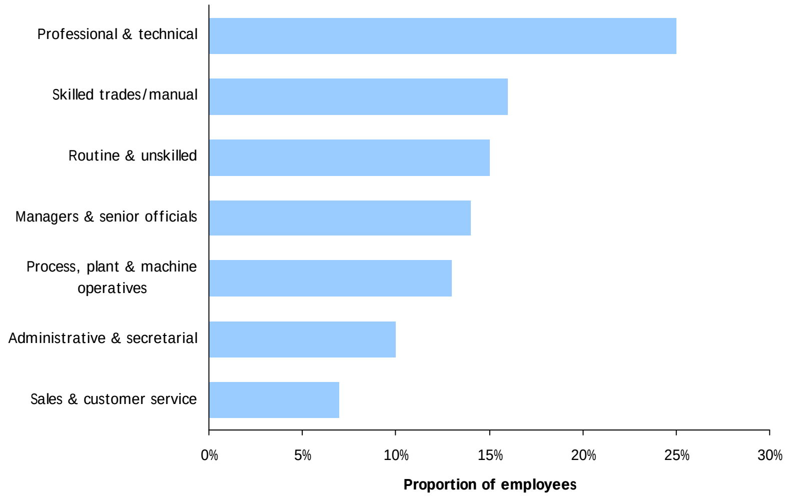
1 Proportion of workforce by age group



Source: WMRO West Midlands Regional Observatory 2009 1

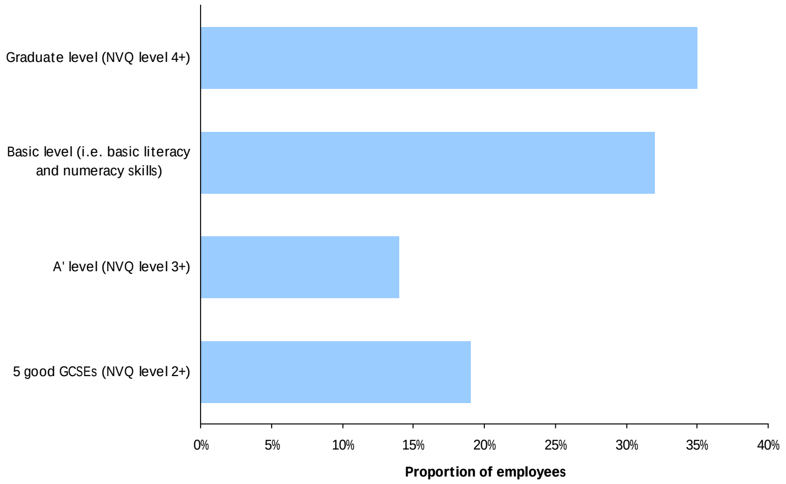
[3] LFS October- December 2007

2 Proportion of employees by occupation



Source: WMRO West Midlands Regional Observatory 2009 2

3 Proportion of workforce by qualification



Source: WMRO West Midlands Regional Observatory 2009 3

The survey results show that 92% of staff work full time, 83% are permanent and just 17% have temporary contracts.

4 Business Conditions

4.1 Profitability and turnover

Table 1: Profitability and turnover over the last 3 months

	Sector	Increased	Decreased	Percentage balance
Profitability	Environmental technologies	28%	34%	**-6%**
	Manufacturing sector	-	-	**-47%**
Turnover	Environmental technologies	38%	34%	**+4%**
	Manufacturing sector[4]	-	-	**-50%**

Source: Observatory environmental technologies e-survey, March 2009 and Chamber of Commerce Quarterly Economic survey, December 2008

While the economic downturn is having a negative impact on the profitability of environmental technologies firms our survey suggests that they are faring better than those in other parts of the region's manufacturing sector. While 6% more firms have seen profitability fall over the last 3 months than have seen it rise, this compares with a negative balance of 47% across manufacturing as a whole.

It is notable that 4% more firms saw turnover rise over the last 3 months than saw it fall (compares with a negative balance of 50% across manufacturing as a whole). This suggests that companies may be cutting prices and profit margins in order to maintain their turnover.

Some 43% of companies in our survey are diversifying into the sector with environmental technologies currently accounting for only part of their turnover.

[4] Please note: only percentage balance figures were reported.

4.2 Domestic and export markets

Table 2: Home and export markets performance over the last 3 months

	Sector	Increased	Decreased	Percentage balance
Home sales	Environmental technologies	21%	46%	**-25%**
	Manufacturing sector	-	-	**-41%**
Home orders	Environmental technologies	18%	47%	**-29%**
	Manufacturing sector	-	-	**-61%**
Export sales	Environmental technologies	28%	33%	**-5%**
	Manufacturing sector	-	-	**-27%**
Export orders	Environmental technologies	21%	36%	**-14%**
	Manufacturing sector[5]	-	-	**-31%**

Source: Observatory environmental technologies e-survey, March 2009 and Chamber of Commerce Quarterly Economic survey, December 2008

Market conditions for environment technologies firms, while deteriorating due to the recession, remain more favourable than across the region's manufacturing sector as a whole.

- Home sales - 25% more companies have seen a decrease than have seen an increase in home sales(compared to -41%[6] for the manufacturing sector as a whole)
- Home orders - 29% more companies experienced a decrease than have seen an increase in advanced home orders than experienced a decrease (compared to a -61% for the manufacturing sector as a whole)
- Export sales - 5% more companies have seen export sales decrease than have seen an increase(compared to -27% for the manufacturing sector as a whole)
- Export orders - 14% more companies have seen export orders fall than have seen them rise (compared to -31% for the manufacturing sector as a whole)[7].

[5] Please note: only percentage balance figures were reported.
[6] British Chamber of Commerce Quarterly Economic survey, Quarter 4, 2008

5 Employment, Skills and Training

5.1 Employment

Table 3: Changes in employment

	Sector	Increased	Decreased	Percentage balance
Employment last 3 months	Environmental technologies	19%	28%	**-9%**
	Manufacturing sector	-	-	**-23%**
Employment next 3 months	Environmental technologies	13%	26%	**-13%**
	Manufacturing sector	-	-	**-43%**

Source: Observatory environmental technologies e-survey, March 2009 and Chamber of Commerce Quarterly Economic survey, December 2008

Our survey shows that, while environmental technologies companies are reducing their workforce due to the recession, the extent of job cuts has been less severe than across the region's manufacturing sector as a whole:

- In the past 3 months, 9% more companies reduced their workforce than increased it(compared to 23% for the manufacturing sector as a whole)
- Over the next 3 months, 13% more companies expect their workforce to decrease than expect it to increase (compared to -43% for the manufacturing sector as a whole).

Table 4: Recruitment Issues

	Sector	Percentage
Tried to Recruit	Environmental technologies	31%
	Manufacturing sector	57%

[7] British Chamber of Commerce Quarterly Economic survey, Quarter 4, 2008

Recruitment Difficulties	Environmental technologies	13%
	Manufacturing sector	72%

Source: Observatory environmental technologies e-survey, March 2009 and Chamber of Commerce Quarterly Economic survey, December 2008

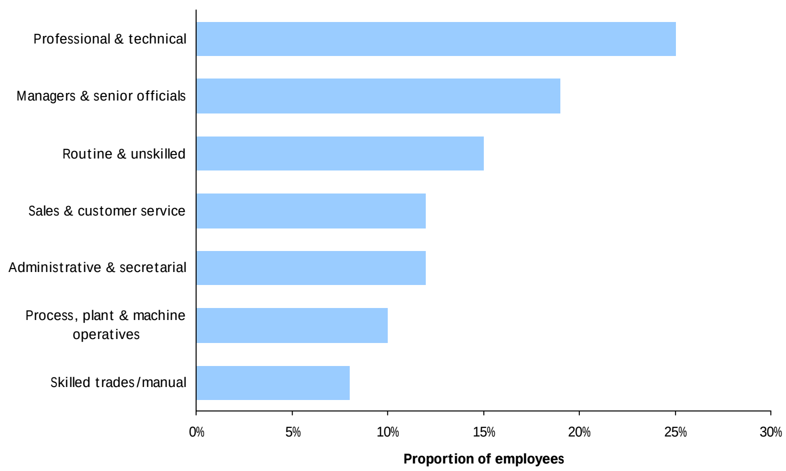
However a lower proportion of firms have attempted to recruit staff over the last 3 months and fewer cite recruitment difficulties.

Those that do face recruitment difficulties highlight problems relating to:

- Engineers
- Skilled Environmental professionals
- Technologists and technical analysts

5.2 Employee proficiency

4 Proportion of workforce regarded fully proficient by occupation



Source: WMRO

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The phase 1 literature review noted that many environmental technologies companies may lack the key skills and knowledge needed to fully capitalise on market opportunities. Our survey provides further intelligence on the extent of skill gaps and deficiencies in different occupations. Only 25% of professional and technical staff are fully proficient and the figure falls to 19% for managers and senior officials, 15% for routine and unskilled, 12% for sales, customer service and administrative and secretarial occupations, 10% for process, plant and machine operatives and 8% for skilled trades and manual workers.

5.3 Training

Table 5: Proportion of companies taking strategic approach to investment in skills

	Provide training for staff	Has a training plan	Has a training budget
On-line Survey	72%	56%	56%
NESS 2007 survey	65%	47%	34%

Encouragingly a high proportion of the region's environmental technologies firms recognise the need to upskill and develop their workforce:

- Nearly three quarters have provided training for staff compared with 65% across all sectors.
- Over half have a training plan in place compared to 47% across all sectors
- Over half have a training budget in place compared to 34% across all sectors
- Nearly three quarters are aware of the Government's 'Train to Gain' initiative

- 7% are involved in 'Train to Gain' (which is well above the average for all sectors of 5%)[8] and 11% offer Apprenticeships or Advanced Apprenticeships

[8] LSC Train to Gain Survey 2007

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