How to cope with Brexit: an employers' guide

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Migrants are now 11 per cent of the workforce and one in 20 workers is from the EU, writes ***Heather Rolfe*** *of the National Institute of Economic and Social Research* ***(NIESR)****. Their presence in low skilled work is particularly marked. We asked employers in low skilled sectors what free movement means to them and what they would do if the supply of migrants dried up as a result of Brexit. Such is the dependence of some employers on EU migrants that one brewery and hotel manager said he would simply 'panic'. But most level-headed employers see a range of possibilities and in fact had put many of them into action. Here's our guide to their options – the pros, the cons and the reality.*

1. Shop local

Employers could do more to recruit local British workers, particularly benefit claimants. Employers say they want to employ locals and in fact don't recognise the media narrative of 'hard-working migrants versus lazy Brits'. But they encounter barriers. Unemployment nationally is around five percent and employers in areas of low population, including holiday destinations and food factories lack a pool of locals of working age. Intrinsic features of work in low skilled sectors also make local recruitment difficult, with low pay and flexible hours contracts unattractive, as well as the arduous nature of the work.

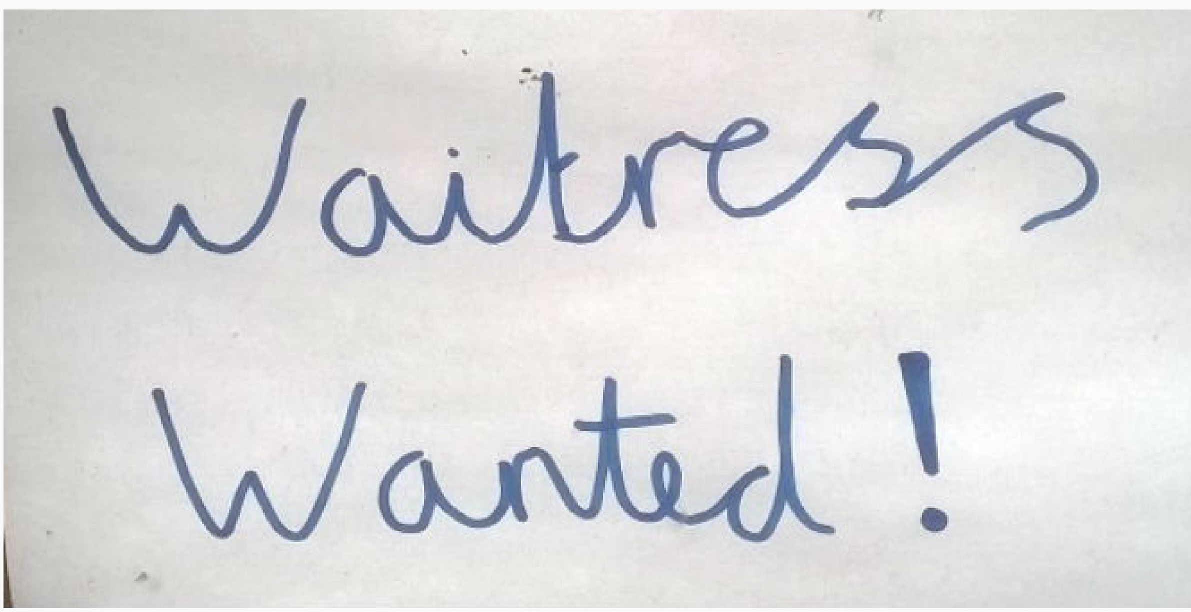

Photo: Gordon Joly via a

Employers could change their offer, by increasing pay and offering fixed hours, to attract more locals. But employers said this would make them uncompetitive, that their business model placed a premium on labour flexibility: in the food industry to cope with the demands of supermarkets and customers; in construction with an uncertain supply of work; and in hospitality with seasonality and unpredictable customer demand. These changes have happened independently of migration.

2. Catch them young

Employers could attract those school leavers who are more handy than brainy.

Young people are the favoured option for reasons which include their energy and, for customer-facing roles, their youthful appearance. Employers expressed a preference for younger British workers, but found them hard to attract. While interested in temporary work, few look for a career in hospitality or food processing. Their aspirations lie elsewhere, in the media, in the cultural industries, in the health sector – not on the production line or behind a bar.

Employers also complain about inflated expectations. A persistent complaint was that young people want to be footballers or X-Factor winners. If they want to be chefs, they aspire to be Gordon Ramsay, not the cook at the Dog and Duck. Employers across sectors were involved in initiatives to address this issue, for example the Big Hospitality Conversation and the construction industry's 'Go Construct' initiative. But they felt more was needed, that the supply of young people could only be switched on if the status of vocational routes was raised.

3. Go for silver

Employers could take on the early retired and older workers put out to grass by traditional industries. Older workers are widely seen to possess qualities of experience and reliability and actually a good return on investment. Our employers agreed that some older workers had potential, but only those in construction were actively looking to recruit older workers with skills and experience, trained in the golden years of apprenticeships. Elsewhere, in factories, hotels, pubs and bars, employers were concerned about the ability of older people to cope with physical demands and with working shifts. Some simply said that older workers did not apply or at least in sufficient numbers to substitute for migrants.

4. Grow our own

Employers could train their own workforce instead of recruiting ready-trained migrants.

There is little supporting evidence for the belief that employers prefer to recruit migrants ready-trained than to invest in British workers: employers who hire migrants are also generally those who invest in their workforces. But employers only train for their short to medium term needs, and when businesses grow they need more skills than they've produced. This produces gaps which migrants can fill. Our employers saw it as the government's responsibility to help ensure that industry has the supply of skills it needs through investing in colleges and other types of training.

But employers also said that more trained workers would only reduce their use of migrants in the long run. They said they would still require recruits at entry level and for work requiring very little training or skill.

5. Go global

Fewer EU migrants could open doors to skilled non-Europeans. This was the least favoured option. Employers did not accept the idea that Brexit would allow for an increase in immigration from outside the EU. Many had experienced the cost and bureaucracy involved in work visa applications. But more to the point, their needs were largely for low skilled workers who are unlikely to be included in such arrangements. EU migrants were also seen as in some ways more suited to their business, and more likely to be flexible and mobile than those from further afield.

6. Stick with free movement

Each of the options has some potential, but in practice is unlikely to reduce employers' reliance on EU migrants. From their perspective, free movement has worked pretty well. In the sectors we examined, EU migration has helped employers create and sustain more flexible and efficient business models. They've made it possible to fill vacancies when UK unemployment rates have been low.

While increased training and more broad efforts to improve the pay, employment prospects and job quality of young and unskilled Britons would obviously benefit the UK as a whole, they are neither directly inhibited by EU migration, nor would they provide much immediate assistance to the sectors where EU migrants are concentrated. In the event of a Brexit, therefore, the impact of ending free movement on these sectors would likely be significant and damaging.

This blog represents the views of the author and not those of the BrexitVote blog, nor the LSE.

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