SKILLS FOR BUSINESS 2003 - SURVEY OF EMPLOYERS

RESEARCH REPORT 4
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Skills for Business 2003 – Survey of Employers

Research Report

prepared for

Sector Skills Development Agency

by

IFF Research Ltd

2004

This report is one of a series which presents the findings of the Phase 1 evaluation of the Skills for Business Network. The evaluation comprised a series of inter-related strands of primary research, conducted by independent consultants, including surveys of stakeholders and employers and case study research. The evaluation has informed baselines and measured progress against the performance framework and scorecard.

SSDA July 2004

Sector Skills Development Agency

Research Series

Foreword

In October 2002 the Department for Education and Skills formally launched Skills for Business (SfB), a new UK-wide network of employer-led Sector Skills Councils (SSCs), supported and directed by the Sector Skills Development Agency (SSDA). The purpose of SfB is to bring employers more centre stage in articulating their skill needs and delivering skills-based productivity improvements that can enhance UK competitiveness and the effectiveness of public services. The remit of the SSDA includes establishing and progressing the network of SSCs, supporting the SSCs in the development of their own capacity and providing a range of core services. Additionally the SSDA has responsibility for representing sectors not covered by an SSC and co-ordinating action on cross cutting and generic skills issues.

Research, and developing a sound evidence base, are central to the SSDA and to SfB as a whole. It is crucial in: analysing productivity and skill needs; identifying priorities for action; and improving the evolving policy and skills agenda. It is vital that the SSDA research team works closely with partners already involved in skills and related research to generally drive up the quality of sectoral labour market analysis in the UK and to develop a more shared understanding of UK-wide sector priorities.

The SSDA is undertaking a variety of activities to develop the analytical capacity of the Network and enhance its evidence base. This involves: developing a substantial programme of new research and evaluation, including international research; synthesizing existing research; developing a common skills and labour market intelligence framework; taking part in partnership research projects across the UK; and setting up an 'Expert Panel' drawing on the expertise of leading academics and researchers in the field of labour market studies. Members of this group will feed into specific research projects and peer review the outputs; be invited to participate in seminars and consultation events on specific research and policy issues; and will be asked to contribute to an annual research conference.

The SSDA intends to take the dissemination of research findings seriously. All research sponsored by the SSDA will be published in a dedicated research series and made available in both hard copy and electronically on the SSDA website.

Lesley Giles
Head of Research at the SSDA

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1 Executive Summary

Introduction

1.1 Although the Skills for Business Network (SfBN) is still in relative infancy, the Sector Skills Development Agency (SSDA) and its support departments and agencies is keen to evaluate the success of its performance to date and to establish benchmarks against which future progress can be measured. To this end a programme of evaluative research has been commissioned which will bring together several projects into a common evidence base. This report presents findings from the general survey of UK employers. This survey consisted of 13,620 interviews in total.

1.2 Data from this survey is intended to meet several objectives. The first of these is to provide information on the extent of awareness of, and contact with, the Network to date. The second is to provide benchmarking information that may ultimately be used to assess the extent of any impact on workforce development behaviour that the SfBN engenders. Thus, the data collected in this survey aims to provide the SSDA and the Sector Skills Councils (SSCs) with a snapshot picture of the extent of planning, skills challenges and workforce development activity among UK businesses at the moment which can feed into the strategic decisions that are made about how best to engage employer (further) with the skills agenda.

Awareness of the Network

1.3 The SfBN does not yet figure in employers thinking in terms of organisations outside of their own that they would approach for information or guidance on skills or training related issues. Only 1% of employers stated that they would approach a Sector Skills Council for such support and only 2% mentioned that they were aware (on a spontaneous basis) that such support could be obtained from an SSC. Fewer than 1% of employers mentioned either the Skills for Business Network or the SSDA in this context.

1.4 However levels of prompted awareness were higher. A fifth of all employers stated that they had heard of the Skills for Business Network (19%) and 7% had heard of the SSDA (rising to 20% among those with in excess of 250 employees).

1.5 One in eight employers (12%) stated that they had heard of ‘Sector Skills Councils’ generally (i.e. without necessarily naming, or being able to name, a specific SSC). This proportion varied by size to an even greater extent than for the SSDA ranging from 11% of those with under 5 employees to over a third (36%) of those with in excess of 250 employees. The proportion aware of the Councils generally is slightly higher in both England and Northern Ireland than in Scotland or Wales.

1.6 A quarter of ***all*** employers (23%) were aware of their own SSC by name (on a prompted or unprompted basis). Of those employers who are currently covered by a licensed or developing SSC (a total of 77% of all employers with at least 2 staff) – just under a third (30%) are aware of the SSC that they are covered by (or of one of them where the employer falls into the footprint of more than one SSC). If this figure is combined with the awareness of the SSDA among those employers not currently covered by an SSC (for whom the SSDA will eventually play the role of 'proxy-SSC') then this produces an overall awareness figure of 25%.

1.7 Of those aware of their own SSC by name (on either a spontaneous or prompted basis), only 18% recognised the collective, generic term 'Sector Skills Councils'. It could be argued that this figure – which equates to 4% of all employers or 5% of those currently covered by a licensed or developing SSC – represents the proportion of employers who are genuinely aware of their SSC ***as an SSC***.

1.8 It could be considered that it is not important / necessary for employers to be aware of the full construct of the Network in order to benefit from its activities and hence that the figure that is important is the proportion of employers who have heard of any part of the Network – be it the SfBN as a whole, the SSDA , SSCs generally or their own, named SSC. The proportion of employers aware of any part of the Network stands at 43% (rising to 59% among establishment with in excess of 250 staff).

1.9 The proportion of employers with detailed knowledge of the roles and objectives of each part of the Network is relatively low, with the majority of those aware knowing little more than the 'name only'. Only 9% of those aware of the SfBN felt that they had detailed knowledge, as did 9% of those aware of the SSDA and 10% of those aware of the SSCs in general. Among those who had awareness of their own SSC, levels of knowledge were higher; a fifth had either fairly or very detailed knowledge (22%).

Dealings with the Network

1.10 Only a very small proportion of employers have had direct dealings with the SSDA. At an overall level, only 0.4% of establishments have had any direct contact. Even among those who have had contact, the relationships are not yet particularly involved with the majority having had only one-off or occasional contact.

1.11 Among those who have had direct dealings, levels of overall satisfaction with the activities of the SSDA are relatively strong. When asked for ratings on a 10-point scale (with 1 indicating highly dissatisfied and 10 indicating highly satisfied), nearly two-thirds of those who have had contact gave a rating of 7 or more and the mean rating given was 7.4.

1.12 A total of 6% of employers covered by a licensed or developing SSC have had direct contact with (one of) their own SSC(s) – equating to 5% of the business population. Among those employers who have had contact with their own SSC(s), contact has been more frequent than is the case among those who have had dealings with the SSDA with a third (30%) of SSC relationships involving regular or frequent contact.

1.13 The proportion of employers who have had contact with their own SSC is slightly higher among employers with in excess of 250 staff (8%). Below this size threshold, employers are as likely to have had contact with their own SSC. It must be remembered, however, that there are vastly more smaller employers that larger ones. The greatest number of contacts has thus been made amongst smaller employers. It would also appear that SSCs have been more successful than average in making contact with employers in Northern Ireland[1] and less successful in reaching those establishments based in Wales. One in ten employers in Northern Ireland have had dealings with their own SSC compared with only 3% in Wales.

1.14 Overall satisfaction ratings for dealings with the SSCs were slightly lower than for the SSDA. Despite the fact that a higher proportion gave a rating of 7 or more (over half of employers who had had dealings), this was counter-balanced by a higher proportion giving scores at the lower end of the scale and resulted in an average rating of 6.4. This is as likely to reflect the nature of dealings, and of the expectations / needs of employers as to reflect real differences in support or service levels.

1.15 Of those employers who were aware of more than just the name of an SSC, two-fifths feel that the SSC has already had a positive impact on skills development within their establishment. Only 3% of relationships with SSCs have led employers to feel that it has had a negative impact (with the remainder considering it too early to tell or that there has been no impact).

1.16 Those with some understanding of the roles and objectives of the SSCs were also asked to compare the SSC with the sector-based bodies that have existed to address skills and training-related issues in the past (the National Training Organisations in the case of most employers). One in eight opinions given were that the SSC represents a great improvement on these previous structures and a further quarter (23%) that it represents a slight improvement. Only 5% of opinions were that the SSC represents a deterioration from the previous situation.

Underpinning engagement

1.17 Measures of the extent to which the Network, in its constituent parts, is bringing greater numbers of employers into the workforce development agenda are important in evaluating the Network's success. Similarly, it is important to understand the extent of employers' (dis)satisfaction in their dealings with the Network. However, such measures can not tell the full story. The true success of the Network, the way in which it will meet its high-level goals, will be in bringing about real improvements to the way in which employers manage their workforce. To this end, beyond hard, baseline measures of skills deficiencies and training provision, this report looks to enhance understanding of the nature, style and content of workforce development activities in the workplace and of the skill needs that fire demand for such activities.

[1] Although it is possible that these are 'inflated' awareness figures resulting from employer confusion with the Sector Training Councils in Northern Ireland.

BUSINESS PLANNING AND THE EXTENT TO WHICH EMPLOYERS FOCUS ON WORKFORCE DEVELOPMENT

1.18 Overall, 56% of employers have a formal, written business plan, rising to 9 out of 10 of the largest employers and falling to 46% of the smallest. ***Business*** planning is more common **outside** of the private (commercial) sector. Beyond this, however, key differences in the extent of business planning lie at the level of individual sectors and sub-sectors of the economy; some sectors have very high levels of planning, and pockets of no or little planning, while the converse is true of others. This is precisely the level at which the SfB Network is looking to intervene.

1.19 Outside of formal, written business planning, two thirds of *all* employers cite developing the skills of the workforce as a major focus for their business currently, with one in eight stating that this is the most important focus of their establishment's current objectives. Only objectives aimed more directly at increasing sales turnover / revenues is more commonly cited as a key business focus. A further 6% of establishments state that improving labour productivity – the ultimate aim of the skills development agenda – is the key focus for their site.

1.20 Similarly, when prompted with the statements "this establishment proactively works to improve the skills of its workforce throughout their working life" and "improving the ability of staff to undertake a wider range of tasks is a priority for us", 87% and 75% of employers agreed, respectively.

1.21 Thus there is already a high degree of focus on issues that are central to the SfBN agenda. However, it is arguable that this stated focus is not reflected in the practice of activities that support a workforce development focus. Two-thirds of employers conduct staff appraisals and a half conduct training needs assessments, but only two in five has a training plan, and as few as three in ten a specified training budget. Employers who have a formal, written business plan are more likely to engage in any of these forms of planning than those who do not.

1.22 There is little or no evidence from this survey which distinguishes employers who have had dealings with the SSCs in terms of the extent of their engagement in the workforce development agenda (i.e. those who have had dealings do not appear to behave very differently in terms of workforce development to those who have not). That is, from an engagement perspective, one cannot readily say whether the Network is engaging with those already converted to the workforce development agenda as opposed to winning new hearts and minds.

SKILLS NEEDS AND CHALLENGES

1.23 There is much quantitative data on the extent of skills deficiencies in the workforce and the workplace. This report and the survey from which its findings derive do not attempt to replicate these data. Rather they seek to complement the factual picture of skills deficiencies in the internal and external labour market.

1.24 While other survey data report that the proportion of employers *currently* experiencing vacancies which are hard-to-fill for skills-related reasons is low, this survey suggests that three in five employers *tend* to have problems finding suitably skilled recruits and that half believe that the education system does not “turn out” people with the right levels / mix of skills. Smaller organisations are more likely to recognise challenges of these kinds.

1.25 Those establishments which have had dealings with their SSC were considerably more likely to agree that they have had problems finding the skills they need in the labour market (59% of those who have had contact agreed strongly compared to 37% of those who have not). They were also more likely to feel that the education system is not turning out adequately skilled individuals (55% of those who had contact with their SSC agreed strongly compared to 28% of those who had not).

1.26 Slightly over half of employers (55%) state that their skill needs – in the sense of the skills that their workforce needs – have not changed for a number of years, with a quarter agreeing strongly. This presents an interesting picture of a dominant, sedentary skills situation that perhaps sits at odds with the majority of analysis in the field. If employers who say skills haven’t changed are “right”, this highlights that the skills “revolution” of the last few years is perhaps not as universal as its press would have us believe. However, it could well be that employers not recognising changes are in fact following antiquated practices and/or falling behind in their practices and processes.

1.27 A third of employers are concerned that the skills they need in their workforce will be at a premium in the future because of an ageing workforce. A similar proportion (36%) describes the gap between the skills they need and the skills at their disposal as growing. Moreover, a quarter of businesses are prevented from moving up the quality chain in terms of the products or services they deliver as a result of skills constraints.

1.28 While there is no or little evidence to confirm that SSCs are engaging in particular with employers who are more or less engaged in planning their workforce, the findings on perceived skills challenges show that employers who come into contact with SSCs at least ***perceive*** greater skills challenges than the average employer. However, in the same way that it can be difficult in traditional employer skills surveys to know whether the fact that an employer reports lower proficiency levels really means that they have greater problems, as opposed to more refined systems of measurement and appraisal, it is difficult here to tell whether the employers already recognised skills challenges before their dealings with the SSC, or have come to recognise them through these dealings.

1.29 Those employers who have had contact with their SSC are more likely to agree strongly that skill gaps are on the increase (compared with those who have had no contact with their SSC).

WORKFORCE DEVELOPMENT

1.30 Much hard data is available from other sources that measures the extent of workforce development activity undertaken by employers (and by the individuals they employ). Measures of workforce development presented in this report are qualitatively different in nature. Beyond establishing a simple measure of the proportion of employers who train – which is recorded here at 66%,– the SfBN Employer Survey provides valuable insights into the nature of workforce development practices and attempts to contextualise demand for skills.

1.31 The survey explores the extent to which new recruits taken on to the core occupations that employers need to drive their organisation come equipped with the skills they need to do their job role. Overall, one in eight employers typically take on employees who are already fully equipped with all the skills they need, with a further 30% of employers taking on employees who are close to full proficiency.

1.32 Only 4% of employers typically recruit completely “raw material” to their core occupational roles – that is new recruits who have none of the skills that they will need to be fully proficient in their job role. And a further one in ten (11%) takes on recruits to such roles who need significant development.

1.33 There are very large differences by occupation in terms of the extent to which employees come ready-equipped with all the skills they need. Employers whose core employees fulfil administrative, personal service, sales or elementary roles tend most frequently to need to develop the skills of these core employees once they are in place.

1.34 In overall terms, however, employers are less likely to provide training for core employees (50%) than overall (66%). This is an important and interesting message that will be worth exploring in more detail.

1.35 Employers adopt a relatively broad range of training activities (overall and for core employees) that stretches well beyond formal training. There is more informal development activity – supervision, learning-through-observation and “role-stretching” – than formal activity. Of those who have not provided any formal training for staff over the course of the last 12 months, 46% have in place formal supervision structures, 57% allow employees time to watch others performing their job role and 55% use “role-stretching” to develop staff.

1.36 The key benefit of training is seen by employers to be improved proficiency levels for staff. However, while this was cited by 57% of training employers, this leaves two fifths of employers who train who do not spontaneously cite improved proficiency as a benefit. It may be that this is a benefit which employers feel is too obvious to cite. However, the data also highlights derived benefits of training in terms of its impacts on employee satisfaction.

1.37 Employers of different sizes describe different barriers to training. Smaller companies are relatively more likely to bemoan lack of knowledge and to fear staff being poached and/or demanding higher salaries as a result of their increased skills, while larger employers are more likely to have problems motivating their staff to train. Even proportions of larger and smaller employers (a quarter) decry a lack of provision. This is consistent with the pattern of training provision – i.e. the fact that larger employers are more likely to provide their own training.

2 Introduction

2.1 The Skills for Business Network (SfBN) is formed of individual Sector Skills Councils (SSCs) supported by the Sector Skills Development Agency (SSDA). The Network has been established to ensure a more employer-focused approach to the skills agenda, enabling employers to take centre stage in defining their sector's skills needs (and how these sit against other business needs / challenges), and to influence policy development and service delivery. The vision is that the SSCs will facilitate a dialogue between employers that will allow them to work together to tackle the skills and productivity challenges in their sector.

2.2 Over the long term, by operating with key partners, the Skills for Business network aims to address four strategic/high level goals:

1. Reduction of skills gaps and shortages and anticipation of future needs;
2. Improvement in productivity, business and public services performance through specific strategic and targeted skills and productivity action;
3. Increased opportunities to develop and improve the productivity of everyone in the sector's workforce, including action to address equal opportunities;
4. Improvement in the quality and relevance of public learning supply, including the development of apprenticeships, higher education and national occupational standards.

2.3 These high level goals are to be achieved through sector specific plans which will identify current and future skill & workforce development needs and priorities, develop skills strategies and co-ordinate action around workforce development and employment practice. More specifically, the SfBN network will work to the following core operational objectives:

a) **Raising awareness** of the SSCs - and the services they deliver - among employers;
b) **Engaging employers in the direction SSCs take**
c) **Enhancing employer commitment to the skills development agenda**
d) **Producing and disseminating Labour Market Information**
e) **Enhancing policy development** by working with learning providers and other public policy agencies engaged in the skills arena;
f) **Promoting effective collaboration with partners** both through formal and informal partnerships and networking.

2.4 The SfBN was formally launched by the Department for Education and Skills in October 2002 with five Trailblazer SSCs established prior to this in April. Since then considerable work has taken place to build the SSC Network and there are currently 23 SSCs in different stages of development (with 4 fully-licensed at the time of fieldwork). The SSCs do not cover all UK businesses, and hence the SSDA is currently acting as a de facto (or proxy) SSC for the parts of the business population and the employed workforce that do not fall into the remit of any existing or developing SSCs, providing a minimum level of service at this time. As well as fulfilling this role, the SSDA acts as an ambassador, developer, regulator, co-ordinator, expert adviser and partner for the Network as a whole.

2.5 Although the SfBN is still in relative infancy, the SSDA and its sponsor Departments are keen to evaluate the success of its performance to date and to establish benchmarks against which future progress can be measured. To this end a programme of evaluative research has been commissioned which will bring together several projects into a common evidence base. The employer survey upon which this report is based forms one strand of this research. Given the pivotal role that employers will play in the overall success of the individual SSCs and the SfBN more widely, it is vital to capture employer views and reactions to the Network so far and hence this survey forms a crucial part of the evaluation programme.

2.6 In addition to providing core evaluative data (in terms of employers' awareness, contact and satisfaction with the Network), this survey also provides information to feed into Network Labour Market Information (LMI) more widely, providing benchmarking data (at SSC level) on current employer practices and experiences in terms of skills challenges, business planning and workforce development. As such the study establishes a baseline against which changes in attitude and behaviour can be measured[2].

Methodology

DATA COLLECTION

2.7 The survey of employers collected data from a total of 13,620 employers[3]. All interviews were conducted using Computer Assisted Telephone Interviewing (CATI) from IFF's offices in central London, between 24th November 2003 and 26th January 2004. Interviews took an average of 22 minutes to complete.

2.8 The principal respondent was the most senior person responsible for human resource and personnel issues. Generally, in establishments with 25 or more employees this was the human resource / personnel director or manager. In establishments with fewer than 25 employees it was the owner, managing director or general manager.

2.9 Response to the survey on the part of employers was reasonable, with an overall response rate of 45%[4]. This is comparable to response rates on similar surveys among general samples of employers.

SAMPLE DESIGN AND WEIGHTING

2.10 The sample design for the survey was complex. The Skills for Business Network theoretically covers the whole of the business population of the UK and as such the survey was also designed for this level of coverage.

[2] Although the extent to which any changes are a result of Network activity will need some 'unpicking' – a challenge that is being explored in the Feasibility Study which forms another strand of the Evaluation Programme.

3 The initial target was set at 13,500 interviews; however, because fieldwork was staggered by SSC, interviewing in certain SSCs was extended to ensure a good balance of interviews by country.

[4] Response rate here is calculated as the sum of all achieved interviews divided by the total number of *complete* contacts with eligible establishments. A more detailed analysis of response rates is included in the Technical Appendix.

2.11 The one notable exception to this is that the survey excluded self-employed people working on their own. In sampling terms, and arguably also in terms of engagement, self-employed individuals working on their own (or in an informal family business) stand out from the remainder of the business population. By definition, they do not have responsibility for employees they can develop, and so workforce development in their case equates to individual or personal development. Investigation of their skill needs and challenges calls for a very different type of enquiry. Moreover, from a research process perspective, accurate figures for the number of self-employed individuals and lists of their contact details are both difficult to establish. For both of these reasons, the self-employed were excluded from the employer survey. The research is therefore a survey of establishments with at least two people working in them.

2.12 To maximise the potential for analysis of findings for employers in each of the aggregated sectors covered by the individual SSCs, the sample adopted a stratified quota target approach. That is, the survey was configured to achieve an equal number of interviews (500 interviews) with employers covered by each of the individual SSCs.

2.13 This approach was complicated by the fact certain business types (classified by certain SIC codes) are currently covered in the footprints of more than one SSC as the Network of SSCs is established. Moreover, some of these shared employers account for a relatively large proportion of the businesses covered by their SSC. A random sample approach within each of the SSC sectors would therefore have run the risk of over-representing these shared employers, and thus potentially under-representing other, non-shared employers within individual SSCs. Similarly, it would have run the risk of under-representing the shared employers, meaning that employers who are effectively doubly-covered or doubly-represented within the SfB Network might have slipped under the radar of this part of the evaluation project. To guard against either of these eventualities, those employers covered by more than one SSC were sampled separately.

2.14 A final consideration was that not all employers are currently covered by one of the SSCs in development. Moreover, employers not currently covered account for a considerably larger number of employers than any of the individual SSCs. These SSDA employers have therefore been treated as a separate body of business organisations, with a separate much larger target quota of interviews (2000 interviews). A fuller discussion of the sampling process is included in the Technical Appendix to this report.

2.15 Within each of the groupings of employers (the individual SSCs and the SSDA), the total target was further stratified by size of establishment (number of employees) and by "sub-sector". The latter stratification was intended to ensure that the full range of employers within each SSC was covered by the survey. A random sample by type of business within some of the more disparate SSCs – and for those employers covered by the SSDA in particular – would have run a greater risk of skewing the sample away from full coverage. Quotas set by size of establishment were defined on a probability proportionate to size basis – that is, larger employers who account for the giant's share of all employees were over-sampled.

2.16 Finally, a rim quota was set separately for England and each of the devolved administrations. The rim targets were set to over-sample businesses in each of the devolved administrations, to maximise the extent to which separate analyses could be produced for them.

2.17 A full description of the manner in which these size, sub-sector and geographical targets were set and a breakdown of the sample achieved against each of them, for each SSC, are included in the Technical Appendix to this report.

SOURCING THE SAMPLE

2.18 The sample was sourced from Experian who now own the Business Database that was previously managed by Yell Data. This is also the sample source for most comparable studies.

WEIGHTING THE DATA

2.19 Results were grossed up, at the analysis stage, to population estimates derived from the 2003 Inter-Departmental Business Register (IDBR)[5]. The results presented are therefore representative of the 1,468,930 establishments in the United Kingdom with at least two people working for them, including part-time employees and working proprietors (i.e. only the self-employed are excluded).

2.20 A full discussion of the weighting approach and principles is included in the appendices to the report.

Reporting conventions

2.21 The findings presented within this report are all based on weighted survey data, although unweighted bases (the number of interviews from which findings are derived) are also presented to facilitate understanding of the robustness of findings.

Although the sampling approach has been based on individual SSCs, the analyses presented within this report do not pursue this level of detail.

2.22 The term "employers" is used to refer to business establishments, since this is the level at which the survey fieldwork was conducted (i.e. the survey was establishment based rather than organisation or company based). This strategy was adopted on the basis that it is at this level that SfBN engagement with employers has / will be most commonly experienced, and the level at which the benefits of such engagement will most likely be felt. Human resource and skills issues are experienced within workforces in specific locations and this is where they are therefore best understood. It is also the case that an establishment based research strategy best corresponds to the approaches taken by other surveys with which the SSDA is looking to compare its findings.

2.23 Within data tables shown in the report, the symbol "*" indicates a finding of under 0.5% and the symbol "-" indicates a finding of 0%.

2.24 Within the survey sample, 6,263 interviews were conducted with establishments which were part of a larger organisation, of which 3,066 were headquarters and 3,197 were branches or divisions[6]. The weighted data suggest that overall, 15% of establishments are HQs of private sector companies, and 19% are branches or divisions of private sector groups.

[5] Population counts for Health SSC were calculated using NOMIS's total population figure for the corresponding SIC codes, which was then desegregated into size categories in accordance with counts supplied by Experian.

[6] Public sector organisations are de-facto considered to be part of a wider organisation.

3 Awareness and understanding of Network, SSDA and SSCs

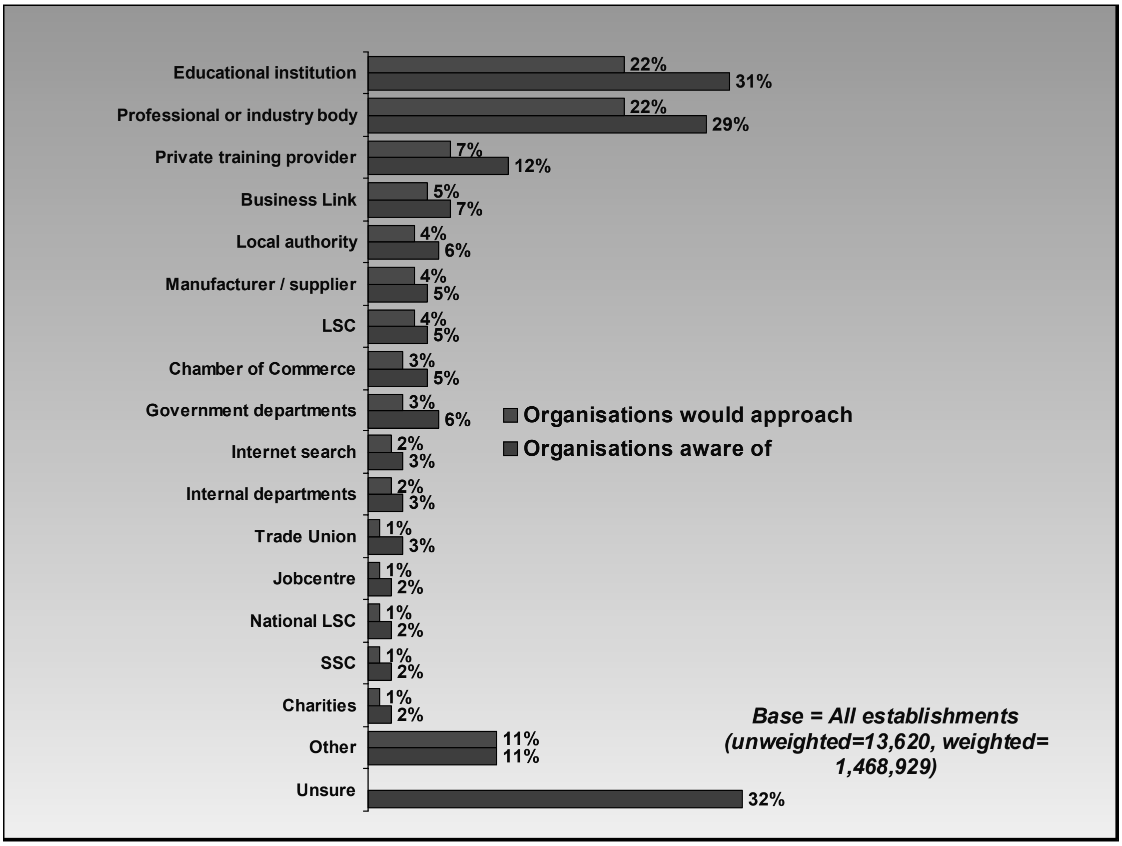
3.1 In this chapter we look at the extent to which employers are currently aware of the Skills for Business Network and its constituent parts and (among those who are aware) the extent to which they have an understanding of its roles and objectives. We attempt to answer the following questions:

- Where do employers currently turn for skills and workforce development information and advice?
- How confident do they feel about knowing where to get this?
- How many employers are aware of the SfBN, the SSDA, the SSCs generally and their own individual SSC in particular?
- How good an understanding do employers have of the roles and objectives of the different parts of the SfBN?
- Who is felt to benefit from the SfBN and its constituent parts?

Sources of information and advice

3.2 Employers were asked who they would approach if they wanted information, help or advice on skills or training related issues from someone outside of their own organisation. They were then asked which other organisations they were aware of that offered this type of support. Figure 3.1 shows the responses to both of these lines of questioning – the lighter bars show the organisations that employers stated they would approach should they need advice or information while the darker bars show all the support bodies that they are aware of.

Figure 3.1: Organisations would approach for information or advice



3.3 Most employers had a good idea of whom to approach but one in three (32%) had no idea. It is perhaps these employers who do not know whom to approach that the network should be doing most to target. Of the remainder, there is a relatively wide range of organisations whom they would approach. It is also true to say that individual establishments' repertoires are relatively narrow; most employers only spontaneously cited one organisation that they would approach.

3.4 Relatively large proportions also stated that they would approach training providers directly. A fifth stated that they would contact educational institutions (22%) and 7% that they would speak to private training providers.

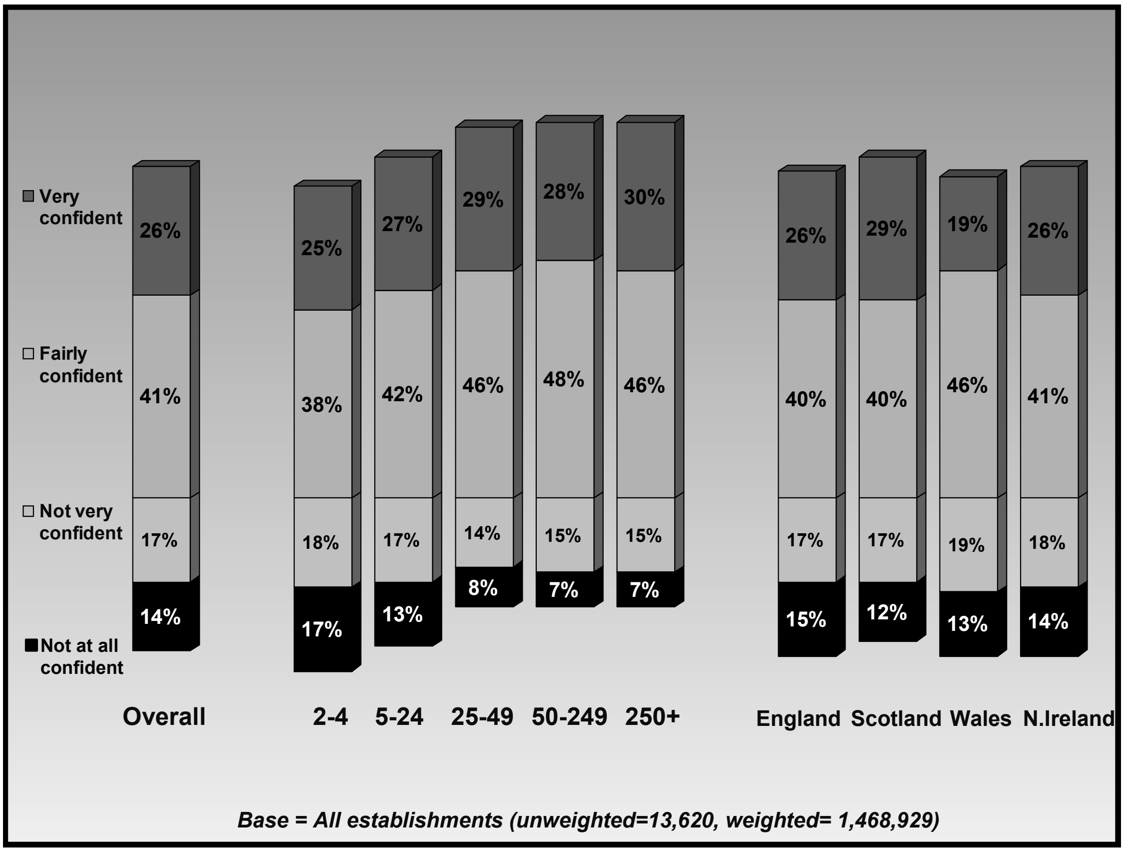
3.5 Sector Skills Councils were mentioned as an organisation that would be approached by only 1% of employers (although 2% stated spontaneously that they were aware that the SSCs provided advice and guidance in this area). This (unsurprisingly) means that the Network has a lot of work to do to encourage employers to consider the SSCs 'top of mind' as an organisation that they would approach if they had a skills or workforce development issue that they wanted to discuss.

Confidence in knowing who to approach

3.6 All employers were also asked how confident they felt about knowing where to go for information, help or advice on skills or training related issues. At an overall level, a quarter of employers stated that they would be very confident, and a further two-fifths that they would be fairly confident. This leaves a third of the business population who feel that they would not be confident as to where to go. It would be hoped that, as the development of the Skills for Business Network progresses (in combination with other organisations that form part of the Government skills strategy), the proportion of employers with little/no idea who to approach would grow smaller.

3.7 Figure 3.2 shows the levels of confidence that employers of different sizes and in the different parts of the UK have in knowing who to approach. As perhaps would be expected, it is the smallest establishments (those with fewer than 25 staff and particularly those with fewer than 5 staff) who are the most likely to state that they would not be confident about who to approach for information, help or advice. A total of 35% of establishments with 2-4 staff and 30% of establishments with 5-24 staff stated that they would not be confident in where to go. This compares with 22% in larger organisations. There is little variation in confidence levels by country.

Figure 3.2: Confidence in knowing who to approach for information and advice (by size and country)



3.8 Those who were currently experiencing skills challenges (three-quarters of employers) were slightly less likely to feel that they would be confident in knowing where to go for information, help or advice outside their own organisation than those who were not experiencing skills challenges (32% not confident compared with 27%).

3.9 Those who had arranged or funded training over the course of the last year (two thirds of employers) were more likely to feel that they would be confident of where to go for advice. Of those who had provided training, 26% stated that they would **not** be confident of where to go compared with 41% of those who had not provided training.

Awareness of the SfBN, SSDA and SSCs

3.10 As shown earlier, unprompted levels of awareness of the SSCs as a source of information, help or advice on skills or training issues were low with only 2% of employers spontaneously mentioning SSCs in this context. The proportions mentioning either the Network as a whole or the SSDA in particular were even lower (under 1% of employers).

3.11 Employers were also asked about their awareness at a **prompted** level. They were asked whether they had heard of the Skills for Business Network (SfBN), the Sector Skills Development Agency (SSDA), Sector Skills Councils or their own SSC (which was referred to by name – i.e. Skillsactive, Skillsfast, etc.). Those employers in sectors that are currently contained within the footprints of two SSCs (as defined by SIC code) were asked if they had heard of either of these two SSCs. Figures 3.3 and 3.4 show the proportions of employers aware of each entity within the network. If employers currently covered by two SSCs stated that they were aware of either of them then they are included within the figures for employers aware of their 'own SSC'.

Figure 3.3: Proportion of employers aware of elements of the SfBN (by size)

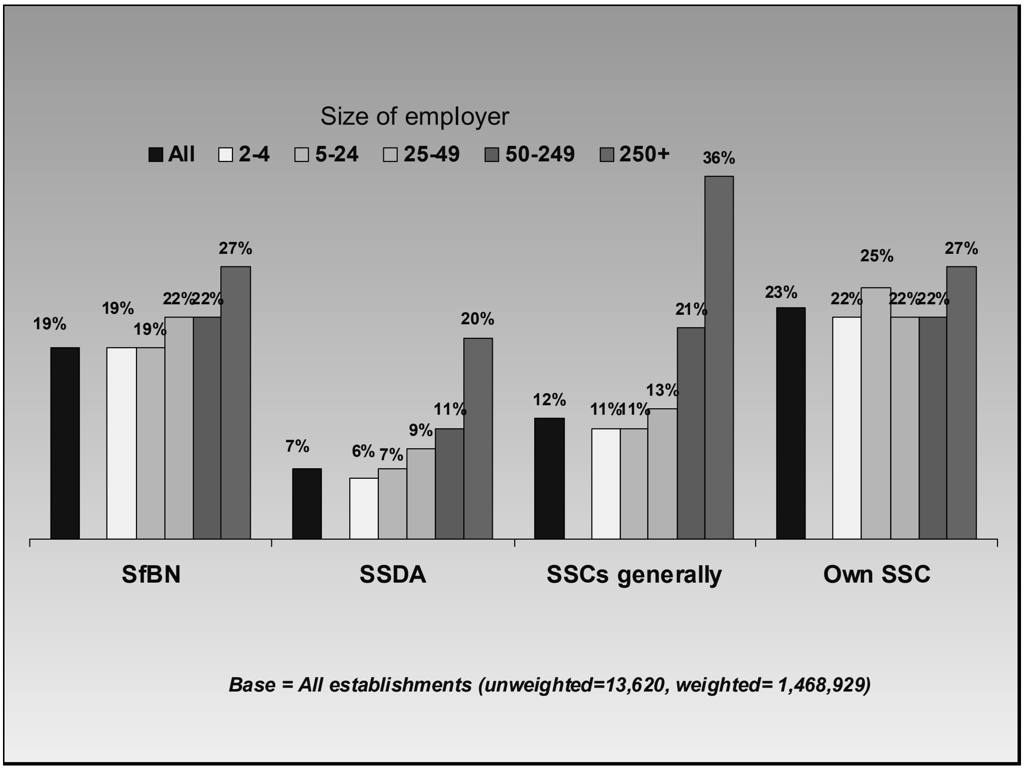
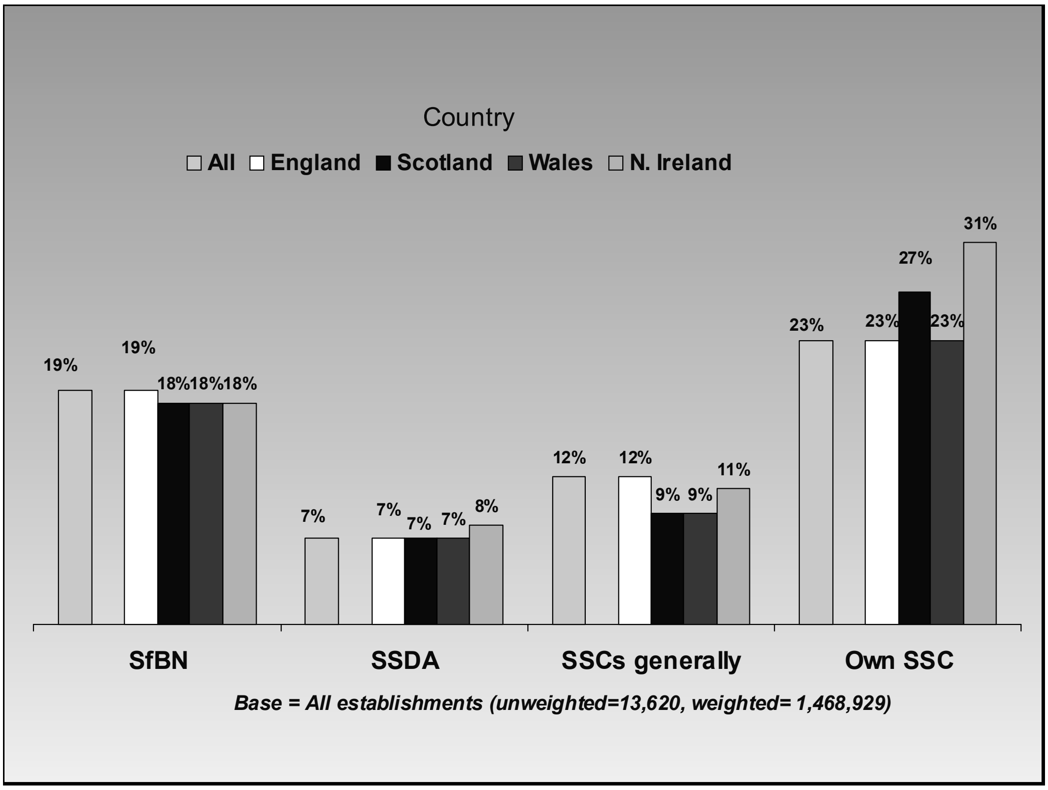


Figure 3.4: Proportion of employers aware of elements of the SfBN (by country)



3.12 A fifth of all employers stated that they had heard of the Skills for Business Network (19%). This proportion varied slightly by size of establishment, rising to just over a quarter (27%) of those with in excess of 250 staff. There was very little difference by country.

3.13 Only 7% had heard of the SSDA. A greater degree of variation in awareness by size of establishment was seen than for the SfBN. The proportion with awareness increases from 6% of the very smallest establishments to a fifth (20%) of those with in excess of 250 employees. Again there was little variation in the levels of awareness by country.

3.14 Across all size bands and countries, a smaller proportion of employers were aware of the SSDA than were aware of the SSCs. Among those employers not currently covered by a licensed or developing SSC (for whom the SSDA acts as a proxy SSC), awareness levels also stood at 7%. This would indicate that there has not been any (successful) marketing activity with these employers that has specifically promoted the SSDA as a sector-based channel. This is understandable since the role of the SSDA as a proxy SSC is not one that is fully developed at present although it is likely to become a stronger focus in the future.

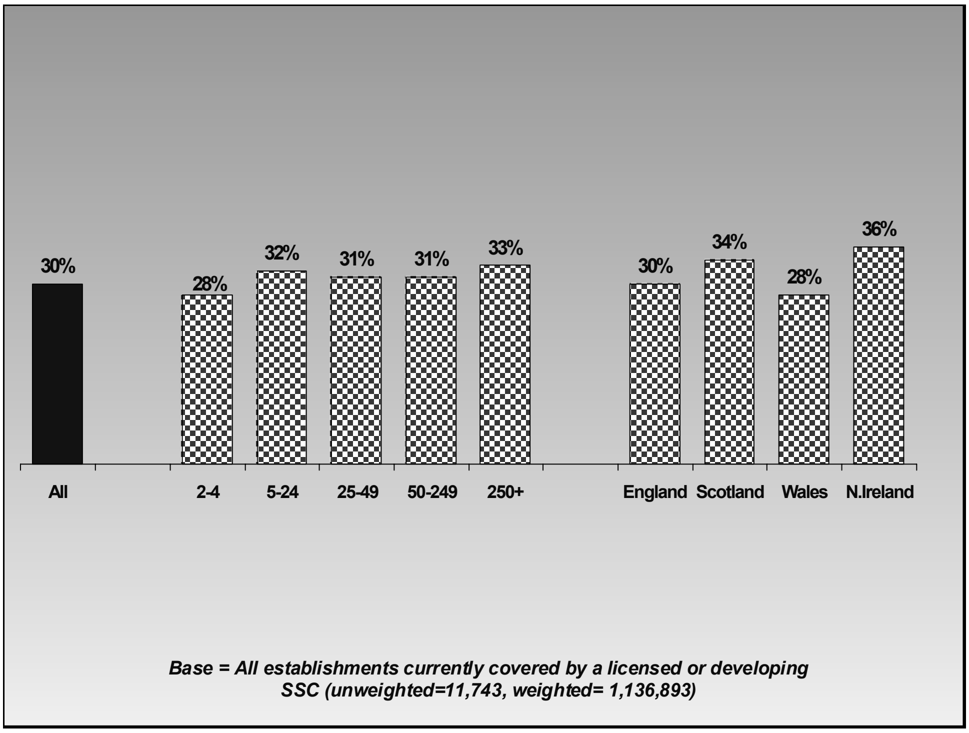
3.15 One in eight employers (12%) stated that they had heard of 'Sector Skills Councils'. This proportion varied by size to an even greater extent than for the SSDA, ranging from 11% of those with under 5 employees to over a third (36%) of those with in excess of 250 employees. A larger proportion of the largest employers were aware of SSCs in general than were aware of either the SSDA or the Skills for Business Network. The proportion aware of the Councils generally is slightly higher in both England and Northern Ireland than in Scotland or Wales.

3.16 A quarter of **all** employers (23%) were aware of their own SSC (or one of their own SSCs) by name. However, not all employers are currently covered by a licensed or developing SSC. Of those employers who are currently covered[7] just under a third (30%) are aware of the SSC that they are covered by (or of one of them where the employer is shared by more than one SSC).

[7] A total of 77% of all employers with at least 2 staff.

3.17 Figure 3.5 illustrates awareness of employers' own SSC[8] based just on those employers who fall within the footprints of licensed or developing SSCs.

Figure 3.5: Awareness of own SSC (all employers covered by SSC)



3.18 Employers who are not covered by an SSC in theory have access to (at least a minimum level of) the service that others receive from their SSC through the SSDA (their "proxy" –SSC). It is arguable, therefore, that those covered only by the SSDA should also be factored into any measure of "*employers' awareness of their own SCC"*. This is probably best achieved by incorporating awareness of the SSDA among those without a licensed or developing SSC into the awareness of own SSC figure. Doing this produces an *awareness of 'own SCC'* figure of 25%.

3.19 Unlike for the SfBN, the SSDA or SSCs generally, the proportion of employers aware of their own SSC remains relatively stable by establishment size (ranging from 28% of the very smallest establishments to 33% of the largest). This would seem to indicate that the SSCs have been equally successful (at least in terms of marketing / promotion) in reaching ALL employers[9] regardless of size. The proportion of employers aware of their own SSC is slightly higher in Scotland and in Northern Ireland than in either England or Wales.

3.20 It is worth noting that the overall proportion of employers aware of their own SSC masks some considerable variations by the actual SSC that they are covered by.

3.21 Figures 3.3 and 3.4 highlight a disparity between the proportion of employers aware of their own SSC by name and the proportion aware of 'Sector Skills Councils' in general. This disparity comes about for several reasons. Firstly there are likely to be varying degrees to which the SSCs market themselves as ***Sector Skills Councils*** – some may emphasise their individual SSC name rather than the fact that they are part of a group of Councils.

[8] As mentioned earlier, employers who fell within the footprint of two SSCs were asked whether they had heard of either SSC by name. Those who were aware of either or both of these SSCs are included within the figure for the proportion aware of their own SSC.

[9] Although it is worth bearing in mind that the self-employed were not covered in this research.

Additionally, aside from the way in which SSCs choose to present themselves, employers may be more likely to pick up on the name of an individual organisation and pay less attention to the overall structure within which they sit. Finally, several of the SSCs have evolved from 'legacy' organisations (reflected to varying degrees in the name of the Sector Skills Council); some employers will be aware of these organisations in their previous forms and as such state that they are aware of their own SSC (without necessarily being aware of any transformation that has taken place) or of the wider network within which it sits.

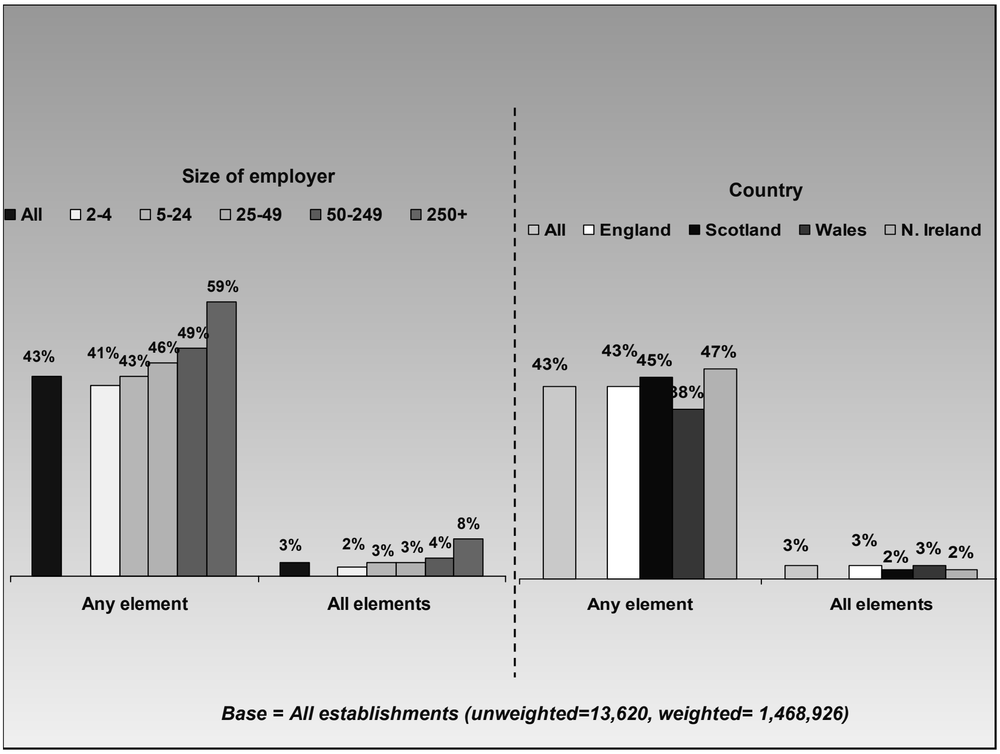
3.22 Of those aware of their own SSC by name (on either a spontaneous or prompted basis), only 18% recognised the collective, generic term 'Sector Skills Councils'. It could be argued that this figure – which equates to 4% of all employers or 5% of those currently covered by a licensed or developing SSC – represents the proportion of employers who are genuinely aware of their SSC ***as an SSC***.

3.23 Similarly, it could be argued that only those who are aware of all 3 'parts' of the Network[10] have a true awareness of 'the Network' since without knowledge of all three elements then it is difficult to see the SfBN as a Network of co-dependent organisations. This could be deemed to be important in that the SfBN aims to achieve (and portray) a system of inter-linked bodies with a strong leadership body (the SSDA) that offers a clear link to Government policy-making. If employers are aware only of their SSC, for example, then it may be difficult for them to see this link. The proportion of employers who are aware of all elements of the SfBN currently stands at 3%, rising to 8% among those employers with 250 or more staff (Figure 3.6).

3.24 Conversely it is possible to make the case that it is not important / necessary for employers to be aware of the full construct of the Network in order to benefit from its activities. If employers are aware of any part of the Network – the SfBN as a whole, the SSDA or the SSCs - then this would seem to form a first step towards encouraging them to use the Network. Even if they are only aware of one element of the Network, then contact with the one part they are aware of ***should*** direct them towards other parts should these other parts be better placed to meet their needs. The proportion of employers aware of any part of the Network stands at 43% (rising to 59% among establishments with in excess of 250 staff).

[10] That is, the SfBN, the SSDA and an individual Sector Skills Council or the Sector Skills Councils generally.

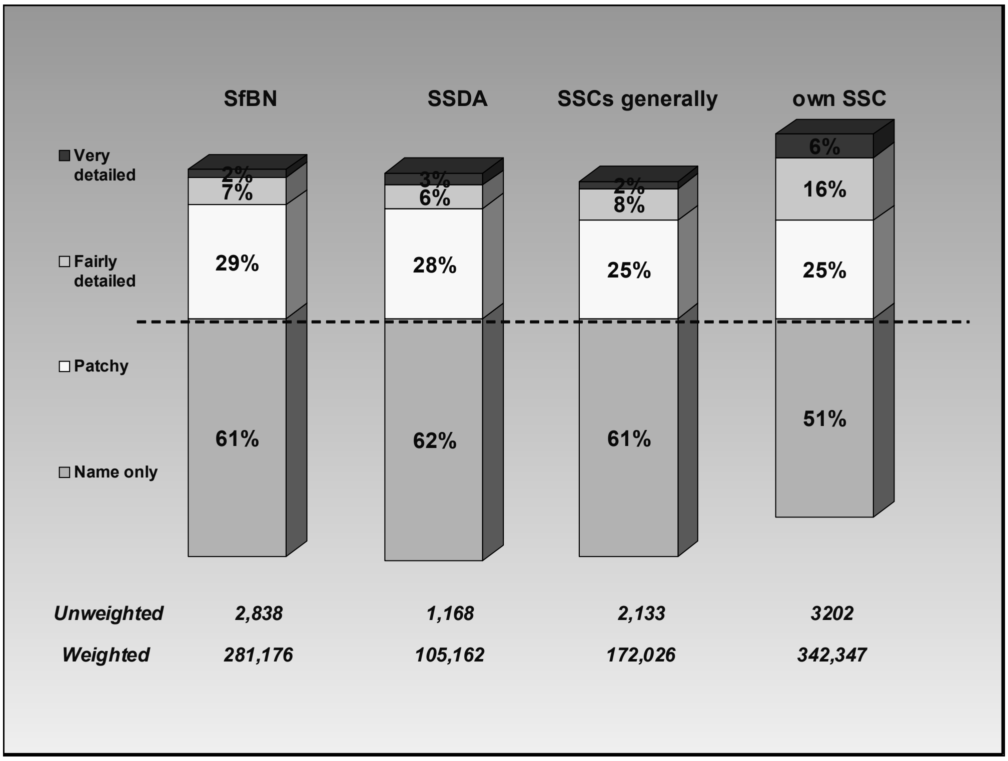
Figure 3.6: Proportion of employers aware of all / any parts of Network



Levels of understanding of SfBN, SSDA and SSCs

3.25 Those who were aware of any element of the Network – the SfBN, the SSDA, the SSCs or their own SSC - were asked about the level of knowledge that they felt that they had about the role and objectives of that element (Figure 3.7). They were asked to state whether they felt that their own knowledge was very detailed, fairly detailed, patchy or if they knew nothing apart from the name of the organisation.

Figure 3.7: Levels of understanding of Network elements



3.26 Of the groups of employers aware of each of the SfBN, the SSDA and SSCs generally, the majority (around three fifths) stated that they knew nothing more than the name. This situation was slightly different for those aware of their own SSC. Among this group, half stated that they were aware of the name only – that is employers who were aware of their own SSC tended to have a greater level of knowledge than those aware of other elements of the Network.

3.27 Overall, however, the proportion of employers with detailed knowledge of the roles and objectives of each part of the Network is low. Only 9% of those aware of the SfBN felt that they had detailed knowledge, 9% of those aware of the SSDA and 10% of those aware of the SSCs in general. Among those who had awareness of their own SSC, the proportion with a detailed understanding was higher; a fifth of them had either fairly or very detailed knowledge (22%).

3.28 Of those aware of their own SSC, the proportions with very or fairly detailed knowledge does not vary much by size of establishment (25% of those with under 5 staff, 18% of those with between 5 and 24 staff and 25% of those with over 25 employees). There are, however, variations by country. In both England and Wales, the proportions with very or fairly detailed knowledge stands at a quarter compared with 19% in Scotland and 33% in Northern Ireland.

3.29 As would perhaps be expected, those who had actually had direct dealings with their SSC had higher levels of understanding of their roles and objectives than those who were aware of them but had had no direct contact (Table 3.1). However, even among these employers, understanding is not fully comprehensive. Seven out of ten (70%) of those who had dealt with their SSC felt that they had very or fairly detailed knowledge of their role and objectives (compared with only 10% of those who had not had any direct dealings). This does confirm that it is through direct interaction with employers that the Network stands most chance of increasing employer understanding of (and therefore hopefully buy-in to) the goals of the SfBN. It is also the case that if the SSCs are to be truly employer-driven there needs to be much greater awareness of (and indeed engagement in determining) their goals and objectives.

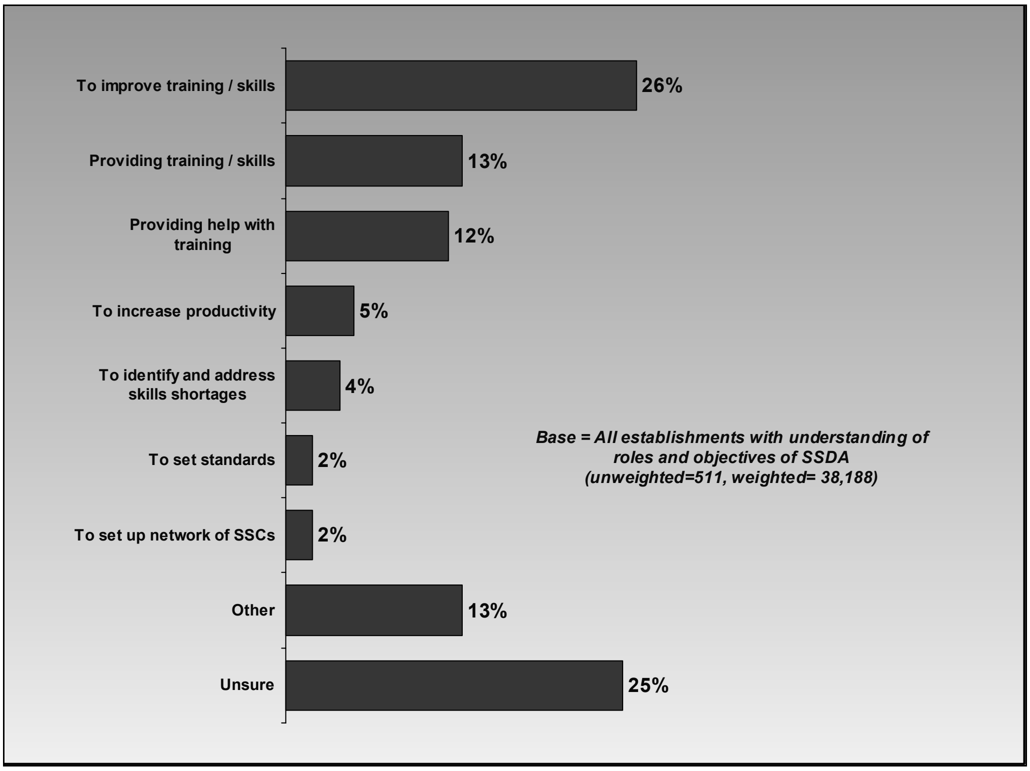
Table 3.1: Level of understanding of role and objectives of own SSC (by whether or not have had direct dealings)

		All	All who have had dealings with SSC	All who have had no dealings
Base = All aware of own SSC	*(unweighted)*	***3202***	***553***	***2648***
	(weighted)	***342,347***	***68,705***	***273,642***
Very detailed		6	21	3
Fairly detailed		16	49	8
Patchy		25	30	24
Name only		51	-	63
Don't know		1	-	2

Perceived role of the SSDA and SSCs

3.30 Employers who had at least a patchy awareness of the role and objectives of the SSDA were asked what they felt that the SSDA had been set up to achieve. The perceived roles of the SSDA are shown in Figure 3.8.

Figure 3.8: Perceived role of SSDA

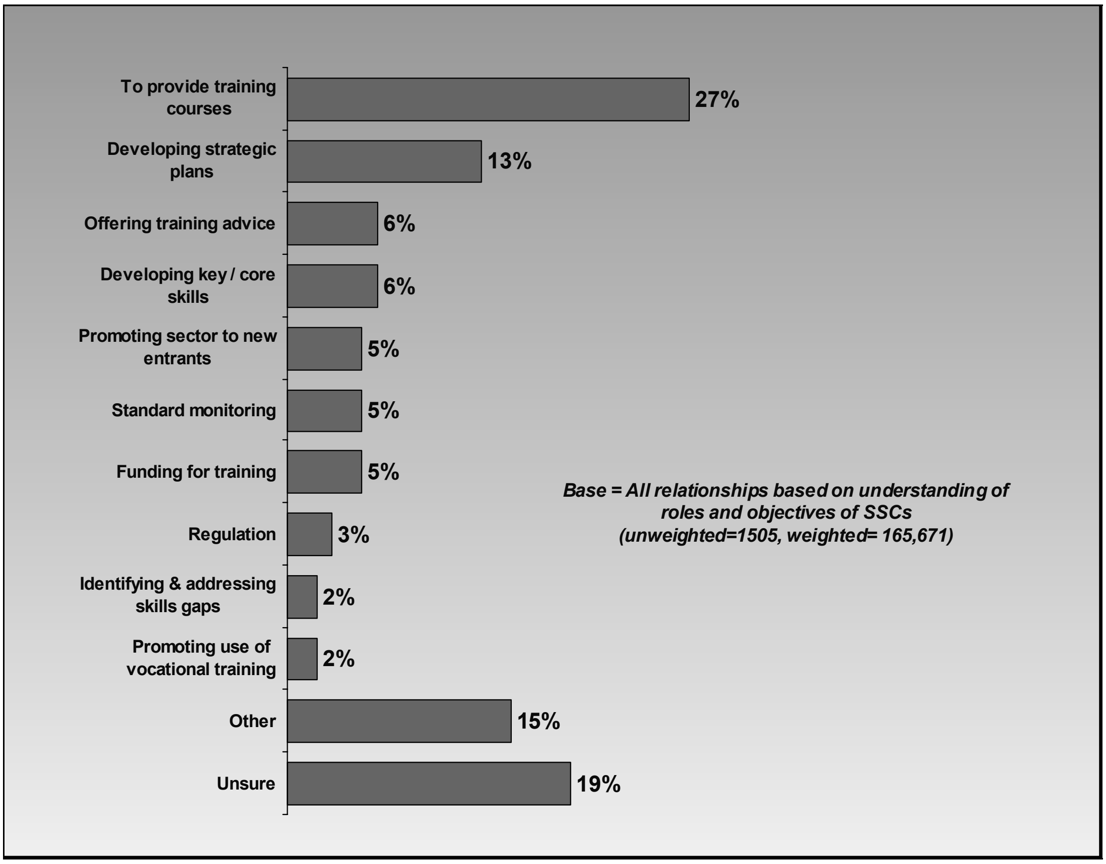


3.31 The most commonly mentioned perceived role of the SSDA was to improve levels of training or to increase skill levels (26%). Around one in seven (13%) stated that they felt the SSDA had been set up to provide assistance with training. Considerably smaller proportions mentioned the 'higher level' goals of increasing UK productivity or identifying/addressing the skills shortages within the economy. Even among those claiming to have some knowledge of the awareness and objectives of the SSDA, 25% were unable to state exactly what they felt that the SSDA had been set up to do.

3.32 In a similar way, those who stated that they had some awareness of the role and objectives of an individual SSC (either their own or another) were asked what they felt the organisation had been established to do. The roles mentioned are shown in figure 3.9. This figure is based on 'relationships' with SSCs rather than establishments. As mentioned earlier, those employers whose SIC code places them in the footprint of two SSCs were asked (on a prompted basis) whether they were aware of each of these SSCs. If an employer was aware of both (and stated that they had some awareness of the roles and objectives of each), then they were asked what they felt each establishment had been set up to do – meaning that two sets of perceptions were collected.

3.33 In addition, if employers mentioned on an unprompted basis that they were aware of an SSC other than their own (and had awareness of the roles and objectives of this SSC) then they were asked for their perceptions of the roles of that organisation. These approaches mean that a small number of employers were asked for their perceptions of the reasons for the set-up of more than one organisation. Figure 3.9 accommodates this fact through basing figures on all *interactions* with SSCs which allows an individual employer to be included more than once. Hence the figures shown represent the proportion of all opinions given (rather than the proportion of employers giving an opinion).

Figure 3.9: Perceived role of SSCs



3.34 The most commonly cited 'role' of the SSCs was to provide training courses. A quarter of SSC *interactions* (27%) had led employers to form this view. It is encouraging to note that there were mentions (although admittedly fewer) of a more strategic role – including developing strategic plans for the sector, developing key / core / cross-sector skills, promoting the sector to new labour market entrants, monitoring standards, identifying and tackling skills shortages and promoting the use of vocational training.

3.35 However, it is perhaps of concern that as many as 19% of *interactions* had left employers unsure as to the reason why the SSC had been established.

Beneficiaries of the Network

3.36 Employers with at least a patchy awareness of the roles and objectives of the SSDA and/or the activities of the individual SSCs were asked (on a prompted basis) which of several audiences they felt had benefited from the activities of that organisation to date. They were then asked which particular audience they felt had benefited ***most***[11]***.***

[11] It is worth noting that employers who were unable to state who they felt had benefited from activities at all were not asked to state who they felt had benefited *most.* However, for clarity and ease of comparison, Figure 3.11 has been presented on the same base as Figure 3.10 and all of those who appear as 'unsure' on Figure 3.10 also appear as 'unsure' on Figure 3.11.

3.37 Figure 3.10 shows the proportion feeling that each audience had benefited at all – showing the figures for the SSDA on the left and the figures for the SSCs on the right (again the SSC section of the figure is based on all SSC *interactions).* Figure 3.11 shows the audiences felt to have benefited most.

Figure 3.10: Audiences seen to benefit from activities of SSDA / individual SSCs

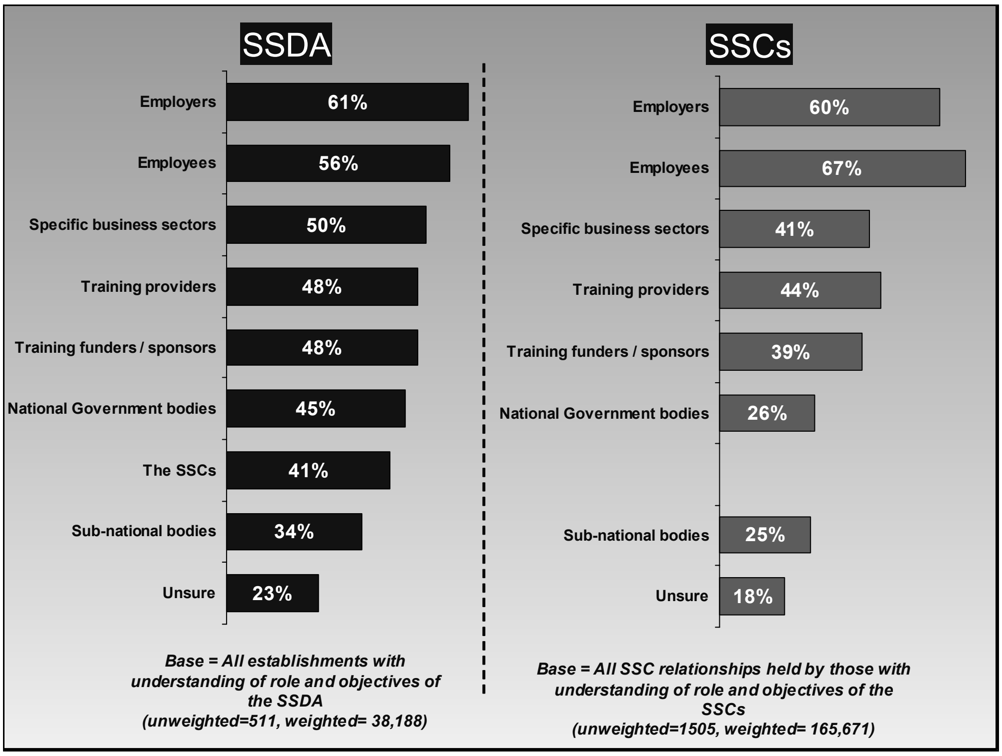
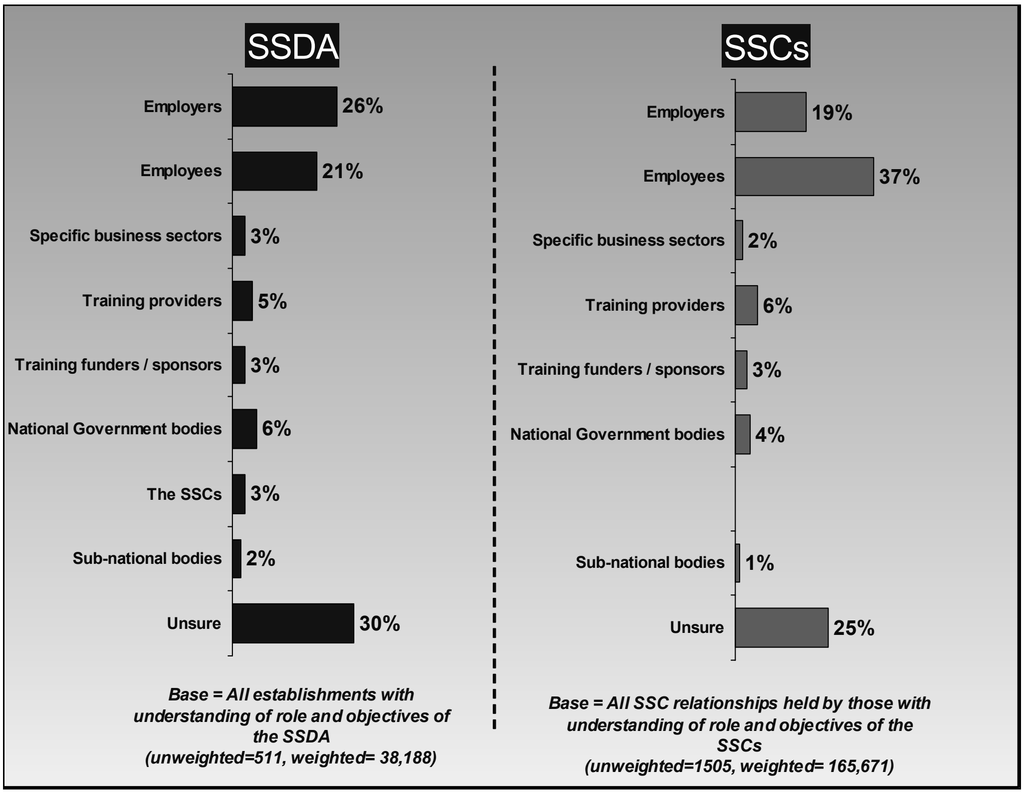


Figure 3.11: Audiences seen to benefit MOST from activities of SSDA / individual SSCs



3.38 It is encouraging to note that employers and employees were most likely to be seen as beneficiaries of both the SSDA and the SSCs. Three-fifths of employers with some understanding of the SSDA stated that they felt that employers had benefited to some degree from its activities while just over half felt employees had benefited. Similarly, employers were mentioned as beneficiaries of three-fifths of the SSCs discussed and employees in connection with two-thirds.

3.39 The fact that employers were slightly more likely to see employees as beneficiaries of the SSCs than themselves as employers is further emphasised when looking at the audiences felt to benefit ***most***. More than a third of the responses to who is the key beneficiary of the SSCs nominated ‘employees’ while only a fifth nominated ‘employers’. The proportion of SSCs felt to principally benefit the sector as a whole was very low (only 2%).

3.40 Employers with some understanding of the SSDA were more likely to consider that its key beneficiaries were employers (26%) although the proportion considering employees the key beneficiary was also quite high (21%).

3.41 While it is encouraging that most employers with some knowledge of the SSDA and the SSCs understand them to have been set-up for the benefits of employers and their employees, it is less encouraging that as many as a quarter of employers with some knowledge of the SSDA do not know whom it is intended to benefit. Similarly, one in five *interactions* with the SSCs leave employers unsure as to whom the SSCs are intended to benefit. It is unsurprising that this figure is lower for the SSCs than for the SSDA since the role of the SSDA does not lead to (or aim for) the same degree of employer ‘closeness’.

4 Image of, and engagement and satisfaction with, the Network

4.1 In this chapter we look at the types of dealings that employers have had with the SSDA and with their own SSC and their satisfaction with these. We attempt to answer the following questions:

- What sort of image do employers have of the SSCs?
- What is the extent of the Network's engagement with employers?
- What is the frequency and nature of contact?
- How satisfied are employers with their experience of dealing with the Network (and does this vary by the type of contact that they have had)?
- What are the implications in terms of likelihood to recommend the Network to others?

Corporate image of the SSCs

4.2 Those employers who had at least a patchy awareness of the aims and objectives of their SSCs were asked their impression of how they felt that the SSCs operated at a general level. These questions were designed to investigate the corporate identity that employers feel that the SSCs have. This section of the questionnaire asked establishments to give a rating on six different 10-point scales with end points implying;

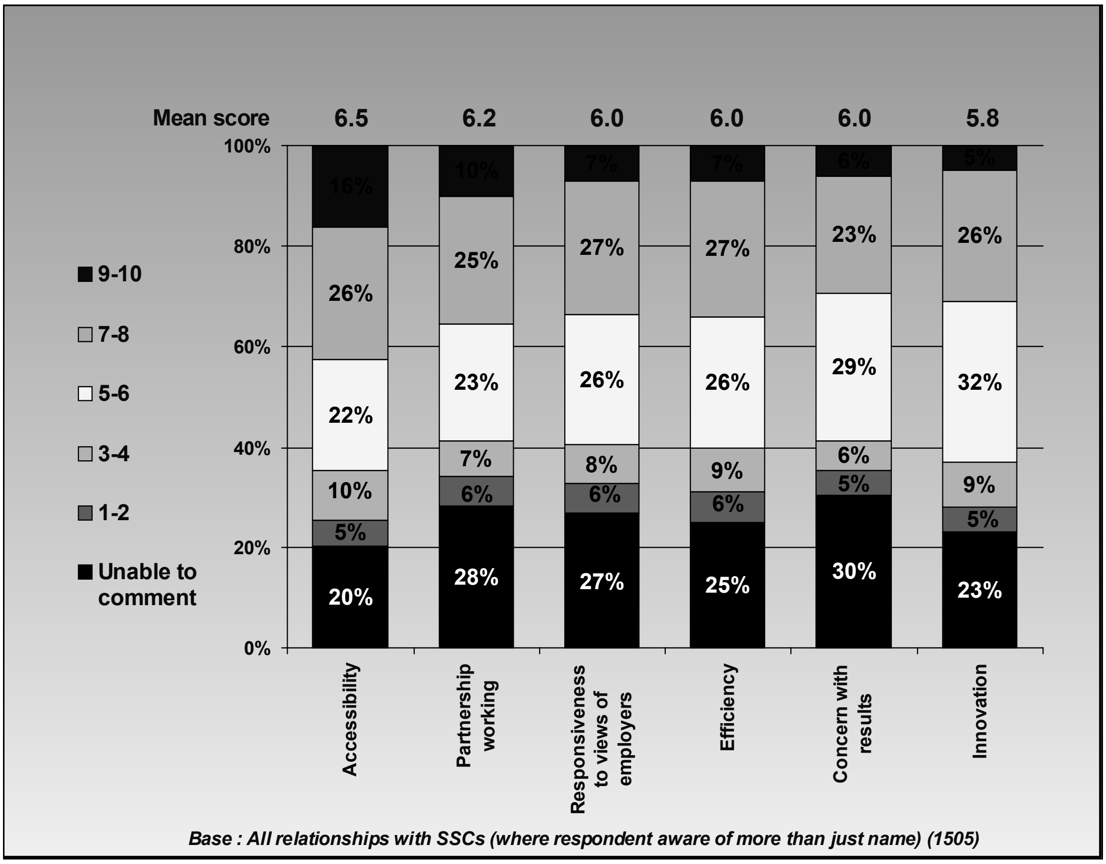
Rating of 1	***Rating of 10***
Extremely difficult to make contact with →	Highly accessible
Not at all innovative →	Highly innovative
Extremely unresponsive →	Highly responsive
Totally unconcerned with results →	Highly results driven
Works in isolation →	Works closely in partnership
Highly inefficient →	Highly efficient

4.3 Figure 4.1 shows the ratings given at an overall level.

4.4 The highest average ratings were obtained for the accessibility of the SSCs with one in six SSC *interactions* leading employers to give a rating of 9 or 10 on this measure with an average score of 6.5. Ratings were also reasonably high for the extent to which the SSCs are seen to work in partnership with other organisations (6.2 on average). Ratings for the SSCs' responsiveness to employers, their overall efficiency and the extent to which they are results-focussed were all at a comparable level to each other (with around a third of ratings at 7 or more and mean scores of 6.0). Ratings for the extent to which the SSCs are innovative were slightly lower (5.8 on average).

4.5 The relatively high proportion of employers unable to provide ratings on any scale indicates that even some of those who felt that they had some knowledge of the SSC's role and objectives had no clear impression of the types of organisation that they are (reflecting the fact that the Network is still in a state of relative infancy).

Figure 4.1: Corporate image of SSCs



4.6 Ratings were on the whole slightly higher for those who had had direct dealings with the SSC – most noticeably so in the case of accessibility ratings. The mean scores given by those who had direct dealings were;

- Accessibility = 7.2
- Partnership working = 6.3
- Responsiveness to views of employers = 6.1
- Efficiency = 6.2
- Concern with results = 6.0
- Innovation = 6.0

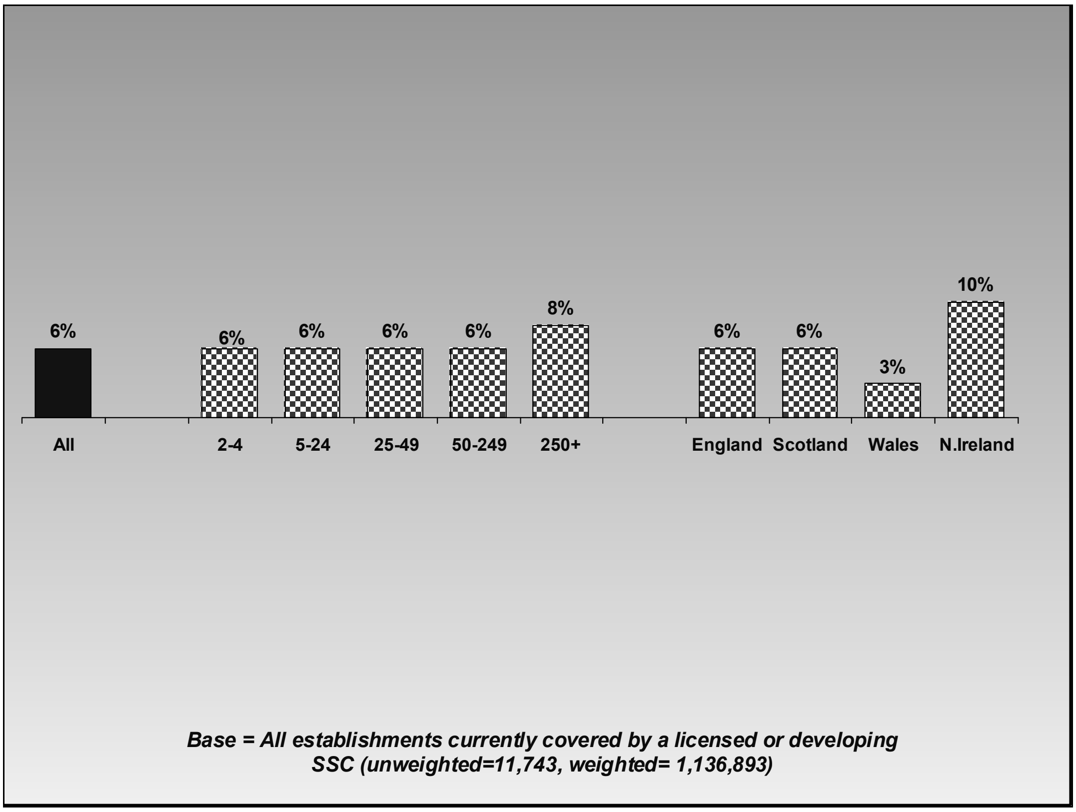
Extent of engagement

4.7 Only a very small proportion of employers have had direct dealings with the SSDA. At an overall level, only 0.4% of establishments have had any direct contact. This proportion remains the same among employers who are not currently covered by a licensed or developing SSC (who might have been expected to have had contact with the SSDA in its role as a proxy SSC). This 0.4% of employers represents only 6% of employers who felt that they had at least some understanding of the roles and objectives of the SSDA (and 6% of those who were aware of the SSDA).

4.8 A total of 6% of employers covered by a licensed or developing SSC have had direct contact with (one of) their own SSC(s) – equating to 5% of the business population. The 6% of employers who have had dealings with their SSC represents two-fifths (42%) of those who have some understanding of their SSC's roles and objectives (and 20% of those aware of (one of) their own SSC(s)).

4.9 Figure 4.2 shows the proportion of employers who have had dealings with their own SSC by size and country. This figure is based on all those establishments who fall into the footprint of a licensed or developing SSC.

Figure 4.2: Proportion of employers covered by an SSC who have had dealings with their own SSC



4.10 The proportion of employers who have had dealings with their own SSC is slightly higher among employers with in excess of 250 staff (8%). Below this size threshold, employers are equally likely to have had contact with their own SSC. This would seem to indicate that while the largest employers are more likely to have been engaged with their own SSC, it is not the case that SSCs have particularly failed to engage the smallest ones. Hence with the exception of the very largest, SSCs seem to have managed to work with employers equally regardless of size.

4.11 SSCs appear to have been more successful in making contact with employers in Northern Ireland[12] and less successful in reaching those establishments based in Wales. One in ten employers in Northern Ireland have had dealings with their own SSC compared with only 4% in Wales.

4.12 The overall figure for the proportion of employers who have had dealings with their own SSC does hide some considerable variation in the levels of contact by the individual SSC that they are covered by.

4.13 In the same way as the awareness figures discussed in the previous chapter, the proportion of employers who have had dealings with their SSC could be argued to include those not covered by an SSC who have had contact with the SSDA. Summing those employers who have had contact with their own SSC and those falling into the SSDA's remit as a proxy-SSC who have had had dealings with the SSDA produces an overall figure of 5% of employers who have had dealings with the part of the Network designed to fulfil the SSC role for them.

4.14 The fact that such a small proportion of establishments have had dealings limits the analysis that is possible in terms of the nature and satisfaction with dealings with the SSDA and SSCs. As this proportion grows larger in later years, more detailed analysis will obviously be possible. In the remainder of this chapter we do look at types of contact and satisfaction levels but generally at an overall level rather than looking at variation by sub-groups.

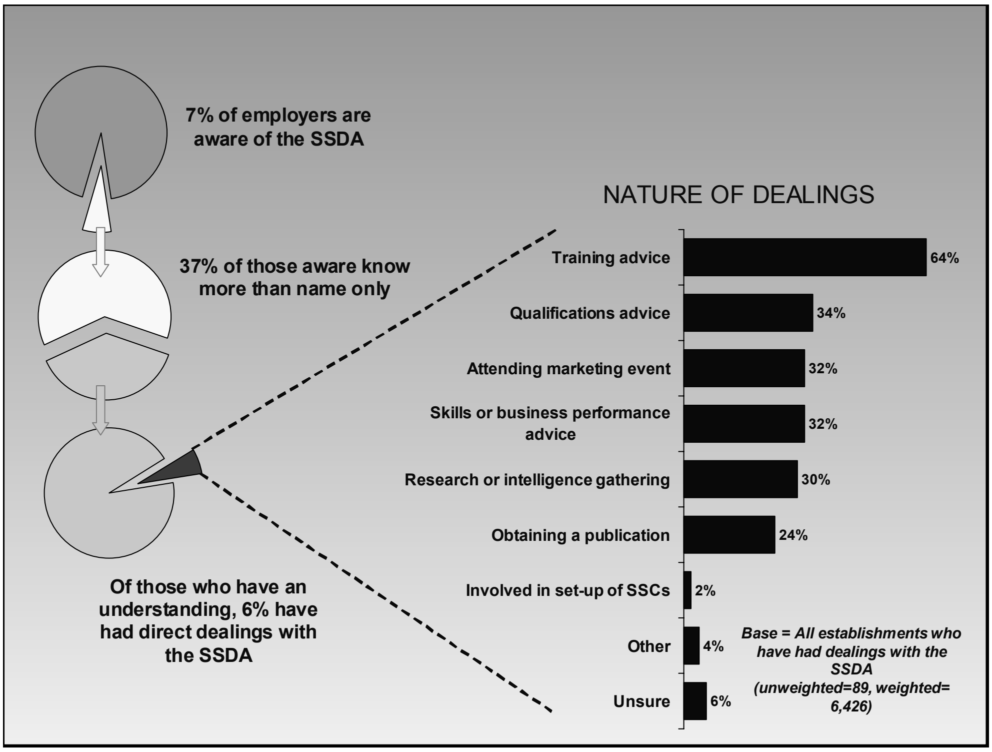
Frequency and nature of contact

4.15 Of the small proportion of employers who have had direct contact with the SSDA, the majority have had only infrequent contact. A fifth (20%) have had only 'one-off' contact and 69% have had occasional contact (i.e. contact around every 6 months or so). This leaves only 9% who have had contact that has been either 'regular' or 'frequent'.

4.16 Figure 4.3 below shows the types of contact that employers have had with the SSDA on the bar chart to the right of the figure. This bar chart is based only on the 0.4% of all employers who have had direct dealings with the SSDA.

[12] Although this figure may represent some confusion among employers in Northern Ireland between the Sector Skills Councils and the Sector Training Councils.

Figure 4.3: Nature of dealings with the SSDA



4.17 The most common form of contact that employers have had with the SSDA is to request advice – most usually on training issues (64%) but also on qualifications (34%) and skills / business performance (32%).

4.18 Among those employers who have had contact with their own SSC(s), contact has been more frequent than is the case among those who have had dealings with the SSDA. The proportion of employers who have had one-off contact is comparable (21% for the SSCs discussed) but the proportion of *interactions* involving more regular contact is higher: a third (30%) of SSC *interactions* involve regular or frequent contact. Arguably it is these employers who truly have a 'relationship' with their SSC. At an overall level, these employers represent just over 1% of the business population.

4.19 Table 4.1 shows the variation in the frequency of SSC contact by size of establishment. *It is worth bearing in mind that some of these base sizes are quite small and findings should be treated as indicative only.* It is apparent from this table that, while there is not a vast difference in the likelihood to have had *any* dealings with an SSC by size of establishment, it is the larger establishments who are more likely to have developed deeper, sustained relationships. Of the smallest companies who have had dealings with their SSC (those with between 2 and 4 employees), 21% have had regular or frequent contact compared with 48% of those with between 25 and 49 employees and 59% of those with 250 or more staff.

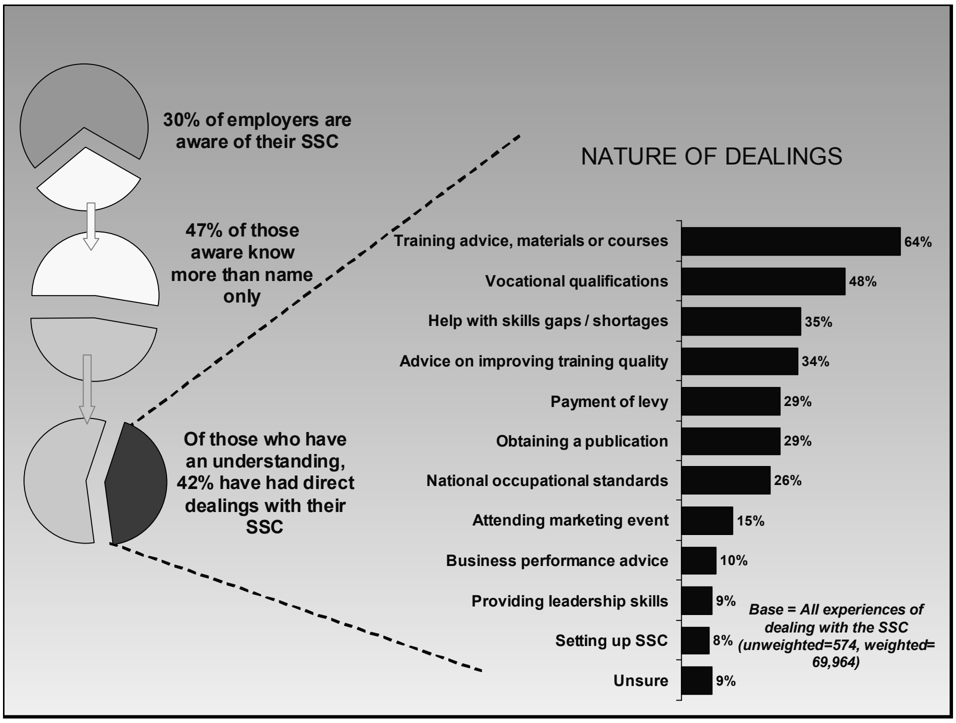
Table 4.1: Frequency of contact with SSC (by size)

	All	2-4	5-24	25-49	50-249	250+
Base = All interactions involving direct dealings with SSCs (unweighted)	***574***	***77***	***158***	***107***	***155***	***77***
(weighted)	***69964***	***37390***	***25392***	***3633***	***2837***	***712***
One-off	21	*23*	19	15	14	14
Occasional (every 6 months or so)	49	*56*	43	35	34	27
Regular (every 2-3 months)	15	*11*	17	23	25	35
Frequent	15	*10*	18	25	24	24
Unsure	1	-	2	1	2	-

4.20 Figure 4.4 shows the nature of dealings with employers' own SSCs. The bar chart to the right of the figure is based on the 5% of all employers who have had contact with their own SSC. As was the case with the SSDA, the most commonly mentioned contact with the SSCs was for training advice – 64% of SSC *interactions* had involved obtaining advice on sourcing training courses or materials and 34% had involved obtaining advice on improving the quality of training that the establishment was facilitating. Half of *interactions* had involved employers seeking information or advice on the vocational qualifications available in their sector (48%) and a quarter (26%) about National Occupational Standards.

4.21 Some SSC *interactions* had (also) encompassed less *involved* contact such as the payment of a levy (29%)[13], obtaining a publication (29%) or attending a marketing event (15%).

Figure 4.4: Nature and dealings with SSC



[13] This figure in particular represents the fact that there are considerable variations in the types of contact employers have had by individual SSC reflecting the differing ways in which they operate.

Satisfaction with dealings with SSDA and SSCs

4.22 Employers who had had dealings with the **SSDA** were asked to state how satisfied they were with the relationship that they had had – both at an overall level and in relation to each of the different types of contact that they had had. Establishments were asked to provide ratings on a scale of 1 to 10 where 1 implied that they were highly dissatisfied and 10 that they were highly satisfied. On these scales, the mid point rating is 5.5 hence a rating of 6 or more is 'above average'.

4.23 Table 4.2 shows the ratings given at overall level for the SSDA – it is worth noting that the unweighted base is quite small and hence results should be taken as indicative only.

Table 4.2: Satisfaction with dealings with the SSDA

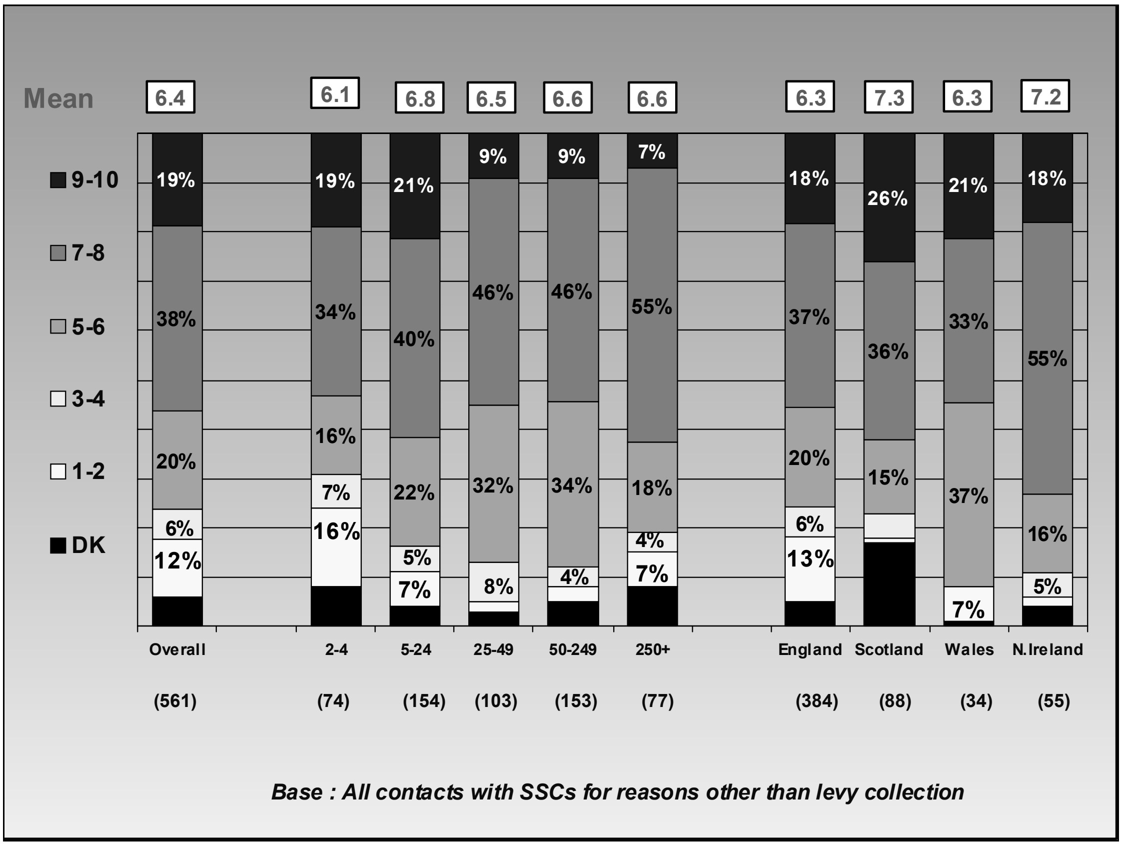
	Overall satisfaction
Base (unweighted)	***89***
Base (weighted)	***6426***
10 – Highly satisfied	26
9	1
8	20
7	15
6	13
5	11
4	1
3	4
2	1
1 – Highly dissatisfied	*
Unable to give score	7
Mean	*7.4*

4.24 At an overall level, satisfaction with the SSDA is relatively high with nearly two-thirds of those who have had contact giving a rating of 7 or more. The mean rating given was 7.4. Ratings for satisfaction with each of the different types of contact explored are not shown in Table 4.3 as the base sizes for each type of contact are small. However, average ratings were at a comparable level to overall satisfaction for all types of contact with the exception of setting up an SSC or obtaining business performance advice for which the ratings given were somewhat lower.

4.25 Those who had had dealings with their **SSC** (with the exception of those who had only had contact in connection with a fee or levy[14]) were similarly asked for their overall satisfaction and satisfaction with each of the different forms of contact that they had had with the SSC. Figure 4.5 shows the ratings given for overall satisfaction with dealings with the SSCs by size and by country. Again this figure is based on all SSC ratings collected.

[14] These employers were excluded simply because it is often difficult for individuals to distinguish from satisfaction with the experience of making a levy or fee payment from satisfaction with the fact that the payment has to be made.

Figure 4.5: Overall satisfaction with activities of SSC (by size and country)

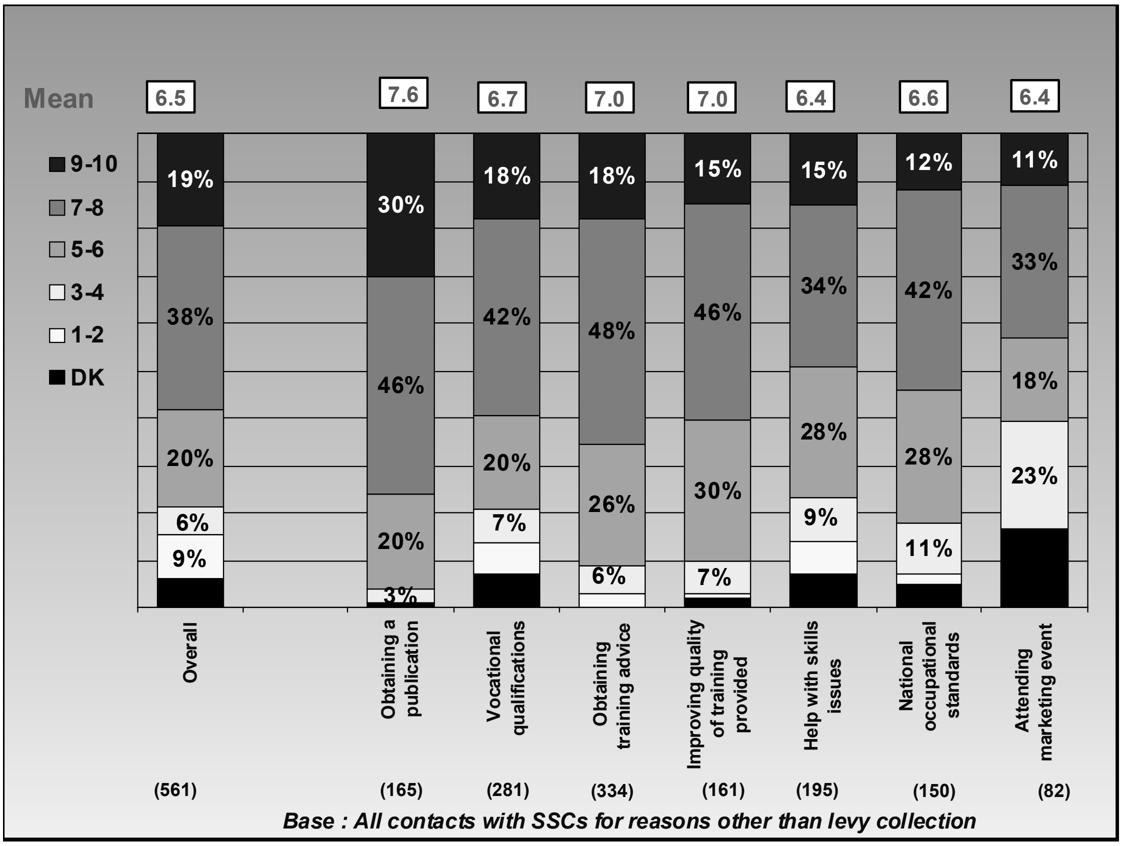


4.26 A fifth of respondents gave a rating for overall satisfaction with the activities of the SSC of 9 or 10 with a further two-fifths giving a rating of 7 or 8. The mean rating given was 6.4.

4.27 It is worth noting that the scores given by the smallest establishments, while being more likely to be at the higher end of the scale are also more likely to be at the lower end. A fifth of ratings given by employers with between 2 and 4 staff were 4 or under compared to around one in ten in other size bands. This indicates a wider range in the perception of the quality of service that the micro-businesses experience than is the case among larger establishments.

4.28 Figure 4.6 shows ratings given for each individual type of contact with SSCs – with the individual types of contact shown in order of the proportion of 9 or 10 ratings.

Figure 4.6: Satisfaction with individual contacts with SSC



4.29 The highest ratings were obtained for overall satisfaction with the process of obtaining a publication (7.6 on average). It is encouraging to note that ratings were also relatively high (7.0 on average) for the provision of advice about training materials or courses since this is the type of contact that employers are most likely to have had. The lowest average ratings were obtained for some of the less frequent types of contact such as attending a marketing event (6.4) or obtaining information on National Occupational Standards (6.6).

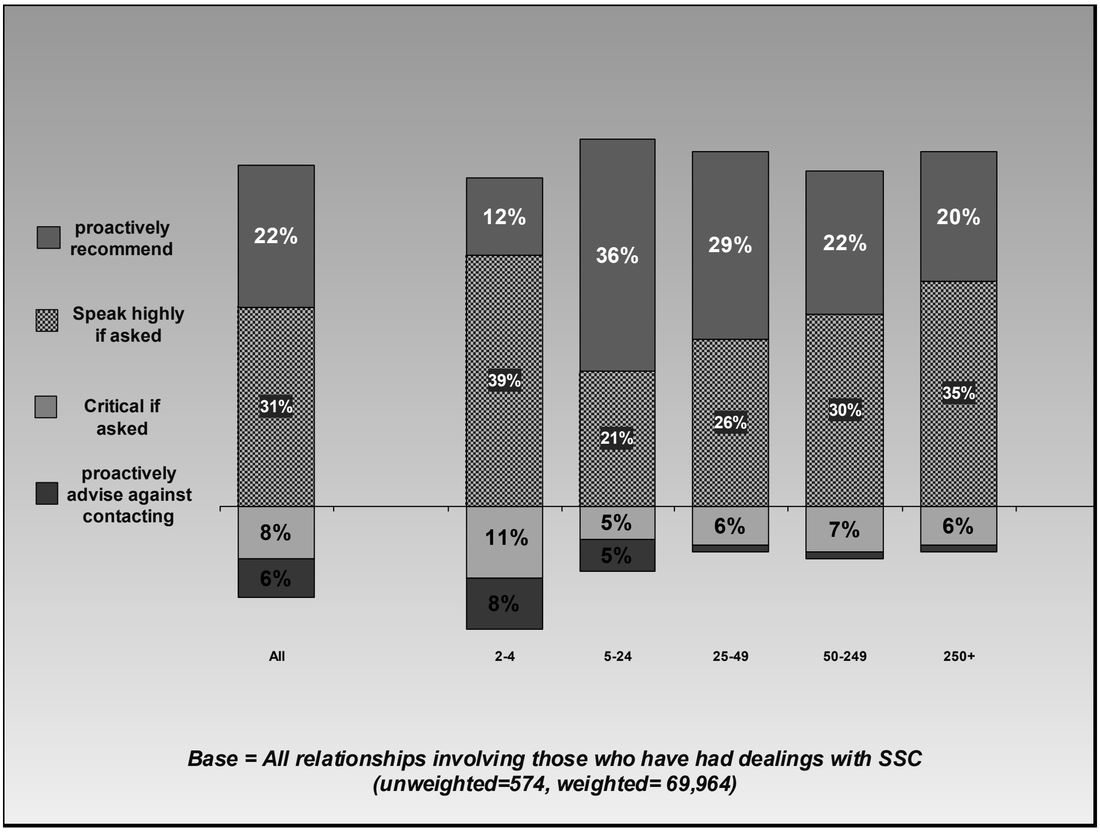
4.30 Figures for satisfaction with providing strategic leadership, providing business performance advice and involvement in setting up an SSC have been excluded from Figure 4.5 because of the low numbers of employers with these types of contact. In each case, around a half of employers gave a rating of 7 or more.

4.31 If the vision is that SSCs will assist employers in developing their businesses in ways that enhance productivity (beyond the hoped-for indirect impact on productivity of a better-skilled and better-trained workforce) then it is possibly of concern that interactions around the provision of business performance advice are among the least common and also amongst those that employers are least likely to have been satisfied.

Likelihood to recommend the SSC

4.32 As a measure of advocacy, employers who had had dealings with the SSC were asked about the extent to which they would recommend the SSC that they had had contact with to others (on the basis of their own dealings with them). The answers given (by size and SSC status) are shown on Figure 4.7 – this figure shows the proportions of positive and negative ratings – the proportions of 'neutral' ratings are not shown (and hence the individual columns do not sum to 100%).

Figure 4.7: Likelihood to recommend the SSC



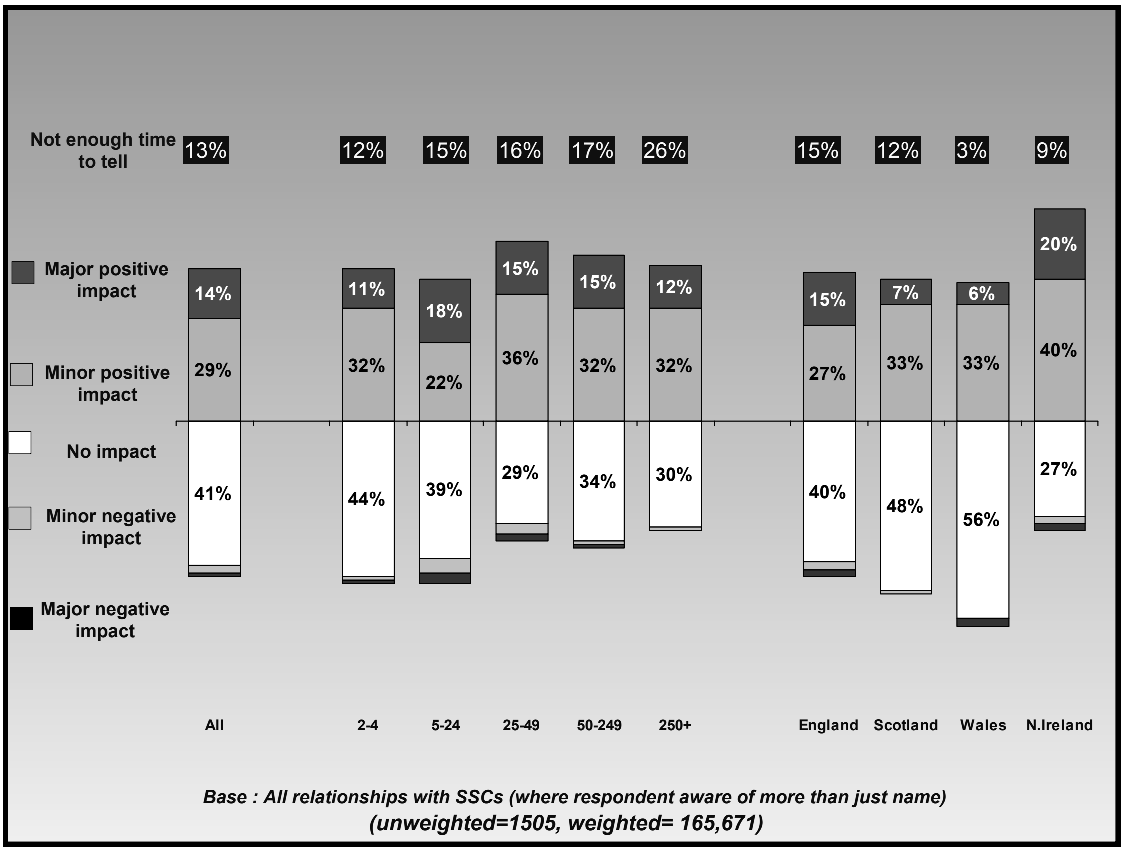
4.33 A fifth of *interactions* with SSCs had led employers to feel that they would proactively recommend that other employers contact the SSC while a further third had meant that employers would speak highly if they were asked for an opinion. This means that over half of contacts with SSCs have been positive to the extent where employers are willing to recommend the Network to others. If interactions continue to be as positive, then this *should* impact positively both on employer awareness and employer engagement. However, at present, one in eight *interactions* have led employers to feel that they would be critical of their SSC.

4.34 *Interactions* with the very smallest establishments are more likely to result in employers feeling that they would be likely to be critical of their SSC than those with larger establishments. As seen earlier, while the average ratings of this group are above average, the proportion who appear to have had a negative experience is higher than for other sizebands, resulting in this lower level of advocacy.

Impact of the SSCs

4.35 All employers who had at least a patchy awareness of the roles and objectives of their own SSC (regardless of whether or not they had had direct contact) were asked about the impact that they felt that the SSC had had on skills development within their establishment. They were asked whether they felt that their SSC had had a major positive impact, a minor positive impact, no impact, a major negative impact or a minor negative impact. Figure 4.8 shows the opinions given at overall level and by size and country.

Figure 4.8: Impact SSC has had on skills development in establishment



4.36 The first thing to note is that very few employers feel that their SSC has had a negative impact on skills development (only 3% of *interactions* with SSCs have led employers to feel this way) while two-fifths feel that the SSC has had a positive impact. The remaining half of opinions were split between a view that the SSC had had no impact on skills development (41%) or that there had not yet been enough time to tell (13%) reflecting the relatively early stages of the Network's development. There is no clear pattern in opinions by size of establishment although it does appear that medium-sized employers are more likely to feel that the SSC has had a positive impact than those at either end of the size spectrum.

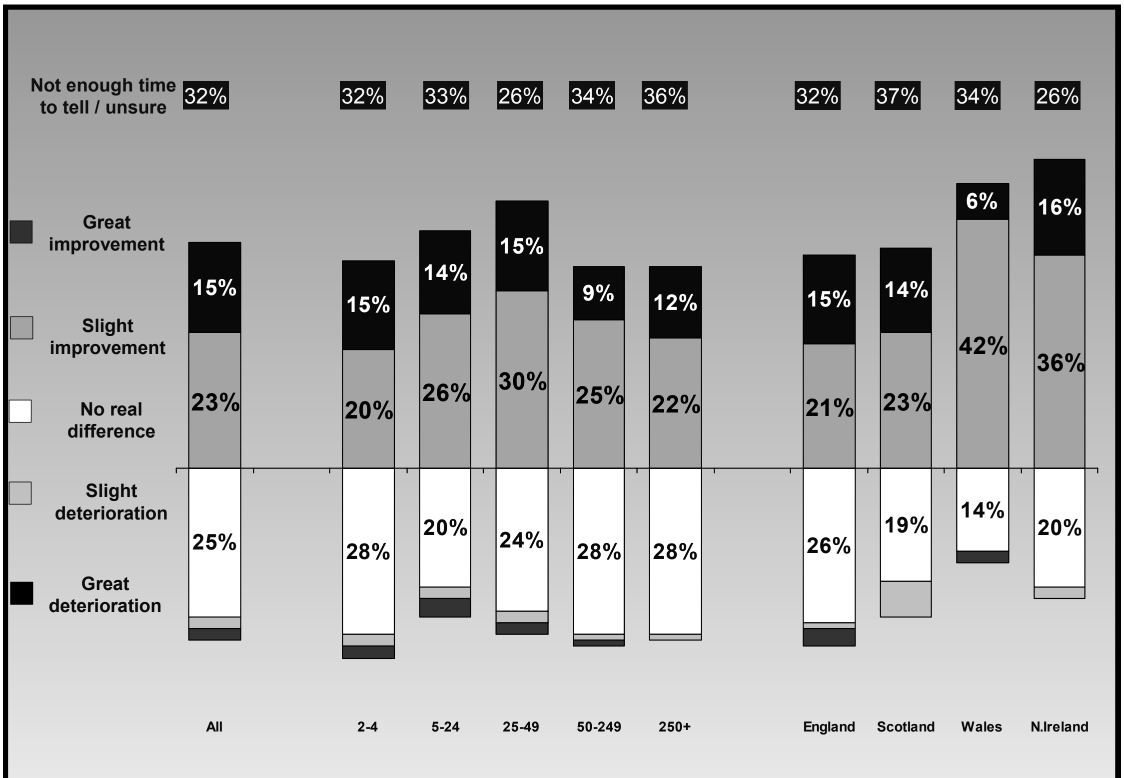
4.37 The opinions given by employers in Northern Ireland were the most positive (60% that the SSC has had a positive impact) while those of employers in Wales were least likely to be positive[15].

[15] Again these more positive opinions among Northern Irish employers may reflect some confusion with the activities of the Sector Training Councils.

4.38 The opinions given by those who had had dealings with their own SSC were more likely to be positive than those who were simply aware of the SSC. Of the opinions given by those who had had direct contact, a quarter (25%) were that the SSC had made a major positive impact and a further 36% that it had made a minor positive impact on skills development. A third of opinions given by those who had had direct dealings (37%) were that the SSC had made no impact or that there had not yet been enough time to tell.

4.39 Those with some understanding of the roles and objectives of the SSCs were also asked to compare the SSC with the sector-based bodies that have existed to address skills and training-related issues in the past. One in eight opinions given were that the SSC represents a great improvement and a further quarter (23%) that it represents a slight improvement. Only 5% of opinions were that the SSC represents a deterioration (Figure 4.9). However, it is perhaps of concern that a quarter of responses were that the SSC represents no real difference from what existed previously although this may well only be a manifestation of the fact that the Councils have only been in place for a relatively short period of time. This is further reflected in the fact that a third of responses were simply that the employer did not feel able to comment (due to a lack of knowledge of the SSC and/or its predecessor(s)) or that there had not yet been enough time for them to make the comparison.

Figure 4.9: Comparison of SSCs with previous sector-based bodies



Base : All relationships with SSCs (where respondent aware of more than just name)
(unweighted=1505, weighted= 166,671)

4.40 As with opinions on the impact of the SSC on skills development within their establishment, employers in the middle size-brackets were more likely to be positive about the extent to which the SSCs represent an improvement on previous sector-based bodies (the NTOs in the case of most sectors) – 45% of opinions given by employers with between 25 and 49 staff were that the SSC is an improvement.

4.41 The opinions given by employers in Northern Ireland were considerably more positive than average. Interestingly, those given by employers in Wales were also more positive than average despite the fact that they were less likely to feel that the SSC had had a positive impact on skills development in their establishment. Hence, it would appear that even some of those who feel that there have not been many positive developments to date consider that the SSC Network has the potential to deliver.

5 Business Planning

5.1 Previous chapters have considered the extent of awareness and the success of *interactions* with the SfB Network. We have suggested baseline measures against which the Network's progress in the future might be evaluated. However, measures of awareness, engagement and satisfaction will not adequately encompass the full scope of the Network's activities or – critically – address its key high-level goals, and will not therefore provide a ***full*** measure of its success. Ultimately this success (or failure) will reside in the extent to which SfBN engagement with employers leads not just to satisfaction, but to *positive* changes in ***behaviour***.

5.2 This will obviously be much harder to measure and one of the key difficulties in assessing this level of impact will be desegregating the impact of the SfBN from that of other organisations and policies. The feasibility of untangling these impacts is being tackled through the Feasibility Study conducted by Cambridge Econometrics which forms another strand of the Evaluation Project. However, a crucial part of establishing any changes in behaviour over time will be to set a chronological benchmark. In the remainder of this report we attempt to give an impression of the situation that employers currently face in terms of skills challenges and the measures taken to address them against which any changes can be tracked. We try to help scope the size of the task that the Network faces in terms of getting employers to engage (more) with the Skills Agenda, and to identify the types of employers who are currently less engaged. This serves the dual aims of providing benchmark data and providing a steer as to the avenues of SfBN activity that are likely to prove the most productive.

5.3 In this context, in this next chapter of the report we seek to answer the following questions:

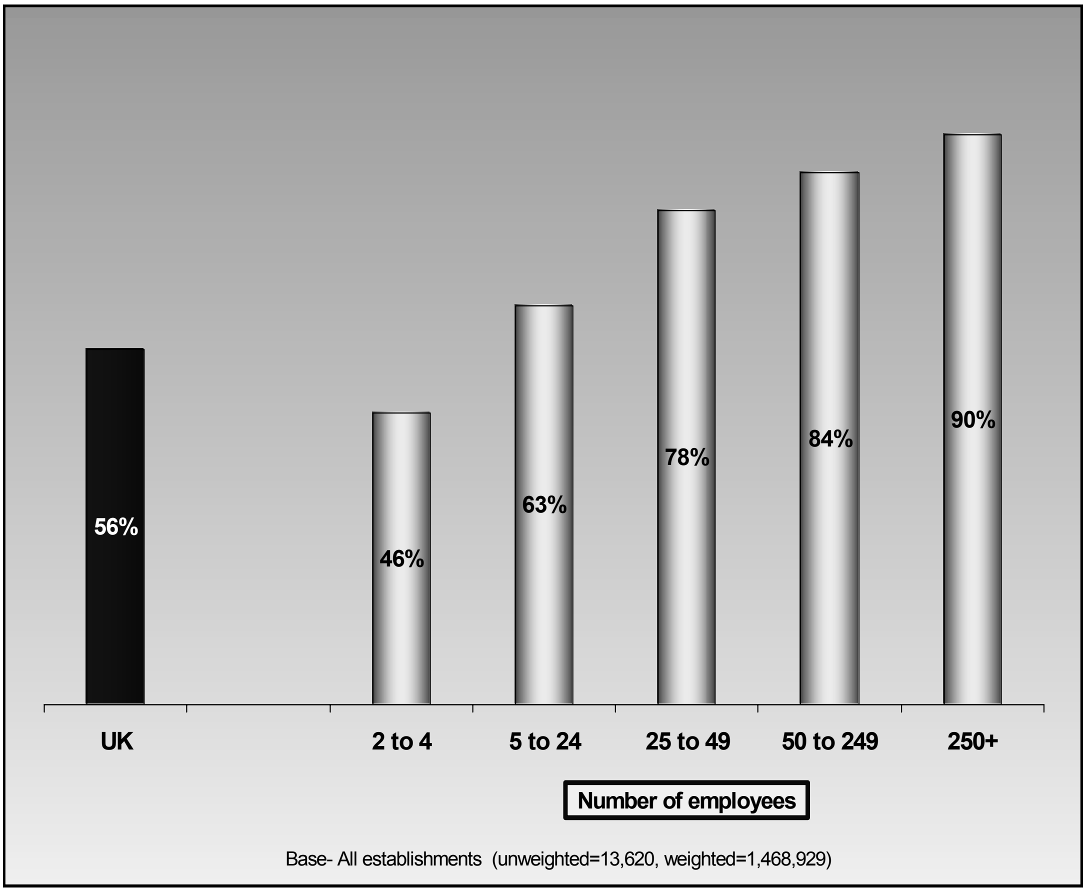
- To what extent do employers engage in business planning?
- When they do, to what extent are human resource issues incorporated into these plans?
- What are the key objectives and goals that underpin business planning?
- What are the product market positions from which they are operating? And what is the state of their markets?
- Do employers who have engaged with the Network and/or who are aware of it differ from those who have not in all of these terms?

Extent of employer engagement in business planning

5.4 All employers were asked whether their specific workplace was covered by a "*formal, written business plan which sets out the establishment's objectives and how they will be achieved*". Overall, just over half of UK establishments have a (site-specific) business plan, with considerable variations by size of establishment (figure 5.1). This is consistent with findings from the *English* National Employer Skills Survey 2003.

5.5 As could be expected, business planning becomes more likely as business size increases so that 9 out of 10 of the largest establishments (with 250 or more workers) have a business plan. Even among the smallest establishments, business planning is common, with just under half of businesses with fewer than 5 employees having a business plan.

Figure 5.1: Proportion of establishments with a business plan



5.6 In more general terms, *business* planning is far more common in the public sector than in the private sector (78% vs. 54%), although this is likely to reflect the fact that public sector establishments tend to be larger.

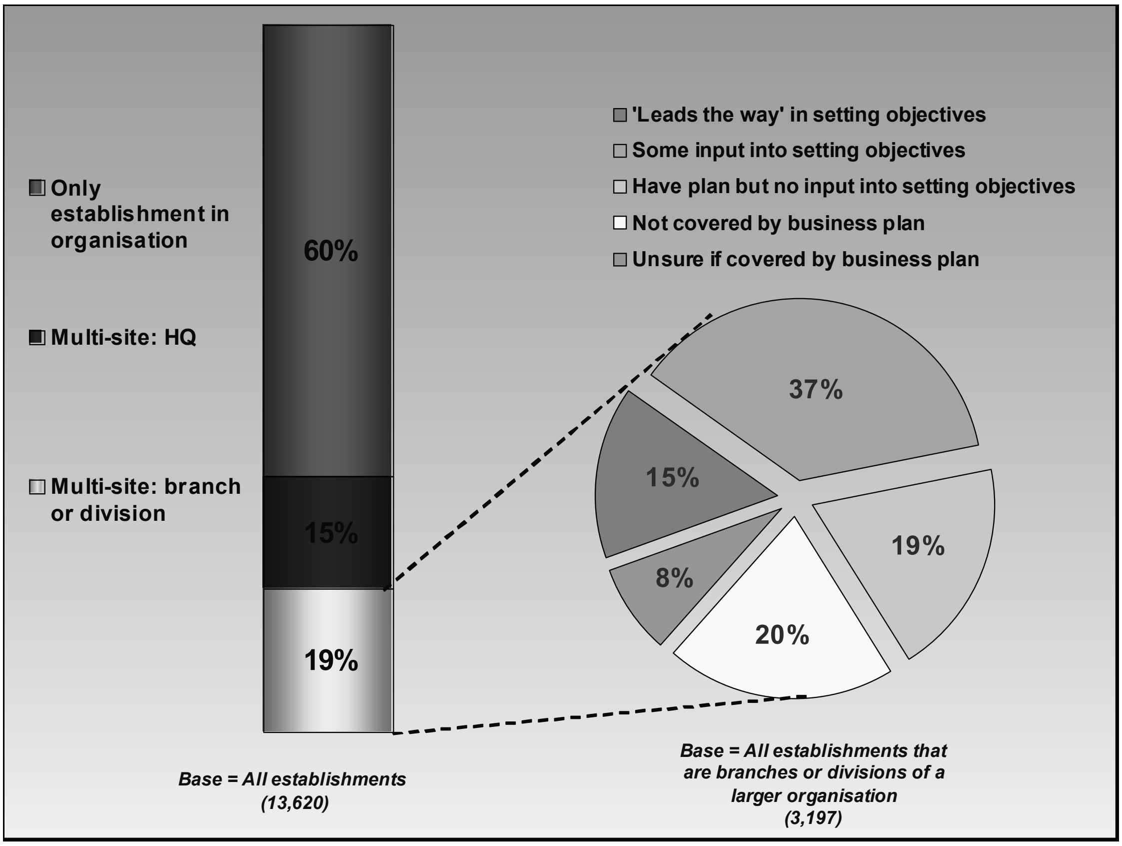
5.7 Differences between England and the other countries of the UK are small, ranging from 58% of employers with a business plan in Scotland, to 52% in Wales.

5.8 Employers whose site is part of a larger organisation are considerably more likely than single site establishments to have a business plan. Around three-quarters of such employers have a business plan, compared to 45% of single site establishments.

5.9 The proportion of establishments who have had dealings with their own SSC who have in place a formal business plan is slightly below average at 47%. This compares with 55% of those who are covered by an SSC but have had no contact.

5.10 Establishments' degree of autonomy in business planning and objective setting for the site is clear in the cases of single-site organisations and establishments that perform HQ functions for a larger organisation. However, sites that are divisions or branches of a larger organisation have varying degrees of autonomy in the planning and objective setting process. Figure 5.2 illustrates the types of input that these establishments have into the business plan that covers their site. By way of context, the column to the left shows the proportion of all establishments that are branches or divisions of a larger organisation and then the pie chart to the right breaks down the level of impact that these establishments have into their business plan.

Figure 5.2: Role of branches and divisions in setting business objectives



5.11 Only 15% of branches or divisions lead the way in setting the business objectives for their site (equivalent to 21% of those whose site is covered by a business plan) while a fifth (19%) have no input at all. Two fifths have some impact into their business plan but do not consider their site to drive the setting of objectives (equivalent to 51% of those covered by a business plan).

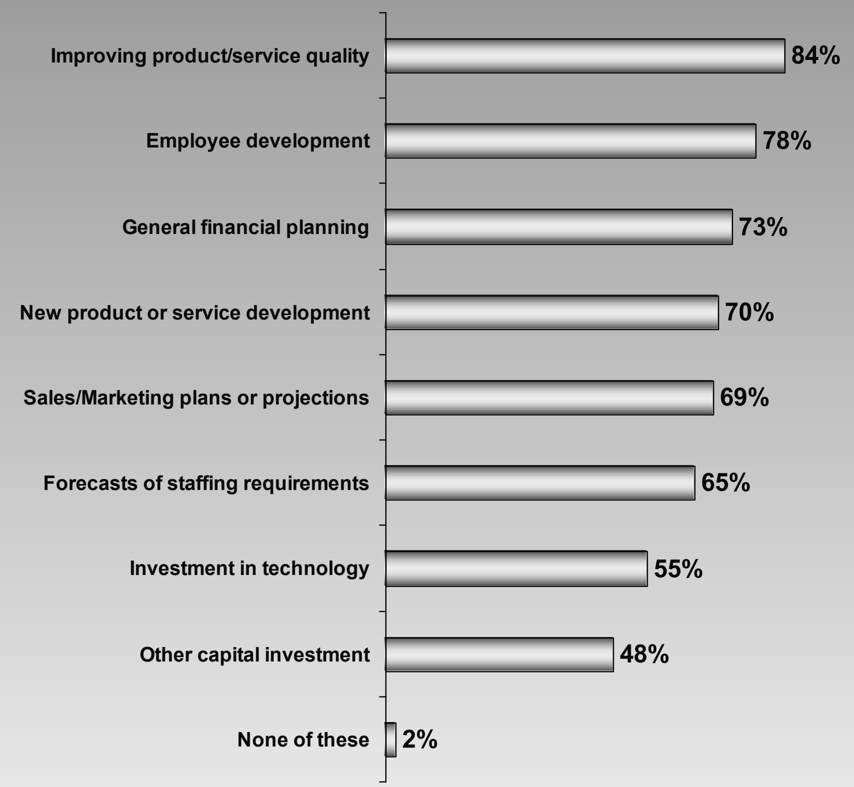
5.12 Since establishments that are single-site and those who are the HQs for larger organisations clearly drive the business planning for their site, this means that – at an overall level – 76% of those with a business plan have sole input or 'lead the way' into setting the business objectives for their site.

5.13 Those establishments who have had dealings with their own SSC are slightly more likely to have the lead input into the business plan that covers their site than those that have not (90% compared with 76% of those who are covered by an SSC but have not had dealings with them). However, this largely reflects the fact that those who have had dealings with their SSC are more likely to be single-site organisations (80% compared with 61% of those who are covered by an SSC but have not had dealings with their Council) and much less likely to be branches (6% compared with 20%). Given the varying levels of input into business planning for their site among those employers who are branches or divisions of a larger organisation, it seems likely that the SSCs will have most impact on the practices of the organisation through contact with their HQ and hence it appears sensible that contact with branches and divisions has been less common at this stage of the Network's development.

UK businesses' objectives and priorities

5.14 All establishments with a business plan were asked what was covered in the plan (or where the establishment was part of a larger organisation, which areas the establishment had input into). The question was asked on a prompted basis, Results are shown in Figure 5.3.

Figure 5.3: Areas of strategic business planning to which establishment has input



Base- All establishments with input into establishing business plan (unweighted=8,689, weighted=766,239)

5.15 Areas impacting directly on skills and workforce development are a key focus in business planning; four out of five establishments who plan for their site's business are involved in planning employee development and two out of three include forecasts of staffing requirements in their plan.

5.16 However, it must be considered that the proportions shown in Figure 5.3 are based only on the 56% of businesses who have a formal business plan. The proportion of all UK businesses who incorporate employee development into a formal written business plan is 41%, while 34% incorporate staffing requirement forecasts.

5.17 However, as well as these direct foci, large proportions of establishments have business plans which incorporate elements of change that may well have implications for the skills required of the workforce in the future – including improving the quality of products or services (included in 84% of business plans), the development of new products or services (70%) and investment in new technology (55%).

5.18 As the size of the establishment increases so does likelihood to cover each of the strategic planning areas prompted, including the direct skills / workforce development foci of employee development and forecasting of staffing requirements. The only exception to this trend is sales or marketing plans or projections, which are less likely to be covered in larger sites' business plans.

5.19 The issues covered in business plans did vary somewhat by UK country, as shown in Table 5.1.

5.20 Scottish employers are slightly more likely to cover employee development in their business planning than those in others countries and they are also slightly more likely to be looking to improve product/service quality. Employers in Northern Ireland are more likely to have business plans that incorporate planning for investment in new technology.

Table 5.1: Areas of strategic business planning to which establishment has input (by country)

BUSINESS PLANNING	Overall	England	Scotland	Wales	Northern Ireland
Base: All employers					
Unweighted	***13,620***	***9,731***	***2,014***	***817***	***1,058***
Weighted	***1,468,929***	***1,237,160***	***121,607***	***68,339***	***41,822***
Overall % with business plan	**56**	56	58	52	56
Overall % who have some input into business plan	**52**	52	54	48	52
AREAS COVERED BY PLAN					
Base: All employers with business plan they input to					
Unweighted	***8,689***	***6,153***	***1,336***	***508***	***692***
Weighted	***766,239***	***646,017***	***65,499***	***32,925***	***21,798***
	%	%	%	%	%
Improving product/service quality	84	84	90	81	80
Employee development	78	77	84	77	77
General financial planning	73	73	71	82	69
New product or service development	70	71	67	71	66
Forecasts of staffing requirements	65	64	68	65	64
Sales/Marketing plans or projections	69	69	65	70	67
Investment in technology	55	54	53	55	66
Other capital investment	48	48	49	50	56

5.21 There are some differences in the likelihood to incorporate areas of strategic planning into a formal business plan by whether or not employers have had contact with their SSC (as shown in Table 5.2). Those who have had dealings with their own SSC are less likely to have had input in several areas of strategic planning – new product or service development, forecasts of staffing requirements and sales / marketing plans,

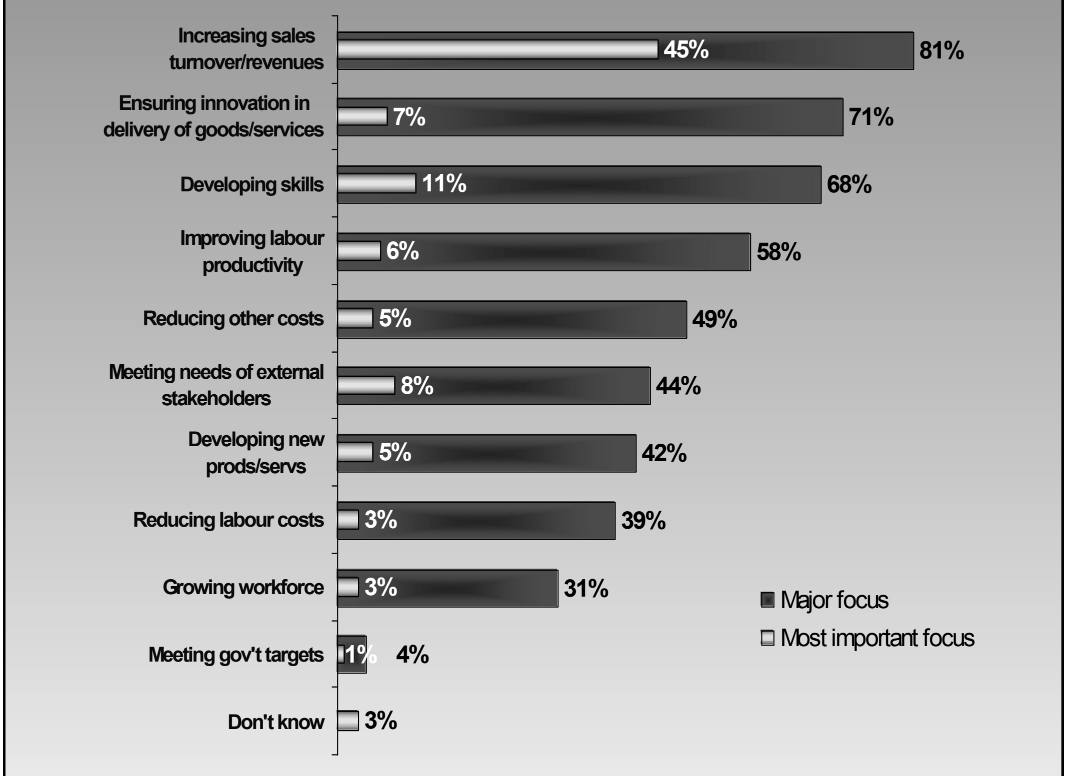
Table 5.2: Areas of strategic business planning to which establishment has input (by contact)

Base: All employers with business plan they input to	*All*	*Have had dealings with own SSC*	*Have not had dealings with own SSC*	*Not covered by SSC*
Unweighted	*8,689*	*375*	*7054*	*1260*
Weighted	*766,239*	*31,688*	*538,411*	*196,139*
	%	%	%	%
Improving product/service quality	84	84	83	86
Employee development	78	71	77	80
General financial planning	73	74	72	75
New product or service development	70	64	70	73
Forecasts of staffing requirements	65	52	64	67
Sales/Marketing plans or projections	69	60	70	69
Investment in technology	55	54	54	57
Other capital investment	49	51	48	46

Current business objectives

5.22 As well as these measures of strategic business planning, all employers – including those without a formal, written business plan - were prompted to describe where their site's key business objectives currently lie. Employers were presented with a list of potential business objectives and asked whether each was a major focus, a minor focus or not a focus at all for the establishment. Where establishments had more than one major focus, they were asked which of them was the most important. Figure 5.4 below shows the proportion of establishments which said each objective was a major focus currently and also the proportion stating that it was the most important focus at the moment.

Figure 5.4: Major and most important business objectives at the moment



Base- All establishments (unweighted=13,620, weighted= 1,468,929)
Except "Meeting government targets" base- All public sector establishments (unweighted=1,472, weighted=78,257)

5.23 The most commonly mentioned 'major' focus is on increasing sales / turnover / revenue with 81% of establishments stating that this was one of their key goals at the moment. Furthermore it is in this area that 45% of establishments state that their most important goal lies – far more than in any other area. Hence while issues more directly related to skills and workforce development – such as improving labour productivity, developing skills and growing the workforce are important foci for large numbers of establishments (58%, 68% and 31% respectively) they are very much secondary to the goal of increasing income. This means that if SSCs are able to persuade employers of the link between skills development and the bottom line then they will be positioning the workforce development agenda in such as way as to have maximum resonance with employers.

5.24 As one would expect given that by definition they have more resource to contend with, larger establishments tend to have more of a Human Resource (HR) focus than smaller sites; the likelihood of "improving labour productivity" and "developing skills of the workforce" being a major focus increases steadily as establishment size increases.

5.25 Establishments in Scotland and Wales generally have more of an HR focus than other areas in the UK.

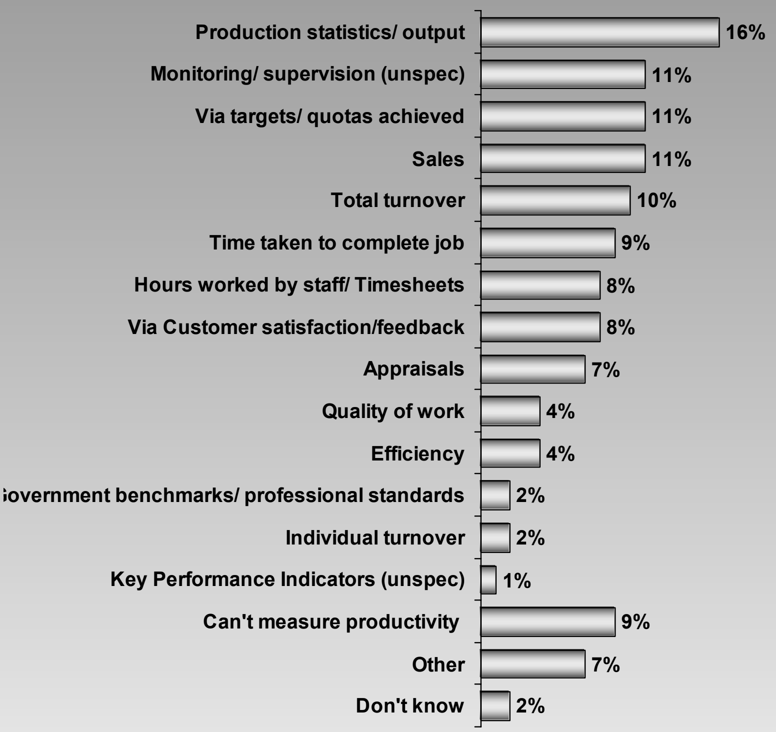
5.26 Table 5.2 shows the variations in most important focus for the business by whether or not establishments have had dealings with their SSC. The main difference that this table shows is that those who have had dealings with their SSC are less likely than average to be focussing on increasing sales or turnover. They are, however, more likely to be focussing on reducing other costs in the business.

Table 5.2: Current most important business focus

Base: All employers with business plan they input to	*All*	*Have had dealings with own SSC*	*Have not had dealings with own SSC*	*Not covered by SSC*
Unweighted	*13,620*	*553*	*11190*	*1877*
Weighted	*1468929*	*68705*	*1068189*	*332036*
	%	*%*	*%*	*%*
Increasing sales turnover and/or revenues	45	32	48	40
Developing the skills of the people who work here	11	13	10	13
Meeting the needs of external stakeholders such as the local community	8	5	8	9
Ensuring organisation is innovative in the way that goods or services are delivered	7	10	6	10
Improving the labour productivity of the workforce	6	8	6	6
Reducing other costs of production and/or service delivery	5	11	5	4
Developing new products and services	5	4	5	5
Reducing labour costs establishment incurs	3	6	3	2
Growing the establishment in terms of the size of its workforce	3	4	3	5
Meeting government targets	1	*	1	2

5.27 Establishments which nominated “improving labour productivity” as a major focus were asked how they measure labour productivity and performance. Improving productivity is one of the four high level goals of the Skills for Business Network and as such it is important to understand what employers understand by the term and how they currently measure it. The responses given by employers were classified into the groups shown in Figure 5.5.

Figure 5.5: Methods of measuring labour productivity



Base- All establishments for whom improving labour productivity is a "major focus" (unweighted=9,087, weighted=846,338)

5.28 The most common measure of labour productivity was production statistics and output, followed by general monitoring and supervision of staff, target and quota monitoring, sales and turnover.

5.29 The range of responses to this question is indicative not only of the variety of establishments interviewed but also hints that while many businesses may target increased productivity, many are unclear as to how to measure for it. While only 2% of respondents admitted they don't know how they measure productivity (despite stating it was a major focus for their establishment) many of the other responses were vague (e.g. monitoring/supervision, appraisals, quality of work, efficiency) or unlikely to accurately and effectively measure workforce productivity (e.g. hours worked by staff/ timesheets, customer feedback).

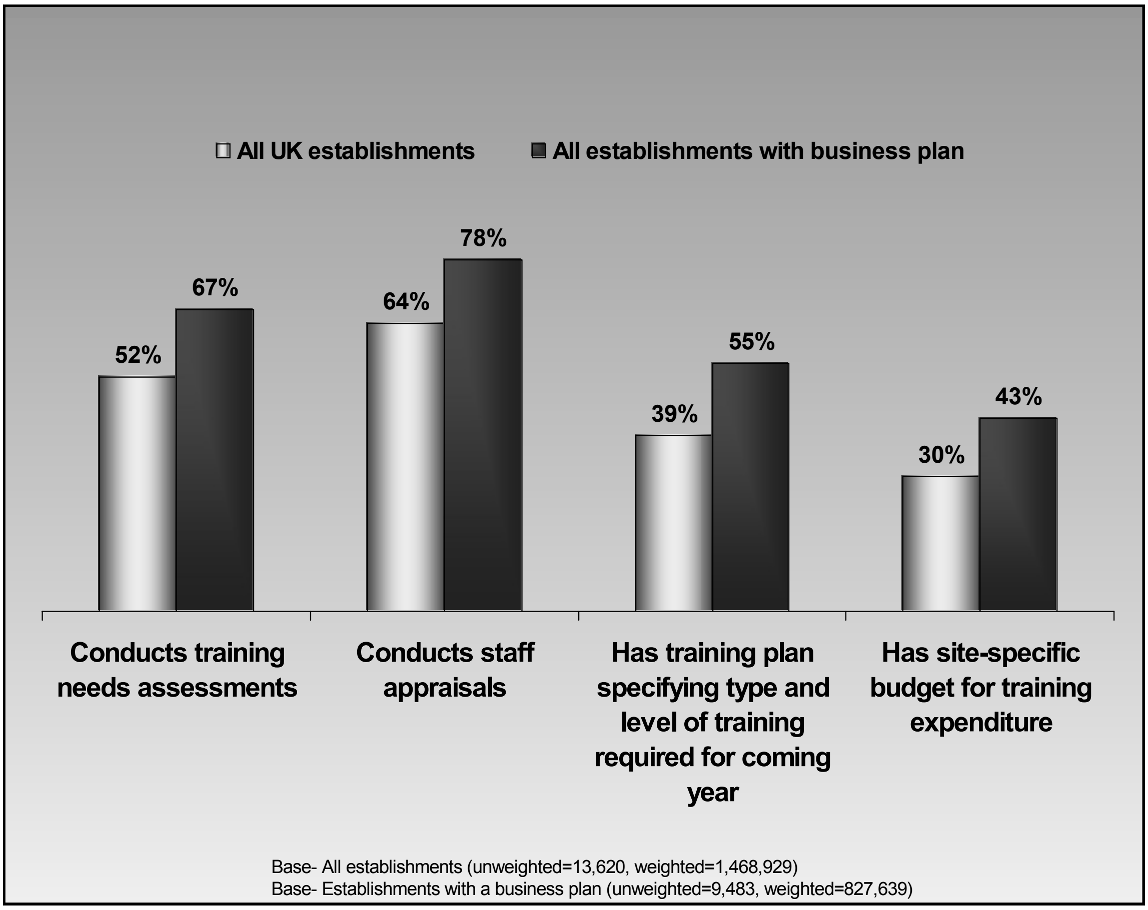
5.30 The "hard" measures tended to cluster around a few SSCs in which the type of work done in the sector is easier to identify and measure. For example, "time taken to complete job" was favoured as a measurement of productivity by establishments in primary sectors or industries, as was production statistics or output.

5.31 This does perhaps indicate that, if the SfBN is to work to improve UK productivity and business performance then some of the foundation work will involve helping employers to define productivity and to agree appropriate ways in which it might be measured in different industries.

Extent of Human Resource planning

5.32 As well as its coverage in general business planning and prioritisation in overall business objectives, the extent of HR planning was explored more specifically. The extent to which UK establishments conduct training needs assessments and the level of training planning they undertake are shown below (figure 5.6). The figure shows findings both for all establishments and just for establishments which have a business plan. It is clear that businesses with a formal written business plan are more likely to engage in HR planning activities such as training needs assessments, staff appraisals, training planning and training budgets.

Figure 5.6: Proportion of establishments with formal HR planning



5.33 Human Resource assessment procedures are relatively common – half of UK establishments conduct training needs assessments and two-thirds conduct staff appraisals. However, planning and budgeting for training is less common, with only two in five establishments having a training plan which specifies in advance the level and type of training employees will need in the coming year and less than one-third have a site-specific budget for training expenditure.

5.34 The likelihood of establishments to have each of these formal Human Resource planning measures in place increases as establishment size increases, reflecting the relative sophistication of larger businesses.

5.35 In terms of regional variation, Scottish establishments are most likely to engage in formal Human Resource planning and assessment, especially in conducting training needs assessments (55%) and having a training plan (42%) and budget (36%). Conversely, Welsh establishments tend to have lower levels of HR planning than the rest of the UK; they are least likely to conduct training needs assessments (48%), staff appraisals (58%), have a training plan (36%) or a training budget (27%).

5.36 Public sector establishments tend to have the highest levels of training assessment and planning. 85% of public sector sites use training needs assessments, 72% have a training plan and 71% a training budget. This compares to 48%, 37% and 25% of private sector establishments. Similarly, single-site establishments are less likely to have formal Human Resource planning than those which are part of a larger organisation.

5.37 Establishments who have had dealings with their own SSC are slightly more likely to conduct training needs assessments than those who are covered by an SSC but have had no dealings (51% compared with 49%). However, they are less likely to conduct staff appraisals and to have a site-specific budget for training expenditure (24% cf. 27%).

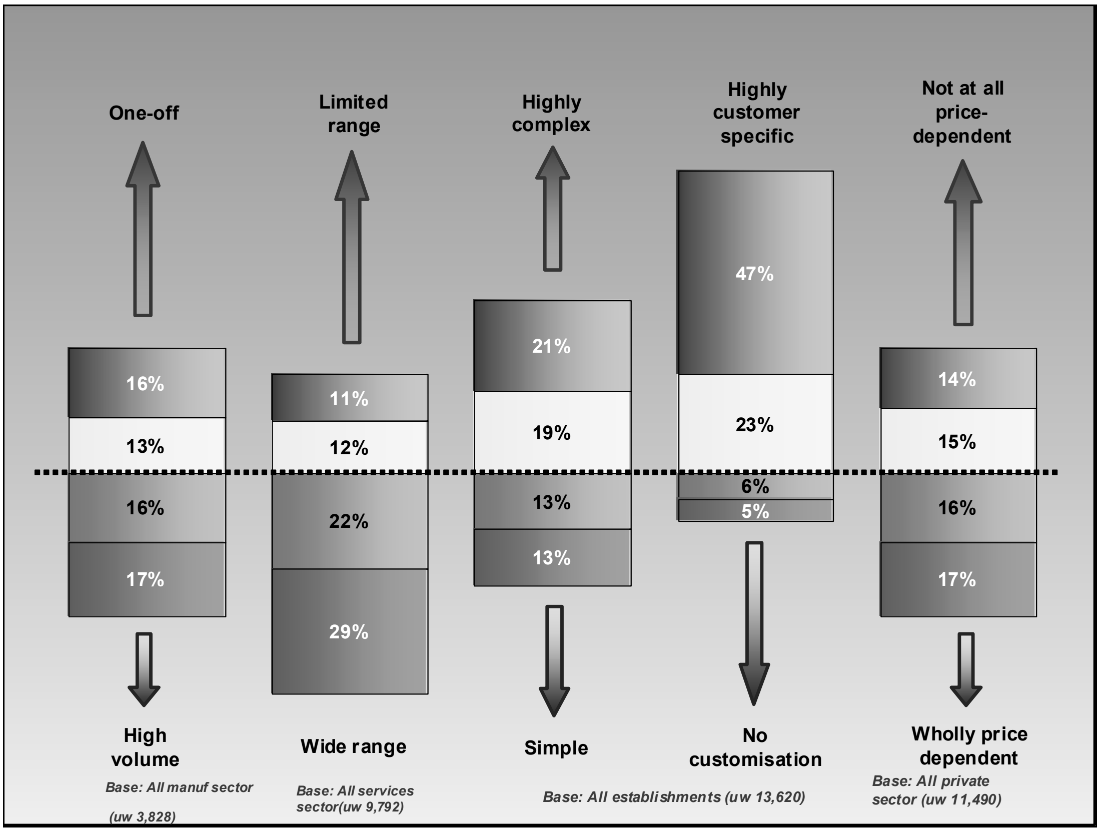
Product market strategies and perceptions of the market

5.38 In order to develop a picture of how UK businesses perceive their market position, basic product market strategy was identified via a battery of three or four questions related to the nature of their product or service and the pricing strategy they adopt:

- volume of production (asked only of businesses engaged in manufacturing);
- range of services (asked only of businesses in the services sectors);
- complexity of products or services;
- customisation of products or services; and
- price dependency of products or services (asked only of private sector establishments).

5.39 The questions sought to locate establishments on a five point scale against the extreme positions shown at the end of each bar in Figure 5.7 below, which shows results at an overall level. The chart presents the two “strongest” responses for each measure, in the sense of those closest to each of the poles, taking out the mid-point scores for ease of analysis.

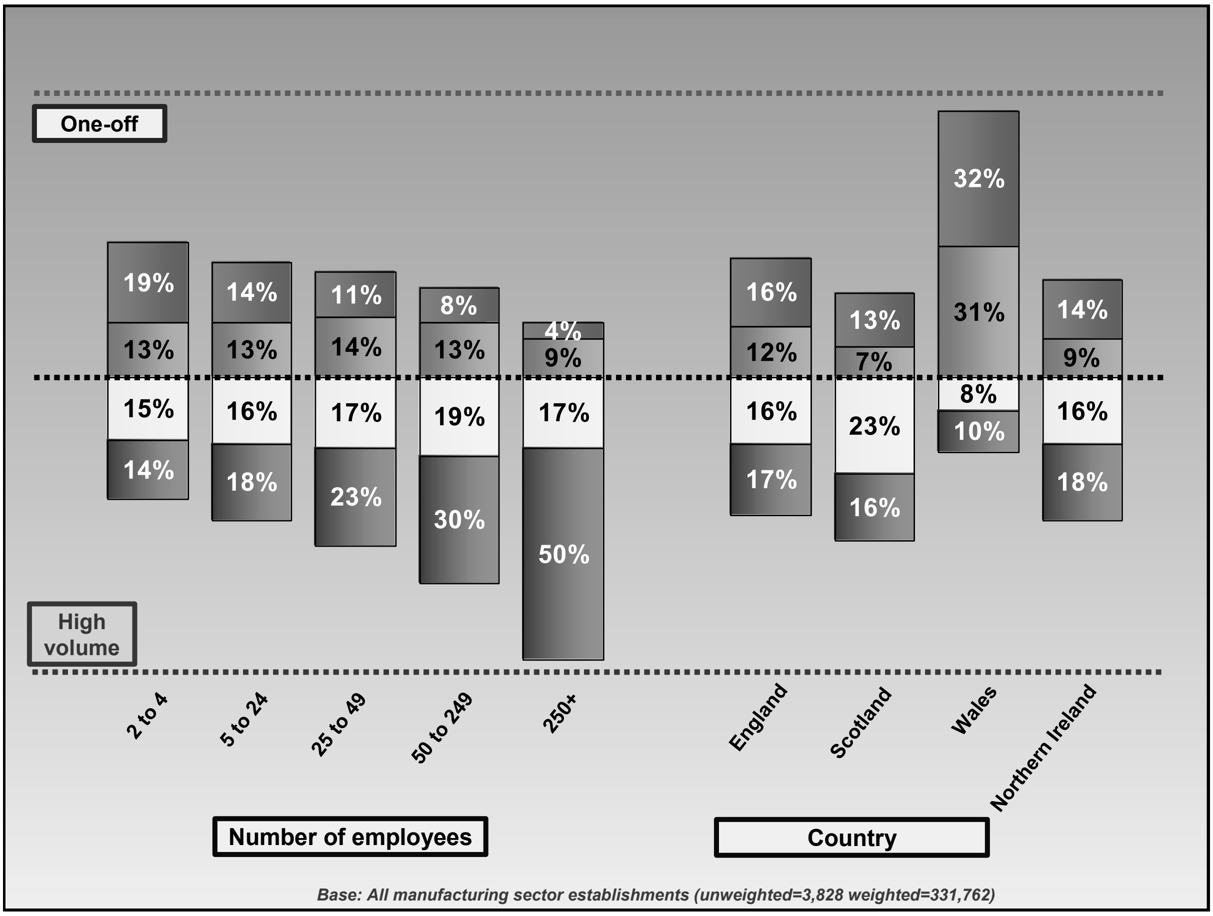
Figure 5.7: Product market strategy



5.40 From this overall picture it is clear that UK establishments are considerably more likely to describe their product or service offering as being of a wide range, customised to individual customers and complex than of limited range, simple or low in customisation. The fact that employers are more likely to see themselves at the more 'varied / sophisticated' ends of these scales is likely to engender a high degree of demand for skills.

5.41 It will be important for individual SSCs to understand how product market strategies differ among employers whom they cover, since these will determine the skills that are needed, and – to some extent - the skills challenges that the employers face. This analysis has not been presented for this report which takes a wider (all UK) focus. However, the following charts show product market strategy broken down by establishment size and country. This provides a context against which component parts of the network will be able to explore data for employers with whose needs they are most directly concerned.

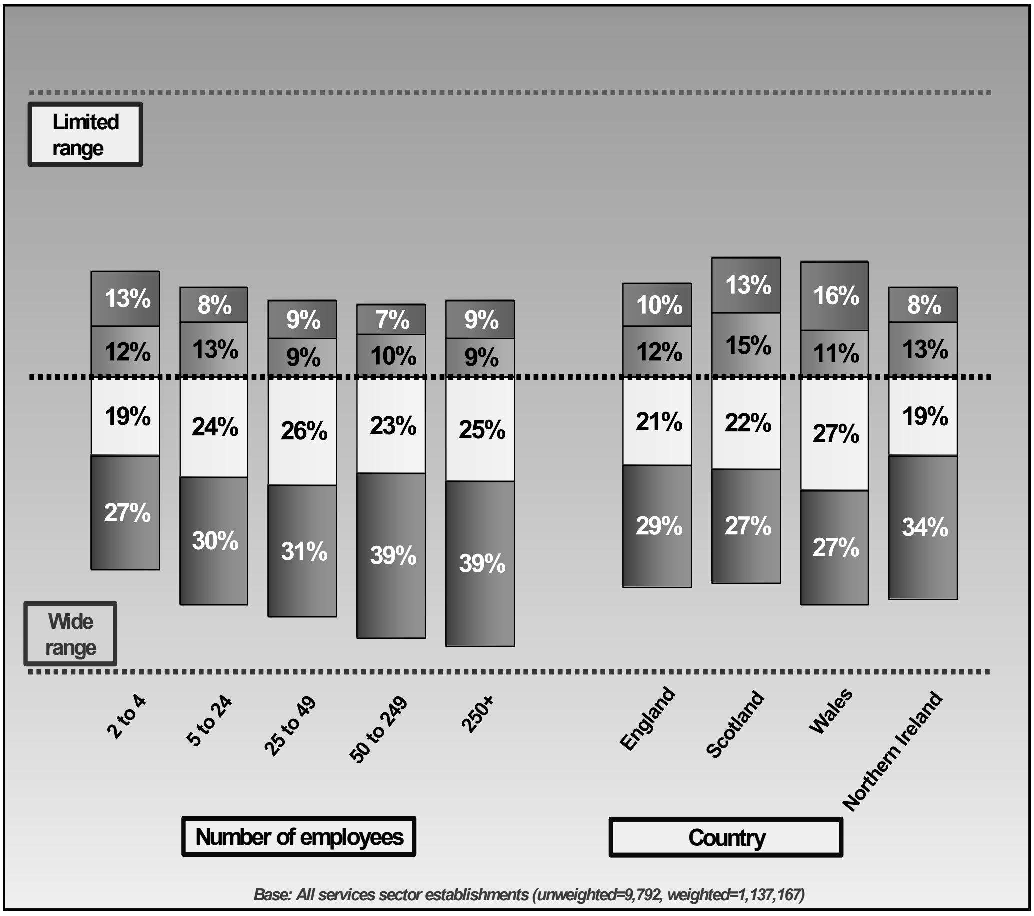
Figure 5.8: Volume of production (manufacturing sectors)



5.42 Considerably more Welsh manufacturing establishments characterise themselves on the low volume end of the spectrum than in the rest of the UK; a full third of manufacturers in Wales feel they produce "one-off" products compared with 16% of UK manufacturers as a whole.

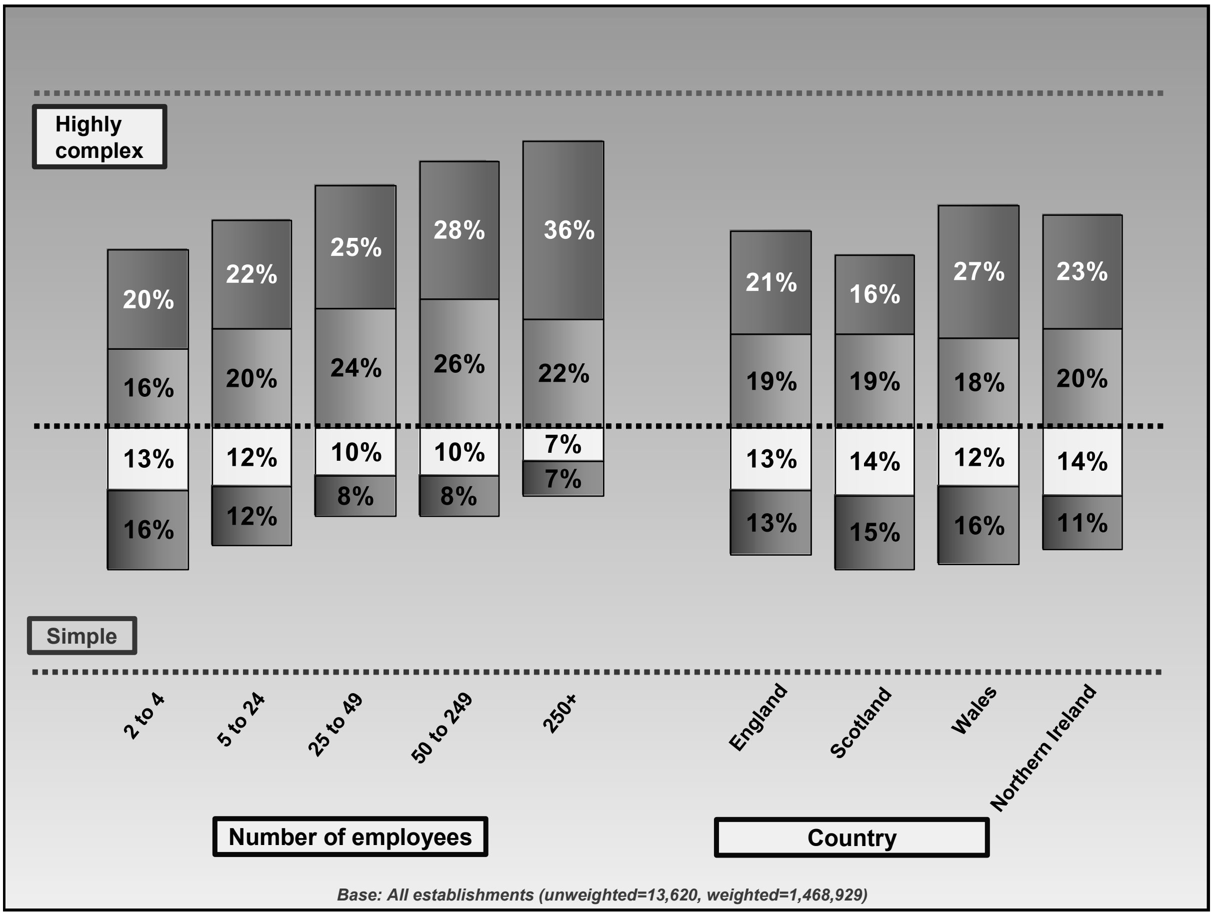
5.43 As one would probably expect, larger manufacturing establishments tend to be higher volume producers.

Figure 5.9: Range of services (service sectors)



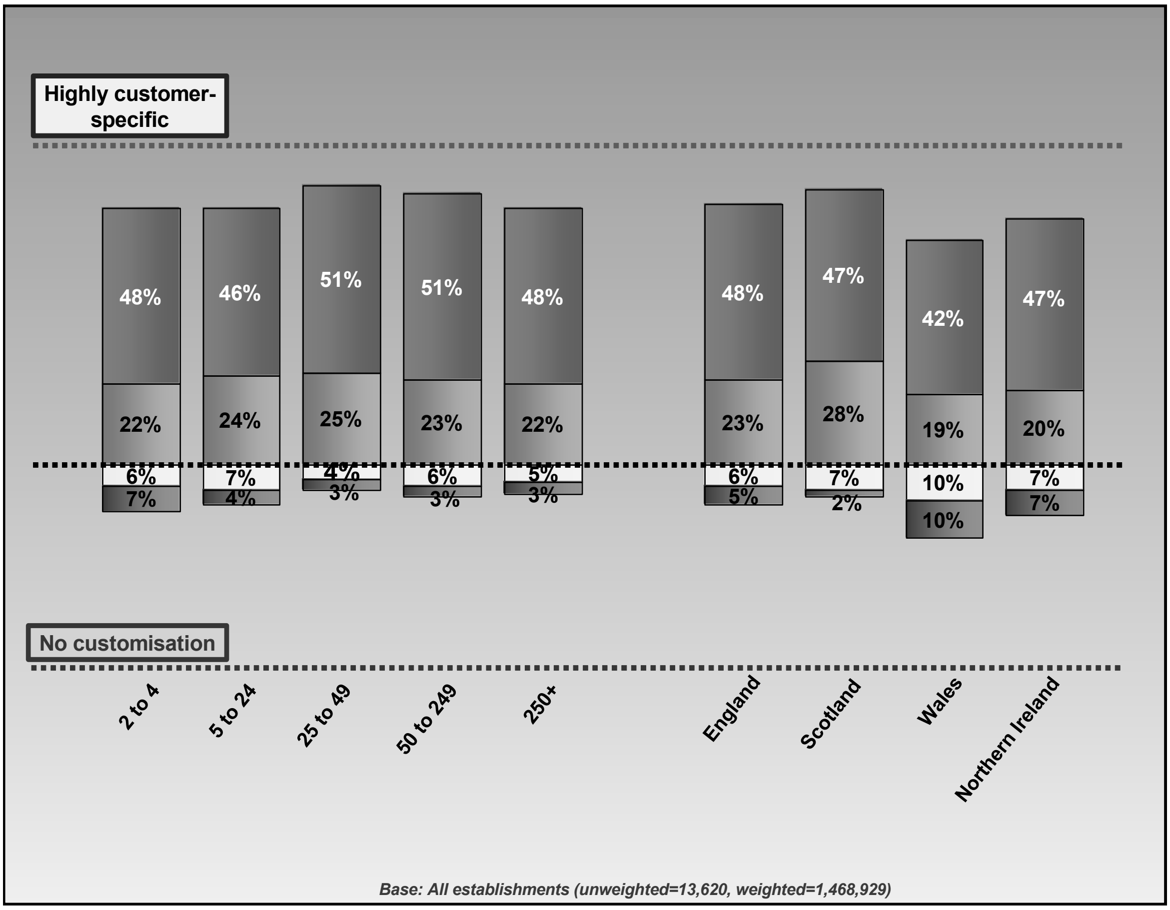
5.44 Looking at Figure 5.9 above, there is not a great deal of variation by country. However, as service sector establishments become larger in size so does their likelihood of providing a wider range of services.

Figure 5.10: Complexity of products/services



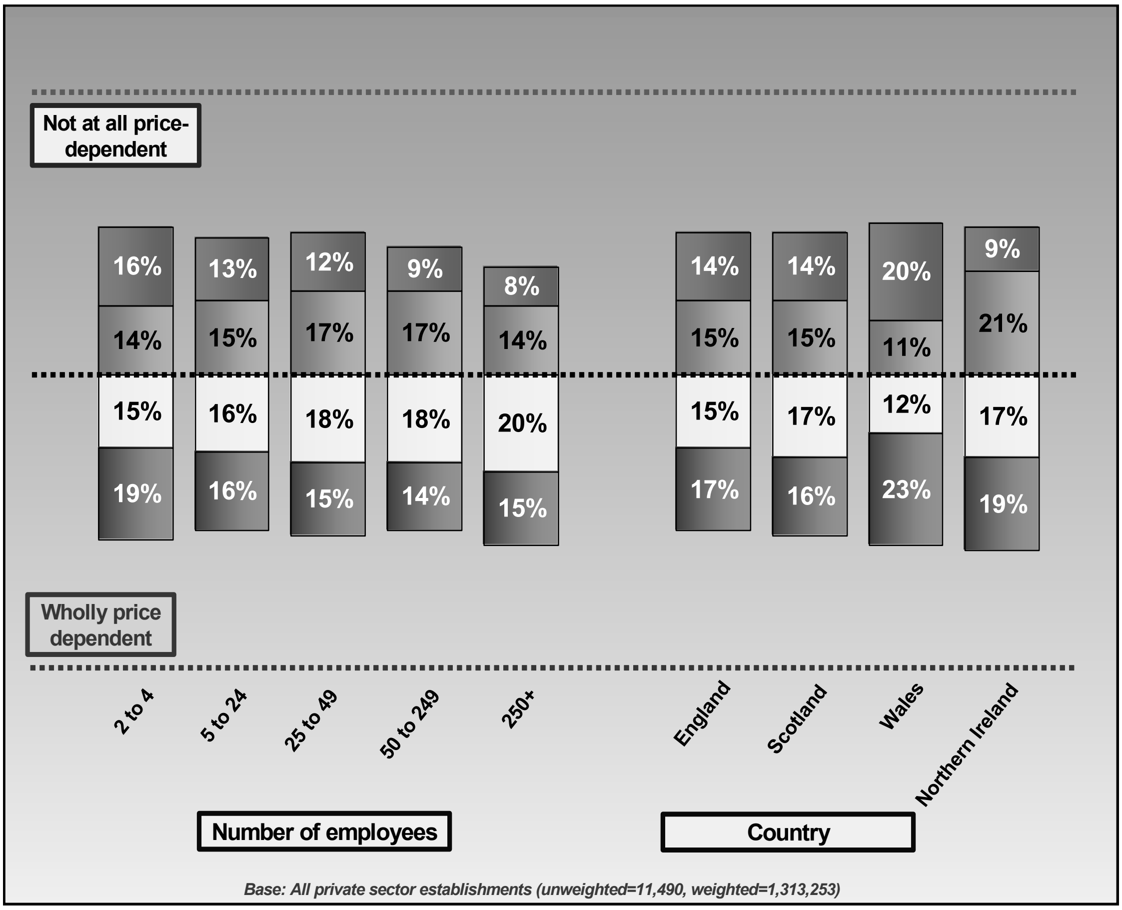
5.45 A clear pattern emerges of establishments with more workers providing more complex products and services. Employers in Wales tend further towards the "complex" end of the scale than those in other parts of the UK.

Figure 5.11: Customisation of products/services



5.46 Figure 5.11 clearly shows that most UK establishments view their product or service position as strong in terms of customisation, with close to half saying their products or services are highly customer specific compared to others in their industry. Establishments in Wales, and to a lesser extent Northern Ireland, see themselves as tailoring their products/services to a lesser extent than other countries.

Figure 5.12: Price dependency (private sector establishments)



5.47 Even in the absence of cluster analysis, some basic conclusions can be drawn from the product market data presented. Wales seems to have a slightly different product market focus from other countries; providing more complex but slightly less customised products/services. Additionally, the Welsh manufacturing market is more geared towards one-off, low volume products compared to other regions of the UK.

5.48 There are some differences in product market positioning by whether or not establishments have had dealings with their own SSC. Compared with those who are covered by an SSC but have not had any contact, those who have had dealings are slightly more likely to be:

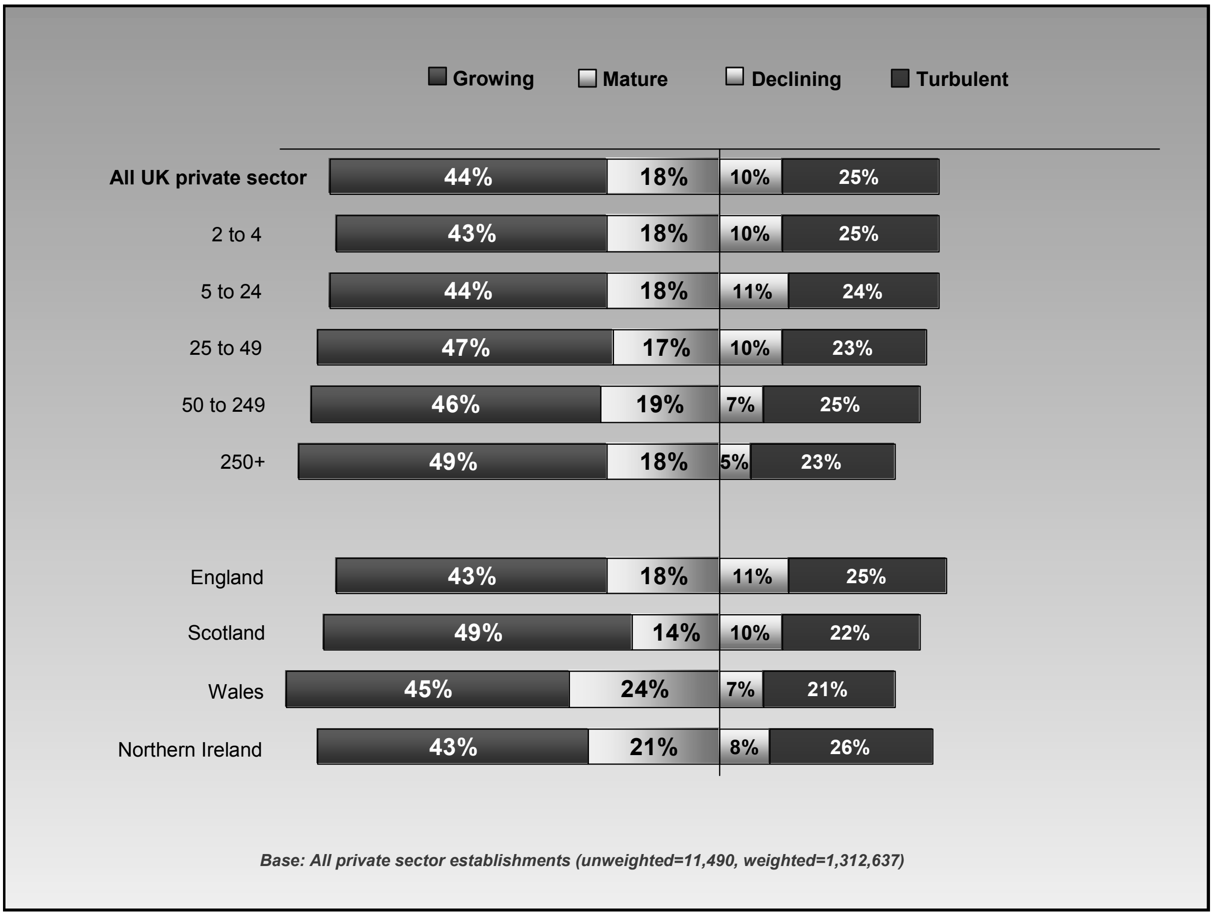
- *Manufacturers* producing higher volume goods (36% with a rating of 1 or 2 compared with 32% of those who have had no dealings)
- Supplying a complex product or service (44% giving a rating of 4 or 5 compared with 38% of those who have had no dealings)
- Operating in markets that are relatively price-dependent (49% giving a rating of 1 or 2 compared with 32% of those who have had no contact).

Table 5.3: Product market positioning by whether or not have had dealings

Volume of production **Base = All manufacturing employers**	*Unwtd.*	*Wtd.*		**High volume**	**2**	**3**	**4**	**One-off**
Had dealings with own SSC	*(333)*	*(51502)*	%	**15**	**21**	30	9	16
Covered by SSC but not had dealings	*(2993)*	*(240196)*	%	17	15	33	13	16
Not covered by SSC	*(502)*	*(40064)*	%	17	12	32	16	19
Range of services **Base = All services employers**	*Unwtd.*	*Wtd.*		**Wide**	**2**	**3**	**4**	**Limited**
Had dealings with own SSC	*(220)*	*(17203)*	%	26	23	20	22	9
Covered by SSC but not had dealings	*(8197)*	*(827993)*	%	27	22	25	13	12
Not covered by SSC	*(1375)*	*(291912)*	%	34	21	23	12	9
Complexity of product / service **Base = All establishments**	*Unwtd.*	*Wtd.*		**Simple**	**2**	**3**	**4**	**Highly complex**
Had dealings with own SSC	*(553)*	*(68705)*	%	8	6	40	**24**	**20**
Covered by SSC but not had dealings	*(11190)*	*(1068189)*	%	15	14	32	18	20
Not covered by SSC	*(1877)*	*(332036)*	%	9	11	35	21	24
Price dependency **Base = All private sector establishments**	*Unwtd.*	*Wtd.*		**Wholly**	**2**	**3**	**4**	**Not at all**
Had dealings with own SSC	*(517)*	*(66774)*	%	**26**	**23**	28	7	12
Covered by SSC but not had dealings	*(9565)*	*(985275)*	%	18	14	37	15	14
Not covered by SSC	*(1408)*	*(260587)*	%	13	17	37	17	16
Customisation of product / service **Base = All establishments**	*Unwtd.*	*Wtd.*		**None**	**2**	**3**	**4**	**Highly**
Had dealings with own SSC	*(553)*	*(68705)*	%	4	8	16	18	54
Covered by SSC but not had dealings	*(11190)*	*(1068189)*	%	6	6	17	23	46
Not covered by SSC	*(1877)*	*(332036)*	%	3	5	14	24	51

5.49 Private sector respondents were also asked to comment on the current state of the market for the main product or service in which they operate by choosing one of four statements to describe the current market. Results are shown in Figure 5.13 below.

Figure 5.13: Current state of market



5.50 UK businesses are generally positive about their respective markets; more than two in five feel that the market is "growing", and a further one in five feel it is "mature". One-quarter of establishments believe they are operating in a "turbulent" market.

5.51 Most positive are large establishments (250 or more workers) and establishments in Wales and Northern Ireland.

5.52 Establishments who have had dealings with their SSC are less likely to feel that the market for their product or service is growing (36% compared with 43% of those who are covered by an SSC but have had no contact). They are more likely to feel that their market is in turbulence (30% compared with 25%).

5.53 Again, as with product-market position, the true value of these data is most likely to be experienced through analysis of sub-groups of employers covered by individual SSCs. Confidence in the market is likely to impact on workforce development activity and attitudes, and the state of the market is likely to be reflected in employers' specific skills challenges and priorities.

6 Skills Needs and Challenges

6.1 As well as establishing the extent to which direct HR, skills and workforce development concerns figure in the strategic and operational planning of employers (alongside other business priorities) , the survey incorporated questions seeking to gauge the degree to which skills needs and challenges are currently faced by businesses.

6.2 There is much quantitative data already available on the incidence and volume of skills deficiencies in the workplace and their occupational location (most notably from the skills surveys conducted by each of the 4 UK nations). Instead of replicating these measures, this survey has sought to collect some more qualitative data which will help the SfBN to understand the attitudinal back-drop against which the SfBN will be working to close skills gaps and/or drive up skill levels. The survey questionnaire explores the extent of employer recognition of skills issues, their attitudes towards skills deficiencies and their causes and their own assessments of where future problems may develop. Within this chapter we attempt to answer the following questions:

- To what extent are employers affected by skills challenges among their internal and external labour markets, and how is this situation changing?
- What is the nature of skills challenges that employers face? And what is the relative importance / weight of challenges which are industry-specific relative to those which are establishment-specific and generic / cross-cutting?
- What lies behind any change in the nature of skills challenges?

Skills challenges affecting employers

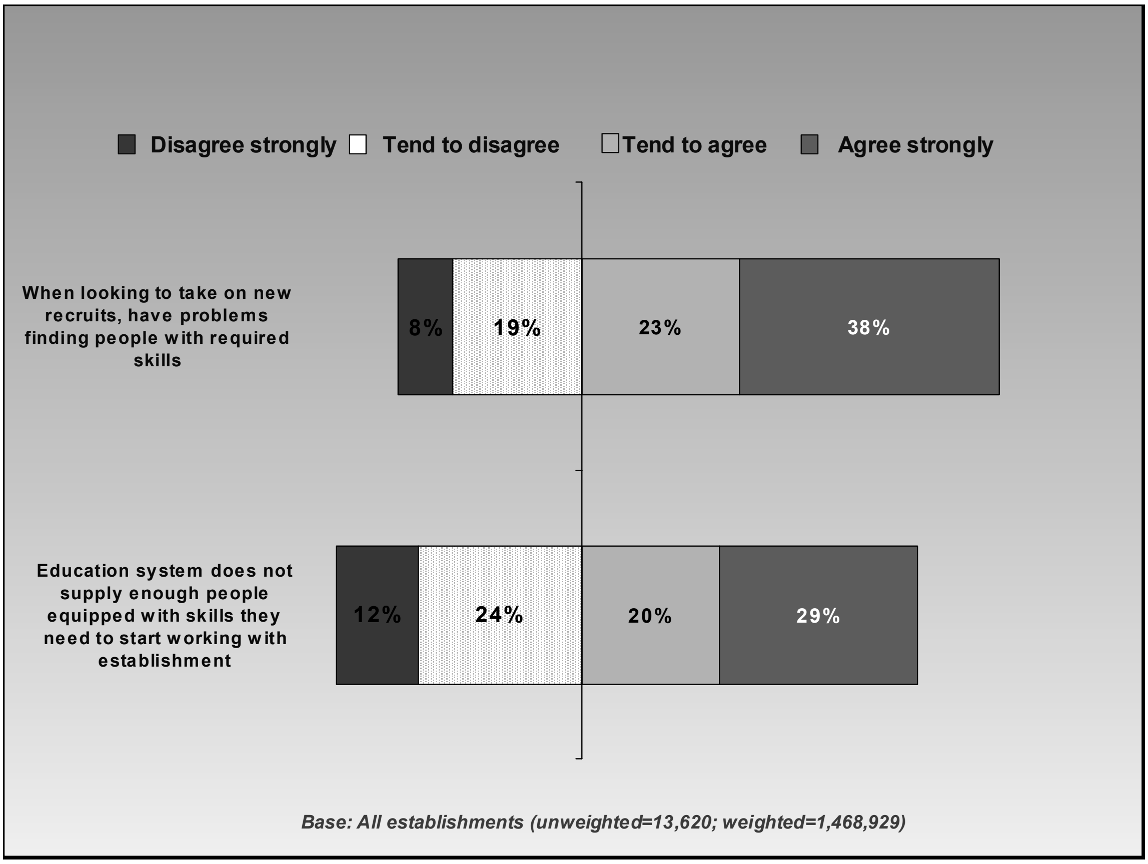
6.3 Employers were asked about the extent to which they agreed with a series of statements about their situation in relation to the skills of their workforce. These statements covered issues external to the organisation, the action that they are taking to address skills issues and the ways in which they anticipate skills needs changing in the near future.

6.4 In terms of attitudes towards external skills supply, employers were asked about the extent to which they agreed with the following statements:

- When we are looking to take on new recruits, we have problems finding people with the skills that we need;
- The education system does not supply enough people who are equipped with the skills that they need to start working with us.

Figure 6.1 shows the extent of agreement with each of these statements.

Figure 6.1: Agreement with statements about external skills supply



6.5 Across all employers, nearly two-thirds (61%) stated that they experience difficulties recruiting people with the required skills, with 38% agreeing strongly. There were considerable differences by size of establishment with only 18% of the largest employers agreeing strongly that this was the case, compared with 32% of medium-sized employers and 39% of the smallest employers. This could reflect either a relative weakness of small employers in the recruitment market and / or higher demands placed by smaller establishments (perhaps because they are less able and / or willing to provide training to deliver the skills that they require).

6.6 Employers who had had dealings with their SSC were more likely to state that they experience difficulties recruiting people with the required skills (suggesting that this has acted as a possible impetus for engagement with the SSC). A total of 59% of establishments who have had contact with their SSC agreed strongly with the statement compared with 37% of those who had not had any dealings with their SSC.

6.7 Half (49%) of all employers agreed to a greater or lesser degree that the education system was failing to deliver the skills that they required. Over twice as many of the smallest establishments agreed strongly that this was the case than the largest establishments (32% vs. 14%). Again, it seems likely that this, at least in part, reflects a greater willingness of larger employers to develop at least some of the skills they require internally.

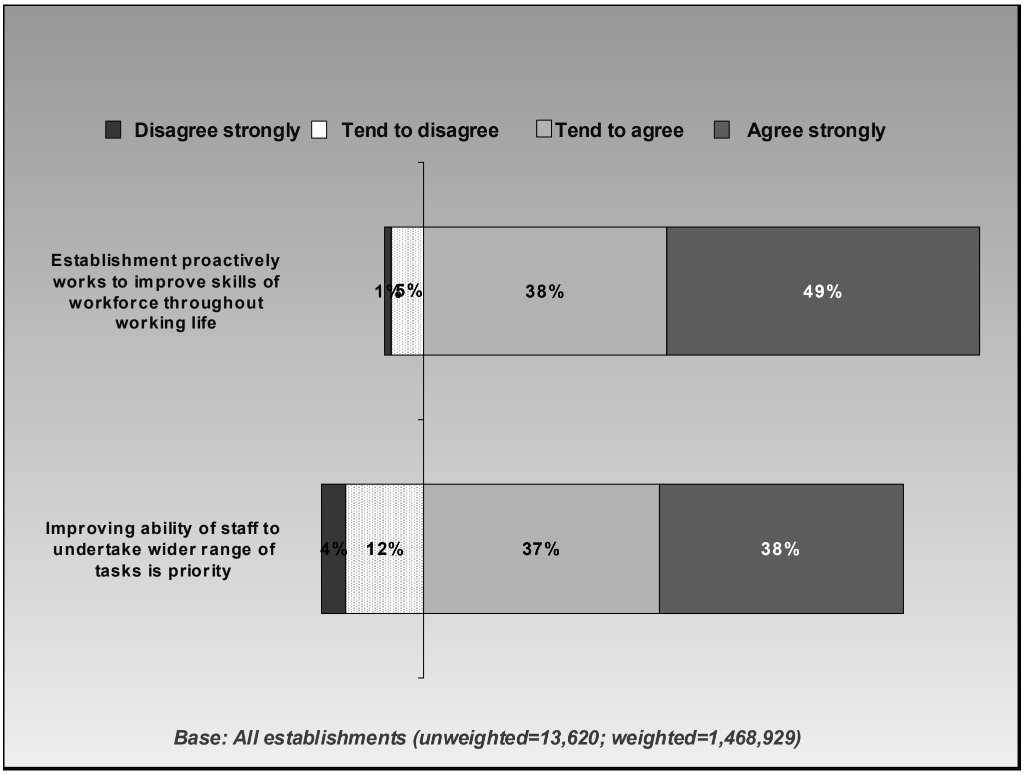
6.8 Again employers who had dealt with their own SSC were more likely to feel that the education system was not delivering the skills that they required with 55% of those who had had dealings with their SSC agreeing strongly compared with 28% of those who had not.

6.9 Employers were asked about the action that they were taking to improve the skills situation among their own staff. They were asked the extent to which they agreed with the following statements:

- This establishment proactively works to improve the skills of the workforce throughout their working life with us;
- Improving the ability of staff to undertake a wider range of tasks is a priority for us.

Figure 6.2 shows the responses to these statements at overall level.

Figure 6.2: Agreement with statements about action on skills development



6.10 At an overall level, the vast majority of employers (87%) felt that they were working to improve the skills of their workforce, with very few employers (6%) feeling that their establishment did not try to enhance workers' skills. Two thirds (65%) of the largest employers agreed strongly, compared with fewer than half (44%) of the smallest.

6.11 This disparity does at least demonstrate some acknowledgement among the smaller employers that they are less likely to be actively working to improve skills –that this is less common among small employers is implied from the fact that they are less likely to have a training plan, to conduct training needs assessments, to conduct staff appraisals and to have delivered any form of training over the last 12 months although practices such as allowing employees to spend time watching others and 'role-stretching' are slightly more widespread (Chapter 7).

6.12 It is interesting to note that 79% of those who have not provided any formal training over the course of the last 12 months consider that they proactively work to improve the skills of employees. This would seem to indicate that employers consider themselves to develop skills in ways beyond formal structured training. While encouraging more employers to provide structured training may form part of the SSCs remit, it will also be important to understand these practices and to work with employers to ensure that they are used effectively to maximise return in terms of enhanced skills and ultimately improved labour productivity.

6.13 There were considerable variations in levels of agreement with this statement by SSC with the proportions of employers agreeing strongly with the statement varying from 36% to 75%.

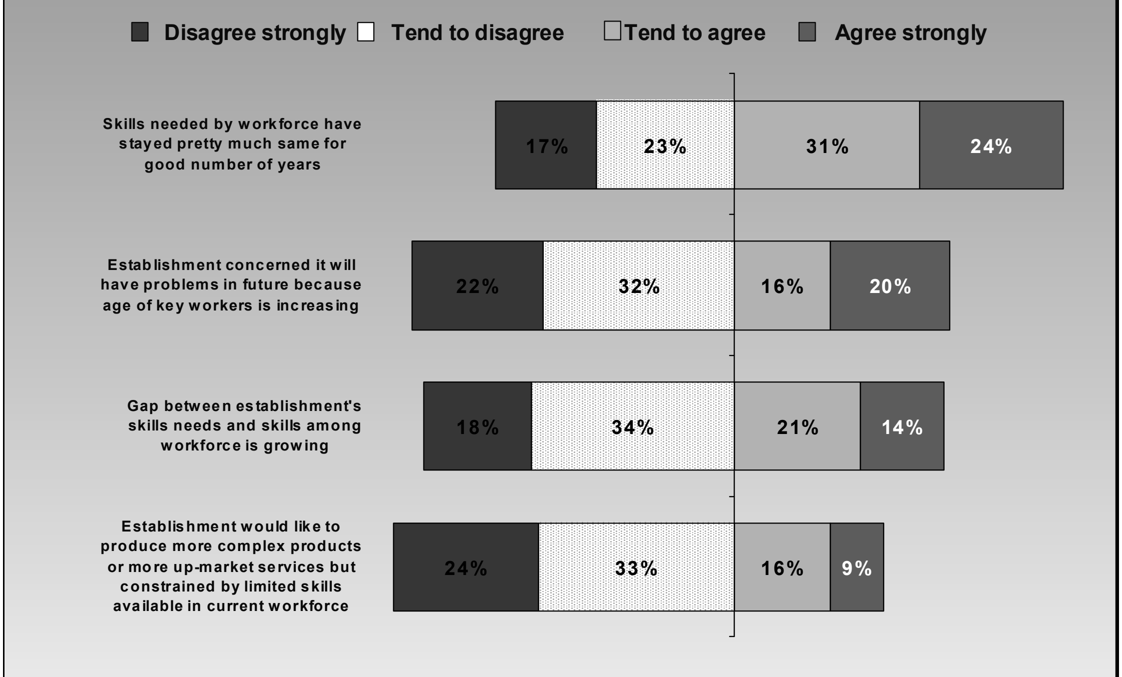
6.14 The majority of employers (75%) also agreed that increasing employees' abilities to multi-task figures among their priorities. Employers with more than 250 employees expressed highest levels of agreement (with 46% agreeing strongly), whilst the smallest employers were least likely to agree (32% strongly). This may reflect the fact that larger establishments have traditionally allocated tasks to staff in a relatively segmented way cultivating specialisms in different skills while the smaller numbers of staff in micro-businesses have always demanded greater levels of multi-tasking. Developing a more flexible workforce, therefore, is likely to present a greater challenge for the bigger establishments than the smaller ones.

6.15 The statements that were put to employers about future skills development were:

- The skills needed by our workers have stayed pretty much the same for a good number of years;
- We are concerned that we will have problems in the future because the age of our key workers is increasing;
- The gap between the skills we need and the skills we have among our workforce is growing;
- We would like to produce more complex products or more up-market services but are constrained by the limited skills available in our current workforce.

Responses to these statements are shown in Figure 6.3.

Figure 6.3: Agreement with statements about future skills needs



Base: All establishments (unweighted=13,620; weighted=1,468,929)

6.16 Employers were relatively divided in terms of the extent to which they agreed that the skills required of their workforce have remained pretty much the same for a number of years. A slight majority (55%) agreed with this statement while 40% disagreed that this was the case. Again, there were key differences by size of establishment, with the smallest being most likely to agree that the skills needed by workers have not changed a great deal (27% agreed strongly), whilst the largest were most likely to disagree strongly that this was the case (27%).

6.17 The SSCs are likely to have the hardest job encouraging those employers who believe that skills needs have not changed that they should be working to drive up skills levels. In total, these employers account for nearly three-fifths (59%) of the very smallest establishments.

6.18 Employers generally appear to be responding logically to their perception of the extent to which skills needs have changed with a much higher percentage of employers who had funded or arranged training for employees disagreeing strongly that skills had remained the same (22%) than those who had not (9%).

6.19 Overall, just over a third of employers (36%) agreed that the age of their key workers is increasing, and that this could lead to future difficulties. There is not quite as clear a pattern by size of establishment as was the case for other statements explored in this chapter. Nonetheless, the smallest establishments were most likely to agree strongly (22%) with the statement, and it was the larger employers (50-249 employment) who agreed least strongly (15%). This would seem to present the case that it is the smallest establishments who need most help with succession planning and who could perhaps benefit most from the activities of the SSCs.

6.20 The proportion of establishments with a business plan or a training plan who agreed strongly that they envisaged problems resulting from an ageing workforce was slightly below average (17% and 18% respectively), suggesting that this type of planning does help to identify such problems early on and ensure that measures are in place to prevent skills-related problems from surfacing.

6.21 As might be expected, levels of agreement with this statement varied considerably by the SSC that establishments were covered by with the proportions agreeing strongly ranging from 7% to 38% for individual SSCs.

6.22 Overall, a third of employers (35%) agreed that skills gaps were on the increase within their workforce with the gap between the skills required to meet the needs of the business and the skills held by their workforce widening. The smallest employees were most likely to agree strongly with the statement (16%) and the largest were least likely (8%), although cumulative levels of agreement were broadly similar across all size bands.

6.23 Those who had had dealings with their own SSC were twice as likely to agree strongly than those who had not (27% vs. 14%).

6.24 Only a quarter of all employers agreed that they would like to move into the production / delivery of more sophisticated products and services but were inhibited from doing so by the skills mix of their staff. While these employers represent a minority, it is for these establishments that skills shortages are potentially having the largest impact on employer innovation (and possibly productivity). Since these employers are likely to be among the most receptive to assistance with the development of skills, working with these employers may be one of the ways in with the SfBN is able to provide the most immediate impact.

6.25 In relative terms, the smallest establishments are once again most affected by this lack of skills, with 10% agreeing strongly with this statement and 18% tending to agree. This compares with equivalent figures of just 4% and 11% for the largest establishments.

6.26 Establishments who have had dealings with their own SSC are more likely to agree that they would like to move into more sophisticated areas but are inhibited by a lack of skills. A third (33%) of establishments who had had contact agreed that this was the case compared with 25% of those who are covered by an SSC but had not had contact.

Nature of skills challenges

6.27 Just over three-quarters of employers (77%) stated that they experienced some form of skills problem – be it that the gap between the skills required and the skills of their workforce is increasing, that they experience ‘recruitment difficulties’, that they would like to move into more sophisticated product or service areas but lack the required skills or that they feel the education system is failing to turn out new entrants with the skills that they need.

6.28 Employers who agreed that they faced at least one skills challenge were asked whether they felt that the skills that they needed were specific to their particular establishment, specific to their industry and/or of a rather more generic, cross-cutting nature (including skills such as the ability to work in a team, literacy, numeracy, customer service, oral communication skills, planning and organising skills etc.).

6.29 At an overall level, nearly two-thirds of employers (62%) stated that at least some of the skills that they find lacking are specific to their industry. Half considered that some of the skills that they need developing (internally or externally) are generic skills (indicating that the SfBN focus on driving up the levels of cross-sector skills is legitimate). However, two-fifths of employers (42%) consider at least some of the skills that they find lacking to be specific to their own establishment. If it is truly the case that these skills are establishment-specific then the SfBN will need to encourage employers to take responsibility for closing these skills gaps themselves since they are unlikely to ever be in a position to fill these gaps through recourse to the external labour market. However the extent to which this is truly the case (rather than an employer perception of the situation) may warrant further investigation at the level of individual SSCs. If employers can be persuaded that the skills they feel are specific to their establishment are required more widely then they are more likely to engage in collective action to address these gaps.

6.30 Despite differential experience of the different skills challenges, there is very little difference in the proportion of employers considering skills difficulties to result from shortages in each of these 3 areas by size of establishment.

6.31 Those who have had dealings with their own SSC are more likely to consider that the skills problems that they have experienced are a result of skills specific to their industry (73%) which is perhaps why they have chosen to interact with an industry-based body on skills / training issues. Perhaps if more employers can be persuaded that the skills challenges that they face are industry-wide problems rather than establishment-specific shortfalls then there will be a greater level of 'buy-in' to the role of the SSCs.

Reasons behind changes in the nature of skills required

6.32 All employers were asked whether their establishment's skills needs had changed as a result of the development of new products and services, the introduction of new regulatory requirements, new working practices or the introduction of new technology over the last two to three years.

6.33 Overall, only 15% of establishments said that the skills they require from their workforce have barely changed in the last few years. This indicates a considerable level of flux in the skills demands that are made of staff.

6.34 Over half of employers stated that skills needs had changed (at least in part) as a result of the introduction of new technology (55%), and similar proportions as a result of new legislative or regulatory requirements (54%). Meanwhile, just under half agreed that their establishment's skills needs had changed because of new working practices being introduced (47%), and because of new products or services being developed (46%).

6.35 There were considerable variations in the proportions of employers experiencing each type of change by size of establishment (Table 6.1).

Table 6.1: Reasons for changes in skills needs (by size)

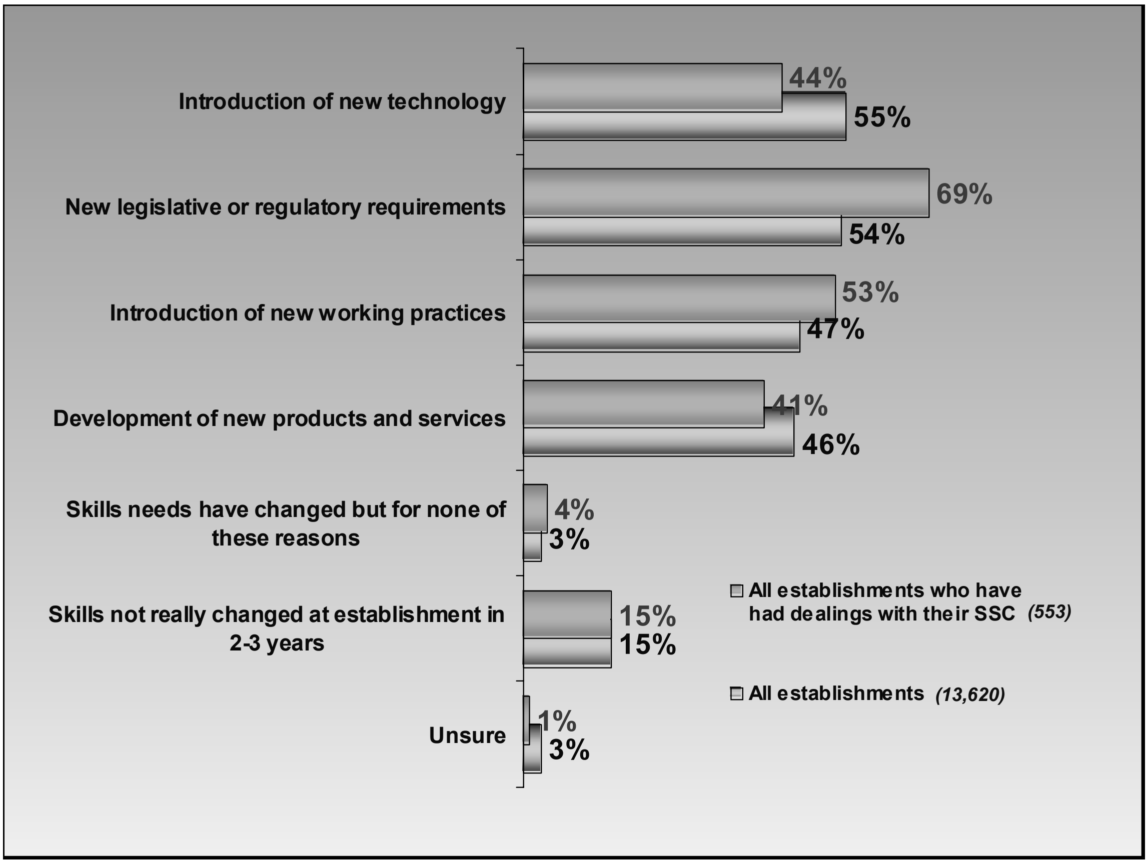
		All	2-4	5-24	25-49	50-249	240+
Base= All	*(unweighted)*	***13620***	***2261***	***4177***	***2677***	***3492***	***1013***
	(weighted)	*1468929*	*749682*	***556776***	***86697***	***65322***	***10451***
		%	%	%	%	%	%
Development of new products and services		46	43	47	50	53	61
Introduction of new working practices		47	40	53	61	60	64
Introduction of new technology		55	52	56	64	65	72
New legislative or regulatory requirements		54	49	56	65	64	63
Skills needs have changed but for none of these reasons		3	4	3	2	2	2
No real changes in skills needs experienced		15	17	14	10	9	7
Unsure		3	4	3	2	2	3

6.36 The likelihood of establishments having experienced a change in skills demand as a result of each of these developments tends to increase with size of establishment (and consequently the proportion who have not experienced any changes in skills needs tends to decrease). The differences between the proportion of the largest employers experiencing a change and the proportion of the smallest ones doing so is most marked in the case of introducing new working practices.

6.37 Employers in Scotland are more likely to have seen skills change as a result of each of these developments than other countries (53% have seen changes because of the development of new products and services, 51% because of new working practices, 59% because of the introduction of new technology and 60% because of new legislation).

6.38 Figure 6.4 shows the reasons for skills changes comparing the figures for all establishments with those who have had dealings with their SSC. Those who have had dealings with their own SSC are more likely to have witnessed change as a result of new working practices (53% compared with 47% of establishments overall) and as a result of new legislative requirements (69% compared with 54%). However they are less likely to have seen change resulting from the introduction of new technology (44% compared with 55%).

Figure 6.4: Reasons for change in skills needs (by whether had dealings with SSC)



Reflection of skills challenges in objectives of the SfBN

6.39 As well as a baseline against which attitudinal changes (which may come before behavioural changes) can be measured, the findings explored in this chapter support the overall aims and objectives of the Skills for Business Network in so far as;

- Three-quarters of establishments are currently experiencing some form of skills challenges (either externally or internally focused) and hence helping to address these issues will benefit a considerable majority of employers;
- Half of employers feel that the education system does not produce candidates with the skills that they require of them suggesting a need to closer align publicly-provided training and employer needs;
- Half of those experiencing skills challenges consider that at least part of the skills shortfall is accounted for by generic skills deficiencies, highlighting the importance of skills which cut across sectors (cross-sector skills).

7 Workforce Development

7.1 The Skills for Business Network is aiming to reduce skills shortages and to level out the spread of skills throughout the workforce – in part it will be aiming to achieve these goals through enhancing employer engagement with skills development and encouraging organisations to maximise opportunities to develop the skills of all their employees. Hence one of the ways in which the Network will judge its success will be in terms of the extent and quality of workforce development activity that employers are delivering and the quality of both the public and private learning provision. As part of the employer survey we have attempted to measure current levels of training and workforce development activity against which future progress can be gauged[16]. In addition, we collect information on attitudes towards training to aid the SfBN to understand how to engage employers in training (exploring perceptions of training quality, barriers to training and ways to leverage (more) training activity). In this chapter we attempt to answer the following questions

- What is seen to be the extent of training needs for new recruits?
- To what extent do employers fund or arrange workforce development?
- What types of training do employers arrange?
- Through whom do employers source training?
- What are seen to be the benefits of and barriers to training activity?

7.2 The aim of this section of the questionnaire was to explore workforce development more broadly than simply looking at levels of formal training activity. Hence while employers were asked about the extent of 'training', they were also asked about activities such as work-shadowing etc.. Furthermore, we endeavoured to obtain a greater depth of information on what employers mean when they state that they train their employees through an examination of the nature of training delivered.

7.3 The section of the questionnaire that this analysis is based upon was built around collecting information about the training provision for 'core employees'. It is well-known that workplace training provision varies considerably by staff occupation. The SfBN is aiming to increase the learning and training opportunities available <u>throughout</u> the workforce. As such it was important to attempt to measure the extent of training activity currently taking place by occupational category rather than simply at overall level.

7.4 Ideally, employers would have been asked to provide detail of the skill needs and training provision for all categories of staff that they employed. This was not practical within the time available for interview. Hence employers were asked to specify their 'core employees', defined as the single occupation incorporating the group of staff who play the greatest role in making the key product or delivering the key service at their establishment. They were then asked detailed questions about the skills development needs of this group of core employees and the training the establishment provided for them. Because of the difficulties in identifying core staff in very small establishments (where often there are not 'groups' of staff but just one or two individuals in each occupation), employers with fewer than 10 staff were asked to discuss their longest-serving employee directly involved in making the key product or delivering the key service.

[16] Although as discussed previously (see Chapter 5), a simple measure of any increase in the extent of workforce development will not necessarily indicate that the Network has been successful as any measure would need to take account of the activity of other organisations and policies. However a measure of current activities must be a starting point.

7.5 When employers were unable to identify core employees or were unsure who their longest serving member of staff was, they were asked to discuss the training that had been provided for their management employees.

7.6 At an overall level the numbers of employers discussing a key group in each of these ways was as follows:

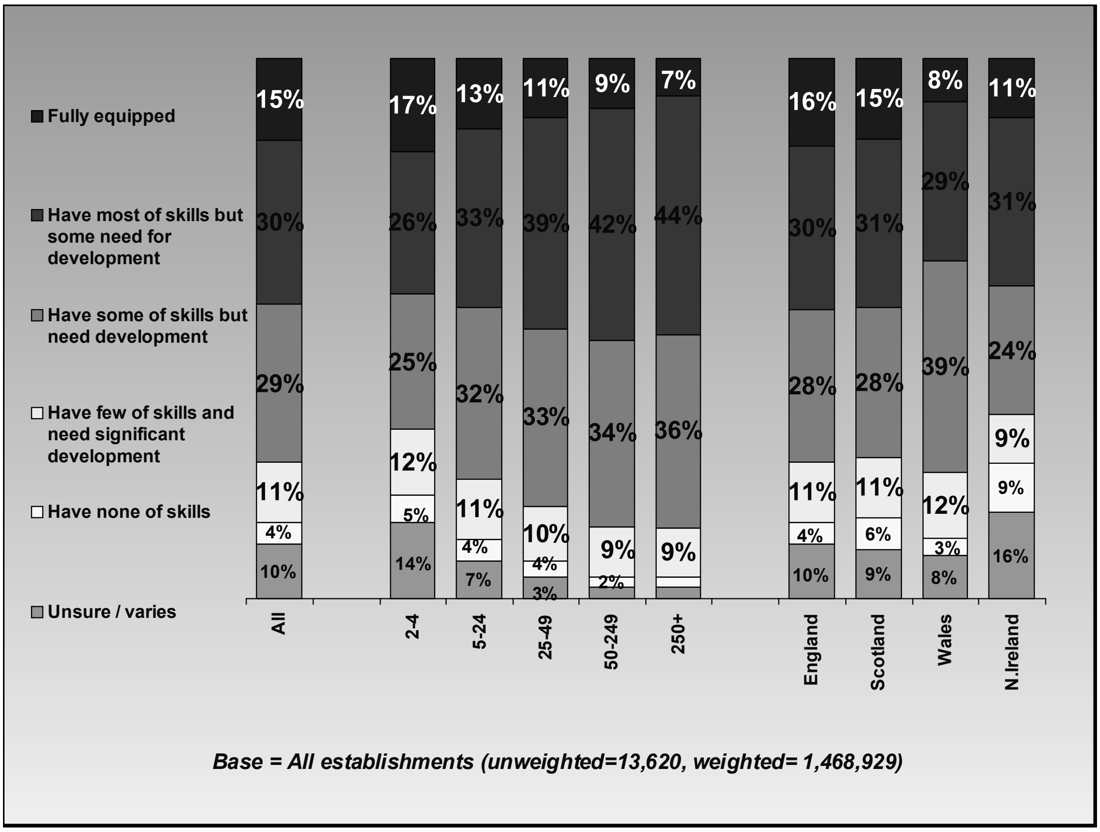
- Employers with 10+ staff able to identify core employees: 8446 (of whom 1,222 specified management staff)
- Employers with 10+ staff unable to identify core employees and hence asked to consider management staff: 875
- Employers with fewer than 10 staff able to identify longest serving employee; 4150 (of whom 1,654 specified management)
- Employers with fewer than 10 staff unable to identify longest serving employee and hence asked to consider management staff; 149

7.7 Employers were asked to provide details of the job title and duties of their core employees which then allowed occupations to be SOC coded. Ultimately this will allow some analysis of training provision by 2-digit SOC. However, within this report we have concentrated on analysis at 1-digit level only. Nor does this report, which is intended to provide an initial overview of the data, distinguish between answers given for core employees as defined above, longest serving employees or managers in establishments unable to nominate their core employees.

Extent of skills development required among new recruits

7.8 Employers were asked to what extent new recruits in their core occupation tended to arrive at the establishment with the skills that they needed in order to perform their job role. They were asked to state whether new employees tended to arrive fully equipped, with most of the skills required (but with need for some development), with some of the skills required (but with need for development), with few of the skills required (and need for significant development) or none of the skills required. At an overall level, one in eight employers stated that their core employees tended to arrive fully-equipped while a further third stated that recruits tended to have most of the skills needed of them. This left just under a half of employers who stated that recruits for their core occupation required more extensive skills development.

Figure 7.1: Extent of skills development required by size and country



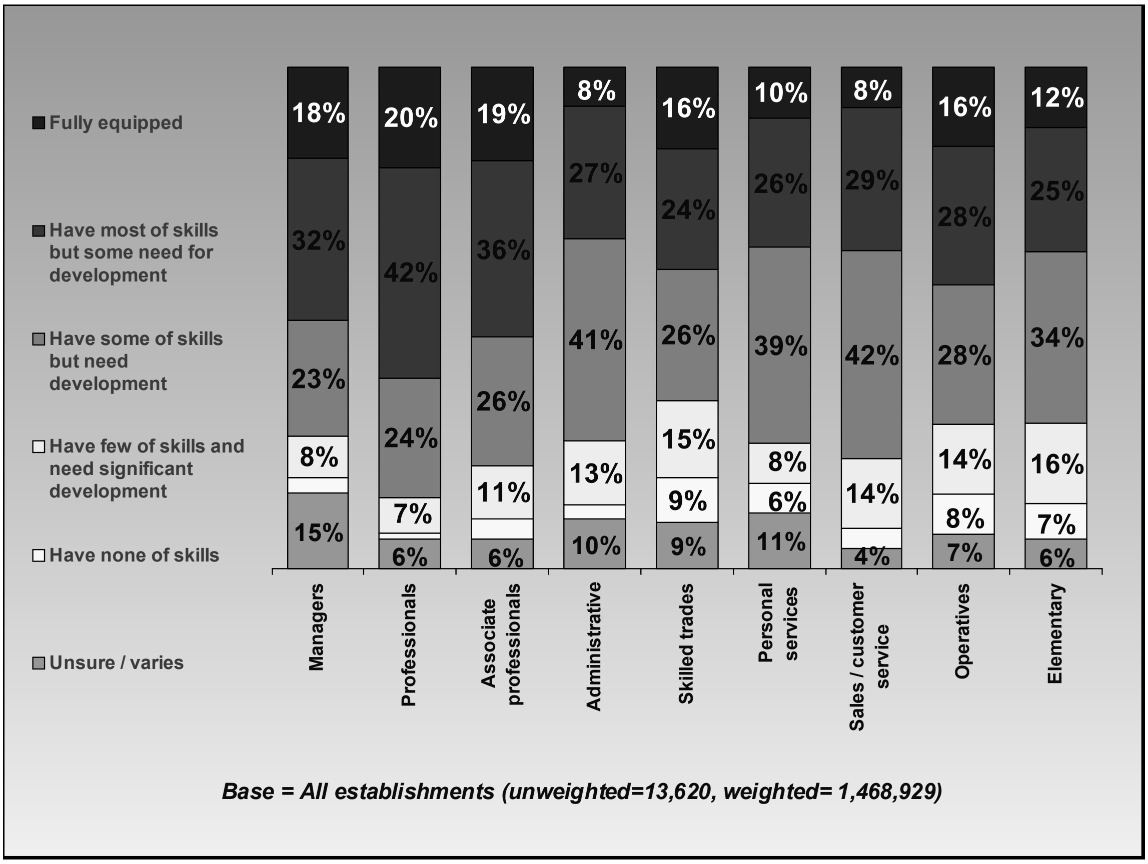
7.9 The proportion of employers stating that their core employees tend to arrive fully-equipped decreases with size of establishment from just under a fifth of the smallest employers to 7% of the largest. This variation is more than balanced by the increase in the proportion of employers finding that their new recruits have *most* of the skills required such that a smaller proportion of the smallest establishments typically take on new recruits who have a few development needs. However, the proportion of employers unable to comment on the extent to which new recruits arrive with the skills required is reasonably high amongst the very smallest establishments (14%) – this reflects the relative infrequency with which these employers recruit staff.

7.10 Leaving aside the very smallest establishments, the proportion of employers stating that their core staff tend to arrive needing the development of some, most or all of the skills needed remains approximately the same across sizebands. This would seem to indicate that – while the balance between those staff who require no training and those who require only a small amount of training varies by size – the burden of more substantial skills development falls to a similar proportion of employers in different sizebands (although obviously the numbers of staff involved will vary). This confirms the need of the SfBN to work with employers of all sizes in order to drive up skills levels in the UK. However, it may well be that different ‘messages’ are required for employers of different sizes.

7.11 Employers in Wales were more likely to state that their core employees arrive needing to develop at least some of the skills required than those in other countries (54% stated that core employees arrive with some, few or none of the skills compared with 44% on average). Employers in Northern Ireland were more likely to state that they were unsure about the skills levels of recruits for their core occupations – this reflects the comparatively large proportion of employers in the smallest sizeband in Northern Ireland.

7.12 Figure 7.2 shows the skills situation of new recruits by occupation of core employees at broad occupational level.

Figure 7.2: Extent of skills development required by occupation

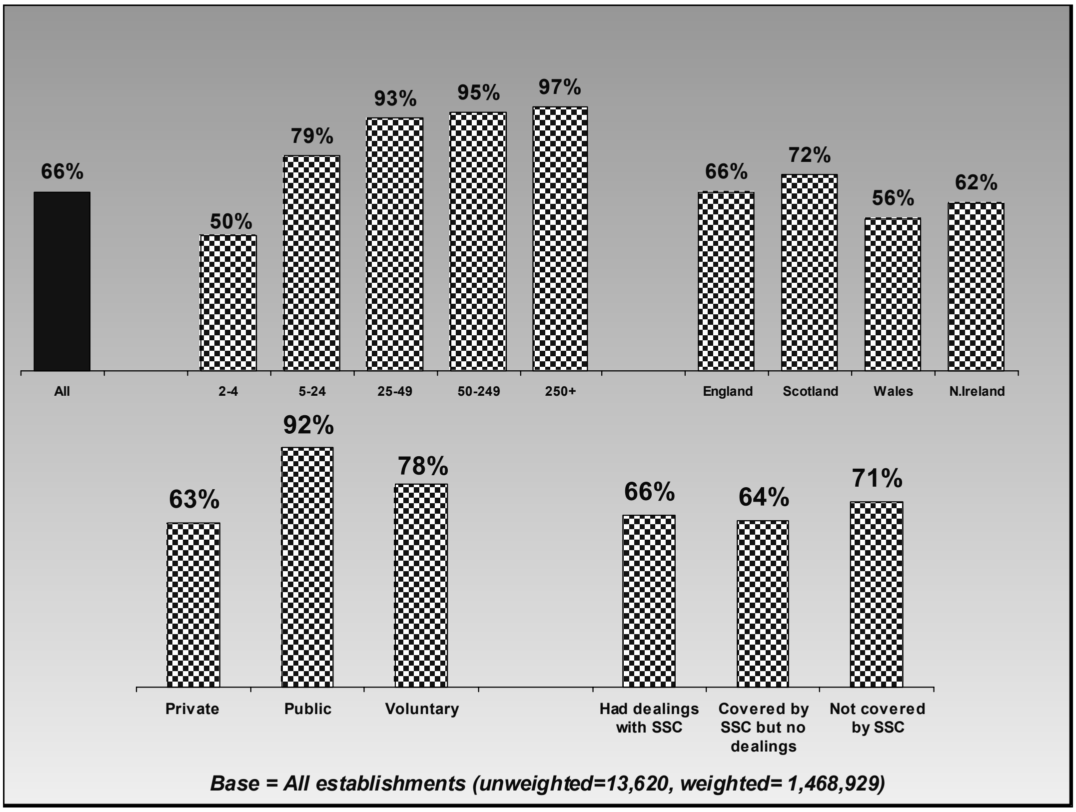


7.13 Employers with core employees in administrative, personal services, sales / customer service and elementary roles were the most likely to have found that new recruits needed development of at least some of the skills required (57%, 53%, 58% and 57% respectively). It is employers whose core functions fall in these areas that are likely to need the greatest support in workforce development. This is broadly consistent with findings from the employer skills surveys which reports skills gaps as disproportionately high among sales / customer service employees and staff in elementary roles (although less so for administrative and personal services staff).

Provision of Training

7.14 Employers were asked whether they had provided **any training at all** over the course of the last 12 months and then whether they had provided any training for their core employees[17]. Figure 7.3 shows the proportion of all employers providing any form of training to any of their staff.

Figure 7.3: Proportion of employers providing training (by size, country, type and whether had dealings)



7.15 Overall, two thirds of employers have provided some form of training for staff. Nearly all employers with over 25 staff have provided some training. However only half of those with under 5 staff have provided training. If the SfBN aims to engage more employers in providing training then it is among these micro-enterprises that greatest marketing efforts will be required. Among larger establishments there will need to be work to encourage the extension of opportunities to a wider proportion of the workforce but promotion of the benefits of training per se will be required to encourage greater involvement among this group of the very smallest employers.

7.16 By country, the highest level of involvement in training provision is found in Scotland and the lowest level in Wales. Nearly all public sector establishments provide training to some staff, four-fifths of voluntary sector establishments with involvement in the private sector somewhat lower at 63%.

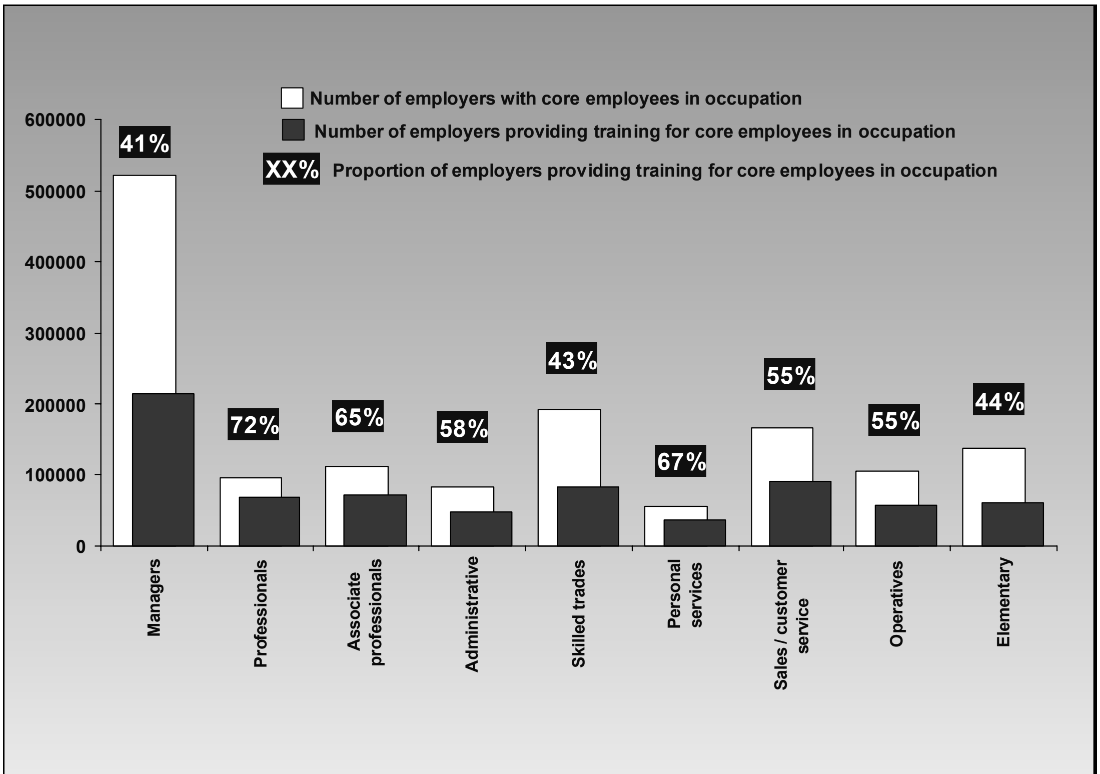
[17] As part of the aim of this section of the questionnaire was to gain an understanding of what employers mean by training, they were not provided with any definition of the term ‘ training’ at this stage.

7.17 There is little difference in the likelihood to provide training by whether or not employers have had dealings with their SSC – 66% of those who have had dealings with their own SSC have provided training to at least some employees compared with 64% of those who are covered by an SSC but have not had any dealings.

7.18 Half of all employers (50%) have provided training for their core employees over the course of the last 12 months. The fact that a smaller proportion of employers had trained their core employees than had provided training at all is interesting but is likely to reflect the fact that core occupations are currently recruiting 'fully-skilled' or close to 'fully-skilled'.

7.19 Figure 7.4 shows the proportion of employers who provided **training for their core employees** by occupational category. The white columns show the number of employers whose core staff are employed in each occupation while the red columns show the number of employers providing training to these staff. The dark text boxes show the proportion of employers with core employees in each occupation who have provided training for them over the course of the last 12 months.

Figure 7.4: Proportion of employers providing training for core staff



Base = All establishments (unweighted=13,620, weighted= 1,468,929)

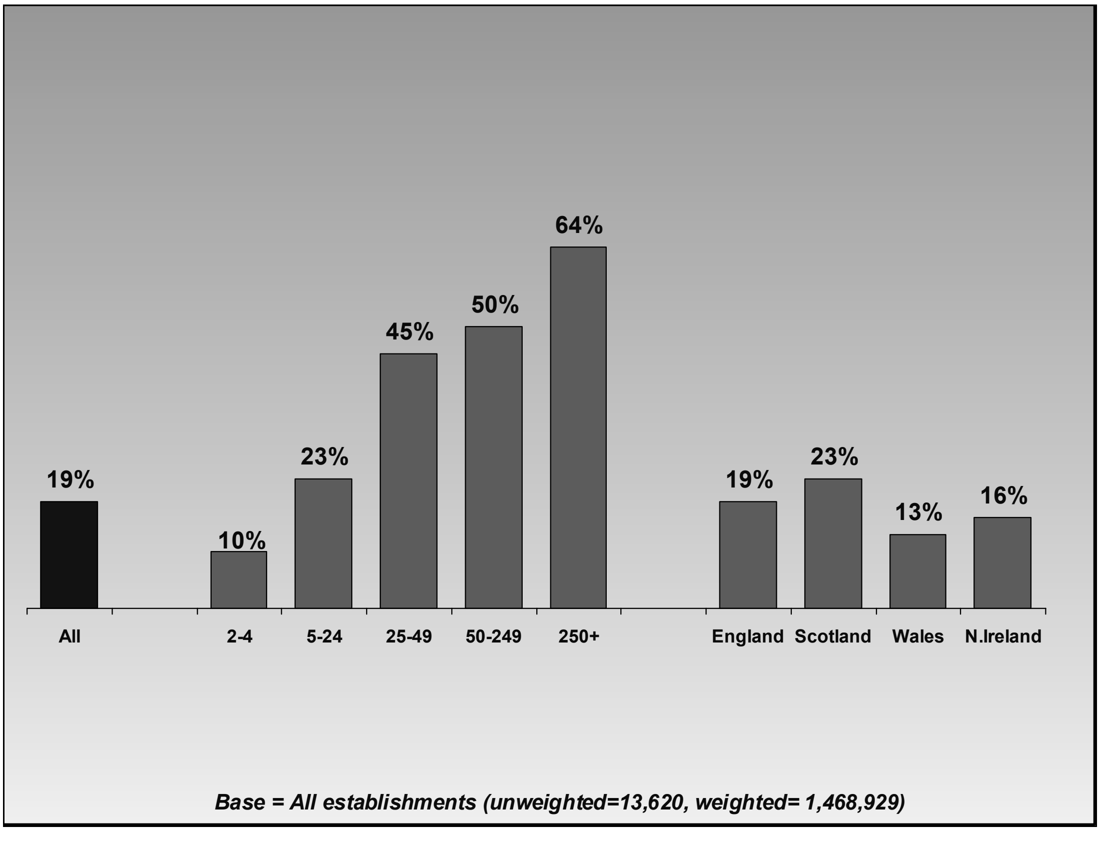
7.20 Employers are most likely to have provided training to core employees employed as professionals, associate professionals or personal services staff (with 72%, 65% and 67% of employers with core staff in these occupations having invested in training). It is interesting to note that despite the fact that employers were most likely to consider their core employees to be employed in management roles, they are least likely to have provided training for these staff. Information gathered from other surveys points to the fact that common reasons for failing to provide training for management are that few courses seem relevant and that managers are particularly difficult to cover for if they are away from their job role for training purposes. There may be a role for SSCs in convincing employers of the value of training for managers and in developing innovative ways for the delivery of such training to minimise the impact on production (and perhaps in the development of ***relevant*** training for managers).

7.21 Despite the fact that they are among the groups of recruits most likely to need to develop at least some of the skills that their job role requires of them, employers are relatively unlikely to have provided training for core sales / customer services staff and elementary staff. This may reflect a belief that the best way to develop the skills required of these groups is 'learning on the job'.

Types of training / skills development provided

7.22 Part of the SfBN's remit is to drive up levels of cross-sector skills across UK businesses. To provide a benchmark against which to measure any progress in employer engagement on cross-sector skills, employers were asked whether they had provided any training in generic skills (such as literacy, numeracy, customer services and oral communication skills, planning and organising skills) for their core employees. Figure 7.5 shows the proportion of employers providing training on cross-sector skills for their core staff by size and country.

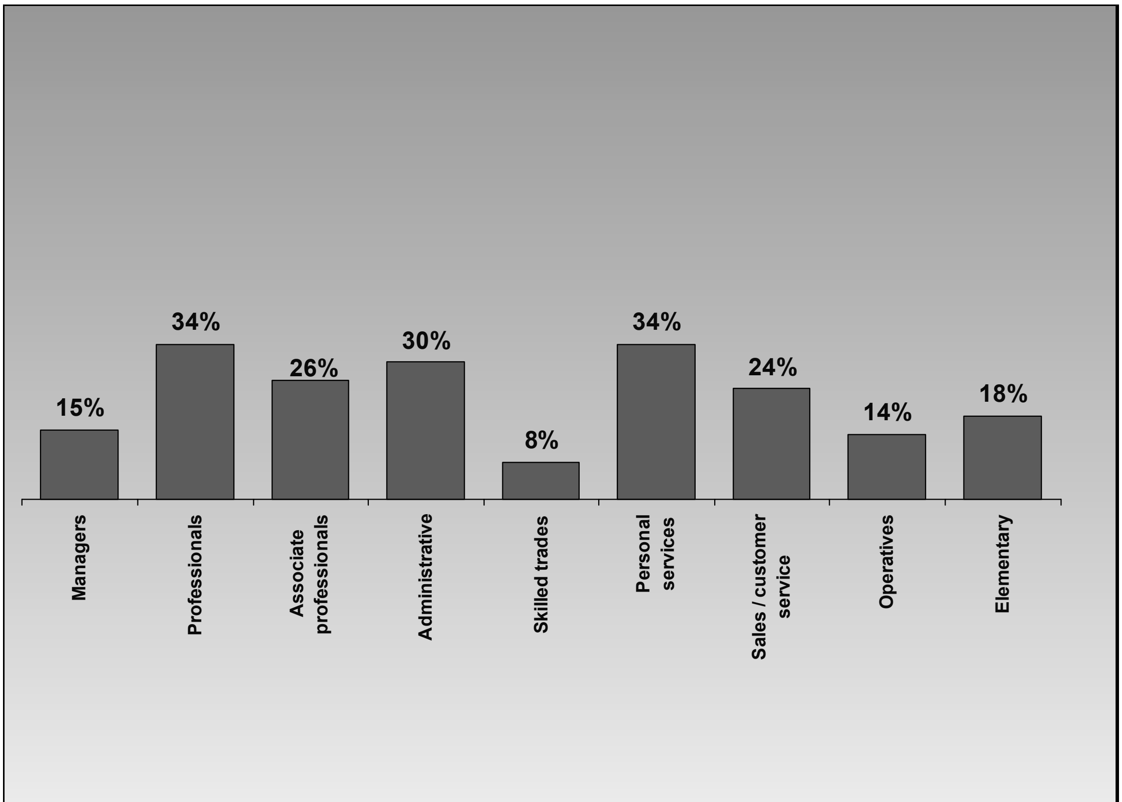
Figure 7.5: Proportion of employers providing training on cross-sector skills for core employees (by size and country)



7.23 Only one in five employers have provided training on cross-sector skills to their core employees. The proportion engaged in the delivery of these skills increases quite dramatically with size of establishment from only 10% of those with between 2-4 employees to 64% of those with in excess of 250 staff. Participation in the delivery of cross-sector skills is slightly lower in Wales and Northern Ireland than in Scotland or England.

7.24 Figure 7.6 shows the proportion of employers delivering cross-sector skills training by occupation of core employees. This analysis shows that employers whose core employees are employed in professional, administrative or personal services roles are the most likely to have provided training on cross-sector skills (with around a third of those with core staff in each of these groups having attempted to improve skill levels). Those whose core staff are employed as skilled tradespeople are the least likely to have invested in training on cross-sector skills.

Figure 7.6: Proportion of employers providing training on cross-sector skills for core employees by occupation



Base = All establishments (unweighted=13,620, weighted= 1,468,929)

7.25 Employers were also asked on a prompted basis which types of training they had provided for their core employees (Table 7.1).

Table 7.1: Type of training provided by occupation of core employees by occupation

	Overall	**Managers**	**Professionals**	Associate Professionals	Administrative Staff	Skilled Trades	Personal services staff	Sales and Customer Services staff	Machine operatives	Elementary staff
Base= All with core employees in occupation (unweighted)	***13620***	***2876***	***1003***	*1174*	*847*	*1582*	*667*	*1530*	*1863*	*987*
(weighted)	1468929	*521290*	*95563*	*111014*	*83251*	*191556*	*55415*	*166285*	*105450*	*136878*
		%	%	%	%	%	%	%	%	%
Job specific training	42	32	**66**	**59**	52	35	**58**	49	45	36
Health & safety training	38	29	**52**	44	39	34	**56**	46	**51**	40
Training in new technology	30	25	**58**	41	43	23	32	34	30	20
Induction training	28	17	37	34	29	24	**47**	**39**	**38**	34
Supervisory training	21	18	31	26	20	12	**33**	27	23	22
Management training	20	20	**36**	27	17	8	30	26	13	20
Training in foreign languages	1	1	**6**	2	1	0	1	1	1	1
None of these	1	1	1	2	1	1	0	0	0	0

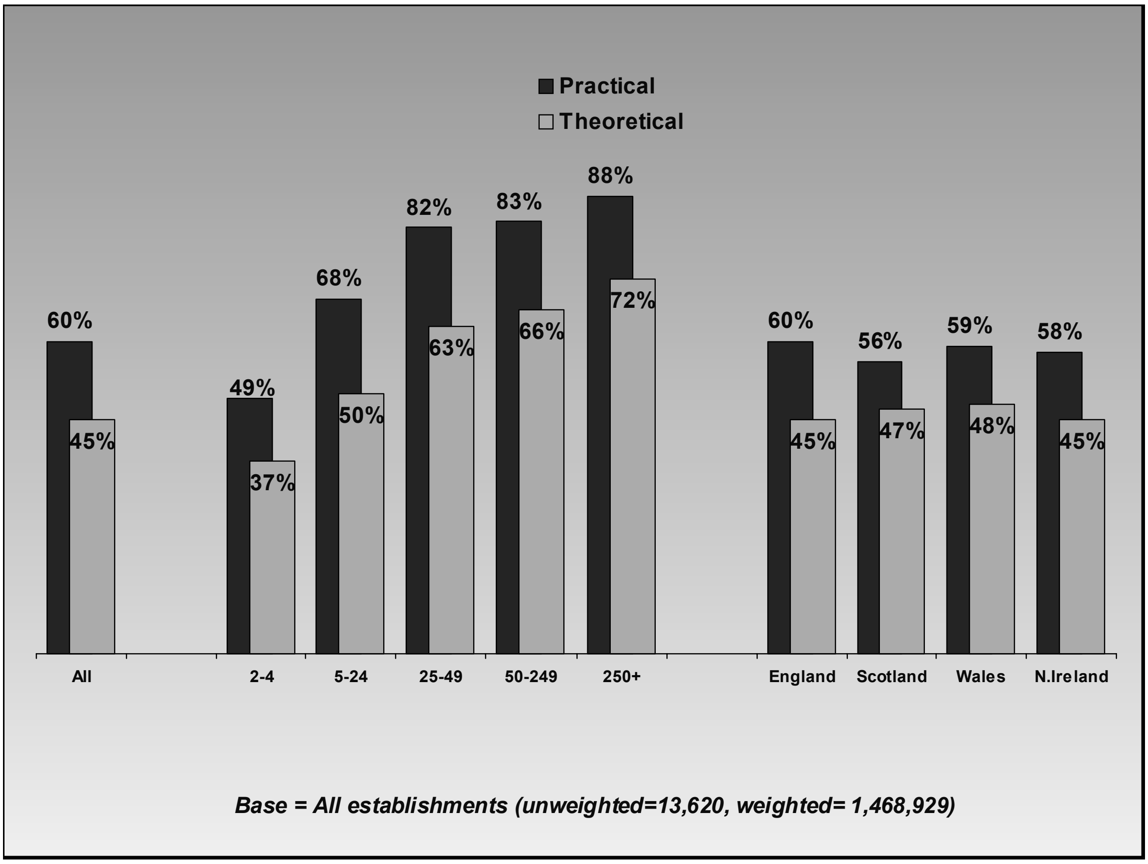
7.26 Employers are most likely to have invested in job-specific training (42%) and health & safety training (38%) for their core employees. Staff employed as professionals are more likely than average to have benefited from all types of training provision explored. In addition, employers with core staff in associate professional and personal services occupations are particularly likely to have invested in job-specific training and employers with core staff in personal services or operative roles are the most likely to have provided health & safety training. Employers with core staff in management roles are less likely than average to have provided each type of training.

7.27 All respondents were asked to state whether the training that they had provided for core employees had taken the form of:

- Formal or dedicated practical sessions where employees are taught or shown how to perform tasks, or to use tools and equipment (including computer software and hardware)
- Formal theoretical sessions where employees are taught the principles and theories that lie behind the work that they do but do not put it into practice at the session

Figure 7.7 shows the proportion of employers making each type of investment in core employees by size and country

Figure 7.7: Provision of practical and theoretical sessions by size and country

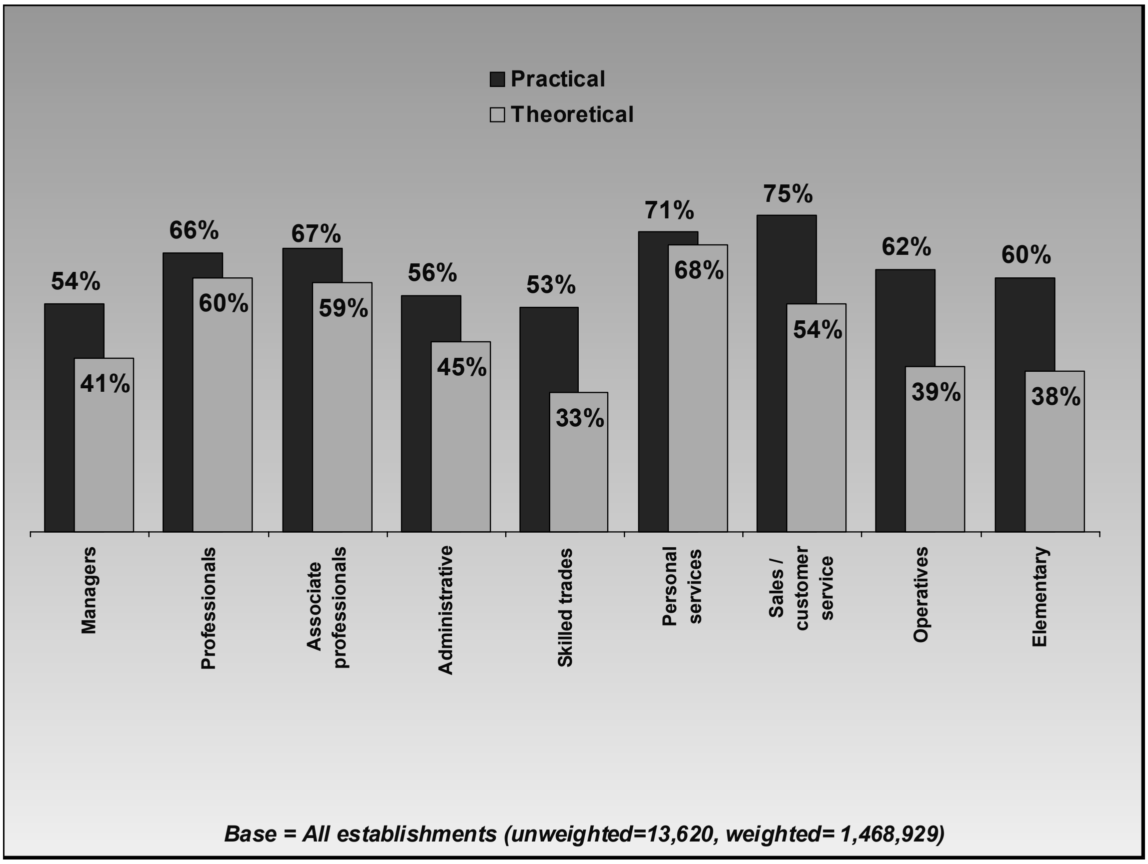


7.28 Across the board, employers are more likely to have invested in practical learning for core employees than theoretical learning. Three-fifths of all employers have provided some form of practical learning while just under half (45%) have provided theoretical training. Larger employers are more likely to have facilitated each type of learning but the difference between the proportion providing practical training and the proportion providing theoretical learning remains relatively constant across sizebands (15-19%) with the exception of the smallest employers were the difference is slightly smaller (12%).

7.29 There are only very slight differences in the likelihood to have developed core employees' skills in each of these ways by whether or not employers have had dealings with their SSC. The proportions of employers who have provided formal practical sessions are comparable (58% of those who have had dealings compared with 59% of those who are covered by an SSC but have not had dealings). The proportion who have provided formal theoretical sessions is slightly lower among those who have had dealings (38% compared with 43%).

7.30 Figure 7.8 shows the variation in the proportions providing practical and theoretical training by occupation of core employees.

Figure 7.8: Provision of practical and theoretical training by occupation

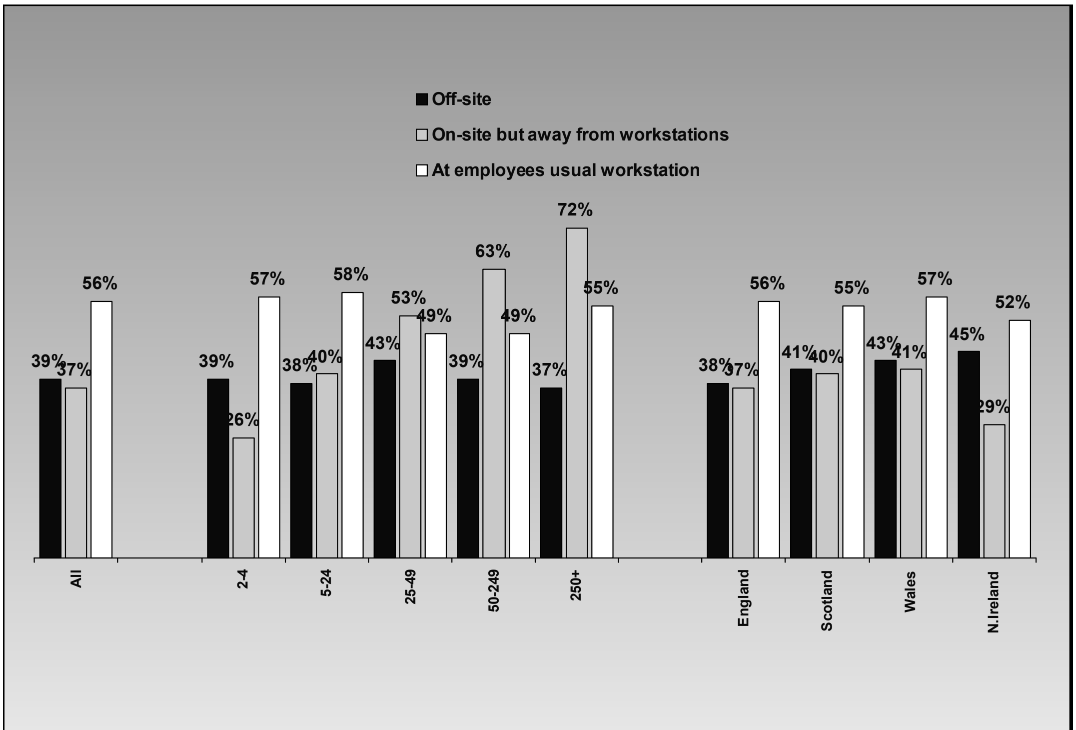


7.31 For all occupations of core employees, the provision of practical training is more common than theoretical training although among employers with core employees in professional, associate professional or personal services roles, the proportions providing each type of training are similar. The biggest differences among the proportions of employers providing practical and theoretical training are found among those whose core employees are skilled tradespeople, sales / customer service staff, machine operatives or elementary staff. These are all more traditional manual / process roles.

7.32 For each type of training (practical and theoretical), employers were asked about the locations at which this training had been delivered. They were asked whether training had been delivered off-site, on-site but away from employees' usual workstations or at workstations.

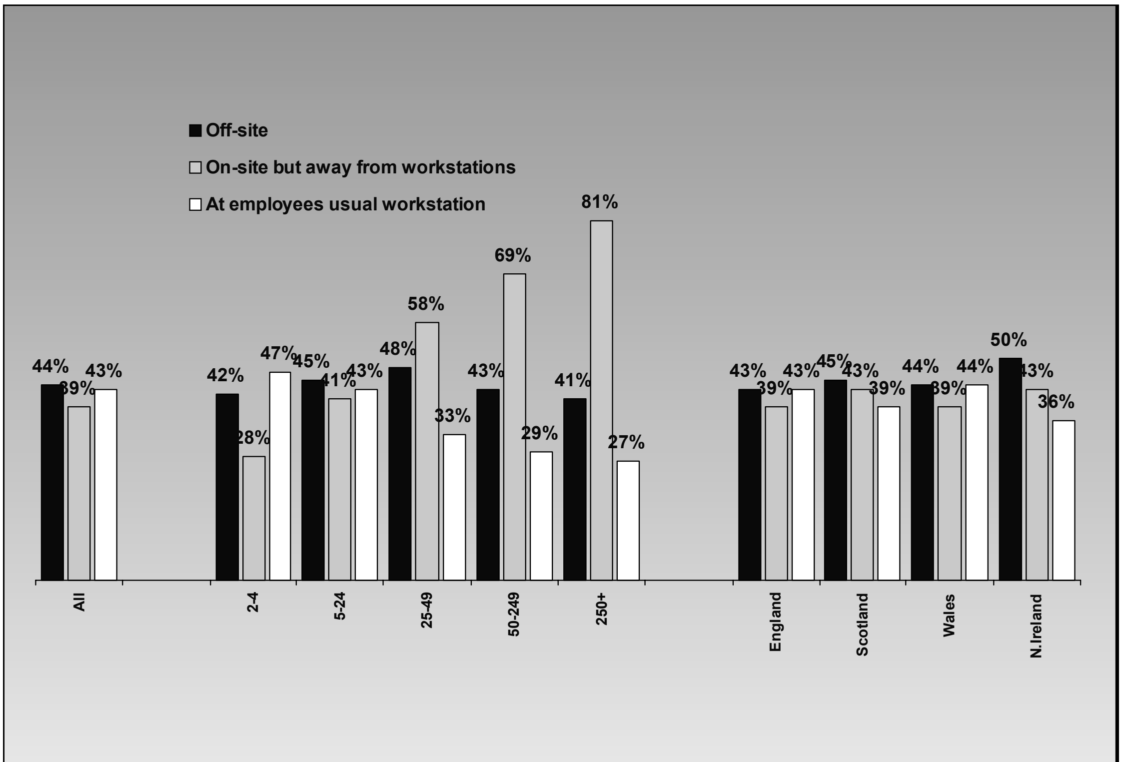
7.33 Of those who had provided practical training for core employees, over half had delivered some of this training on-the-job (i.e. at workstations). Around two fifths had provided training that had taken place off-site with similar proportions engaged in training that had been delivered on-site but at employees' workstations. In terms of theoretical learning, the proportions of those providing this type of training to core employees in each of the 3 ways were similar (at around two-fifths). Figures 7.9 and 7.10 show the proportions of employers delivering practical and theoretical training in each way by size and country.

Figure 7.9: Location of practical training by size and country



Base = All establishments providing formal practical training for core employees (unweighted=9,766, weighted= 882,224)

Figure 7.10: Location of theoretical training by size and country



Base = All establishments providing formal theoretical training for core employees (unweighted=7,367, weighted= 661,869)

7.34 In terms of *practical* training, the proportion of employers providing some on-job training and those providing some training delivered off-site do not vary much by size of employer. However, the fact that the delivery of on-site training away from work-stations is usually more readily accommodated within larger premises means that the proportion of employers engaged in delivery of practical training to core employees on-site away from workstations increases considerably with size of establishment (from 26% of those with 2-4 employees to 72% of those with 250 or more staff). Off-the-job training is often regarded as 'better quality' training because it allows employees to concentrate on the development of new skills without the pressure of having to fulfil their normal job role as well. Despite the fact that they are considerably less likely to provide any training, the smallest employers who have made the decision to invest in training provision are no less likely to invest in this 'higher-quality' training.

7.35 Employers who have had dealings with their own SSC are less likely to have delivered formal practical training at their employees' workstations than those who are covered by an SSC but have not had dealings (43% of those who have provided formal practical training compared with 60%). They are slightly more likely to have provided training away from their own establishment or site (47% compared with 36%) but the proportions providing on-site training away from the workstation are comparable.

7.36 The pattern of employers using different locations for the delivery of *theoretical* training are similar with the proportions of those providing any off-site training for core employees remaining comparable across sizebands and the proportions delivering theoretical training on-site but away from workstations increasing considerably with size. However, the proportions delivering theoretical training for core employees at workstations decreases with size (while it remained relatively constant for practical training). Hence, while larger employers who deliver theoretical training on-site are much more likely to be delivering it away from workstations, those in the smallest establishments are more likely to be attempting to deliver it while employees are performing their usual job role. This may well have implications for the quality of theoretical training delivered by the smallest employers.

7.37 Establishments who have had dealings with their own SSC are considerably more likely to have delivered theoretical training off-site (51% of those who have provided theoretical training to core employees and had contact with their SSC compared to 40% of those covered by an SSC who have not had dealings). They are also much less likely to have delivered such training at employees' workstations (24% compared with 47%).

7.38 Figures 7.11 and 7.12 show the proportions using each training approach for practical and theoretical training by occupational category.

Figure 7.11: Location of formal practical training by occupation of core employees

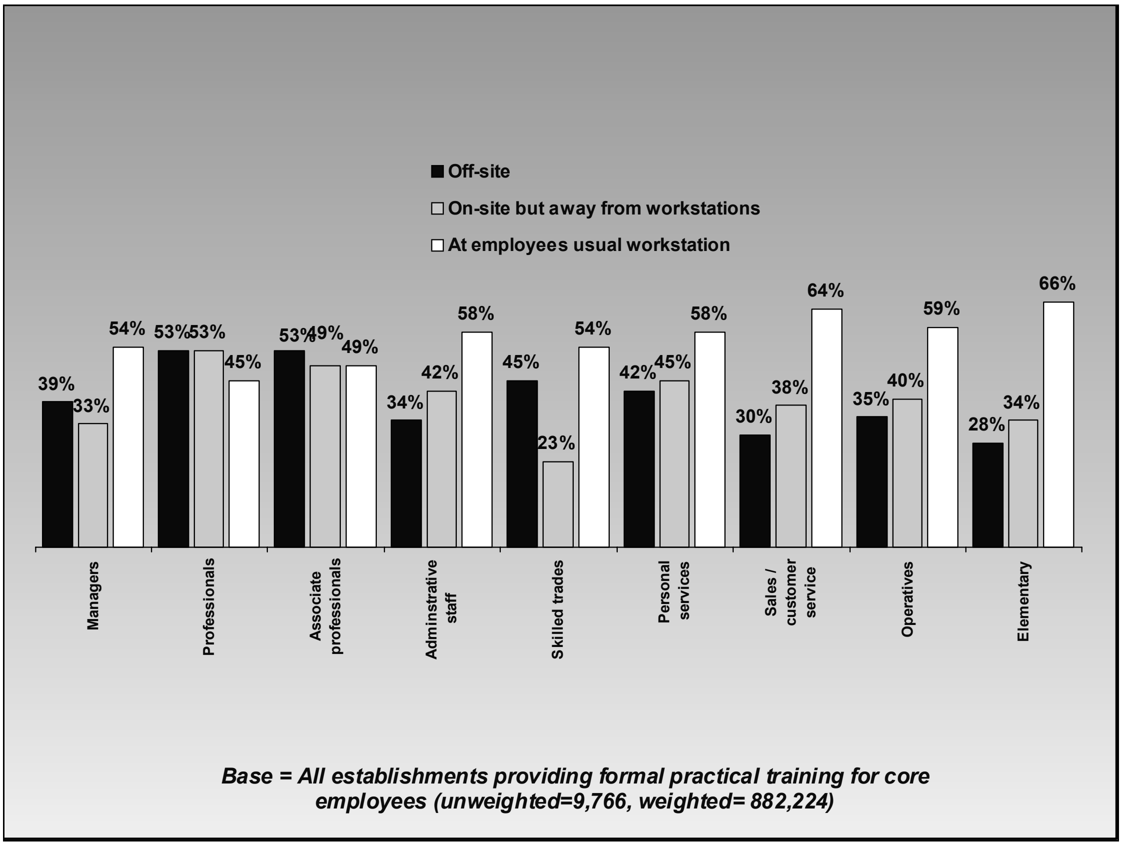
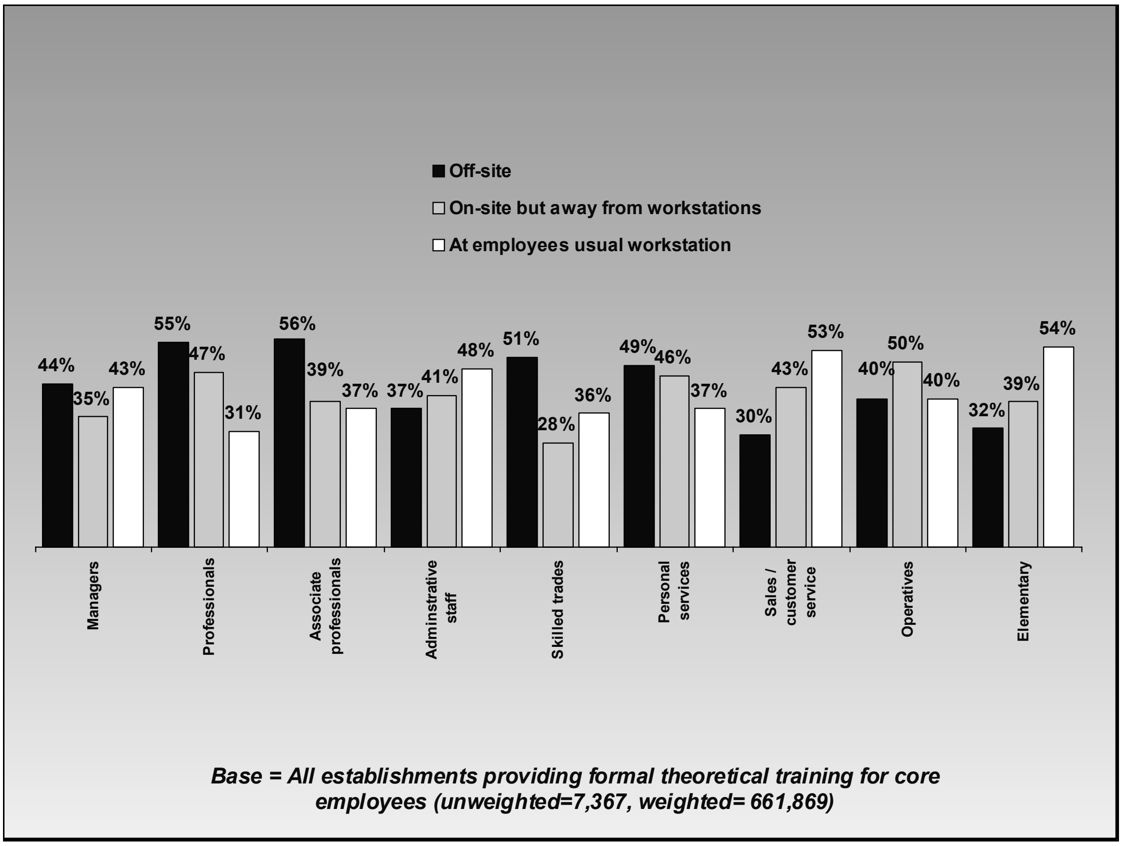


Figure 7.12: Location of formal theoretical training by occupation of core employees



7.39 In terms of practical training, the patterns that emerge are:

- Employers are considerably less likely to provide off-site training for core employees in elementary and sales / customer service roles (and slightly less likely to provide such training to administrative staff and operatives);
- The delivery of training on-site but away from work stations is less likely to take place for core employees who are managers or skilled tradespeople (and to a lesser extent for elementary staff) than for other occupations;
- It is only for professionals and associate professionals that employers are more likely to provide training through either of the off-job routes (on-site, away from the workstation or off site) then they are to provide on-job training.

7.40 Similarly for theoretical training;

- When employers have chosen to invest in theoretical training for sales / customer service staff and for elementary staff, it is less likely to have taken place off-site than for other occupations;
- Employers are less likely to attempt to provide theoretical training for professionals on-the-job than is the case for other occupations.

Workforce development

7.41 In order to gain an understanding of the skills development activity that employers provide or encourage beyond formal training, employers were also asked whether their core employees have:

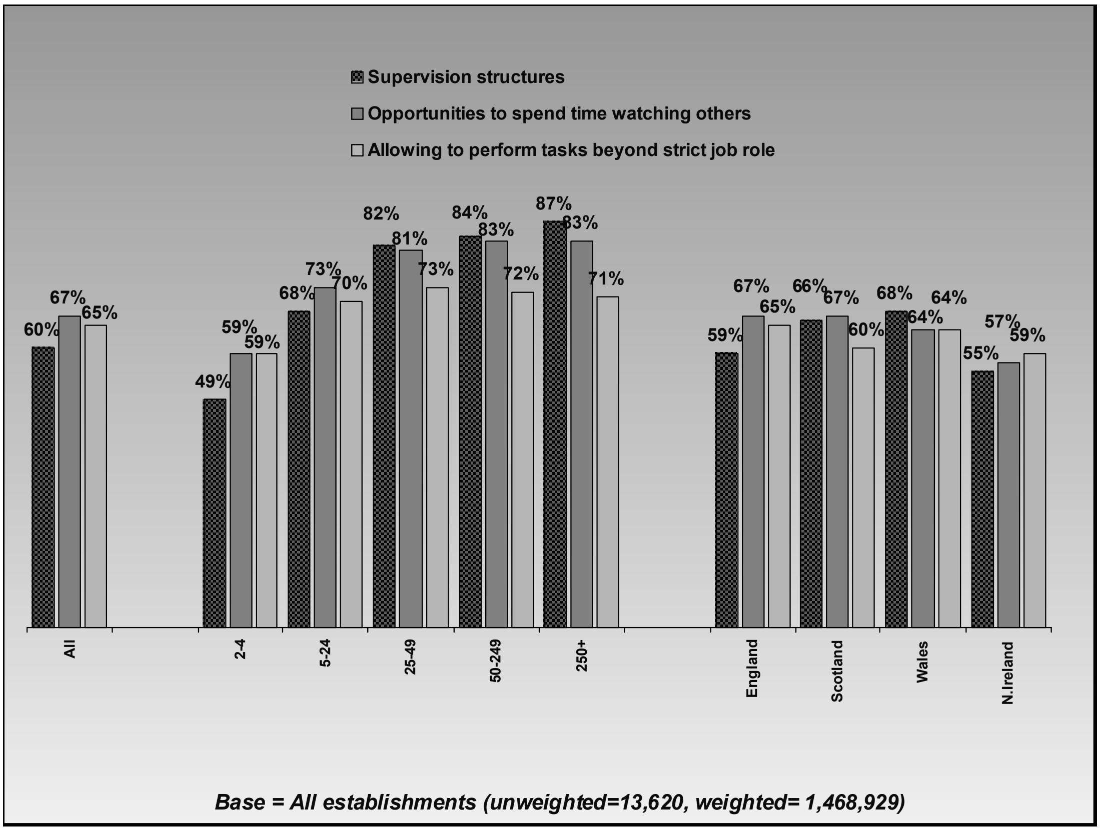
- Supervision structures to ensure that they are guided through their job role over time;
- Opportunities to spend time learning through watching others perform their job roles;
- The chance to perform tasks that go beyond their strict job role, and receive feedback on what they have done right or wrong.

7.42 Making each of these opportunities available to staff was more common than the provision of formal training. Three-fifths (60%) have supervision structures in place for their core employees, two thirds (67%) offer opportunities to spend time shadowing others and 65% allow core employees to conduct tasks beyond their core job role on a ‘trial and error’ basis. By comparison, only 50% of employers had provided training to their core employees (and 66% had provided training to any staff).

7.43 Importantly, half of employers who have not provided any formal training for core employees have supervision structures in place for these staff (46%). Similarly, 57% of those who have not provided training have provided opportunities for work shadowing and 55% have allowed core employees to conduct tasks beyond their core role.

7.44 Figure 7.13 shows the proportion of employers using each of these skills development techniques by size and country.

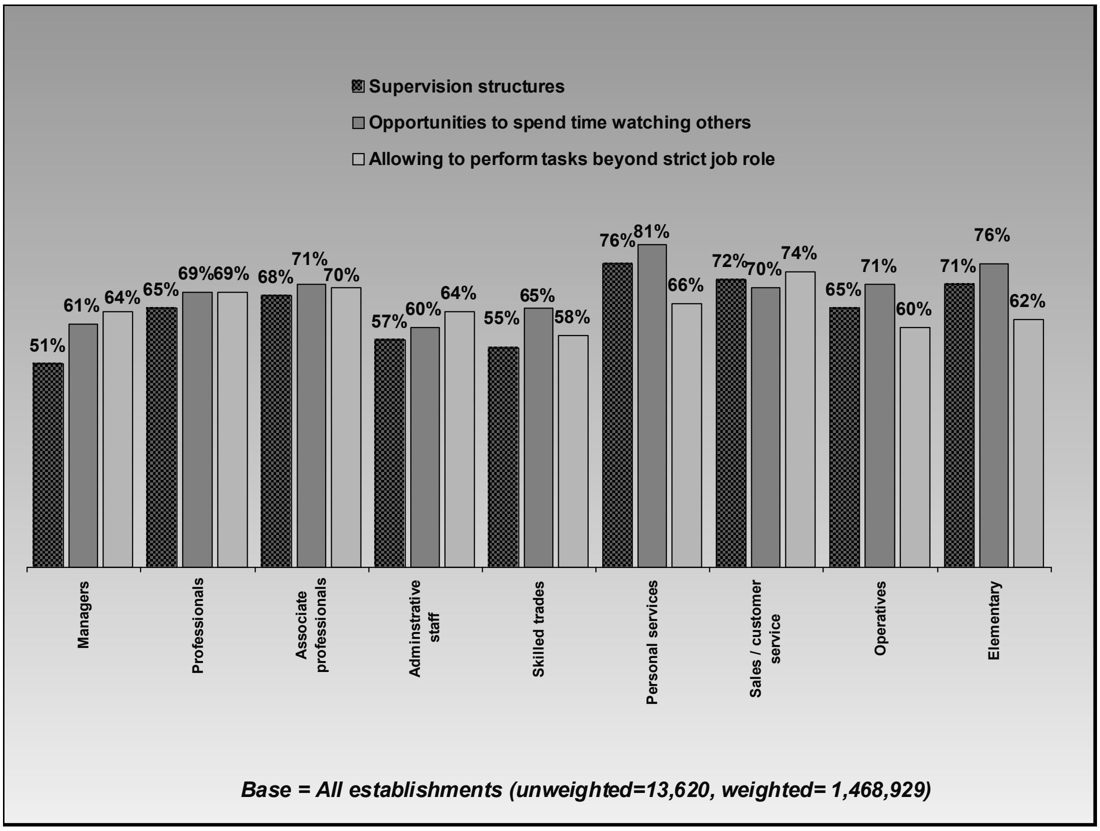
Figure 7.13: Proportion of employers using skills development techniques (by size and country)



7.45 The proportion of employers making use of formal supervision structures increases with size of establishment although it does tend to plateau at around four-fifths for establishments with 25 or more staff. The pattern is similar for work-shadowing opportunities although this is something that the smaller establishments are more likely to be offering than supervision structures meaning that the gap between the proportion of larger and smaller employers offering work shadowing opportunities is smaller than is the case for formal supervision. The gap between the proportion of larger and smaller employers offering opportunities to perform tasks outside of immediate job roles is even smaller (ranging from 59% of those with between 2 and 4 staff to 71% of those with in excess of 250 staff).

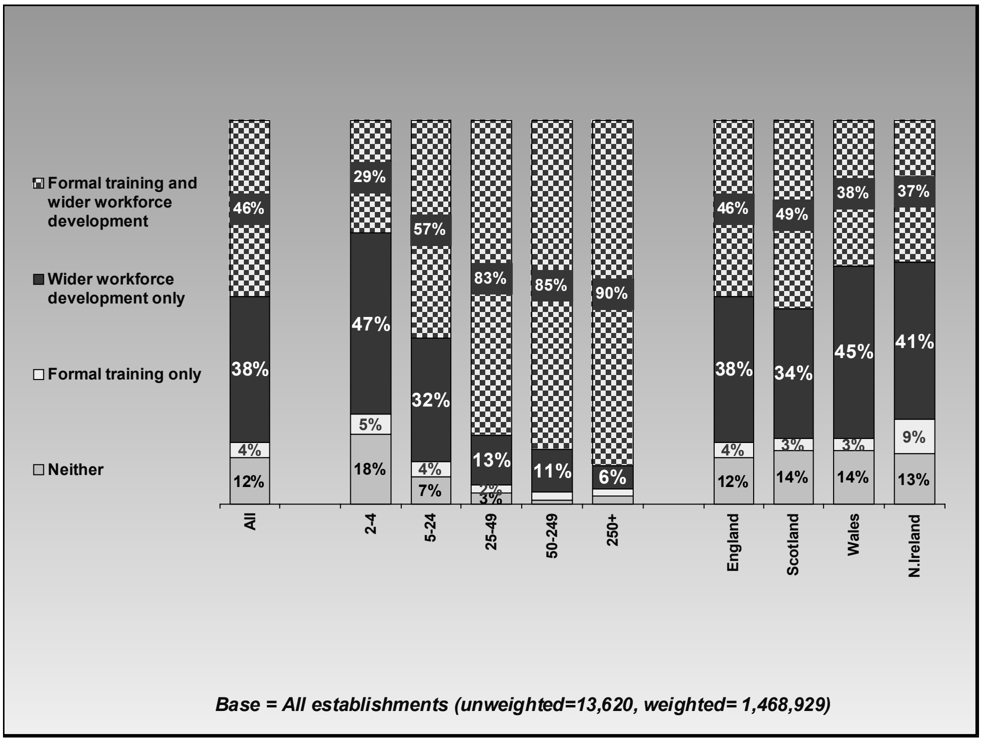
7.46 Figure 7.14 looks at the same activities by occupation of core employees. It is apparent that the use of each of these methods for skills development is more equitable by occupational category than is the case for formal training with comparatively little variation in the proportion of employers using each approach by occupation of core staff. Employers are slightly less likely to offer formal supervisory structures for administrative staff and skilled tradespeople than for other staff categories. Employers are also less likely than average to offer opportunities for work-shadowing to administrative staff. (They are similarly less likely to take either approach for managers but this is understandable since they will often form the top tier of a company hierarchy).

Figure 7.14: Proportion of employers using skills development techniques by occupation of core employees



7.47 Figure 7.15 shows the extent to which employers provide the workforce development tools discussed above in combination with formal training for core employees. The figure shows the proportion of employers providing both formal training and at least one of the forms of wider workforce development (supervision structures, work shadowing or role-stretching), the proportion using only one or the other of these tools and the proportion who have used neither approach.

Figure 7.15: Use of combination of training and wider workforce development (by size and country)



7.48 At an overall level, almost half of employers use both formal training and wider workforce development tools. A further two fifths use only these wider development approaches to develop the skills of their staff. The proportions using formal training only and the proportion using neither of these approaches are relatively small (one in twenty and one in eight respectively). Among the very smallest employers, just over a quarter use both formal training and wider development approaches while half use wider development tools only. The balance between these two positions shifts in favour of using both approaches as the size of employer increases. This emphasizes further the role of these wider approaches to developing staff in the smallest organisations and further indicates that there could be a role for the SSCs in helping to maximise the benefit derived from these approaches (in tandem with increasing the appetite of the smallest establishments for investment in formal training).

7.49 There are not major differences in the approaches used by those who have had dealings with their SSC. The proportion of establishments who have invested in both formal training and wider workforce development is slightly higher (49% compared with 46% on average) while the proportion using only wider development tools is slightly lower (32% compared with 38% on average).

Sourcing training

7.50 Employers were also asked to state which types of providers they had used to deliver training for core staff over the course of the last year. At an overall level, employers were most likely to use in-house staff or private training providers (with each approach used by a third of employers). One in eight had made use of an Further Education (FE) college and similar proportions had been able to use the facilities of a dedicated company training centre (or Government training centre for public sector employers). Only 7% had used a Higher Education (HE) institution to deliver training.

7.51 The use of each type of training provider increases dramatically with size of establishment (Table 7.2).

Table 7.2: Provider of training funded or arranged for core employees by size

		All	2-4	5-24	25-49	50-249	250+
Base= All employers	*(unweighted)*	***13620***	***2261***	***4177***	***2677***	***3492***	***1013***
	(weighted)	***1468929***	***749682***	***556776***	***86697***	***65322***	***10451***
		%	**%**	%	%	%	%
Staff at this site		34	20	43	68	72	85
External consultants / training providers		34	24	39	62	65	68
FE college		12	7	14	27	33	43
Dedicated training centre		13	5	17	34	33	36
HE institution		7	4	7	16	22	32

7.52 There are not great differences in the types of providers used to deliver training for core employees by country (Table 7.3) although employers in Wales are slightly less likely to have used in-house staff and employers in Scotland are slightly more likely to have made use of FE colleges.

Table 7.3: Provider of training funded or arranged for core employees by country

		All	England	Scotlan d	Wales	N.Ireland
Base= All employers	*(unweighted)*	***13620***	***9731***	***2014***	***817***	***1058***
	(weighted)	*1468926*	*1237160*	***121607***	***68339***	***41822***
		%	**%**	%	%	%
Staff at this site		34	35	36	**25**	30
External consultants / training providers		34	34	37	31	36
FE college		12	12	**17**	12	11
Dedicated training centre		13	13	16	10	10
HE institution		7	7	9	6	9

7.53 Employers who have had dealings with their own SSC are more likely to have used private training providers to deliver training to core employees (44% compared with 32% of those who are covered by an SSC but have had no dealings). They are similarly more likely to have used FE colleges (22% compared with 11%).

7.54 Variation in the types of training providers used by occupation of core employees is shown in Table 7.4 below. Employers whose core employees are professionals are more likely than average to have used each type of training provider to deliver training for these staff. Similarly employers whose core staff are associate professionals are more likely than average to have used most approaches (with the exception of FE colleges) although the proportions using each method are slightly smaller than is the case for professionals. Those with core employees in personal services roles are also more likely than average to have used each type of training provider (most markedly so in the case of private training providers). Employers with core staff in skilled trades roles are more likely than average to have used FE colleges to deliver training and those with core staff in sales / customer services roles are more likely to have used in-house staff or dedicated company training centres.

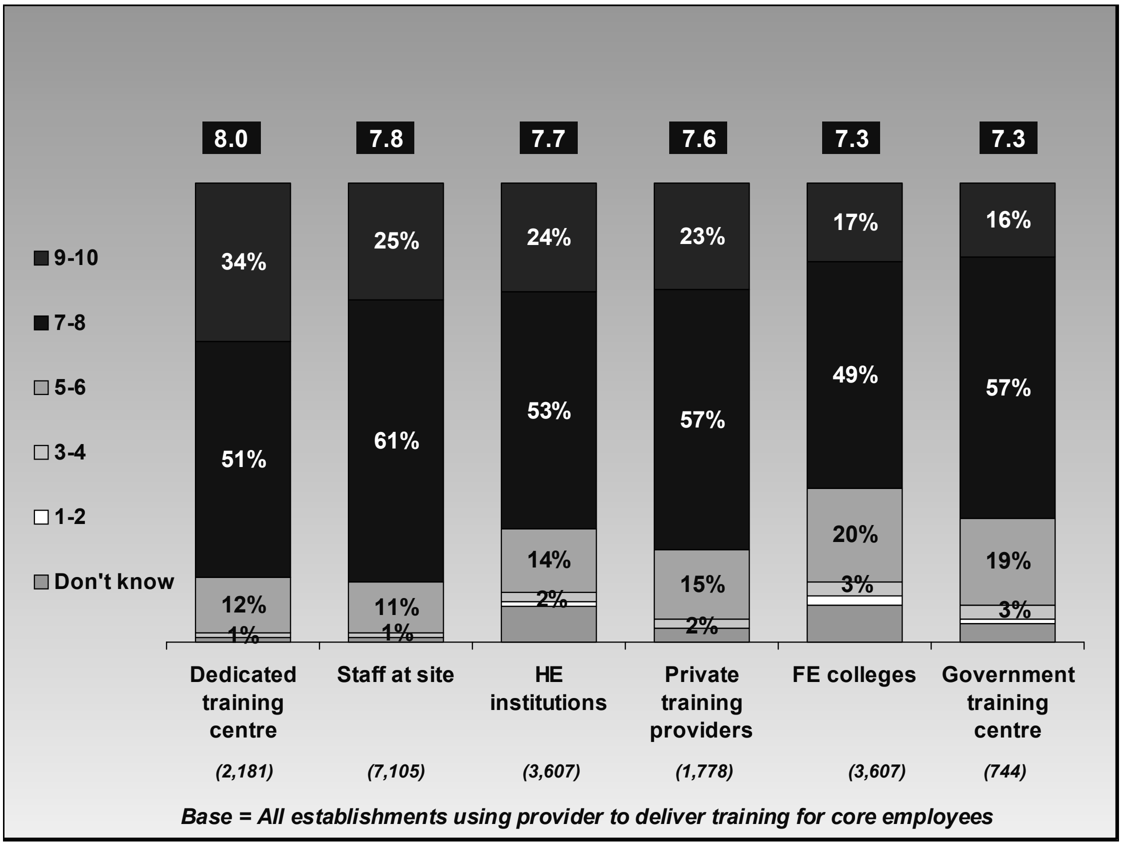
Table 7.4: Provider of training funded or arranged by location for core employees by occupation

	Overall	**Managers**	**Professionals**	**Associate Professionals**	**Administrative Staff**	**Skilled Trades**	**Personal services staff**	**Sales and Customer Services staff**	**Machine operatives**	**Elementary staff**
Base= All with core employees in occupation (unweighted)	***13620***	***2876***	***1003***	***1174***	***847***	***1582***	***667***	***1530***	***1863***	***987***
(weighted)	***1468929***	***521290***	***95563***	***111014***	***83251***	***191536***	***55415***	***166285***	***105450***	***136878***
	%	**%**	**%**	%	%	%	%	%	%	%
External consultants / training providers	34	28	**58**	**46**	38	32	**59**	27	40	24
Staff at this site	34	24	**48**	**45**	42	27	**45**	**47**	40	36
Dedicated training centre	12	10	**28**	**23**	13	3	18	**23**	9	9
FE college	13	8	**19**	14	12	**19**	**26**	8	14	11
HE institution	7	5	**23**	**12**	7	6	**15**	2	5	4

7.55 Employers who had made use of each form of training provision were asked how effective they felt that this means of training core staff had been. They were asked to provide a rating on a scale from 1 to 10 where 1 implied that they had found the training not at all effective while 10 implied that they had found the training extremely effective. Figure 7.16 shows the ratings given grouped into two-point bands. The figures in the boxes at the top of each column show the mean ratings given. For the purposes of this figure, the ratings for private sector dedicated company training centres have been split out from those for government training centres (which effectively fulfil a similar role for the public sector).

7.56 Employers who have been able to use dedicated company training centres gave the highest ratings for the effectiveness of the training that they have provided through this means. Over a third of those taking this route gave a rating of 9 or 10 for its effectiveness. It is perhaps unsurprising that a resource that is owned by the company is able to deliver training that best meets the establishment’s needs. Using in-house staff to deliver training does not appear to be quite as effective (with only 25% giving a rating of 9 or 10) although the ratings given were still higher than for external providers. Training delivered through FE colleges obtained slightly lower ratings for its effectiveness than training delivered either though HE institutions or private training providers (with 17% giving a rating of 9 or 10 compared with 24% and 23% respectively).

Figure 7.16: Effectiveness of training providers used



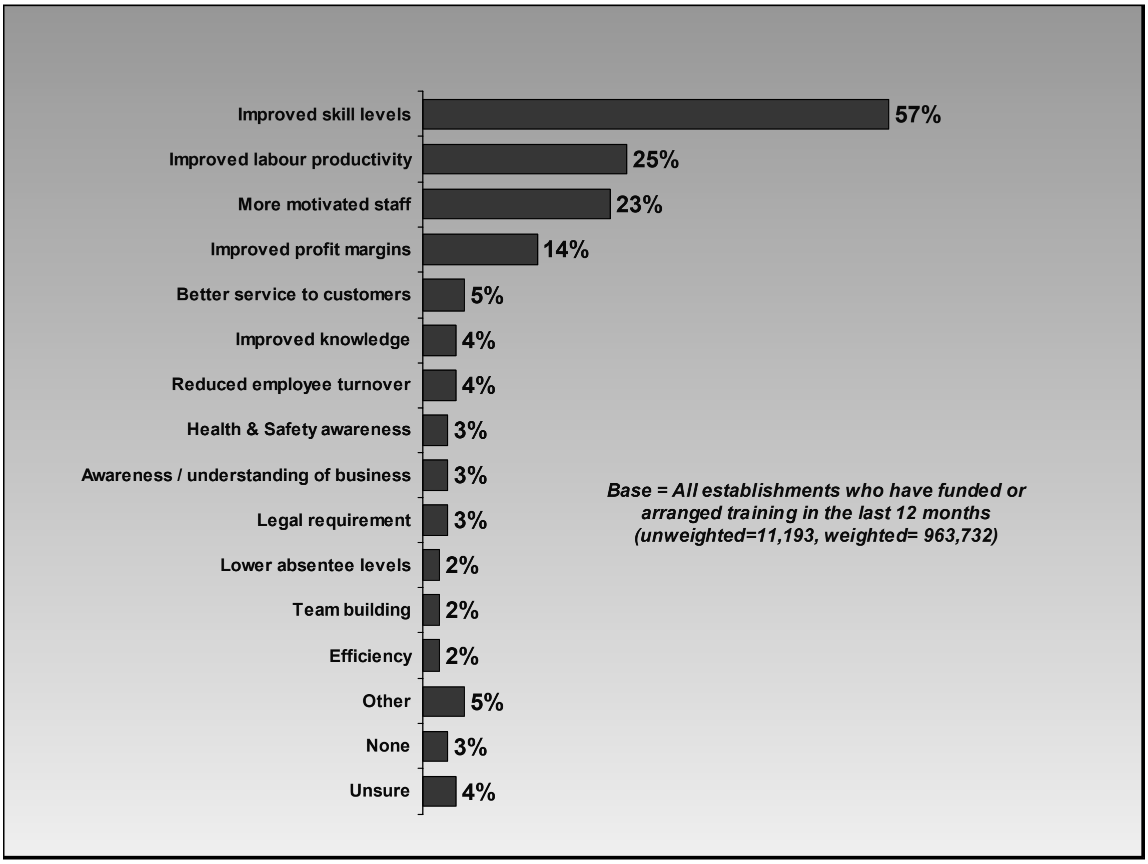
Benefits of training

7.57 To help understand what motivates employers to offer training to their staff, those who had provided any formal training to **any staff** over the course of the last 12 months were asked (on an unprompted basis) what they felt the benefits had been for their establishment of investing in training. They were asked to consider all training that had been provided (as opposed to just training that had been provided for core employees). The responses given are shown in Figure 7.17 at an overall level.

7.58 The most commonly cited benefit of training was improved skills or proficiency levels among the staff who had been trained (mentioned by 57% of those who had invested in training). Hence the primary benefit of training is the development of skills which may mean the closure of existing skills gaps or the preparation of staff to take on different roles. Considerably fewer employers mentioned a return on investment in training in terms of labour productivity (25%) or improved profit margins (14%). Ultimately the SfBN aims to impact on UK productivity through enhancement of skills and training activity. These responses would seem to indicate that there is work to be done to encourage employers to make a link (or seek to ensure a link) between training investment and the bottom line. Encouraging employers to think in this way is likely to lead to a better fit between training needs and training investment and indirectly to better quality provision.

7.59 Some employers see the return on investment in training in terms of employee satisfaction levels with 23% mentioning more motivated staff as a benefit, 4% mentioning a reduction in employee turnover and 2% lower absentee levels.

Figure 7.17: Perceived benefits of training



7.60 There are differences in the perceived benefits of training by size of establishment (Table 7.5). The three main benefits of training – increasing skills levels or proficiency, improving labour productivity and increasing staff motivation were all mentioned more frequently by larger establishments than smaller ones.

7.61 It is perhaps unsurprising that smaller establishments are less likely to invest in training when they are less likely to experience what others see to be the key returns on their investment. A total of 8% of the smallest employers considered that the training they had provided had brought no or negligible benefits to their establishment. This could mean that either the training provision that smaller establishments invest in is less well suited to their needs than that provided by larger establishments (which seems possible since they are less likely to be able to use in-house resources to deliver it and less expert in sourcing training out-of-house) or that they are less well equipped to evaluate the impact that investment in training has had.

Table 7.5: Benefits of training by size of establishment

	All	2-4	5-24	25-49	50-249	240+
Base= All who have provided training (unweighted)	***11,193***	***1193***	***3254***	***2451***	***3302***	***993***
(weighted)	***961,928***	***370,867***	***438,316***	***80,582***	***62,077***	***10,086***
	%	%	%	%	%	%
Improved levels of skills	57	52	59	64	62	67
Improved labour productivity	25	20	28	26	29	32
More motivated staff/lower absentee rates	25	18	28	31	35	40
Improved profit margins	14	13	15	13	12	14
Better service to customers	5	6	5	6	6	6
Reduced employee turnover	4	2	5	5	7	11
Improved knowledge/ Business understanding	7	8	6	7	7	6
Health & safety awareness	3	3	4	3	4	3
Legal requirement	3	4	2	1	2	1
Team building	2	1	3	3	2	3
Efficiency	2	2	2	1	2	2
Other	5	5	5	7	6	7
None / negligible / Don’t know	7	8	6	3	3	3

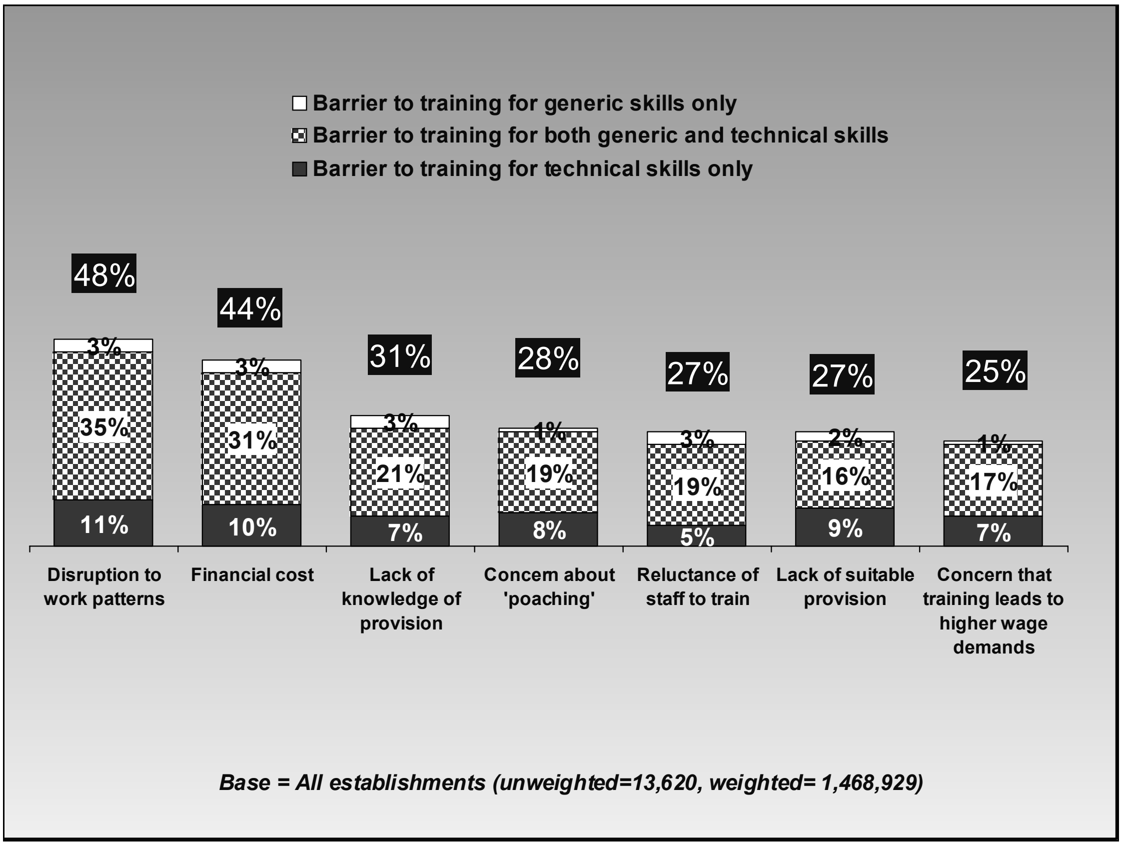
7.62 There are few notable differences between the benefits seen by those who have had dealings with their SSC and those who are covered by an SSC but have not had dealings. The only significant differences are that those who have not had dealings are more likely to see ‘more motivated staff’ as a benefit of training (24% compared with 18%) while those who have had dealings are more likely to view increased health and safety awareness as a benefit (14% compared with 3%).

Barriers to (further) provision of training

7.63 Employers were also asked which of a prompted list of possible barriers to providing training (or providing more training if they were already making a training investment) applied to their establishment. They were asked whether each barrier was a block to the provision of training in technical skills, training in generic / cross-sector skills or both. Figure 7.18 shows the responses given. The solid dark parts of each column show the proportion considering the barrier to apply to training in technical skills, the solid white part those stating that it applied to investment in generic skills and the chequered sections the proportion stating that the barrier applied to both types of skills development. The figures in boxes at the top of each column show the overall proportion stating that each factor was a barrier at all.

7.64 Employers were most likely to see disruption to work patterns caused by staff being away from the workplace for training to be a barrier (48%). This was slightly more likely to be viewed as a barrier than the direct financial cost of training (44%). Each of the other barriers explored applied to between a quarter and a third of establishments. The barrier that it is arguably easiest for the SfBN to act about is a lack of knowledge of the training provision available – 30% of employers stated that this was acting as a brake to the provision of (more) training.

Figure 7.18: Barriers to developing skills



7.65 Generally employers did not distinguish between barriers for the provision of technical skills training and barriers for the provision of generic skills – if a barrier was felt to exist then it existed to training *per se* rather than just for a particular type of training.

7.66 Employers who had not provided any training over the course of the last 12 months were more likely to cite disruption to work patterns or the financial cost of training as barriers than those who had provided training (51% of this group mentioned the disruption to work patterns and 48% the financial cost compared with 42% and 36% respectively of those who had provided training). The proportions mentioning other barriers were comparable.

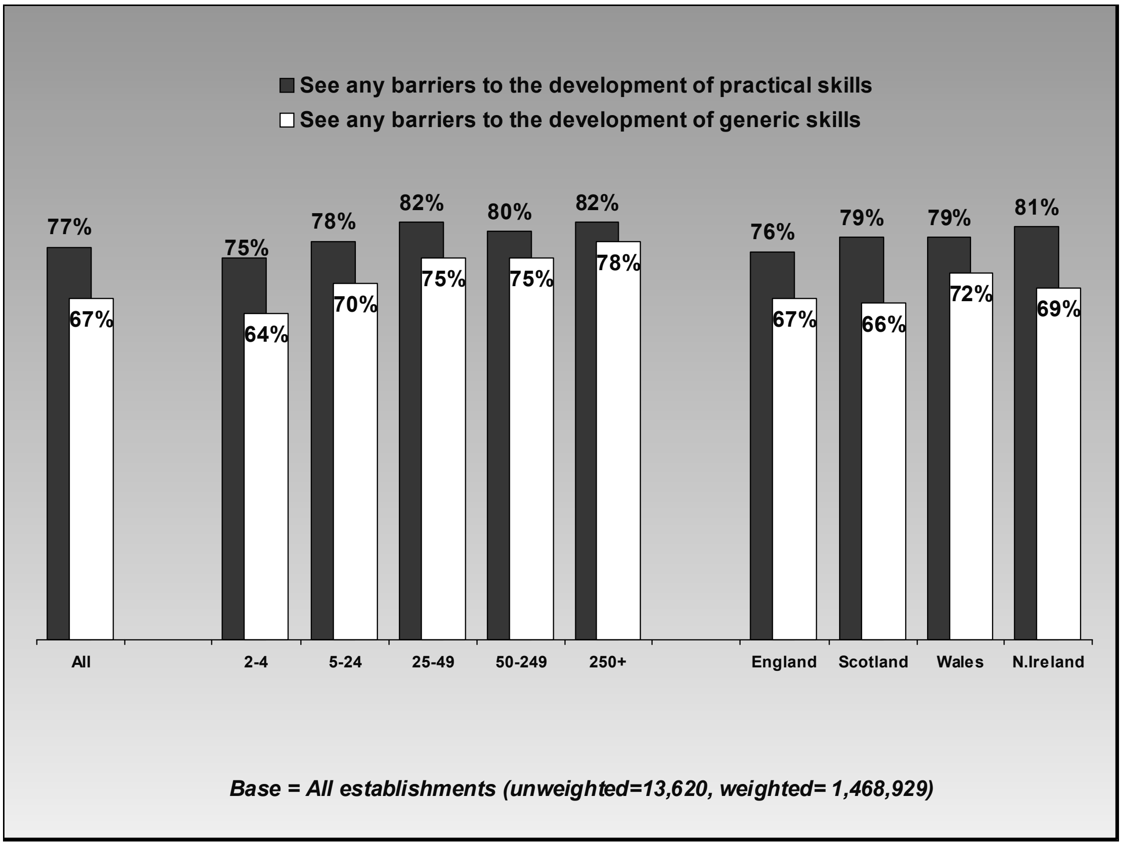
7.67 There are variations in the proportion of employers experiencing individual barriers by size of establishment (Table 7.6). While the proportions of employers considering that the financial cost of training and a lack of suitable training provision remain comparable across employers of different sizes, the incidence of all other barriers varies. Larger establishments are more likely to feel that the disruption caused to work patterns and the reluctance of staff to take up training opportunities acts as a barrier to (more) training. Conversely, smaller employers are more likely to feel that a lack of knowledge about the training provision available, a concern about trained staff being susceptible to ‘poaching’ by other employers and a concern that the provision of training leads to higher wage demands act as barriers.

Table 7.6: Barriers to prevent establishment from developing skills of the workforce

		All	2-4	5-24	25-49	50-249	240+
Base = All employers	*(unweighted)*	***13620***	***2261***	*4177*	*2677*	*3492*	*1013*
	(weighted)	*749681*	*556775*	*86697*	*65322*	*65322*	*10451*
		%	%	%	%	%	%
Financial cost of training is barrier to development of….							
Technical skills		10	11	9	7	8	6
Generic skills		3	2	4	4	5	8
Both		31	28	32	40	33	36
Either		44	41	45	51	46	50
Disruption to work patterns is barrier to development of….							
Technical skills		11	10	12	10	9	10
Generic skills		2	2	3	4	4	8
Both		35	33	36	40	41	43
Either		*48*	*45*	*51*	*54*	*54*	*61*
Lack of knowledge about range of training provision is barrier to development of…..							
Technical skills		6	7	7	6	4	5
Generic skills		3	3	3	2	4	3
Both		21	24	19	16	16	17
Either		*30*	*34*	*29*	*24*	*24*	*25*
Reluctance of staff to take up training opportunities is barrier to the development of…							
Technical skills		5	4	7	7	5	7
Generic skills		3	2	4	5	6	9
Both		19	17	20	24	21	20
Either		*27*	*23*	*31*	*25*	*32*	*36*
Lack of suitable training provision is barrier to the development of…							
Technical skills		9	10	9	7	7	9
Generic skills		2	2	2	3	3	2
Both		16	16	17	15	12	9
Either		*27*	*28*	*28*	*25*	*22*	*20*
Concern that training will lead to 'poaching' is barrier to development of……							
Technical skills		8	7	10	9	7	6
Generic skills		1	1	1	1	1	1
Both		19	20	18	17	13	11
Either		*28*	*28*	*29*	*27*	*21*	*18*
Concern that training will lead to higher wage demands…							
Technical skills		7	7	7	6	5	4
Generic skills		1	1	2	1	1	1
Both		17	19	16	16	12	8
Either		*25*	*27*	*25*	*25*	*28*	*13*

7.68 Figure 7.19 shows the proportion of employers considering that any of the barriers shown on Figure 7.18 prevent them from investing in (more) training. The dark columns show the proportion feeling that any of these barriers curb their investment in practical training while the white columns show the corresponding figures for the proportion of employers experiencing a brake on investment in training in generic skills.

Figure 7.19: Proportion experiencing any barriers to training (by size and country)



7.69 Three quarters of employers stated that at least one of the potential barriers that they were prompted with prevented them from (further) investment in practical training while two-thirds felt that at least one factor inhibited spend on training in generic skills. Across all size-bands, employers were more likely to see barriers to the investment in practical training than to investment in generic training (although the difference is smallest among the largest establishments). Interestingly, the smallest employers were less likely to see barriers to training than their larger counterparts (more markedly in terms of generic skills training than practical skills training). Since these employers are less likely to provide training, this would seem to at least partly imply that they do not see a need for training rather than because there are 'concrete' barriers that prevent them from doing so. This may mean that there is a role for the SSCs in 'educating' the smallest employers on the potential benefits of investment in training.

7.70 Employers in Wales are slightly more likely to see barriers to the development of generic skills than those in other countries. Those in England are slightly less likely to see barriers to the development of practical skills.

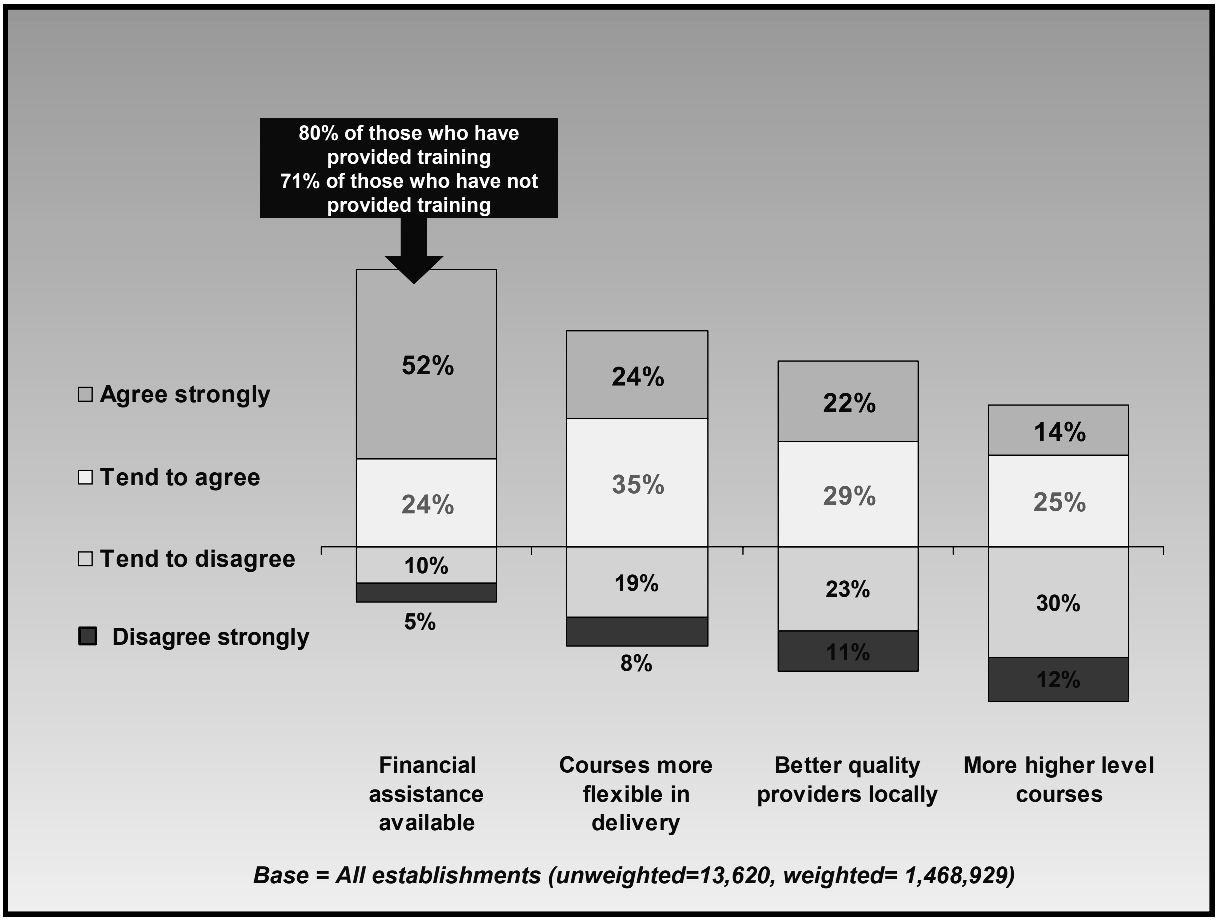
7.71 Employers who have had dealings with their SSC are slightly more likely to see barriers to the investment in either type of training – 70% of these employers see at least one barrier to the development of generic skills (compared with 67%) overall and 85% see a barrier to the development of practical skills (compared with 77% on average).

7.72 Employers were asked the extent to which they agreed that they would provide (more) training if:

- …financial assistance were available to help with the cost of training;
- ...courses were more flexible in terms of how they are delivered;
- …better quality providers were available locally;
- …more higher level courses were available.

For each scenario they were asked to state whether they agreed strongly that such an approach would impact on their likelihood to train, tended to agree, neither agreed nor disagreed, tended to disagree or disagreed strongly. Figure 7.20 shows the responses given at overall level.

Figure 7.20: Factors that would encourage further training



7.73 Three-quarters of employers agreed that they would provide (more) training if financial assistance were available to help with costs – half agreed strongly that this was the case. Three-fifths stated that they would provide more training if courses could be delivered more flexibly (helping to combat the disruption to work patterns that half of all employers stated was a barrier to training). A slightly smaller proportion stated that they would provide more training if better quality providers were available locally (51%). Two fifths felt that they would provide more training if there were a larger number of courses available to deliver higher level skills.

7.74 Again differences were evident by size of establishment (Table 7.7). Smaller establishments were more likely to agree that they would provide (more) training if better quality training were available locally (perhaps reflecting their lesser ability to make use of dedicated company training centres or to deliver training in-house). They were also more likely to agree that they would make a greater investment in training if more higher level courses were available.

Table 7.7: Factors that would encourage provision of (more) training for staff

		All	**2-4**	5-24	25-49	50-249	240+
Base = All employers	*(unweighted)*	***13620***	***2261***	*4177*	*2677*	*3492*	*1013*
	(weighted)	*749681*	*556775*	*86697*	*65322*	*65322*	*10451*
		%	%	%	%	%	%
If better training provision available locally							
Agree		53	54	50	46	40	36
Disagree		34	32	34	39	45	52
If courses more flexible in terms of delivery							
Agree		59	59	58	57	54	58
Disagree		27	26	27	30	34	32
If more higher level courses available							
Agree		39	41	38	34	31	29
Disagree		42	40	44	46	51	54
If financial assistance available							
Agree		76	76	76	79	78	79
Disagree		15	15	16	13	15	16

8 Conclusion

Summary

8.1 The Skills for Business 2004 survey provides invaluable data on the evolution of the Network in terms of its engagement with employers. The scale of the survey and the rigour of its design mean that these findings can be presented with a high degree of overall statistical accuracy. We can thus be confident that the survey definitively establishes a baseline from which increases in awareness and engagement will be able to be measured in future years.

8.2 The survey is more limited in the extent to which it is able to provide data on satisfaction with what engagement there has been, largely reflecting the fact that the Network is still at a relatively early stage of its development.

8.3 In addition to direct measures of awareness, engagement and satisfaction, the study provides a strong starting point for the Network in terms of promoting understanding of what lies behind skills challenges and workforce development issues. The survey goes beyond or below standard hard measures of skills deficiencies (skill gaps in the workforce and skill shortages in the labour market) that are presented through published survey data, to explore attitudes, perceptions and (softer) behaviours.

8.4 The report largely focuses on findings at the overall level, for the economy as a whole, although some analysis is undertaken by size of employer (number of employees) and by location (i.e. which of the four countries of the United Kingdom the employer is based in). However, the real value of the data from which this report is drawn will perhaps prove to be in its ability to promote understanding of the specific context within which each of the individual SSCs is operating.

Awareness of the Network

8.5 As one would expect at this early stage of its development (with fewer than half of SSCs currently licensed, and few licensed for any significant period of time), awareness of the Skills for Business Network and its component elements (the SSDA and the SSCs) is relatively low.

8.6 Overall, one in five employers (19%) claim to have heard of the Skills for Business Network, although a much smaller proportion (3%) are aware of all of the elements that make up the Network or of the SSDA (7%) or of the generic term “Sector Skills Council(s)” (12%).

8.7 A quarter of the employer base is aware of the SSC that covers their business or organisation. Underneath this overall figure are considerable variations for individual SSCs. These variations appear to be determined by a combination of factors:

- The "history" of the SSC – in the sense of the extent to which it has grown from existing sector or trade bodies or from the sector's NTO;
- The nature of that history and of the dealings that it engendered with employers;
- The age of the SSC – in the sense of the amount of time since it was licensed;
- The name of the SSC – and the extent to which it recognisably defines or describes a business sector.

8.8 The variations in awareness that different combinations of these factors engender are so large as to be likely to persist for several years. This means that while the 30% awareness figure for a site's own SSC *works* as an evaluation measure at the overall level, it cannot be more than a rudimentary measure of performance and will have little meaning at the level of individual SSCs, or sectors.

8.9 The indications are that the size of an employer has little if any impact on awareness of its SSC, although larger employers are more likely to be aware of the SSDA, the SfBN or of the term or concept of Sector Skills Councils more generally.

8.10 The factors cited above as impacting on awareness suggest that what our awareness score is really measuring is familiarity (as opposed to penetration). We are saying that employers can think that they are aware of an organisation, or think that they should be, or even confuse an organisation's name with another. If this is true, then this suggests that levels of ***understanding*** of the Networks role and purpose are lower than of awareness. This is confirmed in the finding that half of employers who are aware of their own SSC have only heard of its name, with only a fifth claiming any level of detailed understanding of its workings. These levels of understanding also vary considerably according to the individual SSC that the employer is covered or represented by. Levels of understanding of the SSDA and/or the SfBN are lower than for employers' own SSC.

8.11 Ultimately, the proportion of employers with awareness of the network and/or of their SSC and who understand the roles and objectives of these bodies is likely to prove a better measure of performance than simple awareness (or name recognition).

8.12 The picture emerges of a Network that is starting to enter the consciousness of employers at an overall level, but where understanding of its role has been slower to penetrate.

8.13 In this context, it is unsurprising that the Skills for Business Network does not yet figure on the radar of most employers' thinking as an organisation to approach for advice on training and workforce development issues. Indeed, only 2% of employers spontaneously cite an SSC as an organisation they would approach for advice or help on workforce development issues.

Dealings with the Network

8.1 In terms of action, as opposed to intention or perception, 6% of employers have had dealings or contact with their SSC; this represents two-fifths of employers who are aware of more than the SSC's name. For the SSDA, the comparable figures stand at 0.4% of the overall employer base and 6% of employers who are aware of more than the term / name *the Sector Skills Development Agency.*

8.2 The key determinant of whether or not an employer has had dealings with an SSC is the particular SSC that the employer is covered or represented by. Specifically, where the SSC has a regulatory or regulated role, levels of dealings are relatively high. Elsewhere, levels of dealings stand at a relatively constant, low rate. The extent to which dealings are regulated thus has a major impact on the potential and means to evaluate its development. Dealings with one's SSC *per se* will not be as good a measure of performance as the nature of dealings.

8.3 The findings for the levels of dealings are drawn from a robust base of interviews with employers and as such can be presented with a high degree of statistical confidence. The base of employers providing information on the nature of their dealings with SSCs is also reasonably strong ***at overall level*** (at almost 600 employers) although not large enough to provide anything beyond indicative findings for individual SSCs. The same is true of the nature of dealings with the SSDA.

8.4 Moreover, findings in respect of satisfaction with dealings with either the SSC or the SSDA are not sufficiently robust, at this early stage of network development, to permit confident evaluation of performance. The data suggest, however, that overall satisfaction is at around average levels in absolute terms (with a mean score of 6.4 for overall satisfaction with dealings with SSCs and 7.4 for overall satisfaction with dealings with the SSDA).

The context within which the network is operating

8.5 LMI that is available through other sources can already furnish the SSDA and the SSCs with a detailed understanding of the extent of skills deficiencies within the economy in its component sectors, and the extent of formal business planning and of training activity that is undertaken to overcome such problems.

8.6 Where the survey adds to what external sources are able to say about the skills challenges currently facing employers is in establishing that:

- Employers who have a formal written business plan are considerably more likely than those who do not to undertake training needs assessments and staff appraisals, and to have a training plan and budget. There is little difference, however, between businesses that plan and those that do not in terms of the prime focus of their business priorities.

- There is considerable workforce development activity that is not captured through measures of the extent to which employers "fund or arrange" training. Two in five employers who have not funded or arranged "training" have nevertheless engaged in dedicated practical skills development sessions for their employees (38%) and a quarter have engaged in theoretical learning sessions. Moreover, the majority of employers who do not fund or arrange training nevertheless have processes and systems in place to facilitate the development of workplace skills.

- While the experience of skills deficiencies at any point in time is relatively uncommon (with around one in five employers having skill gaps and one in twenty experiencing skill-shortage vacancies), the overall impact of skill problems is further-reaching. A majority of employers agree that they have problems finding ***skilled*** new recruits (61%). Half question the ability of the education system to equip people with the work skills they need (49%). And a quarter (25%) would like to move into new product-market positions but are constrained in doing so by a limit in the skills available to them in the workplace. Moreover, two in five employers have seen their skill needs change in recent years (40%), a third foresee future skill problems due to the ageing profile of their workforce (36%) and the same proportion see a growing gap between the skills they need and what they have available to them.

- The key barriers to increased workforce development activity are the disruption that such activity brings to work patterns and the direct financial cost; these are potential barriers to 48% and 44% of employers respectively. Lack of knowledge about provision (31%) and lack of suitable provision (27%) are also considerable barriers. As well as these relatively *hard* barriers, there are also attitudinal obstacles that might limit the amount of training that is undertaken in the future. In particular, concerns that better skilled employees are more prone to be poached or head-hunted (28%) and/or will demand higher wages (25%) might impinge on development activity if not allayed and/or rationalised. Similarly, resistance to development on the part of employees (cited by 27% of employers) may prove a considerable barrier in some workplaces.

8.7 In the terms of the study, the majority of employers face some level of skills challenge. That is, they face a growing skills gap, they have experienced difficulties finding skilled new recruits, they are constrained in terms of the product-markets they operate in and/or they believe the education system is not able to provide people with the skills they need). These employers are no less likely to have funded or arranged training than those who face no skills challenges, although they are more likely to recruit employees who come fully equipped with the full repertoire of work skills. Perhaps consequently, they are less likely to have structures and processes in place to informally develop the skills of their core employees. Moreover, employers with skills challenges conduct training needs assessments and staff appraisals at similar levels to those who do not, and are no more or less likely to have a training plan and/or budget.

What distinguishes employers who have had dealings with their SSC from those who have not

8.8 The vast majority of employers who have had dealings with their SSC are single-site establishments (80% vs. 60% overall); only 7% of employers that have had dealings with their SSC are branches of a larger organisation (compared to 19% overall). Despite this, employers who have had dealings with their SSC are less likely than those who have not to have a business plan.

8.9 As with employers in general, the prime operational focus of those employers who have had dealings with their SSC is on increasing sales turnover; however, there is far less of an emphasis on this than among the bulk of employers who have not had dealings with their SSC (32% vs. 48%).

8.10 Where the emphasis is greater is on reducing labour costs (6% vs. 3%) and other costs (11% vs. 5%), developing the skills of the workforce (13% vs. 10%) and ensuring innovation (10% vs. 6%).

8.11 Employers who have had dealings with their SSC are more likely to face or perceive skills challenges. Specifically, they are more likely to:

- perceive that the gap between their skill needs and available skills is increasing (48% vs. 36%);
- be looking to increase the range of tasks their workforce is skilled to undertake (64% vs. 75%);
- have problems finding new recruits with the required skills (79% vs. 60%);
- be concerned about the impact of an ageing workforce on their skills equilibrium (56% vs. 35%);
- bemoan the education system's failure to supply people equipped with skills that make them work-ready (75% vs. 48%);
- face skill constraints in their desire to move into new product-market positions (33% vs. 25%).

8.12 There is little difference in terms of the extent to which their skills have changed in recent years (61% of them agree that their skill needs are pretty much the same compared to 57% of employers who have not had dealings) and are no more or less likely to proactively work to improve workforce skills throughout their working life (88% vs. 88%)

8.13 In terms of training / workforce development, employers who have had dealings with their SSC are equally as likely to train any employees than those who have not (66% vs. 64%) although they are more likely to train their core employee-group (84% of those providing training vs. 75%). They are considerably more likely to train off-site than employers who have not had dealings. They are considerably less likely to use supervision structures as a mode of developing skills.

8.14 Encouragingly, in the sense that it tends to suggest that the SSCs are having dealings with employers whose skills challenges are the greatest, employers who have had dealings with their SSC are more likely to perceive the disruption to work (60% vs. 48%) and the reticence of staff (43% vs. 27%) as barriers to training.

A. Technical Appendix

8.15 This appendix provides further detail on the methodology of the survey. We provide information on;

- Sampling strategy / setting quota targets
- Sample source
- Allocation of achieved interviews to SSCs
- Response rates
- Profile of achieved interviews
- Weighting strategy

Sampling Approach

8.16 A target of 500 interviews per SSC was agreed[18]. In addition, those establishments not covered by an SSC (accounting for about a quarter of the business population) were divided into 4 broad sectors (primary / secondary industries, retail / wholesale establishments, business services establishments and public sector / 'other' establishments) and a target of 500 interviews was set for each of these sectors. This produced a total of 27 quotas of 500 interviews each.

8.17 Each SSC was asked to nominate a maximum of 4 sub-sectors within their footprint. These sub-sectors were then crossed against 5 sizebands to produce a quota grid of up to 20 cells per SSC. The sizebands used were – 2-4 employees, 5-24 employees, 25-49 employees, 50-249 employees and 250+ employees.

8.18 Allocation of the 500 interviews for each sector to quota cells used a modified Probability Proportionate to Size (PPS) approach. Where there was more than one sub-sector per SSC, half of the interviews (250 per 'sector') were split evenly between the sub-sectors. The other half were distributed in proportion to the number of establishments within the sub-sector (i.e. the proportion of the 'footprint' that the sub-sector accounts for). This generated a quota for each sub sector. The population figures used to determine the proportion of the SSC's 'population' within each sub sector were obtained from ONS.

8.19 The next step was to allocate interviews to sizeband within sub-sector. As a starting-point, the interviews for each sub-sector were allocated to sizeband proportionate to the share of sub-sector *employment* accounted for by that sizeband. However, the practicalities of achieving interviews within a realistic timetable meant that these initial figures sometimes had to be 'capped' at a certain proportion of the overall business population. These 'caps' were 1 in 3 for the largest sizeband (establishments with 250 or more employees), 1 in 5 for those with 50-249 employees and 1 in 8 for those with 25-49 staff[19]. Within each sub-sector, if the initial distribution of interviews meant that a cap was exceeded then the interviews above the cap were redistributed among the remaining sizebands proportionate to their share of employment within the sub sector.

[18] The exceptions to these were Justice SSC which was allocated a lower target to reflect its comparatively small business population and Lifelong Learning SSC which was also allocated a lower target.
[19] It was not necessary to impose caps for the 2-4 employee and 5-24 employee sizebands.

8.20 One complication in terms of sampling was that the footprints of the SSCs as they stood at the time of interviewing were not mutually exclusive. There were some SIC codes that fell into the footprints of two separate SSCs. In order to ensure that these ‘overlap’ SICs did not end up over-represented relative to the proportion of the UK business population that they accounted for and to avoid complications at the data weighting stage, these ‘overlap’ SICs were sampled separately. A total of 500 interviews were distributed among the SIC codes (or groups of SIC codes) that fell into the footprint of more than one SSC. A similar approach was taken to distribute these interviews as with the ‘core’ sample. Initially interviews were distributed proportional to the share of all business establishments. With each SIC (or group of SICs), interviews were allocated by sizeband proportional to the share of employment.

8.21 As a final stage, a ‘rim’ quota for broad region was overlaid on the sub sector by sizeband matrix. Broad quotas were set for the South, Midlands and North of England, for the Highlands & Islands Enterprise area and Scottish Enterprise area within Scotland and then for Wales and Northern Ireland. This rim ensured that at least 10% of interviews were conducted within each of Scotland, Wales and Northern Ireland to enable a sufficiently robust sample for analysis by country.

Sample Source

8.22 The sample was sourced from Experian who now own the Business Database that was previously managed by Yell Data. This has been found to be the most comprehensive source of establishment-level sample *with telephone numbers.*

Allocation of interviews to SSCs

8.23 It is common practice in employer studies similar to this to ascertain enough information to enable an accurate SIC code to be ascribed to an establishment during interview but to actually conduct the coding exercise post-hoc. It was not possible to take this approach for this study. Because of the need to establish prompted awareness of the SSC(s) that each establishment was covered by, it was necessary to allocate interviews to SSC ‘live’ i.e. during interview.

8.24 In order to achieve this allocation, respondents were asked whether a brief description based on the SIC code that they had been given on the Yell Data sample was an accurate description of the activities at their site. If the description was accurate then interviews were allocated to SSC on the basis of their sample SIC code. However, if they stated that the description given was not accurate then they were taken through a series of questions to establish their correct SSC. These questions took the form of increasingly detailed ‘read out’ lists from which respondents were asked to pick the description that best applied to their establishment. As a ‘double-check’, establishments were also asked to describe the activities at their establishment ‘in their own words’ and this description was recorded verbatim. This check revealed a small number (<1%) of employers were allocated to the wrong SSC during interview. These employers were re-contacted and asked whether they had heard of their (correct) SSC. Final data presented repositions these employers underneath the actual SSC which represents them.

Response rates

8.25 The overall response rate for the survey was 45%. A detailed breakdown of survey outcomes in shown in Table A.1 below.

Table A.1: Contact breakdown

Outcome	Number of contacts	% of all sample	% of complete contacts
Total sample	***125849***	***100%***	
Ineligible	1382	1%	
'Live' / not available during fieldwork	40,413	32%	
Out of quota	17,195	14%	
Unobtainable number	6,085	5%	
Total complete / usable contacts	***30,387***	***24%***	***100%***
Achieved interviews	13,620	11%	**45%**
Respondent refusal	12,924	10%	43%
Company policy refusal	3,843	3%	13%

Achieved Interviews

8.26 A total of 13,620 interviews were achieved, representing around 1% of the UK business population. The number of interviews achieved within the footprint of each SSC is shown in the table below alongside the proportion of all UK establishments that the achieved interviews equate to.

Table A.1: Interviews achieved by SSC

	Number of interviews achieved	Population	Achieved / Population
All employers	13,620	1,446,878	0.99%
Automotive	887	78435	1.13%
Care	544	22565	2.41%
CITB / Construction Skills	507	124162	0.41%
Cogent	556	18594	2.99%
Energy and Utility	557	12650	4.40%
E-skills	504	50709	0.99%
Facilities	504	62230	0.81%
Finance	514	29525	1.74%
Food and Drink	512	19755	2.59%
Goskills	589	36235	1.63%
Health	543	45032	1.21%
Hospitality	619	185666	0.33%
Justice	302	3245	9.31%
LANTRA	547	90315	0.61%
Lifelong Learning	218	15205	1.43%
Logistics	567	15210	3.73%
Proskills	600	18775	3.20%
SEMTA	659	47610	1.38%

	Number of interviews achieved	Population	Achieved / Population
Skillsactive	571	17440	3.27%
Skillset	595	12922	4.60%
Skillsfast	495	20590	2.40%
Skillsmart	592	196805	0.30%
Summitskills	447	29764	1.50%
Employers not covered by an SSC	1877	332036	0.57%

8.27 Table A.2 below shows the number of achieved interviews by sizeband and sub-sector. Interviews with establishments that fall into overlap SICs (i.e. SICs that fall into the footprint of two SSCs) are included within each of the sub-sectors that they are a part of and hence the number of interviews per sub sector sums to more than 13,620.

Table A.2: Interviews achieved by sizeband and sub-sector

Sub-sector	Total	Number of employees				
		2-4	5-24	25-49	50-249	250+
Automotive - SS1	335	38	101	90	99	7
Automotive - SS2	424	115	183	84	39	3
Automotive - SS3	128	28	70	17	11	2
Care - SS1	249	19	54	85	88	3
Care - SS2	295	32	75	67	110	11
CITB - SS1	199	37	61	36	55	10
CITB - SS2	123	29	47	20	25	2
CITB - SS3	42	6	19	13	4	0
CITB - SS4	143	27	46	27	29	14
Cogent - SS1	250	32	111	39	47	21
Cogent - SS2	306	13	67	52	124	50
Energy & Utility - SS1	255	57	101	39	39	19
Energy & Utility - SS2	302	79	164	38	17	4
e-skills - SS1	352	83	84	76	93	16
e-skills - SS2	117	19	33	19	37	9
e-skills - SS3	35	7	12	4	6	6
Facilities - SS1	340	74	112	61	79	14
Facilities - SS2	164	38	56	29	38	3
Finance - SS1	298	39	75	51	78	55
Finance - SS2	216	64	55	32	54	11
Food & Drink - SS1	249	6	36	36	82	89
Food & Drink - SS2	263	24	64	55	105	15
Goskills - SS1	340	80	136	82	39	3
Goskills - SS2	249	49	75	48	55	22
Health - SS1	168	10	15	40	49	54
Health - SS2	221	31	106	45	39	0
Health - SS3	154	21	45	32	50	6
Hospitality - SS1	216	50	73	29	47	17
Hospitality - SS2	219	33	65	51	68	2
Hospitality - SS3	184	28	66	46	41	3
Justice - SS1	302	32	133	88	44	5
LANTRA - SS1	371	166	121	42	40	2
LANTRA - SS2	176	28	97	43	8	0
Lifelong learning	218	28	37	39	63	51

Sub-sector	Total	Number of employees 2-4	5-24	25-49	50-249	250+
Logistics - SS1	567	39	122	110	238	58
Proskills - SS1	123	17	52	22	26	6
Proskills - SS2	390	29	97	85	151	28
Proskills - SS3	87	15	43	14	15	0
SEMTA - SS1	198	22	54	50	57	15
SEMTA - SS2	155	17	35	45	36	22
SEMTA - SS3	203	27	60	44	50	22
SEMTA - SS4	103	5	20	12	39	27
Skillsactive - SS1	150	43	82	14	11	0
Skillsactive - SS2	397	30	117	87	154	9
Skillset - SS1	318	66	112	64	64	12
Skillset - SS2	277	125	109	13	24	6
Skillsfast - SS1	309	32	77	75	110	15
Skillsfast - SS2	229	62	94	39	31	3
Skillsmart - SS1	205	19	36	29	53	68
Skillsmart - SS2	83	18	25	14	23	3
Skillsmart - SS3	95	16	28	22	29	0
Skillsmart - SS4	209	49	84	32	35	9
SSDA - Business services	516	85	105	86	164	76
SSDA - Primary / secondary	502	75	124	104	158	41
SSDA - Public / 'other'	350	30	57	82	116	65
SSDA - Retail / wholesale	509	73	167	111	148	10
Summitskills - SS1	27	7	13	3	2	2
Summitskills - SS2	420	86	169	103	58	4[20]

Weighting strategy

8.28 Final data was grossed-up to reflect the total business population of establishments with 2+ employment using a sub-sector by sizeband grid for each SSC. Population figures were obtained from the Inter Departmental Business Register (IDBR) (and defined using SIC codes).

8.29 To avoid 'double-counting' within the 'total' figures, overlap SICs (or groups of SICs) were weighted separately. That is they were excluded from the population figures for each of the SSCs within whose footprints they feel and separate population figures for each SIC code were obtained. Because of the ONS disclosure arrangements around small business populations, it was sometimes not possible to obtain accurate population figures for each overlap SIC by sizeband. Where this was the case, records with the affected SICs were grossed-up to the total population for the SIC (that is, the sizebands were collapsed for grossing-up purposes).

8.30 Over the top of these cell weights, a rim weight for country was imposed to correct for the over-sampling of Scotland, Wales and Northern Ireland within the survey design.

[20] The only exception to this was for the Skills for Health SSC population figures. The figures obtained from ONS appeared inconsistent with the overall employment in the sector and with figures obtained from other sources. For this SSC, population figures obtained from Yell Data were used to gross-up the data.

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PRIVATE & CONFIDENTIAL **SSDA/SfBN Employer Survey** Questionnaire November 2003

SECTION A: BUSINESS OBJECTIVES

ASK ALL

A1. [TEXT SUBSTITUTION: IF PART OF LARGER ORGANISATION BUT NOT HQ – **To the best of your knowledge,**…] **Is this specific workplace covered by a formal, written business plan which sets out this establishment's objectives and how they will be achieved…?**

Yes	1	GO TO INSTRUCTIONS ABOVE A2
No	2	GO TO A3
DK	3	

ASK A2 IF HAVE PLAN (A1/1) AND PART OF LARGER ORGANISATION (S8/2), BUT NOT HQ (***not*** S8B/1). ALSO ASK IF HAVE PLAN (A1/1) AND GOVERNMENTAL ORGANISATION (S6/2). OTHERS GO TO INSTRUCTIONS ABOVE A2A

A2. And which of the following statements best describes this establishment's role in setting these for this site? Would you say that …? READ OUT. CODE ONE ONLY

The objectives are wholly laid out for you elsewhere, by another part of the organisation	1
You have some input into the setting of the objectives, or	2
You lead the way in setting objectives for this site	3

ASK ALL WITH BUSINESS PLAN (A1/1) IF SINGLE-SITE ORGANISATION OR HAVE INPUT INTO ESTABLISHING PLAN (*not* A2/1)

A2a. [TEXT SUBSTITUTION: IF SINGLE SITE ESTABLISHMENT – **And which of the following are covered in the plan..?** / IF PART OF LARGER ORGANISATION BUT SOME RESPONSIBILITY FOR OBJECTIVE SETTING – **And to which of the following do people at this establishment have input <u>in terms of strategic business planning</u>?]** READ OUT AND CODE ALL MENTIONED

New product or service development	1	
Employee development	2	
Improving the quality of existing products or services	3	
Forecasts of staffing requirements	4	
Investment in technology	5	
Other capital investment	6	
Sales or marketing plans or projections	**7**	
General financial planning	**8**	
None of these	V	
Don't know	X	

ASK ALL

A3. I'm now going to read you a list of statements about the extent to which your establishment currently focuses on a number of different objectives and priorities. For each please tell me if it is a major focus, a minor focus or is it not something you are particularly focusing on at all.

ROTATE LIST	**Major focus at the moment**	**Minor focus at the moment**	**Not a particular focus at all at the moment**	**DK**
A. Reducing the labour costs that this establishment incurs	1	2	3	X
B. Reducing other costs of production and/or service delivery	1	2	3	X
C. Increasing sales turnover and/or revenues	1	2	3	X
D. Improving the labour productivity of the people who work here	1	2	3	X
E. Ensuring that this organisation is innovative in the way that goods or services are delivered	1	2	3	X
F. PUBLIC SECTOR ONLY: Meeting government targets	1	2	3	X
G. Meeting the needs of external stakeholders such as the local community	1	2	3	X
H. Developing new products and services	1	2	3	X
I. Growing this establishment in terms of the size of its workforce	1	2	3	X
J. Developing the skills of the people who work here	1	2	3	X

IF MORE THAN ONE STATEMENT FROM A3 SCORED AS "MAJOR FOCUS", ASK A4. OTHERS GO TO INSTRUCTION ABOVE A6.

A4. Thinking still of those statements that I have just read to you, which would you say is the most important area upon which your establishment is focusing at the moment? Would you say … ? INTERVIEWER NOTE: PROMPT AS NECESSARY

CATI INSTRUCTION: SHOW STATEMENTS RATED "1" AT A3. SINGLE CODE ONLY.

A. Reducing the labour costs that this establishment incurs	1
B. Reducing other costs of production and/or service delivery	2
C. Increasing sales turnover and/or revenues	3
D. Improving the labour productivity of the people who work here	4
E. Ensuring that this organisation is innovative in the way that goods or services are delivered	5
F. PUBLIC SECTOR ONLY: Meeting government targets	7
G. Meeting the needs of external stakeholders such as the local community	8
H. Developing new products and services	9
I. Growing this establishment in terms of the size of its workforce	
J. Developing the skills of the people who work here	10

ASK ONLY IF "IMPROVING LABOUR PRODUCTIVITY OF THE PEOPLE WHO WORK HERE" IS A MAJOR FOCUS (A3_D/1) – OTHERS GO TO B1

A6. You've told me that improving labour productivity of the people who work here is a major focus for your establishment. How do you measure labour productivity ?

WRITE IN VERBATIM.

SECTION B: SKILL NEEDS & CHALLENGES

ASK ALL

B1. Changing the subject slightly, I'm now going to read out a set of statements about skills needs and challenges that businesses like yours commonly face. Please tell me the extent to which you agree or disagree that each applies to this establishment.

ROTATE LIST	Agree strongly	Tend to agree	Neither / nor	Tend to disagree	Disagree Strongly
A. The gap between the skills we need and the skills we have among our workforce is growing	1	2	3	4	5
B. Improving the ability of staff to undertake a wider range of tasks is a priority for us	1	2	3	4	5
C. The skills needed by our workers have stayed pretty much the same for a good number of years	1	2	3	4	5
D. This establishment proactively works to improve the skills of its workers throughout their working life with us	1	2	3	4	5
E. When we are looking to take on new recruits, we have problems finding people with the skills that we need	1	2	3	4	5
F. We are concerned that we will have problems in the future because the age of our key workers is increasing	1	2	3	4	5
G. The education system does not supply enough people who are equipped with the skills that they need to start working with us	1	2	3	4	5
H. We would like to produce more complex products or more up-market services but are constrained by the limited skills available in our current workforce	1	2	3	4	5

ASK B2 IF CODED 1-2 AT B1 A, E , G or H

B2. In terms of the skills challenges that this establishment faces, would you say that the skills that you have found lacking are … ?

READ OUT

	YES	NO
Skills specific to your industry	1	1
Skills specific to your establishment	2	2

Generic skills, for example: ability to work in a team, literacy, numeracy, customer service, oral communication skills, planning and organising skills etc.	3	3

ASK ALL

B3. **Over the last 2 to 3 years, have the skills that you need at this establishment changed as a result of…?**
READ OUT AND CODE ALL MENTIONED

The development of new products and services	1	
The introduction of new working practices	2	
The introduction of new technology	3	
New legislative or regulatory requirements	4	
INTERVIEWER NOTE: DO NOT READ OUT IF ANYTHING CODED 1 – 4 **Or would you say that your skills needs have changed but for none of these reasons.**	0	SINGLE CODE ONLY
INTERVIEWER NOTE: DO NOT READ OUT IF ANYTHING CODED 1 – 4 **Or that your skills needs have not really changed here in the last 2-3 years.**	X	

SECTION C: TRAINING

ASK ALL

C1. **Has your establishment funded or arranged any training for your employees in the past 12 months?**

Yes	1
No	2
DK	X

ASK ALL WITH 10+ WORKERS (FROM S3)

C2. **I'd now like to ask you about a group of employees that we will call 'core employees'. By this we mean the group of employees at this establishment WHO PLAY THE GREATEST ROLE IN MAKING THE KEY PRODUCT OR DELIVERING THE KEY SERVICE of your business.**
Which broad job title describes your 'core employees'?
INTERVIEWER NOTE: IF MORE THAN ONE GROUP OF EMPLOYEES CAN BE DESCRIBED AS CORE, FOCUS ON CORE GROUP WITH LARGEST NUMBER OF EMPLOYEES. WRITE IN JOB TITLE ONLY.
IF NO CORE EMPLOYEES OR IF WHOLE WORKFORCE IS CORE, CODE AS NULL.
ALLOW DK

WRITE IN		ASK C2.1
Don't Know / Can't identify core group	X	GO TO ROUTING INSTRUCTION AFTER C2A
Null	Y	

C2.1 **And specifically , what does this core group actually do?**
WRITE IN. TO BE CODED TO SOC 3 DIGIT

	GO TO INSTRUCTION ABOVE C4

ASK ALL WITH <10 WORKERS (FROM S3)

C2A **I'd now like to ask you about your LONGEST SERVING EMPLOYEE DIRECTLY INVOLVED IN MAKING THE KEY PRODUCT OR DELIVERING THE KEY SERVICE. What is the broad job title of this employee?**

WRITE IN JOB TITLE ONLY. IF NO LONGEST SERVING EMPLOYEE CODE AS NULL. ALLOW DK

WRITE IN		ASK C2A.1
Don't Know	X	GO TO ROUTING INSTRUCTION AFTER C2A
Null	Y	

C2A.1 **And specifically , what does this employee actually do?**
WRITE IN. TO BE CODED TO SOC 3 DIGIT

	GO TO INSTRUCTION ABOVE C4

ROUTING INSTRUCTION

READ OUT IF HAVE NO OR DON'T KNOW CORE EMPLOYEES (C2/NULL OR DK) OR HAVE NO OR DON'T KNOW LONGEST SERVING EMPLOYEE (C2A/NULL OR DK)

In that case, can I ask you to consider just your managerial staff when answering the next few questions.

ASK ALL WHO HAVE PROVIDED TRAINING (C1/1)

C3. **Has your establishment funded or arranged any training for<**text sub from C2,C2A or management if C2 -C2A/ null or DK> **in the past 12 months?**

Yes	1
No	2
DK	X

IF YES AT C4 – OTHERS GO TO C4C

C4A **Which of the following types of training have you funded or arranged for <** text sub from C2,C2A or management if C2 -C2A/ null or DK **> at this location over the past 12 months?**
READ OUT – CODE ALL MENTIONED

Induction training	1
Health and safety training	2
Job specific training	3
Supervisory training	4
Management training	5
Training in new technology	6
Training in foreign languages	7
None of the above	8

C4B **And have you funded or arranged training in generic skills for <** text sub from C2,C2A or management if C2 -C2A/ null or DK **> at this location over the past 12 months?**
(READ OUT IF NECESSARY –By generic skills we mean things like literacy, numeracy, customer services and oral communication skills, planning and organising skills etc.)

Yes	1
No	2
Don't know	3

ASK ALL

C4C **And can I just check, when you take on new <** text sub from C2,C2A or management if C2 -C2A/ null or DK **>, to what extent would you say that they come readily equipped with the skills that you need? Are they …..**

READ OUT – CODE ONE ONLY

Fully equipped	1
Have most of the skills but some need for development	2
Have some of the skills but need development	3
Have few of the skills and need significant development	4
Have none of the skills	5
Don't know	X

ASK ALL

C4D **Has this establishment achieved the Investors in People Standard, is it currently working towards achieving the Investors in People Standard, is it considering starting to work towards the Investors in People Standard, or none of these?**

Achieved	1
Working towards	2
Considering	3
None of the above	4
Don't know	X

ASK ALL

C4. **Organisations develop the skills of their workforce through a variety of approaches and methods. Can I just check if any of the following have been organised for your < text sub from C2,C2A or management if C2 -C2A/ null or DK > at this establishment in the last 12 months?**

READ OUT

	YES	NO
A. Formal or dedicated practical sessions where employees are taught or shown how to perform tasks, or to use tools and equipment (including computer software and hardware)	1	2
B. Formal theoretical sessions where employees are taught the principles and theories that lie behind the work that they do but do not put it into practice at the session	1	2

IF HAVE PROVIDED TASK-BASED, PRACTICAL LEARNING (C5_A/1)

C5a **You say that you have provided formal or dedicated practical sessions. Where do these learning opportunities for <** text sub from C2,C2A or management if C2 -C2A/ null or DK > **most commonly tend to take place …?**

READ OUT. MULTI-CODE ALLOWED.

Away from your establishment or site	1
At the employees' usual work station	2
At your site, but away from the employees' usual work station	3

IF HAVE PROVIDED FORMAL, THEORETICAL LEARNING OPPORTUNITIES (C5_B/1)

C5b **(And) you say that you have provided formal theoretical sessions. Where do these learning opportunities for <** text sub from C2,C2A or management if C2 -C2A/ null or DK > **most commonly tend to take place …?**
READ OUT. MULTI-CODE ALLOWED

Away from your establishment or site	1
At the employees' usual work station	2
At your site, but away from the employees' usual work station	3

ASK ALL
C5C **And have you used any of the following methods or approaches to develop the skills of your**
< text sub from C2,C2A or management if C2 -C2A/ null or DK >**?**
READ OUT

	YES	NO
A. Supervision structures to ensure that employees are guided through their job role over time	1	2
B. Opportunities for staff to spend time learning through watching others perform their job roles	1	2
C. Allowing staff to perform tasks that go beyond their strict job role, and providing them with feedback on what they have done right or wrong	1	2

ASK ALL OFFERED TRAINING TO CORE/LONGEST SERVING OCCUPATIONS (C4/1)

C4. **Who has tended to provide the training you have funded or arranged from this location for <**text sub from C2,C2A or management if C2 -C2A/ null or DK >**? Has it been provided by …?**
READ OUT. CODE ALL MENTIONED.

ASK ONLY IF AT LEAST ONE PROVIDER MENTIONED AT C7
C5. **And how effective did you find the training you received from (**PROVIDER)**? Please use a scale from 1 to 10 where 1 means "not at all effective" and 10 means "Extremely effective"**
OBTAIN RATING FOR EACH PROVIDER MENTIONED IN C7.

	C7	**C8**										
	Provided by	**Not at all effective**									**Extremely effective**	**DK**
Staff at this site	Y/N/DK	1	2	3	4	5	6	7	8	9	10	X
IF MULTI SITE AND PRIVATE / VOLUNTARY (S8/ 2 & S6/ 1 or 3): **Dedicated training centre that is wholly owned by the organisation this company is part of**	Y/N/DK	1	2	3	4	5	6	7	8	9	10	X
IF PUBLIC (S6/2): **A dedicated government or local authority training centre (that is not at this site)**	Y/N/DK	1	2	3	4	5	6	7	8	9	10	X
External consultants/training providers	Y/N/DK	1	2	3	4	5	6	7	8	9	10	X

FE college	Y/N/DK	1	2	3	4	5	6	7	8	9	10	X
Higher Education institution	Y/N/DK	1	2	3	4	5	6	7	8	9	10	X

ASK ALL OFFERED TRAINING (C1/1 or C4/1) –OTHERS GO TO C10

C8B **For the following questions I'd like you to think about ALL your employees – not just the groups we have just been talking about.**

Thinking about all the training funded or provided by this establishment in the last 12 months, what would you say the benefits have been (for this establishment as a whole)?

DO NOT READ OUT – CODE ALL MENTIONED

Reduced employee turnover	1
Improved labour productivity	2
Improved profit margins on sales or service	3
More motivated staff	4
Lower absentee rates	5
Improved the level of skills or proficiency amongst the workforce	6
Other (Specify)	7
Don't know	X

ASK ALL

I'd now like to ask you about barriers that some organisations have said prevent them from investing more in training and developing their workforce. I'm interested both in barriers that prevent the development of job-specific skills (that is skills that are needed to perform the more technical aspects of a job role) and barriers to the development of generic skills (by which I mean things like literacy, numeracy, customer service and oral communication skills, and the ability to plan and organise, etc.

C6. **I'm going to read out a number of potential barriers, and I want you to tell me, for each, if it is a barrier that prevents this establishment from developing either job specific skills among your workforce, or generic skills, or both or neither.**
So firstly, is _______(READ OUT) a barrier to …?

	Developing technical or job specific skills	Developing generic skills	Developing both technical or job specific skills and generic skills	Neither
The financial cost of training	1	2	3	4
The disruption to your work patterns that is caused by people being away from work for training	1	2	3	4
Lack of knowledge about the range of provision that is available	1	2	3	4
Reluctance of staff to take up training opportunities	1	2	3	4

Lack of suitable training provision	1	2	3	4
The concern that if you invest in training for staff then they become more susceptible to 'poaching' from your competitors	1	2	3	4
The concern that the acquisition of new skills through training tends to make employees demand higher wages	1	2	3	4

C7. **Can you tell me whether any of the following would encourage you to provide** <text sub if C1/1 or C4/1) **"more"**> **training for your staff? For each, please tell me whether you agree strongly that it would encourage you to provide more training, tend to agree, neither agree nor disagree, tend to disagree or disagree strongly.** READ OUT.

	Agree strongly	Tend to agree	Neither / nor	Tend to disagree	Disagree strongly
If better quality providers were available locally	**1**	**2**	**3**	**4**	**5**
If courses were more flexible in terms of how they are delivered	**1**	**2**	**3**	**4**	**5**
If more higher level courses were available	**1**	**2**	**3**	**4**	**5**
If financial assistance were available to help with the cost of training	**1**	**2**	**3**	**4**	**5**

ASK ALL

C8. **And does your establishment …?** READ OUT

	YES	NO
Conduct training needs assessments	1	2
Conduct staff appraisals	1	2
Have a training plan that specifies in advance the level and type of training your employees will need in the coming year	1	2
Have a budget for training expenditure <text Sub if multi-site and not HQ (S8/2 & S8B/2) <which specifically covers training spend for this site>	1	2

SECTION D: AWARENESS AND SATISFACTION

ASK ALL

D1. **Changing the subject slightly, I now want to ask you about the support that is available to businesses and organisations like yours in terms of developing the skills of your workforce. If you wanted information, help or advice on skills or training related issues from someone outside your organisation, how confident would you be on where to go? Would you say that you would be…?**

Very confident (ADD IF NECESSARY: you'd know exactly where to go)	1
Fairly confident (ADD IF NECESSARY: you'd have some ideas about who to approach but wouldn't be sure what their differing roles were	2
Not very confident (ADD IF NECESSARY: you'd have some vague ideas but not much more than that	3
Not at all confident (ADD IF NECESSARY: you'd have no idea where to go	4
DO NOT READ OUT: Don't Know	X

IF HAVE SOME IDEA ABOUT WHO TO APPROACH (D1/1-3)

D1a. **Which organisations do you think you would approach?** DO NOT READ OUT

The Skills for Business Network (SfBN)	1
The Sector Skills Development Agency (SSDA)	2

A Sector Skills Council (SSC)	3
Trade union	4
Professional body	5
Educational institution	6
The National LSC (Learning and Skills Council)	7
Our local LSC	8
SCOTLAND ONLY: Highlands and Islands Enterprise	9
SCOTLAND ONLY: Scottish Enterprise	10
NORTHERN IRELAND ONLY: LEDU (Local Economic Development Unit)	11
WALES ONLY: ELWa (Education and Learning Wales)	12
Other (WRITE IN)	0
Don't know	X

IF WOULD APPROACH AN SSC (D1a/3)

D1b. *Which SSC would you approach?*
DO NOT PROMPT

Construction Skills/ CITB SSC	1	**Go skills** – the SSC for passenger transport	13
e-skills UK – the SSC for IT, Telecoms and contact centres	2	**Summitskills –** the SSC for the building services and electro-technical heating, ventilating, air conditioning, refrigeration and plumbing organisations	14
SEMTA – The SSC for the science, engineering and manufacturing technologies	3	**Energy and Utility Skills SSC or Synergy**	15
Skillsactive UK – the SSC for sports and recreation organisations	4	**LANTRA –** the SSC for environmental and land-based industries.	16
Hospitality, leisure, travel and tourism	5	**Financial services SSC**	17
Skillsmart – the SSC for the retail industries	6	**Skills for Health** – the SSC for health organisations	18
Food & Drink Industry SSC or Improve	7	**Social Care SSC**	19
Automotive Services - the SSC for the sales, maintenance and repair of vehicles	8	**Justice –** the SSC for prisons, immigration services, the police, probation, prosecution services and youth justice organisations	20
Cogent (Plus) – the SSC for oil and gas extraction, chemicals manufacturing and petroleum industries	9	**Skillset** – the SSC for the audio-visual organisations	21
Skills for Logistics – the SSC for freight transport, storage and warehousing and courier services	10	**Facilities Management SSC**	22
Skillfast- UK – the SSC for clothing, footwear and textiles	11	**Lifelong learning –** the SSC for post 16 education	23
Proskills –the SSC for process industries and manufacturing	12	Other (WRITE IN)	0
		DK	X

ASK ALL

D1c. **And which (**TEXT SUBSTITUTION: IF THOUGHT OF AT LEAST ONE ORGANISATION TO APPROACH (D1a/not X) **– 'other') organisations that provide help or advice on skills or training-related issues are you aware of?** DO NOT READ OUT

The Skills for Business Network (SfBN)	1
The Sector Skills Development Agency (SSDA)	2
A Sector Skills Council (SSC)	3
Trade union	4
Professional body	5
Educational institution	6
The National LSC	7
Our local LSC	8
SCOTLAND ONLY: Highlands and Islands Enterprise	9
SCOTLAND ONLY: Scottish Enterprise	10
NORTHERN IRELAND ONLY: LEDU (Local Economic Development Unit)	11
WALES ONLY: ELWa (Education and Learning Wales)	12
Other (WRITE IN)	0
Not aware of any	X

IF AWARE OF (OTHER) SSCs (D1c/3)

D1d. Which <text sub if D1a/3 and D1c/3 –“other”) SSC or SSCs are you aware of?

DO NOT PROMPT.

Construction Skills/ CITB SSC	1	**Go skills** – the SSC for passenger transport	13
e-skills UK – the SSC for IT, Telecoms and contact centres	2	**Summitskills –** the SSC for the building services and electro-technical heating, ventilating, air conditioning, refrigeration and plumbing organisations	14
SEMTA – The SSC for the science, engineering and manufacturing technologies	3	**Energy and Utility Skills SSC or Synergy**	15
Skillsactive UK – the SSC for sports and recreation organisations	4	**LANTRA –** the SSC for environmental and land-based industries.	16
Hospitality, leisure, travel and tourism	5	**Financial services SSC**	17
Skillsmart – the SSC for the retail industries	6	**Skills for Health** – the SSC for health organisations	18
Food & Drink Industry SSC or Improve	7	**Social Care SSC**	19
Automotive Services - the SSC for the sales, maintenance and repair of vehicles	8	**Justice –** the SSC for prisons, immigration services, the police, probation, prosecution services and youth justice organisations	20
Cogent (Plus) – the SSC for oil and gas extraction, chemicals manufacturing and petroleum industries	9	**Skillset** – the SSC for the audio-visual organisations	21
Skills for Logistics – the SSC for freight transport, storage and warehousing and courier services	10	**Facilities Management SSC**	22
Skillfast- UK – the SSC for clothing, footwear and textiles	11	**Lifelong learning –** the SSC for post 16 education	23
Proskills –the SSC for process industries and manufacturing	12	Other (WRITE IN)	O
		DK	X

ASK FOR EACH NOT CODED AT D1a or D1c

D1e. And have you heard of any of the following organisations?

Sector Skills Councils (SSCs)	1
The Sector Skills Development Agency (SSDA)	2
The Skills for Business Network (SfBN)	3

ASK ONLY IF AWARE OF SSCs (D1a/3 or D1c/3) AND IN INDUSTRY COVERED BY AN SSC (S4 outcome/not "SSDA"):

D2. **Do you know the name of the Sector Skills Council which represents your industry?**
MULTI-CODE ALLOWED. FULL CODEFRAME TO APPEAR.
IF YES: **What is the name?**
DO NOT READ OUT. PROBE FULLY.

Construction Skills/ CITB SSC	1	**Go skills** – the SSC for passenger transport	13
e-skills UK – the SSC for IT, Telecoms and contact centres	2	**Summitskills –** the SSC for the building services and electro-technical heating, ventilating, air conditioning, refrigeration and plumbing organisations	14
SEMTA – The SSC for the science, engineering and manufacturing technologies	3	**Energy and Utility Skills SSC or Synergy**	15
Skillsactive UK – the SSC for sports and recreation organisations	4	**LANTRA –** the SSC for environmental and land-based industries.	16
Hospitality, leisure, travel and tourism	5	**Financial services SSC**	17
Skillsmart – the SSC for the retail industries	6	**Skills for Health** – the SSC for health organisations	18
Food & Drink Industry SSC or Improve	7	**Social Care SSC**	19
Automotive Services - the SSC for the sales, maintenance and repair of vehicles	8	**Justice –** the SSC for prisons, immigration services, the police, probation, prosecution services and youth justice organisations	20
Cogent (Plus) – the SSC for oil and gas extraction, chemicals manufacturing and petroleum industries	9	**Skillset** – the SSC for the audio-visual organisations	21
Skills for Logistics – the SSC for freight transport, storage and warehousing and courier services	10	**Facilities Management SSC**	22
Skillfast- UK – the SSC for clothing, footwear and textiles	11	**Lifelong learning –** the SSC for post 16 education	
Proskills –the SSC for process industries and manufacturing	12	Other (WRITE IN)	O
		DK	X

SINGLE SSC	
… identified	1
… not identified	2
TWO SSCS	
… both identified	3
… one identified	4
… none identified	5

ASK ALL

D3. **And have you heard of (**INSERT NAME OF SSC)**?**

ONLY SSC FOR INDUSTRY TO APPEAR (TWO SSCS FOR OVERLAP SICs) – TAKEN FROM SAMPLE IF SAMPLE SIC CORRECT, OTHERWISE TAKE FROM SCREENER DUMMY VARIABLE – SSCs TO BE ASKED ABOUT

Construction Skills/ CITB SSC	1	**Go skills** – the SSC for passenger transport	13
e-skills UK – the SSC for IT, Telecoms and contact centres	2	**Summitskills –** the SSC for the building services and electro-technical heating, ventilating, air conditioning, refrigeration and plumbing organisations	14
SEMTA – The SSC for the science, engineering and manufacturing technologies	3	**Energy and Utility Skills SSC or Synergy**	15
Skillsactive UK – the SSC for sports and recreation organisations	4	**LANTRA –** the SSC for environmental and land-based industries.	16
Hospitality, leisure, travel and tourism	5	**Financial services SSC**	17
Skillsmart – the SSC for the retail industries	6	**Skills for Health** – the SSC for health organisations	18
Food & Drink Industry SSC or Improve	7	**Social Care SSC**	19
Automotive Services - the SSC for the sales, maintenance and repair of vehicles	8	**Justice –** the SSC for prisons, immigration services, the police, probation, prosecution services and youth justice organisations	20
Cogent (Plus) – the SSC for oil and gas extraction, chemicals manufacturing and petroleum industries	9	**Skillset** – the SSC for the audio-visual organisations	21
Skills for Logistics – the SSC for freight transport, storage and warehousing and courier services	10	**Facilities Management SSC**	22
Skillfast- UK – the SSC for clothing, footwear and textiles	11	**Lifelong learning –** the SSC for post 16 education	
Proskills –the SSC for process industries and manufacturing	12	Other (WRITE IN)	O
		DK	X

ASK ALL WHO ARE AWARE OF MORE THAN ONE SSCs IN ADDITION TO OWN SSC (FROM D1b, D1d OR D2)

D4. **Which of these Sector Skills Councils would you say that you have had the closest contact with or have the greatest awareness of?** READ OUT – ALLOW SINGLE-CODE ONLY

Construction Skills/ CITB SSC	1	**Go skills** – the SSC for passenger transport	13
e-skills UK – the SSC for IT, Telecoms and contact centres	2	**Summitskills –** the SSC for the building services and electro-technical heating, ventilating, air conditioning, refrigeration and plumbing organisations	14
SEMTA – The SSC for the science, engineering and manufacturing technologies	3	**Energy and Utility Skills SSC or Synergy**	15
Skillsactive UK – the SSC for sports and recreation organisations	4	**LANTRA –** the SSC for environmental and land-based industries.	16
Hospitality, leisure, travel and tourism	5	**Financial services SSC**	17
Skillsmart – the SSC for the retail industries	6	**Skills for Health** – the SSC for health organisations	18

Food & Drink Industry SSC or Improve	7	**Social Care SSC**	19
Automotive Services - the SSC for the sales, maintenance and repair of vehicles	8	**Justice –** the SSC for prisons, immigration services, the police, probation, prosecution services and youth justice organisations	20
Cogent (Plus) – the SSC for oil and gas extraction, chemicals manufacturing and petroleum industries	9	**Skillset** – the SSC for the audio-visual organisations	21
Skills for Logistics – the SSC for freight transport, storage and warehousing and courier services	10	**Facilities Management SSC**	22
Skillfast- UK – the SSC for clothing, footwear and textiles	11	**Lifelong learning –** the SSC for post 16 education	
Proskills –the SSC for process industries and manufacturing	12	Other (WRITE IN)	O
		DK	X

ASK ONLY IF AWARE OF SSDA, SfBN OR SSCs ON PROMPTED OR UNPROMPTED BASIS
(**SfBN** – D1a/1 or D1c/1 or D1e/3) (**SSDA** – D1a/2 or D1c/2 or D1e/2) (**SSC –** D1a/3 or D1c/3 or D1e/1)
ASK ABOUT UP TO TWO INDIVIDUAL SSCs:
ASK ABOUT OWN SSC IF AWARE AT D1b, D1d, D2 OR D3
IF AWARE OF ONE OTHER AT D1b, D1d, D2 OR D3, ASK ABOUT THAT SSC
IF AWARE OF MORE THAN ONE OTHER AT D1b, D1d, D2 and D3, ASK ABOUT SSC MENTIONED AT D4

D5. **How good an understanding would you say that you have of the role and objectives of** (EACH AWARE OF)**? Would you say very detailed, fairly detailed, patchy, or do you know no more about them than just the name?**
REPEAT FOR EACH AWARE OF.

	Very detailed	Fairly detailed	Patchy	Name only	DK
(ASK ONLY IF AWARE OF SfBN) A. **The Skills for Business Network**	1	2	3	4	X
(ASK ONLY IF AWARE OF SSDA) B. **The SSDA/Sector Skills Development Agency**	1	2	3	4	X
(ASK ONLY IF AWARE OF SSCs) C. **The SSCs/Sector Skills Councils generally**	1	2	3	4	X
(ASK ONLY IF AWARE OF OWN SSC 1) D1. (INSERT NAME OF SSC)	1	2	3	4	X
(ASK ONLY IF AWARE OF OWN SSC 2) D2. (INSERT NAME OF SSC)	1	2	3	4	X
(ASK ONLY IF AWARE OF OTHER SSC 2) E. (INSERT NAME OF SSC)	1	2	3	4	X

SECTION E1: VIEWS ON SSDA

ASK ALL AWARE OF SSDA (D5_B/ 1-3) UNLESS "NAME ONLY" UNDERSTANDING OF ROLE

E1. On the basis of your understanding of the Sector Skills Development Agency can you tell me what you think it has been set up to do?

PROBE FULLY ALLOW DK - **RECORD VERBATIM**

E2. **Which of these audiences do you feel benefit from the activities *to date* of the SSDA …?** *READ OUT AND CODE ALL MENTIONS*

ASK E3 IF MORE THAN ONE CODED AT E2 UNLESS E2= SP/9

E3. **And which of these audiences do you feel have derived the most benefit from the SSDA's activities to date?** *PROMPT AS NECESSARY AND CODE ONE ONLY*

	E2 – Benefits from SSDA activities	E3 – who benefits most
Employers	1	1
Employees	2	2
Specific business sectors	3	3
National Government bodies (such as DfES, DTI or other government departments, National Learning and Skills council (LSC) or Connexions)	4	4
Sub-national or regional Government bodies (Such as Regional development agencies (RDAs), local government, local Learning and skills councils)	5	5
Education and Training providers	6	6
Bodies that fund or sponsor training programmes (Such as Learn Direct, Business Links, University for Industry (UfI)	7	7
The Sector Skills Councils (SSCs)	8	8
Other (PLEASE SPECIFY)	0	0
Too early to say	9	9

E4. ALLOW COLUMN / QUESTIONNAIRE SPACE FOR QUESTION HERE IN FUTURE WAVES LOOKING AT PROGRESS MADE IN LAST YEAR.

ASK ONLY IF AWARE OF SSDA (D1a/2 or D1c/2 or D1e/2)

E5. **And have you ever had any dealings with the Sector Skills Development Agency?**

Yes	1	ASK E6
No	3	GO TO INSTRUCTIONS ABOVE E11
DK	4	

IF HAD DEALINGS (E5/1):

E6. Which of the following describe the nature of the contact or relations that you have had with the Sector Skills Development Agency (SSDA)? Was your contact about…? READ OUT. CODE ALL MENTIONED.

… training advice	1
… research or intelligence gathering	2
… obtaining a publication	3
… setting up an SSC (Sector Skills Council)	4
… attending a marketing event	5
…qualifications advice	6
…..skills or business performance advice	7
DO NOT READ OUT: None of the above	X
What other types of contact have you had with the SSDA? (WRITE IN)	V

ASK E8 FOR ALL CORRESPONDING CODES MENTIONED AT E6 UNLESS CODED X

E7. On a scale of 1 to 10, where 1 is highly dissatisfied and 10 is highly satisfied, please can you tell me what score you would give the Sector Skills Development Agency (SSDA) from your experience of dealing with them about….?

	Highly dissatisfied									Highly satisfied	
Training advice	1	2	3	4	5	6	7	8	9	10	DK
Research or intelligence gathering	1	2	3	4	5	6	7	8	9	10	DK
Obtaining a publication	1	2	3	4	5	6	7	8	9	10	DK
Setting up an SSC (Sector Skills Council)	1	2	3	4	5	6	7	8	9	10	DK
Attending a marketing event	1	2	3	4	5	6	7	8	9	10	DK
Qualifications advice	1	2	3	4	5	6	7	8	9	10	DK
Skills or business performance advice	1	2	3	4	5	6	7	8	9	10	DK
<Other dealing from E6>	1	2	3	4	5	6	7	8	9	10	DK

E8. And how often have you been in contact with the SSDA? Would you describe the contact you have had as…

One-off	1
Occasional i.e. you have been in contact with them a few times, on separate occasions, maybe once every 6 months or so	2
Regular, i.e. every 2-3 months or so	3
Frequent or on-going – i.e. more than every 2-3 months or so	4

DO NOT READ OUT: None of the above	V

E9.
E10. And overall how satisfied were you with the dealings you have had with them? Please use a scale of 1 to 10 where 1 is highly dissatisfied and 10 is highly satisfied.

	Highly dissatisfied									Highly satisfied	DK
Satisfaction with dealings	1	2	3	4	5	6	7	8	9	10	X

SECTION E2: VIEWS ON INDIVIDUAL SSC

ASK SECTION E2 FOR UP TO THREE SSCs AWARE OF TO FOLLOWING PRIORITIES:

1st - IF AWARE OF OWN SSC/s AT D1b, D1d, D2 OR D3 AND MORE THAN NAME ONLY AT D5 (D5D/1-3 or D5E/1-3 IF IN OVERLAP SSC)

2nd- IF AWARE OF SSC OTHER THAN OWN AT D1b, D1d, D2 OR D3, AND MORE THAN NAME ONLY (D5F/1-3) ASK ABOUT THAT SSC IF NOT AWARE OF OWN SSC/s

E11. You said earlier on that you were aware of (NAME OF SSC). **On the basis of your understanding, can you tell me what it has been set up to do?**
PROBE FULLY ALLOW DK

RECORD VERBATIM- ALLOW DK

E12. Which of the following do you feel benefit from the activities *to date* of the <NAME OF SSC> …?
READ OUT AND CODE ALL MENTIONS

ASK E13 IF MORE THAN ONE AUDIENCE CODED AT E12
E13. **And which of the following do you feel has derived the most benefit from the (NAME OF SSC)'s activities to date?**
PROMPT AS NECESSARY AND CODE ONE ONLY

	E12 – Benefits from <SSC> activities	E13 – who benefits most
Employers	1	1
Employees	2	2
Specific business sectors	3	3
National Government bodies (such as DfES, DTI or other government departments, National Learning and Skills council (LSC) or Connexions)	4	4
Sub-national or regional Government bodies (Such as Regional development agencies (RDAs), local government, local Learning and skills councils)	5	5
Education and Training providers	6	6
Bodies that fund or sponsor training programmes (Such as Learn Direct, Business Links, University for Industry (Ufl)	7	7
Other (PLEASE SPECIFY)	0	0
Too early to say	8	8

E14. Have you ever had any dealings with (name of SSC)?

Yes	1	Continue
No	3	Go to routing above E21
DK	4	

IF HAD DEALINGS (E14/1):

E15. And were your dealings about …?
READ OUT. CODE ALL MENTIONED.

ROTATE LIST	
Obtaining training and skills advice, materials or courses	1
Improving the quality and relevance of learning we provide	2
Attending a marketing event	3
CITB only: **Payment of a levy or fee etc.**	4
Obtaining a publication	5
Help with skills gaps and shortages	6
National occupational standards	7
Vocational qualifications relevant to our industry **(ADD IF NECESSARY:** such as Modern Apprenticeships, Graduate Apprenticeships and Foundation Degrees**)**	8
Setting up the SSC	9
Business performance advice	10
Providing strategic leadership in skills for the sector	11
DO NOT READ OUT: None of the above	*X*

E16. On a scale of 1 to 10, where 1 is highly dissatisfied and 10 is highly satisfied, please can you tell me what score you would give (SSC) **from your experience of dealing with them about….?**
(READ OUT CODES MENTIONED AT E15 – EXCLUDING CODE 4)

	Highly Dissatisfied									Highly satisfied	DK
Obtaining training and skills advice, materials or courses	1	2	3	4	5	6	7	8	9	10	X
Improving the quality and relevance of learning we provide	1	2	3	4	5	6	7	8	9	10	X
Attending a marketing event	1	2	3	4	5	6	7	8	9	10	X
Obtaining a publication	1	2	3	4	5	6	7	8	9	10	X
Help with skills gaps and shortages	1	2	3	4	5	6	7	8	9	10	X
National occupational standards	1	2	3	4	5	6	7	8	9	10	X
Vocational qualifications relevant to our industry **(ADD IF NECESSARY:** such as Modern Apprenticeships, Graduate Apprenticeships and Foundation Degrees**)**	1	2	3	4	5	6	7	8	9	10	X

Setting up the SSC	1	2	3	4	5	6	7	8	9	10	X
Business performance advice	1	2	3	4	5	6	7	8	9	10	X
Providing strategic leadership in skills for the sector	1	2	3	4	5	6	7	8	9	10	X

E17. And how often have you been in contact with (SSC)**? Would you describe the contact you have had as…?**

One-off	1
Occasional i.e. you have been in contact with them a few times, on separate occasions, maybe once every 6 months or so	2
Regular, i.e. every 2-3 months or so	3
Frequent or on-going - i.e. more than every 2-3 months or so	4
Don't know	
DO NOT READ OUT: None of the above	V

IF HAD DEALINGS BUT NOT JUST LEVY/FEE PAYING (E15 NOT Single Punch 4):

E18. On a scale of 1 to 10 where 1 is highly dissatisfied and 10 is highly satisfied, overall how satisfied have you been with the activities of (SSC) **over the last year?**

	Highly dissatisfied									Highly satisfied	DK
Overall satisfaction	1	2	3	4	5	6	7	8	9	10	X

ASK E21 OF THOSE WITH MORE THAN NAME ONLY AWARENESS OF SSC/s

E19. Based purely on your perception of (SSC)**, on a scale of 1 to 10, can you please tell me what rating you would give** (SSC) **if…***READ FIRST STATEMENT BELOW*

A.) a score of ten indicates that it is highly accessible and a score of one indicates that it is extremely difficult to make contact with…

Difficult to make contact with	1	2	3	4	5	6	7	8	9	10	DK	Accessible

B.) a score of ten indicates that it is highly innovative and at the forefront of new ideas and a score of one indicates that it is not at all innovative and is slow to develop new ideas…

Not innovative	1	2	3	4	5	6	7	8	9	10	DK	Innovative

C.) a score of ten indicates that it is highly results driven and a score of one indicates that it is totally unconcerned with results

Unconcerned with results	1	2	3	4	5	6	7	8	9	10	DK	Results driven

E.) **a score of ten indicates that it works closely in partnership with other organisations and a score of one indicates that it works in isolation and rarely communicates with other organisations**

Isolation	1	2	3	4	5	6	7	8	9	10	DK	Close partnerships

F.) **a score of ten indicates that it is highly efficient and a score of one indicates that it is highly inefficient**

Inefficient	1	2	3	4	5	6	7	8	9	10	DK	Efficient

G) **a score of ten indicates that it is highly responsive to the views of employers and a score of one indicates it ignores the views of employers**

Ignores views of employers	1	2	3	4	5	6	7	8	9	10	DK	Highly responsive to the views of employers

ASK ALL WHO HAD DEALINGS WITH SSC (E14/1)

E20. **On the basis of the experience that you have had of dealing with <SSC>, which of the following statements best applies to your likelihood to recommend <SSC> to others..?** READ OUT - CODE ONE ONLY

I would proactively advise others against contacting (SSC)	1
I would be critical of them if someone asked my opinion	2
I would be neutral about them if someone asked my opinion	3
I would definitely speak highly of them if someone asked my opinion	4
I would proactively recommend that others contact (SSC)	5
(DO NOT READ OUT) **None of the above**	V
(DO NOT READ OUT) DK	X

ASK ALL AWARE OF SSC MORE THAN NAME ONLY @ D5

E21. **Over the last year, what kind of impact would you say** (SSC) **has had on skills development within your establishment …** *READ OUT*?

A major or significant positive impact	1
A minor positive impact	2
A major or significant negative impact	3
A minor negative impact	4
No impact	5
Not enough time to tell	6

ASK ALL AWARE OF SSC MORE THAN NAME ONLY @ D5

E22. **I'd now like to ask you to compare the** (SSC) **SSC with the bodies that have existed to address skills and training issues in the** sector **in the past. Would you say that** (SSC) **represents….?** READ OUT AND CODE ONE ONLY

A great improvement on what existed previously	1
A slight improvement	2
No real difference with what existed previously	3
A slight deterioration	4
A great deterioration from what existed previously	5
DO NOT READ OUT: Not enough time to tell	6
OTHER (WRITE IN)	7
DO NOT READ OUT: Unable to comment	8

SECTION F: PRODUCT-MARKET STRATEGIES

ASK ALL

F1. Finally, I'd just like to ask you a few questions about the products or services that are provided by this establishment. First of all on a scale of 1 to 5, where would you place this establishment and the products or services that it provides if…
READ FIRST STATEMENT BELOW

ASK ONLY FOR MANUFACTURING SECTOR (AS DEFINED ON SAMPLE/SCREENER)
A1.) a score of one indicates that, compared to others in your industry, this establishment is a high volume producer and a score of five indicates that you provide one-off or very low volume products

High volume	1	2	3	4	5	DK	One-off

ASK ONLY FOR SERVICES SECTOR (AS DEFINED FROM SAMPLE/SCREENER)
A2.) a score of one indicates that, compared to others in your industry, this establishment provides a wide range of services and a score of five indicates that you provide a very limited range of services

Wide range	1	2	3	4	5	DK	Limited range

B) a score of one indicates that, compared to others in your industry, you provide a simple product or service and a score of five that you provide a highly complex service or product

Simple	1	2	3	4	5	DK	Highly complex

ASK PRIVATE SECTOR ONLY (S6/1)
C.) a score of one indicates that, compared to others in your industry, the competitive success of your establishment's products or services is wholly dependent on price and a score of five that success does not depend at all on price

Wholly price dependent	1	2	3	4	5	DK	Not at all price-dependent

ASK ALL
E.) a score of one indicates that, compared to others in your industry, you provide very little customisation of your products or services, and a score of five that, compared to others in your industry, your products or services are highly customer specific

No customisation	1	2	3	4	5	DK	Highly customer specific

ASK ALL PRIVATE SECTOR (S6/1)

F2. Which of the following statements best describes the current state of the market for the main product or service in which you operate?

The market is growing	1	
The market is mature	2	
The market is declining	3	
The market is turbulent	4	
OTHER (WRITE IN)	6	
DO NOT READ OUT: Unable to comment	7	

F5 **The SSDA (Sector Skills Development Agency) along with their partners may be doing some further work on related issues in the future – would it be ok for them or their appointed contractors to contact you again in connection with future studies?**
PROBE & CODE ONE OF FOLLOWING:
INTERVIEWER NOTE: The partners are Department for Education & Skills, Regional Development Agencies & Sector Skills Councils

Yes – both client &/or their contractors may recontact	1
Only client may recontact	2
No – neither client nor contractor may recontact	3

THANK RESPONDENT AND CLOSE INTERVIEW

I declare that this survey has been carried out under IFF instructions and within the rules of the MRS Code of Conduct.		
Interviewer signature:	Date:	
Finish time:	Interview Length	mins

IF INTERESTED:
A summary of the research findings will be made available on the Sector Skills Development Agency's website on www.ssda.org.uk. This will be in March.