

was situated in the Midlands, Yorkshire and the South East of England. The heaviest concentration is in the West Midlands, associated with the rise of the automotive industry.

## **2.2 Job-Category Distribution of Employment**

It is widely agreed that highly skilled labour is vital to the success of machine tool industry, as the opportunities for employing unskilled workers in this industry are limited by both the complexity of its products and the small batches in which they are produced (Prais et al, 1981).

The importance of craftsmanship is indirectly supported by the breakdown of employment by job category, as reported by the Engineering Industries Training Board. Infact, if we compare the machine tool industry structure of employment with that of all engineering it emerges that the former employees a much larger share of craftsmen (33.6% and 16.7% respectively) while the share of managerial and supervisory employees is rather similar (Figure 2.5).

From previous comparative analyses between the UK and German machine tool industries it appears that there is a high degree of similarity between the two occupational structures (Prais et al., 1981). This does not refute the wide shared opinion that one of the main reasons for the poor performance of the UK machine tool industry has to be found in the weak skill base (Jones, 1983). However it points out that what matters is not the organisational structure per se, but the true skills associated with each qualification.

## **2.3 Concentration**

The definition used by the Government in compiling statistics of machine tools has varied over the time under study. The 1968 Standard Industrial Classification (MLH 332) included not only complete machines but also parts and accessories and welding machines. Since 1980 however the classification has been changed to exclude welding equipment. It is consequently difficult to construct data on trends in concentration on a consistent basis over a long period. Prais in his study of the UK machine tool industry suggests a possible small decline in concentration in the 1950's (Prais et al., 1981). After that, on the basis of the old 1968 SIC 332, there is some evidence of an increase in concentration. In 1963 sales by the five largest firms of metal cutting machine tools amounted to 27.5%. The mergers that took place in the 1960's, with the direct encouragement of the Government, resulted in an increase in CR5 to 40.6% by 1968, although this had levelled off to 39.7% in 1975. Data for metal forming machines is less complete, but indicates that in 1968 CR5 was 26.9% and by 1975 had risen to 33%.

As for the 1980's we have to resort to use of the less than satisfactory Census of Production statistics for the machine tool industry which includes engineers' small tools. Figure 2.1 shows that CR5 has fallen still further from around 15% at the beginning of the decade to 10% at present. This reflects the considerable divestment activity that has taken place since the late 70's amongst the largest companies.