



BRITISH CHAMBERS OF COMMERCE EMPLOYMENT TRENDS REPORT 2024

In partnership with

**Pertemps
Network** 

 British
Chambers of
Commerce

**WHERE
BUSINESS
BELONGS**

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FOREWORDS



Shevaun Haviland
Director General,
British Chambers
of Commerce

For businesses to succeed they need engaged and skilled workforces. That's why it's crucial that employment trends are closely monitored as the economy evolves.

Here at the BCC our award-winning Insights Unit has unrivalled access to tens of thousands of businesses in our Chamber Network. Every week our researchers are talking to companies the length and breadth of the UK.

As part of our ongoing partnership with Pertemps we're delighted to be publishing this report focusing on the skills businesses need for the future, what employees need from employers and how businesses are coping with the increasing role of AI.

Our research shows a thirst among businesses for people with technical, digital and customer focused skills – and workforces full of leaders. Many companies tell us regularly that training options are failing to meet those requirements. That's why a skills strategy with businesses at the centre is so important.

We also know that firms succeed when their teams are fit and healthy. The role of occupational health services in the workplace is increasingly important. This report shows that and underlines why government must consider further financial incentives for business to invest in OH services.

The digital revolution of the workplace is speeding up not slowing down. It's clear that AI has the potential to really transform productivity and efficiency for businesses. This report shows that while many firms recognise the opportunity, they are struggling to adopt the new technology right now. That's why we need policymakers to think carefully about how best to support SMEs in this space – to make sure they are not left behind.

People are the backbone of British businesses. Companies need skilled, healthy and digitally aware workforces – now and in the future.



Carmen Watson,
Chair of Pertemps

With everything going on that is affecting businesses at the moment, from the cost-of-living crisis to economic and political uncertainty, it was really interesting to see that what came out of this survey were three key issues: skills, supporting colleagues and artificial intelligence.

These align with what we have been seeing for some time so, no matter how fierce the storm blows around us, the messages remain consistent.

As an award-winning, recruitment specialist, with 200 offices across the UK, Pertemps Network Group is well-positioned to understand the significant impact these elements are having on business and what needs to be done to help organisations come out the other side ready for the challenges that are yet to come.

This report is the culmination of months of work between Pertemps Network Group and the British Chambers of Commerce (BCC). SMEs across the UK were contacted to gain their insight on a range of topics and the full findings are presented to you in the following pages.

Lack of skills is perhaps the biggest challenge we face in the coming years and something we have been contending with for some time already. According to our survey, the majority of you agree. To tackle this, we must ensure we equip the next generation with flexible soft skills, now deemed to be essential skills, and work in collaboration – business-to-business and with trade associations, Government, education establishments and training providers.

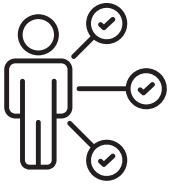
We need to ensure our employee value proposition is on point to help attract and retain the best talent. Some businesses will need support with that, be it financial from central Government or more broadly with access to service.

Most of all, we need to communicate with our colleagues and prospective future colleagues. People are our greatest asset. Invest the time and money in supporting them to flourish and they will help power your business forward regardless of the conditions of the marketplace.



KEY FINDINGS

Skills of the future



59% of businesses cite a skillset or job role that would do most to increase their productivity over the next five years with the following types cited most commonly:

- Management and leadership skills
- Technical and digital skills
- Sales and customer engagement

However, 52% of businesses feel current training options are enabling them to meet this skill requirement, while 48% do not

Occupational health

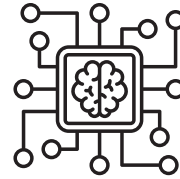


Around four in ten (39%) say they have seen an increase in usage of occupational health services by employees in the last year.

23% of respondents cited a specific type of support to encourage them to increase OH services, with the following types most commonly cited:

- Financial incentives
- Accessibility and availability
- Employee demand and need

Artificial Intelligence (AI)



25% of businesses are currently adopting a specific AI technology, while 43% have no plans to do so. Larger firms are far more likely to be adopting AI than smaller firms.

Despite the low overall adoption levels, 42% think AI would increase their productivity overall and almost no businesses (2%) expect a decrease in productivity.



EXECUTIVE SUMMARY

The UK's labour market is undergoing significant change, driven by several large-scale trends. This report, a landmark study conducted by the British Chambers of Commerce (BCC) and leading UK recruitment specialist Pertemps Network Group, explores three major trends reshaping the employment landscape:

- Changing skills requirements;
- What employees increasingly need from employers;
- How businesses are adopting new AI technologies.

These trends are not only altering the way businesses operate but also how employees engage with their work.

Since 2020, the UK labour market has experienced notable tightness, exacerbated by decreased access to the EU labour force following Brexit and increased economic inactivity due to sickness.

Additionally, changing employee needs and the widespread adoption of new technology have enabled different working patterns. These factors have collectively contributed to a dynamic and challenging labour market environment that requires businesses to adapt swiftly to remain competitive.

The BCC and Pertemps' survey of over 1,200 UK businesses, predominantly small and medium-sized enterprises (SMEs), provides valuable insights into how companies are responding to these trends. The findings highlight the skills businesses think they will need in the future, whether they feel the training system is enabling to achieve this, what employee benefits firms are offering employees, the growth in occupational health services, and the level of adoption of AI technologies.

Getting ahead of these trends will be essential for firms to gain competitive advantage and successfully recruit the workforce of the future.



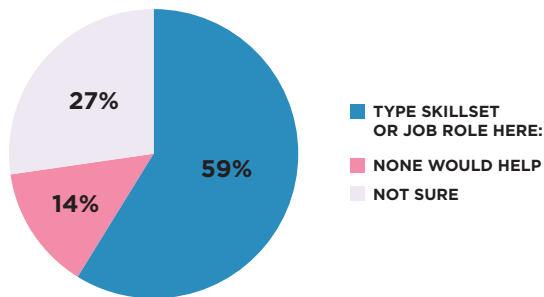
SKILLS OF THE FUTURE

WHAT SKILLS WILL DO MOST TO INCREASE PRODUCTIVITY OVER THE NEXT FIVE YEARS?

As a result of multiple external economic shocks since 2020, UK businesses have faced the dual problem of widespread skills shortages, and a lack of resource to invest for the long-term. BCC data has shown consistently that since 2020 around three quarters of firms attempting to recruit face difficulties doing so, and a similar proportion report no increase to their investment for machinery or training. Breaking out of this cycle will be essential for growth.

In the survey, respondents were asked to look to the next five years and state the job role or skillset they think would do most to increase their productivity. Overall, 59% provided a specific answer, while 27% were unsure, and worryingly 14% felt no job role or skillset could help that increase productivity.

OVER THE NEXT FIVE YEARS, WHAT SINGLE SKILLSET OR JOB ROLE DO YOU THINK WOULD DO MOST TO INCREASE THE PRODUCTIVITY OF YOUR ORGANISATION?



BASE: (Total: N - 1238) Weighting: Total (size)

For those that did cite a skillset or job role, the answers provided highlighted demand for both traditional trades and modern technological skills. There is a noticeable emphasis on integrating AI and digital skills across various functions, highlighting the shift towards more technology-driven productivity enhancements. Following are the three broad categories cited most regularly.

MANAGEMENT AND LEADERSHIP

These respondents emphasised the need for effective leadership and organisational skills to enhance productivity. Roles involve strategic planning, decision-making, and managing teams or projects to achieve business objectives.

Project Management

EXAMPLES

- Operations Management
- Management Consultant
- Supervisor or Manager's skills

TECHNICAL AND DIGITAL SKILLS

Many organisations focused on the increasing importance of technical expertise and digital proficiency. This includes roles that require specialised knowledge in engineering, IT, data analytics, and the implementation of new technologies like AI and cybersecurity to streamline processes and drive innovation.

EXAMPLES

- Software Developer
- AI / Digital applications
- Cybersecurity, Mechanical and Electrical Engineers
- Data analysis.

SALES AND CUSTOMER ENGAGEMENT

Participants in the research frequently highlighted the need for strong sales capabilities and customer relationship management. Roles in this category were around driving revenue, expanding market reach, and ensuring customer satisfaction through effective sales strategies and marketing efforts.

EXAMPLES

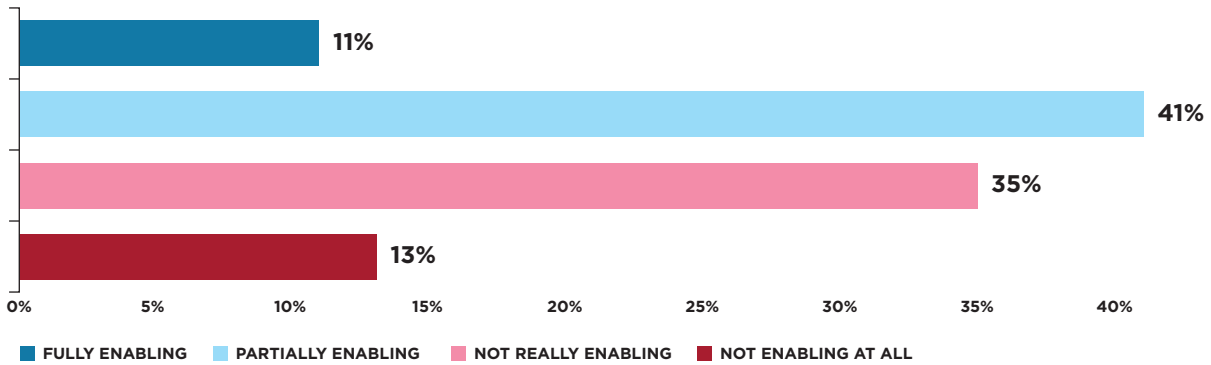
- Sales
- Business Development
- Sales and Marketing
- Export Sales
- Sales specialists

ARE FIRMS CONFIDENT ABOUT GETTING THESE SKILLS?

The survey results indicate that businesses in the UK have mixed feelings about the adequacy of their current training options to meet future skill requirements. Overall, only 11% of respondents feel that their current training arrangements are fully enabling them to meet their skill needs over the next five years. Meanwhile, 41% believe their training options are partially enabling them, 35% think they are not really enabling, and 13% feel they are not enabling at all.

There are some noticeable sectoral divergences. In the manufacturing sector, only 9% of respondents feel that their training options are fully enabling them to meet future skill requirements. B2B services are slightly more optimistic, with 14% of businesses feeling fully enabled, which is the highest among the sectors. B2C services and the public, health, or third sector show similar results, with 11% and 10%, respectively, feeling fully enabled.

TO WHAT EXTENT DO YOU FEEL CURRENT TRAINING OPTIONS ARE ENABLING YOUR ORGANISATION TO MEET THIS SKILL REQUIREMENT?



BASE: (Total: N - 715) Weighting: Total (size)



OCCUPATIONAL HEALTH

CHANGING DEMAND AMONG BUSINESSES

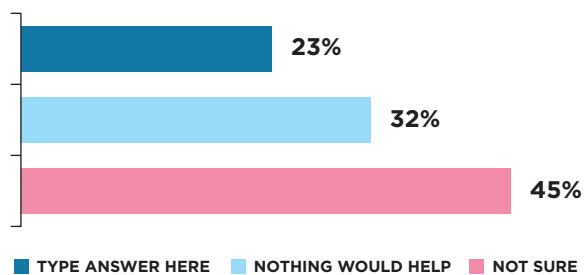
In recent years, there has been a notable emphasis on occupational health services within UK businesses. This trend reflects a broader recognition of the importance of employee well-being and the impact it has on productivity, as well as an increasing economic inactivity rate, currently at around 22%, largely driven by long-term sickness. Many companies are increasingly investing in comprehensive health programs and a proactive approach could help alleviate skills shortages by fostering a healthier, more engaged workforce.

INCREASING DEMAND FOR OCCUPATIONAL HEALTH SERVICES

The survey findings show that employee demand for occupational health services is increasing. When asked if they had seen a change in usage of occupational health services by employees, 39% of respondents said they had seen an increase, while 49% saw no change, and only 1% saw a decrease.

WHAT WOULD INCREASE TAKE-UP OF OCCUPATIONAL HEALTH SERVICES BY EMPLOYERS?

WHAT SINGLE THING DO YOU THINK WOULD HELP YOU TAKE ON OR INCREASE OCCUPATIONAL HEALTH PROVISION IN YOUR ORGANISATION?



Of those respondents who were able to suggest a single thing that would encourage them to increase occupational health provision in their organisation, most listed things within the following broad categories.

FINANCIAL INCENTIVES AND SUPPORT

These were organisations that felt that some form of government or other intervention was required to make increasing occupational health provision financially viable for them.

EXAMPLES

- Direct funding from the government
- Tax incentives for providing OH services
- Financial assistance to cover the costs of implementing OH services

ACCESSIBILITY AND AVAILABILITY

Answers in this group commonly referred to the need to make it easier for their employees to access the occupation health provisions that they needed.

EXAMPLES

- Better accessibility to General Practitioner (GP) services
- Availability of local providers and support networks
- Simplified processes and ease of access to OH services

EMPLOYEE DEMAND AND NEED

To increase occupational health provision in their organisation, some respondents felt they needed clear signals from their workforce and for any provision to be well suited to their needs.

EXAMPLES

- Demonstrated demand from employees for OH services
- Increased staff awareness and desire for health support
- Health services specifically tailored to support businesses and their unique needs

ARTIFICIAL INTELLIGENCE (AI)

HOW BUSINESSES ARE ADAPTING TO NEW TECHNOLOGIES

AI USAGE

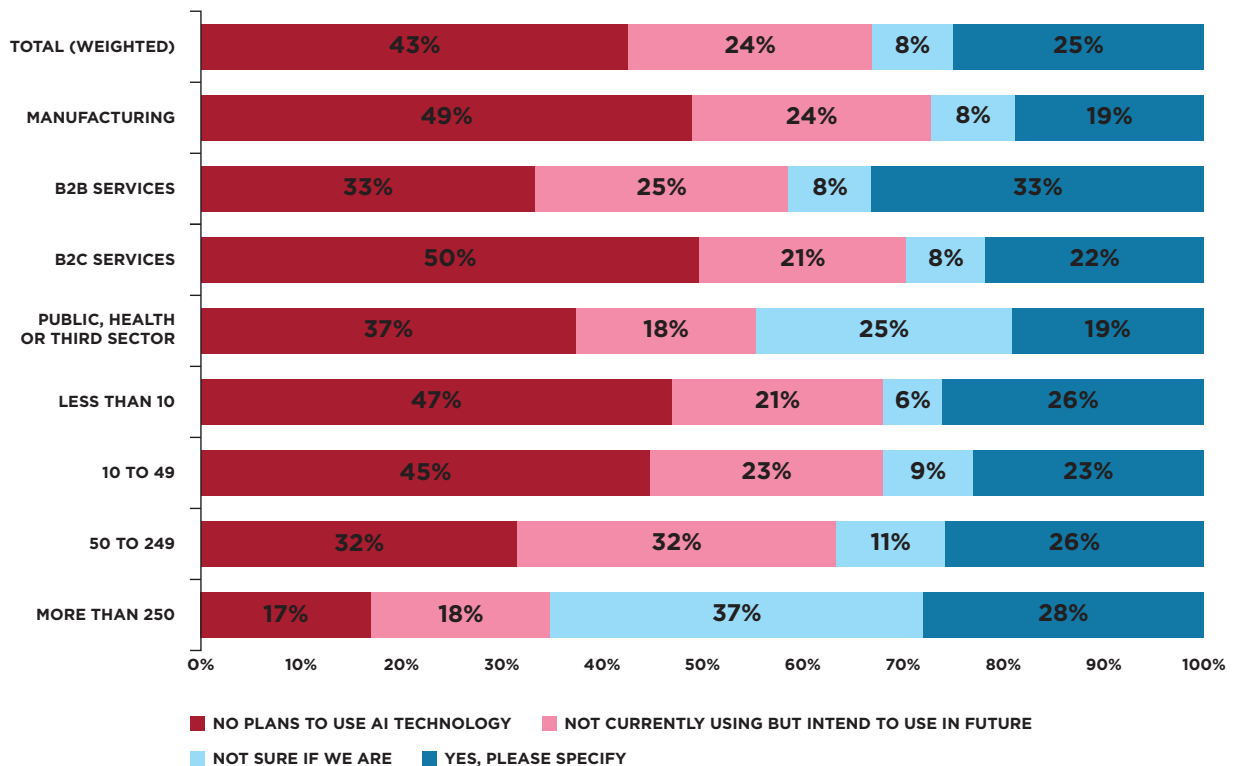
The collection of technologies generally referred to as Artificial Intelligence (AI) has emerged as another transformative trend in recent years, and its development is seemingly exponential. The benefits of AI have become transparent for a growing number of businesses, as they look to increase productivity and output and cut costs. However, as we will see, a high proportion of firms may be missing out on the digital revolution, due to a lack of skills or guidance.

In the survey, businesses were asked about their current usage of specific AI technology. Overall, 25% of respondents said they were using AI, 8% were unsure, 24% were not currently using AI but

intended to do so in the future, and a significant proportion, 43%, had no plans to use it at all.

When looking by sector, B2B services had the highest AI adoption rate at 33%, followed by B2C services at 22%, manufacturing at 19%, and the public, health, or third sector also at 19%. The intention to adopt AI in the future was highest in the B2B services (25%) and manufacturing sectors (24%). Larger organisations (more than 250 employees) had the highest AI usage of any business size segment at 28% and the lowest proportion not expecting to use AI at all (17%). This compares with 47% of micros (fewer than 10 employees) who do not expect to use AI.

IS YOUR ORGANISATION CURRENTLY USING ANY SPECIFIC AI TECHNOLOGY?



SPECIFIC USAGES

Respondents who stated that they were currently using a form of AI technology were asked to specify the type of AI they were using. Readily accessible virtual assistants, such as Chat GPT and Microsoft Copilot were the most frequently cited AI technology.

“As a small business we use AI as a personal assistant and as a sounding board. It helps us to improve communication with customers and create marketing materials”

MICRO RETAILER
IN YORKSHIRE

“We use chatbots for internal support services and customer facing websites”

MEDIUM SIZED MANUFACTURER
IN LINCOLNSHIRE

“We are using AI for out of hours customer interaction online”

MEDIUM SIZED HOSPITALITY
FIRM IN THE EAST MIDLAND

“We use it for analysis and categorisation of large volumes of text”

SMALL MARKETING FIRM
IN CORNWALL

AI AND PRODUCTIVITY

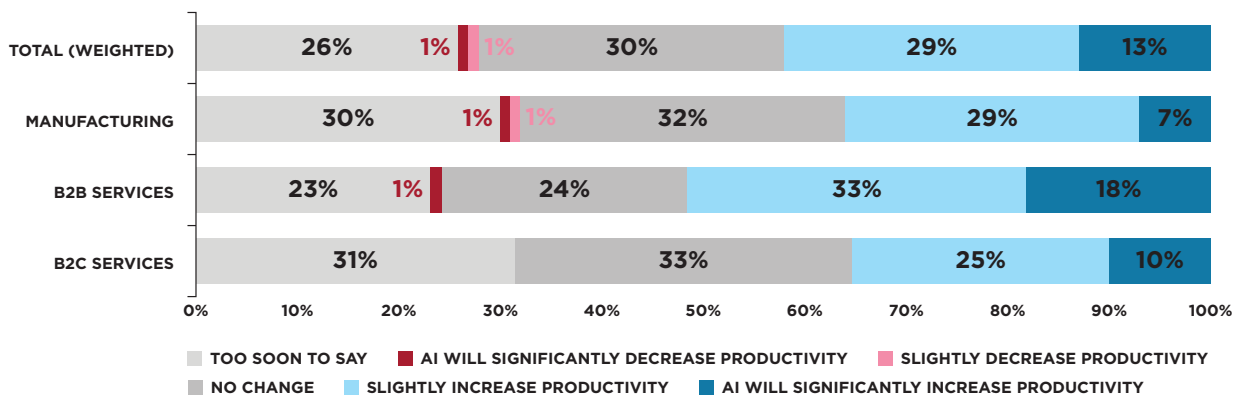
The survey results reveal that while many UK businesses are not actively adopting AI technology, a high proportion believe that AI would increase their productivity. Overall, 13% of respondents think AI will significantly increase productivity, and 29% expect it to slightly increase productivity. Meanwhile, 30% anticipate no change, and 26% feel it is too soon to say. Only a very small percentage, 2%, believe AI might slightly or significantly decrease productivity. This indicates that despite slow adoption rates, there is a substantial optimism about AI's potential productivity benefits.

When examining the data by sector, B2B services stand out, with 18% of businesses believing AI will significantly increase productivity and 33% expecting a slight increase. Conversely, the manufacturing sector shows lower optimism, with only 7% anticipating a significant increase and 29% a slight increase, while a substantial 32% foresee

no change and 30% feel it is too soon to say. B2C services and the public, health, or third sector also reflect cautious optimism, with 10% and 13%, respectively, expecting significant productivity gains, though both sectors have high levels of uncertainty (31% and 25%, respectively).

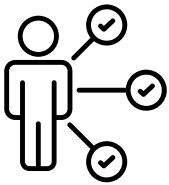
In terms of company size, businesses with 50 to 249 employees are the most optimistic, with 15% expecting a significant increase and 38% a slight increase in productivity. Smaller businesses (less than 10 employees) and the largest businesses (more than 250 employees) show similar optimism, with 14% in both categories expecting significant gains, but also notable uncertainty (25% and 32%, respectively). This detailed breakdown highlights that, despite the slow pace of AI adoption, a sizeable proportion of businesses are optimistic about AI's potential to enhance productivity across various sectors and company sizes.

WHAT IMPACT OVERALL DO YOU THINK AI TECHNOLOGY OR WILL HAVE ON YOUR ORGANISATION'S PRODUCTIVITY?



RECOMMENDATIONS

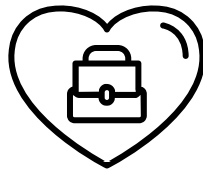
Assessing Skills Needs for the Future



Conduct Regular Skills Audits: Regularly evaluate the current skills within your workforce and identify gaps that may hinder future growth. Use surveys, interviews, and performance reviews to gather data, and align findings with your strategic goals. This proactive approach will help you anticipate future skills requirements and plan accordingly.

Invest in Continuous Learning and Development: Foster a culture of continuous learning by offering regular training and professional development opportunities. Encourage employees to take courses, attend workshops, and obtain certifications in emerging areas relevant to your industry. This ensures your team stays updated with the latest skills and knowledge.

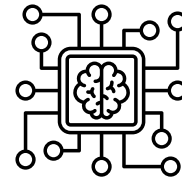
Managing Occupational Health



Implement Comprehensive Health Programs: Develop and promote comprehensive health and wellness programs that address physical, mental, and emotional well-being. Offer services such as regular health screenings, mental health support, fitness programs, and flexible work arrangements to help employees maintain a healthy work-life balance.

Foster a Supportive Workplace Culture: Create an environment where employees feel comfortable discussing health issues and seeking support. Provide training for managers on how to recognize and address health-related concerns and encourage open communication. A supportive culture enhances overall well-being and productivity.

Adopting AI



Start Small and Scale Gradually: Begin your AI journey by identifying small, manageable projects that can benefit from automation or AI-driven insights. This could include automating routine tasks, using chatbots for customer service, or leveraging data analytics for decision-making. As you gain experience and confidence, gradually expand your AI initiatives to more complex areas of your business.

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