National Employers Skills Survey 2003: Main Report

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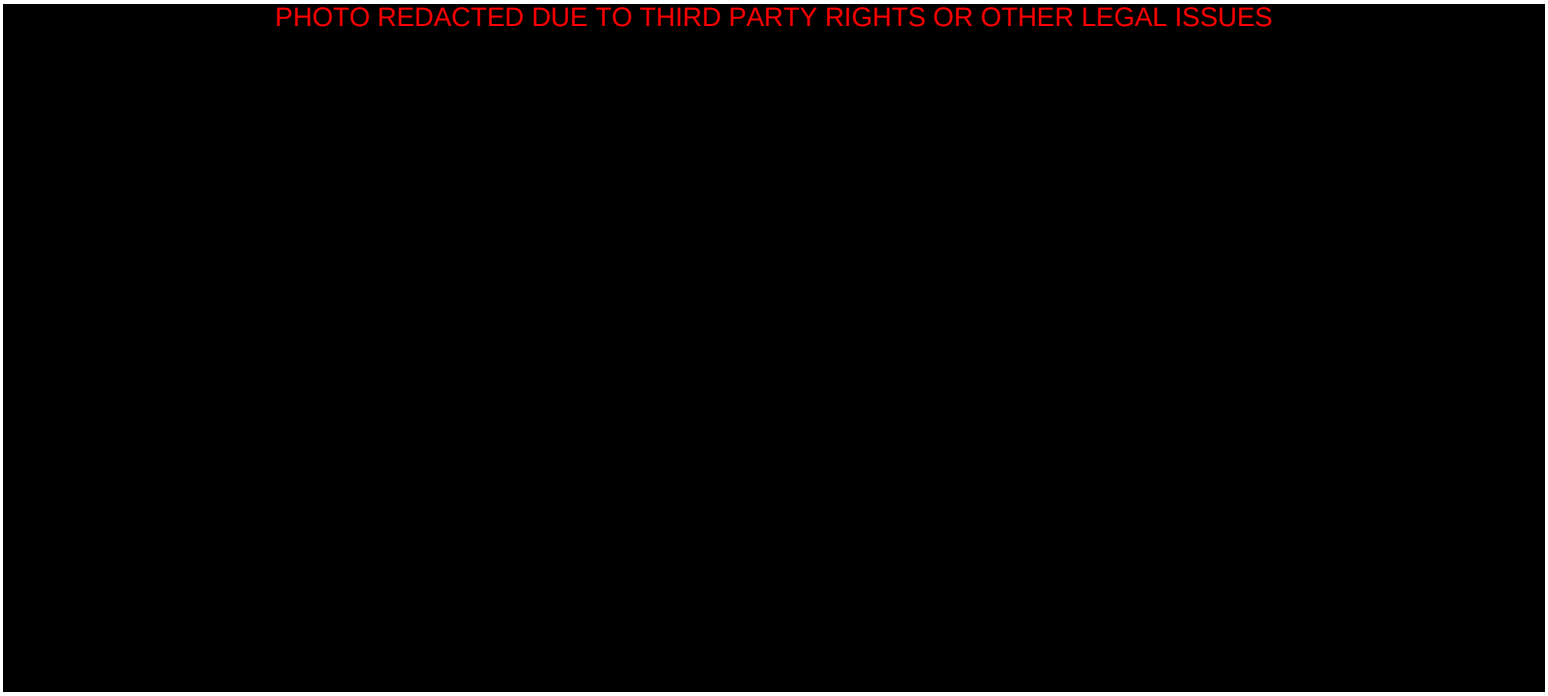


Learning+Skills Council

Contents

paragraph number

paragraph number

Annexes

paragraph number

Glossary

List of Figures

page number

List of Figures

page number

List of Tables

page number

List of Tables

page number

Preface

The National Employers Skill Survey 2003 (NESS2003) is the largest survey of its kind ever undertaken in England: 72,100 interviews with a representative sample of establishments in England. It provides detailed information about employers' recruitment problems, experience of skill gaps and engagement in training. NESS2003 is such a large resource that it is able to address issues that require analysis at a detailed local or sectoral level much more readily than any previous survey. NESS2003 is unique in many respects, but it also follows on in the tradition of the Skill Needs in Britain Surveys (1992 to 1998) and the Employers Skill Surveys (1999, 2001 and 2002).

NESS2003 was commissioned by the Learning and Skills Council (LSC) in partnership with the Sector Skills Development Agency (SSDA) and the Department for Education and Skills (DfES). NESS2003 provides valuable data for operational purposes to all these agencies and provides for the first time a statistically representative picture of skill needs within local LSC areas. But NESS2003 provides much more than this. It provides a national picture of the extent of skill deficiencies and the extent to which employers act to fulfil their own skill needs through workforce development and training. Data can be disaggregated by industry, size of workplace, location, etc. to provide a detailed picture of skill needs in England. This NESS report, read alongside the LSC's *Skills in England 2003* and the SSDA's *Working Futures* publications, gives a comprehensive overview of the extent to which employers' and the national economy's skill needs are currently being met and which are likely to be met in the future.

This report has been produced by the University of Warwick Institute for Employment Research (IER) and IFF Research Ltd. Both have a long association with the study of England's skill needs. IFF undertook the Skill Needs in Britain Survey during the 1990s, and the Employers Skill Surveys in 1999 and 2001 in conjunction with IER. IER undertook much of the subsequent detailed examination and analysis of the ESS surveys relating to skill needs, organisational performance, recruitment patterns and local area analyses.

This report merely scratches the surface of what NESS2003 is able to tell us about the operation of the labour market. Subsequent analysis will reveal much more, but for now this document provides the key initial findings.

Terence Hogarth

Jan Shury

David Vivian

Rob Wilson

Mark Winterbotham

Foreword

It is with great pleasure that I introduce the first report of the National Employers Skills Survey. The report provides a wealth of information on how employers in England obtain the skilled workforces they desire. From understanding their recruitment problems through to the skills they look for in employees and those skills they find difficult to secure, this report will prove to be an invaluable tool for many audiences.

The largest survey of its kind with over 72,000 interviews, this research is the tangible product of partnership working between the Learning and Skills Council (LSC), colleagues in the Department for Education and Skills and the Sector Skills Development Agency. The report builds upon previous surveys and introduces a level of coordination of employer surveys as never before. By working together in this way, we are truly putting into practice the principles contained within the Government's Skills Strategy.

Its usefulness will no doubt be far reaching. In addition to informing the LSC's own policies and strategies and that of our key partners, we believe this will be an informative reference document for many other organisations. We believe that this piece of research work will, in particular, be useful to those who plan, deliver or fund learning; those who advise individuals and employers and anyone with a role to play in shaping learning provision to meet demand.

That being said, the usefulness of this National Employers Skills Survey will only truly be borne out when its findings are used to begin to make a difference in the work that we do. I duly invite and encourage you to read and use the information contained in this report to help create the world-class skills base that our economy needs to thrive and our individuals need to achieve their full potential.

Mark Haysom
Chief Executive, Learning and Skills Council

Acknowledgements

A large number of people and organisations have been involved in the design and execution of NESS.

The overall management of the survey was the responsibility of IFF Research. In conjunction with the University of Warwick Institute for Employment Research (IER), they were also charged with the national reporting of the survey, producing this summary document.

Design of the sample was the responsibility of MORI. Fieldwork was conducted between April and June 2003 by IFF, BMG and NOP. ORC International and IFF weighted the data to ensure that it reflected the known population of establishments in England from the Annual Business Inquiry (ABI) 2002.

At the LSC, Joyce Findlater was the project manager and Marc Bayliss was chair of the steering group.

Several committees guided NESS through its various stages. The main project steering group comprised:

Marc Bayliss	*LSC National Office*
Susan Fox	*LSC National Office*
Liam Sammon	*LSC Essex*
Martin Towers	*LSC Milton Keynes, Oxfordshire and Buckinghamshire*
Carol Stanfield	*SSDA*
Bruce Byrne and Geoffrey Shoesmith	*DfES*
Joyce Findlater	*LSC National Office.*

In addition there was a Technical Advisory Group comprising:

Marc Bayliss	*LSC National Office*
Susan Fox	*LSC National Office*
Liz Cook	*LSC Tees Valley*
Gareth Wilson	*LSC Lancashire*
Keith Woodcock	*LSC Yorkshire and Humberside*
Christine De Myers-Robinson	*LSC Bedfordshire and Luton*
Richard Cameron	*LSC London West*
Jayne Hancock	*LSC Hampshire and the Isle of Wight*
Brian Humphries	*LSC Wiltshire and Swindon*
Pete Gisborne	*LSC West of England*
Shabana Oppal	*LSC Northamptonshire*
Andrew Phillips	*LSC Birmingham and Solihull*
David Swales	*LSC Coventry and Warwickshire*
Carol Stanfield	*SSDA*
Bruce Byrne and Geoffrey Shoesmith	*DfES*
Will Rossiter	*East Midlands Development Agency (on behalf of the Association of Regional Observatories/RDAs)*
Joyce Findlater	*LSC National Office*

Executive Summary

Workforce structure

Although establishing an occupational profile of employment is not an objective of NESS – employment is only recorded as a basis for establishing the density of skill deficiencies – the survey does provide England's largest source of information on occupational employment from an *employer* perspective. The data therefore allows workforce structure to be analysed with respect to the characteristics of the workplace. The profile established is broadly comparable to that suggested by the Labour Force Survey (LFS).

There was little variation in the regional profile of employment, although London stood out slightly from other regions in having a higher proportion of people employed in professional roles and fewer as machine operatives, personal service staff and – to a lesser extent – skilled trades.

The smallest establishments employed proportionately more sales and customer service staff, managers and skilled trades, while larger establishments employed proportionately more professionals and associate professionals.

The pattern of employment by occupation differed considerably by sector. Examples of particular sectors in which each occupation forms a larger than average proportion of the workforce are given below.

Occupation	Sector
Professionals	education, and computing and related services
Associate professional	health and social work
Administrative and secretarial	finance and public administration
Skilled trades	manufacture of wood and paper, of metals and metal goods and of transport equipment, construction and the motor trade
Personal services	health and miscellaneous services (with no other sector incorporating a significant share of its workforce in personal service roles)
Sales	retail and finance
Machine operatives	manufacturing industries and transport
Elementary	agriculture, hotels and catering, and manufacturers of food and drink

Anticipated changes in size of workforce

A third of employers expected their workforce to grow in the next 12 months, with 5 per cent overall expecting significant growth. The majority of employers, however, foresaw a static workforce in terms of size, and only a small minority (4 per cent) expected a decrease.

More employers in the South West and the North West anticipate growth in employment, though those in the South East were the most likely to anticipate significant growth. Employers in the West Midlands, London, the North East and the East of England were least likely to expect growth.

There was considerable variation in the expectation of change in employment by sector. Employers in the communications and computing and related services sector were the most likely to anticipate growth, with those in the mining and retailing sectors least likely. One in ten educational establishments and employers engaged in the manufacture of chemicals or of textiles expected to reduce their workforce.

Recruitment challenges

Around one in six establishments reported vacancies (17 per cent). Approximately half of these were finding at least some of them hard to fill (8 per cent of all establishments), with half again finding it hard to find suitably skilled applicants to fill at least some of their hard-to-fill vacancies (i.e. 4 per cent of all employers were experiencing skill-shortage vacancies).

Two in five vacancies were hard-to-fill, of which half were skills-related. Thus there were 135,000 skill-shortage vacancies in total.

In volume terms, hard-to-fill vacancies were relatively evenly spread across the country, with the exceptions of the South East, which accounted for a very large proportion of all vacancies, and the North East and East Midlands, which accounted for a relatively small proportion. Density measures each type of vacancy as a proportion of total employment and, as such, is a standardised measure. It was in the South West that hard-to-fill vacancies were most dense and in London where they were least dense.

Skill-shortage vacancies were most numerous in the South East and in London, reflecting the size of the labour markets in these regions. They differed, however, in so far as in the South East they represented a minority of all hard-to-fill vacancies, while they accounted for almost three in four in London. Skills-related vacancies were least dense in the South West, where employers face considerable challenges in terms of quantity of labour supply, but less immediate challenges in terms of external skill deficiencies.

Skill-shortage vacancies formed a higher than average proportion of all hard-to-fill vacancies in the West Midlands and a lower than average proportion in the East of England. The North East stood out as the region in which skill-shortage vacancies were by far the least numerous, although it was consistent with the national average in the ratio of skill-shortage vacancies to hard-to-fill vacancies.

In terms of size of establishment, vacancies, hard-to-fill vacancies and skill-shortage vacancies were most common among the larger establishments, but most prevalent (in the sense that there were the greatest number of them) among the smallest, where they were also – almost by definition – most dense. Skill-shortage vacancies also represented a higher proportion of all vacancies among smaller establishments, reflecting their relative weakness in labour market terms.

In terms of sector, hard-to-fill vacancies were most numerous in health and social work, hotels and catering, miscellaneous services, retail, construction and other business services sectors. They were also relatively dense in all of these sectors, with the exception of retail and other business services where they were at around average levels of density.

Skill-shortage vacancies both formed a high proportion of all hard-to-fill vacancies and were numerous in overall terms in the business services and construction sectors. A large proportion of all skill-shortage vacancies were also to be found in the miscellaneous services, health, and hotel and catering sectors, although here this was more a reflection of the size of these sectors in employment terms. Sectors which faced problems of quality of available labour, but at a smaller scale than business services and construction, were principally engineering, transport, wood/paper manufacture, and computer and related services.

Skill gaps

Overall, between a fifth and a quarter of employers (22 per cent) reported that at least some of their staff lacked proficiency. The number of employees reported as not being fully proficient was almost 2.4 million, representing 11 per cent of the overall workforce.

The largest proportions of skill gaps were among sales and customer service and elementary occupations. Levels of proficiency were also lower, in relative terms, among these occupations – that is the proportions of sales and customer service and elementary employees who had a skill gap were larger than for other occupations. Those employed in professional occupations were the least likely to lack proficiency.

The proportion of employers with skill gaps varied considerably by region, being lowest by quite a long way in London, and highest in Yorkshire and the Humber. Again it is useful to look at the concept of density: skill gaps as a proportion of all employment. Yorkshire and the Humber stood out as having the second highest density of skill gaps (13 per cent) after the West Midlands (15 per cent). The density of skill gaps in all other regions was between 10 and 11 per cent, closely mirroring the national average.

Skill gaps were strongly related to size of establishment, with larger establishments considerably more likely to have some employees who lacked proficiency, and with skill gaps representing a higher proportion of the total workforce. Differences in density were considerably less marked than differences in the incidence of skill gaps.

Skill gaps were a particular problem among food and drink manufacturers and hotels and caterers, which both had among the highest incidence (proportion of employers) and density (proportion of employment) of skill gaps. Employers in the communications sector had the highest density of skill gaps.

Reflecting the size profile of the sector, education had one of the largest proportions of establishments with skill gaps, but it also had one of the lowest densities of skill gaps.

Most skill gaps were perceived by employers as having more than one cause. The single main cause was that the employees in question who lacked proficiency lacked experience in their job role – this was at least one of the reasons behind almost three-quarters of skill gaps. Between a quarter and a third of all skill gaps are at least in part a result of establishments' failure to train, however. A lack of training was particularly common among managers who lacked proficiency.

Machine operatives and elementary staff who lacked proficiency were more likely than other occupations to be described as lacking motivation. These occupations, along with sales and customer service staff and associate professionals, were also more likely to lack proficiency as a result of high staff turnover.

Skills that were lacking where staff lacked proficiency varied considerably by occupation. Overall, communication skills were most frequently lacking, and this was particularly the case in sales and customer service, and personal service occupations. These occupations also frequently lacked customer handling skills. Team working was a common skill lacking in all occupations, but was a particular problem with respect to personal service staff.

The relationship between internal and external skill deficiencies

Overall, it was far more common for employers to experience skill deficiencies among their workforce than to have difficulty finding new recruits with the required skills. This is largely a reflection of the fact that most employers were not looking to recruit staff.

Among those employers who were looking to recruit, around a quarter could not find applicants with the skills they required. This is slightly higher than the proportion of all employers who had internal skill problems.

Moreover, of employers who were experiencing problems finding skilled recruits, two-fifths currently experienced skill gaps among their existing workforce. By contrast, only one in ten employers who experienced skill gaps also encountered problems finding skilled new recruits.

The implications of skill deficiencies

The major impact of skill-shortage vacancies was an increased workload for current employees – this was experienced by more than four in five establishments with skill-shortage vacancies.

Approximately half of establishments with skill-shortage vacancies experienced difficulties meeting their customer service aims, while slightly fewer (44 per cent) lost business to competitors and two in five had to delay the development of new products or services. Slightly fewer employers with skill-related vacancies experienced increased operating costs, difficulties meeting quality standards and difficulties introducing new working practices.

A small minority of employers who were unable to recruit skilled new employees (4 per cent) felt that this had no impact on their business.

The existence of skill gaps was less likely to be recognised by employers as having an impact than the existence of skill-shortage vacancies. As many as a third of employers with skill gaps saw no particular impacts resulting from them.

All other impacts were less common for skill gaps than for skill-shortage vacancies, with the exception of difficulties meeting quality standards, which were experienced by a third of establishments with skill gaps and a similar proportion of establishments with skill-shortage vacancies.

Just over half of establishments with skill-shortage vacancies increased their recruitment and advertising expenditure in an attempt to combat them, with around a half expanding their channels of recruitment. Between a third and two in five increased salaries, redefined existing jobs, and/or increased the amount of training that they give to their existing workforce. Between a quarter and a third of employers with skill-shortage vacancies increased their trainee programmes to overcome them.

One in ten employers with skill-shortage vacancies did nothing to respond to them. Smaller establishments with skill-shortage vacancies were more likely to take no action.

Where employers had skill gaps, the most common reaction to combat them was to provide further training (four-fifths of employers with gaps) and to increase trainee programmes (50 per cent). Slightly more than two-fifths sought to change working practices and slightly fewer to relocate work within the company.

Around a fifth of employers with skill gaps increased recruitment as a result, with slightly fewer expanding their recruitment channels and 7 per cent taking no particular action.

Barriers to future proficiency

In terms of future proficiency problems, between a quarter and three-tenths of employers saw no barriers to having a fully proficient team of employees in the future. Where problems were anticipated, these were most likely to derive from problems relating to training. Two-fifths of employers anticipated that they could experience proficiency problems in the future as a result of a lack of time for training, with around a third anticipating a lack of cover for training or a lack of funding.

Relative to internal problems in providing training, a relatively small proportion of employers anticipated future skill problems as a result of shortcomings in training provision. Slightly fewer than one in five employers described a lack of suitable courses of training in their area as a potential barrier to full skills in the future, with around one in six believing there to be a lack of suitable courses more generally (regardless of location).

A lack of motivation of staff to train was thought by 17 per cent of employers to prevent them achieving full proficiency in the workplace.

Formal planning of training

Over half of establishments (56 per cent) had a formal business plan, while two in five (39 per cent) had a training plan and slightly fewer than a third had a training budget (31 per cent). A third of employers had none of these and a fifth had all of them.

Larger establishments were more likely to engage in all of these types of business and training planning.

By sector, employers in the public services (education, public administration and defence, and health and social work) were most likely to have a training plan, followed by financial intermediation and the utilities. Employers in most manufacturing industries were less likely to provide training than employers in service sectors.

In terms of setting required levels of performance and assessing how well these are met, around three-quarters of employees had an annual performance review, and half of establishments formally assessed whether their employees had skill gaps. Again, larger establishments and those in the public services or providing commercial services were more likely to review and assess performance than smaller establishments and those in manufacturing sectors.

Extent of training

Three in five employers provided or arranged training for at least some of their staff in the 12 months prior to being interviewed. As with planning and the assessment and review of performance, larger employers and those in the services – and the public services in particular – were more likely than smaller employers and those in the manufacturing sectors to provide or arrange training.

There was little variation in training activity by region, although employers in the North East were slightly more likely than average to train and employers in London were slightly less likely. The smallest proportion of employees in receipt of training was in Yorkshire and the Humber. Overall, just over a half of employees had received some training in the 12 months prior to interview.

In terms of occupation, it was employees in personal services occupations and professionals and associate professionals who were the most likely to benefit from employer-arranged training. Employees in elementary occupations were least likely to benefit from training – and were also among the most likely to experience skill gaps.

Overall, the characteristics of the job role were more likely to determine whether or not an employee received training than the characteristics of their industry.

In half of establishments providing training the training was designed to lead to a qualification. Just as they were more likely to provide training *per se*, larger establishments were also considerably more likely to provide training leading to a qualification.

In terms of industry, while training in the public services is most likely to lead to a formal qualification, in the private sector training provided by manufacturers is generally more likely to provide the opportunity for employees to achieve a formal qualification than training provided by service sector businesses.

One in six employers reported that they had attained the Investors in People standard.

Engagement with training providers

Around a quarter of establishments had been contacted by a local FE college for their views on the courses that the college provided, and 28 per cent had been contacted by a private training provider in this regard. Overall, one or the other had contacted two-fifths of employers.

Larger employers were more likely to have been contacted, but there is no clear pattern between the likelihood of an industry being contacted by training providers and the extent of training activity in that sector. Indeed, the financial services and communications sectors were among the least likely to be contacted by providers but were among the most likely sectors to train.

The changing patterns of skills deficiencies

The proportions of employers with hard-to-fill and skill-shortage vacancies were the same in 2003 as in 2001. Moreover, while the proportion of vacancies that were hard to fill was lower in 2003, the proportion of vacancies that were skills-related was almost identical. The problems of skills deficiencies in the labour market is not getting any worse, but nor is it getting any better.

By region, the proportions of establishments with vacancies, hard-to-fill vacancies and skill-shortage vacancies have all increased in the East Midlands, the North East, and Yorkshire and the Humber. In London, the proportions of employers with vacancies and hard-to-fill vacancies have decreased, though the proportion with skill-shortage vacancies has remained roughly the same.

In terms of size, establishments with between 25 and 99 employees are as likely to experience vacancies and skill-shortage vacancies but less likely to experience hard-to-fill vacancies. Larger establishments are less likely to have vacancies and hard-to-fill vacancies, but as likely to have skill-shortage vacancies.

There has been an increase in the proportion of hard-to-fill and skill-shortage vacancies among elementary occupations, operatives and personal service employees, and a decrease in both among professionals and associate professionals.

The way in which skill gaps are measured changed between the 2001 and 2003 surveys, making comparisons relatively difficult. But the evidence suggests that patterns of skill gaps have remained broadly the same.

Different definitions or measures of training mean that comparisons between 2001 and 2003 cannot easily be made in terms of training activity. However, it is apparent that there have been considerable increases in business and training planning, and in budgeting for training.

National Employers Skills Survey 2003: Main Report

1. Introduction

1. Introduction

1.1 Background

1 This document presents the key initial findings of the National Employers Skill Survey 2003 (NESS2003). The survey was commissioned by the Learning and Skills Council (LSC) in partnership with the Department for Education and Skills (DfES), and the Sector Skills Development Agency (SSDA).

2 One of the key drivers of the study was the recommendation of the National Skills Taskforce in its final report that there should be a rationalisation in the number of employer skills surveys conducted, and that the LSC should take the lead at an operational level in creating a more comprehensive and coherent skills intelligence infrastructure. The NESS2003 grew out of these recommendations, with the national survey providing a consistent and coherent approach. In many cases this replaces employer surveys conducted locally and regionally by individual local LSCs.

1.2 Aims and Objectives

3 The overarching aim of the study was to provide the LSC and its partners with robust and reliable information on the current and future skill needs of employers in England, and how these needs vary by size and industry, by region and also by local LSC. Some of the specific objectives that the study sought to address are given below.

- How many employers face skill deficiencies among their workforce, what are the impacts of these deficiencies and what steps are employers taking to meet these skill deficiencies?
- Which employers are particularly affected by these skill deficiencies (in terms of size, industry, region and other variables) and what is the occupational profile of these skill deficiencies?
- How many employers face difficulties recruiting, and to what extent are these difficulties caused by skill deficiencies among applicants?
- To what extent do employers assess the skill needs of their workforce and plan their training activity, and more generally what is the extent and nature of training funded or arranged by employers?
- To what extent are learning and training providers engaging with employers?

1.3 The Scope of the Survey

4 The survey consisted of a total of 72,100 telephone interviews with employers in England. Employers were defined as establishments rather than enterprises, hence different establishments of the same company could be interviewed.

5 Establishments where no other people besides the working proprietors were employed were excluded, but otherwise all sizes and sectors of establishments were in scope for the survey.

6 The principal respondent was the most senior person responsible for human resources or personnel issues. Generally, in establishments with 25 or more employees, this was the human resources/personnel director or manager. In smaller establishments it was usually the owner, proprietor or general manager who was interviewed.

1.4 Survey Details

7 All interviews were conducted by telephone using Computer Aided Telephone Interviewing (CATI). Fieldwork was undertaken by three research agencies, each taking a number of regions as follows:

Agency	Regions
BMG	North East, West Midlands, London
IFF Research	East Midlands, South East
NOP World	East of England, North West, South West, Yorkshire and the Humber

8 Fieldwork took place from mid-March to early July 2003. The overall response rate was 42 per cent.[1]

9 The initial questionnaire was drafted by MORI in close discussion with the NESS2003 Steering Group and Technical Group. MORI piloted the questionnaire. A further pilot was conducted by IFF Research and BMG. In addition to the core questionnaire, each region or local LSC had the opportunity to add its own questions. The final core questionnaire used for the survey is appended. This report does not discuss responses to the range of additional questions that were asked and hence only the core questionnaire is appended at Annex A.

10 The sample for the survey was drawn from Yell's Business Database (formerly the Business Database), which comprises all the entries in the Yellow Pages across the UK, a total of approximately 1.6 million establishments. The Business Database does not fully cover two local authority districts (LADs), Hull and East Riding, due to the unique telephone exchange in the area. Thus to ensure that certain types of businesses were not excluded from the survey, the samples provided by Yell for these two LADs were supplemented with a sub-sample provided by Humberside LSC. These were manually cross-referenced against the Yell sample to ensure that duplicate entries were removed.

11 Targets were set for the desired profile of interviews within each of the 47 local LSCs, on an interlocking size of establishment by sector basis. Initially, 33 sectors and 6 size bands were used. Details of the size bands and sector descriptions can be found in the technical appendix (Annex A). The principles by which the sample was set were broadly as follows.

- The agreed national sample size of 70,000 was allocated to each local LSC in proportion to the number of establishments within that local LSC. If this was below 800 the figure was boosted to 800.
- Within each local LSC, the target number of interviews was distributed across the 33 sectors in proportion to the number of establishments in that sector within the locality.
- Within each sector the target number of interviews was distributed across six size bands of establishment in proportion to the number of employees in that size band.
- The number of target interviews in each cell was adjusted to reflect the sample available through Yell. In the larger size bands in particular there was sometimes not enough sample available to make it feasible to achieve the number of interviews as determined by the method described above. In these cases targets were reduced in that size band and increased in size bands within that sector where sufficient sample was available.

[1] Response rate here has been calculated as: successfully completed interviews as a percentage of interviews plus refusals plus quits during the interview plus no responses to telephone calls plus no definite outcomes.

- At national level, a number of smaller sectors were also boosted to increase coverage.

12 At the analysis stage, results were grossed up to estimates of the population of establishments and then employees as derived from the Annual Business Inquiry 2001 (the latest year for which data were available at the time of the study). For national-level reporting, this was undertaken separately for each region (not individual local LSC) on an interlocking size (six size bands) by industry (27-industry) basis. All survey results presented in this report are based on these grossed-up figures. However, tables and figures also show the survey totals (*unweighted base*) and comment is also made as to whether this is an establishment or employee base.

13 Where employee bases are shown, then the employee weight is used. This includes such areas as:

- the number and profile of staff employed
- the number and profile of vacancies and hard-to-fill vacancies
- the number and profile of staff with skill gaps; and
- the number of staff trained in the last 12 months.

14 Further details of the survey methodology can be found in the technical appendix to this report at Annex A.

1.5 Definitional Issues

15 This report uses a number of technical terms throughout (see Glossary). These are defined as follows.

- **Recruitment problems** refer to vacancies that the employer describes as either hard-to-fill or skill-shortage related.
- **Hard-to-fill vacancies** (HtFVs) are those vacancies self classified by the respondent as hard to fill.
- **Skill-shortage vacancies** (SSVs) are defined as hard-to-fill vacancies where applicants do not have the required skills, experience or qualifications.
- **Skill gaps**, or internal skill gaps, refer to the extent to which employers perceive employees are less than fully proficient for their current job.
- **Skill deficiencies** refer collectively to skill gaps and skill-shortage vacancies.

1.6 Report Structure

16 This report is divided into six further chapters.

- Chapter 2 presents an overview of the structure of the workforce based on the survey data. This is the first time that robust data have been available from such a survey. This information provides an essential backdrop to the more detailed analysis of skill deficiencies and training activity that follows. This chapter also contains results from the questions about anticipated future change in workforce structure.
- Chapter 3 presents information on external recruitment problems, covering the incidence and intensity of such skill deficiencies as well as their causes. Detailed results are presented by size of establishment, industry and region.

- Chapter 4 provides a corresponding analysis of internal skill gaps, again focusing on the incidence and intensity of such problems and highlighting their pattern by size of establishment, industry and region.
- Chapter 5 moves on to an assessment of the impact of all skill deficiencies, both external and internal, as well as considering the actions employers are taking to address them.
- Chapter 6 presents information on the training activity that employers are undertaking. As well as considering the incidence and intensity of training in some detail, the chapter goes on to explore other issues such as the provision of management training, involvement in Investors in People and employer engagement with local colleges.
- Chapter 7 concludes with an assessment of how things have changed over the last few years by providing a detailed comparison of the NESS results with those from the earlier Employer Skills Surveys (ESS) conducted under the auspices of the DfES.

National Employers Skills Survey 2003: Main Report

2. Workforce Structure

2. Workforce Structure

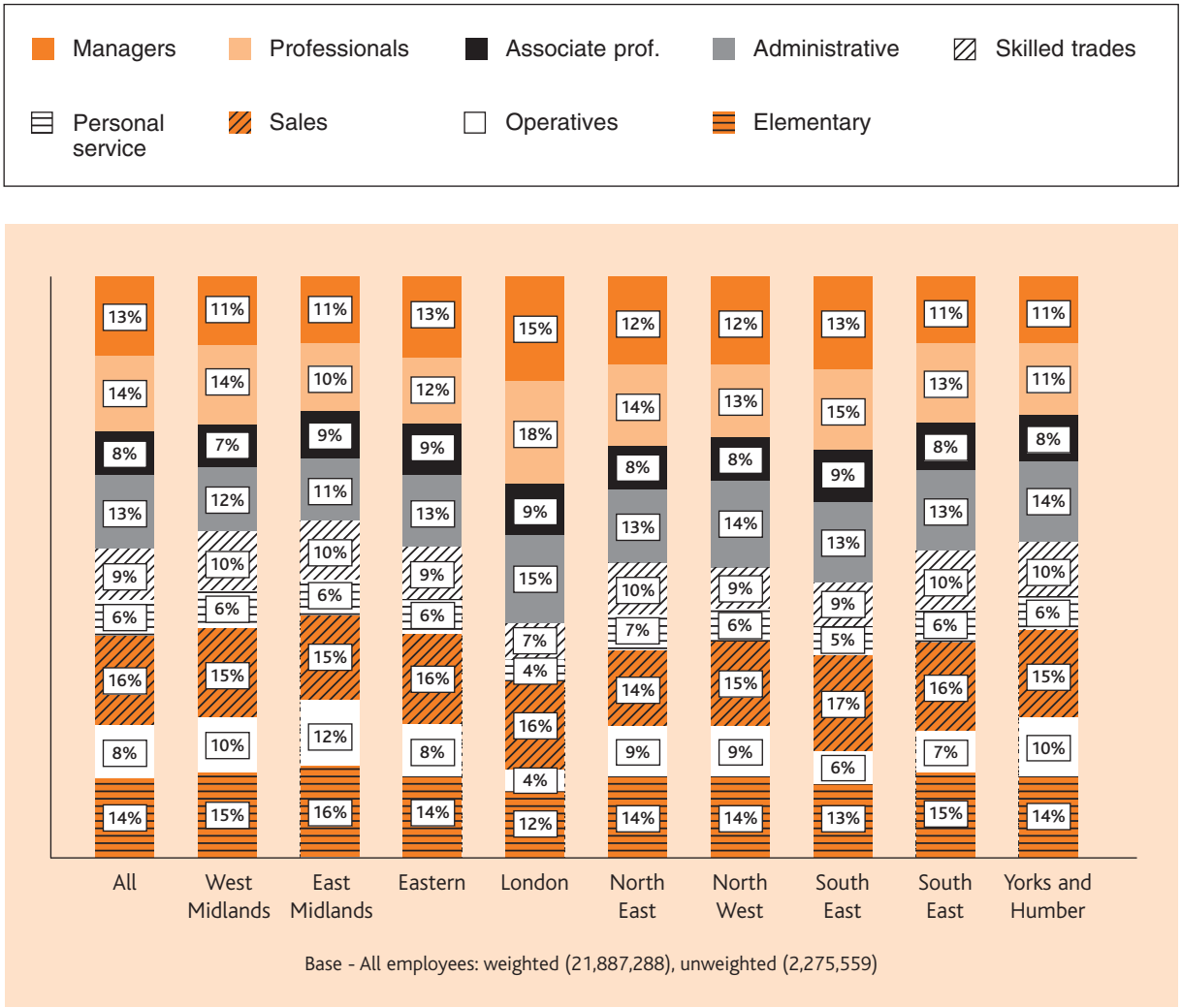
2.1 Introduction

1 The National Employers Skill Survey 2003 (NESS2003) provides the opportunity to look at the structure of employment from the **perspective of employers**. This chapter seeks to exploit the detail afforded by the survey, outlining the profile of employment by occupation, by region, by industry and by size of establishment. It then goes on to consider anticipated changes in employment over the next 12 months.

2.2 Occupational Profile of Employment Nationally and by Region

2 Employers were asked to break down their workforce into the nine major occupational categories identified in the 2000 Standard Occupational Classification (SOC2000). Figure 2.1 shows the profile of employment across the whole of England and within each of the nine regions.

Figure 2.1: Occupational profile of employment by region



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*
Base: *All employees.*

3 Overall, sales and customer service occupations account for the largest proportion of employment, with one in six workers (16 per cent) employed within this occupational category. Professional and elementary occupations account for the next highest proportion of employment (each 14 per cent). Employers classify 13 per cent of staff as managers and the same proportion as administrative occupations. Personal service occupations account for the smallest proportion of employment nationally (6 per cent).

4 The estimates are based upon the perceptions of the respondent and upon the detailed sample structure by establishment size, industry and region. They are broadly similar to those from other sources, for example the detailed estimates of employment structure prepared for the Sector Skills Development Agency (SSDA) in partnership with the LSC (Wilson *et al*. (2004)).[1]

5 NESS2003 asks employers for a breakdown of their workforce, whereas sources such as the Labour Force Survey (LFS) develop a profile of the workforce by asking employees directly about their jobs. The main reason for asking about the occupational breakdown of the workforce in NESS2003 is not to determine this profile *per se*, but to enable indicators of the intensity of skill deficiencies to be developed. These include such measures as the density of vacancies or the density of occupational skill gaps (i.e. how many staff within each occupational group require or lack skills).

6 The main differences between the NESS2003 results and those based on other sources are that the structure of employment in the NESS2003 sample has much lower shares of employment in associate professional occupations and a much higher share for sales and customer service staff. The reasons for these differences remain to be explored in detail, although it appears that they may be linked to differences in occupational structure of the smallest establishments in the NESS2003 sample.

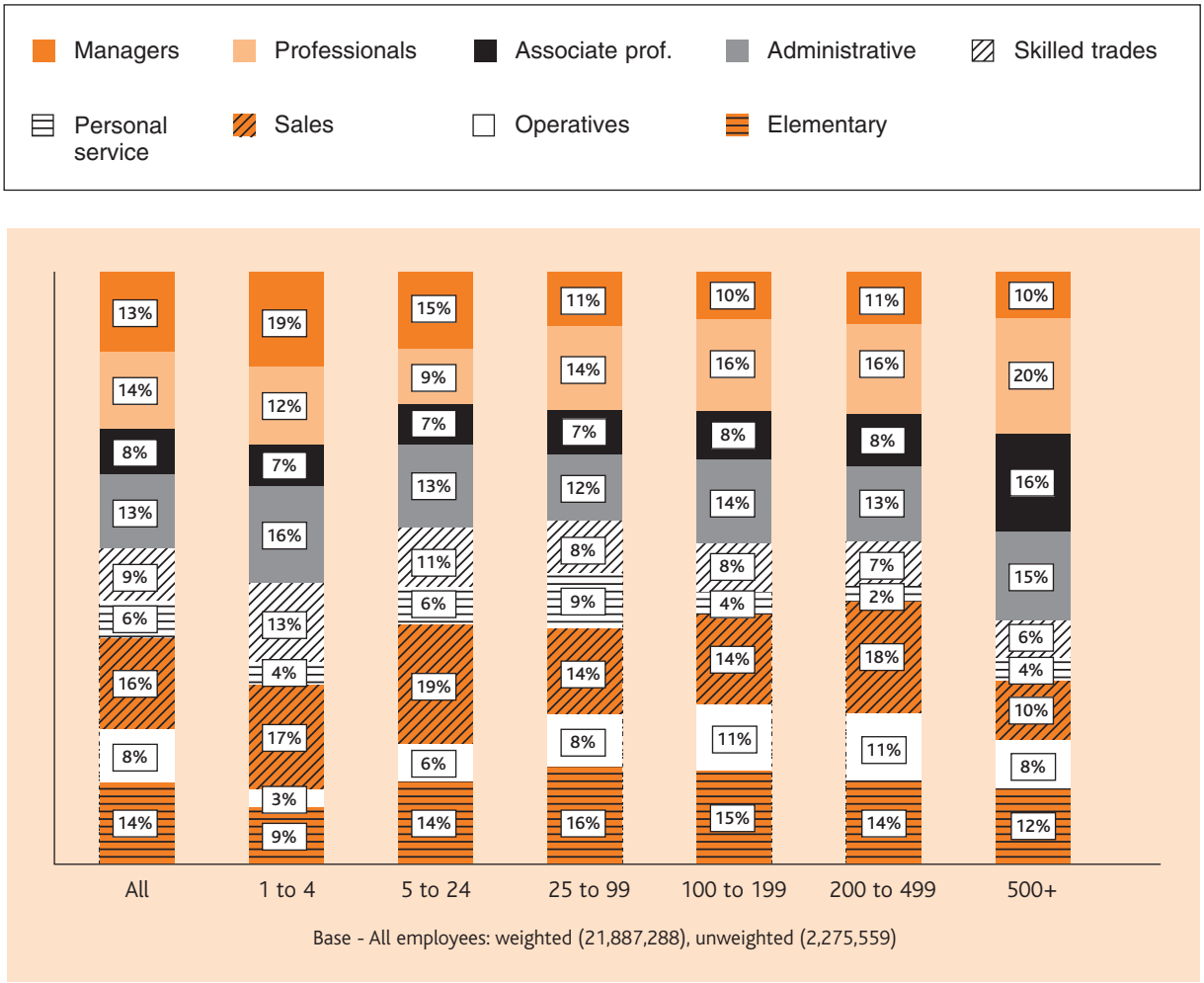
7 Although there is some geographical variation, most regions closely mirror the overall profile of employment in England. Employment in London shows the greatest contrast to the national picture, with a larger proportion of higher level occupation categories (managerial, professional and associate professionals) and considerably fewer in machine operative, personal service and, to a slightly lesser extent, skilled trade occupations.

2.3 Occupational Profile of Employment by Size

8 Figure 2.2 shows the occupational breakdown of employment by size of the establishment. The very smallest establishments, those with fewer than five employees, employ proportionally more people in sales and customer service occupations, management and skilled trades, but fewer associate professionals, elementary staff and machine operatives. The very largest establishments, by comparison, employ proportionally more professionals and associate professionals and fewer sales and customer service staff. Generally, the proportion of employment accounted for by skilled trades and managerial staff decreases with the size of the establishment, whereas the proportion of employment accounted for by professionals, associate professionals and operatives increases with size.

[1] The estimates prepared for the SSDA are based on a combination of sources, including the 2001 Census of Population.

Figure 2.2: Occupational profile of employment by size



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*
Base: *All employees.*

2.4 Occupational Profile of Employment by Industry

9 The occupational profile of employment by region and by size reflects the types of industry that are present in, or which dominate, a certain area or size of establishment. It is to a breakdown of employment by industry that the discussion now turns.

10 The profile of employment by industry varies significantly and is broadly in line with the estimates from other sources. For example, manufacturing establishments employ a higher proportion of transport and machine operatives, and retailers employ a higher proportion of sales and customer service staff.

11 Some of the more dominant occupations within each specific industry are highlighted in bold italic type in Table 2.1.

Table 2.1: Occupational profile of employment by industry

	Base = All employees		Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary
	Unweighted	*Weighted*									
			row % (sum = 100%)								
Overall	***2,275,559***	***21,877,288***	**13**	**14**	**8**	**13**	**9**	**6**	**16**	**8**	**14**
Industry											
Agriculture, etc	*5,143*	*55,496*	12	3	4	10	22	1	2	12	***34***
Mining and quarrying	*1,771*	*42,760*	17	8	11	13	11	-	6	***29***	4
Food, drink and tobacco	*53,742*	*376,086*	9	3	4	7	8	*	5	***39***	24
Textiles and clothing	*15,493*	*185,732*	11	3	3	10	16	*	10	***33***	14
Wood and paper	*10,446*	*138,920*	10	3	3	9	***28***	*	4	***26***	17
Printing and publishing	*49,458*	*319,785*	15	10	13	14	15	*	16	9	8
Chemicals and non-metallic mineral products	*53,621*	*528,386*	12	6	8	9	12	*	7	***32***	14
Metals and metal goods	*43,637*	*399,089*	11	7	5	8	***31***	*	3	***26***	10
Engineering	*78,670*	*646,845*	12	15	10	10	16	*	8	20	9
Transport equipment	*42,798*	*333,171*	9	13	6	8	***30***	*	2	22	9
Manufacturing nes and recycling	*21,663*	*181,649*	12	4	4	10	26	*	10	20	15
Electricity, gas and water	*15,280*	*111,282*	12	17	11	15	20	1	17	5	3
Construction	*112,084*	*981,578*	13	8	5	13	***40***	*	3	7	10
Sale and maintenance of motor vehicles	*45,687*	*472,023*	12	5	8	13	***32***	*	17	5	8
Wholesale distribution	*81,997*	*1,015,263*	14	3	4	13	7	*	21	19	18
Retailing	*270,770*	*2,456,610*	13	2	2	4	3	*	***67***	2	8
Hotels and catering	*137,117*	*1,408,126*	12	1	1	3	10	1	15	1	***56***
Transport	*119,899*	*897,454*	11	4	4	12	6	3	11	***30***	18
Communications	*17,790*	*475,062*	16	20	7	11	2	1	15	10	18
Financial intermediation	*61,494*	*922,966*	15	14	11	***26***	1	*	***30***	0	1
Professional services	*59,706*	*556,483*	18	16	13	21	7	1	12	6	7
Computing and related	*47,070*	*472,884*	17	***41***	13	13	3	*	11	1	2
Other business services	*259,749*	*2,524,811*	14	24	10	20	6	1	7	4	14
Public administration and defence	*105,262*	*1,098,059*	15	15	13	***37***	4	4	5	2	6
Education	*179,769*	*1,834,632*	10	***46***	8	12	2	*10*	1	*	10
Health and social work	*266,391*	*2,294,785*	9	12	***21***	13	2	***31***	2	1	9
Miscellaneous services	*119,049*	*1,147,350*	14	10	8	12	7	***15***	13	3	18

Source: *LSC National Employers Skill Survey 2003 (IFF/IER)*

Base: *All employees*

Note: ** is used to denote a figure greater than 0% but less than 0.5%. Numbers in bold italic font highlight exceptionally large shares. 'nes' means 'not elsewhere specified'.*

12 The proportion of employment accounted for by **managers and senior officials** is, compared to other occupational categories, relatively constant across different industries. It ranges from 9 per cent of employment in health and social work, manufacture of food, drink and tobacco and of transport equipment to 18 per cent in professional services.

13 Education and computing both stand out as employing a large proportion of professional staff. In both industries, **professional occupations** account for over two-fifths of the workforce (46 per cent and 41 per cent respectively).

14 **Associate professionals** (which includes nurses) account for over one-fifth (21 per cent) of the workforce in health and social work, but no more than an eighth (13 per cent) of the workforce in any other industry.

15 The number of **administrative staff** employed in public administration and defence is disproportionately high at 37 per cent of the workforce, as it is also, although to a slightly lesser extent, in financial intermediation where administrative occupations account for just over a quarter (26 per cent) of the workforce.

16 **Skilled trades** account for a high proportion of the workforce in the construction industry (40 per cent) and various manufacturing industries, such as the manufacturing of metal and metal goods (31 per cent), transport equipment (30 per cent) and wood and paper (28 per cent). They also account for a third (32 per cent) of employment in the sale and maintenance of motor vehicles.

17 For the vast majority of industries, workers in **personal service occupations** form only a tiny proportion of the workforce. The main exception to this is in health and social work, where occupations such as nursing auxiliaries, ambulance staff and care assistants account for nearly a third (31 per cent) of employment, and, to a lesser extent, in education and miscellaneous services, where they account for 10 per cent and 15 per cent of employment respectively. Miscellaneous services include a variety of types of businesses, such as hairdressers and sports centres, which employ a number of people in personal service occupations, such as hairdressers, beauticians and leisure assistants.

18 As already noted, the proportion of **sales and customer service staff** in retailing is high. It is the most dominant of any occupation in any industry, accounting for two-thirds of employment in retailing. Sales and customer service staff are also dominant in financial intermediation, where they account for nearly a third (30 per cent) of employment.

19 Most of manufacturing industry has at least one-fifth of employment in **transport and machine operative occupations**. Staff employed in these occupations are also common in the transport industry, where they account for nearly a third (30 per cent) of employment.

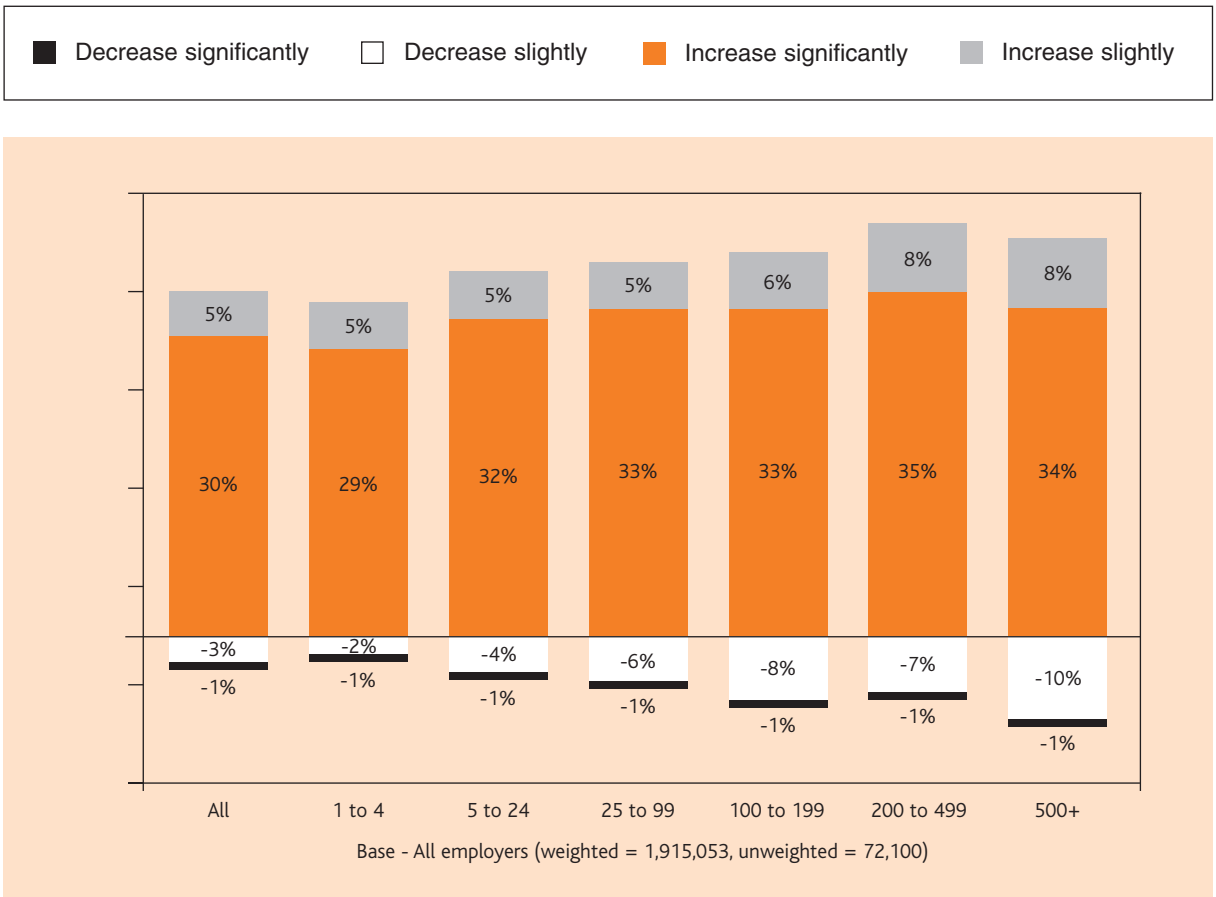
20 Over half (56 per cent) of employment in hotels and catering is in **elementary occupations**. This includes occupations such as cleaners, hotel porters, kitchen assistants, waiters and bar staff. Elementary occupations are also dominant in agriculture, where they account for a third (34 per cent) of the workforce and include farm, forestry and fishing workers.

2.5 Anticipated Employment Growth

21 As well as breaking down their current workforce into the nine major occupational categories, employers were also asked to look forward and state whether they anticipated their whole workforce increasing, decreasing or staying the same over the next 12 months.

22 Three-fifths of employers (60 per cent) anticipated that their workforce would in all probability remain the same size. Many more anticipated an increase in the size of their workforce than expected a decrease. Overall, 35 per cent anticipated an increase – a large increase in 5 per cent of cases and a small one in 30 per cent of cases. Only 4 per cent anticipated a decrease in staff numbers. Figure 2.3 shows anticipated workforce changes by size of establishment.

Figure 2.3: Anticipated workforce change by size



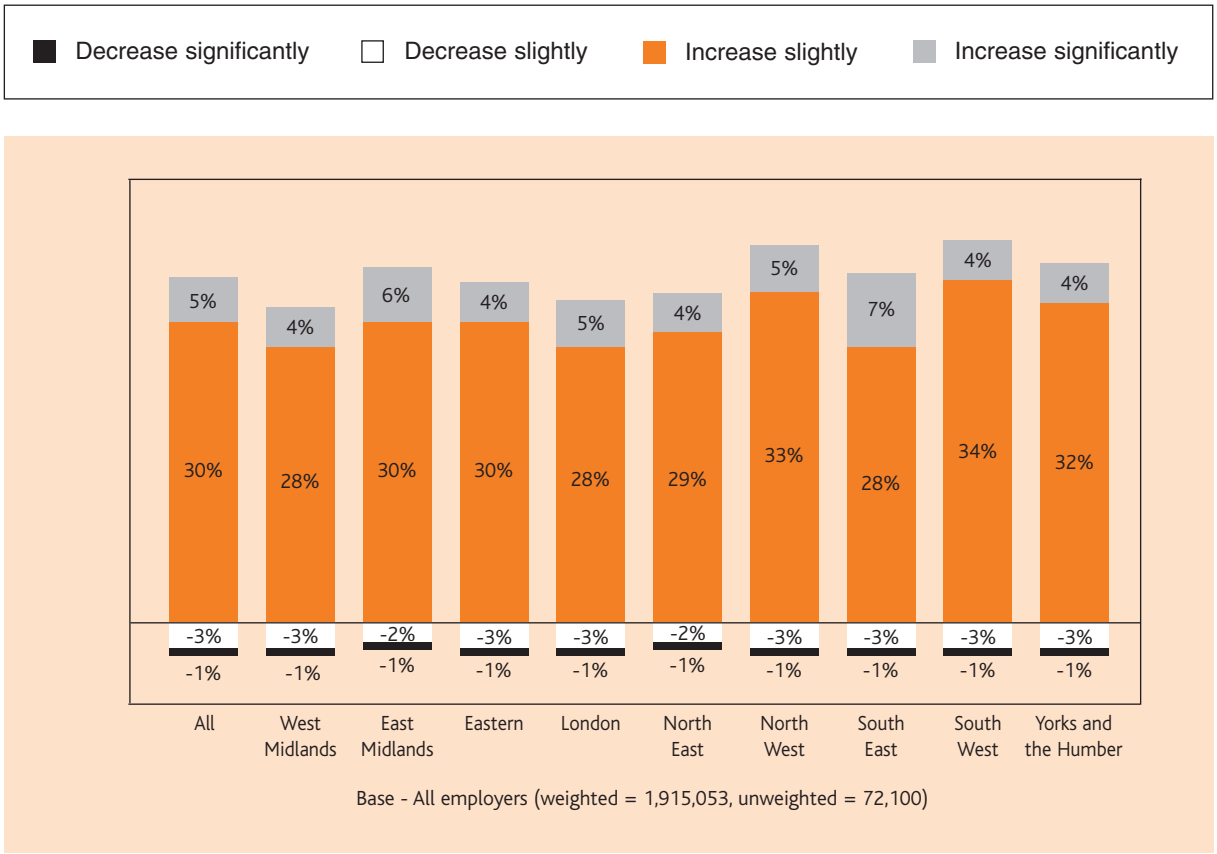
Source: *LSC National Employers Skill Survey 2003 (IFF/IER)*

Base: *All establishments*

Note: *figures do not add up to 100% since for simplicity those replying 'don't know' (2 per cent) have not been shown.*

23 Generally, the larger the establishment, the more likely there is to be an anticipated change in the size of the workforce, in either direction, over the next 12 months. So, while three-fifths (61 per cent) of those with fewer than five staff felt that their workforce would remain the same size, less than half (46 per cent) of those with more than 500 employees felt that this was likely to be the case for them.

Figure 2.4: Anticipated workforce change by region



Source: *LSC National Employers Skill Survey 2003 (IFF/IER)*

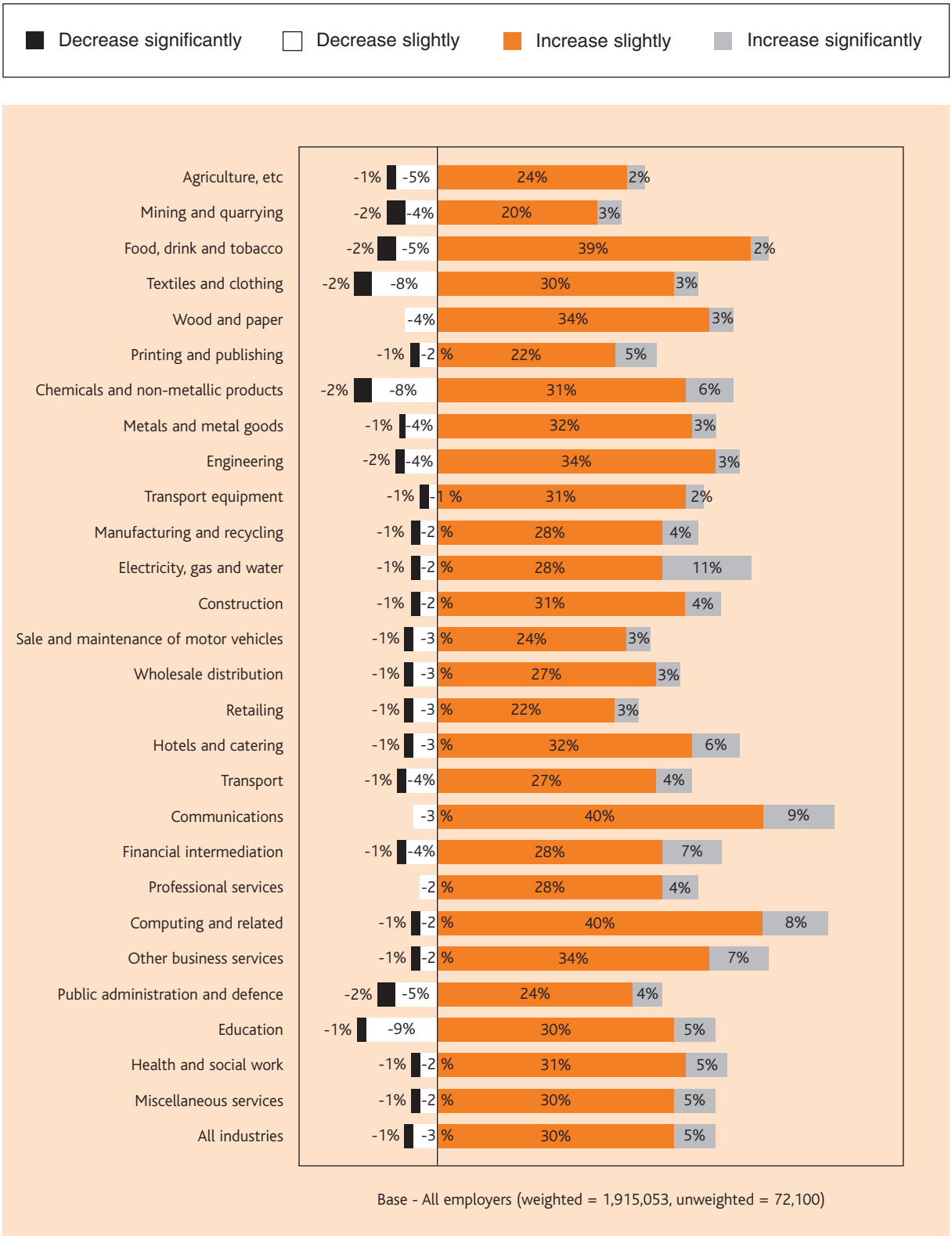
Base: *All establishments.*

24 Figure 2.4 shows the anticipated change in employment by region. The proportion of employers anticipating an increase in the size of their workforce is fairly consistent across the regions, with employers in the North West and South West being slightly more optimistic than others. The proportion of employers forecasting a decrease is consistent at between 3 and 4 per cent of establishments for all regions.

25 Figure 2.5 shows the anticipated change in employment by industry. There are quite wide variations in anticipated changes in employment by industry. Among the most optimistic are employers in the communications and the computing and related industries, where half (49 per cent and 48 per cent respectively) anticipate growth over the next 12 months. By comparison, only one quarter of employers in mining and quarrying (23 per cent), retailing (25 per cent), printing and publishing (27 per cent), sale and maintenance of motor vehicles (27 per cent) and public administration and defence (28 per cent) anticipate growth.

26 In terms of industries with relatively high proportions of employers anticipating a declining workforce over the next 12 months, textile and clothing, chemicals and non-metallic mineral products and education stand out. In these industries, one in ten employers anticipates a decline in employment.

Figure 2.5: Anticipated workforce change by industry



Source: *LSC National Employers Skill Survey 2003 (IFF/IER)*

Base: *All establishments.*

National Employers Skills Survey 2003: Main Report

3. Recruitment Problems

3. Recruitment Problems

3.1 Introduction

1 This chapter examines the scale and nature of **recruitment problems** (hard-to-fill or skill-shortage vacancies) reported by establishments. As in previous employer skills surveys, respondents were asked to identify occupations in which they currently had vacancies and then asked to identify those that were proving hard to fill. **Hard-to-fill vacancies** (HtFVs) which are skill related are referred to as **skill-shortage vacancies** (SSVs). The analysis proceeds by examining the incidence, number, distribution and density of all vacancies, HtFVs and SSVs[1] and goes on to consider the causes and characteristics of such recruitment problems.

2 The remainder of this chapter is divided into eight further sections.

- Section 3.2 summarises the incidence and number of vacancies, including making the distinction between hard-to-fill and skill-shortage vacancies.
- Section 3.3 describes the pattern of vacancies by size of establishment.
- Section 3.4 examines the overall distribution of vacancies by occupation.
- Section 3.5 presents more detailed information on the profile and distribution of HtFVs by sector and detailed industry.
- Section 3.6 presents information on the spatial pattern of vacancies.
- Section 3.7 analyses the skills sought in connection with SSVs.
- Section 3.8 returns to the causes of HtFVs, including variations by occupation.
- Section 3.9 concludes.

3.2 Summary of the Incidence and Number of Vacancies

3 Approximately 17 per cent of establishments reported vacancies at the time of the survey (see Table 3.1). This is slightly higher than in 2001. Around 8 per cent of establishments reported HtFVs but, as will be reported, this varied by size of establishment, sector and region. This was much the same as in 2001. Further comparisons with previous years are presented in Chapter 7.

[1] Density is defined as vacancies expressed as a proportion of either total employment or of employment in a specific occupation.

Table 3.1: Overall incidence and number of vacancies

	% of all establishments reporting	Number of vacancies (a) 000s
2003	%	
All Establishments		
All vacancies	17	679
HtFVs	8	271
SSVs (b)	4	135
2001 All Establishments		
All vacancies	14	766
HtFVs	8	358
SSVs (b)	4	159

Source: *NESS 2003 (IFF/IER), ESS 2001 (IER/IFF)*

Base: *All establishments*

Note: *(a) Grossed-up survey-based estimates*

(b) Skill-related hard-to-fill vacancies are defined as those for which at least one of the following causes of hard-to-fill vacancies was cited: 'low number of applicants with the required skills'; 'lack of work experience the company demands'; 'lack of qualifications the company demands'

4 The survey results reveal that there were, in total, approximately 680,000 unfilled vacancies in England at the time of interviewing (see Table 3.1). This was slightly lower than the corresponding figure in 2001. The 2003 figure represents about 3 per cent of all jobs.

5 Most vacancies are of short duration and reflect the natural functioning of the labour market. The 2003 survey reveals that some 270,000 unfilled vacancies were described as hard to fill by respondents (approximately 40 per cent). As a proportion of all vacancies this was slightly lower than in 2001, when the corresponding figure was 47 per cent.

6 The most commonly cited reason for there being a hard-to-fill vacancy was 'a low number of applicants with the required skills' (45 per cent of establishments with HtFVs). 'Not enough interest in the job' and 'low number of applicants' were also commonly cited as reasons for a recruitment problem – mentioned by 37 and 36 per cent of establishments respectively (see Figure 3.1). Poor attitude ('low numbers of applicants with required attitude') was also seen as a primary determinant of there being a recruitment problem, and this was mentioned by 30 per cent of establishments with HtFVs.

7 These patterns are similar if the calculations are done based on the overall shares of all vacancies rather than percentages of establishments.

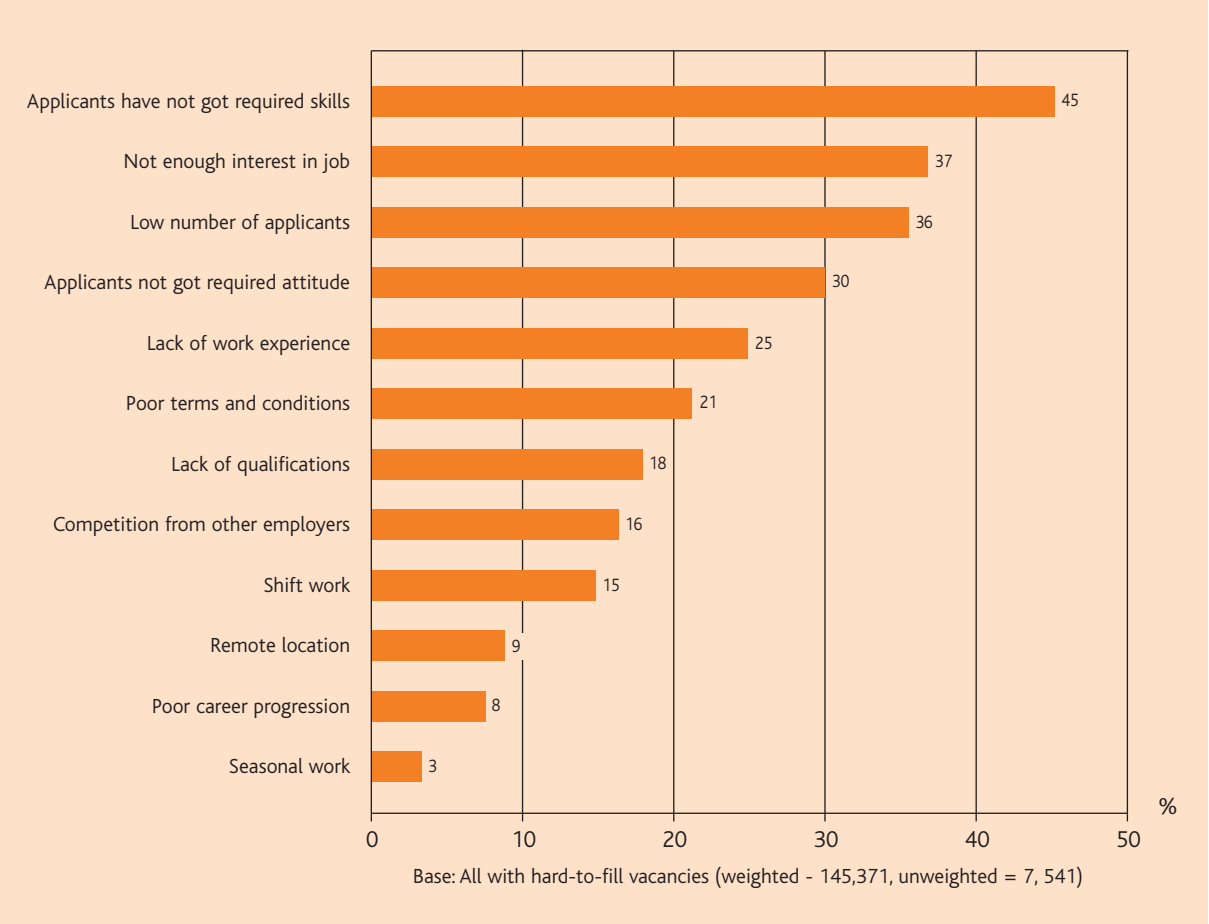
8 These responses can be used to refine the definition of those HtFVs that are related to skill problems. Those vacancies where at least one of the following causes was cited by the respondent have been defined as **SSVs.**[2] The relevant causes are:

[2] Note that this is a specific definition of "skill-related" which excludes factors relating to applicants' personal attributes and to general competition among employers for the best applicants.

- applicants have not got the required skills
- lack of work experience
- lack of qualifications.

9 Figure 3.2 illustrates the relationship between the total number of SSVs and the overall number of vacancies reported for the sample as a whole. Of the total of 271,000 HtFVs, 135,000 (20 per cent of all vacancies) were due to skill shortages in that they were explicitly attributed to a lack of job applicants with the required skills, qualifications or work experience (see Table 3.1). Half of all HtFVs were attributed to skill shortages in applicants. The number of SSVs represents 20 per cent of all vacancies, almost no change from 2001 (21 per cent). Around 4 per cent of establishments reported SSVs in 2003, the same as in 2001.

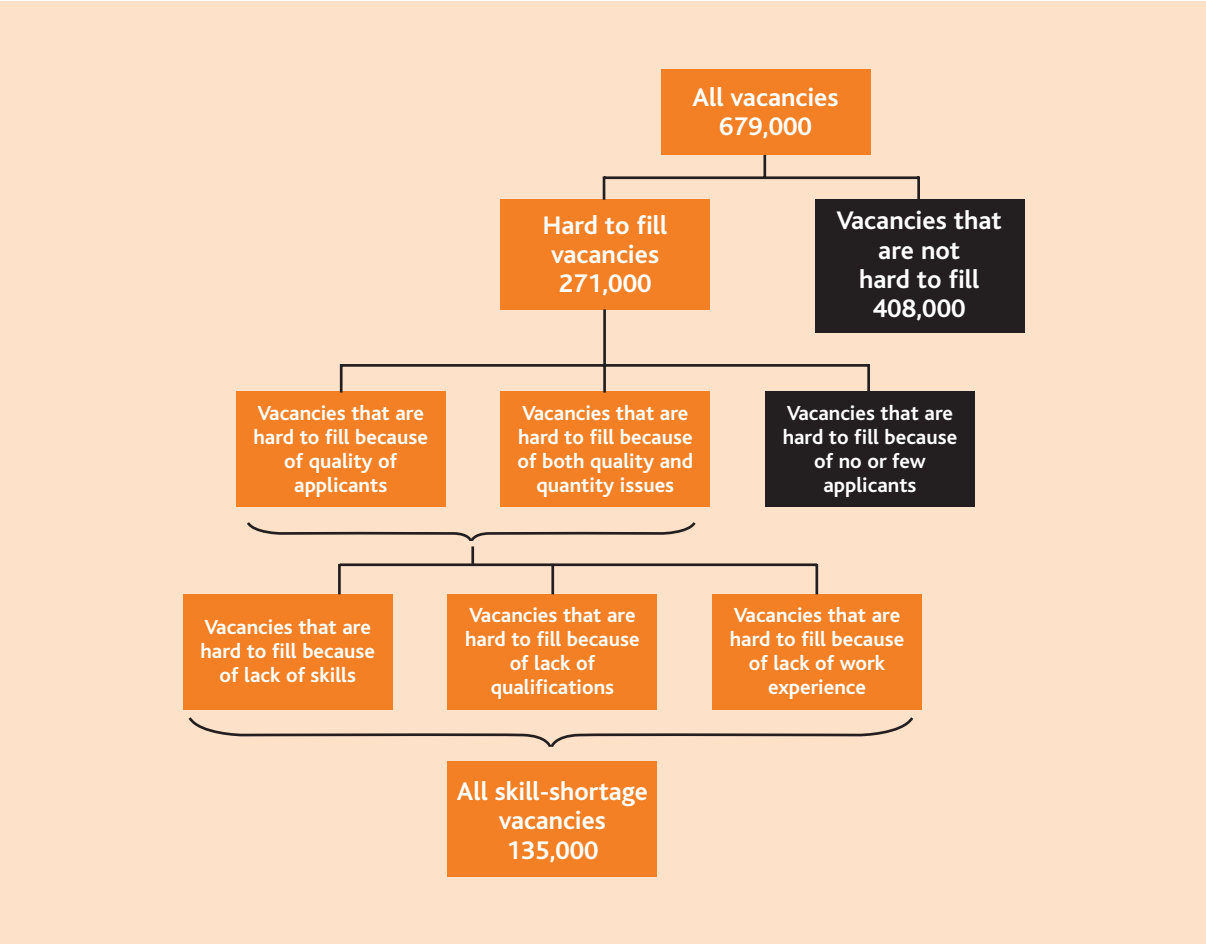
Figure 3.1: Reasons for hard-to-fill vacancies



Source: *LSC National Employers Skills Survey 2003 (IFF/IER).*

Base: *All with hard-to-fill vacancies.*

Figure 3.2: Definition of skill-shortage vacancies

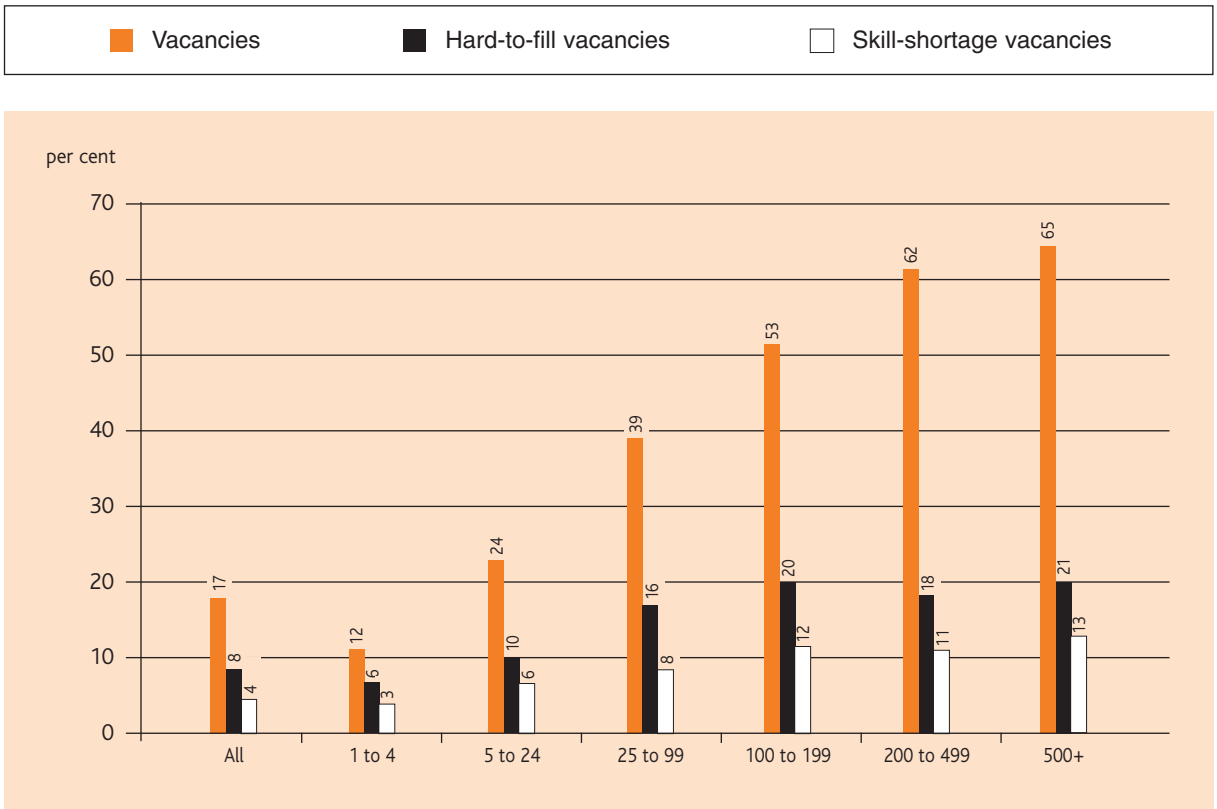


3.3 Overall Numbers of Vacancies by Size of Establishment

10 The propensity to report vacancies is also related to size of establishment (see Figure 3.3, which shows the incidence of vacancies). Approximately 64 per cent of establishments with 500 or more employees reported some vacancies compared to just 12 per cent of those with between 1 and 4 employees. The propensity to report HtFVs is also related to size of establishment (again see Figure 3.3). Around 21 per cent of establishments with 500 or more employees reported some hard-to-fill vacancies, but only a very small proportion (6 per cent) of establishments with between 1 and 4 employees reported them. The corresponding figures for SSVs are 13 and 3 per cent respectively.

11 Despite this, smaller establishments account for the vast majority of reported vacancies. This is largely because they are so numerous. It is also the case, though, that the smaller the establishment the greater the tendency for the proportions of vacancies that are hard-to-fill and the proportions of these that are skill-shortage related to increase. In combination, these two factors mean that the overall distribution of vacancies, and more especially hard-to-fill and skill-shortage vacancies, is skewed towards smaller establishments (see Figure 3.4). Most vacancies were located in establishments employing between 1 and 24 employees; such establishments accounted for over half of all vacancies (55 per cent), and around two-thirds of all HtFVs (63 per cent) and SSVs (66 per cent) – see Table 3.2. This is much higher than the proportion of total employment among establishments of this size (34 per cent).

Figure 3.3: Incidence of vacancies by size of establishment



Source: *LSC National Employers Skills Survey 2003 (IFF/IER).*

Base: *All employers (weighted = 1,915,053; unweighted = 72,100).*

Figure 3.4: Overall distribution of vacancies and employment by size of establishment

Source: *LSC National Employers Skills Survey 2003 (IFF/IER).*

Base: *All employment, all vacancies, all hard-to-fill vacancies, all skill-shortage vacancies.*

Table 3.2: Summary of reported vacancies by occupation and size of establishment

absolutes/column percentages/ratios

	SURVEY-BASED ESTIMATES						
	Total employment	Total unfilled vacancies	Total unfilled vacancies as a % of employment	Total HtFVs	Total HtFVs as a % of employment	Total skill-shortage vacancies	Total skill-shortage vacancies as a % of employment
Unweighted Base	2,275,559	56,388		21,011		9,966	
Weighted Base	21,877,288	679,072		271,413		135,295	
Occupation	%	%	%	%	%	%	%
Managers and senior officials	13	5	1.3	4	0.4	5	0.2
Professionals	14	8	1.7	7	0.6	9	0.4
Associate professionals	8	12	4.4	12	1.7	14	1.0
Administrative and secretarial	13	12	2.9	7	0.7	7	0.3
Skilled trades	9	9	3.3	15	2.0	18	1.3
Personal service	6	11	6.1	14	3.2	13	1.5
Sales and customer service	16	17	3.4	14	1.1	11	0.4
Transport and machine operatives	8	9	3.4	11	1.7	12	0.9
Elementary occupations	14	16	3.5	16	1.4	11	0.5
TOTAL	100	100	3.1	100	1.2	100	0.6
Size of establishment	%	%	%	%	%	%	%
1 to 4	12	27	7.1	33	3.5	35	1.9
5 to 24	22	28	4.0	30	1.7	31	0.9
25 to 99	26	22	2.6	21	1.0	19	0.5
100 to 199	11	7	2.0	6	0.6	5	0.3
200 to 499	15	9	1.8	5	0.4	5	0.2
500+	14	7	1.6	6	0.5	5	0.2
All establishments	100.0	100.0	3.1	100.0	1.2	100.0	0.6

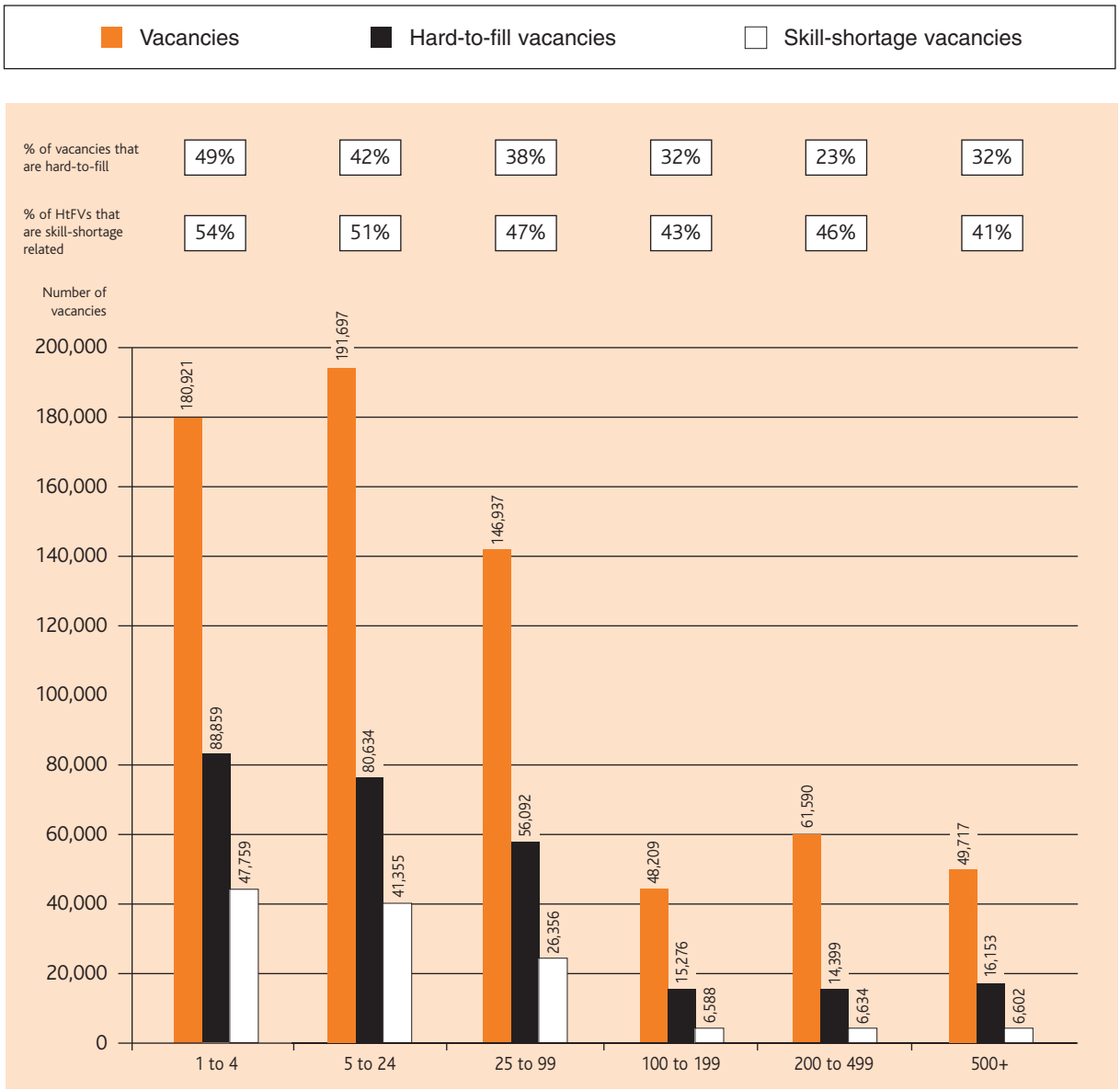
Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*
Base: *As specified at column head.*
Notes: *Grossed-up survey-based estimates.*

12 The simple measure of the incidence of vacancies provides no information about the relative importance of that vacancy to the establishment. Though larger establishments typically reported a higher number of vacancies, these will, in general, constitute a small proportion of the workforce. In contrast, just one or two HtFVs in an establishment employing a small number of people may constitute a sizeable proportion of the workforce and make a crucial difference. To deal with this problem, it is also useful to present measures of density (that is the number of vacancies expressed as a proportion of total employment).

13 It is apparent from the bottom half of Table 3.2 that, for smaller establishments, vacancies can comprise a substantial proportion of the workforce. The problem is particularly acute for establishments employing a very small number of people. These establishments are less likely to report a skill-shortage vacancy. Thus, although these establishments are less likely to report a skill-shortage vacancy (as shown in Figure 3.3), when one does occur the evidence suggests that this may pose a particularly acute problem.

14 The smallest establishments (with between 1 and 4 employees) account for around 180,000 vacancies, while those with between 5 and 24 employees account for around 190,000 (see Figure 3.5 and the middle section of Table 3.2). In contrast, larger establishments (500 or more employees) account for just under 50,000 vacancies. The patterns for HtFVs and SSVs are broadly similar, with smaller establishments accounting for the bulk of such vacancies.

Figure 3.5: Proportion of vacancies that are hard to fill by size of establishment



Source: *LSC National Employers Skills Survey 2003 (IFF/IER).*

Base: *All vacancies, hard-to-fill vacancies and skill-shortage vacancies.*

3.4 Vacancies by Occupation

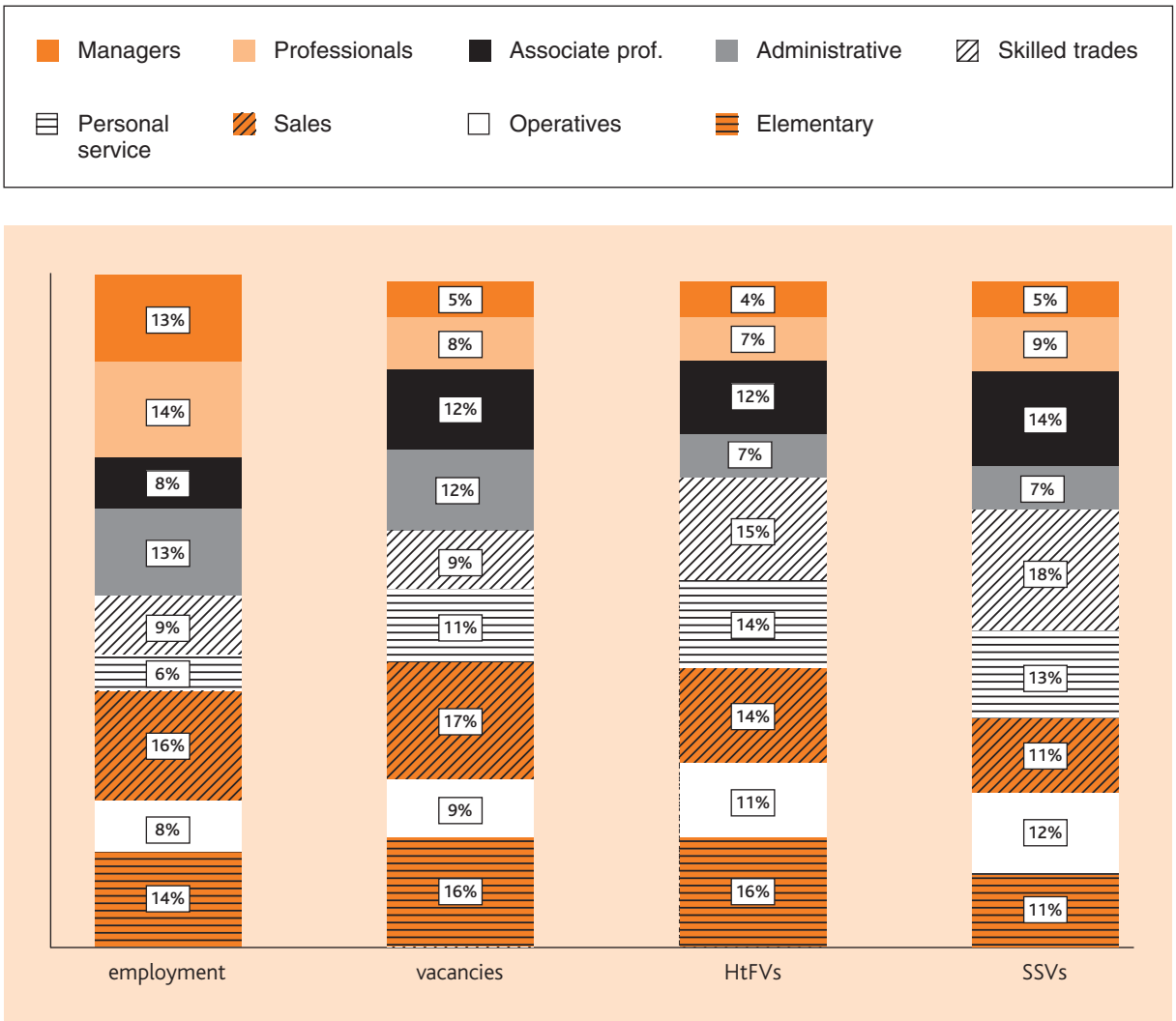
15 Reported vacancies by occupation will reflect, in part, the overall distribution of occupational employment in the economy. Various other factors will also be important, such as the rate of growth of employment in different occupations, as well as the number of job openings arising due to replacement demand.[3] Another important factor is the propensity to use the internal as opposed to external labour market for filling job openings. Figures 3.6 and 3.7 summarise the occupational structure of employment in the sample as a whole, as well as the breakdown of vacancies and HtFVs by occupation. Figure 3.6 provides a summary of the percentage share of vacancies by occupation and compares this with the overall structure of employment. Different patterns in each occupation are also illustrated in Figure 3.6.

[3] That is the need to replace those leaving employment for retirement and other reasons – see Wilson et al. (2004).

16 Figure 3.7 summarises the occupational structure of employment in the sample as a whole, and shows the breakdown of vacancies, hard-to-fill and skill-shortage vacancies by occupation. Figure 3.7 provides a summary of the percentage share of all vacancies by occupation and compares this with the overall structure of employment. Table 3.2 provides an overall summary of the incidence, number and density of such vacancies, distinguishing hard-to-fill and skill-shortage vacancies.

17 This analysis reveals that associate professional, administrative and secretarial, sales and customer service occupations, and elementary occupations accounted for the highest proportions of vacancies (see Figure 3.6). There are, however, some notable differences between the distribution of vacancies, HtFVs and SSVs. Whereas skilled trades occupations accounted for a relatively modest proportion of vacancies (9 per cent) they accounted for 15 per cent of all HtFVs and 18 per cent of SSVs. A similar, albeit somewhat less extreme, pattern is evident for transport and machine operatives and associate professionals. Conversely, managers and professionals accounted for a much lower proportion of HtFVs and SSVs than employment as a whole.

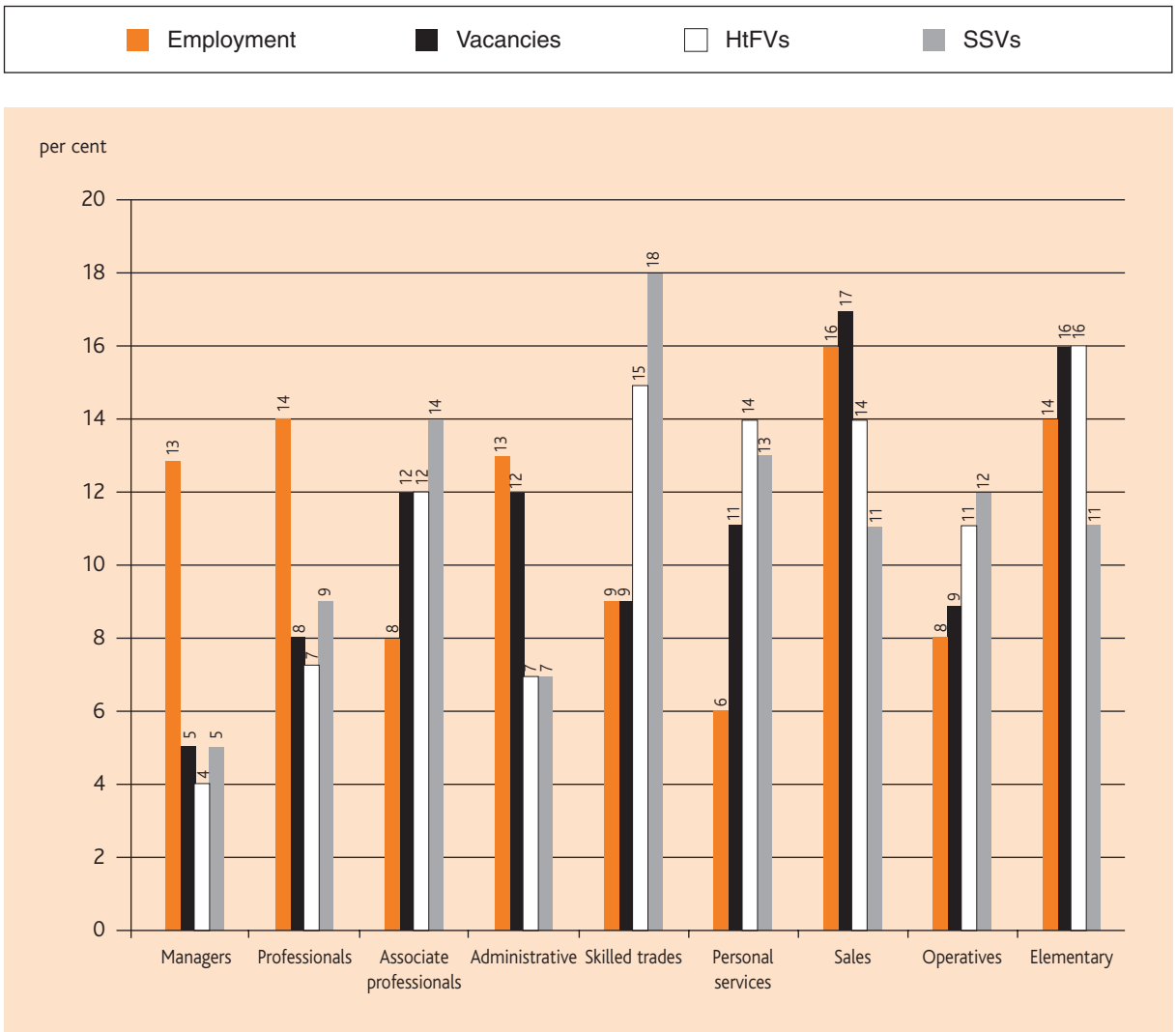
Figure 3.6: Overall distribution of employment and vacancies by occupation



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *Unweighted (employment 2,275,559; vacancies 56,154; hard-to-fill vacancies 21,011; and skill-shortage vacancies 9,966).*

Figure 3.7: Overall distribution of vacancies by occupation



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All employment, vacancies, hard-to-fill vacancies, and skill-shortage vacancies as in Figure 3.6.*

3.5 Vacancies by Sector and Industry

Summary of the total number of vacancies by sector and industry

18 This section presents estimates for 14 broad sectors and 27 more detailed industries. The former categories are those used in the more detailed results for local LSC areas. The more detailed categories match up with those used in the *Working Futures* employment projections (Wilson *et al*. (2003). Definitions of the categories are given in Annex C.

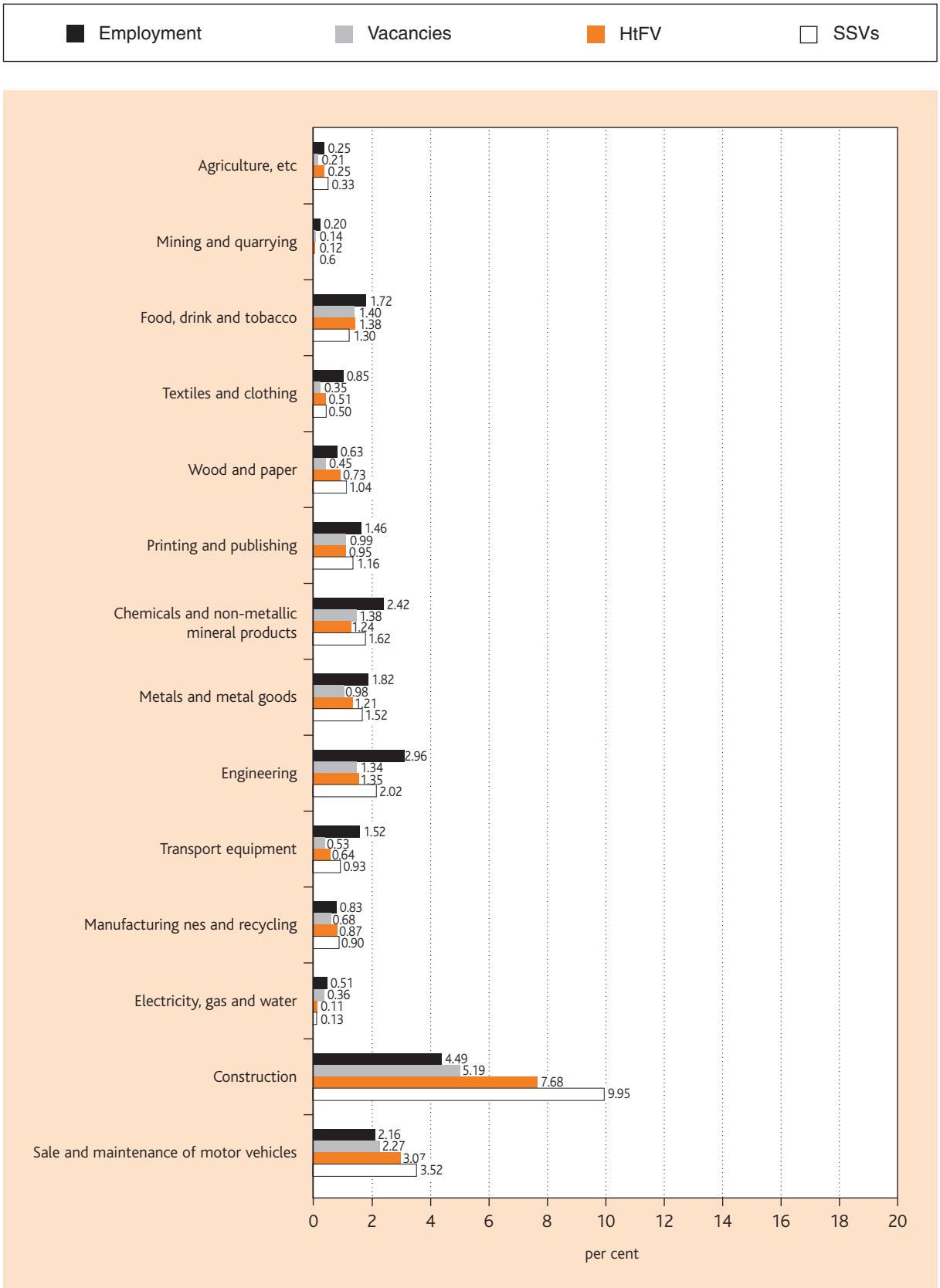
19 Table 3.3 provides a summary of the **profile of vacancies** by **broad sector** (i.e. the percentage of all vacancies falling within each sector), including a comparison with the total level of employment. Generally speaking, sectors with larger levels of employment have larger numbers of vacancies; but there are some marked variations. Wholesale and retail distribution, hotels and catering, business services, and health and social work are the sectors with the greatest share of vacancies. These sectors

also have significant shares of HtFVs and SSVs. But in business services, in miscellaneous services and most especially in construction the share of SSVs is disproportionately high in relation to their share of employment. Figure 3.8 presents the distribution by more **detailed industry** category. At this more detailed level, a number of industries within manufacturing, as well as sales and maintenance of motor vehicles, also stand out as having relatively large proportions of SSVs.

Incidence of vacancies by industry

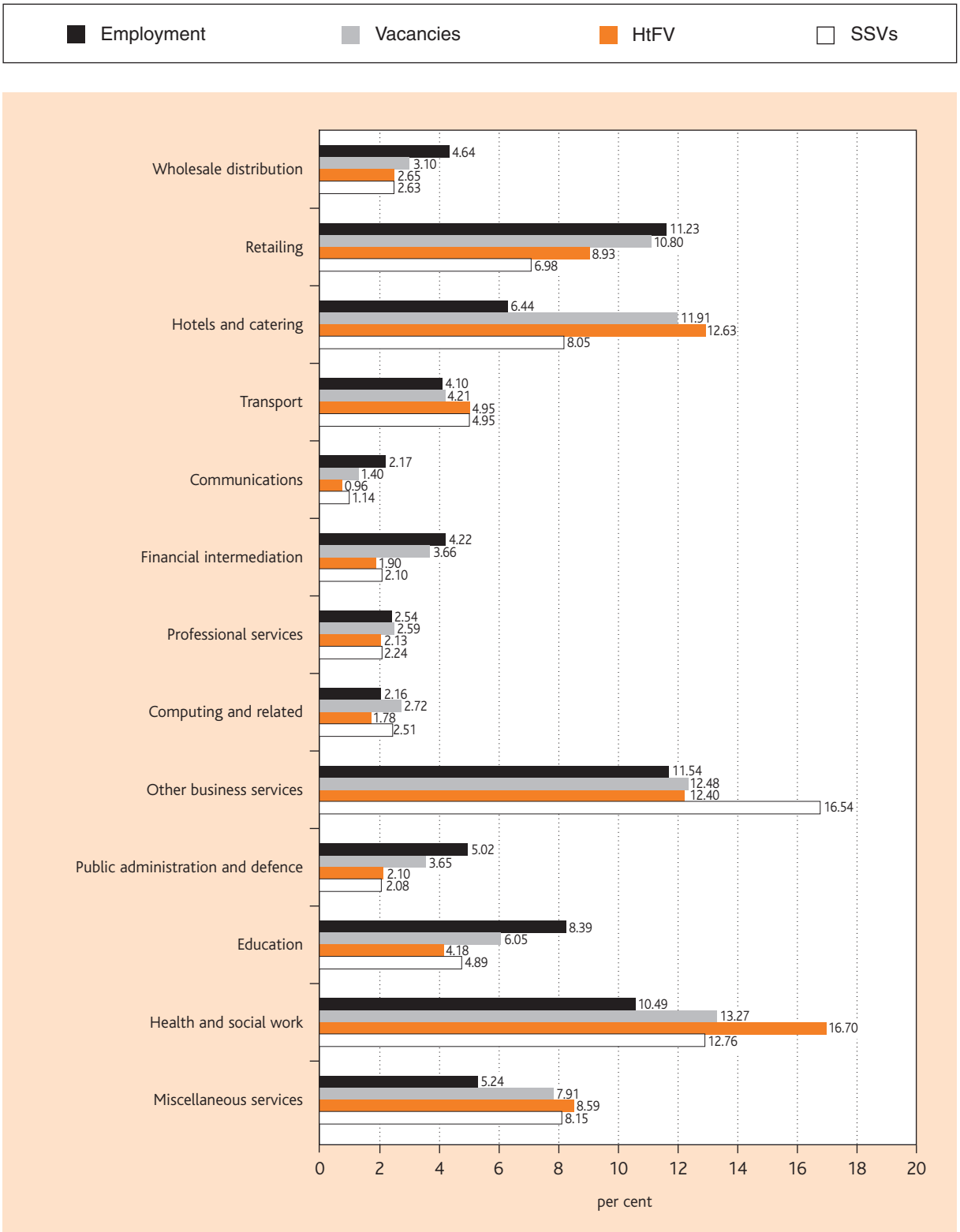
20 Information on **incidence** (i.e. the proportion of establishments within an industry reporting vacancies) is summarised in Figure 3.9. Service sector establishments – especially in the public sector – were more likely to report vacancies than most of those in primary, manufacturing or construction industries. Specifically public administration, education, and health and social work were more likely to report that they had vacancies than any other industry. Manufacturers of food, drink and tobacco, hotels and catering, and the utilities sector also stand out, with 23 to 29 per cent of establishments in these industries reporting some vacancies compared to the average of 17 per cent. There are some variations in the incidence of HtFVs and SSVs by industry but these are less extreme.

Figure 3.8: Distribution of vacancies analysed by industry



Continued...

Figure 3.8: Distribution of vacancies analysed by industry (Continued)

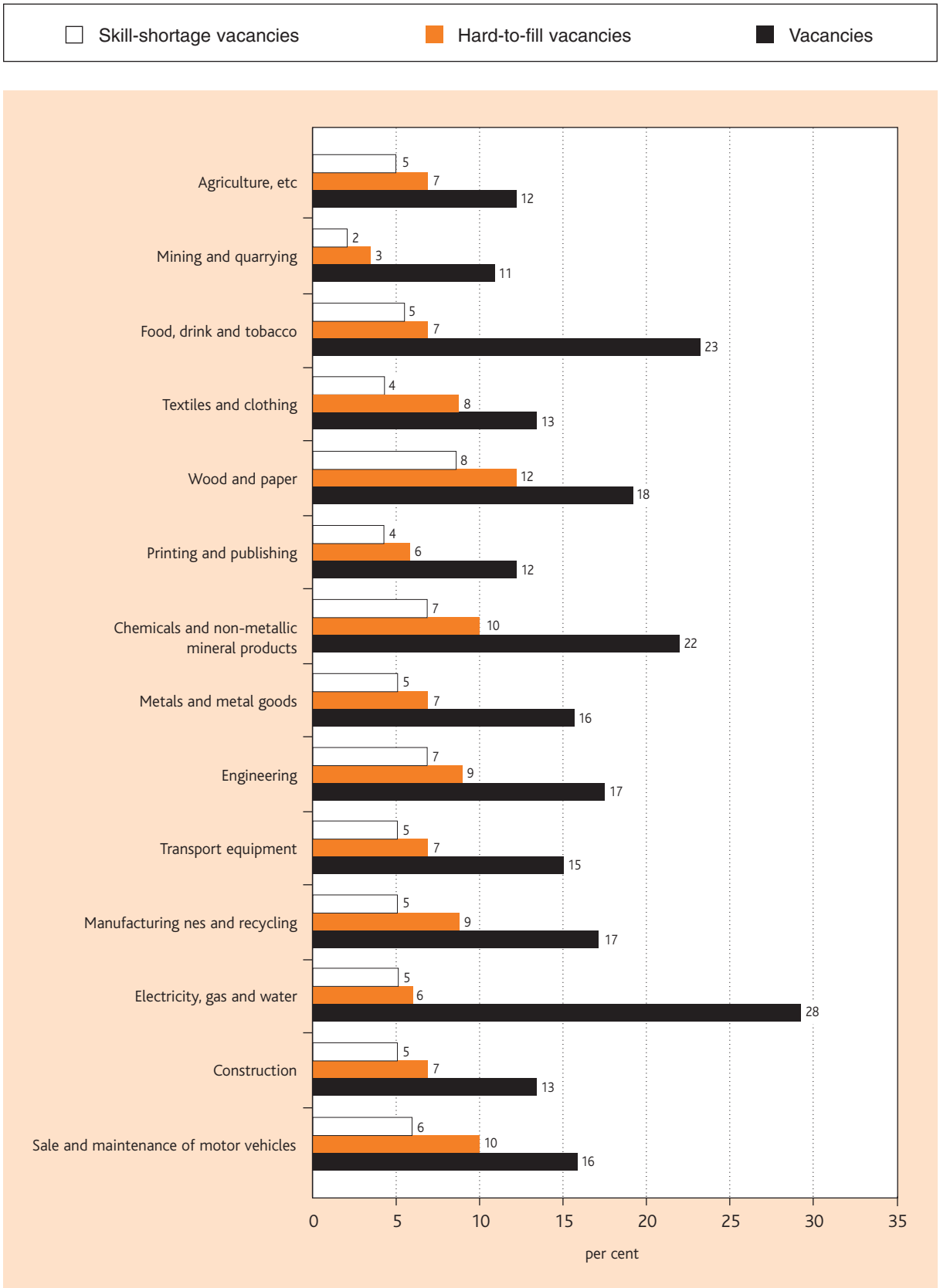


Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All employment, vacancies, hard-to-fill vacancies, skill-shortage vacancies.*

Notes: *The percentages sum to 100 over all industries.*

Figure 3.9: Incidence of vacancies by industry (proportion of employers)



Continued...

Figure 3.9: Incidence of vacancies by industry (proportion of employers) Continued

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All employers (weighted = 1,915,053; unweighted = 72,100).*

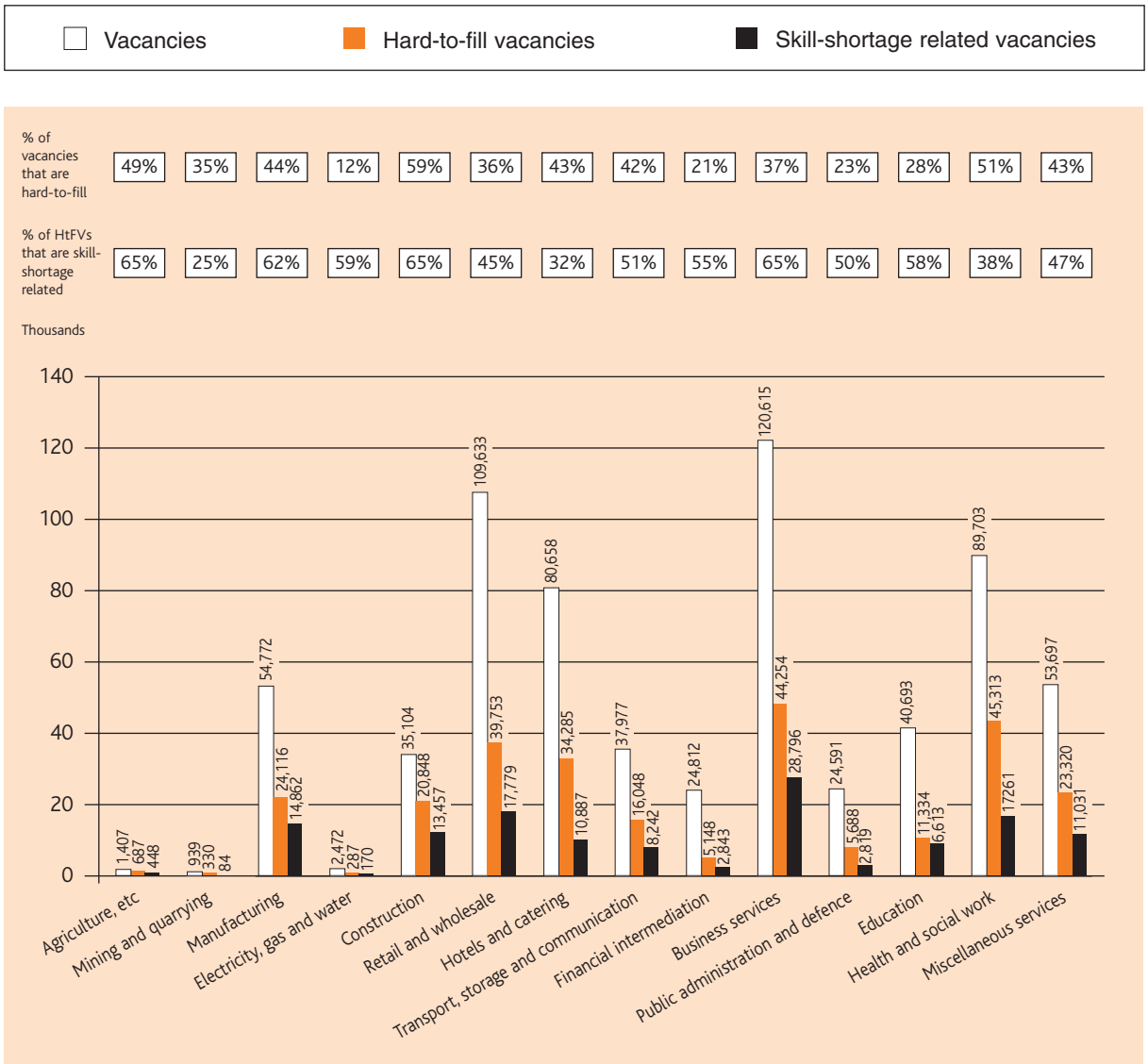
Table 3.3: Summary of vacancies analysed by sector

absolutes/column percentages/ratios

	Total employment	Total unfilled vacancies	Total unfilled vacancies as a % of employment	Total HtFVs	Total HtFVs as a % of employment	Total skill-shortage vacancies	Total skill-shortage vacancies as a % of employment
Weighted Base	2,275,559	56,388		21,011		9,966	
Unweighted Base	21,877,288	679,072		271,413		135,295	
Sector	%	%	%	%	%	%	%
Agriculture, etc	0.3	0.2	2.5	0.3	1.2	0.3	0.8
Mining and quarrying	0.2	0.1	2.2	0.1	0.8	0.1	0.2
Manufacturing	14.2	8.1	1.8	8.9	0.8	11.0	0.5
Utilities	0.5	0.4	2.2	0.1	0.3	0.1	0.2
Construction	4.5	5.2	3.6	7.7	2.1	9.9	1.4
Retail and wholesale	18.0	16.2	2.8	14.6	1.0	13.1	0.5
Hotels and catering	6.4	11.9	5.7	12.6	2.4	8.0	0.8
Transport and communications	6.3	5.6	2.8	5.9	1.2	6.1	0.6
Financial intermediation	4.2	3.7	2.7	1.9	0.6	2.1	0.3
Business services	16.2	17.8	3.4	16.3	1.2	21.3	0.8
Public administration and defence	5.0	3.6	2.2	2.1	0.5	2.1	0.3
Education	8.4	6.0	2.2	4.2	0.6	4.9	0.4
Health and social work	10.5	13.3	3.9	16.7	2.0	12.8	0.8
Other services	5.2	7.9	4.7	8.6	2.0	8.2	1.0
Total	100.0	100.0	3.1	100.0	1.2	100.0	0.6

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*
Base: *As specified at column head.*

Figure 3.10: Proportion of vacancies that are hard to fill by sector



Source: *LSC National Employers Skill Survey 2003 (IFF/IER)*

Base: *All vacancies, hard-to-fill vacancies and skill-shortage vacancies.*

Distribution by industry and occupation

21 A much more detailed picture of the overall distribution of vacancies by occupation and industry is provided in Tables 3.6–3.10, 3.12 and 3.13 at the end of this chapter. Patterns vary significantly across industries. Many occupations are concentrated in particular industries and so it is not surprising that vacancies, HtFVs and SSVs are similarly concentrated. Half a dozen industries tend to dominate the picture, primarily because of their large size in terms of employment (see Figure 3.10):

- construction
- retailing

- hotels and/or catering
- other business services
- health and social work
- miscellaneous services.

22 That said, some other large industries such as wholesale distribution, transport, financial intermediation, public administration and education exhibit many fewer vacancies in relationship to their size.

23 Table 3.6 presents information on the distribution of all vacancies within industry by occupation (i.e. the shares of vacancies within each industry in each occupation, all occupations = 100 per cent). Tables 3.8 and 3.12 show the corresponding information for HtFVs and SSVs. To a large extent, these tables reflect the overall pattern of employment within industries. The concentration of vacancies, within skilled trades and operative occupations, is notable for many of the manufacturing industries, as well as in construction and the sale and maintenance of motor vehicles. For retailing, sales occupations account for over two-thirds of all vacancies, while transport and machine operatives account for over half of vacancies in transport. Within many service sector industries, vacancies for professionals and associate professionals are very significant, while in health and social care and in miscellaneous services, personal service occupations account for almost half of the total (see Table 3.6). These patterns are, if anything, more pronounced if one considers hard-to-fill and skill-shortage vacancies (see Tables 3.8 and 3.12).

24 Table 3.7 illustrates the **profile** of vacancies by occupation. The bottom half of the table focuses upon industries. This shows how vacancies for a particular occupation are concentrated in particular industries (the sum over all industries = 100 per cent). Considering results for individual occupations (see Table 3.7), the key results to emerge for vacancies as a whole were as follows.

- Vacancies for managers and senior officials were concentrated in retailing and other business services, with hotels and catering, public administration, health and social work, and miscellaneous services also accounting for significant shares of the total.
- Over a half of all vacancies for professionals were to be found in just two industries, other business services and education (28 and 34 per cent respectively).
- Half of the vacancies for associate professionals were also concentrated in other business services and in health and social work (24 and 26 per cent respectively).
- Administrative and secretarial vacancies were spread across many industries but with a concentration in business services, financial intermediation, public administration, and health and social work.
- Skilled trades vacancies were predominantly in construction and hotels and catering, although manufacturing industries in total were also significant.
- A half of vacancies for personal service occupations were to be found in health and social work, with nearly a third in miscellaneous services.
- Nearly a half of sales and customer service vacancies were in retail distribution (44 per cent).
- A quarter of transport and machine operative vacancies were in transport, but manufacturing industries also accounted for a significant share.

- Vacancies for elementary occupations were concentrated in hotels and catering, and, to a much lesser extent, other business services.

25 These patterns largely reflect the concentration of employment in these occupations within the industries concerned. They are broadly similar to the patterns noted for 2001 (Hogarth *et al*, 2002, Section 2.6).

26 A similar analysis to that provided for vacancies can be provided for the overall distribution of HtFVs (see Table 3.9). The specific occupation/industry locations of HtFVs are as follows.

- HtFVs for managers and senior officials were heavily concentrated in retailing, hotels and catering, and other business services (almost a half of all such vacancies were in these three industries).
- The majority of HtFVs for professionals were in other business services and in education (36 and 26 per cent respectively).
- HtFVs for associate professionals were concentrated in other business services and more especially in health and social work.
- Administrative and secretarial HtFVs were concentrated in other business services (17 per cent), and health and social work (18 per cent), but less so than for vacancies as a whole.
- Skilled trades HtFVs were predominantly in construction, sale and maintenance of motor vehicles and hotels and catering.
- HtFVs in personal service occupations were heavily concentrated in health and social work (57 per cent) and miscellaneous services (33 per cent).
- Sales and customer service HtFVs were mainly to be found in retailing (40 per cent).
- HtFVs for transport and machine operatives were mainly concentrated in transport, although, in total, manufacturing industries also accounted for significant shares.
- Elementary occupation HtFVs were heavily concentrated in hotels and catering (47 per cent).

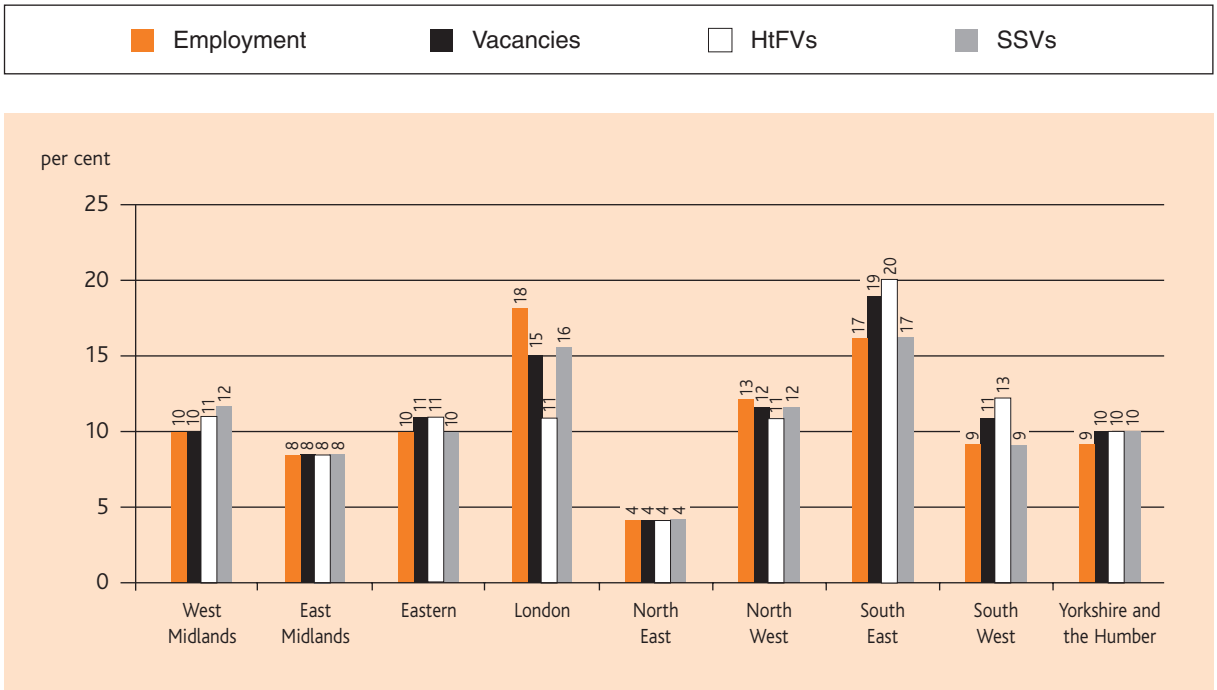
27 Again, these patterns are generally similar to those in the ESS2001. The overall patterns in terms of the industrial concentrations for SSVs are similar to those for HtFVs (see Tables 3.12 and 3.13).

3.6 The Spatial Pattern of Vacancies

28 The analysis by region reveals that the overall distribution of vacancies, HtFVs and SSVs is heavily concentrated in London and more especially the South East region (see Figures 3.11 and 3.13). Figure 3.11 shows the percentage shares compared with employment. Figure 3.13 focuses upon the absolute numbers of vacancies. The North East – and to a lesser extent the East Midlands – stands out as having a relatively small proportion of reported vacancies. But as Figure 3.11 makes clear, to a considerable degree these patterns simply reflect the regions' shares of employment.

29 The incidence of vacancies reveals a rather different picture (see Figure 3.12). London has one of the lowest incidence rates for all three types of vacancies. Otherwise, there is little variation by region in the incidence of vacancies, HtFVs and SSVs.

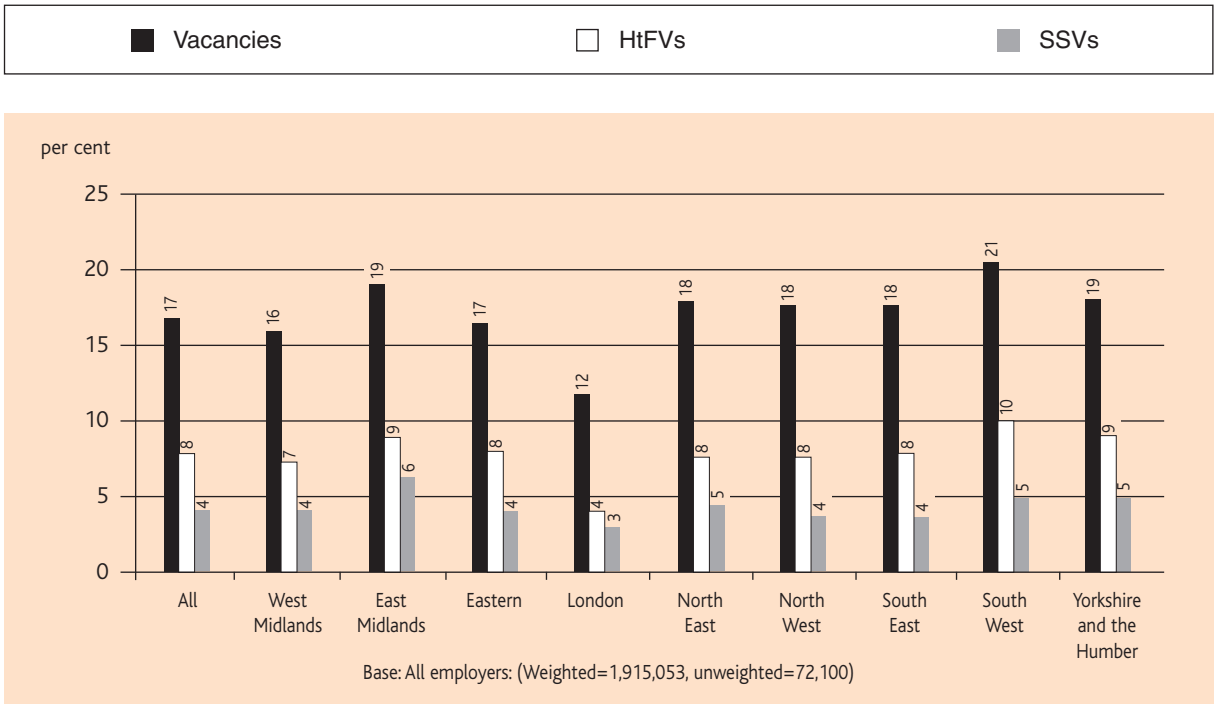
Figure 3.11: Overall distribution of vacancies by region (%)



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All employment, vacancies, hard-to-fill and skill-shortage vacancies.*

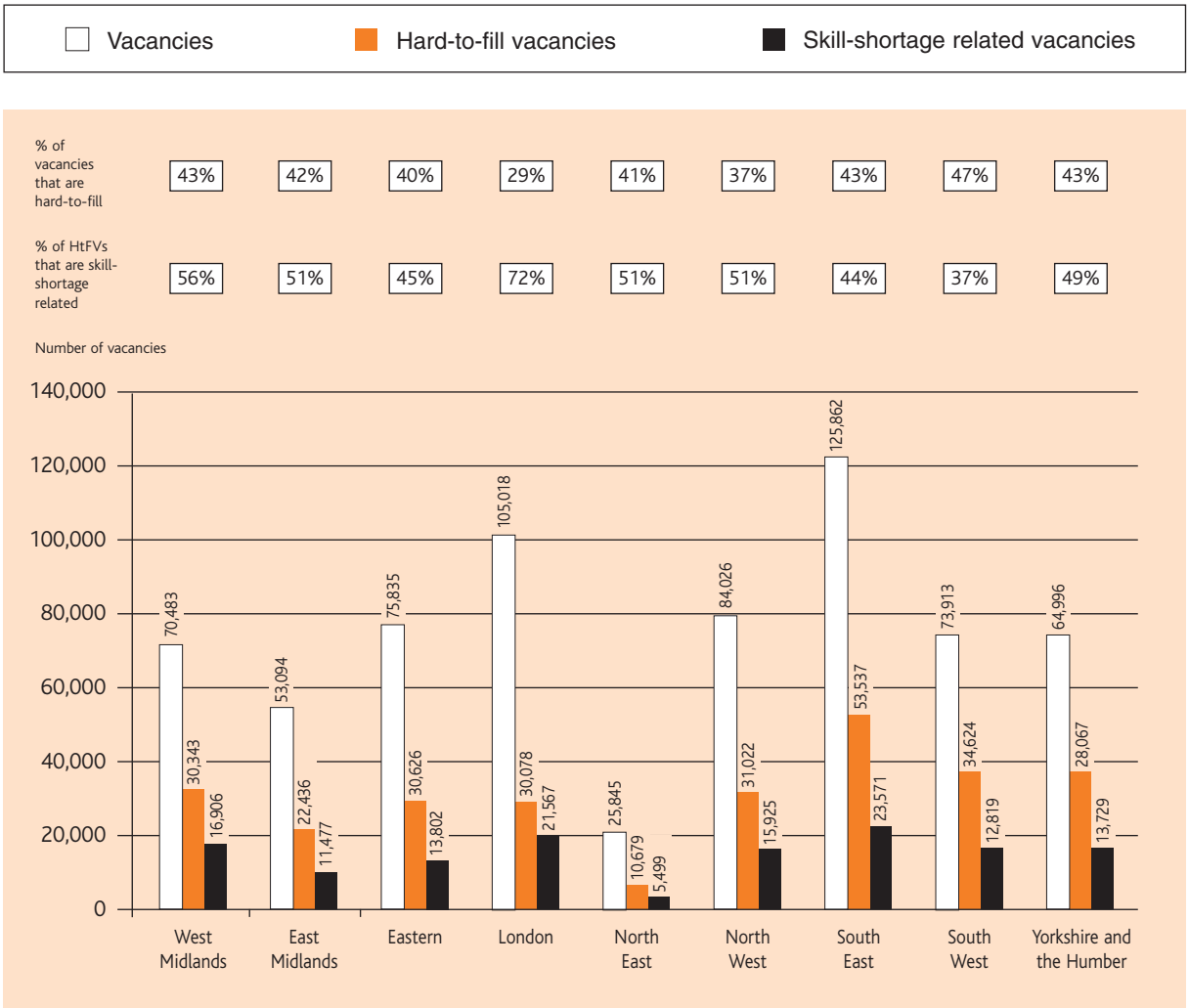
Figure 3.12: Incidence of vacancies by region (% of employers)



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All employers (weighted = 1,915,053, unweighted =72,100).*

Figure 3.13: Proportion of vacancies that are hard to fill/skill-shortage related by region



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All vacancies, hard-to-fill vacancies and skill-shortage vacancies.*

30 The proportion of vacancies that are hard to fill also varies markedly across regions (see the first row of boxed figures in Figure 3.13). London has a much lower proportion of vacancies that are hard to fill than any other region: 29 per cent compared with a figure of over 40 per cent in most other regions. However, the proportion of these HtFVs that are SSVs is much higher in the capital than elsewhere (72 per cent compared with around half in most other areas). In the South West the proportion of vacancies that were hard-to-fill because of skill shortages (37 per cent) was almost half the level reported in London.

31 The South East, Eastern and the South West regions are where the density of vacancies is highest (i.e. the number of vacancies as a proportion of employment in the region – see Table 3.4). London has a rather low density of HtFVs. Except for this, there is little variation by region in the density of vacancies, HtFVs or SSVs.

Table 3.4: Summary of vacancies analysed by region

absolutes/column percentages/ratios

	Share of employment	Share of vacancies	Total vacancies as a % of employment	Share of HtFVs	Total HtFVs as a % of employment	Share of skill-shortage vacancies	Total skill-shortage vacancies as a % of employment
Weighted Base	2,275,559	56,388		21,011		9,966	
Unweighted Base	21,877,228	679,072		271,413		135,295	
	%	%	%	%	%	%	%
West Midlands	10.5	10.4	3.1	11.2	1.3	12.5	0.7
East Midlands	7.9	7.8	3.1	8.3	1.3	8.5	0.7
Eastern	10.3	11.2	3.4	11.3	1.4	10.2	0.6
London	18.3	15.5	2.6	11.1	0.7	15.9	0.5
North East	4.4	3.8	2.7	3.9	1.1	4.1	0.6
North West	13.1	12.4	2.9	11.4	1.1	11.8	0.6
South East	16.6	18.5	3.5	19.7	1.5	17.4	0.6
South West	9.5	10.9	3.6	12.8	1.7	9.5	0.6
Yorkshire and the Humber	9.5	9.6	3.1	10.3	1.4	10.1	0.7
Overall	100.0	100.0	3.1	100.0	1.2	100.0	0.6

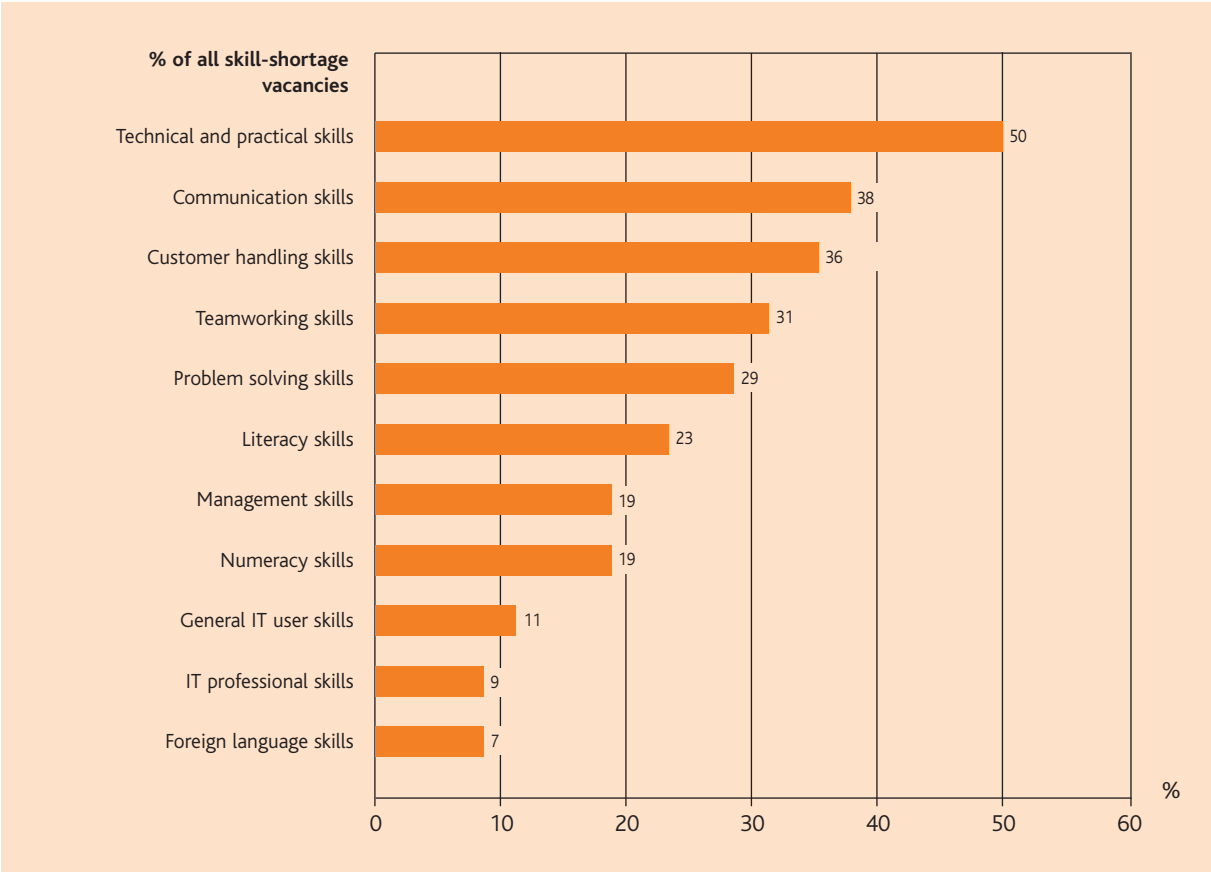
Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *As specified at column head.*

3.7 Skills Sought in Connection with Skill-shortage Vacancies

32 NESS2003 obtained information about the particular skills establishments had found it difficult to obtain and which resulted in a vacancy persisting (see Figure 3.14 – this is based on SSVs followed up and not all establishments with SSVs). In relation to SSVs, technical and practical skills other than IT were the most frequently mentioned problem. Communication skills, customer handling, team working and problem solving were also commonly cited.

Figure 3.14: Skills sought in connection with skill-shortage vacancies



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All skill-shortage vacancies followed-up.*

33 The specific skills required also vary by occupation (see Table 3.14). The key results to emerge were as follows.

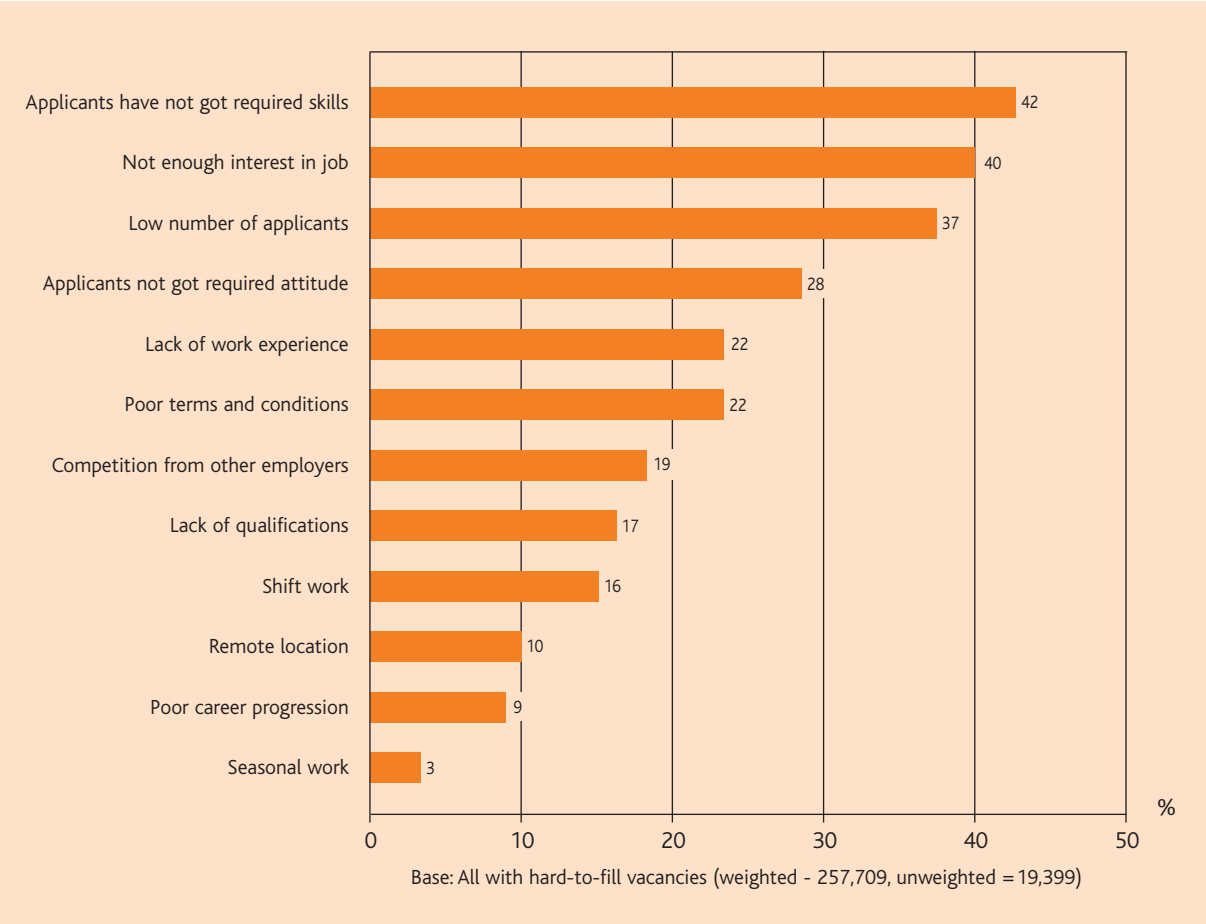
- Technical/practical skills other than IT were sought in connection with a significant number of SSVs, but especially so amongst skilled trades occupations and operatives.
- Lack of communication skills amongst applicants was most important for administrative and secretarial occupations and sales and customer service vacancies, but was also significant for managers, personal service and elementary occupations.

- Customer handling skills were found particularly difficult to obtain from applicants for the same set of occupations.
- Team working was less of a skills problem amongst professional and associate professionals, but sought more in connection with managers, operatives in personal service, sales and customer service occupations and elementary occupations.
- Problem solving was mentioned mainly in relation to managers and senior officials, and administrative and secretarial occupations.
- Literacy and numeracy problems were reported mainly in relation to administrative and secretarial and elementary occupations and, to a lesser extent, for sales and for managers and senior officials.
- Management skills were mentioned mainly in relation to managers and senior officials.
- General IT skills were reported as a problem mainly for administrative and secretarial occupations and for managers and senior officials.
- More advanced IT professional skills also tended to be reported as a problem for the recruitment of professionals as well as for administrative and secretarial occupations and for managers and senior officials.
- Foreign language skills were mentioned rarely in relation to any occupation.

3.8 Causes of Recruitment Problems

34 The main causes of HtFVs are set out in Figure 3.15 and reproduced in more detail by region, size and industry in Table 3.10. The prime causes were: low number of applicants with skills (42 per cent of all HtFVs); low number of applicants generally (37 per cent); and not enough people interested in the job (40 per cent).

Figure 3.15: Causes of hard-to-fill vacancies



Source: *LSC National Employers Skill Survey 2003 (IFF/IER), ESS 2003 (IFF/IER).*
Base: *All hard-to-fill vacancies.*

35 Reasons for HtFVs varied between occupations (see Table 3.11). Over 50 per cent of all HtFVs for professional, associate professional and skilled trades were caused by a low number of applicants with the required skills, compared to around 30 per cent for sales and elementary occupations. A lack of work experience was a significant cause of HtFVs for associate professional, skilled trades and operative occupations. A lack of qualifications was a contributory factor for around one in six of all HtFVs, though this rises to over a quarter (27 per cent) for HtFVs for professionals compared to 7 or 8 per cent for sales or elementary occupations.

36 There are also some variations by industry, size of establishment and region as shown in Table 3.10.

3.9 Conclusions

37 Overall, around 17 per cent of establishments reported vacancies, representing around 680,000 vacancies. Around 4 per cent of establishments reported SSVs, representing around 135,000 vacancies. The proportion of establishments reporting vacancies, HtFVs, or SSVs rises quite sharply with the number of people employed in an establishment. For instance, just 3 per cent of establishments with between 1 and 4 employees reported SSVs compared to 13 per cent with 500 or more employees. Yet because the smallest establishments are so numerous this is where many of the vacancies (27 per cent of all vacancies), HtFVs (33 per cent) and SSVs (35 per cent) occur.

38 Additionally, the density of SSVs suggests that this problem is worse for smaller employers, with SSVs accounting for almost 2 per cent of employment in all establishments employing fewer than five employees compared to 0.6 per cent overall. So, whilst larger employers might be more prone to report vacancies, a natural function of their size, it is for smaller employers that, arguably, a greater problem exists, as SSVs represent a higher proportion of employment.

39 The main causes of HtFVs were low numbers of applicants with the relevant skills and also low numbers of applicants generally or not enough people interested. The former suggests a lack of skills; the latter that the problems were more to do with the alternative jobs on offer.

Table 3.5: Vacancies and hard-to-fill vacancies as a proportion of employment by region, size and industry

	Base = All employees		Total number of vacancies	Vacancies as a % of employment	Total number of HtFVs	HtFVs as a % of employment
	Unweighted	*Weighted*		%		%
Overall	***2,275,559***	***21,877,288***	***679,072***	**3.1**	**271,413**	**1.2**
Region						
West Midlands	*251,887*	*2,288,709*	70,483	**3.1**	30,343	**1.3**
East Midlands	*170,300*	*1,730,037*	53,094	**3.1**	22,436	**1.3**
Eastern	*204,928*	*2,245,572*	75,835	**3.4**	30,626	**1.4**
London	*409,884*	*4,014,185*	105,018	**2.6**	30,078	**0.7**
North East	*126,027*	*968,282*	25,845	**2.7**	10,679	**1.1**
North West	*328,970*	*2,860,703*	84,026	**2.9**	31,022	**1.1**
South East	*359,193*	*3,628,575*	125,862	**3.5**	53,537	**1.5**
South West	*195,373*	*2,069,786*	73,913	**3.6**	34,624	**1.7**
Yorkshire and The Humber	*228,997*	*2,071,440*	64,996	**3.1**	28,067	**1.4**
Size						
1 to 4	*46,278*	*2,556,628*	180,921	**7.1**	88,859	**3.5**
5 to 24	*386,207*	*4,787,209*	191,697	**4.0**	80,634	**1.7**
25 to 99	*597,984*	*5,629,218*	146,937	**2.6**	56,092	**1.0**
100 to 199	*310,478*	*2,457,395*	48,209	**2.0**	15,276	**0.6**
200 to 499	*420,108*	*3,306,770*	61,590	**1.9**	14,399	**0.4**
500+	*514,504*	*3,140,069*	49,717	**1.6**	16,153	**0.5**
Industry						
Agriculture, etc	*5,143*	*55,496*	1,407	**2.5**	687	**1.2**
Mining and quarrying	*1,771*	*42,760*	939	**2.2**	330	**0.8**
Food, drink and tobacco	*53,742*	*376,086*	9,476	**2.5**	3,747	**1.0**
Textiles and clothing	*15,493*	*185,732*	2,351	**1.3**	1,394	**0.8**
Wood and paper	*10,446*	*138,920*	3,036	**2.2**	1,977	**1.4**
Printing and publishing	*49,458*	*319,785*	6,735	**2.1**	2,591	**0.8**

Continued...

Table 3.5: Vacancies and hard-to-fill vacancies as a proportion of employment by region, size and industry (continued)

	Base = All employees		Total number of vacancies	Vacancies as a % of employment	Total number of HtFVs	HtFVs as a % of employment
	Unweighted	*Weighted*		%		%
Industry						
Chemicals and non-metallic mineral products	*53,621*	*528,386*	9,393	**1.8**	3,367	**0.6**
Metals and metal goods	*43,637*	*399,089*	6,646	**1.7**	3,272	**0.8**
Engineering	*78,670*	*646,845*	9,098	**1.4**	3,674	**0.6**
Transport equipment	*42,798*	*333,171*	3,582	**1.1**	1,730	**0.5**
Manufacturing nes and recycling	*21,663*	*181,649*	4,615	**2.5**	2,364	**1.3**
Electricity, gas and water	*15,280*	*111,282*	2,472	**2.2**	287	**0.3**
Construction	*112,084*	*981,578*	35,238	**3.6**	20,848	**2.1**
Sale and maintenance of motor vehicles	*45,687*	*472,023*	15,414	**3.3**	8,332	**1.8**
Wholesale distribution	*81,997*	*1,015,263*	21,030	**2.1**	7,189	**0.7**
Retailing	*270,770*	*2,456,610*	73,311	**3.0**	24,232	**1.0**
Hotels and catering	*137,117*	*1,408,126*	80,856	**5.7**	34,285	**2.4**
Transport	*119,899*	*897,454*	28,588	**3.2**	13,447	**1.5**
Communications	*17,790*	*475,062*	9,508	**2.0**	2,601	**0.5**
Financial intermediation	*61,494*	*922,966*	24,884	**2.7**	5,148	**0.6**
Professional services	*59,706*	*556,483*	17,574	**3.2**	5,774	**1.0**
Computing and related	*47,070*	*472,884*	18,477	**3.9**	4,824	**1.0**
Other business services	*259,749*	*2,524,811*	84,749	**3.4**	33,656	**1.3**
Public administration and defence	*105,262*	*1,098,059*	24,811	**2.3**	5,688	**0.5**
Education	*179,769*	*1,834,632*	41,061	**2.2**	11,334	**0.6**
Health and social work	*266,391*	*2,294,785*	90,106	**3.9**	45,313	**2.0**
Miscellaneous services	*119,049*	*1,147,350*	53,716	**4.7**	23,320	**2.0**

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All employees.*

Note: *'nes' means 'not elsewhere specified'.*

Table 3.6: Distribution of vacancies by occupation within region, size and industry

Row percentages	Base = All vacancies		Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary	Unclassified
	Unweighted	*Weighted*	%	%	%	%	%	%	%	%	%	%
Overall	***56,154***	***677,074***	**5**	**8**	**12**	**12**	**9**	**11**	**17**	**9**	**16**	**1**
Region												
West Midlands	*5,580*	*70,215*	3	8	11	13	9	12	17	11	16	1
East Midlands	*4,457*	*52,791*	5	6	8	9	14	11	16	16	15	*
Eastern	*5,746*	*75,576*	7	8	10	12	10	10	17	9	17	*
London	*8,213*	*104,962*	6	12	18	15	6	11	16	6	11	*
North East	*2,356*	*25,816*	4	7	10	10	10	18	16	7	15	2
North West	*7,783*	*83,838*	5	7	13	14	9	10	18	8	17	*
South East	*9,925*	*125,333*	5	7	14	11	10	10	20	7	16	*
South West	*5,994*	*73,889*	6	6	7	13	10	11	19	7	21	1
Yorks and the Humber	*6,100*	*64,653*	7	6	11	12	10	11	13	9	16	4
Size												
1 to 4	*3,138*	*180,921*	5	6	12	12	15	11	17	8	13	1
5 to 24	*14,577*	*191,375*	6	6	11	10	10	12	19	8	18	1
25 to 99	*16,790*	*146,556*	4	9	10	10	7	16	16	7	19	1
100 to 199	*6,412*	*47,967*	4	12	8	15	4	11	16	13	17	1
200 to 499	*7,447*	*61,019*	7	10	10	19	4	2	21	11	16	*
500+	*7,790*	*49,236*	5	12	25	20	3	6	11	9	9	*
Industry												
Agriculture, etc	*96*	*1,407*	4	1	-	8	33	1	4	12	35	2
Mining and quarrying	*50*	*939*	8	15	8	28	10	-	8	15	9	-
Food, drink and tobacco	*1,262*	*9,448*	2	2	2	3	6	*	1	57	26	*
Textiles and clothing	*144*	*2,288*	-	2	21	5	3	*	15	45	7	-
Wood and paper	*168*	*3,036*	3	1	3	3	48	3	5	23	12	*
Printing and publishing	*711*	*6,729*	5	2	18	13	11	1	37	5	6	1
Chemicals and non-metallic mineral products	*763*	*9,393*	7	4	7	8	15	-	13	34	11	1
Metals and metal goods	*477*	*6,646*	1	2	4	5	32	*	4	40	9	1
Engineering	*885*	*9,039*	3	8	18	13	21	-	10	20	6	1
Transport equipment	*372*	*3,578*	5	4	6	3	32	-	15	28	7	-
Manufacturing nes and recycling	*379*	*4,615*	7	1	5	10	24	-	15	27	8	3

Continued...

Table 3.6: Distribution of vacancies by occupation within region, size and industry (continued)

Row percentages	*Base = All vacancies*		Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary	Unclassified
	Unweighted	*Weighted*										
			%	%	%	%	%	%	%	%	%	%
Overall	***56,154***	***677,074***	**5**	**8**	**12**	**12**	**9**	**11**	**17**	**9**	**16**	**1**
Industry												
Electricity, gas and water	*305*	*2,472*	7	4	4	11	11	-	54	8	1	-
Construction	*2,535*	*35,104*	4	4	3	7	55	-	3	10	11	1
Sale and maintenance of motor vehicles	*1,151*	*15,414*	5	1	7	7	44	*	20	9	7	*
Wholesale distribution	*1,510*	*20,971*	5	1	5	11	7	*	25	23	22	1
Retailing	*6,776*	*73,248*	7	1	2	4	6	*	69	2	8	*
Hotels and catering	*7,030*	*80,658*	4	*	1	5	13	2	12	2	61	1
Transport	*3,003*	*28,469*	5	1	6	12	2	5	7	52	12	*
Communications	*425*	*9,508*	5	4	15	15	1	2	29	17	10	3
Financial intermediation	*1,307*	*24,812*	6	2	12	41	1	*	36	*	1	*
Professional services	*1,366*	*17,558*	8	8	16	19	6	3	14	7	19	*
Computing and related	*1,416*	*18,477*	7	25	20	18	5	*	21	1	1	1
Other business services	*7,170*	*84,580*	7	17	23	18	4	1	9	7	14	1
Public administration and defence	*2,155*	*24,591*	10	14	21	38	1	6	3	2	3	*
Education	*2,977*	*40,693*	4	43	15	12	1	15	2	2	5	1
Health and social work	*7,820*	*89,703*	3	3	23	11	2	42	6	1	7	2
Miscellaneous services	*3,901*	*53,697*	5	3	11	11	2	45	7	2	13	*

Source: *LSC National Employers Skill Survey 2003 (IFF/IER)NESS 2003 (IFF/IER).*

Base: *All vacancies.*

Notes: *Percentages sum to 100% across rows (subject to rounding).*

** is used to denote a figure greater than 0% but less than 0.5%.*
'nes' means 'not elsewhere specified'.

Table 3.7: Profile of vacancies by region, size and industry within occupation

Column percentage	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary	Unclassified	Overall
	%	%	%	%	%	%	%	%	%	%	%
Region											
West Midlands	6	10	10	11	10	11	10	13	11	11	***10***
East Midlands	7	6	5	5	11	8	7	14	8	1	***8***
Eastern	15	11	9	11	11	10	11	12	12	7	***11***
London	17	24	23	19	10	16	14	11	10	6	***16***
North East	3	4	3	3	4	6	4	3	4	10	***4***
North West	12	12	13	14	12	11	13	12	13	5	***12***
South East	17	18	22	16	20	17	22	14	19	10	***19***
South West	12	8	7	11	12	11	12	9	14	9	***11***
Yorks and the Humber	13	8	9	10	10	10	7	10	10	43	***10***
Size											
1 to 4	26	19	28	25	44	26	27	25	22	41	***27***
5 to 24	31	21	27	23	30	30	31	27	32	18	***28***
25 to 99	18	25	18	18	17	31	20	19	26	30	***22***
100 to 199	6	11	5	9	3	7	7	10	8	5	***7***
200 to 499	12	12	8	14	4	2	11	12	9	4	***9***
500+	7	12	15	12	2	4	5	8	4	1	***7***
Industry											
Agriculture, etc	*	*	-	*	1	*	*	*	*	*	*
Mining and quarrying	*	*	*	*	*	-	*	*	*	-	*
Food, drink and tobacco	1	*	*	*	1	*	*	9	2	1	***1***
Textiles and clothing	-	*	1	*	*	*	*	2	*	-	*
Wood and paper	*	*	*	*	2	*	*	1	*	*	*
Printing and publishing	1	*	2	1	1	*	2	1	*	1	***1***
Chemicals and non-metallic mineral products	2	1	1	1	2	-	1	6	1	1	***1***
Metals and metal goods	*	*	*	*	3	*	*	5	1	1	***1***
Engineering	1	1	2	1	3	-	1	3	1	2	***1***
Transport equipment	1	*	*	*	2	-	*	2	*	-	***1***
Manufacturing nes and recycling	1	*	*	1	2	-	1	2	*	3	***1***
Electricity, gas and water	*	*	*	*	*	-	1	*	*	-	*
Construction	4	3	1	3	31	-	1	6	4	6	***5***
Sale and maintenance of motor vehicles	2	*	1	1	11	*	3	2	1	*	***2***
Wholesale distribution	3	1	1	3	2	*	5	8	4	2	***3***
Retailing	14	1	2	4	7	*	44	3	6	5	***11***

Continued...

Table 3.7: Profile of vacancies by region, size and industry within occupation (continued)

Column percentage	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary	Unclassified	Overall
	%	%	%	%	%	%	%	%	%	%	%
Industry											
Hotels and catering	9	*	1	4	16	2	9	3	46	11	***12***
Transport	4	*	2	4	1	2	2	25	3	3	***4***
Communications	1	1	2	2	*	*	2	3	1	5	***1***
Financial intermediation	4	1	4	12	*	*	8	*	*	1	***4***
Professional services	4	3	3	4	2	1	2	2	3	1	***3***
Computing and related	4	9	5	4	2	*	3	*	*	3	***3***
Other business services	16	28	24	18	6	1	6	10	11	8	***12***
Public administration and defence	7	7	6	11	*	2	1	1	1	2	***4***
Education	5	34	7	6	1	8	1	1	2	5	***6***
Health and social work	7	6	26	12	2	51	5	1	5	34	***13***
Miscellaneous services	8	3	8	7	2	32	3	2	7	3	***8***
Unweighted base	*2,882*	*4,581*	*6,788*	*6,692*	*4,501*	*5,441*	*9,949*	*5,274*	*9,679*	*367*	***56,154***
Weighted base	*35,237*	*51,835*	*81,142*	*84,010*	*63,391*	*74,169*	*116,662*	*57,740*	*107,393*	*5,495*	***677,074***

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All vacancies.*

Notes: *Percentages sum to 100% down columns for each occupation, across region, size and industry categories (subject to rounding).*

** is used to denote a figure greater than 0% but less than 0.5%.*
'nes' means 'not elsewhere specified'.

Table 3.8: Distribution of hard-to-fill vacancies by occupation within region, size and industry

Row percentages	*Base = All HtFVs*		Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary	Unclassified
	Unweighted	*Weighted*										
			%	%	%	%	%	%	%	%	%	%
Overall	***21,011***	***271,413***	**4**	**7**	**12**	**7**	**15**	**14**	**14**	**11**	**16**	**1**
Region												
West Midlands	*2,139*	***30,343***	3	7	8	5	14	18	16	12	17	1
East Midlands	*1,802*	***22,436***	3	5	9	5	20	14	10	19	15	*
Eastern	*2,122*	***30,626***	7	8	9	5	15	14	13	12	17	*
London	*2,199*	***30,078***	3	12	17	11	10	13	12	10	11	*
North East	*698*	***10,679***	2	9	9	7	12	28	10	8	12	2
North West	*2,738*	***31,022***	4	8	13	8	13	12	13	11	16	*
South East	*4,146*	***53,537***	4	6	16	6	14	12	17	9	15	*
South West	*2,616*	***34,624***	5	4	5	11	17	13	15	8	21	1
Yorks and the Humber	*2,551*	***28,067***	7	6	13	8	16	13	11	9	17	2
Size												
1 to 4	*1,462*	***88,859***	4	5	10	8	21	13	15	10	13	1
5 to 24	*6,251*	***80,634***	5	5	10	6	15	13	17	10	17	1
25 to 99	*6,686*	***56,092***	4	8	10	7	11	21	11	10	17	1
100 to 199	*2,031*	***15,276***	4	13	8	8	7	16	11	13	22	*
200 to 499	*1,858*	***14,399***	5	12	15	7	9	3	15	16	18	*
500+	*2,723*	***16,153***	5	13	34	10	2	7	3	13	12	*
Industry												
Agriculture, etc	*43*	***687***	8	1	-	3	18	1	3	16	47	4
Mining and quarrying	*14*	***330***	20	5	12	26	12	-	22	4	-	-
Food, drink and tobacco	*471*	***3,747***	1	3	1	1	5	*	2	59	29	-
Textiles and clothing	*74*	***1,394***	-	4	32	*	5	-	13	44	2	-
Wood and paper	*102*	***1,977***	2	-	3	2	62	-	6	16	9	-
Printing and publishing	*187*	***2,591***	7	-	10	14	19	3	34	3	9	1
Chemicals and non-metallic mineral products	*239*	***3,367***	7	6	5	5	28	-	3	34	11	1
Metals and metal goods	*238*	***3,272***	2	4	4	4	45	-	4	29	8	1
Engineering	*266*	***3,674***	2	5	22	10	35	-	5	17	5	-
Transport equipment	*160*	***1,730***	1	5	5	1	42	-	24	10	10	-
Manufacturing nes and recycling	*191*	***2,364***	12	1	3	2	36	-	9	23	8	7

Continued...

Table 3.8: Distribution of hard-to-fill vacancies by occupation within region, size and industry (continued)

Row percentages	*Base = All HtFVs*		Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary	Unclassified
	Unweighted	*Weighted*	%	%	%	%	%	%	%	%	%	%
Industry												
Electricity, gas and water	*38*	***287***	12	-	5	9	38	-	20	16	-	-
Construction	*1,513*	***20,848***	3	3	3	3	65	-	1	10	10	1
Sale and maintenance of motor vehicles	*525*	***8,332***	5	*	5	5	56	*	15	9	4	*
Wholesale distribution	*494*	***7,189***	7	2	6	9	12	*	21	27	16	-
Retailing	*1,857*	***24,232***	10	1	2	4	11	*	62	2	8	*
Hotels and catering	*2,658*	***34,285***	4	*	*	4	17	3	10	1	60	1
Transport	*1,230*	***13,447***	5	1	3	7	2	3	4	71	4	1
Communications	*107*	***2,601***	3	1	5	17	4	-	26	23	18	5
Financial intermediation	*262*	***5,148***	3	4	26	29	1	-	36	-	-	*
Professional services	*409*	***5,774***	8	8	14	11	7	1	12	10	30	*
Computing and related	*317*	***4,824***	7	29	19	9	7	1	25	2	1	1
Other business services	*2,805*	***33,656***	4	20	24	10	4	*	10	13	14	*
Public administration and defence	*506*	***5,688***	5	26	30	19	3	11	2	1	2	*
Education	*821*	***11,334***	5	44	16	5	2	12	2	3	10	1
Health and social work	*3,993*	***45,313***	1	3	22	8	2	48	8	1	6	*
Miscellaneous services	*1,491*	***23,320***	5	2	10	7	2	54	5	2	12	*

Source: *LSC National Employers Skill Survey 2003 (IFF/IER)NESS 2003 (IFF/IER).*

Base: *All hard-to-fill vacancies.*

Notes: *Percentages sum to 100% across rows (subject to rounding).*

** is used to denote a figure greater than 0% but less than 0.5%.*
'nes' means 'not elsewhere specified'.

Table 3.9: Profile of hard-to-fill vacancies by region, size and industry within occupation

Column percentage	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary	Unclassified	Overall
	%	%	%	%	%	%	%	%	%	%	%
Region											
West Midlands	7	11	8	7	10	14	13	13	12	17	***11***
East Midlands	5	6	7	5	12	8	6	15	8	1	***8***
Eastern	18	13	9	7	11	11	11	13	12	8	***11***
London	8	18	17	17	8	11	10	10	7	4	***11***
North East	2	5	3	4	3	8	3	3	3	11	***4***
North West	10	13	13	13	10	10	11	12	12	7	***11***
South East	19	18	27	16	20	17	24	16	19	5	***20***
South West	15	7	6	19	14	12	14	9	17	13	***13***
Yorks and the Humber	16	9	11	11	11	9	8	9	11	35	***10***
Size											
1 to 4	32	23	29	36	47	30	35	31	27	32	***33***
5 to 24	34	23	25	25	31	28	37	28	32	25	***30***
25 to 99	16	24	18	19	16	31	17	19	22	39	***21***
100 to 199	5	10	4	6	3	6	5	7	8	2	***6***
200 to 499	6	9	7	5	3	1	6	8	6	1	***5***
500+	6	11	17	8	1	3	1	7	5	*	***6***
Industry											
Agriculture, etc	*	*	-	*	*	*	*	*	1	2	*******
Mining and quarrying	1	*	*	*	*	-	*	*	-	-	*******
Food, drink and tobacco	*	1	*	*	*	*	*	8	2	-	***1***
Textiles and clothing	-	*	1	*	*	-	1	2	*	-	***1***
Wood and paper	*	-	*	*	3	-	*	1	*	-	***1***
Printing and publishing	2	-	1	2	1	*	2	*	1	1	***1***
Chemicals and non-metallic mineral products	2	1	1	1	2	-	*	4	1	2	***1***
Metals and metal goods	*	1	*	1	4	-	*	3	1	2	***1***
Engineering	1	1	3	2	3	-	*	2	*	-	***1***
Transport equipment	*	*	*	*	2	-	1	1	*	-	***1***
Manufacturing nes and recycling	2	*	*	*	2	-	1	2	*	10	***1***
Electricity, gas and water	*	-	*	*	*	-	*	*	-	-	*******
Construction	5	4	2	3	34	-	1	7	5	19	***8***
Sale and maintenance of motor vehicles	3	*	1	2	12	*	3	3	1	1	***3***

Continued...

Table 3.9: Profile of hard-to-fill vacancies by region, size and industry within occupation (continued)

Column percentage	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary	Unclassified	Overall
	%	%	%	%	%	%	%	%	%	%	%
Industry											
Wholesale distribution	4	1	1	3	2	*	4	7	3	-	***3***
Retailing	20	1	1	6	6	*	40	2	5	6	***9***
Hotels and catering	13	*	*	8	15	2	9	1	47	16	***13***
Transport	6	*	1	5	1	1	1	33	1	6	***5***
Communications	1	*	*	2	*	-	2	2	1	8	***1***
Financial intermediation	1	1	4	8	*	-	5	-	-	2	***2***
Professional services	4	2	2	3	1	*	2	2	4	1	***2***
Computing and related	3	7	3	2	1	*	3	*	*	2	***2***
Other business services	11	36	26	17	4	*	9	15	11	4	***12***
Public administration and defence	2	8	5	6	*	2	*	*	*	1	***2***
Education	4	26	6	3	1	3	1	1	3	5	***4***
Health and social work	5	7	32	18	2	57	10	2	6	8	***17***
Miscellaneous services	9	3	7	9	1	33	3	1	7	5	***9***
Unweighted base	*935*	*1,710*	*2,727*	*1,427*	*2,658*	*2,738*	*2,775*	*2,491*	*3,437*	*113*	***21,011***
Weighted base	*12,152*	*19,224*	*31,456*	*19,509*	*39,621*	*38,119*	*37,365*	*29,031*	*43,323*	*1,612*	***271,413***

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All hard-to-fill vacancies.*

Notes: *Percentages sum to 100% down each column for each occupation for region, size and industry categories (subject to rounding).*

Note: ** is used to denote a figure greater than 0% but less than 0.5%.*
'nes' means 'not elsewhere specified'.

Table 3.10: Causes of hard-to-fill vacancies by region, size and industry

Row percentages	*Base = All HtFVs*		Low number of applicants with required skills	Not enough people interested in job type	Low number of applicants generally	Low number of applicants with required attitude	Lack of work experience	Poor terms and conditions	Competition from other employers	Lack of qualifications	Shift work	Remote location	Poor career progression	Seasonal work
	Unweighted	*Weighted*	%	%	%	%	%	%	%	%	%	%	%	%
Overall	***19,399***	***257,709***	***42***	***40***	***37***	***28***	***23***	***22***	***19***	***17***	***16***	***10***	***9***	***3***
Region														
West Midlands	*2,010*	*28,788*	42	44	54	28	22	18	19	25	15	10	10	3
East Midlands	*1,661*	*21,270*	43	35	38	24	24	20	14	16	14	8	6	3
Eastern	*2,017*	*29,241*	34	37	29	26	20	27	12	14	21	16	10	3
London	*2,081*	*29,280*	62	43	38	44	40	23	24	34	18	5	12	4
North East	*689*	*10,524*	41	46	28	25	29	12	13	18	11	7	8	2
North West	*2,586*	*29,769*	43	42	40	31	24	23	25	13	18	10	11	3
South East	*3,566*	*49,529*	40	35	35	26	20	20	19	11	12	8	5	3
South West	*2,460*	*32,752*	30	43	34	24	15	24	24	10	17	12	9	4
Yorks and the Humber	*2,329*	*26,556*	45	36	33	21	16	26	18	12	20	12	8	1
Size														
1 to 4	*1,429*	*86,974*	43	40	35	30	26	18	16	18	13	7	7	2
5 to 24	*6,089*	*78,285*	42	36	38	29	24	22	17	16	19	11	9	4
25 to 99	*6,282*	*52,822*	38	42	37	29	21	25	21	14	18	14	10	3
100 to 199	*1,884*	*14,227*	40	36	37	26	20	33	24	16	23	10	9	3
200 to 499	*1,752*	*13,598*	42	38	36	17	15	24	25	11	20	18	8	1
500+	*1,963*	*11,804*	50	50	48	15	14	27	37	23	9	3	8	*
Industry														
Agriculture, etc	*43*	*687*	47	43	36	36	30	12	13	24	-	12	3	7
Mining and quarrying	*11*	*281*	24	11	22	15	16	65	6	6	16	76	-	-
Food, drink and tobacco	*369*	*2,980*	48	35	36	34	30	20	14	8	44	24	2	-
Textiles and clothing	*74*	*1,394*	43	17	70	7	28	2	8	7	1	4	10	-
Wood and paper	*101*	*1,965*	61	26	36	27	20	8	4	11	-	4	1	-
Printing and publishing	*177*	*2,446*	50	16	11	30	27	11	8	14	4	8	2	1
Chemicals and non-metallic mineral products	*227*	*3,265*	55	36	21	32	28	18	18	20	5	9	9	*
Metals and metal goods	*232*	*3,084*	59	50	28	32	21	11	13	15	4	8	4	1

Continued...

Table 3.10: Causes of hard-to-fill vacancies by region, size and industry (continued)

Row percentages	*Base = All HtFVs*		Low number of applicants with required skills	Not enough people interested in job type	Low number of applicants generally	Low number of applicants with required attitude	Lack of work experience	Poor terms and conditions	Competition from other employers	Lack of qualifications	Shift work	Remote location	Poor career progression	Seasonal work
	Unweighted	*Weighted*	%	%	%	%	%	%	%	%	%	%	%	%
Industry														
Engineering	*252*	*3,594*	65	22	38	20	38	26	18	30	3	10	7	*
Transport equipment	*159*	*1,724*	66	24	39	24	26	12	18	16	4	8	4	-
Manufacturing nes and recycling	*184*	*2,322*	46	47	34	36	25	8	13	23	8	2	9	-
Electricity, gas, and water	*35*	*261*	58	26	17	14	13	4	4	-	19	24	4	-
Construction	*1,465*	*20,429*	52	47	40	27	31	8	15	25	4	6	10	2
Sale and maintenance of motor vehicles	*506*	*8,005*	44	39	34	21	29	16	13	15	8	5	8	*
Wholesale distribution	*481*	*7,016*	38	47	36	34	27	22	20	15	8	5	12	2
Retailing	*1,799*	*23,776*	33	37	31	29	17	23	15	9	24	10	7	4
Hotels and catering	*2,397*	*31,636*	29	44	38	30	15	26	20	8	32	19	11	8
Transport	*1,112*	*12,769*	47	45	44	37	27	21	12	19	41	2	12	3
Communications	*106*	*2,590*	43	35	25	31	48	15	14	8	29	2	3	-
Financial intermediation	*231*	*4,780*	42	22	36	32	38	7	15	19	6	2	7	-
Professional services	*387*	*5,172*	48	35	25	34	22	13	20	16	16	5	5	4
Computing and related	*308*	*4,642*	54	15	19	33	31	11	12	27	3	13	4	*
Other business services	*2,747*	*33,231*	51	38	39	32	30	15	23	22	8	9	9	2
Public administration and defence	*483*	*5,462*	45	48	10	13	10	21	13	29	6	11	3	*
Education	*770*	*10,778*	48	39	18	22	18	28	22	25	8	8	12	3
Health and social work	*3,354*	*41,263*	33	46	10	23	17	40	31	15	20	13	10	2
Miscellaneous services	*1,389*	*22,158*	38	29	36	25	20	22	18	14	12	8	9	3

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All hard-to-fill vacancies.*

Notes: *Percentages do not sum to 100% across rows because of multiple responses.*

** is used to denote a figure greater than 0% but less than 0.5%.*

'nes' means 'not elsewhere specified'.

Table 3.11: Causes of hard-to-fill vacancies by occupation

Row percentages	*Base = All HtFVs*		Low number of applicants with required skills	Not enough people interested in job type	Low number of applicants generally	Low number of applicants with required attitude	Lack of work experience	Poor terms and conditions	Competition from other employers	Lack of qualifications	Shift work	Remote location	Poor career progression	Seasonal work
	Unweighted	*Weighted*	%	%	%	%	%	%	%	%	%	%	%	%
Occupation														
All Occupations	*19,399*	*257,709*	42	40	37	28	23	22	19	17	16	10	9	3
Managers	*850*	*11,374*	40	29	34	21	22	22	15	16	14	8	7	4
Professionals	*1,618*	*18,421*	54	40	48	21	21	19	20	27	3	6	8	1
Associate prof.	*2,233*	*28,266*	55	34	39	28	31	14	29	23	8	6	7	1
Administrative	*1,283*	*18,434*	40	36	32	28	23	19	25	17	9	10	8	1
Skilled trades	*2,522*	*38,402*	54	44	39	26	28	13	14	22	8	8	8	2
Personal service	*2,540*	*36,332*	35	42	33	29	20	34	22	17	22	16	13	3
Sales	*2,703*	*36,654*	30	32	34	27	18	24	15	8	19	8	6	4
Operatives	*2,370*	*27,801*	48	47	43	31	25	19	20	20	24	6	8	3
Elementary	*3,172*	*40,463*	30	43	34	32	17	28	18	7	28	16	11	5
Unspecified	*108*	*1,562*	37	23	19	16	16	22	15	7	21	15	13	1

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All hard-to-fill vacancies for occupations followed up.*

Notes: *Percentages do not sum to 100% across rows because of multiple responses.*

Table 3.12: Distribution of skill-shortage vacancies by occupation within region, size and industry

Row percentages	*Base = All HtFVs*		Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary	Unclassified
	Unweighted	*Weighted*										
			%	%	%	%	%	%	%	%	%	%
Overall	***9,966***	***135,295***	***5***	***9***	***14***	***7***	***18***	***13***	***11***	***12***	***11***	*** * ***
Region												
West Midlands	*1,222*	*16,906*	2	10	12	3	17	19	10	14	13	*
East Midlands	*773*	*11,477*	3	7	10	5	28	14	7	20	6	*
Eastern	*884*	*13,802*	9	11	11	4	19	16	10	9	10	*
London	*1,522*	*21,567*	3	14	19	11	10	9	12	13	9	*
North East	*404*	*5,499*	3	10	11	12	15	23	7	7	9	3
North West	*1,360*	*15,925*	4	11	19	7	14	9	12	13	10	*
South East	*1,630*	*23,571*	5	9	19	6	21	11	10	6	14	*
South West	*1,049*	*12,819*	3	5	8	8	23	14	12	11	16	*
Yorks and Humber	*1,122*	*13,729*	10	5	9	8	20	10	12	13	10	2
Size												
1 to 4	*845*	*47,759*	3	7	14	6	26	11	11	11	10	*
5 to 24	*3,386*	*41,355*	5	7	12	7	18	14	14	12	12	*
25 to 99	*2,955*	*26,356*	4	10	13	7	13	22	8	11	12	1
100 to 199	*784*	*6,588*	6	17	9	8	12	9	11	13	14	1
200 to 499	*831*	*6,634*	5	19	20	10	9	1	8	17	12	*
500+	*1,165*	*6,602*	11	20	33	7	3	*	5	8	12	*
Industry												
Agriculture, etc	*29*	*448*	9	2	-	4	23	2	4	18	38	-
Mining and quarrying	*5*	*84*	39	-	26	16	20	-	-	-	-	-
Food, drink and tobacco	*193*	*1,760*	1	-	1	1	3	-	1	51	42	-
Textiles and clothing	*44*	*678*	-	2	8	-	4	-	13	72	1	-
Wood and paper	*73*	*1,403*	2	-	3	2	55	-	7	20	11	-
Printing and publishing	*105*	*1,575*	6	-	11	17	17	1	37	2	9	-
Chemicals and non-metallic mineral products	*140*	*2,190*	9	5	4	4	41	-	4	27	5	-
Metals and metal goods	*152*	*2,052*	2	6	5	5	52	-	1	26	3	-
Engineering	*166*	*2,728*	2	5	25	10	39	-	4	12	2	-
Transport equipment	*102*	*1,253*	1	7	2	1	35	-	31	13	10	-
Manufacturing nes and recycling	*131*	*1,223*	9	1	1	2	48	-	9	27	3	-
Electricity, gas and water	*14*	*170*	20	-	2	16	36	-	11	16	-	-
Construction	*957*	*13,457*	2	4	3	1	64	-	1	12	11	1

Continued...

Table 3.12: Distribution of skill-shortage vacancies by occupation within region, size and industry (continued)

Row percentages	*Base = All HtFVs*		Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary	Unclassified
	Unweighted	*Weighted*										
			%	%	%	%	%	%	%	%	%	%
Industry												
Sale and maintenance of motor vehicles	*305*	*4,767*	3	*	6	4	66	*	9	8	3	*
Wholesale distribution	*244*	*3,563*	9	1	6	11	11	-	24	28	9	-
Retailing	*620*	*9,449*	9	1	2	4	17	*	59	2	4	1
Hotels and catering	*839*	*10,887*	5	-	1	4	27	1	5	*	57	*
Transport	*512*	*6,693*	10	1	1	7	4	4	4	67	3	*
Communications	*58*	*1,549*	3	1	8	25	6	-	7	29	13	8
Financial intermediation	*140*	*2,843*	4	2	38	29	2	-	24	-	-	-
Professional services	*217*	*3,029*	9	10	15	12	9	-	16	9	21	-
Computing and related	*237*	*3,393*	8	25	23	9	9	2	22	1	1	-
Other business services	*1,691*	*22,374*	5	23	27	9	5	*	10	13	8	*
Public administration and defence	*323*	*2,819*	4	41	30	17	1	2	2	3	-	1
Education	*432*	*6,613*	4	46	22	5	-	13	2	1	6	1
Health and social work	*1,572*	*17,261*	1	3	28	6	1	52	2	1	6	*
Miscellaneous services	*665*	*11,031*	3	3	8	7	2	65	2	2	7	*

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All skill-shortage vacancies.*

Notes: *Percentages sum to 100% across row (subject to rounding).*

** is used to denote a figure greater than 0% but less than 0.5%.*
'nes' means 'not elsewhere specified'.

Table 3.13: Profile of skill-shortage vacancies by region, size and industry within occupation

Column percentage	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary	Unclassified	Overall
	%	%	%	%	%	%	%	%	%	%	%
Region											
West Midlands	6	13	10	5	11	19	12	15	15	5	***12***
East Midlands	6	6	6	6	13	9	6	14	5	1	***8***
Eastern	19	12	8	7	11	12	10	8	9	5	***10***
London	9	23	21	26	9	12	18	18	13	6	***16***
North East	3	4	3	7	3	7	3	3	3	25	***4***
North West	11	13	16	12	9	8	13	13	11	8	***12***
South East	17	16	23	14	20	15	17	9	22	2	***17***
South West	6	5	5	11	12	10	11	9	14	3	***9***
Yorks and the Humber	22	6	7	12	11	8	12	12	9	44	***10***
Size											
1 to 4	25	27	35	33	51	31	36	34	30	21	***35***
5 to 24	36	24	26	30	30	32	39	32	32	24	***31***
25 to 99	17	20	18	20	14	33	15	18	21	47	***19***
100 to 199	6	9	3	5	3	4	5	6	6	6	***5***
200 to 499	5	10	7	7	2	1	3	7	5	2	***5***
500+	11	10	11	5	1	*	2	3	5	1	***5***
Industry											
Agriculture, etc	1	*	-	*	*	*	*	1	1	-	*
Mining and quarrying	1	-	*	*	*	-	-	-	-	-	*
Food, drink and tobacco	*	-	*	*	*	-	*	6	5	-	***1***
Textiles and clothing	-	*	*	-	*	-	1	3	*	-	***1***
Wood and paper	*	-	*	*	3	-	1	2	1	-	***1***
Printing and publishing	2	-	1	3	1	*	4	*	1	-	***1***
Chemicals and non-metallic mineral products	3	1	*	1	4	-	1	4	***1***	-	***2***
Metals and metal goods	1	1	1	1	4	-	*	3	*	-	***2***
Engineering	1	1	4	3	4	-	1	2	*	-	***2***
Transport equipment	*	1	*	*	2	-	3	1	1	-	***1***
Manufacturing nes and recycling	2	*	*	*	2	-	1	2	*	-	***1***
Electricity, gas and water	1	-	*	*	*	-	*	*	-	-	*
Construction	5	4	2	1	35	-	1	10	10	24	***10***
Sale and maintenance of motor vehicles	2	*	2	2	13	*	3	2	1	2	***4***
Wholesale distribution	5	*	1	4	2	-	6	6	2	-	***3***

Continued...

Table 3.13: Profile of skill-shortage vacancies by region, size and industry within occupation

Column percentage	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary	Unclassified	Overall
	%	%	%	%	%	%	%	%	%	%	%
Industry											
Retailing	14	1	1	4	7	*	38	1	3	16	***7***
Hotels and catering	9	-	*	4	12	1	4	*	41	5	***8***
Transport	10	1	*	5	1	1	2	29	1	2	***5***
Communications	1	*	1	4	*	-	1	3	1	21	***1***
Financial intermediation	2	*	6	9	*	-	5	-	-	-	***2***
Professional services	4	2	2	4	1	-	3	2	4	-	***2***
Computing and related	4	7	4	3	1	*	5	*	*	-	***3***
Other business services	17	41	32	22	4	*	15	18	12	7	***17***
Public administration and defence	2	9	4	5	*	*	*	*	-	3	***2***
Education	5	24	8	3	-	5	1	*	3	8	***5***
Health and social work	4	4	25	11	1	51	2	1	7	4	***13***
Miscellaneous services	6	3	5	9	1	41	2	1	5	8	***8***
Unweighted base	*544*	*1,130*	*1,442*	*665*	*1,549*	*1,187*	*1,068*	*1,235*	*1,103*	*43*	***9,966***
Weighted base	*6,245*	*12,575*	*19,152*	*9,313*	*24,710*	*17,549*	*14,451*	*15,609*	*15,071*	*619*	***135,295***

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All skill-shortage vacancies.*

Notes: *Percentages sum to 100% across columns for each occupation accross region, size and industry categories (subject to rounding).*

** is used to denote a figure greater than 0% but less than 0.5%.*
'nes' means 'not elsewhere specified'.

Table 3.14: Main skills lacking by occupation where skill-shortage vacancies reported (skills found difficult to obtain in vacancies followed up (% of skill-shortage vacancies))

Column percentage	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary	Unspecified occupaton	Overall
Skill characteristics											
General IT user skills	23	10	11	26	8	6	11	6	12	5	***11***
IT professional skills	16	18	12	18	6	4	11	3	8	2	***9***
Communication skills	41	25	33	50	31	43	54	32	44	14	***38***
Customer handling skills	42	21	29	54	27	41	53	30	42	13	***36***
Team working skills	40	16	22	28	30	37	34	38	42	16	***31***
Foreign language skills	6	11	11	8	6	5	7	3	8	-	***7***
Problem solving skills	34	19	32	38	34	26	28	24	30	9	***29***
Management skills	51	21	24	29	16	15	16	9	15	14	***19***
Numeracy skills	25	13	10	30	21	15	24	14	28	10	***19***
Literacy skills	27	16	19	36	22	19	26	18	30	5	***23***
Technical and practical skills	42	41	38	42	75	51	31	61	44	37	***50***
Unweighted base	*544*	*1,130*	*1,442*	*665*	*1,549*	*1,187*	*1,068*	*1,235*	*1,103*	*43*	*9,966*
Weighted base	*6,245*	*12,575*	*19,152*	*9,313*	*24,710*	*17,549*	*14,451*	*15,609*	*15,071*	*619*	*135,295*

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All skill-shortage vacancies.*

Notes: *Percentages do not sum to 100% since multiple responses were allowed.*

Table 3.15: Proportion of vacancies that are hard-to-fill or skills related (by industry)

	Vacancies	HtFVs	Skill-shortage vacancies	% of vacancies that are hard-to fill[1]	% or HtFVs that are skill-shortage related[2]
				%	%
Industry					
Agriculture, etc	1,407	687	448	**49**	**65**
Mining and quarrying	939	330	84	**35**	**25**
Food, drink and tobacco	9,476	3,747	1,760	**40**	**47**
Textiles and clothing	2,351	1,394	678	**59**	**49**
Wood and paper	3,036	1,977	1,403	**65**	**71**
Printing and publishing	6,735	2,591	1,575	**38**	**61**
Chemicals and non-metallic mineral products	9,393	3,367	2,190	**36**	**65**
Metals and metal goods	6,646	3,272	2,052	**49**	**63**
Engineering	9,098	3,674	2,728	**40**	**74**
Transport equipment	3,582	1,730	1,253	**48**	**72**
Manufacturing nes and recycling	4,615	2,364	1,223	**51**	**52**
Electricity, gas and water	2,472	287	170	**12**	**59**
Construction	35,238	20,848	13,457	**59**	**65**
Sale and maintenance of motor vehicles	15,414	8,332	4,767	**54**	**57**
Wholesale distribution	21,030	7,189	3,563	**34**	**50**
Retailing	73,311	24,232	9,449	**33**	**39**
Hotels and catering	80,856	34,285	10,887	**42**	**32**
Transport	28,588	13,447	6,693	**47**	**50**
Communications	9,508	2,601	1,549	**27**	**60**
Financial intermediation	24,884	5,148	2,843	**21**	**55**
Professional services	17,574	5,774	3,029	**33**	**52**
Computing and related	18,477	4,824	3,393	**26**	**70**
Other business services	84,749	33,656	22,374	**40**	**66**
Public administration and defence	24,811	5,688	2,819	**23**	**50**
Education	41,061	11,334	6,613	**28**	**58**
Health and social work	90,106	45,313	17,261	**50**	**38**
Miscellaneous services	53,716	23,320	11,031	**43**	**47**
Unweighted base	*56,388*	*21,011*	*9,966*	***37***	***47***
Weighted base	*679,072*	*271,413*	*135,295*	***40***	***50***

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All vacancies.*

Notes: *[1]Hard-to-fill vacancies as a percentage of all vacancies in that industry.*

[2]Skill-shortage vacancies as a percentage of hard-to-fill vacancies in that industry.

'nes' means 'not elsewhere specified'.

Notes to tables in Chapter 3

i In Table 3.5, 679,072 is the total number of vacancies given in response to question C1, whereas the 677,074 in Table 3.6 is the total number of vacancies for those occupations where the respondent's initial response was "followed up" (i.e. they provided further details – it is obtained by summing the responses to questions C3_1 to C3_6 in the questionnaire). Respondents were only requested to give details of up to six occupations with vacancies. Therefore there were a few cases where the sum of C3_1 to C3_6 is slightly less than the number given in response to question C1. Consequently, when looking at the distribution of vacancies by occupation, the total number of vacancies is slightly fewer than the total number. This is the same situation as applied in ESS2001 and some other surveys.

ii The figure of 271,413 HtFVs in Tables 3.5 and 3.8 is the total number of HtFVs recorded. The figure of 257,709 in Table 3.10 is for "All HtFVs followed up". This is because there were a maximum of two HtFVs followed up at questions C6 and C7 in the questionnaire. It is therefore a lower figure than the 271,413, which is based on the sum of responses given at questions C5_1 to C5_6.

iii The figure of 135,295 SSVs in Table 3.12 is based on just those HtFVs that were followed up and is therefore a slight underestimate of the exact number of skill-shortage vacancies there are in some establishments. An establishment may have had SSVs in an occupation that was not followed up. Another way of looking at this is that the number of HtFVs is based on responses about six possible occupations, whereas the number of SSVs is based upon those from just two. In terms of looking at distributions by occupation, given the large sample, this should be similar to the result if six occupations had been followed up and information had been collected about SSVs for all six occupations. But when looking at the absolute numbers of SSVs (and the number of such vacancies expressed as a percentage of all vacancies), this will lead to a slight downward bias.

National Employers Skills Survey 2003: Main Report

4. Skill Gaps

4. Skill Gaps

4.1 Introduction

1 The previous chapter has established the extent and nature of skill-related recruitment difficulties. This chapter focuses upon the internal skills deficiencies (also known as skill gaps) facing employers in England. It presents estimates of the incidence, number, distribution and profile of skill gaps by occupation, size of establishment, industry and region as well as identifying the causes of internal skills deficiencies and the specific skills that are lacking. A skills gap is defined as existing where, in the opinion of their employer, an employee is not fully proficient at their job.

4.2 Incidence and number of skill gaps

2 Table 4.1 below shows, by region, size and industry, the proportion of establishments that have any skill gaps, the total number of gaps they have and the percentage of the workforce that lacks proficiency.

3 Overall, 22 per cent of employers report skill gaps within their workforce.

4 In terms of the *number* of employees that employers report as not being fully proficient at a national level, there are almost 2.4 million people with skill gaps. This represents 11 per cent of total national employment. Although there is no additional information on the extent of their lack of proficiency,[1] the result gives us an indication of the scale of internal skills deficiencies compared with external recruitment problems. The results already presented in Chapter 3 indicate that there were around 680,000 vacancies in England in total, of which some 270,000 (about 40 per cent) were hard to fill.

[1] Employers were asked about the number of staff not fully proficient but not details on how close these staff were to full proficiency.

Table 4.1: Incidence and number of skill gaps by region, size and industry

Row %	Base = All employers		% of establishments with skill gaps	Base = All employees		Number of skill gaps	No of skill gaps as % of employment
	Unweighted	*Weighted*		*Unweighted*	*Weighted*		
Overall	***72,100***	***1,915,053***	**22**	***2,275,559***	***21,877,288***	**2,398,349**	**11**
Region							
West Midlands	*6,933*	*183,008*	**24**	*251,887*	*2,288,709*	**348,534**	**15**
East Midlands	*5,666*	*147,627*	**25**	*170,300*	*1,730,037*	**184,948**	**11**
Eastern	*8,150*	*219,386*	**21**	*204,928*	*2,245,572*	**238,764**	**11**
London	*13,381*	*365,404*	**16**	*409,884*	*4,014,185*	**406,312**	**10**
North East	*3,466*	*65,516*	**26**	*126,027*	*968,282*	**92,481**	**10**
North West	*8,419*	*226,859*	**22**	*328,970*	*2,860,703*	**290,050**	**10**
South East	*12,883*	*350,825*	**22**	*359,193*	*3,628,575*	**376,562**	**10**
South West	*7,203*	*193,843*	**23**	*195,373*	*2,069,786*	**198,034**	**10**
Yorkshire and the Humber	*5,999*	*162,587*	**29**	*228,997*	*2,071,440*	**262,663**	**13**
Size							
1 to 4	*18,037*	*1,303,007*	**14**	*46,278*	*2,556,628*	**199,375**	**8**
5 to 24	*36,080*	*460,075*	**35**	*386,207*	*4,787,209*	**483,363**	**10**
25 to 99	*13,711*	*121,415*	**48**	*597,984*	*5,629,218*	**583,773**	**10**
100 to 199	*2,363*	*17,606*	**59**	*310,478*	*2,457,395*	**268,691**	**11**
200 to 499	*1,440*	*9,830*	**63**	*420,108*	*3,306,770*	**414,977**	**13**
500+	*469*	*3,119*	**62**	*514,504*	*3,140,069*	**448,170**	**14**
Industry							
Agriculture, etc	*326*	*8,467*	**24**	*5,143*	*55,496*	**5,391**	**10**
Mining and quarrying	*98*	*2,599*	**21**	*1,771*	*42,760*	**4,903**	**11**
Food, drink and tobacco	*346*	*8,198*	**46**	*53,742*	*376,086*	**52,827**	**14**
Textiles and clothing	*396*	*11,815*	**26**	*15,496*	*185,732*	**16,708**	**9**
Wood and paper	*405*	*10,118*	**30**	*10,446*	*138,920*	**15,434**	**11**
Printing and publishing	*1,135*	*29,272*	**20**	*49,458*	*319,785*	**25,904**	**8**
Chemicals and non-metallic mineral products	*721*	*16,983*	**28**	*53,621*	*528,386*	**67,767**	**13**
Metals and metal goods	*1,215*	*30,676*	**25**	*43,637*	*399,089*	**42,030**	**11**
Engineering	*1,159*	*29,707*	**30**	*78,670*	*646,845*	**68,204**	**11**
Transport equipment	*332*	*5,644*	**25**	*42,798*	*333,171*	**43,956**	**13**

Continued...

Table 4.1: Incidence and number of skill gaps by region, size and industry (continued)

Row %	Base = All employers		% of establishments with skill gaps	Base = All employees		Number of skill gaps	No of skill gaps as % of employment
	Unweighted	*Weighted*		*Unweighted*	*Weighted*		
Industry							
Manufacturing nes and recycling	*635*	*18,953*	**21**	*21,663*	*181,649*	**17,348**	**10**
Electricity, gas and water	*181*	*1,786*	**25**	*15,280*	*111,282*	**9,985**	**9**
Construction	*6,436*	*169,378*	**18**	*112,084*	*981,578*	**86,038**	**9**
Sale and maintenance of motor vehicles	*2,757*	*71,603*	**24**	*45,687*	*472,023*	**47,959**	**10**
Wholesale distribution	*4,352*	*118,785*	**19**	*81,997*	*1,015,263*	**103,330**	**10**
Retailing	*10,016*	*252,082*	**26**	*270,770*	*2,456,610*	**310,742**	**13**
Hotels and catering	*5,140*	*131,493*	**31**	*137,117*	*1,408,126*	**195,847**	**14**
Transport	*2,512*	*68,257*	**20**	*119,899*	*897,454*	**93,577**	**10**
Communications	*598*	*21,460*	**23**	*17,790*	*475,062*	**69,309**	**15**
Financial intermediation	*1,355*	*40,101*	**27**	*61,494*	*922,966*	**115,095**	**12**
Professional services	*3,870*	*96,745*	**17**	*59,706*	*556,483*	**48,446**	**9**
Computing and related	*3,514*	*120,273*	**13**	*47,070*	*472,884*	**37,684**	**8**
Other business services	*11,587*	*315,085*	**18**	*259,749*	*2,524,811*	**276,996**	**11**
Public administration and defence	*819*	*20,698*	**35**	*105,262*	*1,098,059*	**127,158**	**12**
Education	*2,043*	*47,439*	**33**	*179,769*	*1,834,632*	**138,671**	**8**
Health and social work	*3,622*	*88,857*	**28**	*266,391*	*2,294,785*	**265,792**	**12**
Miscellaneous services	*6,530*	*178,580*	**18**	*119,049*	*1,147,350*	**111,245**	**10**

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All employment.*

Note: *'nes' means 'not elsewhere specified'.*

Region

5 The proportion of employers reporting skill gaps within their workforce varied quite considerably by region, ranging from 16 per cent of employers in London to 29 per cent of employers in Yorkshire and the Humber (compared with the national figure of 22 per cent).

6 In terms of the total number of skill gaps expressed as a percentage of employment there was less variation. For all except two of the regions, the proportion of skill gaps to employment was between 10 and 11 per cent of employment. Only in the West Midlands and in Yorkshire and the Humber did skill gaps represent a higher proportion of employment, at 15 per cent and 13 per cent respectively.

Establishment size

7 The likelihood of any skills gap existing predictably increases with size, as there are more staff among whom skill gaps can be found. Among those with between 1 and 4 staff, 14 per cent of establishments report a skills gap. This increases to 35 per cent of those with between 5 and 24 staff, and approaching 3 in 5 among those with 100 staff or more.

8 In terms of the number of skill gaps expressed as a proportion of employment a similar pattern exists, although the differences are less stark, ranging from 8 per cent of employees lacking proficiency in the smallest establishments to 14 per cent in the largest establishments.

Industry

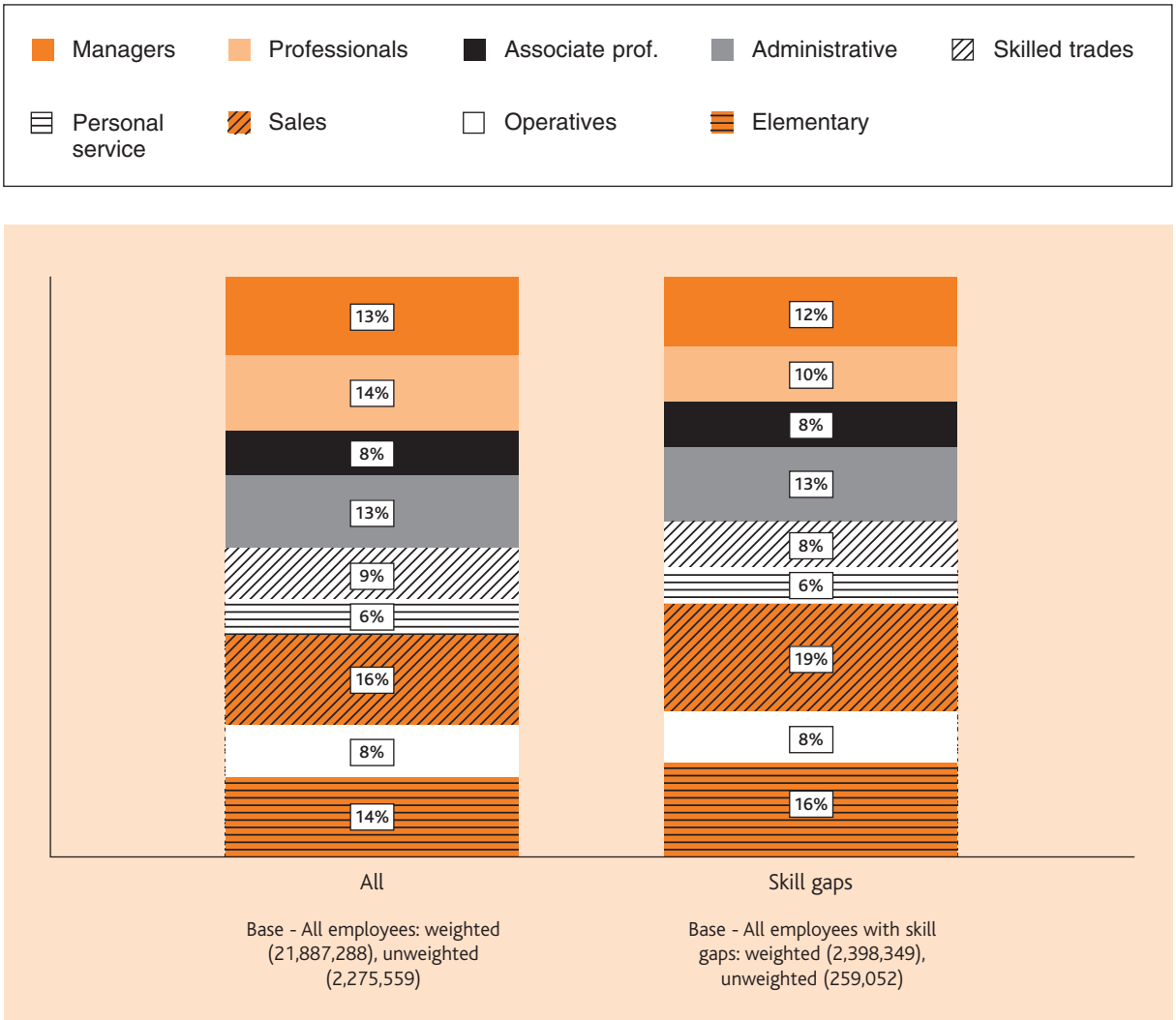
9 The proportion of establishments experiencing at least some skill gaps within their workforce also varied considerably by industry. The industries most prone to internal skills deficiencies were manufacturers of food, drink and tobacco (46 per cent of establishments), public administration (35 per cent), education (33 per cent), hotels and catering (31 per cent) and engineering (30 per cent). Employers in business services tended to be the least affected by skill gaps: e.g. computing and related (13 per cent), professional services (17 per cent), miscellaneous services (18 per cent) and other business services (18 per cent). Employers in the construction industry were also relatively unaffected by skill gaps (18 per cent).

10 Skill gaps as a proportion of employment showed a flatter distribution than the incidence of skill gaps figures, although still varied from 8 per cent in education, printing and publishing and computing and related industries to 15 per cent for communications. For most industries there is a relationship between incidence of skill gaps and the number of skill gaps reported, although this is not always the case. Employers in education, for example, are some of the most likely to report skill gaps, yet this industry has the lowest numbers of gaps as a proportion of employment. Those skill gaps in education will therefore tend to be concentrated in quite small numbers of staff at each establishment that reports a skills gap.

4.3 Distribution of Skill Gaps by Occupation

11 Figure 4.1 shows the proportion of current employees in each occupational category who lack proficiency – that is, the number of skill gaps. The chart is presented as two columns. The left-hand column shows the proportion of the workforce employed in each occupational category and the right-hand column shows the breakdown by occupational category of all employees who do not fully have the skills that their job roles require of them.

Figure 4.1: Distribution of skill gaps by occupation



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

12 The distribution of skill gaps by occupation is fairly close to the profile of employment as recorded by employers.

13 Two occupational categories account for a larger "share" of skill gaps than employment:

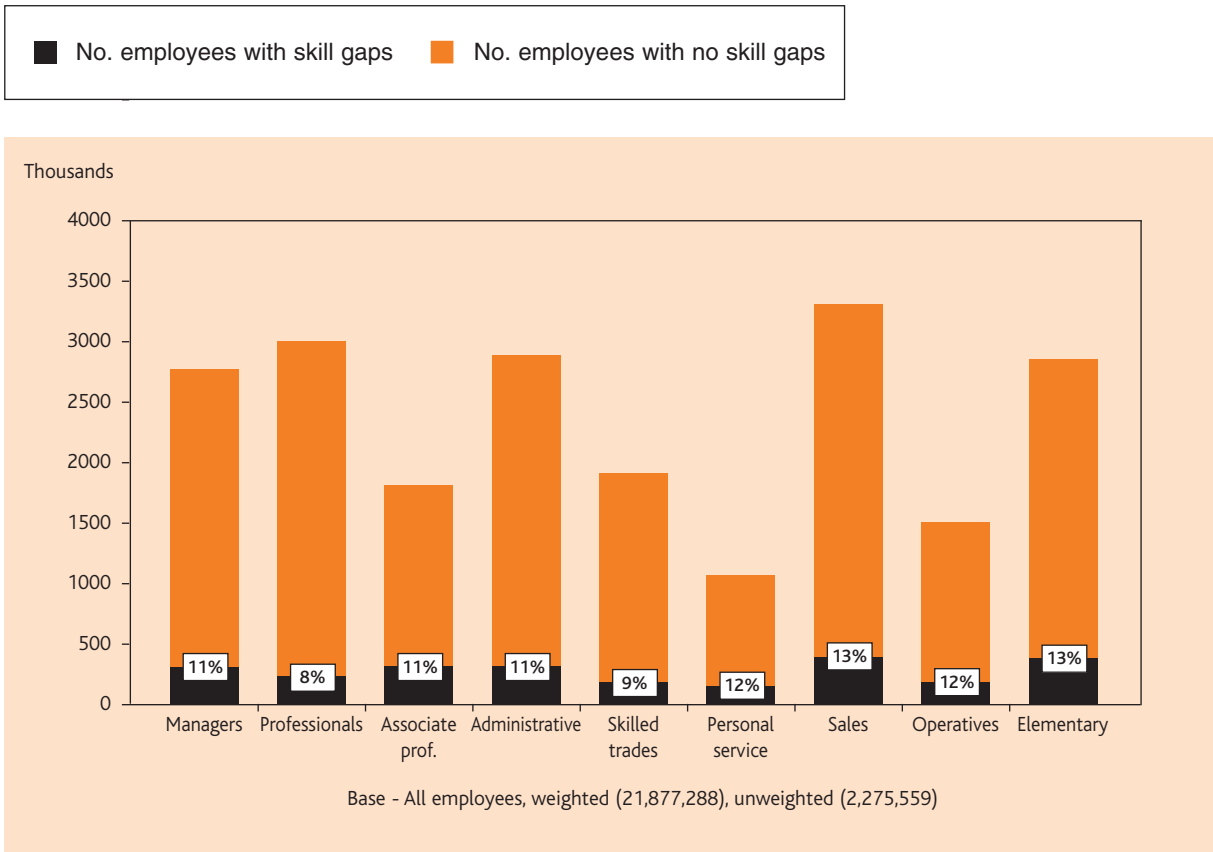
- sales and customer service occupations (19 per cent of all skill gaps versus 16 per cent of total employment)
- elementary occupations (16 per cent of all skill gaps versus 14 per cent of total employment).

14 These two occupations also account for the largest absolute number of skill gaps relative to other occupations.

15 By comparison, professional occupations stand out as having disproportionately few skill gaps relative to the proportion of people employed in this category (10 per cent versus 14 per cent). The proportion of skill gaps in all other occupational categories only differs slightly from the proportion of people employed in each category.

16 Presenting the same information as in Figure 4.1 slightly differently, Figure 4.2 illustrates the number of employees with skill gaps as a percentage of all employees in each occupational category. The total height of each column represents the total number of employees in each occupation (i.e. the greatest numbers are in sales and customer service occupations and the smallest in personal service occupations); the darker shaded part of the column then shows the number of employees in each occupation who lack proficiency (i.e. skill gaps). The boxed percentage on each column of Figure 4.2 shows the number of skill gaps as a percentage of the workforce in that occupational category (as opposed to the shares of all skill gaps shown in the second column of Figure 4.1).

Figure 4.2: Distribution of skill gaps by occupation as a percentage of employees in each occupational category



Source: *LSC National Employers Skill Survey 2003 (IFF/IER)*

Base: *All employment.*

17 Looking at the data in this way confirms sales occupations and elementary occupations as the positions in which skill gaps are most likely to be found (in each occupation 13 per cent of those employed are not fully proficient). It confirms that skill gaps are least likely to be found in professional and, to a lesser extent, skilled trade occupations.

18 It is often assumed that skill gaps are most likely to be found in highly skilled jobs since the range and depth of skills required is extensive. In fact the research shows that skill gaps are more likely to be found in elementary, unskilled positions than in professional or skilled trade positions.[2] Of course this is not to say that the impact of skill gaps among less skilled workers are necessarily more important than those amongst more skilled workers.

4.4 Distribution and Profile of Skill Gaps by Region, Size and Industry

19 Table 4.2 shows how skill gaps break down by occupation within region, size of establishment and industry. The table presents row percentages, which sum to 100 per cent across the row. The distribution of skill gaps by region reflects the different occupational structures as shown in Chapter 2. But for certain occupations in certain regions, sizes of establishment or industries, the number of skill gaps is disproportionate to the profile of employment. This section focuses on some of these key discrepancies.

[2] Elementary occupations include labourers, porters, kitchen staff, waiters, bar staff, cleaners, domestics, refuse collectors, some security guards, shelf fillers and some farm workers.

Table 4.2: Distribution of skill gaps by occupation within region, size and industry

Row percentages	*Base = All skill gaps*			Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal service	Sales	Operatives	Elementary
	Unweighted	*Weighted*										
Overall	***259,052***	***2,398,349***	*%*	***12***	***10***	***8***	***13***	***8***	***6***	***19***	***8***	***16***
Region												
West Midlands	39,137	348,534	%	10	14	13	12	7	8	13	9	14
East Midlands	19,194	184,948	%	10	6	8	10	9	6	20	14	18
Eastern	20,329	238,764	%	16	9	5	11	8	5	22	7	16
London	42,761	406,312	%	15	11	8	17	7	5	18	3	15
North East	14,198	92,481	%	12	11	8	13	8	8	16	9	14
North West	33,158	290,050	%	13	7	8	12	7	6	18	11	16
South East	38,749	376,562	%	11	11	8	12	7	5	22	8	14
South West	19,877	198,034	%	10	6	5	13	9	8	20	7	21
Yorks and the Humber	31,649	262,663	%	12	7	7	12	8	8	19	11	16
Size												
1 to 4	3,534	199,375	%	11	10	7	17	15	4	24	2	11
5 to 24	37,874	483,363	%	11	6	6	11	10	7	26	5	18
25 to 99	65,882	583,773	%	11	7	6	11	8	11	19	8	19
100 to 199	34,307	268,691	%	11	8	7	14	7	5	18	12	18
200 to 499	49,497	414,977	%	15	12	5	12	5	2	20	12	17
500+	67,958	448,170	%	14	16	17	16	4	6	8	9	11
Industry												
Agriculture, etc	547	5,391	%	10	3	2	8	21	3	2	10	41
Mining and quarrying	178	4,903	%	22	2	9	16	11	-	7	32	1
Food, drink and tobacco	8,304	52,827	%	12	2	3	4	6	*	5	47	21
Textiles and clothing	1,471	16,708	%	15	6	2	9	11	-	15	25	18
Wood and paper	1,122	15,434	%	8	1	3	8	26	1	3	35	16
Printing and publishing	3,856	25,904	%	15	8	9	13	14	*	22	9	10
Chemicals and non-metallic mineral products	6,531	67,767	%	13	4	13	7	7	*	6	40	9
Metals and metal goods	5,117	42,030	%	11	5	4	8	30	-	4	29	9
Engineering	8,943	68,204	%	13	9	10	10	15	*	8	25	10
Transport equipment	4,804	43,956	%	14	20	8	4	20	*	2	26	6

Continued...

Table 4.2: Distribution of skill gaps by occupation within region, size and industry (continued)

Row percentages	*Base = All skill gaps*			Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal service	Sales	Operatives	Elementary
	Unweighted	*Weighted*										
Industry												
Manufacturing nes and recycling	1,998	17,348	%	12	2	5	9	22	*	11	23	15
Electricity, gas and water	1,423	9,985	%	13	9	12	12	21	-	29	1	3
Construction	9,917	86,038	%	12	4	5	14	42	*	3	7	14
Sale and maintenance of motor vehicles	5,159	47,959	%	9	3	10	12	32	*	22	3	8
Wholesale distribution	8,975	103,330	%	12	2	4	12	6	*	22	20	22
Retailing	35,678	310,742	%	11	1	1	3	2	*	72	2	7
Hotels and catering	20,814	195,847	%	9	1	*	2	8	1	16	1	62
Transport	13,250	93,577	%	10	3	4	11	5	3	13	25	25
Communications	2,109	69,309	%	31	22	3	13	2	*	17	2	11
Financial intermediation	7,713	115,095	%	15	9	8	32	1	*	33	-	1
Professional services	5,588	48,446	%	13	13	14	19	5	3	16	5	10
Computing and related	4,218	37,684	%	16	36	10	17	4	*	13	*	4
Other business services	29,372	276,996	%	11	18	10	18	7	1	8	8	19
Public administration and defence	12,853	127,158	%	16	15	13	39	2	3	4	2	6
Education	15,129	138,671	%	11	40	7	16	2	11	2	*	10
Health and social work	31,916	265,792	%	9	6	24	12	1	39	1	1	7
Miscellaneous services	12,067	111,245	%	11	6	7	10	6	16	18	2	24

Source: *LSC National Employers Skill Survey 2003 (IFF/IER)NESS 2003 (IFF/IER).*

Base: *All skill gaps.*

Notes: *Percentages sum to 100% across each row (subject to rounding).*
** is used to denote a figure greater than 0% but less than 0.5%.*
'nes' means 'not elsewhere specified'.

20 By region, the highest proportion of skill gaps amongst **managers and senior officials** (i.e. the proportion of all skill gaps amongst managers as a share of all skill gaps) can be found in the Eastern region and in London (16 per cent and 15 per cent of the regions' skill gaps respectively). While the higher proportion of managerial skill gaps in London merely reflects a higher proportion of managerial employees in the region (the share of gaps and share of employment are both 15 per cent), the proportion of all skill gaps in the Eastern region is greater than the proportion of total employment that managers account for (16 per cent of gaps versus 13 per cent of employment).

21 Reflecting the considerable regional variation seen in Figure 2.1 in the proportion of employment accounted for by **professional** occupations, the proportion of skill gaps accounted for by professionals varies quite widely around the national average of 10 per cent. It is highest in the West Midlands at 14 per cent. Moreover, this is the only region where there is not a disproportionately low proportion of gaps relative to employment. In London and the South West the differences are particularly large with 18 per cent of London and 13 per cent of South West employment in professional occupations, compared to only 11 per cent of all London skill gaps and 6 per cent of all South West gaps.

22 As with professional occupations, the proportion of gaps accounted for by **associate professionals** is higher in the West Midlands (13 per cent of gaps versus 7 per cent of employment) than for other regions. This compares to the national figure of an 8 per cent share of each. Furthermore, in no other region does the share of gaps exceed the share of employment. The Eastern and South West regions stand out as having a disproportionately low share of such skill gaps, relative both to the equivalent share seen in other regions and also to the share of employment that associate professionals account for in these regions (5 per cent of gaps versus 9 per cent of Eastern employment and 8 per cent of South West employment).

23 The share of skill gaps accounted for by **administrative, skilled trades** and **personal service** occupations mirrors more closely the occupational profile of employment seen in Chapter 2. For this reason, the proportion of skill gaps falling into administrative positions in London, while high at 17 per cent, reflects a larger proportion of employment in this occupation in this region.

24 As noted above, nationally, one-fifth (19 per cent) of all employees with skill gaps lie in **sales and customer service** occupations and that exceeds the proportion of sales and customer service staff in the workforce as a whole. This disproportionately high number of internal skills deficiencies amongst sales and customer service staff is apparent in all regions except the West Midlands, which has both a lower proportion of sales and customer service gaps relative to other regions, and is the only region whose share of gaps accounted for by sales and customer service occupations is not larger than the equivalent share of employment.

25 The proportion of skill gaps accounted for by transport and machine **operatives** varies considerably, ranging from 3 per cent in London to 14 per cent in the East Midlands. Again, this largely reflects regional variations in the proportion of employment accounted for by transport and machine operatives across the country as seen in Figure 2.1.

26 The South West region stands out as having a disproportionately high share of skill gaps in **elementary** occupations, both relative to the equivalent share seen in other regions and also relative to the share of employment that elementary occupations account for in this region (21 per cent of skill gaps versus 15 per cent of employment).

27 Key findings by size of establishment to emerge are as follows.

- Amongst the smaller employers (those with fewer than 25 employees) there are a disproportionately high number of skill gaps in sales and customer service occupations, and a disproportionately low number of skill gaps for managers.[3]
- Although the proportion of skill gaps accounted for by professional occupations is lower than the equivalent share of employment for all size bands, the difference is greatest for establishments with between 25 and 199 employees.
- For other occupations, the distribution of skill gaps amongst establishments with between 25 and 199 employees closely mirrors their share of employment, except for the proportion of sales and customer service and elementary occupational skill gaps, which are both considerably higher than the proportion of employment.
- In contrast to smaller employers, the proportion of skill gaps for managers amongst larger establishments (those with at least 200 employees) is disproportionately high.[4]
- The very largest establishments (those with more than 500 employees) buck the trend in terms of being the only sized establishments not to have a disproportionately high number of skill gaps for sales and customer service and elementary occupations.

28 Again, the occupational distribution of skill gaps by industry reflects to a large extent the employment profile shown in Table 2.1. However, there are some disparities which are highlighted in Table 4.3 overleaf:

[3] There are a number of possible factors that underlie this particular difference. One is that managers in smaller establishments simply must have the necessary skills required to do their job otherwise the business will not survive. Another is that in smaller establishments the respondent is likely to be a manager themselves and therefore there is likely to be a certain degree of self-aggrandisement in terms of rating their own proficiency.

[4] It is possible that managers who are not fully proficient in larger establishments will find it easier to stay in a job without being fully proficient because they can hide – but this is speculative. This is likely to reflect the fact that, as reported earlier, the largest establishments are most likely to have hard-to-fill vacancies and therefore may be struggling to increase the skills base of their workforce. They are also more likely to hire trainee managers.

Table 4.3: Industries with a disproportionately high or low proportion of occupational skill gaps compared with employment

Disproportionately high proportion of employees with skill gaps relative to share of employment	Disproportionately low proportion of employees with skill gaps relative to share of employment
Managers • Transport equipment • Communications	**Managers** • Sales and maintenance of motor vehicles • Professional services
Professionals • Transport equipment	**Professionals** • Engineering • Electricity, gas and water • Construction • Business services (financial intermediation, professional, computing and related, other business and miscellaneous services) • Education • Health and social work
Associate professionals • Chemicals and non-metallic mineral products • Health and social work	**Associate professionals** • Printing and publishing • Communications • Financial intermediation
Administrative occupations • Financial intermediation • Computing and related • Education	**Administrative occupations** • Transport equipment
Skilled trades • Manufacturing nes and recycling • Construction	**Skilled trades** • Transport equipment • Chemicals and non-metallic mineral products
Personal service occupations • Health and social work	
Sales and Customer service occupations • Textiles and clothing • Printing and publishing • Electricity, gas and water • Sales and maintenance of motor vehicles • Retailing • Professional services • Miscellaneous services	
Transport and machine operatives • Manufacturing industries (e.g. food, drink and tobacco, wood and paper, chemicals and non-metallicmineral products, metals and metal goods and transport equipment) • Engineering • Other business services	**Transport and machine operatives** • Transport • Communications
Elementary occupations • Agriculture, etc • Manufacturing nes and recycling • Construction • Wholesale distribution • Hotels and catering • Transport • Other business services • Miscellaneous services	**Elementary occupations** • Food, drink and tobacco • Chemicals and non-metallic mineral products • Communications

29 So far this chapter has focused upon the distribution of skill gaps by occupation *within* different regions, industries and sizes of establishment. For example, Table 4.2 shows that 10 per cent of skill gaps within the West Midlands are accounted for by managerial skill gaps.

30 Table 4.4 shows the information in a different way, profiling skill gaps *across* region, industry and size of establishment. The percentages are now expressed as a share of all skill gaps in that particular occupation (column per cent). The results show that, for example, the proportion of all skill gaps for managers that fall in the West Midlands is 12 per cent, slightly less than the proportion of the overall number of all skill gaps across England that fall within the West Midlands (15 per cent).

31 As noted above, there is a high proportion of skill gaps relative to employment in the West Midlands. This is largely driven by the fact that over one-fifth of all skill gaps for professional and associate professionals are found in this region (this compares to only 10 per cent of professionals and 9 per cent of associate professionals employed in the region).

32 Specific occupational skill gaps are often concentrated in a small number of industries. This typically reflects the employment profile of the occupation:

- 24 per cent of skill gaps for professionals are found in education and 21 per cent in other business services (compared to 28 per cent and 20 per cent of employment respectively)
- 32 per cent of skill gaps for associate professionals are found in health and social work (compared to 26 per cent of employment)
- 20 per cent of skill gaps for skilled trades are found in the construction industry (compared to 20 per cent of employment)
- 69 per cent of skill gaps for personal service occupations are found in health and social work (compared to 58 per cent of employment)
- 50 per cent of skill gaps for sales and customer service occupations are found in retailing (compared to 48 per cent of employment)
- 32 per cent of skill gaps for elementary occupations are found in hotels and catering (compared to 26 per cent of employment).

Table 4.4: Profile of skill gaps by region, size and industry within occupation

Column percentages	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal service	Sales	Operatives	Elementary	All skill gaps	Employment
	%	%	%	%	%	%	%	%	%	%	%
Region											
West Midlands	12	21	23	14	13	18	10	16	13	**15**	10
East Midlands	6	5	7	6	9	7	8	13	9	**8**	8
Eastern	13	10	6	9	10	8	12	8	10	**10**	10
London	21	20	17	23	15	12	16	7	16	**17**	18
North East	4	4	4	4	4	5	3	4	3	**4**	4
North West	13	9	12	12	12	12	12	16	13	**12**	13
South East	15	18	16	15	15	14	19	15	14	**16**	17
South West	7	6	5	9	10	10	9	7	11	**8**	9
Yorks and the Humber	10	8	10	10	12	14	11	14	11	**11**	9
Size											
1 to 4	7	8	7	11	16	6	10	2	6	**8**	12
5 to 24	19	12	16	17	27	22	28	12	22	**20**	22
25 to 99	21	18	18	21	25	42	25	24	29	**24**	26
100 to 199	10	9	10	12	10	9	11	16	13	**11**	11
200 to 499	22	21	11	16	12	5	18	25	18	**17**	15
500+	21	31	38	24	10	16	8	21	12	**19**	14
Industry											
Agriculture, etc	*	*	*	*	1	*	*	*	1	*	*
Mining and quarrying	*	*	*	*	*	-	*	1	*	*	*
Food, drink and tobacco	2	*	1	1	2	*	1	12	3	**2**	2
Textiles and clothing	1	*	*	1	1	-	1	2	1	**1**	1
Wood and paper	*	*	*	*	2	*	*	3	1	**1**	1
Printing and publishing	1	1	1	1	2	*	1	1	1	**1**	1
Chemicals and non-metallic mineral products	3	1	5	1	3	*	1	14	2	**3**	2
Metals and metal goods	2	1	1	1	7	-	*	6	1	**2**	2
Engineering	3	3	3	2	6	*	1	8	2	**3**	3
Transport equipment	2	4	2	1	5	*	*	6	1	**2**	2
Manufacturing nes and recycling	1	*	*	1	2	*	*	2	1	**1**	1
Electricity, gas and water	*	*	1	*	1	-	1	*	*	*	1
Construction	4	1	2	4	20	*	*	3	3	**4**	4
Sale and maintenance of motor vehicles	1	1	2	2	9	*	2	1	1	**2**	2
Wholesale distribution	4	1	2	4	4	*	5	10	6	**4**	5
Retailing	12	1	2	3	4	*	50	2	6	**13**	11

Continued...

Table 4.4: Profile of skill gaps by region, size and industry within occupation (continued)

Column percentages	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal service	Sales	Operatives	Elementary	All skill gaps	Employment
	%	%	%	%	%	%	%	%	%	%	%
Industry											
Hotels and catering	6	*	*	1	8	2	7	1	32	**8**	6
Transport	3	1	2	3	2	2	3	12	6	**4**	4
Communications	7	7	1	3	1	*	3	1	2	**3**	2
Financial intermediation	6	5	5	12	*	*	8	-	*	**5**	4
Professional services	2	3	4	3	1	1	2	1	1	**2**	3
Computing and related	2	6	2	2	1	*	1	*	*	**2**	2
Other business services	11	21	14	16	10	1	5	11	13	**12**	12
Public administration and defence	7	8	8	16	1	3	1	1	2	**5**	5
Education	5	24	5	7	2	10	1	*	4	**6**	8
Health and social work	8	7	32	10	2	69	1	1	5	**11**	10
Miscellaneous services	4	3	4	4	4	11	4	1	7	**5**	5
Unweighted base	*29,786*	*24,988*	*22,148*	*30,659*	*18,957*	*15,621*	*47,785*	*25,716*	*43,392*	***259,052***	***2,275,559***
Weighted base	*292,523*	*231,076*	*198,256*	*309,612*	*182,687*	*151,117*	*449,691*	*201,512*	*381,875*	***2,398,349***	***21,877,288***

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All skill gaps.*

Notes: *Percentages sum to 100% for each occupation for each region, size or industry category (subject to rounding).*

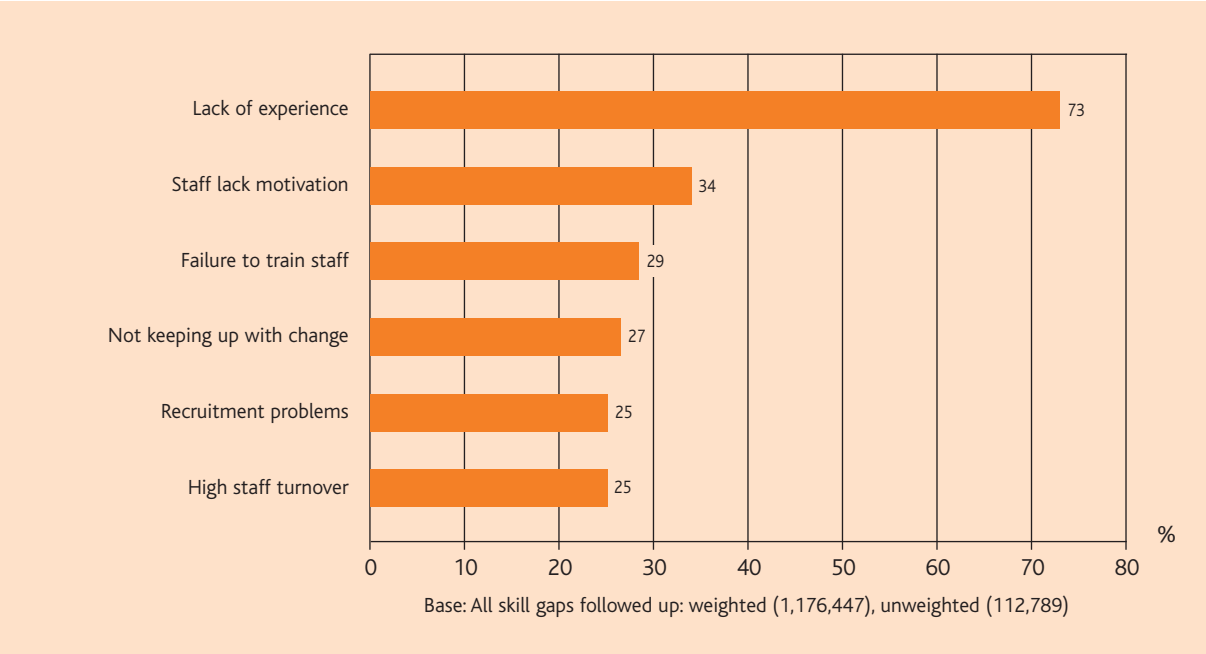
** is used to denote a figure greater than 0% but less than 0.5%.*

4.5 Reasons for Lack of Full Proficiency – Causes of Skill Gaps

33 Employers who were experiencing skill gaps were asked what the main causes were of their staff not being fully proficient.[5] Figure 4.3 overleaf shows, at an overall level, the reasons that were given. It should be noted that results are based on skill gaps followed up in detail during the interview rather than establishments with skill gaps, i.e. it uses an employee-based measure with results showing the proportion of **skill gaps** that are caused by various factors, as opposed to the proportion of establishments that report skill gaps with these causes.

[5] Employers were asked about the causes of skill gaps for *one* occupation only. If the establishment had at least two occupations with skill gaps then this occupation was chosen at random.

Figure 4.3: Causes of skill gaps



Source: *LSC National Employers Skill Survey 2003 (IFF/IER)ESS 2003 (IFF/IER).*

Base: *All skill gaps followed up.*

34 Approaching three-quarters (73 per cent) of all skill gaps that were followed up are, at least in part, a result of staff lacking experience or their being recently recruited.

35 The findings also show that a significant minority of employers are aware that they may be responsible for skill gaps. Between a quarter and a third of skill gaps (29 per cent) are recognised as being, at least in part, the result of the failure of the establishment to train or develop their staff. In addition, a quarter of skill gaps (25 per cent) are a result of high staff turnover, which can also be viewed as being in the direct capacity of the establishment to influence. Looking at the sum of the responses given, it is also clear that most gaps are the result of a combination of factors.

36 Lack of experience is by far and away the most common reason given for all skill gaps, whichever the occupation group affected. However, some differences in the causes of skill gaps by occupation are as follows.

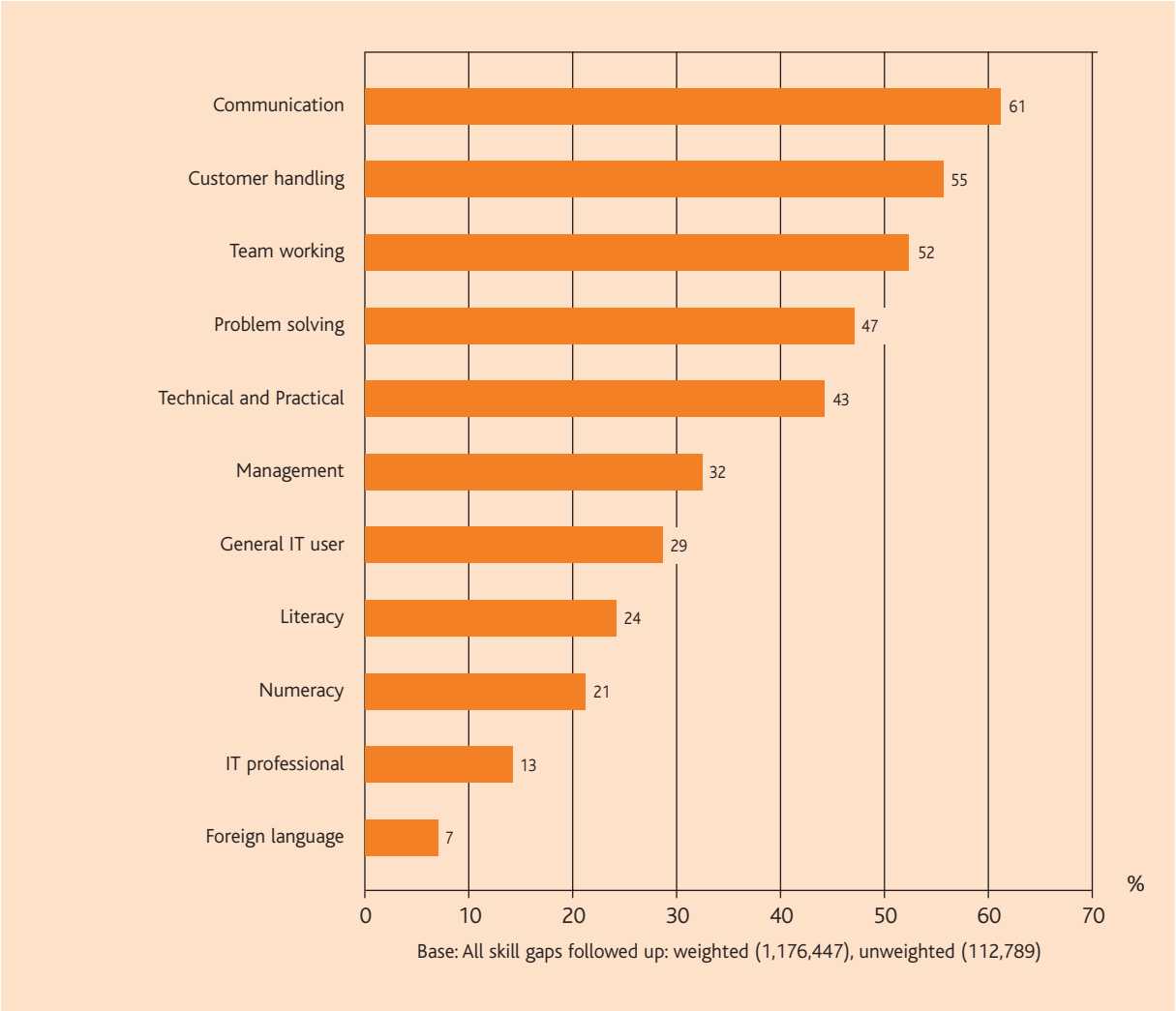
- Staff lacking motivation was mentioned more often in relation to transport and machine operatives and elementary skill gaps (a cause of 47 per cent of all transport and machine operatives' skill gaps and 43 per cent of all elementary skill gaps that were discussed in more detail).
- The failure of the establishment to train and develop staff was particularly frequently mentioned in relation to managerial skill gaps (42 per cent).
- Recruitment problems were most commonly cited for transport and machine operatives (34 per cent), skilled trade (31 per cent), personal service (31 per cent) and elementary occupations (30 per cent).

- A high staff turnover was again mentioned more often in relation to the lower level occupations (elementary 34 per cent, transport and machine operatives 31 per cent, sales and customer service staff 30 per cent). It was also a more common reason given for associate professional skill gaps (28 per cent).

4.6 Skills Lacking

37 Employers who had experienced skill gaps were also asked to define what skills they felt needed improving for an occupation where staff were considered not fully proficient.[6] Figure 4.4 below shows, at an overall level, the skills that are lacking among these employees.

Figure 4.4: Skills lacking



Source: *LSC National Employers Skill Survey 2003 (IFF/IER)ESS 2003 (IFF/IER).*

Base: *All skill gaps followed up.*

[6] Again, if an establishment had at least two occupations with skill gaps then the occupation about which questions on skills lacking were asked was chosen at random. This was the same occupation that was questioned regarding causes of skill gaps.

38 The key areas in which employees are viewed as lacking skills can be classified as relatively soft skills areas, i.e. communication (61 per cent), customer handling (55 per cent), team working (52 per cent) and problem solving (47 per cent). That said, technical and practical skills were lacking from just over two in five (43 per cent) of the employees with skill gaps that were followed up.

Table 4.5: Skills characteristics of skill gaps by occupation

Column percentages (e.g. % of all managers)	Overall	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal service	Sales	Operatives	Elementary
	%	%	%	%	%	%	%	%	%	%
Skills lacking										
Communication	61	60	49	62	61	52	68	67	60	62
Customer handling	55	40	45	49	56	40	59	76	34	56
Team working	52	51	44	55	49	48	62	52	49	54
Problem solving	47	48	43	51	50	50	52	47	51	38
Technical and practical	43	28	39	*64*	37	65	45	36	57	40
Management	32	*74*	*47*	*41*	28	26	24	26	17	19
General IT user	29	38	*42*	35	58	20	18	26	11	12
Literacy	24	13	21	21	27	25	35	20	32	26
Numeracy	21	11	16	18	23	22	22	22	25	23
IT professional	13	19	*30*	22	*26*	8	9	9	4	-
Foreign language	7	7	8	7	8	5	9	6	6	9
Unweighted base	*112,789*	*11,622*	*6,825*	*7,553*	*13,113*	*9,181*	*7,628*	*26,907*	*9,978*	*19,982*
Weighted base	*1,176,555*	*120,491*	*75,839*	*73,362*	*161,486*	*103,625*	*85,573*	*271,595*	*80,859*	*203,724*

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All skill gaps followed up.*

Notes: *Percentages do not sum to 100% down columns because of multiple responses.*

39 Table 4.5 presents an analysis of skills characteristics by occupation. The key findings are as follows.

- Communication and customer handling skills were particularly lacking in sales and customer service and personal service occupations, though were widespread across all occupational groups.
- Team working was a common skill lacking in all occupations, but was most frequently cited with respect to personal service occupations.
- Technical and practical skills were lacking in over two-thirds of associate professional and skilled trades skill gaps.
- Management skills tended to be mentioned with respect to management occupations, although professionals and associate professionals were also frequently cited as lacking this skill.
- General IT user skills were most likely to be mentioned with respect to administrative occupations and, to a lesser extent, managerial, professional and associate professional occupations.
- Literacy skills were mentioned in fewer instances, but were more likely to be mentioned with respect to transport and machine operatives and personal service occupations.
- Numeracy skills were also cited less. When they were mentioned they tended to be mentioned with respect to the lower level occupations.
- IT professional skills were particularly lacking from professionals and administrative occupations.

Table 4.6: Skills characteristics of skill gaps by industry

Row percentages (e.g. percentage within the industry)	*Base = All skill gaps followed up*			Communication	Customer handling	Team working	Problem solving	Technical and practical	Management	General IT user	Literacy	Numeracy	IT professional	Foreign language
	Unweighted	*Weighted*												
	112,789	1,176,555		61	55	52	47	43	32	29	24	21	13	7
Industry														
Agriculture, etc	274	3,973	%	43	42	56	49	51	21	18	14	24	9	11
Mining and quarrying	73	2,167	%	72	51	69	67	48	42	49	43	40	5	16
Food, drink and tobacco	3,072	20,821	%	71	27	52	52	51	36	21	32	21	10	13
Textiles and clothing	548	7,670	%	48	40	48	35	51	40	18	26	25	14	10
Wood and paper	489	7,980	%	67	37	63	62	64	19	24	41	46	9	2
Printing and publishing	1,665	13,103	%	59	48	52	43	32	29	29	31	23	15	6
Chemicals and non-metallic mineral products	1,908	22,853	%	65	25	58	62	60	41	22	19	15	7	3
Metals and metal goods	2,028	19,666	%	52	31	50	51	62	28	28	26	27	11	5
Engineering	2,293	22,501	%	54	44	50	47	55	36	33	19	21	17	6
Transport equipment	1,172	11,613	%	70	41	67	70	57	45	19	32	4	6	9

Continued...

Table 4.6: Skills characteristics of skill gaps by industry (continued)

Row percentages (e.g. percentage within the industry)	*Base = All skill gaps followed up*			Communication	Customer handling	Team working	Problem solving	Technical and practical	Management	General IT user	Literacy	Numeracy	IT professional	Foreign language
	Unweighted	*Weighted*												
Manufacturing nes and recycling	904	8,611	%	58	43	50	58	57	36	29	29	25	17	4
Electricity, gas and water	471	4,803	%	63	44	50	59	61	17	16	41	15	5	5
Construction	5,512	53,885	%	55	39	47	47	62	30	26	26	26	10	2
Sale and maintenance of motor vehicles	2,376	28,842	%	57	49	49	57	54	30	27	23	23	16	4
Wholesale distribution	3,914	48,692	%	56	42	48	45	41	30	25	22	22	11	4
Retailing	20,799	196,423	%	63	71	54	45	39	27	23	18	21	9	6
Hotels and catering	10,524	115,167	%	67	72	59	46	39	27	14	22	26	7	12
Transport	5,520	44,042	%	61	58	49	46	36	33	31	27	23	11	9
Communications	798	21,510	%	64	55	54	35	25	35	41	22	14	9	24
Financial intermediation	3,397	51,983	%	72	67	39	48	34	34	39	19	18	15	5
Professional services	2,656	27,899	%	60	51	47	47	39	33	35	24	15	15	5
Computing and related	2,026	20,530	%	55	54	47	46	35	47	30	20	16	38	10
Other business services	13,593	141,660	%	57	49	44	42	39	30	31	26	18	14	9
Public administration and defence	4,678	55,915	%	63	55	55	44	40	35	50	24	15	22	3
Education	4,611	52,948	%	53	46	50	44	38	41	53	25	18	29	5
Health and social work	11,548	108,028	%	66	56	59	54	45	32	27	32	21	15	8
Miscellaneous services	5,940	63,271	%	59	59	51	45	45	32	29	22	21	15	6

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*
Base: *All skill gaps followed up.*
Notes: *Percentages do not sum to 100% across rows because of multiple responses.*
'nes' means 'not elsewhere specified'.

40 Table 4.6 presents an analysis of skills characteristics by industry. The key findings are as follows.

- Communication was a common skill lacking in all sectors, but was most frequently cited with respect to financial intermediation.
- Customer handling was a particularly common skill lacking in retailing, hotels and catering, and financial intermediation.
- Technical and practical skills were lacking in the construction industry and a number of the manufacturing industries.
- Management skills were particularly lacking in computing and related industries.
- General IT was a more common skill lacking in public administration and defence and communications.
- Literacy and numeracy skills were particularly lacking in mining and quarrying, and wood and paper. Literacy was also a common skill lacking in electricity, gas and water.

National Employers Skills Survey 2003: Main Report

5. The implications of Skills Deficiencies and Actions Taken to Overcome Them

5. The Implications of Skills Deficiencies and Actions Taken to Overcome Them

5.1 Introduction

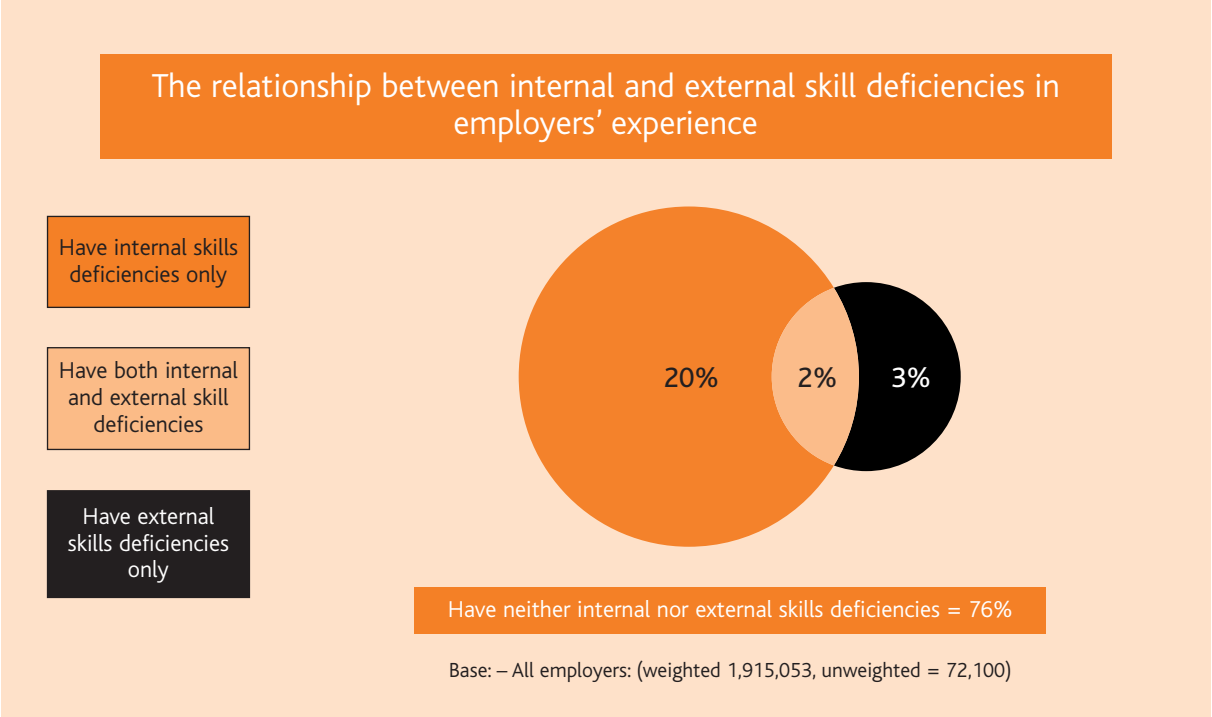
1 The two previous chapters have established the extent, distribution and profile of internal and external skills deficiencies. Some 5 per cent of establishments were experiencing skill-shortage vacancies (SSVs) in the spring and summer of 2003 (with the number of these vacancies representing 0.6 per cent of current employment). Around 22 per cent were experiencing skill gaps among their existing workforce (with 11 per cent of the current workforce lacking full proficiency in terms of their current job role).

2 This chapter of the report goes on to examine the impact of these skills problems and what actions employers take to combat them. First, the inter-relationship between internal and external skills deficiencies is examined, exploring the extent to which employers who are currently experiencing problems recruiting the skilled human resources that they require also face problems of proficiency within their existing workforce.

5.2 Internal and External Skill Deficiencies

3 Figure 5.1 illustrates the relationship between employers' experience of internal and external skill deficiencies. Overall, only around one in ten employers who experience internal skills problems also encounter problems in the external labour market (2 per cent within the 20 per cent reporting such problems). By contrast, around four in ten of those experiencing problems finding skilled recruits are also lacking skills within their current workforce (2 per cent within the 5 per cent with such recruitment difficulties).

Figure 5.1: Internal and external skill deficiencies



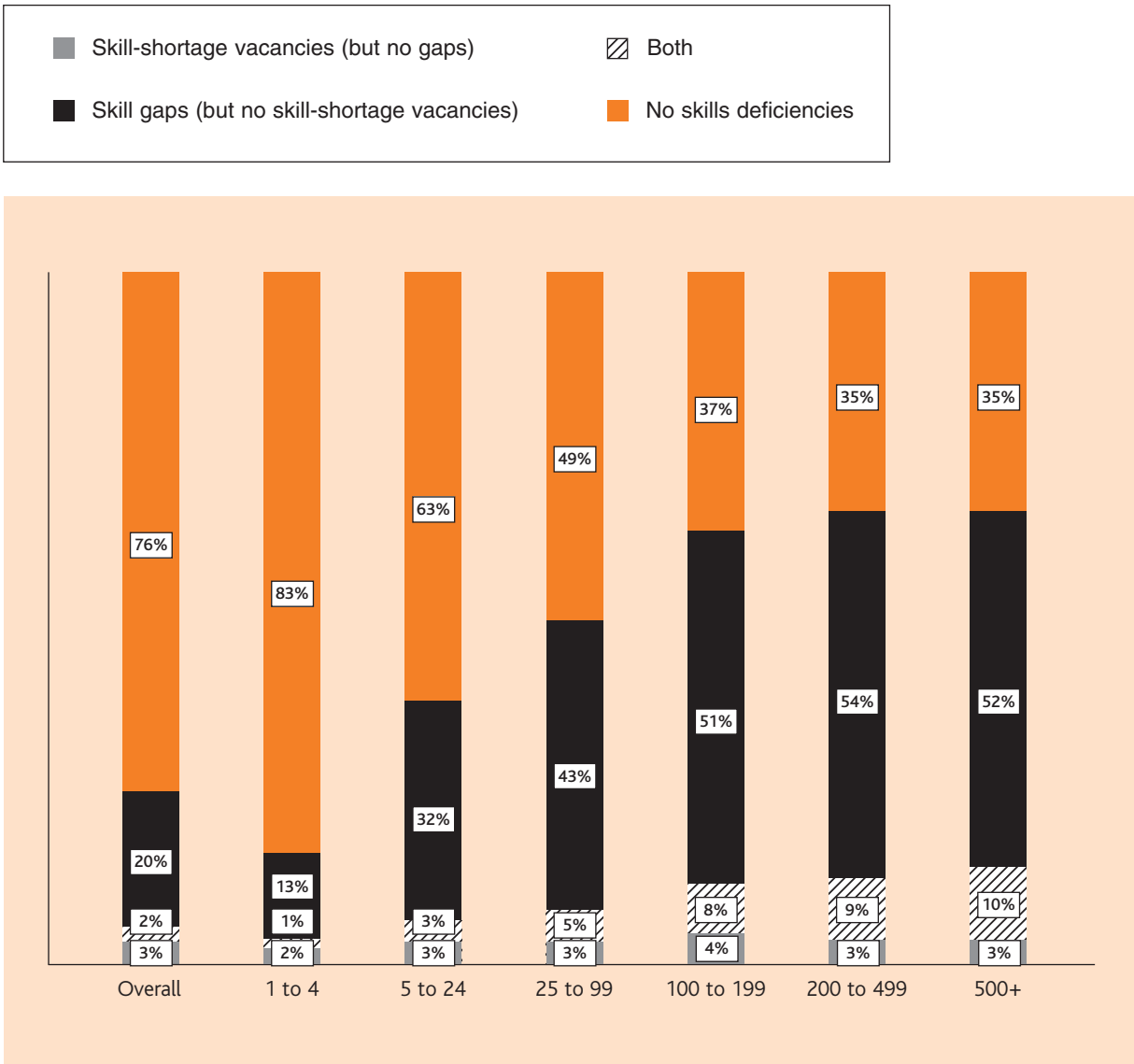
Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments.*

4 Regional variations in the proportion of establishments that experienced both internal and external skill deficiencies are small – ranging from 1 per cent of London employers experiencing both to 3 per cent of employers in the East Midlands and in Yorkshire and the Humber. There is greater variation in the proportion of establishments experiencing no skills deficiencies (either internal or external), with around four in five London establishments (82 per cent) falling into this category, compared with seven in ten employers in Yorkshire and the Humber (69 per cent), but this is largely a function of variations in the incidence of skill gaps. Variations by industry are also small.

5 There is considerable variation, by contrast, in the proportion of employers experiencing both internal and external skill deficiencies by size of establishment, as shown in Figure 5.2.

Figure 5.2: The relationship between internal and external skill deficiencies by size of establishment



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments.*

6 The majority of establishments with fewer than five employees describe themselves as facing no skills deficiencies (83 per cent), and very few (1 per cent) experience both skill gaps among their current workforce and difficulties filling vacancies because of skill shortages in the external labour market. By contrast, only around a third of the largest establishments (35 per cent) are facing no skills deficiencies, and one in ten describe themselves as facing skills challenges in both their internal and external labour markets.

7 So far the focus has been upon the relationship between employers' experiences of internal and external skill deficiencies *at an overall level*, i.e. identifying the proportion of establishments who have any skill gaps and/or SSVs. It is also possible to look at the relationship between internal and external skills deficiencies *by occupation*, for example by identifying the proportion of establishments who have both SSVs for managerial occupations as well as having skill gaps amongst current managers. Table 5.1 shows this relationship for each of the nine major occupation categories. Occupations with percentages notably above average are highlighted in bold italic font.

Table 5.1: The relationship between internal and external skill deficiencies by occupation

	Base = All establishments employing occupation						
Row percentages	**Unweighted**	**Weighted**		**Skill-shortage vacancy only**	**Skills gap only**	**Both**	**Neither**
Managers	*52,309*	*995,531*	%	0.3	10.1	0.1	89.5
Professionals	*22,380*	*452,315*	%	1.1	11.1	0.3	87.6
Associate professionals	*16,445*	*300,068*	%	1.1	15.6	0.5	82.7
Admin	*40,738*	*790,685*	%	0.4	12.9	0.3	86.5
Skilled trades	*20,585*	*414,998*	%	***2.3***	15.7	***1.1***	80.9
Personal service	*7,051*	*143,433*	%	***4.0***	***19.4***	***1.7***	74.9
Sales	*26,469*	*530,893*	%	0.8	***21.9***	0.7	76.7
Operatives	*10,623*	*172,102*	%	1.5	15.6	0.7	82.2
Elementary	*22,139*	*380,489*	%	0.8	***19.5***	0.6	79.1

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments employing occupation.*

Note: *Numbers in bold italic font highlight exceptionally large shares.*

8 Although the figures are small, there is considerable variation in the proportion of employers experiencing both internal and external skill deficiencies at an occupational level. Whilst 1.7 per cent of establishments employing personal service staff reported both skill gaps and SSVs in the same occupation, only 0.1 per cent of those employing managers did the same. This is mainly driven by the large differences (on small percentages) in the proportion of establishments experiencing external skill deficiencies. The higher proportions of establishments experiencing either skill gaps or skill-shortage vacancies in personal service or sales positions are, on the other hand, largely a factor of the higher proportion of establishments who, as identified in the previous chapter, have skill gaps in these occupations.

5.3 Impact of Skill-shortage Vacancies

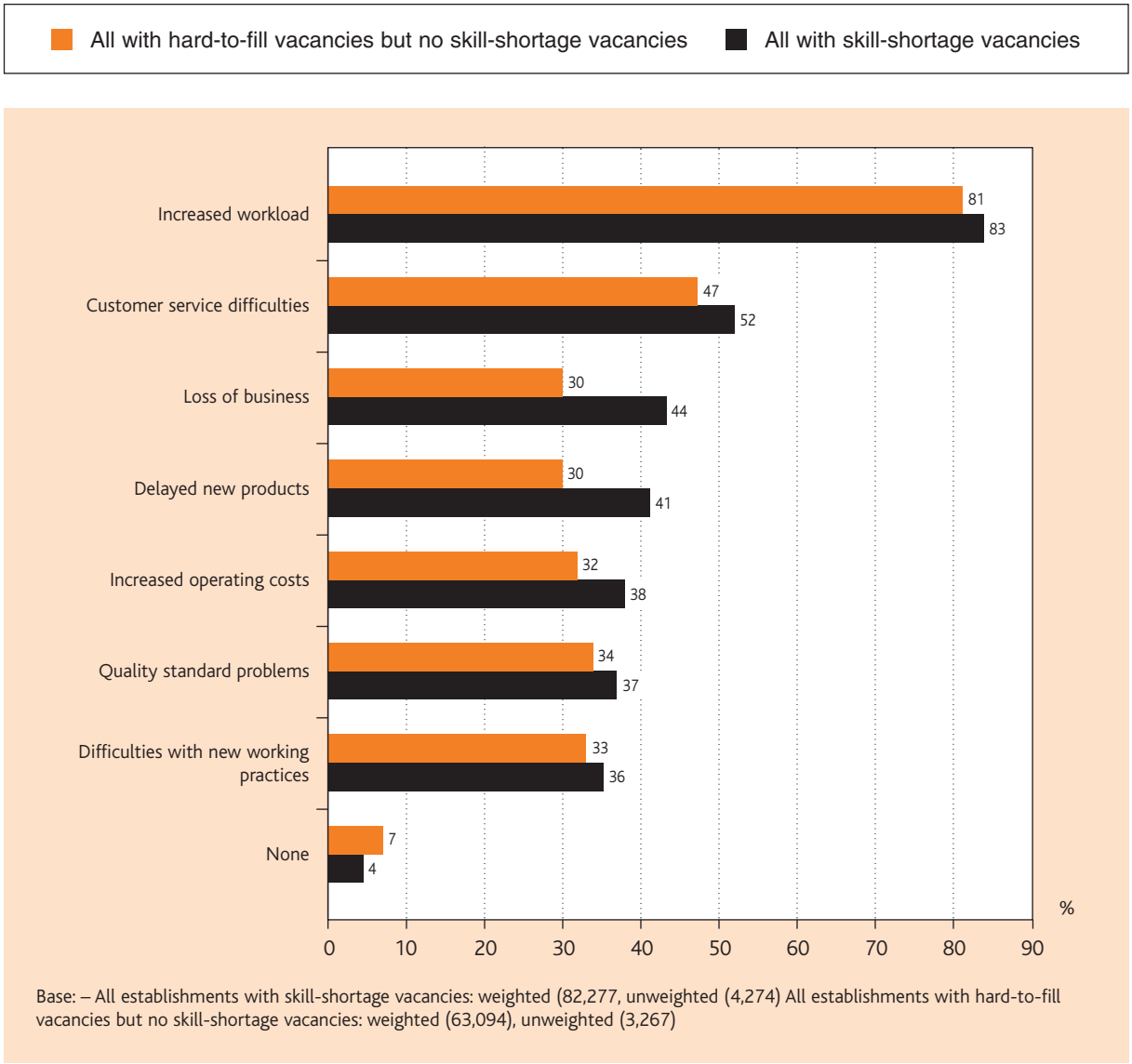
9 The focus now turns to the impacts that SSVs (external recruitment difficulties) have on the establishments that experience them. Figure 5.3 shows these impacts at an overall level.[1]

10 The major impact of having SSVs is an increased workload for other (current) employees; this is described as an impact by 83 per cent of all establishments experiencing SSVs.

11 Half of the establishments with SSVs (52 per cent) experience difficulties meeting their customer service aims, with slightly fewer (44 per cent) experiencing loss of business or orders to competitors and/or delays in developing new products (41 per cent).

[1] The analysis is based on responses to a prompted question – i.e. establishments that experienced hard-to-fill vacancies were asked whether they experienced a series of impacts as a result.

Figure 5.3: Impact of skill-shortage vacancies



Base: – All establishments with skill-shortage vacancies: weighted (82,277, unweighted (4,274) All establishments with hard-to-fill vacancies but no skill-shortage vacancies: weighted (63,094), unweighted (3,267)

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments with skill-shortage vacancies or hard-to-fill vacancies.*

12 Similar proportions of establishments that suffer from SSVs experience increased operating costs (38 per cent), difficulties meeting their own quality standards (37 per cent) and difficulties introducing new working practices (36 per cent).

13 Overall, the impacts of having SSVs are considerable, with only 1 in 25 employers who are struggling to find skilled staff to fill vacant positions stating that they have experienced none of the impacts described. The impact is both on short-term aspects which affect immediate profits and success (increased costs and loss of business) and also on the longer-term success of the establishment (delaying new product launches and failing to meet customer service and quality standards).

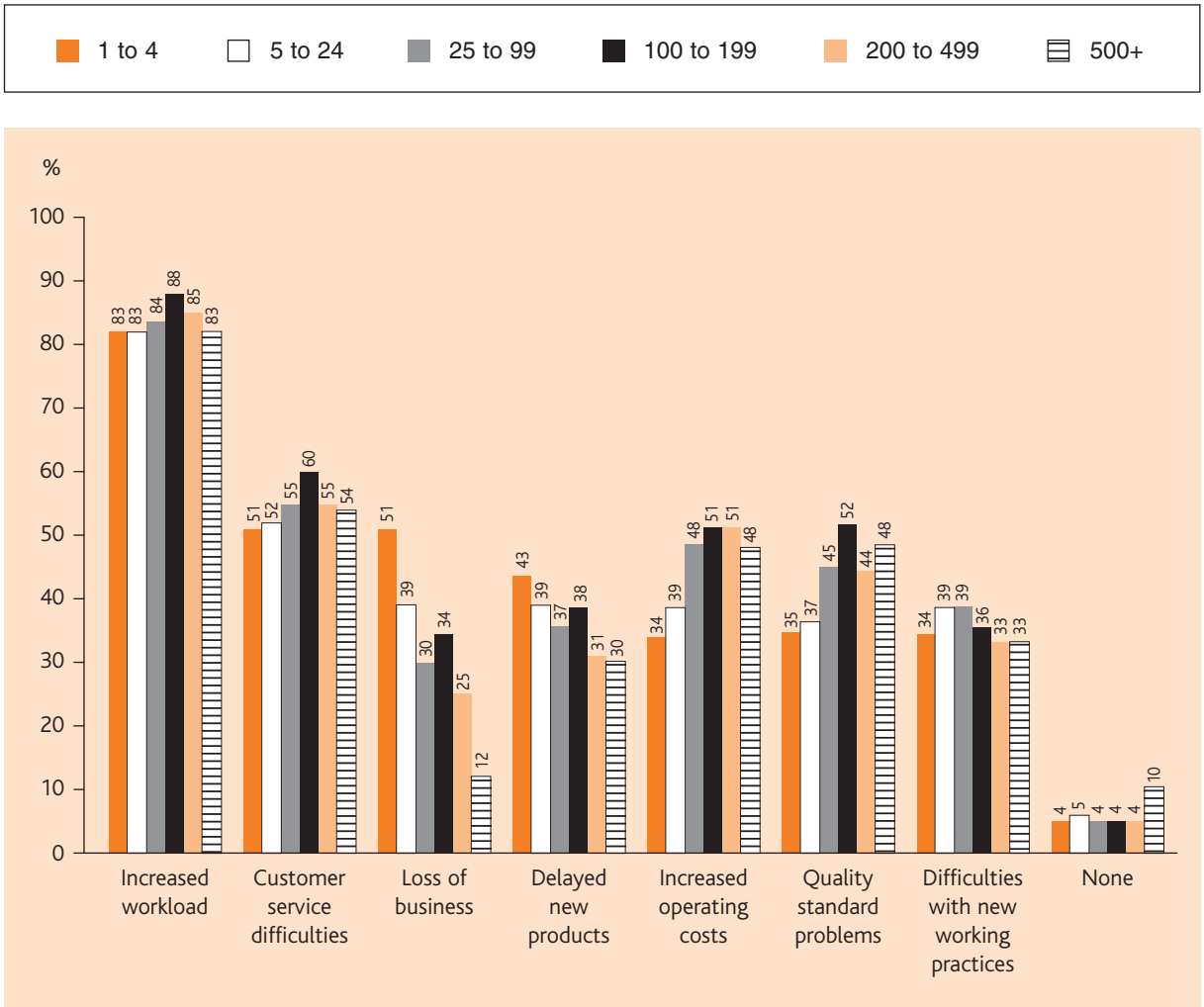
14 Figure 5.3 also shows the impacts on those establishments that suffer from hard-to-fill vacancies but *not* from SSVs. Looking at the differences between the two sets of figures can give an idea of whether SSVs lead to a different set of impacts compared to hard-to-fill vacancies that are not skills related.

15 As with SSVs, the major impact of having non-skills-related hard-to-fill vacancies is an increased workload for other (current) employees. This is described as an impact by 81 per cent of all establishments experiencing non-skills-related hard-to-fill vacancies, a very similar proportion to those establishments experiencing SSVs who suffered this impact.

16 The proportion of establishments suffering from non-skills-related hard-to-fill vacancies that experience customer service difficulties (47 per cent), difficulties introducing new working practices (33 per cent), increased operating costs (32 per cent) and difficulties meeting their own quality standards (34 per cent) are also similar, albeit at a lower level, to the corresponding figures for those establishments with SSVs.

17 The largest differences lie with the proportion of establishments experiencing loss of business or orders to competitors and/or delays developing new products. While 41 per cent of establishments with skills-related vacancies experience the former and 44 per cent the latter, only 30 per cent of those with non-skills-related vacancies cited the same barriers. Thus, in summary, SSVs act as more of a constraint in moving businesses forward, whilst both SSVs and, to a slightly lesser extent, non-skills-related hard-to-fill vacancies, have an impact on current operations.

Figure 5.4: Impacts of skill-shortage vacancies by size of establishment



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments with skill-shortage vacancies.*

18 Differences in the impacts of SSVs by size of establishment are shown in Figure 5.4.

19 Regardless of the size of the establishment, the most common impact is to increase the workload of existing employees.

20 The largest establishments (which are the most likely to experience SSVs) are the most likely to experience no negative impacts as a result – i.e. they are the most likely to be able to compensate in other ways. They are also considerably less likely to experience a loss of business or orders to competitors.

21 Smaller establishments are less likely to have problems with meeting quality standards or needing to increase costs. They are more likely, on the other hand, to lose business and/or to delay the introduction of new products or services. Thus, for smaller companies, skills shortages in the external labour market are more likely to act as a constraint on growth.

22 The number and extent of differences in the impacts of SSVs by region are illustrated in Table 5.2.

23 The hierarchy of impacts is relatively similar across the country, with an increase in the workload of other (current) employees being the main impact of SSVs in all regions, and difficulties meeting customer service standards the second most common impact.

Table 5.2: The impacts of skill-shortage vacancies by region

	Base = All establishments with skill-shortage vacancies										
Row percentages	*Unweighted*	*Weighted*		Increased workload for other staff	Difficulties meeting customer service aims	Loss of business/orders to competitors	Delays developing new products	Increased operating costs	Difficulties meeting quality standards	Difficulties introducing new working practices	No difficulties (unprompted)
All regions	***4,274***	***82,277***	%	**83**	**52**	**44**	**41**	**38**	**37**	**36**	**4**
West Midlands	*407*	*6,953*	%	70	41	37	34	31	36	29	5
East Midlands	*414*	*8,804*	%	82	46	45	40	36	35	28	5
Eastern	*470*	*9,488*	%	87	55	48	47	46	40	42	3
London	*520*	*10,294*	%	73	44	41	35	34	37	25	5
North East	*190*	*3,251*	%	71	38	35	26	30	30	14	4
North West	*591*	*9,929*	%	93	61	42	45	46	42	42	2
South East	*754*	*15,782*	%	83	51	45	38	36	36	39	6
South West	*484*	*8,907*	%	90	52	42	44	37	32	40	3
Yorks and the Humber	*444*	*8,870*	%	91	69	48	50	38	45	51	2

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments with skill-shortage vacancies.*

Notes: *Percentages do not sum to 100% across rows because of multiple responses.*

24 At the same time, a far smaller proportion of establishments with SSVs described an increased workload for other staff as an impact in the West Midlands (70 per cent versus 83 per cent nationwide), the North East (71 per cent) and London (73 per cent). These regions were also less likely to have experienced loss of custom or orders to competitors (37 per cent, 35 per cent and 41 per cent respectively, compared to 44 per cent on average in the country as a whole).

25 Similarly, the fact that difficulties meeting customer service aims is the second most common impact in each of the regions hides the fact that this impact was almost twice as likely to be felt by employers with SSVs in Yorkshire and the Humber (69 per cent) than in the North East (38 per cent).

26 Difficulties introducing new working practices are a minor impact in the North East (where 14 per cent of establishments with SSVs are constrained in this way). By contrast, they are a major impact in Yorkshire and the Humber (where as many as 51 per cent of employers with SSVs report this impact, making it third only to increased workloads and difficulties with customer service aims). Employers facing skills-related recruitment problems in the North West and Eastern regions (42 per cent in both regions) are also more likely than average to experience problems introducing new working practices.

27 Increased operating costs as a result of external skills deficiencies are more of an issue in the North West and Eastern regions (46 per cent in each of these regions, compared to 38 per cent on average).

Table 5.3: The impacts of skill-shortage vacancies by industry

Row percentages	Base = All establishments with skill-shortage vacancies: Unweighted	Weighted		Increased workload for other staff	Difficulties meeting customer service aims	Loss of business/orders to competitors	Delays developing new products	Increased operating costs	Difficulties meeting quality standards	Difficulties introducing new working practices	No difficulties (unprompted)
All industries	***4,274***	***82,277***	**%**	**83**	**52**	**44**	**41**	**38**	**37**	**36**	**4**
Agriculture, etc	*22*	*392*	%	!	!	!	!	!	!	!	!
Mining and quarrying	*4*	*47*	%	!	!	!	!	!	!	!	!
Food, drink and tobacco	*32*	*399*	%	!	!	!	!	!	!	!	!
Textiles and clothing	*23*	*510*	%	!	!	!	!	!	!	!	!
Wood and paper	*37*	*823*	%	!	!	!	!	!	!	!	!
Printing and publishing	*46*	*1,059*	%	!	!	!	!	!	!	!	!
Chemicals and non-metallic mineral products	*59*	*1,269*	%	89	50	53	49	61	54	35	2
Metals and metal goods	*78*	*1,490*	%	87	47	38	33	69	24	27	7
Engineering	*94*	*2,008*	%	89	77	60	56	49	44	37	2
Transport equipment	*22*	*292*	%	!	!	!	!	!	!	!	!
Manufacturing nes and recycling	*40*	*860*	%	!	!	!	!	!	!	!	!
Electricity, gas and water	*7*	*85*	%	!	!	!	!	!	!	!	!
Construction	*451*	*8,534*	%	82	63	59	40	44	34	35	1
Sale and maintenance of motor vehicles	*202*	*4,236*	%	91	65	56	45	50	48	41	1
Wholesale distribution	*168*	*2,952*	%	91	53	51	46	32	37	36	2
Retailing	*350*	*7,393*	%	85	41	28	42	23	40	29	5
Hotels and catering	*405*	*6,607*	%	86	44	31	35	35	38	43	6
Transport	*181*	*3,289*	%	80	55	57	34	42	39	30	2
Communications	*25*	*693*	%	!	!	!	!	!	!	!	!
Financial intermediation	*59*	*1,568*	%	77	69	47	45	19	43	45	7
Professional services	*125*	*2,090*	%	78	47	35	30	28	32	27	8
Computing and related	*141*	*3,383*	%	78	52	53	51	32	29	26	3
Other business services	*703*	*12,593*	%	82	51	50	43	31	34	34	4
Public administration and defence	*40*	*723*	%	!	!	!	!	!	!	!	!
Education	*201*	*3,500*	%	84	50	28	44	43	49	49	3
Health and social work	*376*	*6,036*	%	82	42	15	29	46	39	40	8
Miscellaneous services	*383*	*9,448*	%	83	47	49	38	30	36	39	5

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*
Base: *All establishments with skill-shortage vacancies.*
Notes: *! indicates that results are not shown due to a low base size (unweighted skill-shortage vacancies of fewer than 50).*
Percentages do not sum to 100% across rows because of multiple responses.
'nes' means 'not elsewhere specified'.

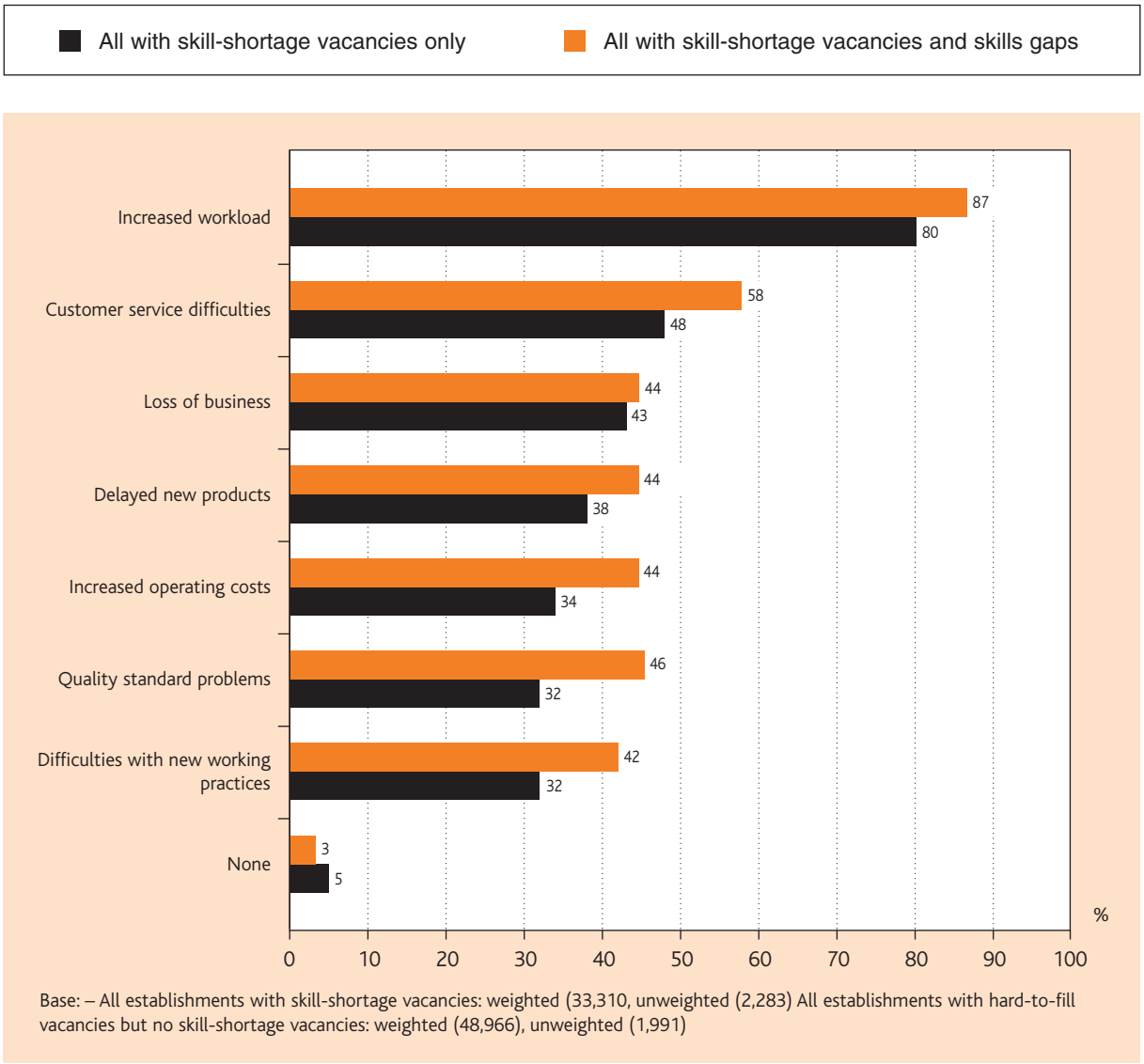
28 Half of employers with SSVs in Yorkshire and the Humber have delayed the introduction of new products and/or services as a result, compared to around a quarter in the North East (26 per cent) and around a third each in the West Midlands (34 per cent) and in London (35 per cent).

29 Further investigation will be required to unravel the extent to which this analysis points to specific dynamics of the labour market in each region, or whether such regional differences reflect the regional composition of SSVs by industry and occupation.

30 In terms of the current survey and this report, even with the relatively large number of interviews with establishments with SSVs overall, the potential for industry analysis is significantly impaired by the small bases of establishments with such problems in certain industries. Table 5.3 is therefore shown as indicative only.[2]

31 Differences in the impact of SSVs by skills-deficiency status, i.e. comparing the impacts upon establishments with SSVs only against those with both SSVs and skill gaps, are shown in Figure 5.5.

Figure 5.5: Impact of skill-shortage vacancies by skills deficiency status



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).* ***Base:*** *All establishments with skill-shortage vacancies.*

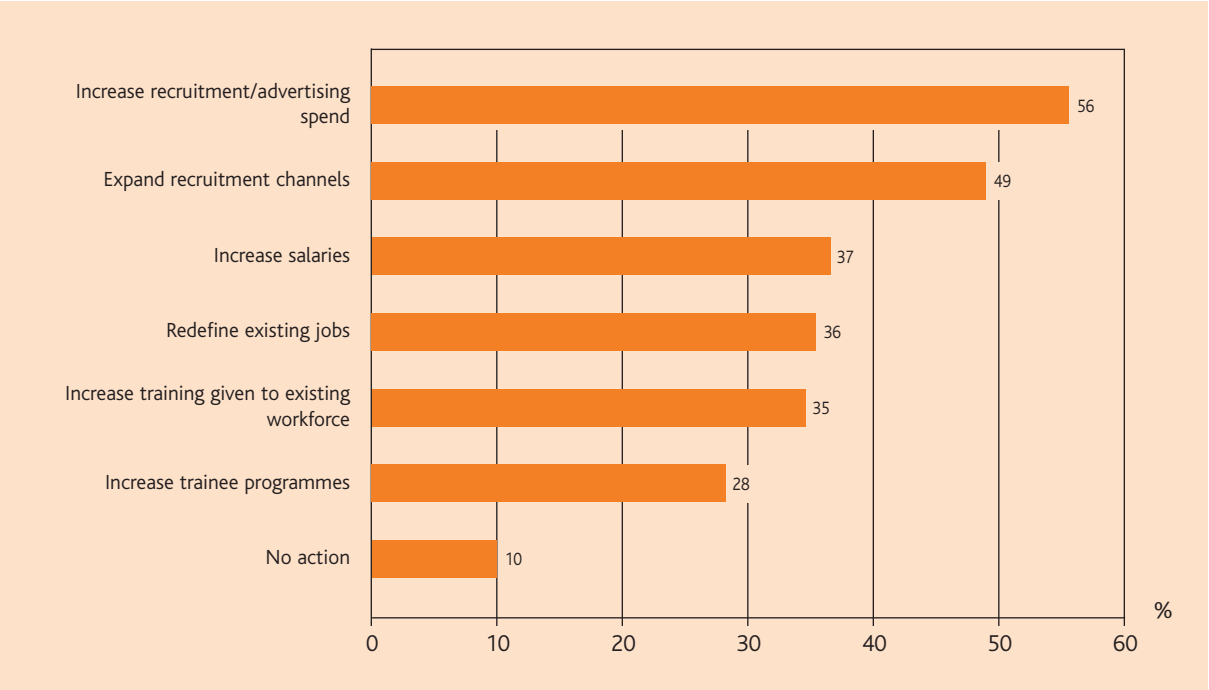
[2] Those industries with base sizes of fewer than 50 establishments have been removed.

32 Those establishments which have both internal and external skill deficiencies are more likely to suffer from all impacts except the loss of business or orders to competitors. The combined effect of having both internal and external skills deficiencies is most profound in terms of the impact it has on establishments meeting quality service objectives (46 per cent of those with both internal and external problems cited this impact compared to one-third (32 per cent) of those who suffered from SSVs only).

5.4 Actions Taken to Combat Skill-shortage Vacancies

33 Having looked at what impacts SSVs have, it is also important to consider the actions that employers who experience SSVs take to combat them (see Figure 5.6).

Figure 5.6: Actions taken to combat skill-shortage vacancies



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments with skill-shortage vacancies.*

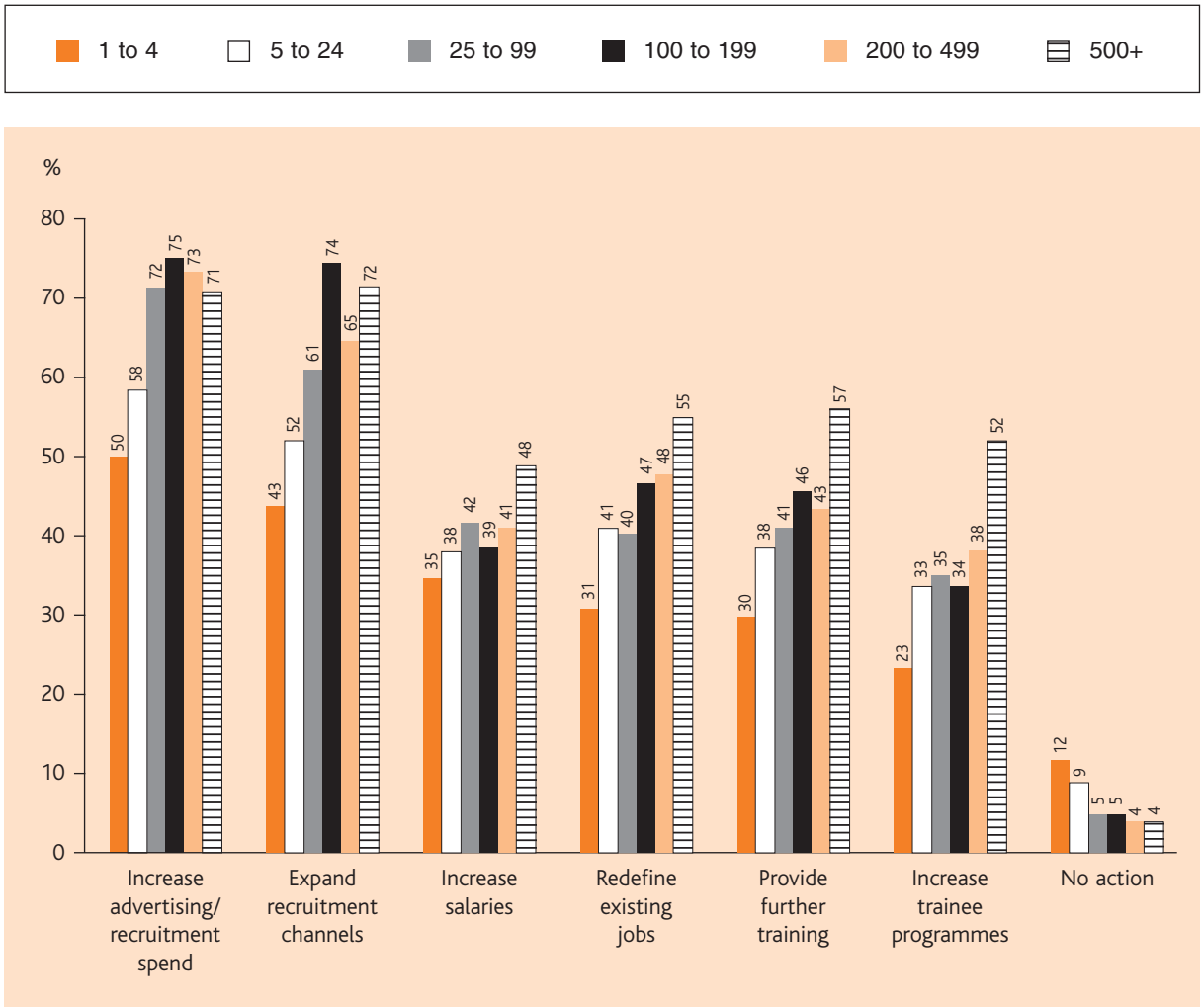
34 Logically, the actions that employers take in response to SSVs predominantly involve direct changes to recruitment activity, with the most common responses being to increase expenditure on recruitment and advertising (56 per cent), to expand recruitment channels (49 per cent) or to increase salaries (37 per cent).

35 Along with increasing recruitment, a second level order of response incorporates redefining existing jobs and providing further training opportunities (hence often existing staff take over part of the responsibilities that the employer is having difficulty covering that would have been taken on by new recruits), each of which is undertaken by just over a third of establishments with SSVs. Just over a quarter of employers experiencing SSVs opt to increase trainee programmes, implying that they are prepared to take on (more) people with lower levels of skill than would ideally be sought, and to train them up while on the job.

36 It is also worth noting that a greater proportion of employers facing external recruitment problems do nothing about them (10 per cent) than experience no impact (4 per cent), implying that some businesses are left unable to react, or not knowing how to react, in the face of external skills deficiencies.

37 A full breakdown of responses to SSVs by size of employer is shown in Figure 5.7.

Figure 5.7: Actions taken to combat skill-shortage vacancies by size of establishment



Source: LSC National Employers Skill Survey 2003 (IFF/IER).

Base: All establishments with skill-shortage vacancies.

38 Contrary to the impacts of SSVs (where some impacts were more likely to be felt by smaller establishments than by larger establishments), in terms of actions to combat SSVs, variations by size are almost always directly linear. That is, larger establishments are more likely to take each of the actions listed to combat skills problems in the external labour market than are their smaller counterparts. This analysis highlights the relative lack of power and lack of awareness of possible responses of smaller employers in the face of labour market conditions.

Table 5.4: Actions taken to combat skill-shortage vacancies by region

Row percentages	Base = All establishments with skill-shortage vacancies: Unweighted	Weighted		Increase advertising/ recruitment spend	Expand recruitment channels	Increase salaries	Redefine existing jobs	Increase training to the existing workforce	Increase trainee programmes	Do nothing (unprompted)
All regions	***4,274***	***82,277***	**%**	**56**	**49**	**37**	**36**	**35**	**28**	**10**
West Midlands	*407*	*6,953*	%	54	43	24	30	30	25	7
East Midlands	*414*	*8,804*	%	54	49	45	39	26	25	12
Eastern	*470*	*9,488*	%	64	54	39	37	37	38	10
London	*520*	*10,294*	%	47	50	30	31	35	25	14
North East	*190*	*3,251*	%	44	47	30	29	35	20	5
North West	*591*	*9,929*	%	63	58	42	40	38	30	9
South East	*754*	*15,782*	%	56	46	37	31	33	24	10
South West	*484*	*8,907*	%	60	46	41	47	33	31	6
Yorks and the Humber	*444*	*8,870*	%	59	51	42	41	44	32	9

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments with skill-shortage vacancies.*

Notes: *Percentages do not sum to 100% across rows because of multiple responses.*

39 Table 5.4 shows regional differences in actions taken to combat SSVs. Most regions follow the national pattern (in an ordinal sense) with regard to actions taken to overcome SSVs. However, there is a relatively wide variation in terms of the relative proportions of employers in each region citing each response. For example, whilst almost two-thirds of employers with SSVs in the North West and Eastern regions have increased advertising and recruitment spend, less than half of employers in London and the North East have followed suit.

40 Employers in London (and to a lesser extent the East Midlands) are more likely than employers in other regions to take no steps to combat SSVs. This suggests, perhaps, that SSVs here form a more structural, longer-standing facet of the labour market, which employers have simply got used to coping with. It is also evident that in London employers appear less keen than average to address the problem by increasing advertising and recruitment spend.

41 Differences by industry are again difficult to unravel with confidence due to the small base sizes for many of the industries. Table 5.5 is again shown as indicative only.[3]

[3] Those industries with base sizes of fewer than 50 establishments have been removed.

Table 5.5: Actions taken to combat skill-shortage vacancies by industry

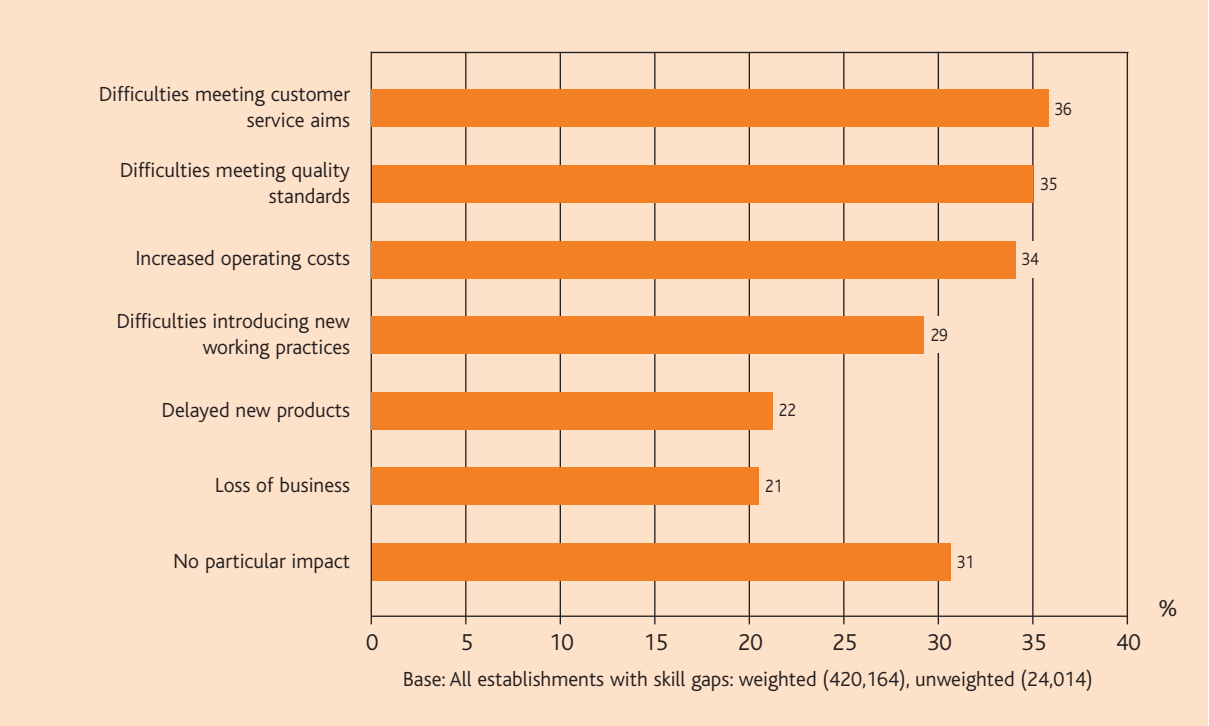
Row percentages	Base = All establishments with skill-shortage vacancies: Unweighted	Weighted		Increase advertising/ recruitment spend	Expand recruitment channels	Increase salaries	Redefine existing jobs	Increase training to the existing workforce	Increase trainee programmes	Do nothing (unprompted)
All industries	***4,274***	***82,277***	**%**	**56**	**49**	**37**	**36**	**35**	**28**	**10**
Agriculture, etc	*22*	*392*	%	!	!	!	!	!	!	!
Mining and quarrying	*4*	*47*	%	!	!	!	!	!	!	!
Food, drink and tobacco	*32*	*399*	%	!	!	!	!	!	!	!
Textiles and clothing	*23*	*510*	%	!	!	!	!	!	!	!
Wood and paper	*37*	*823*	%	!	!	!	!	!	!	!
Printing and publishing	*46*	*1,059*	%	!	!	!	!	!	!	!
Chemicals and non-metallic mineral products	*59*	*1,269*	%	71	35	70	35	50	47	2
Metals and metal goods	*78*	*1,490*	%	31	33	40	29	31	17	22
Engineering	*94*	*2,008*	%	50	69	36	39	27	38	1
Transport equipment	*22*	*292*	%	!	!	!	!	!	!	!
Manufacturing nes and recycling	*40*	*860*	%	!	!	!	!	!	!	!
Electricity, gas and water	*7*	*85*	%	!	!	!	!	!	!	!
Construction	*451*	*8,534*	%	49	47	49	30	35	26	10
Sale and maintenance of motor vehicles	*202*	*4,236*	%	62	48	48	40	36	29	6
Wholesale distribution	*168*	*2,952*	%	52	50	44	40	36	26	16
Retailing	*350*	*7,393*	%	49	45	29	27	27	21	14
Hotels and catering	*405*	*6,607*	%	56	48	45	46	40	31	11
Transport	*181*	*3,289*	%	49	33	34	25	18	19	14
Communications	*25*	*693*	%	!	!	!	!	!	!	!
Financial intermediation	*59*	*1,568*	%	52	46	36	57	34	13	9
Professional services	*125*	*2,090*	%	60	38	31	29	25	32	11
Computing and related	*141*	*3,383*	%	36	40	30	40	36	21	17
Other business services	*703*	*12,593*	%	57	57	35	34	33	24	7
Public administration and defence	*40*	*723*	%	!	!	!	!	!	!	!
Education	*201*	*3,500*	%	73	66	32	50	36	36	3
Health and social work	*376*	*6,036*	%	76	57	33	36	38	40	6
Miscellaneous services	*383*	*9,448*	%	61	45	34	36	39	30	10

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*
Base: *All establishments with skill-shortage vacancies.*
Notes: *! indicates that results are not shown due to a low base size (unweighted skill-shortage vacancies of fewer than 50).*
Percentages do not sum to 100% across rows because of multiple responses.
'nes' means 'not elsewhere specified'.

5.5 Impacts of Skill Gaps

42 Having examined the impact of external skill-shortages and the actions taken by employers to combat them, the focus now turns to skill gaps (internal skill deficiencies) and how they impact on, and are managed within, establishments. The impacts are summarised in Figure 5.8.

Figure 5.8: The impacts of skill gaps



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments with skill gaps.*

43 The hierarchy of impacts of skill gaps is quite different from that of the impacts of SSVs. While difficulties meeting customer service aims are high on the list of impacts of each (albeit at lower levels in terms of skill gaps – 36 per cent versus 52 per cent), loss of business and delays introducing new products are considerably more likely to be seen as the impact of internal skill problems. While around one in five establishments with skill gaps stated that they had encountered these impacts as a result, almost twice as many reported these impacts where SSVs were concerned (44 per cent and 41 per cent respectively). By contrast, increased costs and difficulties meeting quality standards were as likely to result from internal skill gaps as from external skill shortages.

44 In summary, the evidence shows that proficiency problems within an establishment's existing workforce are equally likely to be a source of quality problems as are external skills deficiencies. The latter are more likely to lead to delays introducing new products and a loss of business, however.

45 It is also noteworthy that a far greater proportion of employers with internal skill gaps see no impacts resulting from them (31 per cent) than see no impacts resulting from SSVs (4 per cent). Employers may adapt more easily to internal skills problems than to external ones. Another explanation may be that employers tend to recruit in response to demand (new orders or high

workloads), and at these times delays in recruiting because of skill shortcomings in applicants has a significant and noticeable effect. Everyday skill shortcomings of existing staff, however, are often normalised as part of working life.

46 Table 5.6 illustrates differences in the impacts of internal skills problems by region, size and industry.[4] Overall, variations in the impact of skill gaps by size are perhaps less marked than differences in terms of SSVs. The larger the establishment, the greater the likelihood that establishments with skill gaps will experience difficulties meeting customer service aims and/or quality standards, increased operating costs and difficulties introducing new working practices. There is little or no significant variation by size in the experience of loss of business or orders to competitors and of delays introducing new products or services.

47 Smaller establishments (with fewer than 25 staff) are more likely to experience no particular impacts from skill gaps than larger establishments.

48 In terms of regional variations, while the hierarchy of impacts is similar across the country, a relatively larger proportion of employers with skill gaps experience no impacts in London, the North East and the West Midlands. Indeed, in the latter two regions, employers report all impacts at lower than average levels compared to the rest of the country.

49 By industry, key differences among those with skill gaps are as follows.

a Difficulties meeting customer service aims (36 per cent overall):

- least likely to be an impact in agriculture and the manufacture of food, drink and tobacco (28 per cent)
- most likely to be an impact in communications (48 per cent), public administration (44 per cent) and hotels and catering (43 per cent).

b Difficulties meeting quality standards (35 per cent overall):

- least likely to be an impact in printing and publishing (22 per cent)
- most likely to be an impact in public administration (46 per cent).

c Increased operating costs (34 per cent overall):

- most likely to be an impact in the primary or manufacturing sectors and least likely to be an impact in the services sector.

d Difficulties introducing new working practices (29 per cent overall):

- least likely to be an impact in the manufacture of wood and paper (19 per cent)
- most likely to be an impact in the manufacture of food, drink and tobacco (50 per cent) and public administration (41 per cent).

e Delays developing new products and services (22 per cent overall):

- least likely to be an impact in agriculture, construction and in financial intermediation (14 per cent, 17 per cent and 16 per cent respectively)
- most likely to be an impact in computing and related industries (36 per cent).

[4] Those industries with base sizes of fewer than 50 establishments have been removed.

f Loss of business or orders to competitors (21 per cent overall):

- least likely to be an impact in public administration (4 per cent) and health and social work (8 per cent), both of which are of course characterised by lesser degrees of competition
- most likely to be an impact in the manufacture of textiles and clothing (40 per cent), wholesale distribution (33 per cent) and engineering (31 per cent).

Table 5.6: Impacts of skill gaps by size, region and industry

Row percentages	*Base = All employers with skill gaps* *Unweighted*	*Weighted*		Difficulties meeting customer service aims	Difficulties meeting quality standards	Increased operating costs	Difficulties introducing new working practices	Delays developing new products	Loss of business/orders to competitors	No particular problems
Overall	***24,014***	***420,164***	**%**	**36**	**35**	**34**	**29**	**22**	**21**	**31**
Region										
West Midlands	2,279	43,536	%	27	23	26	17	15	15	38
East Midlands	2,140	36,348	%	38	36	33	30	22	20	28
Eastern	2,695	46,470	%	41	38	39	33	24	26	28
London	3,148	59,252	%	32	29	28	25	22	22	33
North East	1,068	16,737	%	27	24	24	17	16	15	41
North West	3,047	51,017	%	39	38	37	36	24	24	27
South East	4,391	75,586	%	35	35	34	29	22	20	31
South West	2,532	44,838	%	41	41	39	35	25	20	26
Yorks and the Humber	2,714	46,382	%	39	40	36	34	25	24	29
Size										
1 to 4	2,493	183,919	%	32	31	32	25	23	22	33
5 to 24	12,160	159,428	%	37	36	32	31	21	22	31
25 to 99	6,773	58,233	%	41	42	39	36	22	20	25
100 to 199	1,406	10,470	%	43	41	46	40	23	18	23
200 to 499	894	6,181	%	45	39	45	39	25	18	21
500+	288	1,933	%	40	39	49	40	24	19	24
Industry										
Agriculture, etc	94	2,001	%	28	27	50	33	14	22	23
Mining and quarrying	28	556	%	!	!	!	!	!	!	!
Food, drink and tobacco	194	3,752	%	28	31	52	50	30	27	13
Textiles and clothing	138	3,024	%	33	35	50	34	32	40	20
Wood and paper	137	3,040	%	32	33	43	19	25	32	33
Printing and publishing	348	5,763	%	31	22	39	25	26	23	26

Continued...

Table 5.6: Impacts of skill gaps by size, region and industry (continued)

Row percentages	Base = All employers with skill gaps Unweighted	Weighted		Difficulties meeting customer service aims	Difficulties meeting quality standards	Increased operating costs	Difficulties introducing new working practices	Delays developing new products	Loss of business/orders to competitors	No particular problems
Industry										
Chemicals and non-metallic mineral products	317	4,834	%	36	35	54	34	28	25	27
Metals and metal goods	464	7,712	%	39	33	54	33	27	26	22
Engineering	492	9,060	%	42	34	49	34	28	31	21
Transport equipment	125	1,411	%	37	28	48	36	33	24	20
Manufacturing nes and recycling	232	3,994	%	40	35	39	28	29	25	19
Electricity, gas and water	47	438	%	!	!	!	!	!	!	!
Construction	1,789	29,865	%	29	26	41	22	17	17	36
Sale and maintenance of motor vehicles	950	17,092	%	33	33	37	25	19	26	34
Wholesale distribution	1,303	22,426	%	42	34	40	32	23	33	26
Retailing	4,054	65,206	%	35	34	26	26	18	21	34
Hotels and catering	2,367	40,182	%	43	42	35	32	23	22	29
Transport	879	13,761	%	41	36	33	30	19	29	26
Communications	212	5,009	%	48	32	31	29	18	27	27
Financial intermediation	489	10,864	%	40	38	26	27	16	19	34
Professional services	948	16,722	%	36	39	26	27	19	22	29
Computing and related	766	15,605	%	40	32	42	23	36	27	25
Other business services	3,310	58,275	%	33	32	35	25	26	20	33
Public administration and defence	333	7,271	%	44	46	24	41	20	4	29
Education	784	15,506	%	35	41	28	37	24	14	28
Health and social work	1,473	25,160	%	30	38	26	38	19	8	33
Miscellaneous services	1,741	31,633	%	33	35	26	33	24	19	33

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*
Base: *All establishments with skill gaps.*
Note: *! indicates that results are not shown due to a low base size (unweighted skill-shortage vacancies of fewer than 50).*
Percentages do not sum across rows to 100% because of multiple responses.
nes' means 'not elsewhere specified'.

5.6 Actions Taken to Combat Skill Gaps

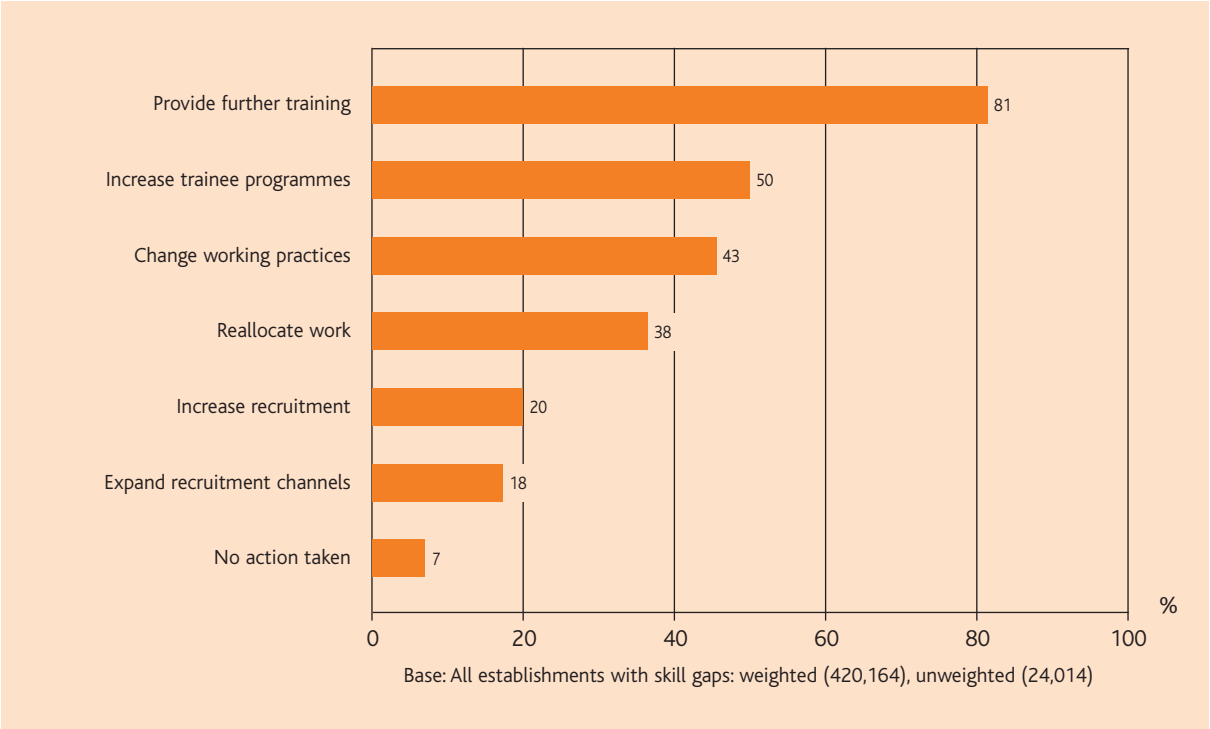
50 Figure 5.9 illustrates the actions taken to combat skill gaps. Positively, the most common response to internal skills deficiencies is to provide further training, with four in five employers with skill gaps taking this course of action. In addition, half of those with skill gaps have increased trainee programmes (84 per cent have done one or the other). This still leaves one in eight (16 per cent) employers with skill gaps who do not provide further training or increase trainee programmes as a response.

51 Typically, employers with internal skill gaps pursue a number of measures to help combat these problems (this can be seen by the extent to which the figures in the chart add beyond 100 per cent). The main additional action, taken by two in five employers, is to change working practices and/or reallocate work (43 per cent and 38 per cent respectively), increasing the burden on existing staff.

52 Around one in five establishments with skill gaps increase recruitment activity as a response. It is possible, however, in such cases that the underlying problem will remain.

53 Differences by region, size and industry are shown in Table 5.7.

Figure 5.9: Actions taken to combat skill gaps



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments with skill gaps.*

Table 5.7: Actions taken to combat skill gaps by size, region and industry

Row percentages	Base = All employers with skill gaps: Unweighted	Weighted		Provide further training	Increase trainee programmes	Change working practices	Reallocate work within the company	Increase recruitment	Expand recruitment channels	No particular action taken
Overall	***24,014***	***420,164***	**%**	**81**	**50**	**43**	**38**	**20**	**18**	**7**
Region										
West Midlands	*2,279*	*43,536*	%	74	38	31	22	14	11	11
East Midlands	*2,140*	*36,348*	%	81	50	40	42	19	19	5
Eastern	*2,695*	*46,470*	%	84	60	47	45	22	20	4
London	*3,148*	*59,252*	%	75	37	35	29	17	15	10
North East	*1,068*	*16,737*	%	71	31	32	22	16	16	13
North West	*3,047*	*51,017*	%	83	55	49	45	24	22	6
South East	*4,391*	*75,586*	%	79	49	44	40	21	18	6
South West	*2,532*	*44,838*	%	86	59	50	47	24	21	6
Yorks and the Humber	*2,714*	*46,382*	%	88	61	50	40	23	22	4
Size										
1 to 4	*2,493*	*183,919*	%	75	41	36	34	17	14	9
5 to 24	*12,160*	*159,428*	%	84	54	45	39	21	19	5
25 to 99	*6,773*	*58,233*	%	88	61	52	44	27	25	3
100 to 199	*1,406*	*10,470*	%	90	65	58	50	28	30	3
200 to 499	*894*	*6,181*	%	89	62	59	43	28	30	3
500+	*288*	*1,933*	%	92	64	57	43	33	39	2
Industry										
Agriculture, etc	*94*	*2,001*	%	82	44	47	37	17	13	4
Mining and quarrying	*28*	*556*	%	!	!	!	!	!	!	!
Food, drink and tobacco	*194*	*3,752*	%	84	65	64	34	25	20	2
Textiles and clothing	*138*	*3,024*	%	81	36	39	39	21	13	6
Wood and paper	*137*	*3,040*	%	59	35	39	44	17	17	13
Printing and publishing	*348*	*5,763*	%	77	38	45	44	16	12	6
Chemicals and non-metallic mineral products	*317*	*4,834*	%	79	53	54	44	23	24	8
Metals and metal goods	*464*	*7,712*	%	82	44	40	41	20	13	5
Engineering	*492*	*9,060*	%	82	60	51	55	15	18	6
Transport equipment	*125*	*1,411*	%	81	39	53	45	19	19	5
Manufacturing nes and recycling	*232*	*3,994*	%	72	38	50	42	12	16	6
Electricity, gas and water	*47*	*438*	%	!	!	!	!	!	!	!

Continued...

Table 5.7: Actions taken to combat skill gaps by size, region and industry (continued)

Row percentages	Base = All employers with skill gaps: Unweighted	Weighted		Provide further training	Increase trainee programmes	Change working practices	Reallocate work within the company	Increase recruitment	Expand recruitment channels	No particular action taken
Industry										
Construction	*1,789*	*29,865*	%	76	41	32	34	18	16	7
Sale and maintenance of motor vehicles	*950*	*17,092*	%	77	47	38	38	23	19	9
Wholesale distribution	*1,303*	*22,426*	%	79	43	43	41	18	18	7
Retailing	*4,054*	*65,206*	%	81	47	39	30	17	16	7
Hotels and catering	*2,367*	*40,182*	%	83	54	44	32	31	24	7
Transport	*879*	*13,761*	%	73	39	41	34	20	19	10
Communications	*212*	*5,009*	%	88	53	51	40	29	19	7
Financial intermediation	*489*	*10,864*	%	84	54	44	44	18	16	5
Professional services	*948*	*16,722*	%	74	49	36	38	17	14	10
Computing and related	*766*	*15,605*	%	79	44	49	46	16	18	6
Other business services	*3,310*	*58,275*	%	80	49	41	42	20	17	7
Public administration and defence	*333*	*7,271*	%	87	63	51	52	20	13	4
Education	*784*	*15,506*	%	91	61	56	50	23	25	1
Health and social work	*1,473*	*25,160*	%	89	68	49	37	25	24	4
Miscellaneous services	*1,741*	*31,633*	%	81	53	44	35	19	18	7

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*
Base: *All establishments with skill gaps.*
Note: *! indicates that results are not shown due to a low base size (unweighted skill-shortage vacancies of fewer than 50).*
Percentages do not sum across rows to 100% because of multiple responses.
'nes' means 'not elsewhere specified'.

54 By size, smaller employers are less likely to undertake any of the specific actions to combat skill gaps than their larger counterparts, and more likely to take no steps (9 per cent of establishments with skill gaps with less than 5 employees compared with 3 per cent of those with skill gaps who have 25 or more staff).

55 Comparatively, variations by region are less marked in terms of increased recruitment and expanding recruitment channels but significantly more marked in terms of reallocating work within the company. The latter is a far less common reaction to skill gaps in the West Midlands and the North East (indeed, these regions show fewer responses of all types, as, to a lesser extent, do those in London).

56 Key differences by industry are as follows.

a Providing further training (81 per cent overall):

- less common as a response to skill gaps in the manufacture of wood and paper industry (59 per cent)

- more common as a response in public administration and defence, communications, health and social work, and education (87 per cent, 88 per cent, 89 per cent and 91 per cent respectively).

b Increasing trainee programmes (50 per cent overall):

- more common as a response to skill gaps in the engineering, education, public administration, food and drink and health and social work industries (60 per cent, 61 per cent, 63 per cent, 65 per cent and 68 per cent respectively).

c Changing working practices (43 per cent overall):

- less common as a response to skill gaps in construction (32 per cent)
- more common as a response in transport equipment, chemicals and non-metallic mineral products, education and food, drink and tobacco (53 per cent, 54 per cent, 56 per cent and 64 per cent respectively).

d Reallocating work within the company (38 per cent):

- more common as a response to skill gaps in computing, education, public administration and engineering (46 per cent, 50 per cent, 52 per cent and 55 per cent respectively).

e Increased recruitment (20 per cent overall):

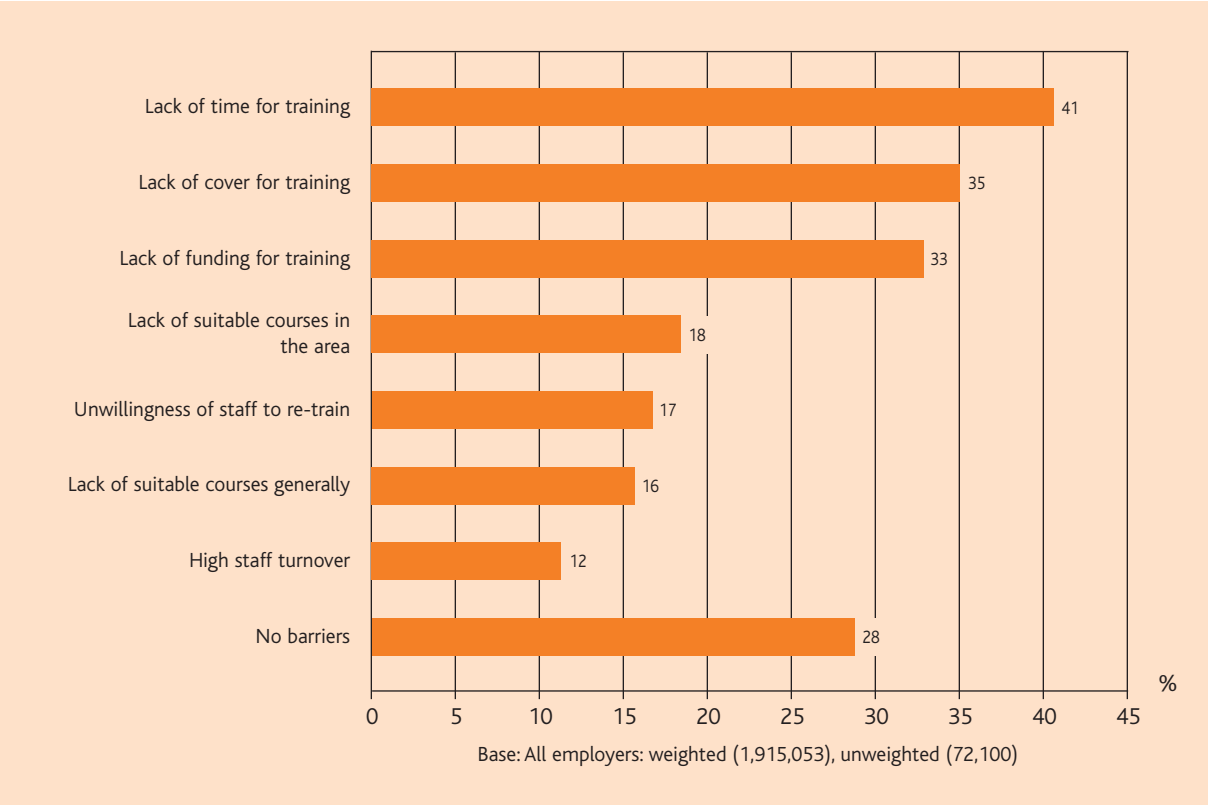
- less common as a response to skill gaps in manufacturing not elsewhere specified (nes) and recycling (12 per cent)
- more common as a response in the communications industry and in hotels and catering.

5.7 Barriers to a Fully Skilled Workforce

57 This final section of the chapter examines the barriers that employers anticipate may prevent them from having a fully skilled workforce in the future. The question upon which this analysis is based was asked on a prompted basis – i.e. establishments were asked whether each of a series of eventualities might prevent them from having a fully proficient workforce in the future. The question was configured slightly differently according to whether or not the establishment was experiencing internal skill gaps at the time of interview. Those with gaps were asked what barriers might exist to them *developing* a fully proficient workforce; those without gaps were asked what barriers existed to *maintaining* a fully proficient workforce.

58 Responses for establishments with and without skills deficiencies are analysed separately later in this section. First, however, the overall response is considered, as shown in Figure 5.10 on page 109.

Figure 5.10: Barriers to a fully skilled workforce – an overall picture



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments.*

59 Around three in ten employers foresee no barriers to a fully skilled workforce in the future (28 per cent). Whether this is a realistic assessment based on plans and activities to up-skill their workforce, on relatively low skill needs or on a belief that skill needs will change little in the future, or whether it demonstrates that certain employing establishments lack foresight in skills or workforce development terms is less immediately clear from the data.

60 Where barriers are anticipated, they mostly revolve around the opportunity cost of training, with around two in five (41 per cent) lacking time for training and a further third (35 per cent) lacking the cover that would liberate potential employees from their job roles for the duration of the training. A similar percentage (33 per cent) believe that a lack of funds for training will impair their chances of having a fully proficient workforce in the future.

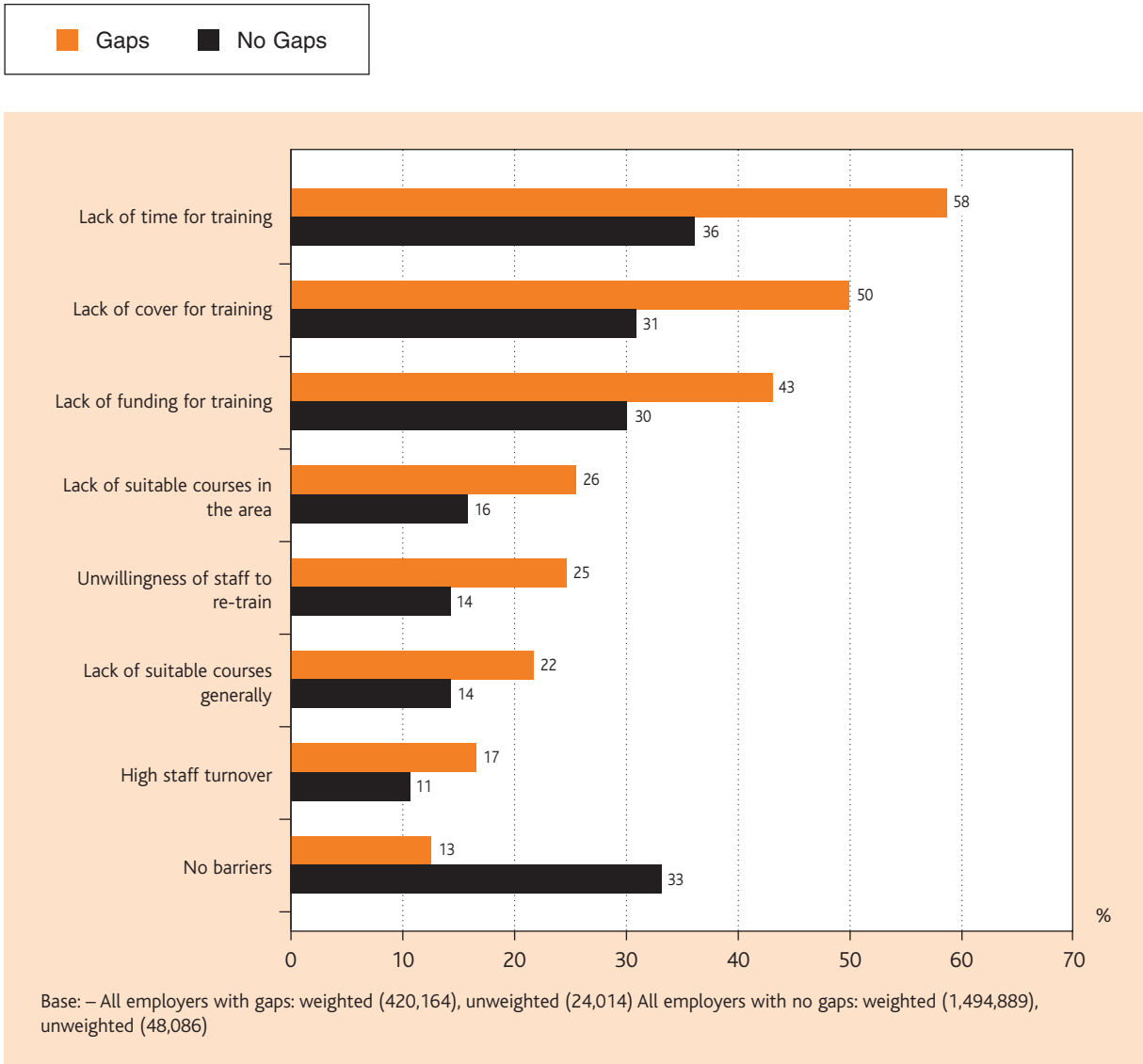
61 These are effectively **internal** constraints over which the establishment, or the organisation it forms part of (if not necessarily the respondent him or herself), has at least partial control.

62 A secondary level of barriers incorporates key external constraints (lack of suitable courses and lack of available courses in the local area *per se* – 18 per cent and 16 per cent respectively) and constraints which straddle the internal and the external. The latter category of response incorporates the unwillingness of staff to train (17 per cent). This can be seen at least in part as a function of over-arching societal attitudes to learning, as much as in terms of employees' valuation of the benefit to themselves (either within or without their current workplace) of developing their skills. It also

incorporates high staff turnover (12 per cent), which may be a function of internal issues but also a function of external competition for labour.

63 Figure 5.11 looks at responses separately for establishments with and without skills deficiencies. Those employers with skill gaps were more likely to report barriers to *developing* a fully proficient workforce. Only 13 per cent reported no barriers compared to one in three employers (33 per cent) without skill gaps who claimed that there were no barriers to *maintaining* a fully proficient workforce. In terms of specific barriers mentioned, there was essentially the same division between internal and external constraints with a lack of time, funding or cover for training the most common barriers for both groups.

Figure 5.11: Barriers to a fully skilled workforce by skill gaps status

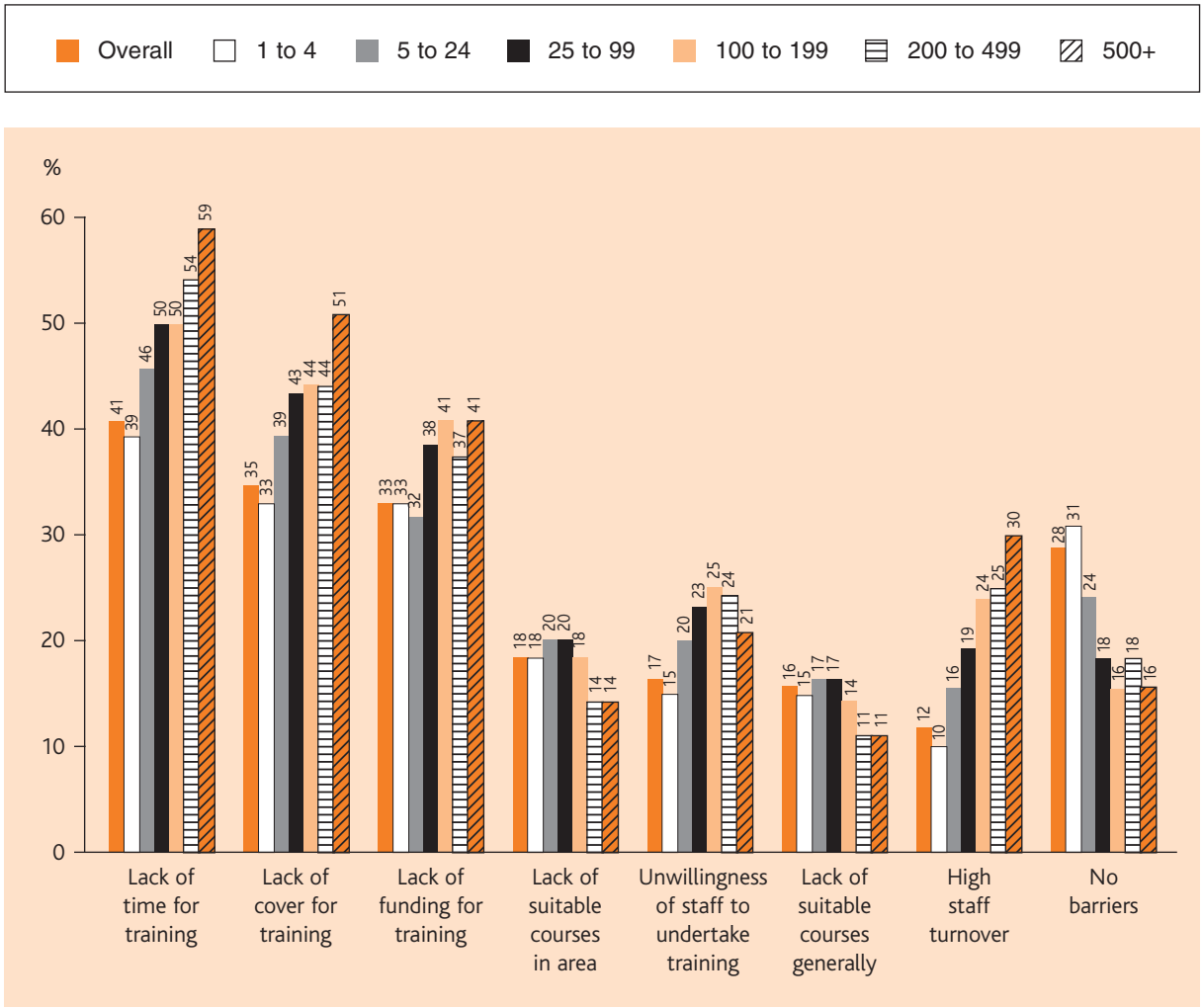


Base: – All employers with gaps: weighted (420,164), unweighted (24,014) All employers with no gaps: weighted (1,494,889), unweighted (48,086)

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments with skill gaps.*

Figure 5.12: Barriers to a fully skilled workforce by size



Source: LSC National Employers Skill Survey 2003 (IFF/IER).

Base: All establishments with skill gaps.

64 Different expectations of barriers by size are shown in Figure 5.12. There are clear patterns by size in terms of most (potential) barriers, with larger establishments more likely to see these as important. The main exception is a lack of courses – either in terms of local availability or suitability. In terms of seeing no barriers to a fully skilled workforce, the smallest companies are far more likely to foresee none.

65 At first sight, these findings might appear counter-intuitive. The main barriers are most likely to be internal in nature and it is arguable that larger establishments are typically in a better position to control or legislate for such internal issues than smaller establishments. However, it must also be remembered that the vast majority of smaller companies register no skills deficiencies or problems (whether internal or external). Given labour turnover that is typically lower, and a lack of focus on the labour market skills issues in such establishments, it is therefore logical that they foresee no or few reasons why this should change.

66 Larger establishments are less likely to see a lack of locally available courses and/or of suitable courses as a barrier than are their smaller counterparts, perhaps reflecting either better knowledge of training provision or a greater capacity or propensity to provide training development opportunities in-house.

67 In terms of region, the hierarchy of barriers is similar across the nation, although there is greater variation in most responses than by size, as shown in Table 5.8.

Table 5.8: Barriers to a fully skilled workforce by region

	Base = All employers										
Row percentage	*Unweighted*	*Weighted*		Lack of time for training	Lack of cover for training	Lack of funding for training	Lack of suitable courses in area	Unwillingness of staff to undertake training	Lack of suitable courses generally	High staff turnover	No barriers
				%	%	%	%	%	%	%	%
All regions	***72,100***	***1,915,053***	%	**41**	**35**	**33**	**18**	**17**	**16**	**12**	**28**
West Midlands	*6,933*	*183,008*	%	34	24	26	11	11	10	8	40
East Midlands	*5,666*	*147,627*	%	42	35	32	19	17	16	12	30
Eastern	*8,150*	*219,386*	%	45	41	37	23	20	20	13	21
London	*13,381*	*365,404*	%	35	25	28	11	12	10	11	39
North East	*3,466*	*65,516*	%	34	22	27	13	11	10	9	35
North West	*8,419*	*226,859*	%	43	41	37	21	20	18	13	23
South East	*12,883*	*350,825*	%	42	36	33	18	17	16	13	27
South West	*7,203*	*193,843*	%	48	44	38	25	20	21	14	18
Yorks and the Humber	*5,999*	*162,587*	%	48	44	38	23	22	22	15	19

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments with skill gaps.*

Percentages do not sum across rows to 100% because of multiple responses.

68 Employers in the West Midlands and London are the most likely to foresee no problems (along with employers in the North East to a slightly lesser extent).

69 Employers in the South West and Yorkshire and the Humber (and to a lesser extent in the East of England) are more likely to foresee some problems. This applies in terms of each of the specific types of problem.

70 The greatest variations by region are to be found in terms of "lack of cover for training", which as many as 44 per cent of employers in the South West and Yorkshire and the Humber see as a barrier, compared to as few as 22 per cent in the North East, 24 per cent in the West Midlands and 25 per cent in London.

71 There is least variation in the view of high staff turnover as a barrier, with only 7 percentage points separating employers in the West Midlands (8 per cent) and their counterparts in Yorkshire and the Humber (15 per cent).

72 In terms of availability of courses in the local area, 11 per cent of employers in the West Midlands and in London believe there to be few courses available (compared to 25 per cent in the South West). This does appear likely to reflect regional balances in the provision of formal development opportunities.

73 Similarly, one in ten employers in the West Midlands, London and the North East lament the lack of suitable courses as a potential barrier to a fully skilled workforce, compared to 22 per cent in Yorkshire and the Humber, 21 per cent in the South West and 20 per cent in the Eastern region.

74 By industry, variations are generally of a similar order to those by size, with the exceptions being lack of funding for training and high staff turnover, both of which show considerably more variation, as shown in Table 5.9.

Table 5.9: Barriers to a fully skilled workforce by industry

	Base = All employers										
Row percentage	*Unweighted*	*Weighted*		Lack of time for training	Lack of cover for training	Lack of funding for training	Lack of suitable courses in area	Unwillingness of staff to undertake training	Lack of suitable courses generally	High staff turnover	No barriers
				%	%	%	%	%	%	%	%
All industries	***72,100***	***1,915,053***	**%**	**41**	**35**	**33**	**18**	**17**	**16**	**12**	**28**
Agriculture, etc	*326*	*8,467*	%	44	39	42	19	19	12	10	23
Mining and quarrying	*98*	*2,599*	%	44	29	29	27	21	18	6	34
Food, drink and tobacco	*346*	*8,198*	%	43	40	28	21	18	16	16	23
Textiles and clothing	*396*	*11,815*	%	42	34	33	19	13	19	14	25
Wood and paper	*405*	*10,118*	%	44	36	42	20	20	18	9	23
Printing and publishing	*1,135*	*29,272*	%	46	40	35	18	12	16	7	26
Chemicals and non-metallic mineral products	*721*	*16,983*	%	41	35	32	20	17	17	12	29
Metals and metal goods	*1,215*	*30,676*	%	40	36	38	19	13	22	5	25
Engineering	*1,159*	*29,707*	%	50	40	36	21	13	19	7	23
Transport equipment	*332*	*5,644*	%	42	37	40	29	14	31	10	27
Manufacturing nes and recycling	*635*	*18,953*	%	43	31	35	21	20	21	9	24
Electricity, gas and water	*181*	*1,786*	%	39	30	24	15	15	10	14	37
Construction	*6,436*	*169,378*	%	44	37	38	23	18	19	9	28
Sale and maintenance of motor vehicles	*2,757*	*71,603*	%	41	35	30	23	18	21	13	28
Wholesale distribution	*4,352*	*118,785*	%	39	34	26	14	19	13	10	34
Retailing	*10,016*	*252,082*	%	39	33	27	15	18	15	15	32
Hotels and catering	*5,140*	*131,493*	%	39	32	28	16	24	14	26	29

Continued...

Table 5.9: Barriers to a fully skilled workforce by industry (continued)

Row percentage	*Base = All employers* *Unweighted*	*Weighted*		Lack of time for training	Lack of cover for training	Lack of funding for training	Lack of suitable courses in area	Unwillingness of staff to undertake training	Lack of suitable courses generally	High staff turnover	No barriers
Industry				%	%	%	%	%	%	%	%
Transport	*2,512*	*68,257*	%	34	32	32	17	19	14	12	32
Communications	*598*	*21,460*	%	48	40	32	18	15	17	15	28
Financial intermediation	*1,355*	*40,101*	%	44	38	21	16	17	12	11	29
Professional services	*3,870*	*96,745*	%	38	32	22	15	15	13	10	35
Computing and related	*3,514*	*120,273*	%	47	37	43	19	9	16	8	24
Other business services	*11,587*	*315,085*	%	42	32	32	16	12	13	9	30
Public administration and defence	*819*	*20,698*	%	47	43	32	21	13	16	11	21
Education	*2,043*	*47,439*	%	49	43	54	24	14	20	11	15
Health and social work	*3,622*	*88,857*	%	44	44	44	22	23	16	13	16
Miscellaneous services	*6,530*	*178,580*	%	39	35	37	21	18	17	14	29

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).* ***Base:*** *All establishments with skill gaps.*
Percentages do not sum across rows to 100% because of multiple responses.
'nes' means 'not elsewhere specified'.

75 In terms of lack of funding for training, half of the employers in education see this as a barrier to a fully skilled workforce (indeed it is the most common barrier). This is an industry characterised by high levels of external budgetary controls. This is also a problem for employers in:

- health and social work (44 per cent and the equal most common barrier)
- computing and related industries (43 per cent and the second most common barrier)
- agriculture (42 per cent where it is the second most common response)
- manufacture of wood and paper (42 per cent and the second most common response)
- manufacture of transport equipment (40 per cent and the second most common response).

76 By contrast, a lack of funding for training is a lower-level problem for establishments in financial intermediation, where it is the third most common response, given by one in five employers (21 per cent), the same level as reported in professional services (22 per cent).

77 High staff turnover is seen as a relatively bigger barrier in hotels and catering (where 26 per cent of businesses foresee this as a barrier to fully developing a skilled workforce).

National Employers Skills Survey 2003: Main Report

6. Training

6. Training

6.1 Introduction

1 Various *Skills in England* reports have pointed to employers' investments in skills training as being a determinant of good organisational performance.[1] Whilst a relationship is evident, questions arise about what type of training and how much is required to improve economic performance. Moreover, questions are asked about who should pay for training – the employer, the employee or the state – and what they should pay for. Training investments in transferable skills, according to some, should be funded by the employee since this endows them with skills and knowledge that they are able to trade in the labour market. Firm-specific training, on the other hand, is of use only within a given firm and therefore it is the firm that should pay for it. This lies at the heart of much economic analysis of training, but recent empirical evidence suggests that the performance of an organisation is most likely to be improved by training in general transferable skills.

2 This chapter cannot definitively answer the issues raised above, but it can provide a detailed account of the investments in training that employers are making in practice. In so doing it provides robust, statistical evidence about the volume, costs and types of training in which employers are engaged. As will be seen, training activity is extensive, but it varies according to the characteristics of the establishment. Given the magnitude of NESS2003, a level of detail is available that has been denied in previous analyses of employers' training activities based on the *Skill Needs in Britain* series of surveys and the *Learning and Training at Work* surveys.

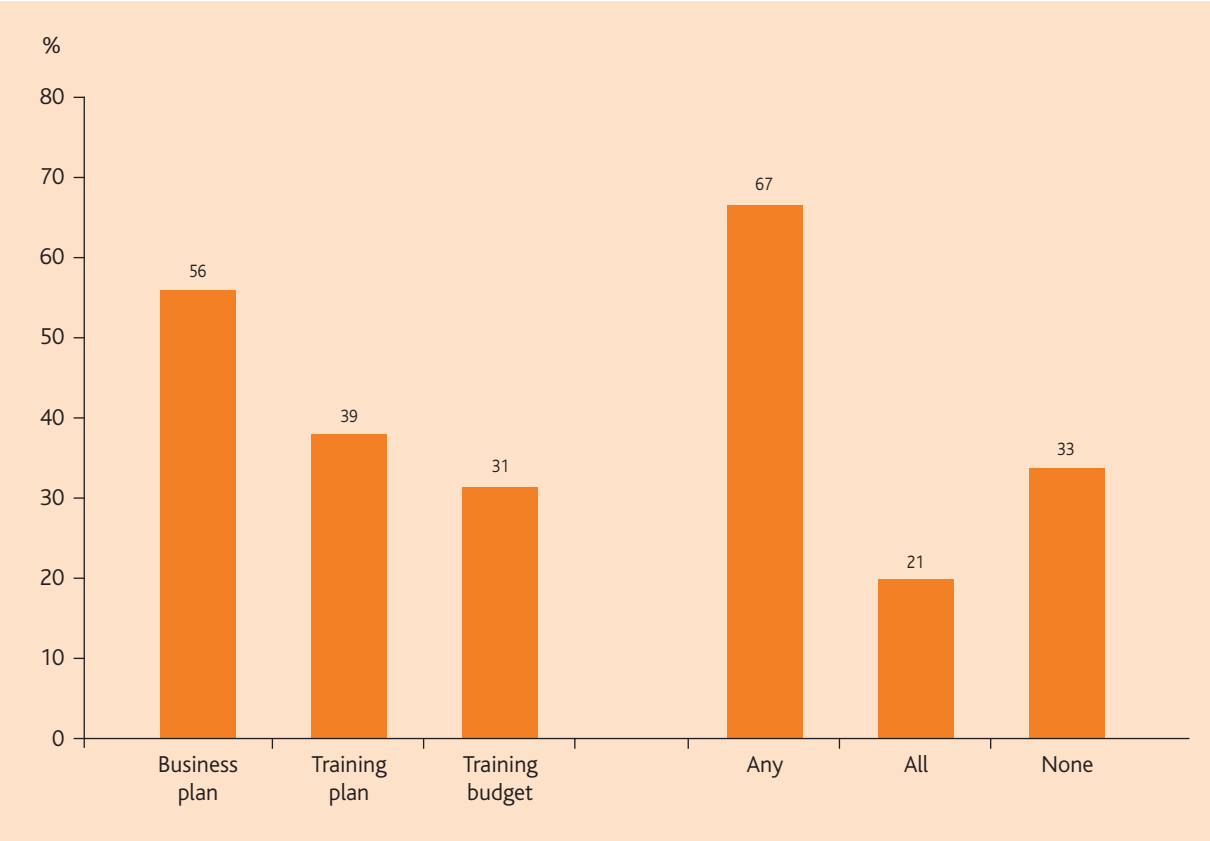
6.2 Formal Planning of Training

Incidence of business and training plans

3 The commentary begins by looking at the degree of formality in employers' business and training planning. Over half (56 per cent) of establishments reported that they had a formal business plan that specified the objectives for the coming year (see Figure 6.1). A training plan that specified in advance the level and type of training employees needed over the coming year was reported by 39 per cent of establishments. A slightly smaller percentage, 31 per cent, reported that they had a budget for training expenditure. Just over two-thirds of establishments (67 per cent) had at least one of the above plans, just over a fifth had all of them (21 per cent) and a third (33 per cent) had none.

[1] See Wilson *et al*, (2003) and Hogarth and Wilson, (forthcoming, 2004).

Figure 6.1: Business planning and training plans

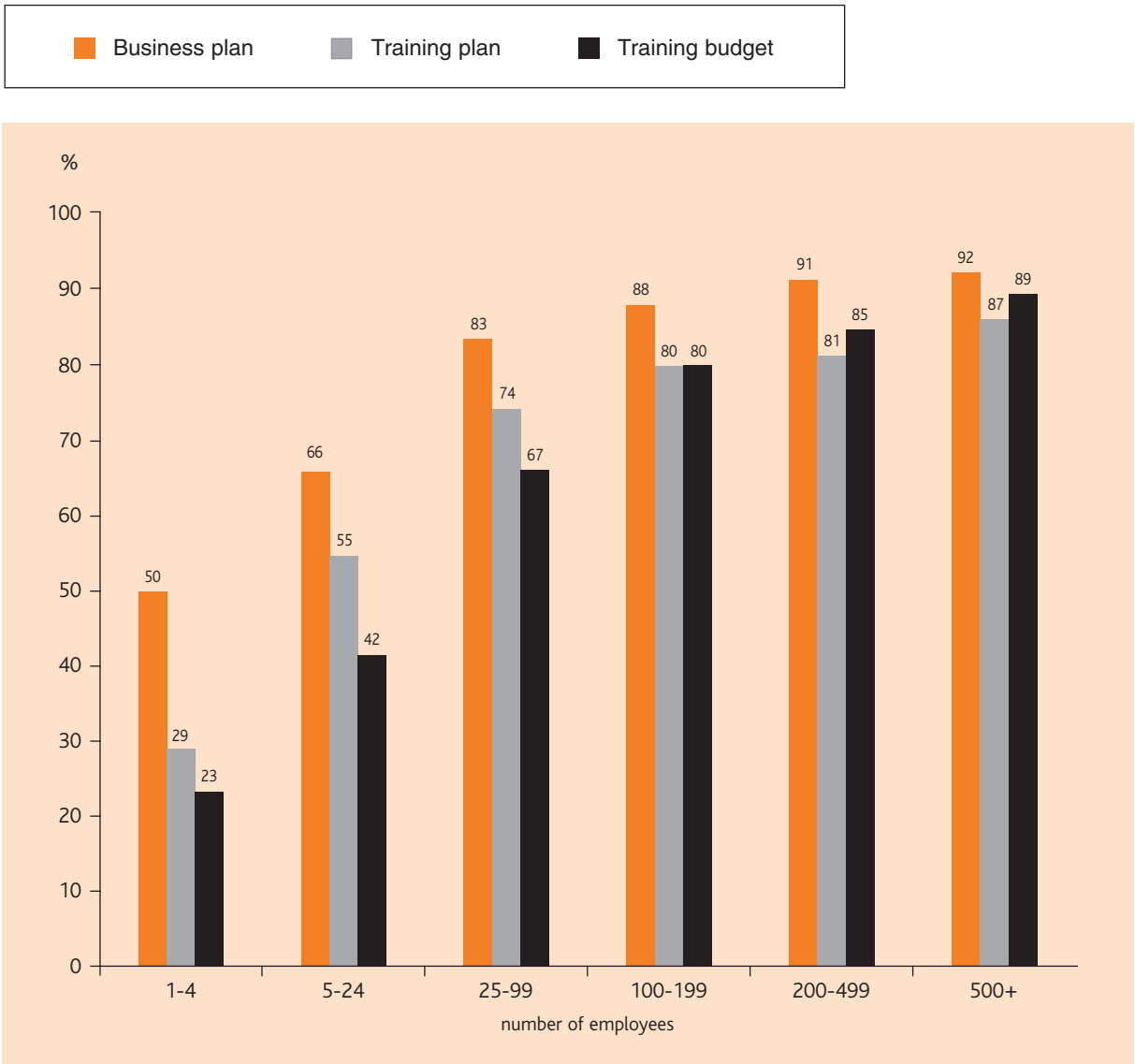


Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; establishment weighted.*

4 Larger establishments were much more likely to report any form of planning. Whereas 50 per cent of establishments with between one and four employees had a business plan, this rises to 92 per cent with those with 500 or more employees (see Figure 6.2). The gap between the percentage of establishments that possessed a business plan and those that did not have any kind of plan narrows the larger the size of establishment.

Figure 6.2: Business and training planning by size of establishment



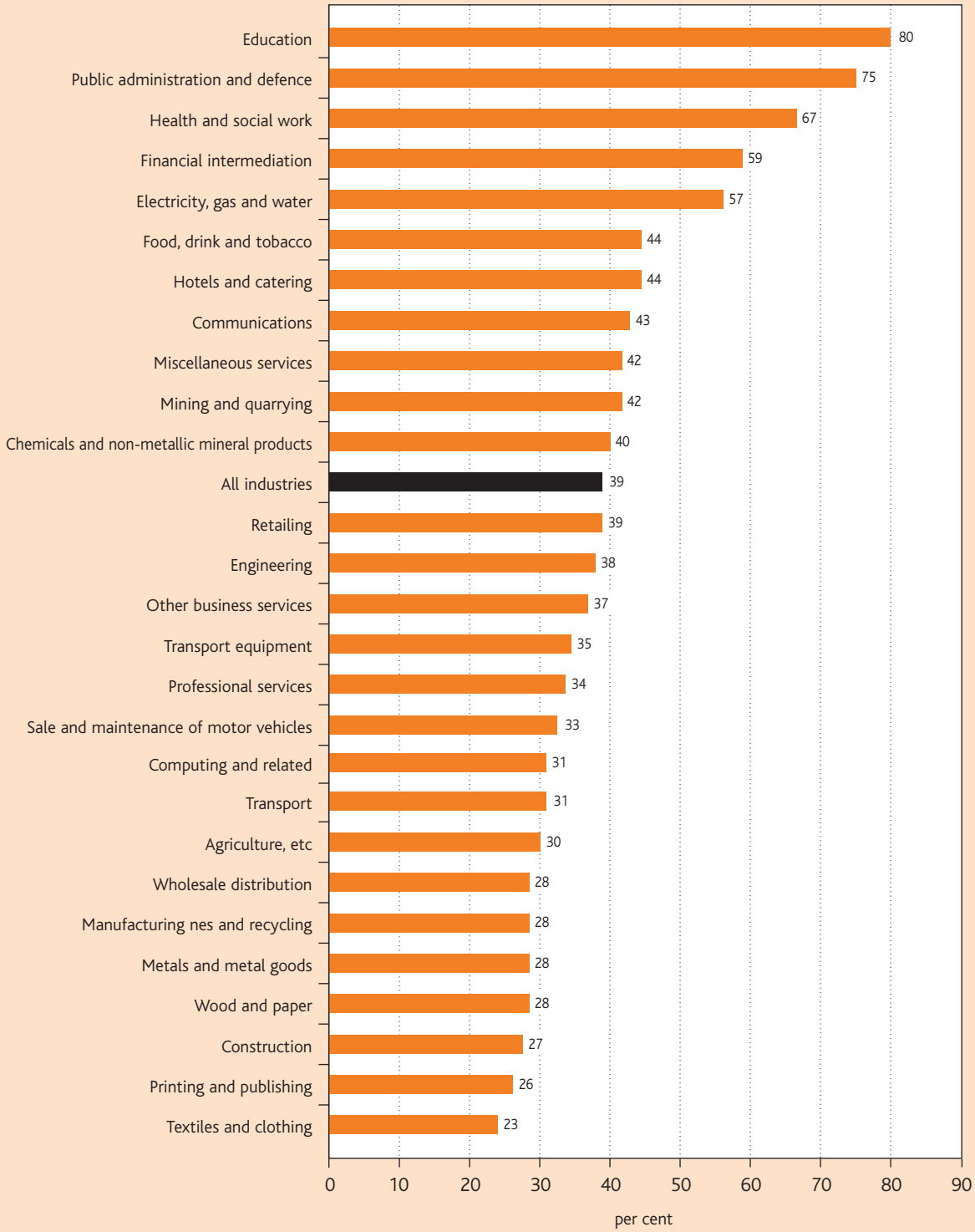
Source: *LSC National Employers Skill Survey 2003 (IFF/IER).* ***Base:*** *All establishments; establishment weighted.*

5 Figure 6.3 overleaf shows how individual industries vary around the average of 39 per cent of establishments with a training plan. Services provided primarily or solely by the public sector were most likely to have a training plan: education, public administration, and health and social work. In the private sector 36 per cent of establishments had a training plan compared to 59 per cent in the public sector.

6 Financial intermediation; electricity, gas and water; and food, drink and tobacco – predominantly private sector activities – were the industries that recorded the highest incidence of training plans. These are all sectors that are relatively highly regulated, with implications for the training of employees. For example, within the food, drink and tobacco industry employees have hygiene standards to attain. That said, construction is also a highly regulated industry and the incidence of training is low for this industry relative to the national average. Textiles and clothing were least likely to have a training plan, followed by printing and publishing and then construction.

7 The incidence of business or training plans varied little by region.

Figure 6.3: Establishments with a training plan by industry



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; establishment weighted.*

Other means of formally assessing training needs

8 The existence of business and training plans indicates a level of formality in the business and human resource process. A further measure of the extent to which employers engage in a planning process is whether:

a employees have a performance review; and

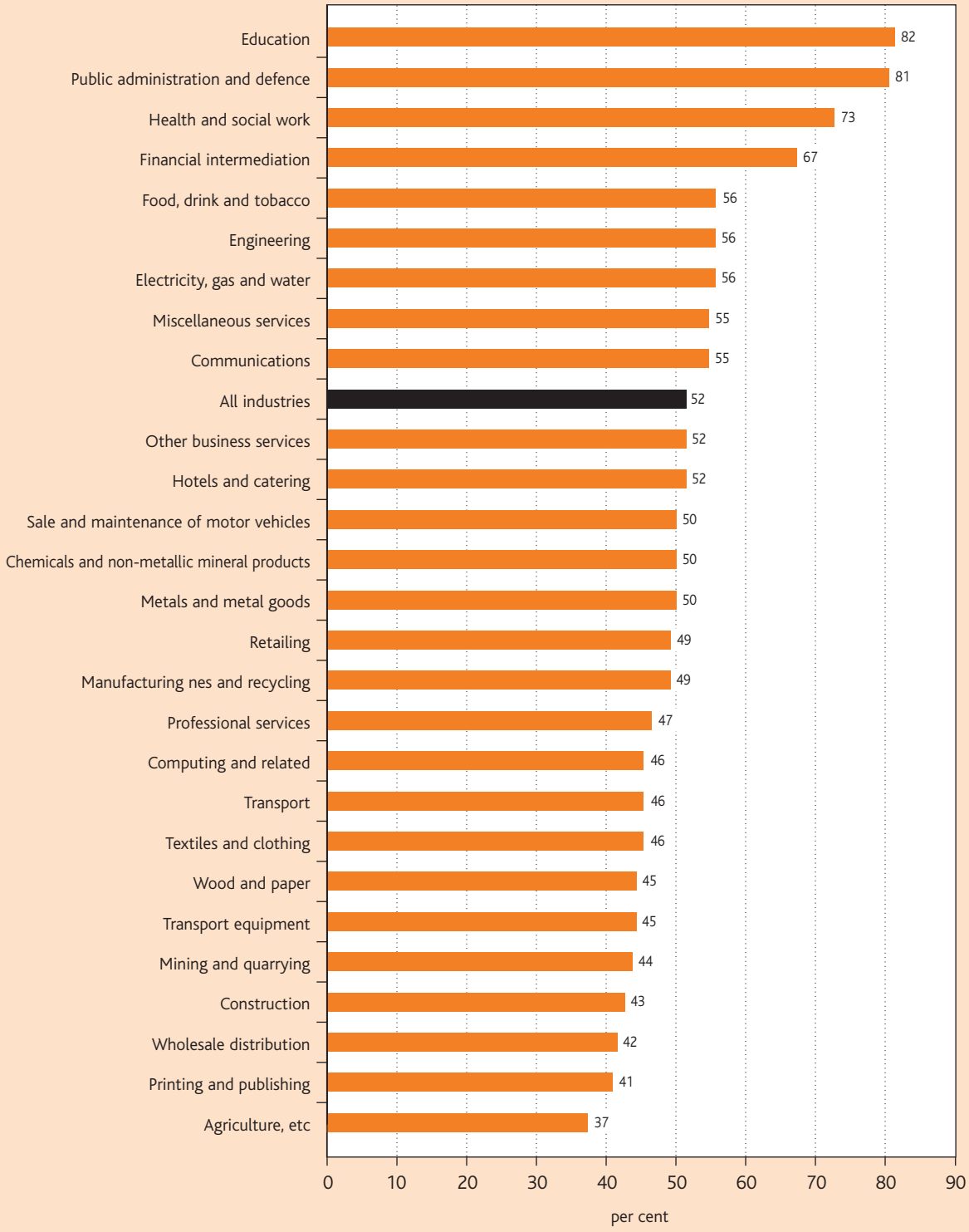
b the extent to which current employees' skill gaps are assessed.

9 The fact that none of their employees had an annual performance review was reported by 40 per cent of establishments , and 52 per cent reported that all their employees had one. Overall, across all establishments, the results show that three-quarters (75 per cent) of employees had an annual performance review. Just over half of establishments (52 per cent) reported that they formally assessed whether individuals had gaps in their skills. Again this was related to size of establishment, with 44 per cent of those with between one and four employees reporting that skills gaps were formally assessed, rising to 88 per cent amongst establishments with 500 or more employees.

10 Again, it was services provided primarily or solely by the public sector that were most likely to report that skill gaps were formally assessed (see Figure 6.4). For example, compared to the national average of 52 per cent of establishments formally assessing employees' skills gaps, 82 per cent of establishments in education and 81 per cent in public administration carried out assessments. Establishments in agriculture, etc. (37 per cent of establishments) were least likely to assess employees' skill gaps. Overall, 50 per cent of establishments in the private sector formally assessed whether individual employees had gaps in their skills compared to 67 per cent in the public sector.

11 These findings have implications for the reporting of skill gaps in general – as outlined in Chapter 4 – since the capacity of establishments to gauge the extent to which their employees are fully proficient will be determined, at least in part, by the processes in place to make that assessment as objectively as possible.

Figure 6.4: Establishments that formally assess skill gaps by industry



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; establishment weighted.*

6.3 Incidence of Training

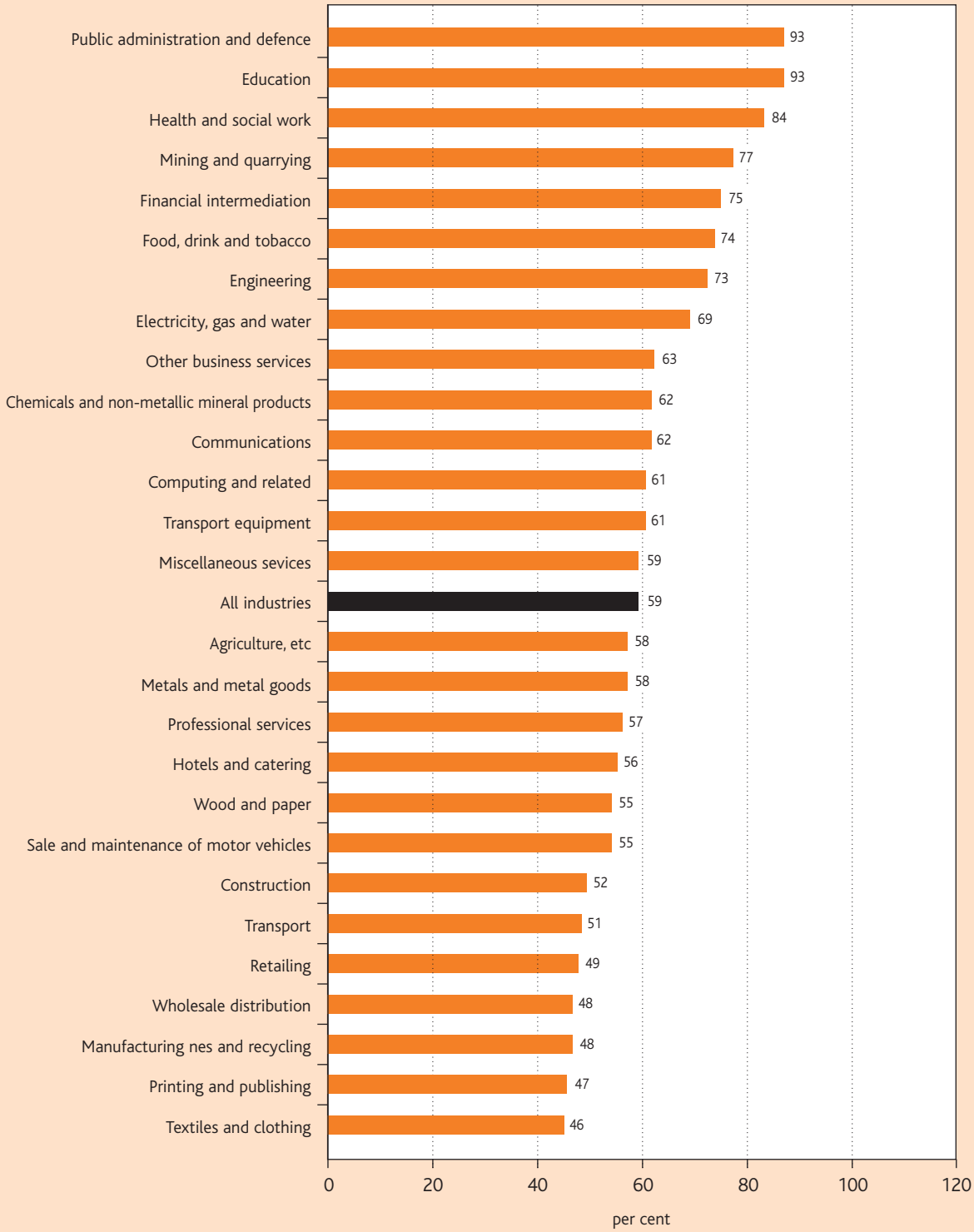
Extent of training

12 Of particular interest with reference to skills supply is the volume of training undertaken by employers. Training had been provided by 59 per cent of establishments over the past 12 months. The likelihood of training being provided increases with the size of establishment: 50 per cent of establishments with between one and four employees provided training whereas the largest ones – with 500 or more employees – were the most likely to do so (97 per cent).

13 The figures by industry once again reveal that it was services provided principally or solely by the public sector that were most likely to report the provision of training: education, health and social work, and public administration (see Figure 6.5). Training had been arranged by 57 per cent of establishments in the private sector over the past 12 months compared with 72 per cent in the public sector. Within the private sector, it was financial intermediation and the food and drink industries that were most likely to report that they had provided training over the past 12 months (around three quarters of establishments in each of these industries reported having engaged in training over the last year). At the other end of the scale, textiles and clothing stand out as having a low incidence of training.

14 Establishments in the North East (64 per cent) were the most likely to provide training, and establishments in London (55 per cent) were least likely to. In fact, London stands out with a relatively low percentage of establishments providing training, with the other regions being clustered around the 49 per cent to 56 per cent range.

Figure 6.5: Establishments providing training by industry

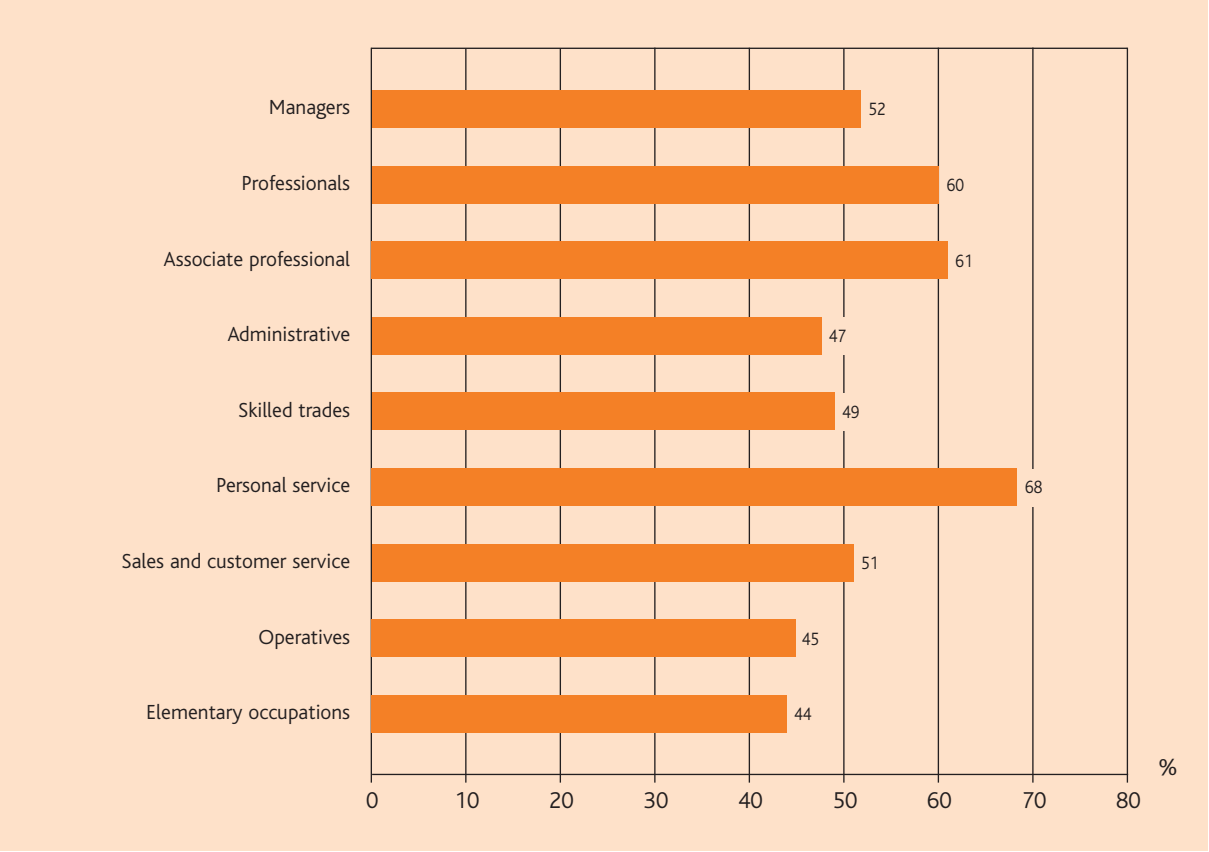


Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; establishment weighted.*

15 As well as knowing whether the establishment engaged in training, information is also required about whom they trained. Where establishments had engaged in training they were most likely to report that they had trained employees in personal service occupations: 68 per cent of those who trained and who employed this occupational category had provided training to at least one person in this occupation. The lowest incidence was in relation to elementary occupations, where the corresponding statistic was 44 per cent (see Figure 6.6).

Figure 6.6: Occupations to whom employers provided training (where that occupation is employed in the establishment)



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments providing training; establishment weighted.*

16 Table 6.1 provides more detailed information about training in relation to establishment size and the occupation of employees who have received training. What is perhaps most interesting about the inter-occupational variation revealed in Table 6.1 is the common pattern across all occupations. Establishments reported a different incidence of training for each occupation (the top line of numbers in Table 6.1), but aside from this difference the occupational pattern across different types of establishment is remarkably similar.

- There is little regional variation in the extent to which establishments report training of any occupational group.
- The incidence of training increases with size of establishment for all occupations.

17 There is more variation by industry, with the overall pattern of training incidence being lower in agriculture, some manufacturing sectors, retailing and wholesale distribution. It is higher in services provided primarily by the public sector, engineering and financial intermediation. But overall the results suggest that it is the characteristics of the occupation that dictate whether or not an establishment provides training, given the common pattern across most sectors, rather than the characteristics of the industry.

Table 6.1: Incidence of training overall by region, size and industry within occupation (where that occupation is employed)

Percentage of establishments in that category carrying out training	Any Training	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal service	Sales	Operatives	Elementary
	%	%	%	%	%	%	%	%	%	%
Overall	**59**	**52**	**60**	**61**	**47**	**49**	**68**	**51**	**45**	**44**
Region										
West Midlands	60	56	66	63	50	48	68	54	47	51
East Midlands	62	52	60	62	47	52	73	49	45	46
Eastern	57	50	59	59	43	46	66	48	40	40
London	55	51	57	58	49	46	59	53	48	48
North East	64	58	65	68	59	58	65	58	51	50
North West	59	51	59	61	48	48	70	46	47	40
South East	61	51	60	61	45	48	68	52	42	43
South West	62	56	60	60	46	48	69	53	48	39
Yorks and the Humber	60	54	62	64	46	51	72	48	45	41
Size										
1 to 4	50	42	53	52	37	40	55	41	30	31
5 to 24	75	57	64	65	51	55	76	59	47	45
25 to 99	91	74	76	75	68	68	80	70	63	59
100 to 199	96	85	80	83	80	79	74	79	78	66
200 to 499	97	88	83	85	84	82	79	82	82	72
500+	97	90	90	89	88	86	83	88	85	78
Industry										
Agriculture, etc	58	41	43	75	44	53	64	24	62	45
Mining and quarrying	77	68	58	54	58	81	-	46	79	44
Food, drink and tobacco	74	52	54	49	54	56	46	39	64	57
Textiles and clothing	46	29	40	47	42	28	59	42	48	37
Wood and paper	55	35	37	56	31	47	52	29	48	33
Printing and publishing	47	34	45	37	37	35	49	39	36	33
Chemicals and non-metallic mineral products	62	51	49	62	41	53	59	46	61	47

Continued...

Table 6.1: Incidence of training overall by region, size and industry within occupation (where that occupation is employed, continued)

Percentage of establishments in that category carrying out training	Any Training	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal service	Sales	Operatives	Elementary
	%	%	%	%	%	%	%	%	%	%
Industry										
Metals and metal goods	58	42	38	54	36	49	20	45	46	37
Engineering	73	54	58	62	49	51	57	47	58	34
Transport equipment	61	48	62	62	40	55	74	49	58	44
Manufacturing nes and recycling	48	42	50	36	37	33	64	48	25	39
Electricity, gas and water	69	62	71	64	63	78	39	53	83	64
Construction	52	39	46	45	31	48	38	43	48	39
Sale and maintenance of motor vehicles	55	44	36	56	32	56	30	55	32	25
Wholesale distribution	48	41	41	42	34	39	33	44	43	35
Retailing	49	46	51	55	41	37	43	48	31	35
Hotels and catering	56	56	50	44	49	48	50	52	48	50
Transport	51	44	49	68	37	45	61	59	40	41
Communications	62	52	59	70	53	69	45	69	32	38
Financial intermediation	75	69	67	70	65	72	62	80	67	30
Professional services	57	50	53	57	45	50	43	54	43	41
Computing and related	61	50	57	57	44	57	51	52	52	40
Other business services	63	53	61	57	47	49	40	62	51	35
Public administration and defence	93	88	88	89	82	73	74	86	71	51
Education	93	86	91	85	83	73	80	73	67	59
Health and social work	84	72	74	81	66	64	84	51	48	55
Miscellaneous services	59	49	57	62	50	47	60	48	45	40

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; establishment weighted.*

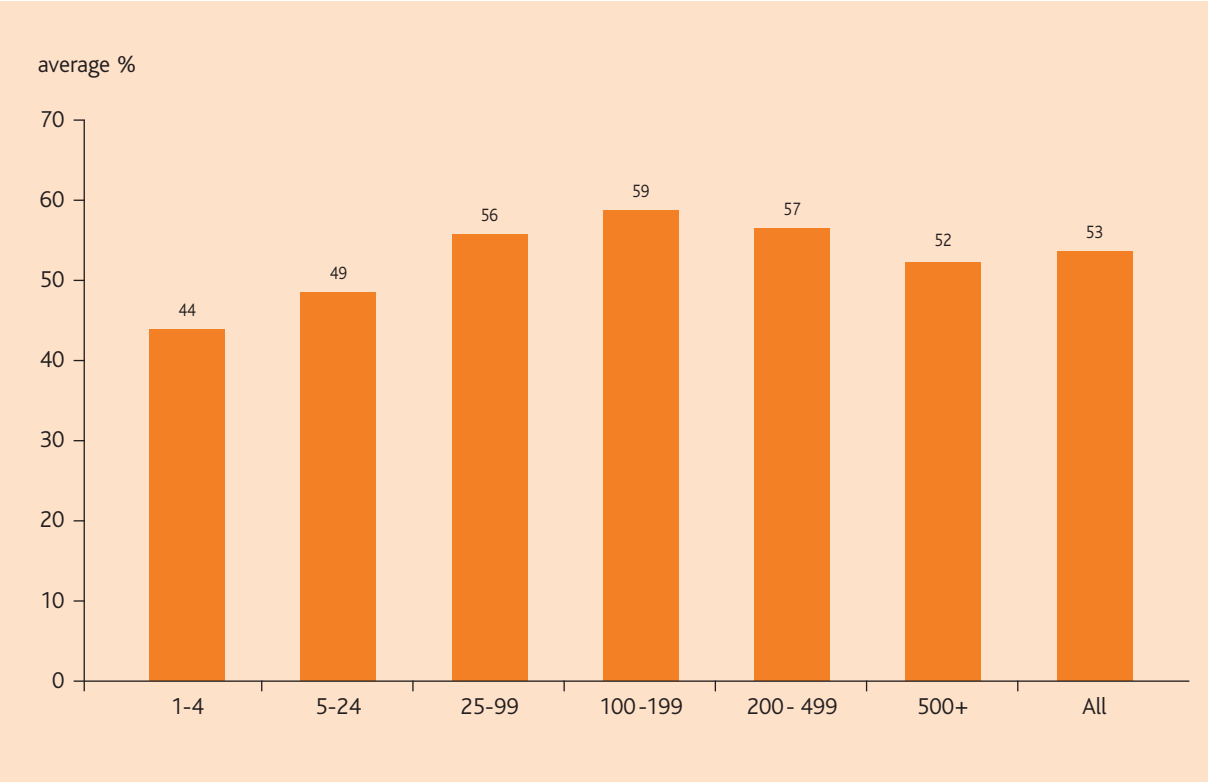
Note: *'nes' means 'not elsewhere specified'.*

6.4 Training Volume

Percentage of staff in receipt of training over the last 12 months

18 Overall, an average of 53 per cent of employees had received training over the past 12 months. Figure 6.7 reveals the percentage of staff in establishments of different size who have received training over the past 12 months. Establishments with between 100 and 199 employees reported a higher percentage of staff in receipt of training (59 per cent of all employees) and the smallest establishments reported the lowest percentage (44 per cent).

Figure 6.7: Average percentage of employees in receipt of training by establishments of different size

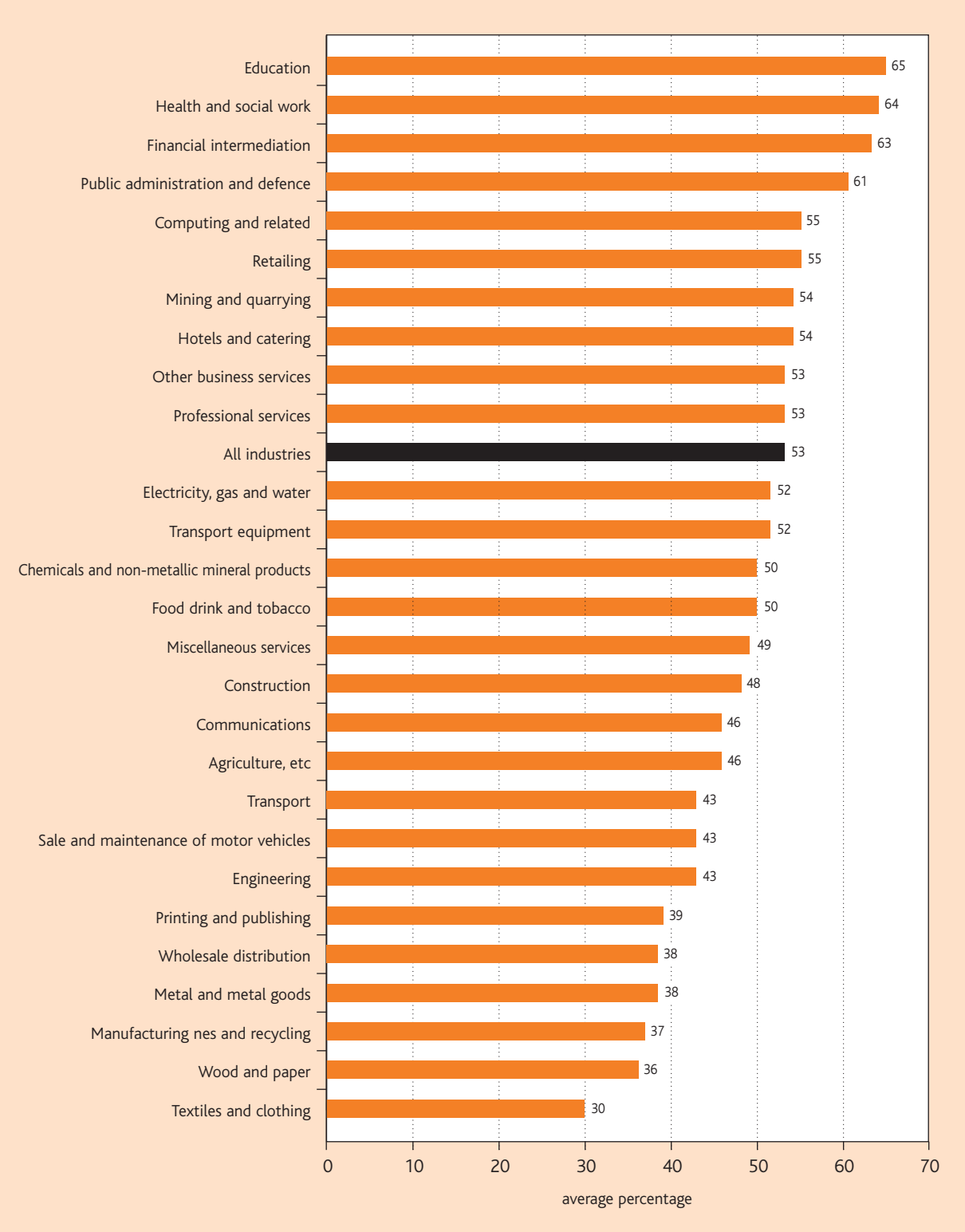


Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; employee weighted.*

19 Figure 6.8 shows variation by industry. Education, health and social work, financial intermediation and public administration had the highest percentage of employees who had received training (all around 61 to 65 per cent). In contrast, textiles and clothing had 30 per cent of their employees in training.

Figure 6.8: Percentage of employees in receipt of training over last 12 months by industry



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; employee weighted.*

20 There was little variation by region in the percentage of employees in receipt of training (see Figure 6.9). The North East had the highest percentage of employees who had received training (57 per cent) whereas those in Yorkshire and the Humber had the lowest at 51 per cent.

Figure 6.9: Percentage of employees in receipt of training over the last 12 months by region

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; employee weighted.*

21 Table 6.2 provides greater detail about the percentage of employees in receipt of training and the actual numbers of employees who received training over the last 12 months. Overall, the data indicate that 11.6 million people had received training in England. Of course, this reveals little about the type or duration of the training they received, which is discussed in the remainder of this chapter.

Table 6.2: Number of employees trained and the proportion they represented of employees by region, size and industry

	Base = All employees		Total number of trainees	Trainees as a % of employment
	Unweighted	*Weighted*		%
Overall	***2,275,559***	***21,877,288***	***11,612,049***	***53***
Region				
West Midlands	*251,887*	*2,288,709*	1,240,950	**54**
East Midlands	*170,300*	*1,730,037*	917,755	**53**
Eastern	*204,928*	*2,245,572*	1,185,595	**53**
London	*409,884*	*4,014,185*	2,084,643	**52**
North East	*126,027*	*968,282*	553,642	**57**
North West	*328,970*	*2,860,703*	1,542,391	**54**
South East	*359,193*	*3,628,575*	1,919,346	**53**
South West	*195,373*	*2,069,786*	1,107,454	**54**
Yorkshire and the Humber	*228,997*	*2,071,440*	1,060,275	**51**
Size				
1 to 4	*46,278*	*2,556,628*	1,116,214	**44**
5 to 24	*386,207*	*4,787,209*	2,367,320	**49**
25 to 99	*597,984*	*5,629,218*	3,159,231	**56**
100 to 199	*310,478*	*2,457,394*	1,444,860	**59**
200 to 499	*420,108*	*3,306,770*	1,895,284	**57**
500+	*514,504*	*3,140,069*	1,629,138	**52**
Industry				
Agriculture, etc	*5,143*	*55,496*	25,420	**46**
Mining and quarrying	*1,771*	*42,760*	22,913	**54**
Food, drink and tobacco	*53,742*	*376,086*	189,880	**50**
Textiles and clothing	*15,496*	*185,732*	56,626	**30**
Wood and paper	*10,446*	*138,920*	49,677	**36**
Printing and publishing	*49,458*	*319,785*	125,400	**39**
Chemicals and non-metallic mineral products	*53,621*	*528,386*	264,040	**50**
Metals and metal goods	*43,637*	*399,089*	150,969	**38**
Engineering	*78,670*	*646,845*	279,507	**43**
Transport equipment	*42,798*	*333,171*	173,254	**52**
Manufacturing nes and recycling	*21,663*	*181,649*	67,368	**37**
Electricity, gas and water	*15,280*	*111,282*	58,422	**52**
Construction	*112,084*	*981,578*	467,512	**48**
Sale and maintenance of motor vehicles	*45,687*	*472,023*	202,150	**43**
Wholesale distribution	*81,997*	*1,015,263*	383,354	**38**
Retailing	*270,770*	*2,456,610*	1,363,209	**55**

Continued...

Table 6.2: Number of employees trained and the proportion they represented of employees by region, size and industry (continued)

	Base = All employees		Total number of trainees	Trainees as a % of employment
	Unweighted	*Weighted*		%
Industry				
Hotels and catering	*137,117*	*1,408,126*	755,081	**54**
Transport	*119,899*	*897,454*	389,233	**43**
Communications	*17,790*	*475,062*	219,777	**46**
Financial intermediation	*61,494*	*922,966*	583,928	**63**
Professional services	*59,706*	*556,483*	295,244	**53**
Computing and related	*47,070*	*472,884*	259,963	**55**
Other business services	*259,749*	*2,524,811*	1,332,163	**53**
Public administration and defence	*105,262*	*1,098,059*	667,850	**61**
Education	*179,769*	*1,834,632*	1,190,915	**65**
Health and social work	*266,391*	*2,294,785*	1,477,811	**64**
Miscellaneous services	*119,049*	*1,147,350*	560,383	**49**

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All employees; employee weighted.*

Note: *'nes' means 'not elsewhere specified'.*

Days of training provided

22 Another measure of the volume of training is the number of training days provided to employees. A degree of caution is required when interpreting the data since they are based on respondents, averaging across employees. Employees within a single organisation are likely to receive training periods of different duration and the duration of training might not correspond to full working days. For these reasons alone the data should be regarded as indicative rather than definitive estimates of the number of training days.

23 Table 6.3 provides information about the total number of days' training provided to employees across (a) all establishments and (b) just those that train. Overall, employees received around five days training (six days across establishments that train) over the last 12 months, which amounts to around 110 million training days.

24 The regional data are notable in one important respect: the relatively high number of training days provided in the North East (8.1 compared to an average of 5.0 training days across all regions). Otherwise regional variation is limited.

25 The number of training days across establishments of different size shows that smaller establishments were more likely to provide a higher number of training days. Establishments with between one and four employees provided an average of 7.3 training days compared to 3.5 days in establishments with 500 or more employees. This is an interesting finding and not easily explicable. Possibly, establishments with few employees are able to spread their training resource over fewer employees and are therefore able to provide longer training periods per employee. Alternatively, it could possibly reflect higher labour turnover among smaller employers.

26 Figure 6.10 shows the average number of days training provided to employees by industrial sector, ordered according to the number of days provided. Hotels and catering provided the most days of training (8.8 days) and mining and quarrying the least (1.7 days). But there is no obvious pattern to the data: retail distribution for example provides a relatively high number of training days but wholesale distribution relatively few.

Table 6.3: Number of training days

	Average number of days training in all establishments	Average number of days training in establishments that train
Overall	***5.0***	***6.0***
Region		
West Midlands	4.7	5.7
East Midlands	4.7	5.5
Eastern	5.7	6.8
London	4.2	5.2
North East	8.1	9.7
North West	4.9	5.8
South East	5.5	6.4
South West	5.1	6.0
Yorkshire and the Humber	4.5	5.2
Size		
1 to 4	7.3	14.6
5 to 24	5.6	7.4
25 to 99	4.9	5.5
100 to 199	4.8	5.1
200 to 499	3.6	3.7
500+	3.5	3.7
Industry		
Agriculture, etc	3.4	4.1
Mining and quarrying	1.7	1.9
Food, drink and tobacco	3.6	3.9
Textiles and clothing	1.9	2.7
Wood and paper	2.9	3.6
Printing and publishing	3.1	4.0
Chemicals and non-metallic mineral products	3.5	4.0
Metals and metal goods	3.2	4.1
Engineering	3.0	3.4
Transport equipment	2.5	2.7
Manufacturing nes and recycling	3.5	4.7
Electricity, gas and water	2.1	2.3

Continued...

Table 6.3: Number of training days (continued)

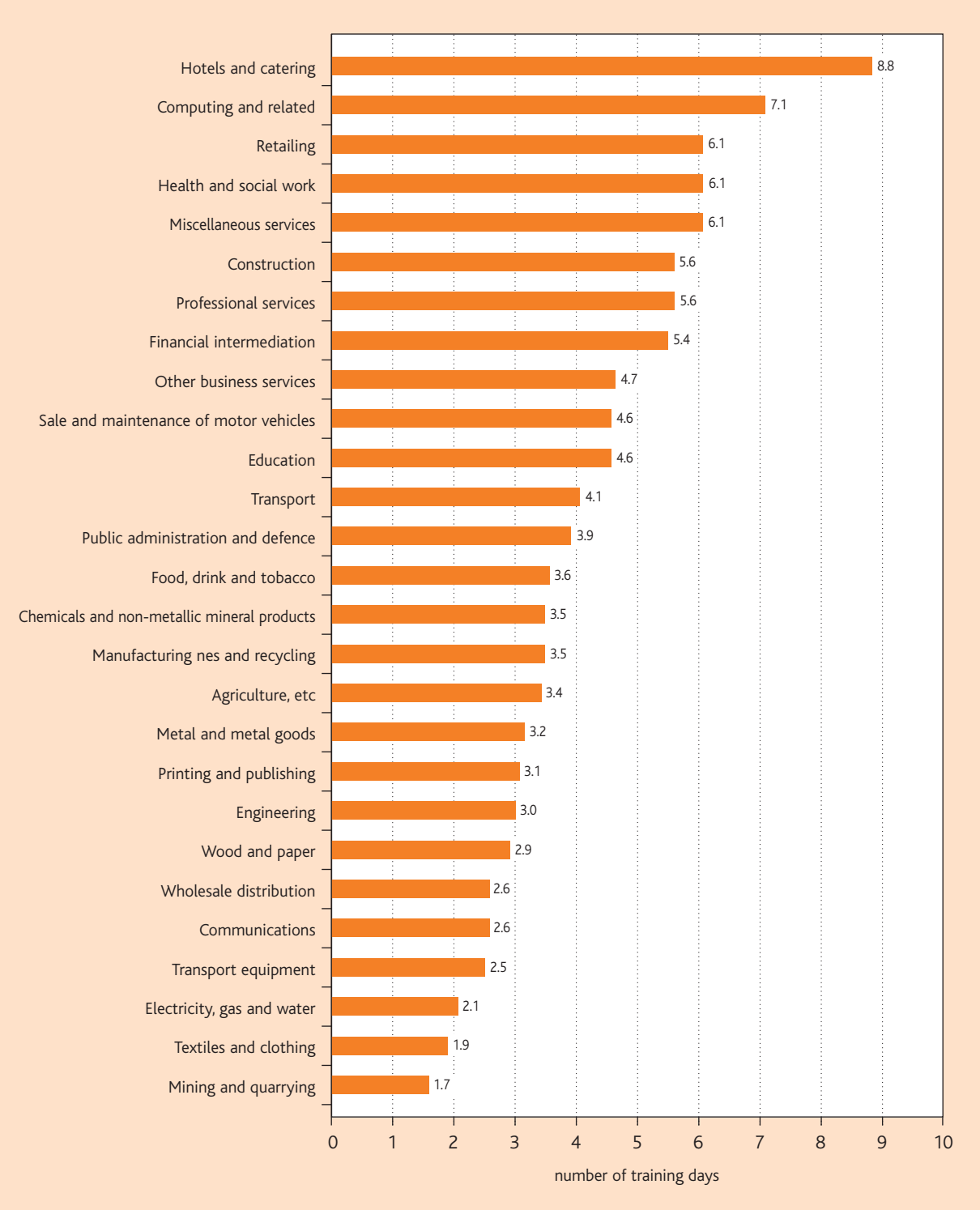
	Average number of days training in all establishments	Average number of days training in establishments that train
Industry		
Construction	5.6	7.4
Sale and maintenance of motor vehicles	4.6	6.1
Wholesale distribution	2.6	3.5
Retailing	6.1	8.0
Hotels and catering	8.8	11.6
Transport	4.1	5.2
Communications	2.6	3.2
Financial intermediation	5.4	5.8
Professional services	5.6	7.2
Computing and related	7.1	8.9
Other business services	4.7	5.5
Public administration and defence	3.9	4.1
Education	4.6	4.7
Health and social work	6.1	6.5
Miscellaneous services	6.1	7.9

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; establishment weighted.*

Note: *'nes' means 'not elsewhere specified'.*

Figure 6.10: Average number of days training provided by industry



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

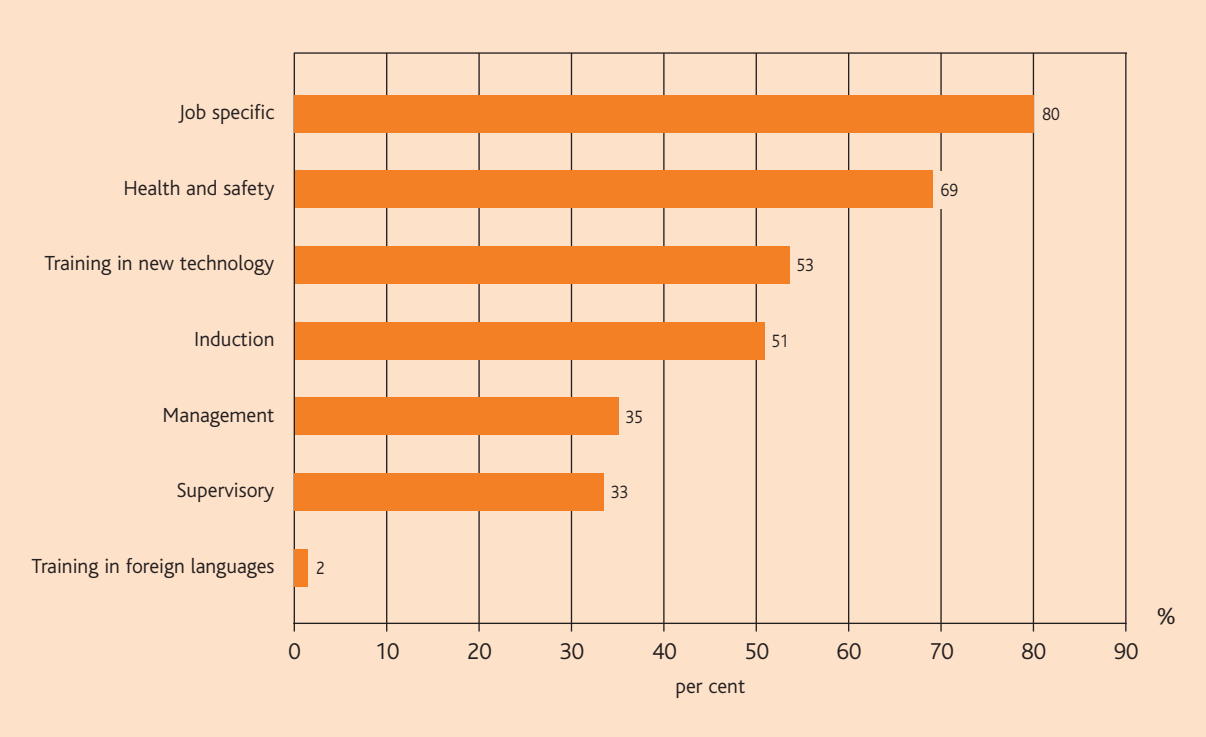
Base: *All establishments; establishment weighted.*

6.5 Types of Training

Training content

27 So far the commentary has concentrated upon whether or not employers train and the volume of training they provide. This section gives information about the type of training employers provide. Figure 6.11 outlines the different types of training given to their staff by establishments that provided training. Job-specific training was the most commonly mentioned form of training, followed by health and safety training, training in new technologies and then induction training.

Figure 6.11: Types of training provided



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments providing training; establishment weighted.*

28 Table 6.4 shows how the provision of different types of training varies by size of establishment. The main finding is that the incidence of each type of training increases with the size of establishment. Table 6.4 also shows the incidence of each type of training by industry. This reveals a complex picture. To simplify this, Figures 6.12 and 6.13 show examples of how the incidence of job-specific training and management training varies by industry. The evidence reveals that there is a relatively modest variation in relation to job-specific training (see Figure 6.12). Establishments in public administration and education (90 per cent) were most likely to provide job-specific training, whereas establishments in manufacturing not elsewhere specified (nes) and recycling (68 per cent) were the least likely to do so.

29 With respect to management training there is considerably more variation by industry (see Figure 6.13). Again, education (64 per cent) was the most likely to have provided management training, followed by public administration (61 per cent), and health and social work (54 per cent) (see Figure 6.13). The importance of the public sector in creating a demand for management training is evident

here. Across the public sector as a whole, 54 per cent of establishments reported providing management training compared to 31 per cent in the private sector. At the other end of the scale, the wood and paper industry (16 per cent), agriculture, etc. (17 per cent) and computing and related services (19 per cent) were the least likely to provide management training. In relation to the first two industries it needs to be borne in mind that they provide little training overall.

30 Table 6.4 also shows the incidence of various types of training by region. Overall there is little variation by region, with the exception that the West Midlands and North East appear to provide less training in new technology.

Table 6.4: Types of training provided by employers over the last 12 months

Row percentages	*Base = All employers who train*		Job specific	Health and safety	Training in new technology	Induction	Management	Supervisory	Training in foreign languages
	Unweighted	*Weighted*	%	%	%	%	%	%	%
Overall	***52,102***	***1,133,413***	**80**	**69**	**53**	**51**	**35**	**33**	**2**
Region									
West Midlands	*5,040*	*109,311*	78	67	44	45	32	30	1
East Midlands	*4,278*	*91,345*	79	73	51	53	34	33	3
Eastern	*5,845*	*125,411*	81	72	58	50	34	34	3
London	*8,790*	*201,193*	78	61	52	46	34	29	4
North East	*2,530*	*41,889*	76	69	43	48	33	33	1
North West	*6,307*	*133,668*	81	75	55	58	37	35	2
South East	*9,352*	*213,341*	79	66	53	48	33	30	2
South West	*5,410*	*119,849*	83	74	57	55	38	36	3
Yorks and the Humber	*4,550*	*97,413*	84	79	54	58	39	39	2
Size									
1 to 4	*8,988*	*650,269*	77	59	52	38	24	23	2
5 to 24	*26,646*	*343,189*	82	81	49	63	43	40	2
25 to 99	*12,358*	*110,552*	87	89	59	78	62	56	4
100 to 199	*2,254*	*16,817*	91	92	72	87	74	69	11
200 to 499	*1,398*	*9,559*	95	94	74	90	85	79	10
500+	*458*	*3,027*	95	94	84	93	87	85	20
Industry									
Agriculture, etc	*224*	*4,886*	79	79	34	31	17	24	2
Mining and quarrying	*80*	*2,009*	77	91	43	57	41	38	5
Food, drink and tobacco	*300*	*6,037*	77	88	41	76	42	43	5
Textiles and clothing	*221*	*5,481*	81	66	46	50	37	37	7
Wood and paper	*265*	*5,521*	77	79	33	45	16	30	1
Printing and publishing	*719*	*13,813*	79	51	70	36	24	22	3

Continued...

Table 6.4: Types of training provided by employers over the last 12 months (continued)

Row percentages	*Base = All employers who train*		Job specific	Health and safety	Training in new technology	Induction	Management	Supervisory	Training in foreign languages
	Unweighted	*Weighted*	%	%	%	%	%	%	%
Industry									
Chemicals and non-metallic mineral products	*563*	*10,600*	84	79	50	59	39	41	7
Metals and metal goods	*846*	*17,707*	79	76	55	47	22	26	2
Engineering	*965*	*21,541*	77	71	62	41	26	25	5
Transport equipment	*237*	*3,453*	85	78	59	47	27	28	6
Manufacturing nes and recycling	*403*	*9,011*	68	71	50	37	34	30	4
Electricity, gas and water	*125*	*1,240*	85	82	59	64	50	54	5
Construction	*4,252*	*88,822*	77	80	41	43	20	26	1
Sale and maintenance of motor vehicles	*1,928*	*39,500*	79	70	57	39	30	31	1
Wholesale distribution	*2,725*	*56,820*	75	72	48	50	31	30	2
Retailing	*6,632*	*124,764*	78	76	39	60	42	43	1
Hotels and catering	*3,725*	*73,676*	75	90	26	64	45	45	3
Transport	*1,768*	*35,083*	75	65	55	50	32	33	4
Communications	*439*	*13,198*	84	67	67	49	38	37	2
Financial intermediation	*1,146*	*30,128*	86	66	61	55	48	40	2
Professional services	*2,664*	*55,607*	77	62	56	49	36	27	2
Computing and related	*2,527*	*73,960*	79	43	83	31	19	15	4
Other business services	*8,656*	*198,028*	81	53	60	42	29	23	2
Public administration and defence	*776*	*19,343*	90	81	70	69	61	52	2
Education	*1,971*	*44,199*	90	83	72	72	64	48	8
Health and social work	*3,360*	*74,470*	84	86	44	72	54	50	2
Miscellaneous services	*4,585*	*104,515*	81	72	49	49	30	32	1

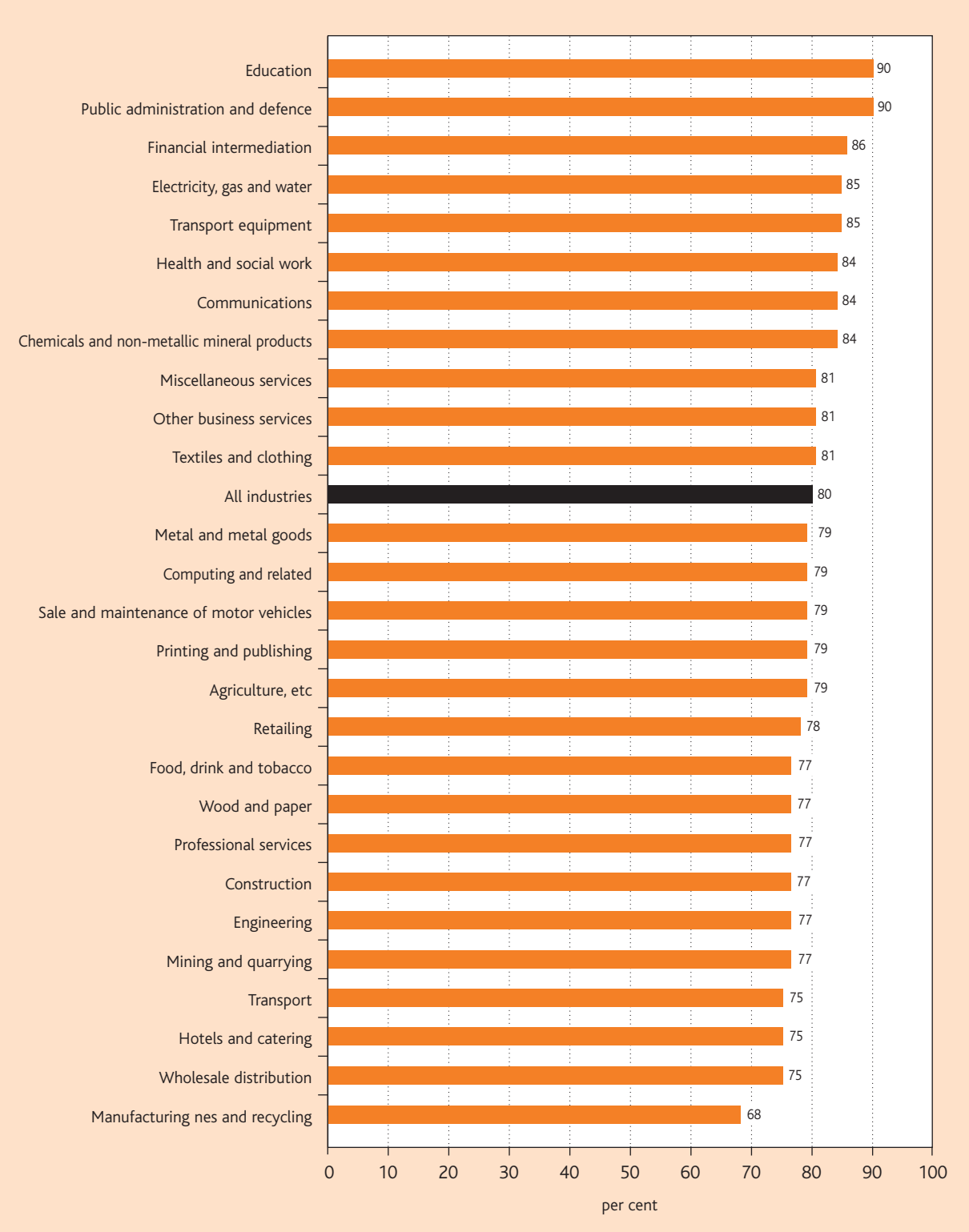
Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments providing training; establishment weighted data.*

Notes: *Percentages do not sum across rows to 100% because of multiple responses.*

'nes' means 'not elsewhere specified'.

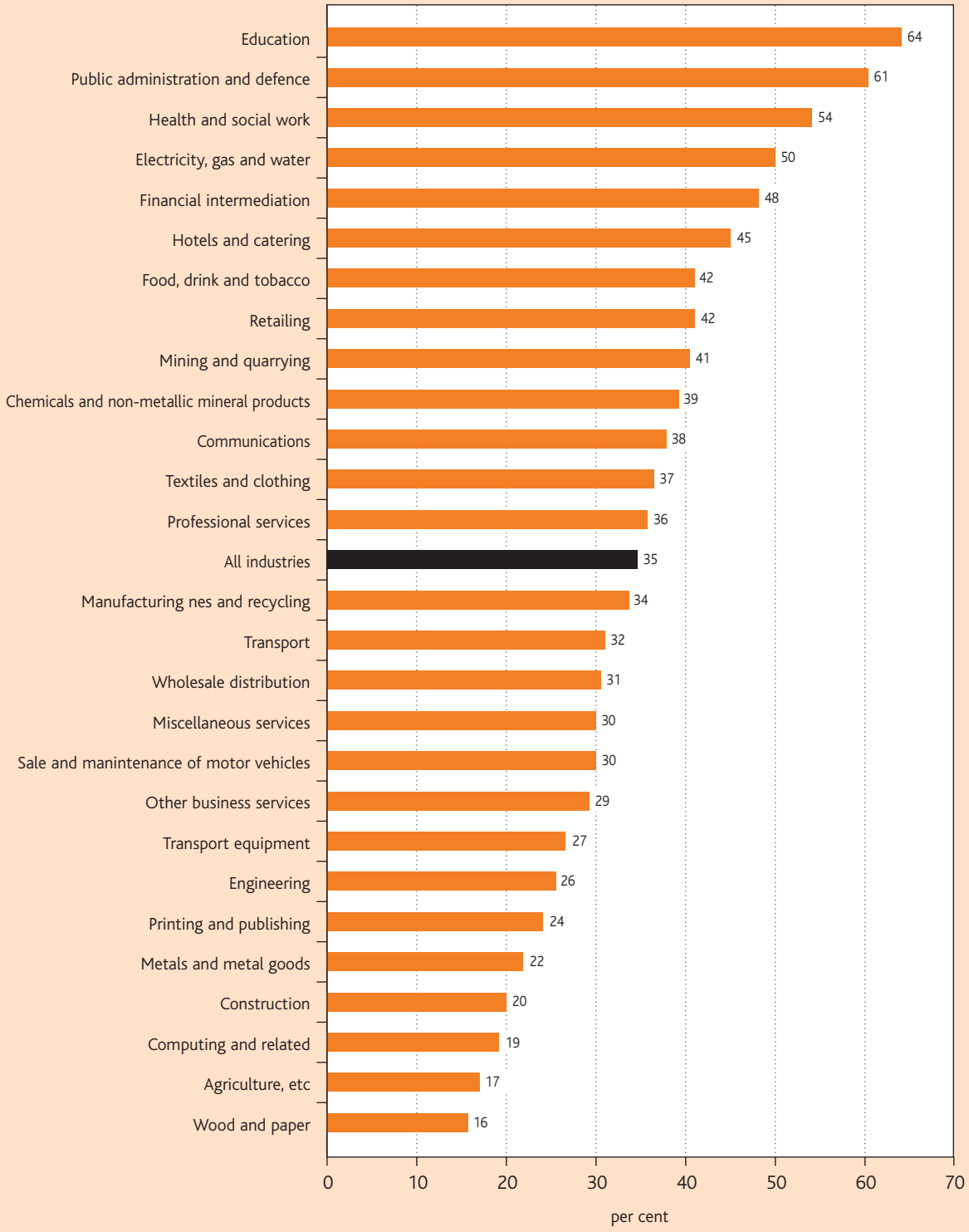
Figure 6.12: Provision of job-specific training by industry



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; establishment weighted.*

Figure 6.13: Provision of management training by industry



Source: *LSC National Employers Skill Survey 2003 (IFF).*

Base: *All establishments providing training; establishment weighted.*

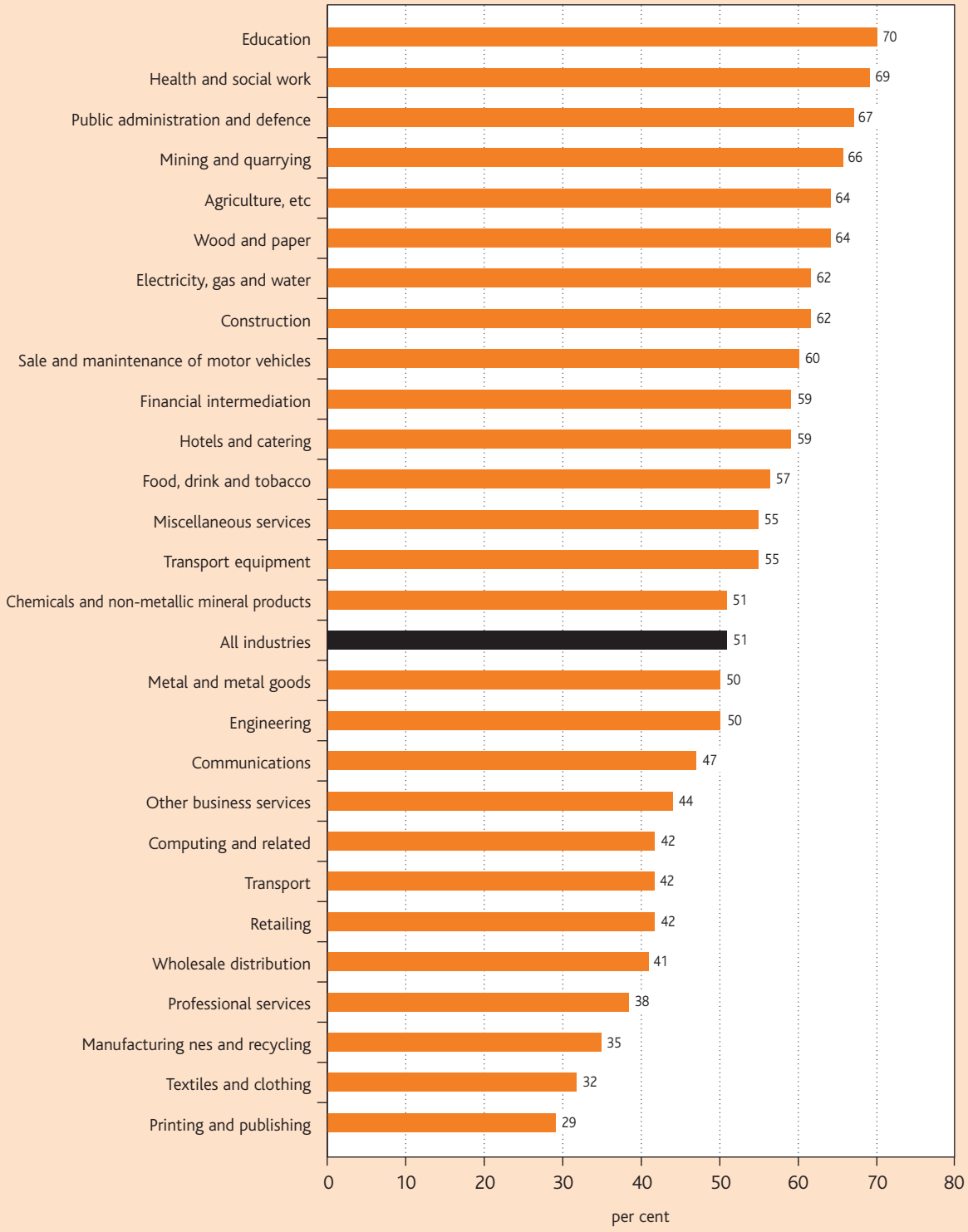
Training leading to a formal qualification

31 Formal qualifications serve two functions: first, they allow an assessment of progress judged against a national standard and provide a guarantee of quality; and second, they provide employees with a certificate of their achievement that they can carry with them across jobs.

32 Where training was provided, 51 per cent of those employers that train said some or all of their training led to a formal qualification. In general, the likelihood of training leading to a qualification increased with the size of establishment. Around 43 per cent of establishments with between one and four employees that provided training reported that it led to a formal qualification, compared to 83 per cent where 500 or more employees were employed.

33 Figure 6.14 shows the incidence of training leading to a formal qualification by industry. Education (70 per cent of establishments providing training), health and social work (69 per cent) and public administration (67 per cent) were the sectors that revealed the highest incidence of training leading to a formal qualification. Often, the incidence of training varies depending on the degree of industry regulation that it is necessary to adhere to, for example in health and social work. In contrast, 29 per cent of training in printing and publishing and 32 per cent in textiles and clothing led to a formal qualification .

Figure 6.14: Provision of training leading to a formal qualification by industry



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments providing training; establishment weighted.*

6.6 Training Expenditure

34 There is no standard way of calculating employer expenditure on training. Such calculations may cover different aspects of expenditure including:

- fees to external providers
- travel and subsistence costs for trainees
- salaries of staff involved in providing training – for example those providing on-the-job training
- salaries of staff involved in planning and administering training – for example HR staff
- cost of premises and equipment
- levies paid by certain sectors
- wage costs of the trainee while they are being trained (the opportunity cost).

35 Previous attempts to measure employer spend on training have used detailed research methods, which asked employers to consider all these costs (Spilsbury 2001). It was not possible to replicate such methods in NESS 2003 so a simpler question was asked, focusing on expenditure on staff training and development. Therefore, this specifically excluded some of the aspects above, particularly wages. As such, it is not possible to compare the NESS figures for employer spend on training with previous measures as the methods used to collect the data are very different.

36 Based on the NESS definition, an estimate of expenditure by employers on training provision is an annual direct spend of around £4.5 billion. These are direct costs borne by the employer and exclude opportunity costs, as mentioned above. The true cost of training and developing employees would undoubtedly be significantly higher than this, were all of the above cost factors taken into account.

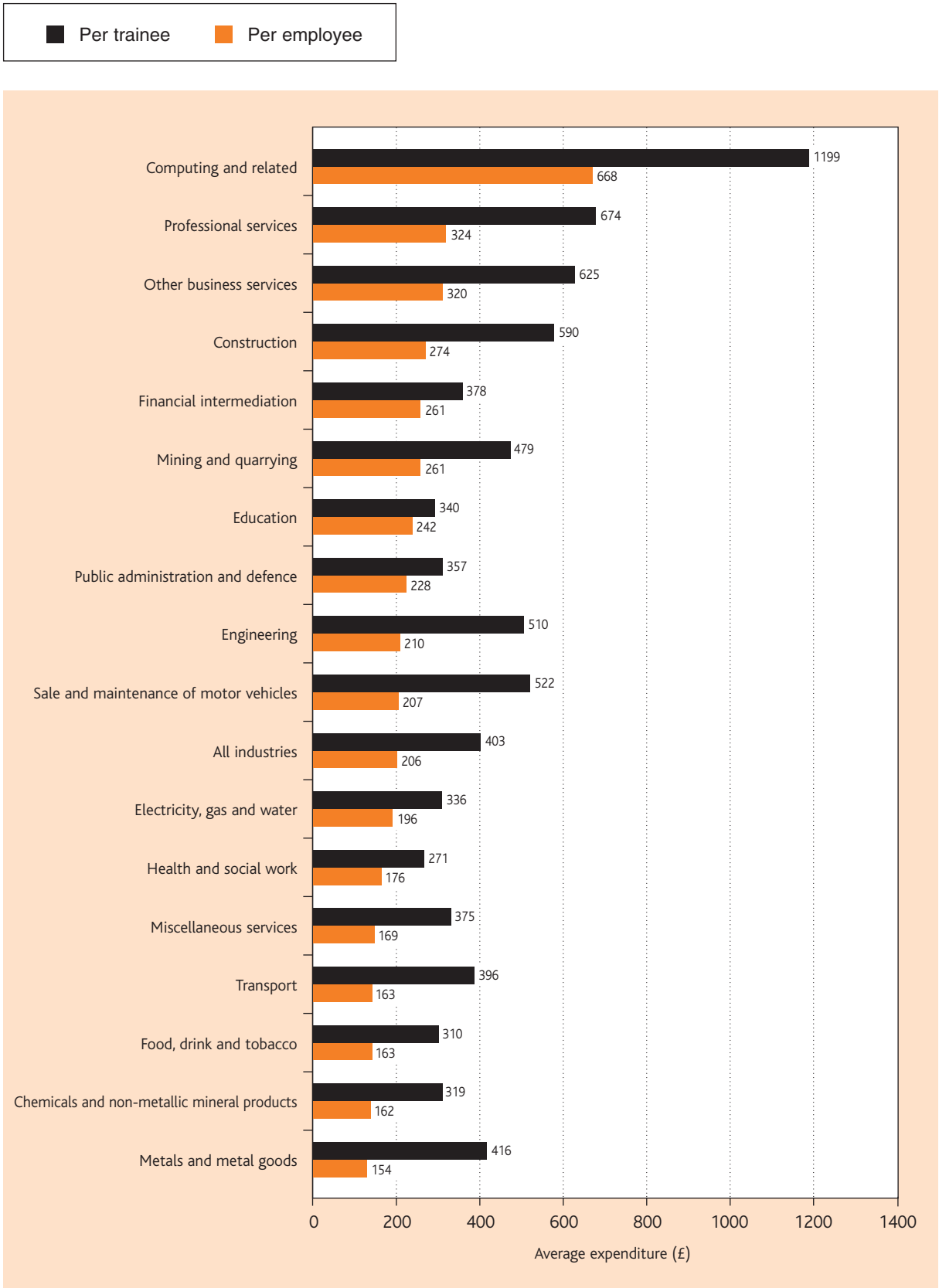
37 Employers might train relatively few people but spend a large amount on those they do train; alternatively employers might train a large number of people but spend relatively little on each employee. To standardise this, two measures of training expenditure have been calculated:

- an **employee measure** where the denominator is all employees in an establishment, regardless of whether they have received training
- a **trainee measure** where the denominator is just those employees in the establishment who have received training.

38 On average, the employee measure indicates that employers spend around £206 a year for each employee; and the trainee measure indicates that they spend around £403 a year on those employees who are in receipt of training.

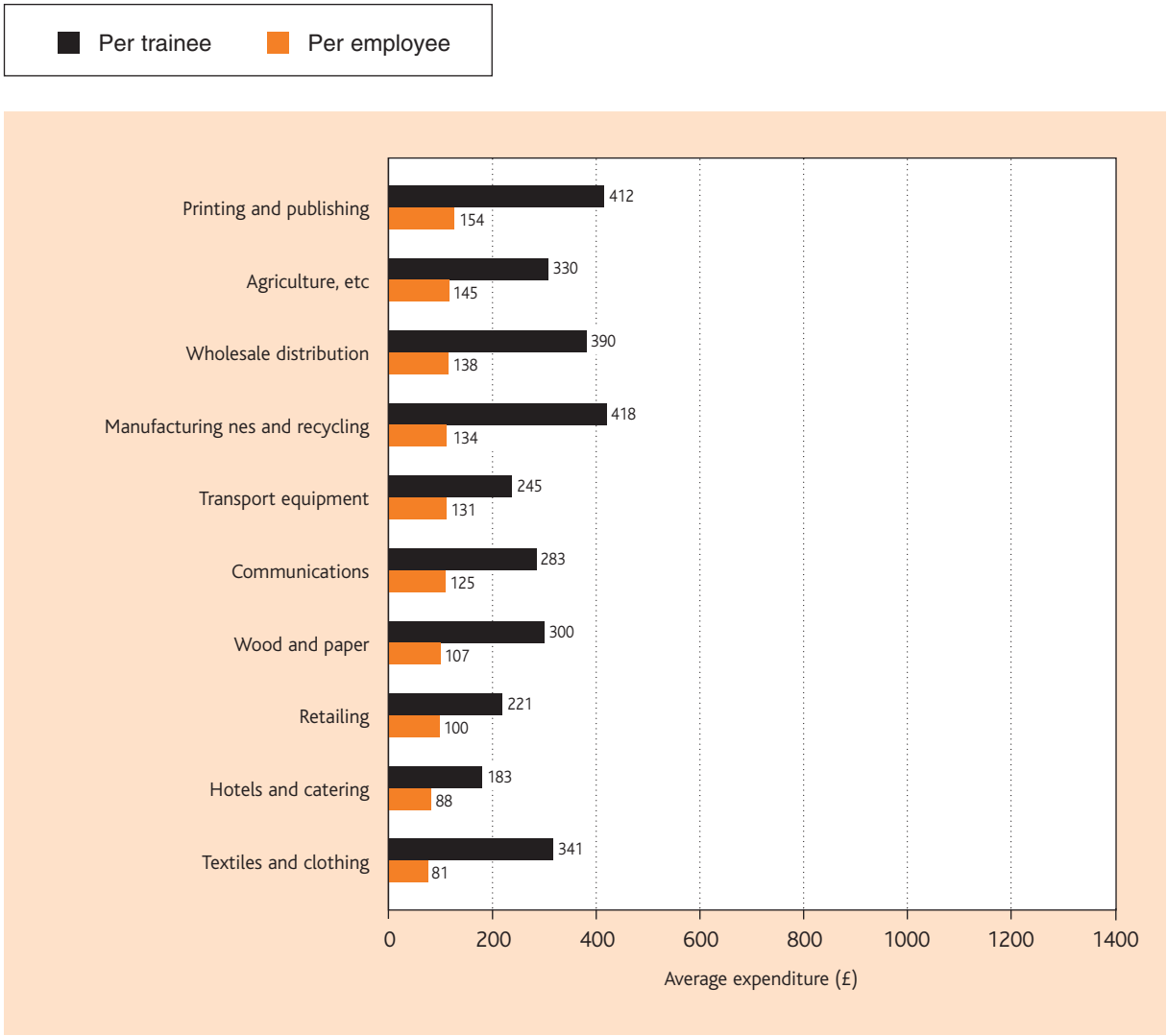
39 Figure 6.15 indicates that computer and related services expend the most per employee at around £688 a year, whereas textiles and clothing, the industry with the lowest per capita expenditure, expends around £81.

Figure 6.15: Per capita training expenditure by industry



Continued...

Figure 6.15: Per capita training expenditure by industry (continued)



Source: *LSC National Employers Skill Survey 2003 (IFFIER).*

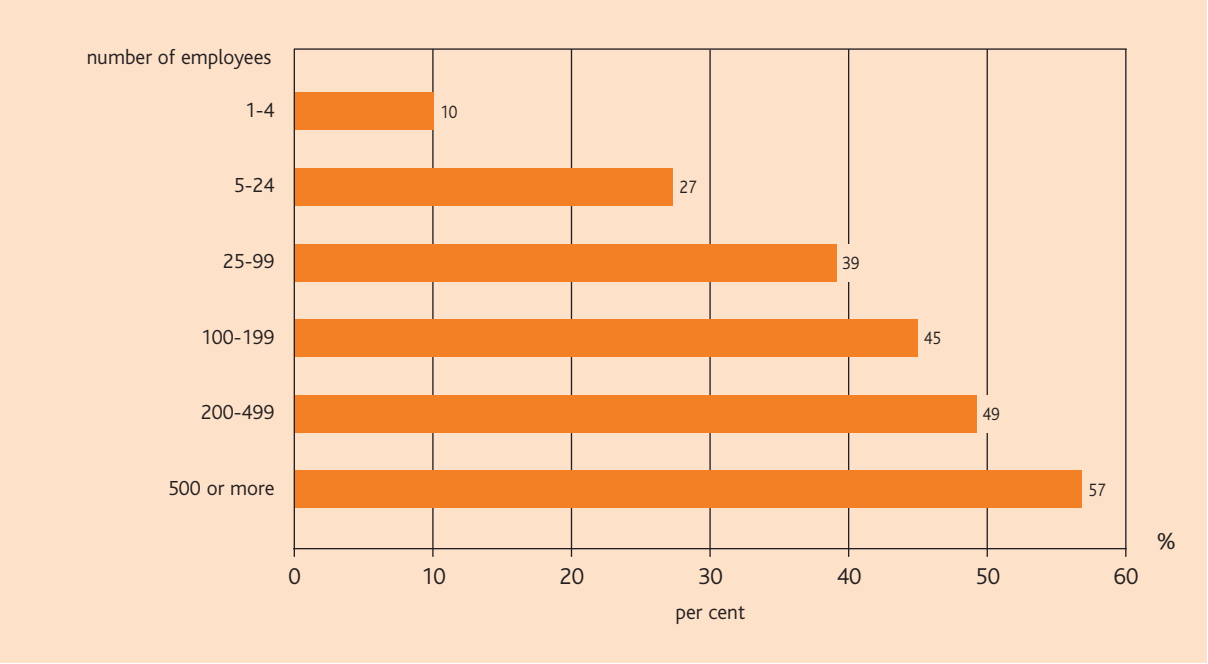
Base: *All establishments; expenditure = establishment weighted/employees and trainees = employee weighted.*

40 The estimates are approximations of training expenditure. Nevertheless, the data provide insights into employers' training expenditure and how this varies across industries of different types. What is not in doubt is the very substantial yearly expenditure on training by employers.

6.7 Investors in People

41 Approximately 16 per cent of employers reported that they had attained the Investors in People (IiP) standard – this compares to 9 per cent in ESS2001. In keeping with other available evidence of IiP accreditation, larger establishments were more likely to report its attainment (see Figure 6.16).

Figure 6.16: IiP accreditation by size of establishment



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

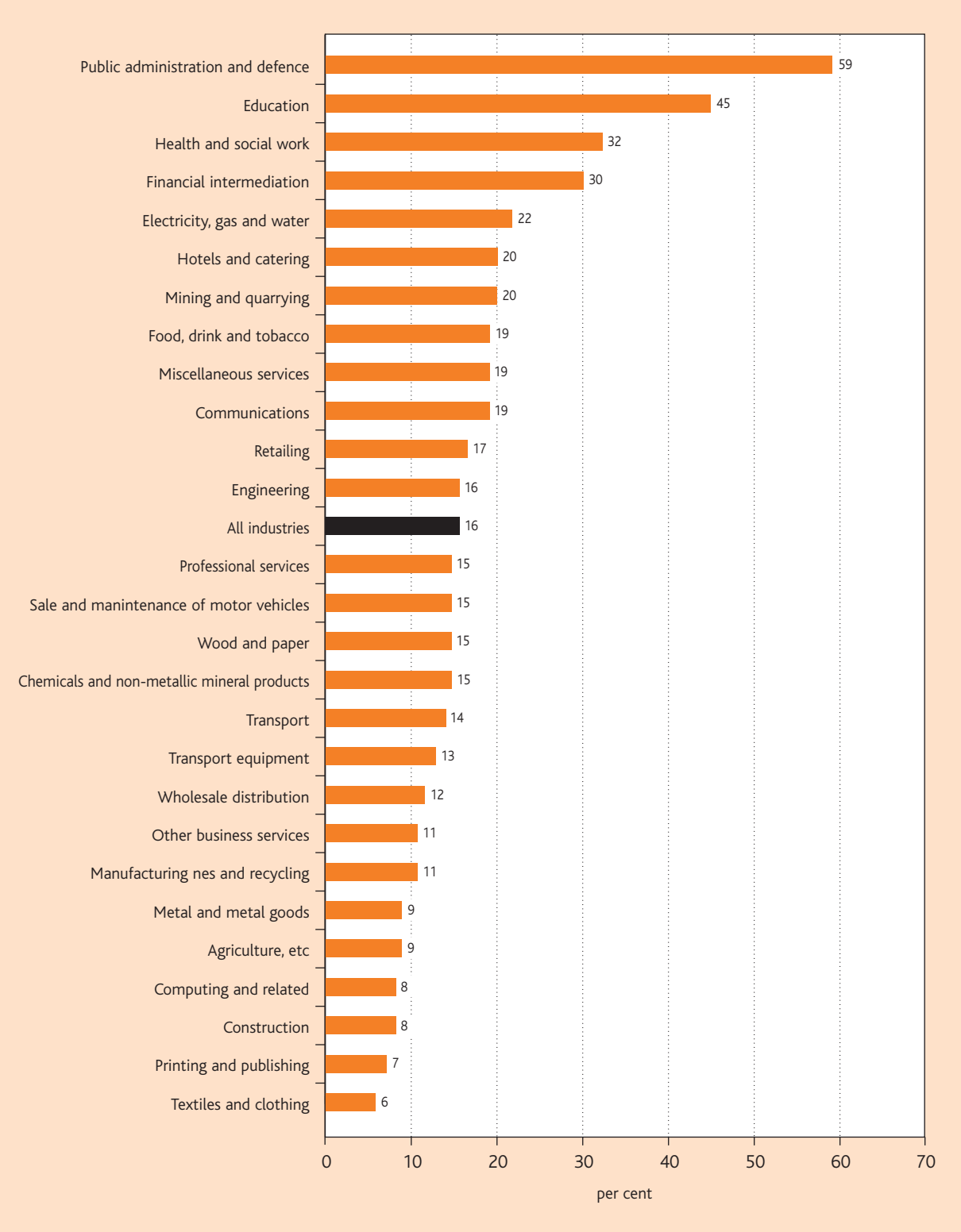
Base: *All establishments providing training; establishment weighted.*

42 Establishments in the North East (20 per cent) were most likely to report IiP accreditation and establishments in the South East (14 per cent) least likely to, but as the figures indicate there was limited variation by region.

43 Public administration (59 per cent) and education (45 per cent) stand out as the industrial sectors with relatively high proportions of establishments that are IiP accredited (Figure 6.17). Again this is consistent with other evidence which reveals that IiP has been obtained much more in the public sector than in the private. Whereas 13 per cent of private sector establishments had obtained IiP, 37 per cent had done so in the public sector. Financial intermediation was the private sector industry with the highest level of accreditation (30 per cent).

44 Textiles and clothing was reported as the industry with the lowest take up – 6 per cent of establishments. But as Figure 6.17 indicates there is a long tail of industries where IiP has obtained relatively little penetration.

Figure 6.17: IiP accreditation by industry



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; establishment weighted.*

6.8 Employer Engagement with Local Colleges

45 Around a quarter (26 per cent) of all establishments had been contacted by a local further education (FE) college for their views on the courses they provide, and 28 per cent had been contacted by a private training provider in this respect. Approximately 38 per cent of establishments had been contacted by either FE colleges or private training providers, 16 per cent had been contacted by both and 62 per cent had been contacted by neither. Where employers had had contact with FE colleges they were satisfied with the service provided. A majority of employers were satisfied (33 per cent very satisfied and 48 per cent fairly satisfied) with relatively few dissatisfied (2 per cent very dissatisfied and 5 per cent fairly dissatisfied). Overall, 81 per cent of employers who had had contact with an FE college were satisfied with the service provided. Satisfaction ratings were fairly constant across organisations of different size, by industry and by region.

46 Larger establishments were more likely to be contacted than small ones (see Table 6.5). Around 33 per cent of establishments with between one and four employees had been contacted by either FE colleges or private training providers, compared to 62 per cent of establishments with more than 500 employees.

Table 6.5: Contact by training providers over the last 12 months

%

	1-4	5-24	25-99	100-199	200-499	500 or more	Total
Local FE college	23	30	41	46	46	49	26
Other local training providers	23	33	47	51	52	54	28
Either	33	44	56	60	60	62	38
Both	13	20	32	37	38	41	16
Neither	67	56	44	40	40	38	62
Average number of contacts by FE colleges where contacted	3.8	4.6	5.9	6.5	7.4	9.2	4.3
Weighted Base	*1,303,007*	*460,076*	*121,416*	*17,606*	*9,830*	*3,119*	*1,915,053*
Unweighted Base	*18,037*	*36,080*	*13,711*	*2,363*	*1,440*	*469*	*72,100*

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; establishment weighted.*

47 There appears to be no clear pattern in FE or other training provider contact by industry, and there is no clear relationship between the likelihood of an industry providing training and having been contacted by either type of organisation (see Figure 6.18). For example, financial intermediation and communications are the two least likely to have been contacted and both were much more likely than average to train. One hypothesis is that these two industries are dominated by a small number of large players, where training is centralised and self-sufficient.

Figure 6.18: Contact by FE colleges and other local training providers

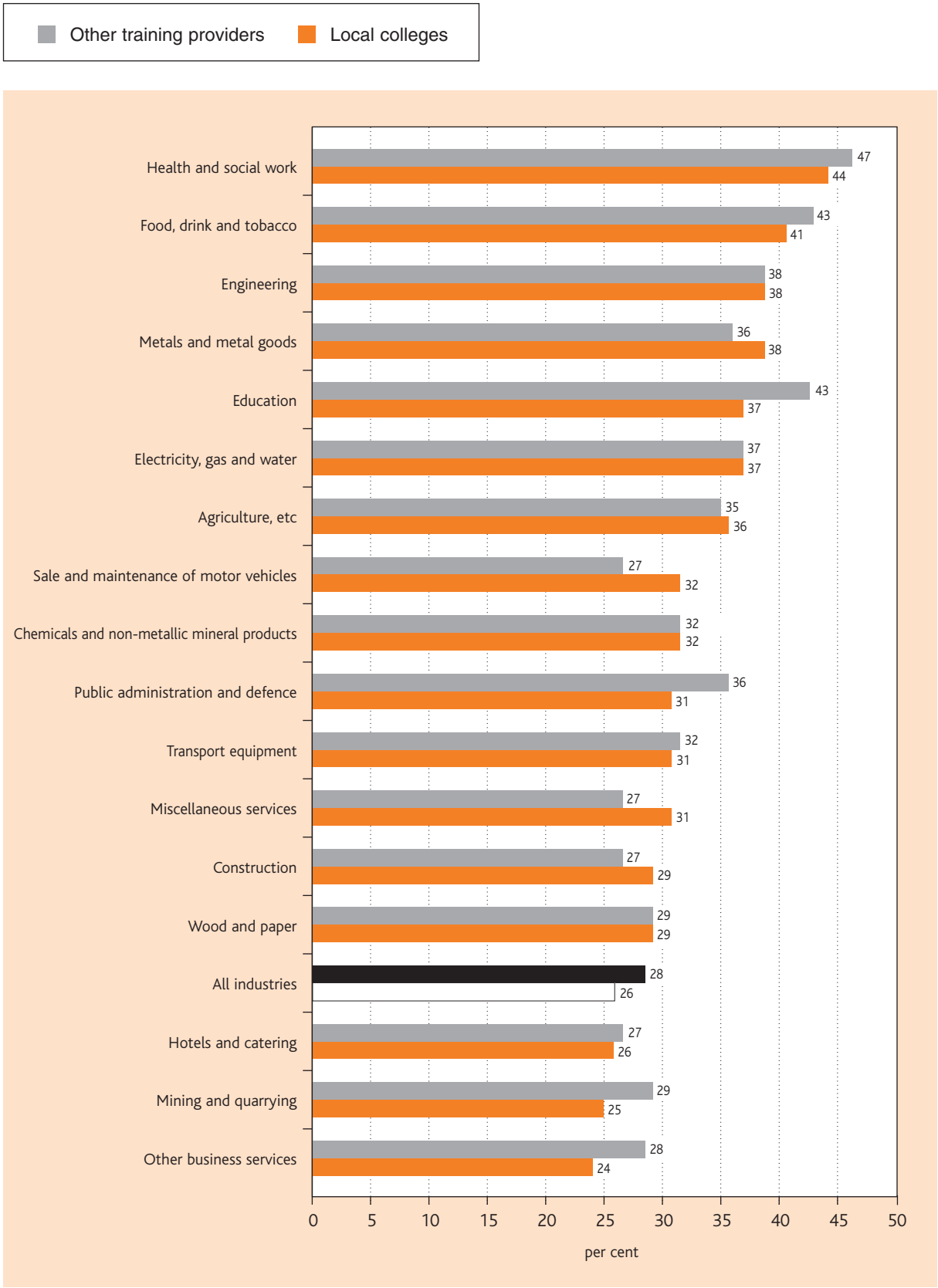
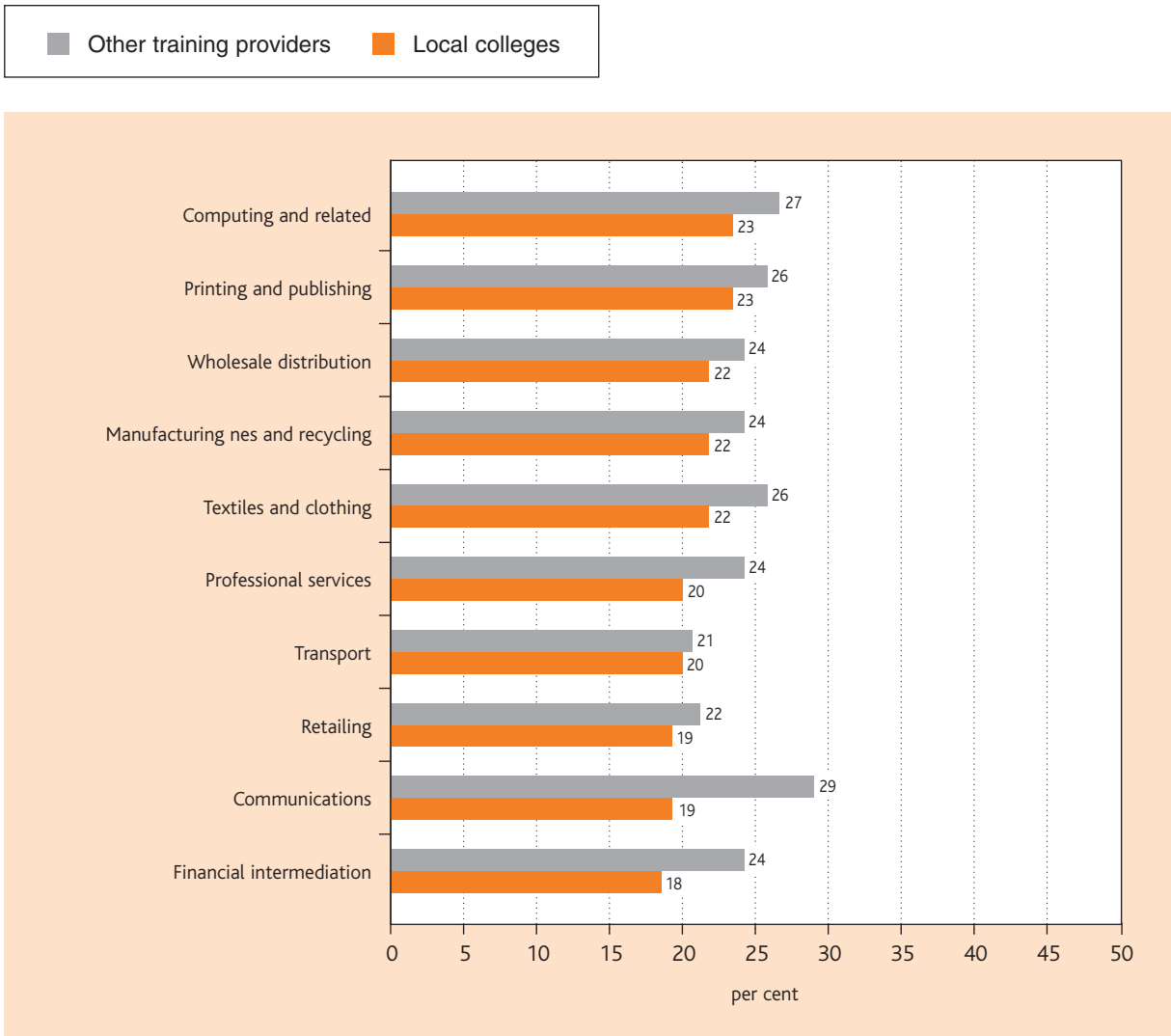


Figure 6.18: Contact by FE colleges and other local training providers (continued)



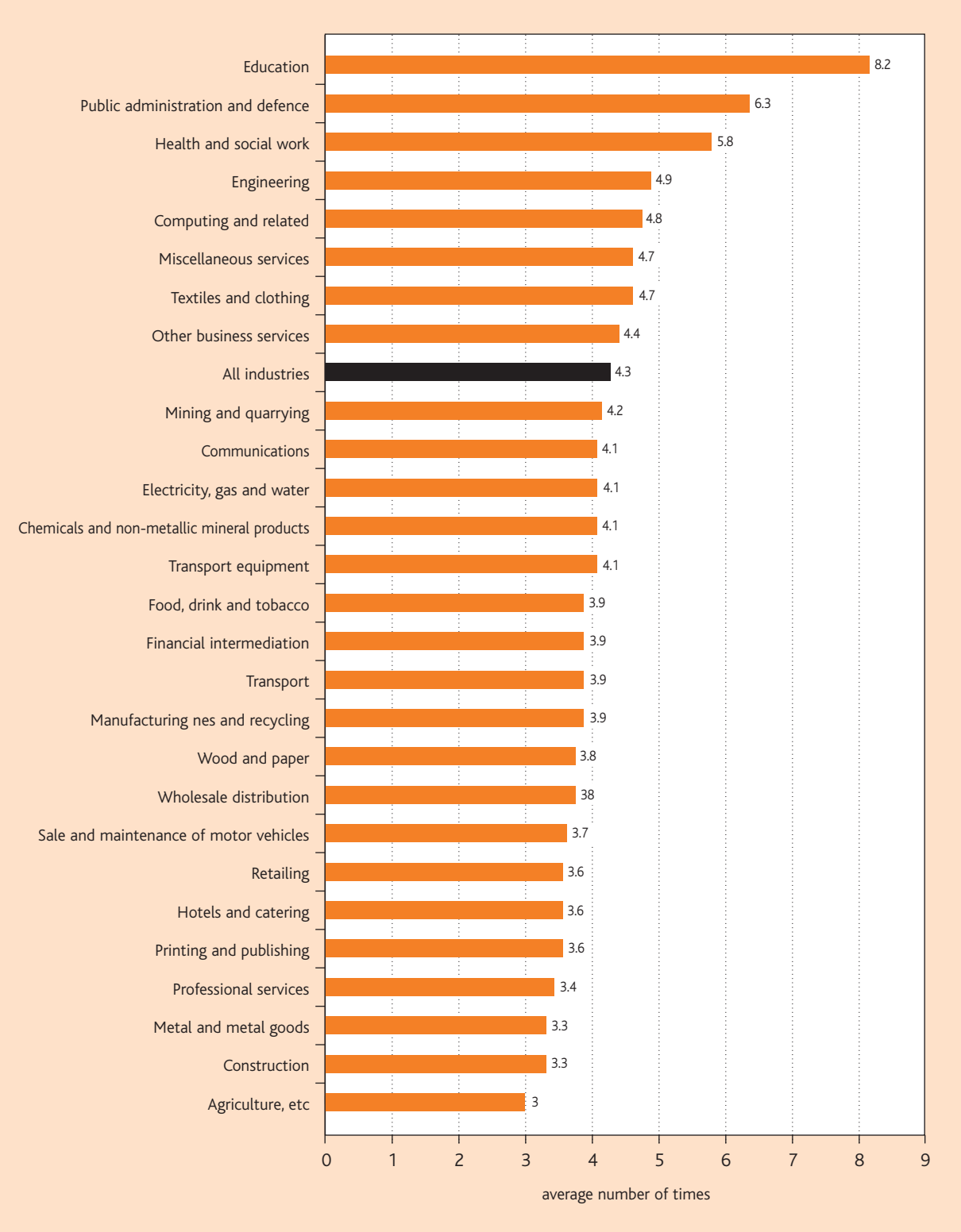
Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; establishment weighted.*

48 Figure 6.19 shows that where employers have been contacted by FE colleges or local training providers, most contacts were made with establishments in public administration, education, and health and social work.

49 Around 29 per cent of establishments that provided training had obtained this from an FE college. Generally, the larger the establishment the more likely it was to have used an FE college. Electricity, gas and water, education, health and public administration were more likely than other industries to have used the FE sector for training.

Figure 6.19: Number of times contacted by FE colleges and local training providers



Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; establishment weighted.*

50 There is little variation by region (see Table 6.6). The exception is with respect to London. Establishments in London are less likely than establishments in other regions to have been contacted by either FE colleges or other local training providers, but where they were contacted the number of contacts was relatively high.

Table 6.6: Contact by training providers

%

	Region									Total
	WM	EM	E	LO	NE	NW	SE	SW	Y/H	
Local FE college	27	32	25	19	28	29	26	29	29	26
Other local training providers	24	32	30	19	28	32	28	30	35	28
Either	34	44	39	26	37	44	39	41	44	38
Both	17	19	15	12	20	18	15	17	20	16
Neither	66	56	61	74	63	56	61	59	56	62
Average number of contacts by FE colleges where contacted	4.9	4.3	3.3	5.0	5.6	5.0	4.0	3.5	3.8	4.3
Weighted Base	*183, 008*	*147,627*	*219,385*	*365,404*	*65,516*	*226,858*	*350,825*	*193,843*	*162,587*	*1,915,053*
Unweighted Base	*6,933*	*5,666*	*8,150*	*13,381*	*3,466*	*8,419*	*12,883*	*7,203*	*5,999*	*72,100*

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments; establishment weighted.*

Notes: *WM = West Midlands, EM = East Midlands, E = Eastern, L = London, NE = North East, NW = North West, SE = South East, SW = South West, Y/H = Yorkshire and the Humber.*

6.9 Conclusion

51 Two factors appear to drive the provision of training:

a size of establishment – larger establishments are more likely to engage in training and have formal processes in place; and

b industry – education, public administration, and health and social work stand out as industries which engage more heavily in training. This is not a simple private versus public split, since at least two of these industries contain a substantial private sector element.

52 Many of the organisations in the sectors highlighted in (b) are large. There is probably a reinforcing aspect here. At least two of the three industries in (b) are required to keep up-to-date with the latest developments in education and health respectively and this will create a demand for training; but being large organisations, or being part of larger organisations, will result in formal HR processes being in place to assess the training needs of employees.

53 Whilst there is evidence of a vast amount of training activity taking place across the economy, there are industries within the economy where relatively little activity is taking place. This is true of smaller organisations (although in total, because of their large numbers, they provide many days). It is also true of those industries where relatively little training is provided compared to the national average. This, of course, has implications for the discussion of recruitment problems. If employers are unwilling to engage in the training of their employees and rely upon the external labour market to provide fully trained people, then the likely consequence is that they will encounter difficulties recruiting, especially in relation to intermediate level skills.

National Employers Skills Survey 2003: Main Report

7. The Changing Patterns of Skill Deficiencies

7. The Changing Patterns of Skill Deficiencies

7.1 Introduction

1 This report has looked at recruitment difficulties (and the extent to which they are caused by a lack of available skills in the workforce), skills gaps within the existing workforce and training and workforce development activities in England in 2003. While this presents a full picture of employers' skills deficiencies now, fuller interpretation and understanding of the data necessitates analysis of changes in these key measures over time.

2 In this chapter a comparative analysis is provided by re-visiting previous national employer skills surveys. The situation in England is also compared with that in Scotland, Wales and Northern Ireland.

7.2 A Methodological Note on Comparisons

3 National-level employer skills surveys in England have a long history, starting with the Skills Needs in Britain series (1990–1998), and extending to the Employer Skills Surveys (1999–2002). For the present analysis, the key comparison will be with ESS2001. This is for two principal reasons.

- Although ESS2001 does not offer the most recent comparative data on employer skills in England, its design – and in particular its sample coverage – has the greatest commonality with NESS2003, in so far as both cover establishments of all sizes and specifically those with fewer than five employees, whereas ESS2002 excluded these smallest establishments.
- ESS2001 was a far larger survey than ESS2002, covering just over 27,000 establishments. This compares to the 4,000 establishments interviewed in 2002. Comparisons made between ESS2001 and NESS2003 will be thus more statistically reliable and will aid comparative sub-group analyses.
- This is not to say that comparisons between these two surveys are without problems. Specifically, the potential for comparison is inhibited by differences in:

i sampling methodology

ii questionnaire coverage/measures.

7.3 Sampling Methodology

4 ESS2001 adopted a modified probability proportionate to size (PPS) sampling approach.

- Half of the 27,000 target interviews were allocated evenly to each of the regions (i.e. 13,500 interviews were distributed with 1,500 interviews in each region).
- The remaining half were distributed in proportion to the number of business units in the region (such that regions with larger numbers of business units accounted for a larger proportion of all interviews).
- Within each region, a similar approach was taken to allocating target interviews to sector. Each of 16 sectors (defined by SIC code) received an even share of half of the region's interviews, with the remainder distributed in proportion to the number of business units in the sector.
- Within each industry, interviews were allocated to one of five size bands in proportion to the number of employees that business units of that size accounted for within the industry as a whole (thus if 50 per cent of employees were employed in health sector establishments with

more than 500 employees, 50 per cent of health sector interviews were targeted among employers of this size).

- This stage of the distribution produced a set of targets that were, in some cases, either larger than the number of businesses in a given size band within a given industry, or constituted a large proportion of them. In order to facilitate the logistics of the data collection, a final stage of target-setting pegged the number of interviews achieved back to the population of establishments, such that no target represented more than a third of the total population in that cell.

5 For NESS2003, the sampling approach – while similar – incorporated a number of key variations.

- The initial geographical distribution of the sample was at the level of each of the local LSCs rather than by region.[1] What this means in practice is that NESS2003 is representative of the country *in its local particularities* in a way that ESS2001 could not claim to be.
- NESS2003 based its industrial distribution of interviews on 33 sectors[2] (defined by SIC) as opposed to the 16 sectors used in ESS2001. For the most part, the NESS2003 sectors map onto the ESS2001 16 sectors. But there are problems of comparison in terms of wood and paper, engineering, transport equipment, professional services and computer and related industries, which do not map directly to the (combined or unique) sectors used in 2001 (see Table 7.1 opposite). Comparative analysis by sector is therefore possible, but limited.
- Besides the different definitions of sectors, the distribution of interviews to sectors was approached in a different way for NESS2003 in so far as half of the local LSC interviews were not allocated evenly amongst all sectors; rather the distribution to sectors was directly proportionate to the number of units per sector. This has the effect that the NESS2003 sample better reflects the sector profile of each local LSC area; on the other hand, it also means that the numbers of interviews achieved for some sectors is relatively small, and minor sectors within an area do not therefore support discrete analysis even at regional or national levels.
- The distribution of interviews by size was conducted in a similar fashion (i.e. based on the distribution of employment rather than business units). But NESS2003 used six size bands as opposed to five, signifying that a greater degree of size band analysis is possible. Moreover, where ESS2001 pegged size band targets back to one in three of the population at the top end, NESS2003 used a ratio of one in five. Combined with the impact of having a greater number of sectors in the first instance, this means that, proportionately, a smaller number of interviews were conducted with larger establishments in 2003 than in 2001.

6 To some extent, these differences in sampling will have been corrected through the weighting of the data, but they need to be borne in mind when drawing comparisons between the two samples. To the extent that patterns differ between larger and smaller establishments, these differences will affect comparisons between the two surveys.

[1] Moreover, rather than distributing half of a fixed number of interviews evenly amongst all "geographies", the approach adopted here was to distribute across each local LSC proportionately to its size, but ensuring each local LSC would be allocated at least 800 interviews by boosting targets where appropriate.

[2] The 33 sectors that were used for sampling and quotas were condensed into 27 industries for the purposes of analysis and reporting.

Table 7.1: Definitions of industries and sectors in NESS2003 and ESS2001

NESS 2003 INDUSTRIES		ESS 2001 SECTORS	
Industry label/ description	**SIC codes**	**SIC codes**	**Sector/label description**
Agriculture, etc	01-02, 05	01-02, 05	Agriculture
Mining and Quarrying	10-14	10-14, 20, 23-26, 36-37, 40-41	Mining, manufacturing non-metallic minerals, fuel, chemicals, rubber plastics, miscellaneous utilities
Chemicals, and non-metallic mineral products	23-26		
Manufacturing and recycling	36-37		
Electricity, gas and water	40-41		
Wood and paper	20-21		
Food, drink and tobacco	15-16	15, 16, 17, 18, 19, 21, 22	Food, textiles, paper, publishing
Textiles and clothing	17-19		
Printing and publishing	22		
Metals and metal goods	27-28	27, 28	Metals and metal products
Engineering	29-33	29, 34, 35	Machinery, transport equipment, vehicles
Transport equipment	34-35	30-32, 33	Electrical, electronic, optical and metal machinery and instruments
Construction	45	45	Construction
Sale and maintenance of motor vehicles	50	50, 51, 52	Wholesale and retail
Wholesale distribution	51		
Retailing	52		
Hotels and catering	55	55	Hotels and catering
Transport	60-63	60-63, 64	Transport, storage and communication
Communications	64		
Financial intermediation	65-67	65-67	Finance
Professional services	70-71, 73	70-72, 74	Business Services
Computing and related	72		
Other business services	74		
Public Administration and defence	75	75	Public admin
Education	80	80	Education
Health and social work	85	85	Health
Miscellaneous services	90-99	90-93	Community, social and personal services

Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All establishments/employment.*

7.4 Questionnaire Coverage

7 Although effort was made to ensure that NESS2003 would be comparable with earlier employer skills surveys, where relevant and appropriate, a number of changes to the questionnaire were made which make certain comparisons more difficult. The extent to which key measures are comparable is highlighted in Table 7.2. Measures for which comparisons are provided in this chapter are indicated with a superscript note b. Notwithstanding these notes of caution, the next sections of this chapter seek to track how skills deficiency measures are changing over time, starting with a comparison of recruitment difficulties.

Table 7.2: Potential for comparison on key measures

Measure	Potential for time series comparison
RECRUITMENT DIFFICULTIES VACANCIES	
Incidence (% of establishments experiencing)[b] Number experienced[b] Occupations in which experienced[b]	**Fully comparable**
HTFVS	
Incidence[b]	**Comparable** ESS2001 asked – for each of up to six occupations with vacancies - whether any of them were hard-to-fill. NESS2003 asked whether any vacancies at overall level were hard-to-fill and if the answer was yes, then explored how many of the vacancies in each of up to six occupations with vacancies were hard-to-fill. It is unlikely that this slightly different question formulation will have impacted significantly on the way in which employers reported HtFVs.
Number[b] Occupations[b]	**Comparable** Fully comparable if the existence of any HtFVs is correctly established.
Causes of HtFVs	**Compare with caution** Causes of HtFVs were explored for up to six occupations in ESS2001, but only 2 occupations in NESS2003.
SSVS	
Incidence[b]	**Compare with caution** Both ESS2001 and NESS2003 identified which HtFVs were skills-related by asking employers to describe their main causes. In both cases the question was posed on an unprompted basis, with skills-related HtFVs defined as those caused by low numbers of applicants with the required skills; or the required attitudes, motivation or personality; or the required qualifications. However, whereas for ESS2001 the question was asked of up to six occupations in which there were HtFVs, in NESS2003 a maximum of two vacancies were explored in this way. It is possible, therefore, that a hard-to-fill vacancy that was not followed-up was skills related.

Continued...

Table 7.2: Potential for comparison on key measures (continued)

Measure	Potential for time series comparison
SSVS	
Number[b] Occupations[b]	**Compare with caution** For those occupations whose HtFVs were not investigated, there is no way of knowing which, if any, were skill-related.
Skills characteristics of SSVs	**Compare with caution** Given that it can't be known if all SSVs were followed up, one can't be sure that reporting of skills characteristics is all-encompassing. However, the selection of which HtFVs to follow up was random.
IMPLICATIONS OF RECRUITMENT DIFFICULTIES	
Impact of HtFVs Actions taken to overcome HtFVs	**Compare with caution** These questions were asked of all with HtFVs but were previously asked about all occupations with HtFVs. Comparisons can therefore be drawn of analysis based on all establishments with HtFVs but should be treated with caution (in so far as summing a question which previously had up to six prompted iterations may not give the same responses as asking the question only once). No comparisons can be made on a hard-to-fill vacancy base, or in terms of SSVs, whether on an establishment or a vacancy base.
Impact of SSVs Actions taken to overcome SSVs	**Compare with extreme caution** Impacts of recruitment difficulties and the actions taken to overcome them were previously asked of all occupations identified as having HtFVs. NESS2003 only establishes these measures at overall establishment level. This was previously presented on both a hard-to-fill vacancy and an establishment base. The latter can be presented for NESS2003. The fact that in NESS2003 one response is given whereas in ESS2001 the establishment-based analysis sums responses across occupations renders comparisons difficult to make.
Measure	**Potential for time series comparison**
SKILL GAPS	
Incidence[b] Number[b]	**Compare with caution** ESS 2001 asked employers to rate the proficiency of their employees in each occupation on a semantic scale (ranging from all fully proficient to none fully proficient). These responses were converted into numbers of skill gaps by applying multiplying fractions
Occupations[b]	NESS2003 asked employers to detail the number of employees in each occupation lacking proficiency.

Continued...

Table 7.2: Potential for comparison on key measures (continued)

Measure	Potential for time series comparison
Causes of skill gaps Skills characteristics of skill gaps	**Compare with caution** In a similar way that NESS2003 limited the number of occupations with vacancies that were followed up, it also limited the number of occupations with skill gaps that were followed up. Where establishments had skill gaps, these were explored in only one occupation, whereas ESS2001 explored up to two occupations with vacancies. Additional caution is required where skills characteristics of skills gaps were explored. Not only were these explored for fewer occupations, but the read out code frame of skills was differently ordered.
Impact of skill gaps Actions taken to overcome skill gaps	**Compare with caution** The implications of skill gaps were explored at overall establishment level for NESS2003, whereas ESS2001 explored these issues separately for each of up to two occupations in which there were skill gaps.
Barriers to maintaining/developing a fully proficient workforce[b]	**Compare with caution** The barriers that establishments anticipate in maintaining or developing a fully proficient workforce were explored on an unprompted basis through ESS2001, but on a prompted basis for NESS2003.
TRAINING	
Existence of formal business and training plans, or training budget[b]	**Fully comparable**
Proportion of businesses funding training[b]	**Compare with extreme caution** Previously measured off-the-job training, now widened to "any training and development"
Types of training funded[b]	**Compare with extreme caution** ESS2001 looked at types of training provided off-the-job, whereas NESS2003 looks at all types of training provided, however they are delivered.

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *All establishments/employment.*

Notes: *(a) NESS2003 included a number of measures that were not covered through ESS2001. Clearly no comparisons can be established for these measures through time.*

(b) Comparisons are provided in this chapter for those measures indicated by shading.

(c) In detail, the semantic scale and associated weighting fractions were: all proficient (multiple of 0 to give number of skill gaps); nearly all fully proficient (0.15); over half fully proficient (0.35); under half (0.65); a few (0.85); none (1).

7.5 Incidence and Number of Vacancies, Hard-to-fill Vacancies and Skill-shortage Vacancies Over Time

8 As Table 7.3 illustrates, just over one in six establishments reported vacancies at the time of the 2003 survey; this is slightly higher than in 2001. The proportions of establishments reporting HtFVs (8 per cent) and SSVs (4 per cent), however, remain the same.[3]

Table 7.3: Incidence and number of vacancies, hard-to-fill vacancies and skill-shortage vacancies over time

	% of all establishments reporting	Number of vacancies 000s	Vacancies as % of employment	HtFVs and SSVs as % of vacancies
2003				
All vacancies	17	679	3.1	n/a
HtFVs	8	271	1.2	40
SSVs	4	135	0.6	20
2001				
All vacancies	14	766	3.7	n/a
HtFVs	8	358	1.7	47
SSVs	4	159	0.8	21

Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All establishments/employment.*

9 Whilst the percentage of establishments reporting vacancies in 2003 is higher than in 2001, the number of vacancies they collectively reported shows a decrease of around 11 per cent, from almost three-quarters of a million to fewer than 700,000. On average, employers with vacancies in 2003 have fewer of them than in 2001 and thus the density of vacancies to employment has decreased.

10 The number of HtFVs and SSVs has also decreased (although at least some of this decrease is likely to be attributable to the different means adopted to measure them, at least in the case of SSVs). Similarly, the densities of HtFVs and skill-related vacancies expressed as a proportion of total employment have both decreased, the former by almost a third (from 1.7 per cent to 1.2 per cent) and the latter by a quarter (0.8 per cent to 0.6 per cent). Again, in terms of the density of SSVs in particular, these findings should be treated with caution due to the different way in which the number of SSVs has been established.

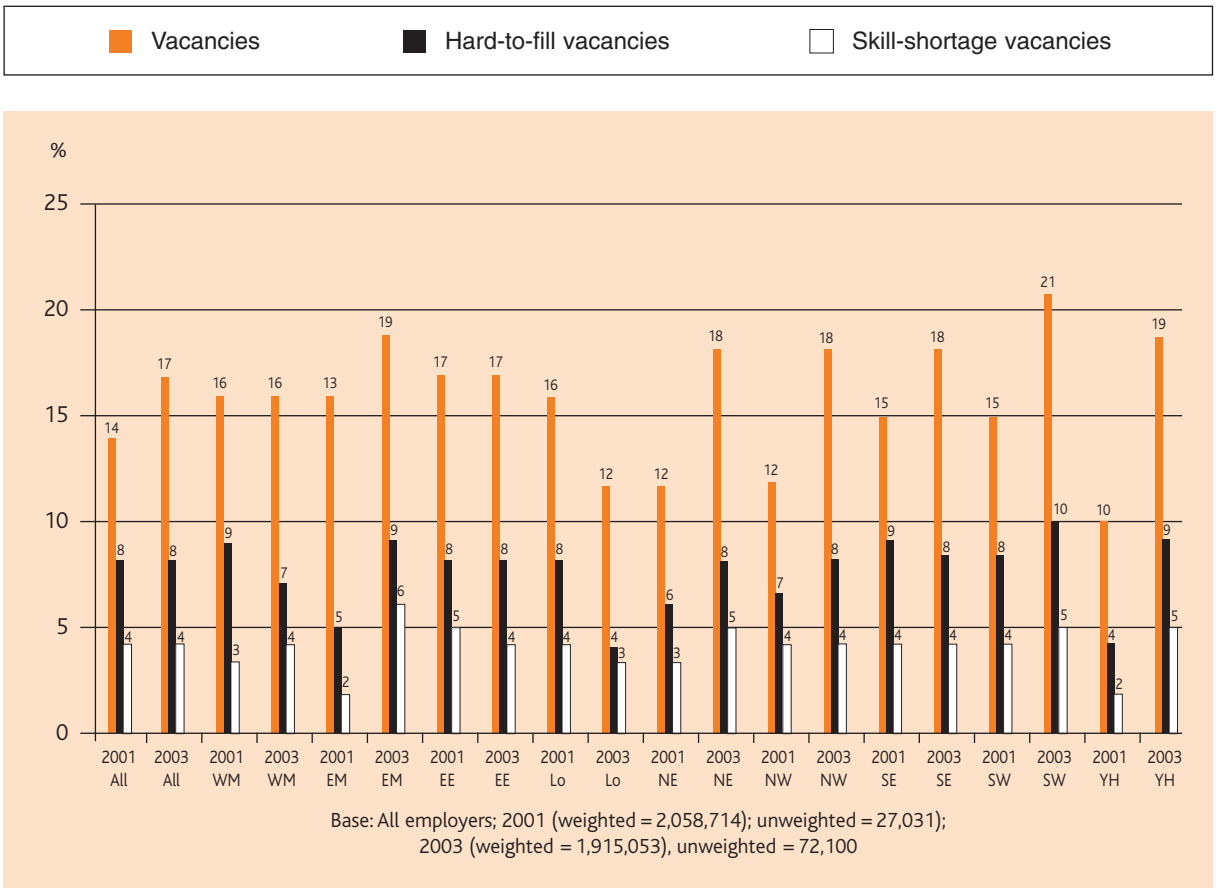
11 The proportion of vacancies that are hard to fill is slightly lower than in 2001 (40 per cent compared to 47 per cent), but the proportion of vacancies that are skill related has changed little (20 per cent compared to 21 per cent). Skills deficiencies in the labour market are not getting any worse, but nor are they getting any better.

[3] As detailed above, it should be noted that the measure of skill-shortage vacancies in particular is not strictly or fully comparable and that the apparent continuity may be misleading.

7.6 Incidence of Vacancies, Hard-to-fill Vacancies and Skill-shortage Vacancies

12 The proportion of employers (by region and size) with vacancies, HtFVs and SSVs, by region and size of establishment over the two surveys is portrayed in Figures 7.1 and 7.2.

Figure 7.1: Proportion of employers with recruitment problems by region



Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All establishments/employment.*

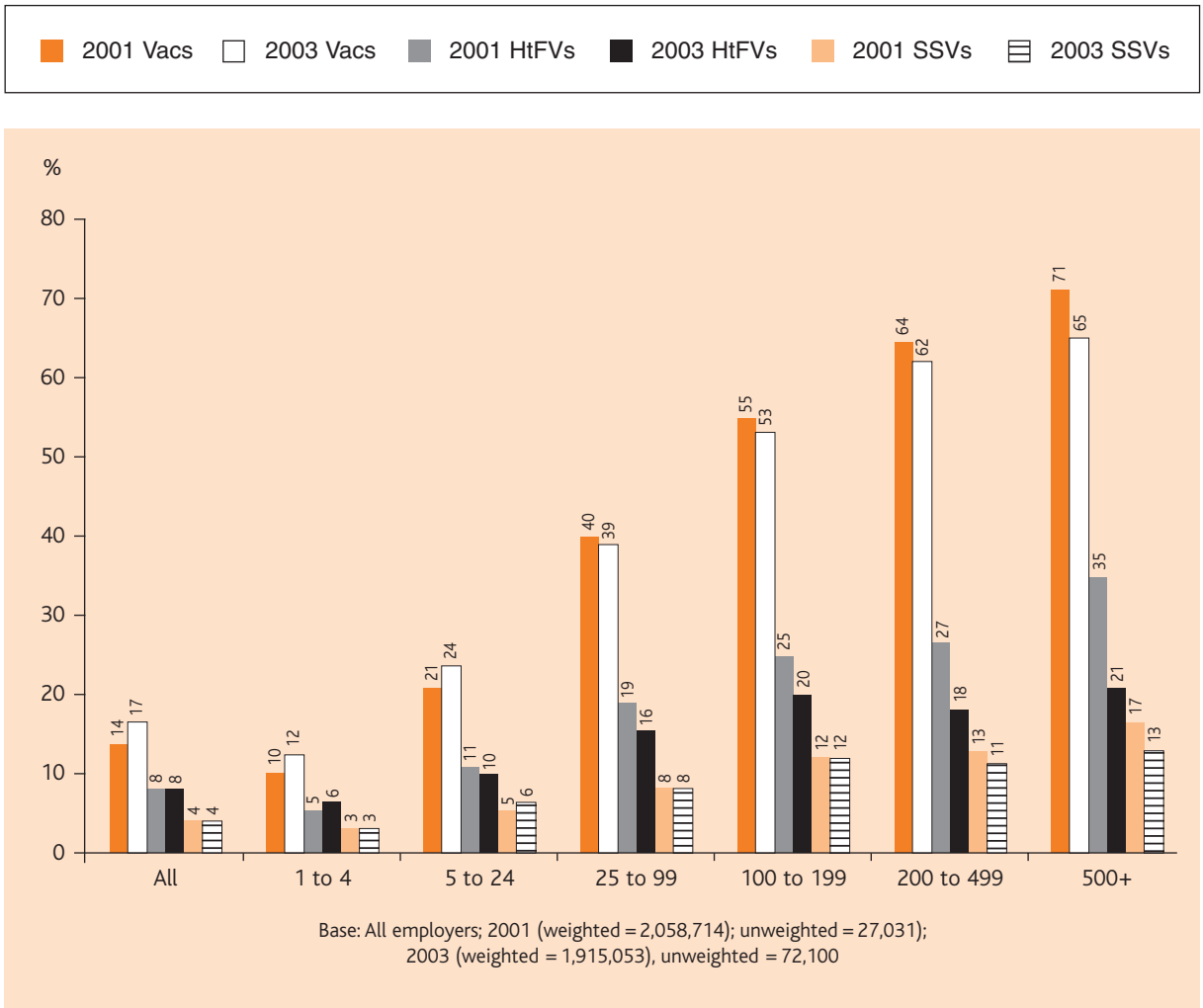
13 At national level, proportions with HtFVs and SSVs fall slightly between 2001 and 2003. However, there is considerable variation from this national pattern in the regions. In particular:

- in the East Midlands, the North East, and Yorkshire and the Humber the proportions of establishments with vacancies, HtFVs and SSVs have all increased
- in London, the proportions of establishments with vacancies (16 per cent to 12 per cent) and HtFVs (8 per cent to 4 per cent) have both decreased quite sharply.

14 In terms of size, and its relationship to the experience of recruitment difficulties, three groupings or patterns emerge.

- Establishments with fewer than 25 employees follow (or set) the national pattern, with an increasing incidence of vacancies but a stable incidence of HtFVs and SSVs.
- Establishments with between 25 and 99 employees have experienced a stable incidence of vacancies and SSVs but a decreasing incidence of HtFVs.
- Establishments with more than 100 employees have a decreasing incidence of vacancies and HtFVs, but (with the exception of the very largest establishments) a relatively stable incidence of SSVs.

Figure 7.2: Proportion of employers with recruitment problems by size



Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

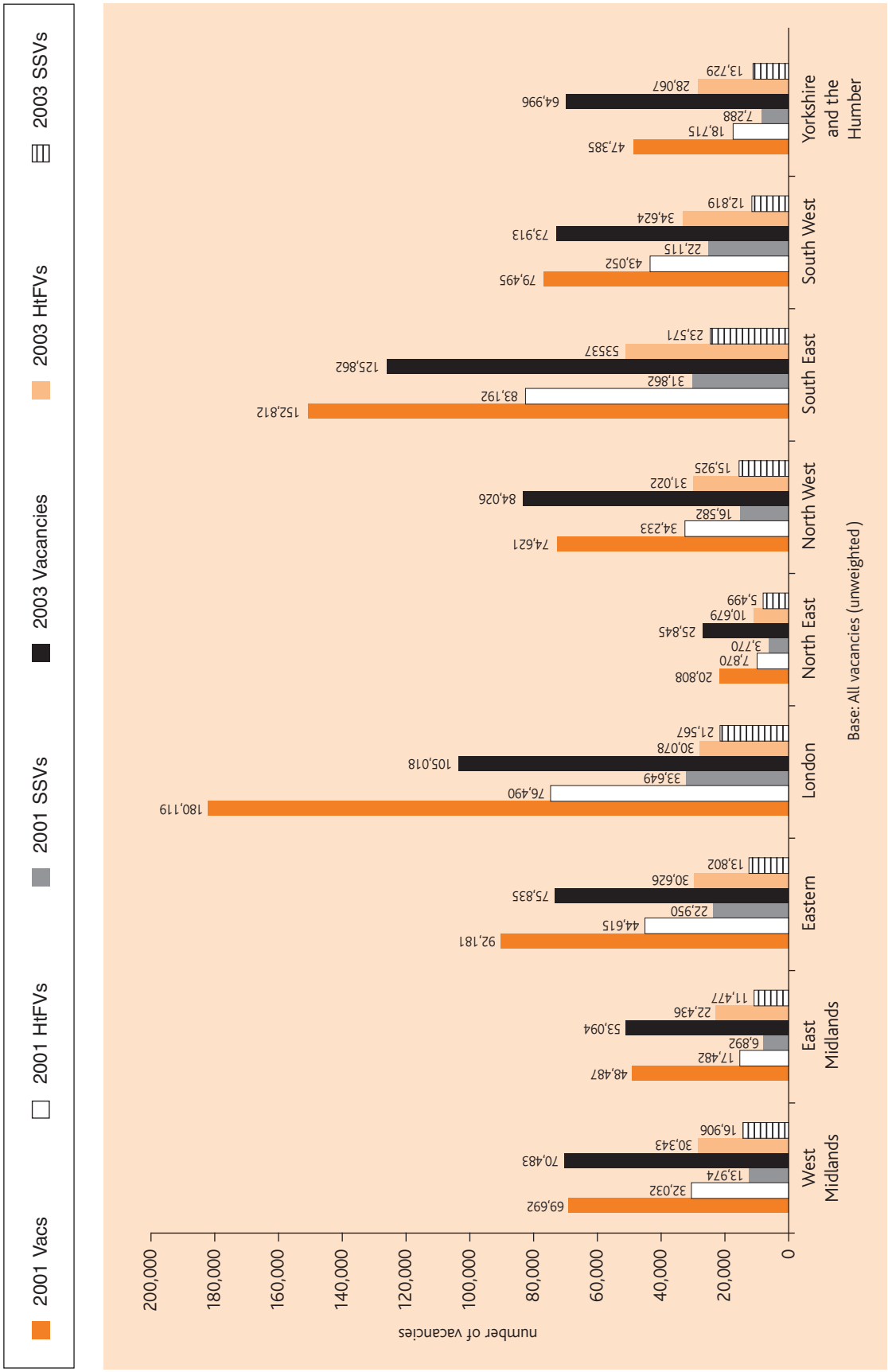
Base: *All establishments/employment.*

15 Within these patterns, the most acute change is in the decrease in the proportion of the very largest establishments which report HtFVs. In ESS2001, one in three (35 per cent) establishments with at least 500 employees reported HtFVs. This compares to only one in five (21 per cent) of the largest establishments in NESS2003.

7.7 Number and Distribution of Recruitment Difficulties

16 The distribution of vacancies, hard-to-fill and skill-shortage vacancies, by size and region in 2001 and 2003 is described in Figures 7.3 to 7.4.

Figure 7.3: Profile of vacancies, hard-to-fill vacancies and skill-shortage vacancies by region



Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All establishments/employment.*

17 Nationally, there has been a considerable decrease in the number of recruitment difficulties of all kinds recorded – i.e. vacancies, HtFVs and SSVs have all fallen in number.

18 To a large extent, Figure 7.3 suggests that this national pattern is driven by London and the South East, which accounted for an overwhelming proportion of all recruitment problems in 2001 and where there have been the largest decreases in the intervening periods. Indeed, in London there are fewer than half the number of HtFVs than there were two years ago.

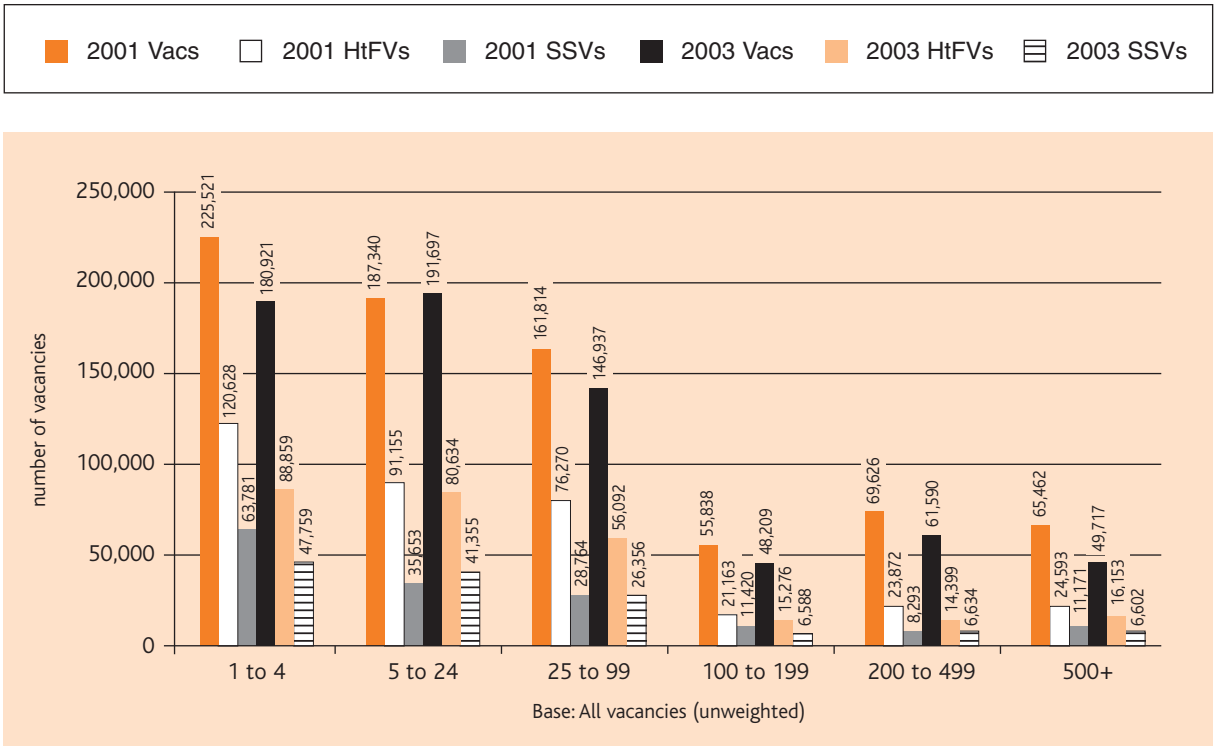
19 While the East of England and the South West follow this pattern of decreasing recruitment difficulties on a smaller scale, elsewhere the picture is slightly different.

20 The East Midlands, the North East, the North West, and Yorkshire and the Humber have all seen increases in the number of vacancies, with a particularly large increase in Yorkshire and the Humber. Within all of these regions, the numbers of hard-to-fill and skill-shortage vacancies have also increased, with the exception of the North West where HtFVs have fallen and SSVs remain at a comparable level.

21 There has been little noticeable change in the number of vacancies and HtFVs in the West Midlands, although the number of SSVs has increased slightly.

22 The number of recruitment difficulties reported by establishments of different sizes is shown in Figure 7.4. This presents a slightly different picture than does the analysis of the incidence of recruitment difficulties presented in Figure 7.2.

Figure 7.4: Profile of vacancies, hard-to-fill vacancies and skill-shortage vacancies by size



Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All establishments/employment.*

23 From this chart, it is apparent that the overall decrease in the number of recruitment difficulties is largely attributable to the smallest establishments. Vacancies and SSVs have also fallen across all sizes of company (with the exception of those with between 5 and 24 employees where the number of vacancies and SSVs, but not the number of HtFVs, has risen slightly).

7.8 Intensity of Recruitment Problems

24 As discussed in Chapter 3, simple measures of the incidence and/or number of recruitment problems provide little indication about the relative importance of that vacancy to the establishment. It is therefore useful to consider recruitment problems on a standardised base, through measures of density (the number of vacancies expressed as a proportion of total employment) and through the number of hard-to-fill and skill-shortage vacancies expressed as a proportion of vacancies and HtFVs respectively.

25 The first three columns in Table 7.4 show vacancy, hard-to-fill vacancy and skill-shortage vacancy density measures by region, size of establishment and occupation in 2001 and 2003. The table also shows the proportions of vacancies that are hard to fill and the proportion of HtFVs that result from skills problems in the labour market.

Table 7.4: Vacancies, hard-to-fill vacancies and skill-shortage vacancies as a proportion of employment by region and size

	Vacancies as a % of employment		HtFVs as a % of employment		SSVs as a % of employment		HtFVs as a % of vacancies		SSVs as a % of HtFVs	
	2001	2003	2001	2003	2001	2003	2001	2003	2001	2003
Overall	3.7	3.1	1.7	1.2	0.8	0.6	46.7	40.0	44.5	49.8
Region										
West Midlands	3.2	3.1	1.5	1.3	0.6	0.7	46.0	43.1	43.6	55.7
East Midlands	3.0	3.1	1.1	1.3	0.4	0.7	36.1	42.3	39.4	51.2
Eastern	4.3	3.4	2.1	1.4	1.1	0.6	48.4	40.4	51.4	45.1
London	4.9	2.6	2.1	0.7	0.9	0.5	42.5	28.6	44.0	71.7
North East	2.3	2.7	0.9	1.1	0.4	0.6	37.8	41.3	47.9	51.5
North West	2.8	2.9	1.3	1.1	0.6	0.6	45.9	36.9	48.4	51.3
South East	4.6	3.5	2.5	1.5	1.0	0.6	54.4	42.5	38.3	44.0
South West	4.0	3.6	2.2	1.7	1.1	0.6	54.2	46.8	51.4	37.0
Yorkshire and the Humber	2.4	3.1	1.0	1.4	0.4	0.7	39.5	43.2	38.9	48.9
Size										
1 to 4	10.5	7.1	5.6	3.5	3.0	1.9	53.5	49.1	52.9	53.7
5 to 24	4.1	4.0	2.0	1.7	0.8	0.9	48.7	42.1	39.1	51.3
25 to 99	3.1	2.6	1.4	1.0	0.5	0.5	47.1	38.2	37.7	47.0
100 to 199	2.7	2.0	1.0	0.6	0.6	0.3	37.9	31.7	54.0	43.1
200 to 499	2.2	1.9	0.7	0.4	0.3	0.2	34.3	23.4	34.7	46.1
500+	2.1	1.6	0.8	0.5	0.4	0.2	37.6	32.5	45.4	40.9

Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All employment.*

26 All measures at the national level are decreasing with the exception of SSVs viewed as a proportion of HtFVs, which ratio has increased. That is, recruitment difficulties are decreasing in weight, but the residual core is more highly skill related. This overall picture hides a number of variations, however.

27 By region, only London and the South East mirror this pattern but, as already noted, London and the South East largely set the pattern both through the sheer number of recruitment problems they account for and through the magnitude of changes experienced since 2001. The West Midlands resembles these two areas in most respects, although SSVs represent a higher proportion of employment than in 2001.

28 The East of England and the South West resemble each other quite closely, with decreasing recruitment difficulty densities of all types – that is vacancies, HtFVs and SSVs represent a smaller proportion of employment. In these two regions HtFVs account for a smaller proportion of all vacancies and a smaller proportion of HtFVs are a result of skills problems.

29 In the North West, vacancies represent a slightly higher proportion of employment than in 2001, while HtFVs are down both as a proportion of employment and as a proportion of vacancies. SSVs are stable as a proportion of employment, but represent a greater proportion of HtFVs than in 2003.

30 The changes in the East Midlands, the North East, and Yorkshire and the Humber are perhaps of greatest concern. In these regions, relatively speaking, vacancies, HtFVs and SSVs all represent a greater challenge than two years ago; moreover, more vacancies are hard to fill and more HtFVs are left unfilled because of a shortage of skilled labour.

31 By size, the decreasing number of vacancies, HtFVs and SSVs amongst the very smallest establishments is reflected in the considerably lower density measures against employment. The fall in HtFVs as a proportion of vacancies is less marked, however; and the ratio of SSVs to HtFVs has increased slightly.

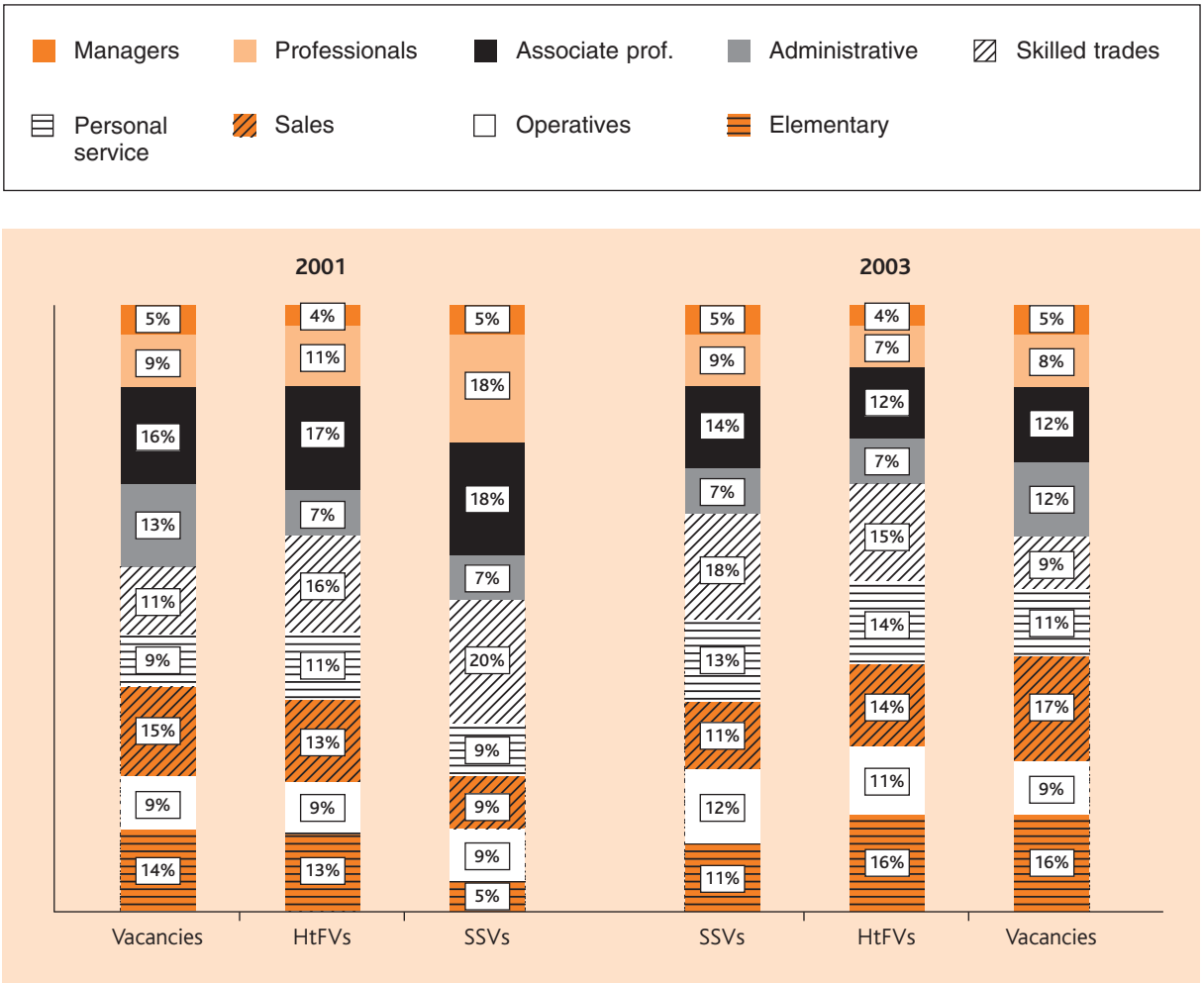
32 Among establishments with between 5 and 99 employees, vacancies and HtFVs represent a lower proportion of employment than in 2001, as do HtFVs as a proportion of all vacancies. SSVs are denser, however, comprising a greater proportion of HtFVs than previously.

33 Establishments with between 200 and 499 employees stand out among the larger establishments as having a higher ratio of SSVs to all HtFVs. Otherwise, all measures are down on 2001.

7.9 Occupational Patterns in Recruitment Difficulties

34 While recruitment difficulties are experienced by establishments, they are experienced in occupations (or for particular jobs). The occupational patterns of recruitment difficulties are considered in this section. Figure 7.5 profiles vacancies, HtFVs and SSVs within each of the nine headline occupations, illustrating changes in the relative weight of problems since 2001.

Figure 7.5: Profile of vacancies by occupation



Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All establishments/employment.*

35 The three columns to the left of the figure show the profile of, respectively, vacancies, HtFVs and SSVs in 2001 – that is they demonstrate what proportion of these recruitment challenges are accounted for by each occupational category. The trio of columns to the right then repeat this pattern for 2003.

36 The key differences that are apparent between recruitment difficulties now and in 2001 are:

- the increasing proportion of hard-to-fill and skill-shortage vacancies among elementary occupations, operatives and personal service occupations
- the declining share of vacancies, hard-to-fill and skill-shortage vacancies in associate professional occupations
- the particularly sharp decline in the share of SSVs experienced for professional occupations.

37 Table 7.5 overleaf throws more light on how recruitment difficulties are changing for different occupations by returning to the density measures considered earlier.

Table 7.5: Vacancies, hard-to-fill vacancies and skill-shortage vacancies as a proportion of employment by region and size

	Vacancies as a % of employment		HtFVs as a % of employment		SSVs as a % of employment		HtFVs as a % of vacancies		SSVs as a % of HtFVs	
	2001	2003	2001	2003	2001	2003	2001	2003	2001	2003
Occupation										
Managers	1.2	1.3	0.4	0.4	0.2	0.2	34.7	34.5	58.2	51.4
Professionals	2.5	1.7	1.5	0.6	1.1	0.4	60.1	37.1	70.9	65.4
Associate professionals	7.2	4.4	3.5	1.7	1.7	1.0	49.0	38.8	47.8	60.9
Administrative	3.1	2.9	0.8	0.7	0.3	0.3	26.5	23.2	42.5	47.7
Skilled trades	4.5	3.3	3.1	2.0	1.7	1.3	68.3	62.5	55.2	62.4
Personal services	4.6	6.1	2.6	3.2	1.0	1.5	56.3	51.4	38.0	46.0
Sales	4.3	3.4	1.7	1.1	0.6	0.4	40.2	32.0	32.4	38.7
Operatives	3.0	3.4	1.5	1.7	0.7	0.9	49.7	50.3	44.1	53.8
Elementary	6.3	3.5	2.7	1.4	0.5	0.5	42.6	40.3	17.6	34.8

Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All establishments/employment.*

38 Vacancies among managers, operatives and, particularly, personal service occupations represent a greater proportion of employment in these occupations than in 2001. Among the former, HtFVs are constant in their ratio to employment, as are SSVs, but HtFVs and SSVs are down as a proportion of vacancies and HtFVs respectively. SSVs as a proportion of employment among personal service occupations have increased by 50 per cent, on the other hand, and by more than a quarter for operatives. In both these occupations, skill-shortages are more entrenched as a cause of HtFVs than in 2001.

39 Nowhere have SSVs become more of a structural recruitment problem than among elementary occupations. Despite the fact that vacancies and HtFVs are down by almost half as a proportion of employment in these occupations, and that SSVs account for the same proportion of elementary employment, almost twice the proportion of HtFVs are skills related compared to 2001. A similar, though less extreme, pattern is apparent where associate professional recruitment is concerned.

40 Only amongst managers and professionals do SSVs represent a smaller proportion of HtFVs than in 2001.

7.10 The Changing Nature and Scale of Internal Skills Deficiencies

41 This section considers the changing nature and scale of internal skills deficiencies or skill gaps. As discussed at the start of this chapter, care needs to be taken with these comparisons in so far as they are based on slightly different methods of measuring skills problems within establishments' existing workforce. First, the analysis addresses the incidence of skill gaps, comparing the broad measure of skill gaps in ESS2001 with the NESS2003 measure of skills gaps. The ESS2001 measure of narrow skill gaps is also shown for comparison.[4]

42 At an overall level, the incidence of skill gaps has not really changed in the last two years. There are different patterns by region and size, however.

[4] As has been discussed earlier, ESS2001 identified skill gaps through a question using a semantic scale. If employers stated that *nearly all* of their staff were fully proficient, then they were classified as having a *broad gap* in that occupation – with the underlying assumption that they were close to a fully proficient team. Where employers did not state that *all* or *nearly all* employees in an occupation were fully proficient, the gap was described as *narrow*. The broad gap measure is therefore more comparable with that used in 2003, when the presence of one employee who was not fully proficient in a given occupational group was enough to register as a skills gap in that occupation – no matter how many fully proficient employees there were.

Table 7.6: Incidence of skills gaps by region and size

	2001				2003		
			% of establishments experiencing skills gaps				% of establishments experiencing skills gaps
	Base = All employers		**Narrow measure**	**Broad measure**	*Base = All employers*		
	Unweighted	*Weighted*	*%*	*%*	*Unweighted*	*Weighted*	*%*
Overall	**27,031**	**2,058,714**	**7**	**23**	**72,100**	**1,915,053**	**22**
Region							
West Midlands	*2,812*	*200,724*	**8**	**27**	*6,933*	*183,008*	**24**
East Midlands	*2,560*	*161,545*	**8**	**21**	*5,666*	*147,627*	**25**
Eastern	*3,035*	*233,565*	**6**	**24**	*8,150*	*219,386*	**21**
London	*4,011*	*382,227*	**6**	**20**	*13,381*	*365,404*	**16**
North East	*1,999*	*72,064*	**9**	**26**	*3,466*	*65,516*	**26**
North West	*3,109*	*246,165*	**6**	**25**	*8,419*	*226,859*	**22**
South East	*3,908*	*366,648*	**6**	**22**	*12,883*	*350,825*	**22**
South West	*2,916*	*216,207*	**9**	**22**	*7,203*	*193,843*	**23**
Yorkshire and the Humber	*2,877*	*179,569*	**6**	**25**	*5,999*	*162,587*	**29**
Size							
1 to 4	*3,701*	*1,481,191*	**3**	**13**	*18,037*	*1,303,007*	**14**
5 to 24	*3,766*	*430,709*	**14**	**45**	*36,080*	*460,075*	**35**
25 to 99	*9,457*	*117,485*	**21**	**61**	*13,711*	*121,415*	**48**
100 to 199	*2,605*	*15,492*	**22**	**70**	*2,363*	*17,606*	**59**
200 to 499	*1,799*	*10,928*	**24**	**76**	*1,440*	*9,830*	**63**
500+	*703*	*2,909*	**25**	**77**	*469*	*3,119*	**62**

Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All establishments/employment.*

43 The proportion of employers reporting skill gaps has decreased in all regions, with the exceptions of the East Midlands (where there has been an increase of 20 per cent – from 21 per cent to 25 per cent) and Yorkshire and the Humber (where the increase has been slightly smaller in relative terms but still enough to mean the region has the highest proportion of employers with skill gaps in the country). As with SSVs, the largest decrease has been in London.

44 By size of employer, the smallest establishments (those with fewer than five employees) have seen a marginal increase in the incidence of skill gaps, while all other sizes of employer have seen a decrease. It is still the case, however, that larger business establishments are considerably more likely than their smaller counterparts to experience skill gaps.

45 While the incidence of skill gaps has decreased overall, the total number of gaps recorded, and their density in terms of employment, have both increased considerably (by a quarter in terms of the number of gaps and by a fifth in terms of their density). In large part this is likely to be a function of the new recording mechanism. But the changing patterns of skill gaps by region and size still allow an analysis of where there are likely to have been real changes in the skills of the existing workforce.

Table 7.7: Number and density of skills gaps by region and size

	2001		2003	
	Number of skills gaps (broad measure)	Number of skills gaps as a % of employment (broad measure)	Number of skills gaps	Number of skills gaps as a % of employment
Overall	**1,911,856**	**9.3**	**2,398,349**	**11**
Region				
West Midlands	210,671	9.5	348,534	15
East Midlands	147,088	8.9	184,948	11
Eastern	193,229	9.0	238,764	11
London	338,367	9.2	406,312	10
North East	87,272	9.3	92,481	10
North West	232,974	8.7	290,050	10
South East	319,608	9.6	376,562	10
South West	206,589	10.5	198,034	10
Yorkshire and the Humber	176,059	8.9	262,663	13
Size				
1 to 4	81,099	3.6	199,375	8
5 to 24	350,261	7.6	483,363	10
25 to 99	519,360	9.8	583,773	10
100 to 199	210,019	10.2	268,691	11
200 to 499	384,912	11.9	414,977	13
500+	366,205	11.5	448,170	14

Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All establishments/employment.*

46 The increases in the number and density of skill gaps have occurred across the country as a whole, with the exception of the South West where the number of gaps and their density fell by around 5 per cent.

47 There have been particularly large increases in the West Midlands, and Yorkshire and the Humber, which now account for a considerably larger proportion of all skill gaps than in 2001. The East Midlands and the East of England have also seen large increases in the number of skill gaps.

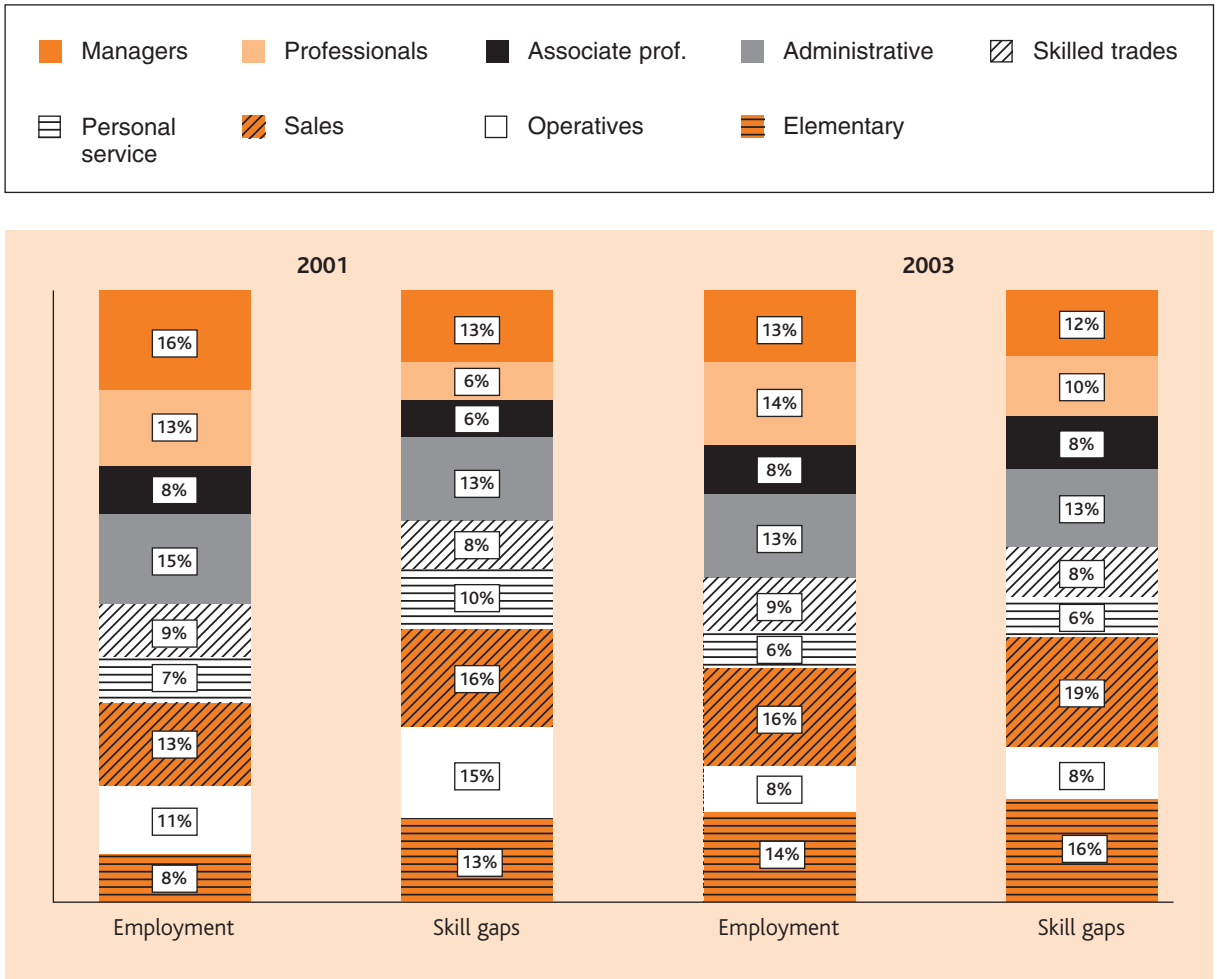
48 In the case of Yorkshire and the Humber, a region which previously had a lower than average density of skill gaps, it now has one of the highest (exceeded only by the West Midlands). Conversely, the South East and the South West, which previously had higher than average densities of skill gaps, now have densities that are lower than average.

49 In terms of size of establishment, the major change has been in the number and density of gaps among the smallest employers. The number of gaps recorded amongst these organisations is 2½ times the figure in 2001, and the density has also more than doubled. Elsewhere, the pattern and relative weight of densities remains more or less the same, although there have been slightly smaller relative increases among establishments with between 200 and 499 employees.

7.11 The Occupational Pattern of Skill Gaps

50 By occupation, the distribution of skill gaps in 2001 and 2003 is illustrated in Figure 7.6. The figure works much in the same way as Figure 7.5 – that is the paired columns on the left show the distribution of employment and skill gaps by occupation in 2001, while the paired columns to the right show the same analysis for 2003.

Figure 7.6: Distribution of skill gaps by occupation



Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All establishments/employment.*

51 By occupation, the pictures emerging are as follows.

- Skill gaps among employees in **elementary** occupations have increased as a proportion of all skill gaps, and as in 2001 this proportion slightly exceeds this occupation's share of employment.
- The share of all skill gaps falling within **transport and machine operative** occupations has decreased compared with 2001, and now is at a level matching the proportion of employment within these occupations.
- As in 2001, skill gaps among **sales and customer service** staff slightly exceed the proportion that the occupation represents of employment.
- The proportion of all skill gaps found within **personal service** occupations has fallen compared with 2001, but is now exactly in line with the occupation's share of employment.
- The relative intensity of skill gaps among **skilled trades** is stable.
- The proportion of all skill gaps accounted for by **administrative** is exactly as found in 2001, and is exactly in line with the occupation's share of employment.
- The proportion of all skill gaps accounted for by **associate professionals** has increased slightly from 2001 and exactly matches the occupation's share of employment.
- The intensity of skill gaps among **professionals** has increased compared with 2001, though is still less than the occupation's share of employment.
- Skill gaps among **managers** have changed little in terms of their share of all skill gaps.

52 The number of skills gaps reported in each occupation and the changing ratio of occupational skills gaps to employment are shown in Table 7.8.

Table 7.8: Skill gaps as a percentage of the workforce (by occupation)

	2001				2003			
	Base = All employees		**Number of skills gaps**	**No of skills gaps as % of employment**	*Base = All employees*		**Number of skills gaps**	**No of skills gaps as % of employment**
	Unweighted	*Weighted*			*Unweighted*	*Weighted*		
Overall	***14,643,606***	***20,759,767***	1,911,856	9	***2,275,559***	***21,877,288***	2,398,349	11
Occupation								
Managers	*236,021*	*3,204,396*	231,827	**7**	*259,533*	*2,746,192*	292,523	**11**
Professionals	*338,687*	*2,685,100*	196,463	**7**	*328,883*	*3,047,063*	231,076	**8**
Associate professionals	*224,097*	*1,692,398*	138,354	**8**	*200,826*	*1,833,145*	198,256	**11**
Administrative	*323,256*	*3,157,178*	285,780	**9**	*28,7769*	*2,942,885*	309,612	**11**
Skilled trades	*177,869*	*1,876,068*	154,240	**8**	*196,272*	*1,944,166*	182,687	**9**
Personal service	*154,477*	*1,499,103*	164,287	**11**	*114,766*	*1,210,047*	151,117	**12**
Sales	*263,230*	*2,570,572*	288,508	**11**	*356,821*	*3,436,012*	449,691	**13**
Operatives	*286,930*	*2,184,788*	257,073	**12**	*205,858*	*1,690,053*	201,512	**12**
Elementary	*190,165*	*1,717,402*	195,325	**11**	*324,831*	*3,027,724*	381,875	**13**

Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All establishments/employment.*

53 It has already been noted that overall levels of skill gaps have been reported in considerably greater number than in 2001 (see table 7.7). The biggest increases have been among elementary occupations and sales occupations.

54 In terms of density, increases in the scale of skills gaps have been most evident for managerial and associate professional occupations.

7.12 Anticipated Barriers to a Fully Skilled Workforce in the Future

55 Comparisons are more difficult to draw in terms of employers' anticipation of future problems in terms of the skills proficiency of their workforce. Table 7.9 shows responses to the question of what barriers employers foresee that may hinder their having a fully proficient workforce in the future. It should be noted, however, that this was asked on a prompted basis in 2003, while in 2001 employers were allowed to respond spontaneously in their own words.

Table 7.9: Barriers to a fully skilled workforce in the future

Base = All employers *Unweighted* *Weighted*	**2001** *27,031* *2,058,713*	**2003** *72,100* *1,915,053*
Lack of time for training	31	41
Lack of cover for training	23	35
Lack of funding for training	23	33
Lack of suitable courses in area	14	18
Unwillingness of staff to undertake training	9	17
Lack of suitable courses	13	16
High staff turnover	7	12
No barriers	56	28

Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All establishments/employment.*

56 Given the differences in question approach, it is not surprising that there is a much higher level of response in 2003 than in 2001 for all measures. The differences are so large as to make direct comparison impossible. However, it is apparent that the order of responses is comparatively the same. The one exception to this is that – relatively speaking – employers were more likely to specify the attitude of their staff to their own development as a possible brake on proficiency. It is perhaps more likely that this response provides a convenient "get-out clause" for employers (absolving them to an extent of responsibility for workforce development, or at least divesting them of "power" to affect its uptake) rather than signifying a real negative shift in employee attitudes to training.

7.13 Managing Human Capital and Workforce Development

57 In this penultimate section of the chapter, there is a brief comparison of workforce development activity and business and training planning in 2003 and 2001.

58 It is difficult to establish through a comparison of NESS2003 and ESS2001 what changes there have been in terms of training activity in so far as the two surveys adopted different approaches to measuring workforce development activity. Specifically, ESS2001 focused on employer-funded off-the-job training, while NESS2003 explored all training and development activities that employers engage in with their employees. These two measures are clearly not comparable.

59 Where comparisons are more possible is with the Learning and Training at Work Survey 2002, the most recent in a series of DfES research studies. This estimates that nine out of ten employers with five or more employees (90 per cent) provided some form of training – on- or off-the-job – for at least some of their employees in 2002. By comparison, NESS2003 reports 79 per cent of employers with five or more employees providing training.

60 While comparisons of training activity are difficult to establish, trends in training planning and budgeting for training can be followed. Table 7.10 shows the proportions of establishments that had a training plan and/or a training budget in 2003, and also the proportion that had a formal business plan.

Table 7.10: Formal human resource and business planning

%

% with	2001	2003
Business plan	45	56
Training plan	24	39
Training budget	17	31
Any	53	67
All	11	21
None	50	33
Unweighted base	*27,031*	*72,100*
Weighted base	*2,058,713*	*1,915,053*

Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All establishments/employment.*

61 Overall, across the three types of planning, employers are doing more to plan their activity formally. Moreover, relatively speaking, the greatest increases are in the proportion of establishments with a training budget (an increase of 82 per cent) and a training plan (an increase of 63 per cent). Prima facie, on this evidence, one might expect there to have been an increase in training activity to accompany this increased training planning.

7.14 Comparisons with Other Surveys

62 This final section of this chapter draws comparisons with employer skills surveys that have been conducted in Scotland and Wales. The sources from which comparative figures have been drawn are:

- **Scotland:** The Scottish Employer Skills Survey 2003, which is based on a telephone survey of 3,000 employers, conducted in June and July 2003
- **Wales:** Future Skills Wales 2003 Generic Skills Survey, which collated information on skills and training from 6,000 employers in Wales.[5]

63 Table 7.11 highlights findings from these surveys. The findings are shown for indicative purposes only and care should be taken in interpreting them. The core concepts and themes that the studies sought to explore were essentially the same across the three surveys. However, the manner in which the measures were established differed, both in terms of the design of the surveys and in terms of (some of) the key questions that were asked. In particular, the Scottish Employer Skills Survey 2003 established what proportion of HtFVs were skills related and what proportion were due to a simple lack of numbers of candidates through a prompted, oppositional approach. That is, employers were asked directly whether HtFVs were due to a shortage of applicants with the required skills or a shortage in numbers of applicants, or both.

[5] The 2003 Generic Skills Survey also incorporated interviews with 6,000 individuals.

Table 7.11: Comparisons of skills deficiencies in England and the devolved administrations

Base: All employers	England (NESS 2003)	Scotland (SESS 2003)	Wales (FSW 2003)
Weighted	*1,915,053*	*144,401*	*88,640*
Unweighted	*72,100*	*3,006*	*6,000*
Vacancies			
% reporting	17	21	22
Number (000s)	679	69	49
% of employment	3.1	3.4	2.0
HtFVs			
% reporting	8	10	14
Number (000s)	271	30	25
% of employment	1.2	1.5	1.1
% of vacancies	40	44	51
SSVs			
% reporting	4	4	7
Number (000s)	135	12	13
% of employment	0.6	0.6	0.5
% of vacancies	20	17	27
% of HtFVs	47	40	52
Skill gaps			
% reporting	22	24	19
Number (000s)	2,399	173	1,134
% of employment	11	9	46

Source: *LSC National Employers Skill Survey 2003 (IFF/IER); ESS2001 (IER/IFF).*

Base: *All establishments/employment.*

National Employers Skills Survey 2003: Main Report

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National Employers Skills Survey 2003: Main Report

Annex A: Technical Appendix

Annex A: Technical Appendix

Appendix 1: Sampling Approach

1 The sampling strategy for the National Employers' Skills Survey 2003 was designed by the NESS Steering Group and undertaken by MORI. The broad aims of the sampling method employed were:

- to achieve a sample representative of the business population
- to enable reliable analysis within each of the 47 local LSCs as well as regionally and nationally
- to enable reliable analysis across a broad range of industries
- to cover all sizes of establishment including micro businesses employing between one and four people
- to ensure good coverage of employment, larger establishments were over-sampled.

2 The sample was drawn from Yell's Business Database (formerly BT's Business Database). This is a regularly updated list of establishments with a business telephone line, and has coverage of some 1.6 million establishments in the UK. Yell does not fully cover two local authority districts (LADs), Hull and East Riding, due to the unique telephone exchange in the area. Thus, to ensure that certain types of businesses were not excluded from the survey, the sample provided by Yell for these two LADs was supplemented with a sub-sample provided by Humberside LSC. These were manually cross-referenced against the Yell sample to ensure that duplicate entries were removed.

3 The scope of the survey was establishments with one or more employees (i.e. establishments with no staff other than the working proprietor or proprietors were excluded).

4 Sample targets were set separately within individual local LSCs, and within local LSCs on an interlocked sector by size basis using six size bands (1–4 employees, 5–24, 25–99, 100–199, 200–499, 500 plus) and 33 sectors. At the analysis stage some of the 33 sectors were merged, and this report provides analysis of 27 industries. These industries were defined by 1992 Standard Industrial Classification (SIC) – the list of sectors and how these were defined is presented in Annex C. The basis of how the overall target for each LSC was set and then the distribution with LSC by size and sector are described in the following paragraphs.

5 The basic, initial national sample size was set at 70,000. This total was then allocated to each individual local LSC proportionate to the number of establishments within that local LSC. Hence, if a local LSC contained 5 per cent of all establishments, it was allocated 5 per cent of the total 70,000 interviews. If this meant a local LSC was allocated fewer than 800 interviews, then their figure was boosted to 800. This increased the national sample size to 71,454. In addition, the target number of interviews in two sectors was increased to improve reliability in these sectors to approximately +/- 5 per cent at the 95 per cent confidence level. These were manufacturing of motor vehicles or transport equipment (SICs 34–35) and the generation or supply of electricity, gas or water (SICs 40–41). This increased the national sample size to 71,827.

6 The sample profile within each local LSC, once their overall total had been decided, was set to a grid of 33 sectors interlocked with six size bands. Each of these 47 grids was populated as follows.

- First, within each LSC area, the target number of interviews was distributed across the 33 sectors in proportion to the number of establishments in that sector within the locality. Hence, if a sector accounted for 10 per cent of establishments in a local LSC it was allocated 10 per cent of the target number of interviews.

- Within each sector the target number of interviews was distributed across six size bands of establishment in proportion to the number of employees in that size band – so that if 25 per cent of the workforce in the sector were employed by establishments of a certain size band, 25 per cent of interviews were targeted to be achieved within that size band.
- Finally, the number of target interviews in each cell was adjusted to reflect the sample available through Yell. In the larger size bands in particular, there was sometimes not enough sample available to make it feasible to achieve the number of interviews as determined by the method described above. In these cases targets were reduced in these size bands and increased in size bands within that sector where sufficient sample was available.

7 Towards the end of fieldwork, it was decided to boost the number of interviews undertaken in a number of sectors to improve the reliability of analysis within these sectors. These sectors were:

- agriculture (SICs 01–05)
- mining and quarrying (SICs 10–14)
- manufacture of wood and paper (SICs 20–21)
- manufacture of motor vehicles and transport equipment (SICs 34–35)
- other manufacturing and recycling (SICs 36–37)
- generation of electricity, gas and water (SICs 40–41).

8 The final achieved sample size of 72,100 also includes a number of small local LSC boosts, where, for example, LSCs added additional interviews to achieve a desired number of interviews by local authority district.

9 Overall, the sampling technique employed represents sectors in the ratio of establishments in that sector to the total business population (with the proviso of sector boosts described in the previous paragraph), but over-represents the largest establishments within each sector. This is demonstrated at the level of the total national achieved sample in the following tables.

Table A.1: Sampling by size of establishment

Size of establishment	Population	% of population	Number of interviews	% of population surveyed	% of interviews
1-4	1,317,773	69%	18,037	1%	25%
5-24	445,964	23%	36,080	8%	50%
25-99	119,357	6%	13,711	11%	19%
100-199	17,761	1%	2,363	13%	3%
200-499	10,130	1%	1,440	14%	2%
500+	3,176	<0.5%	469	15%	1%
Total	1,914,161	100%	72,100	4%	100%

10 The smallest establishments represent by far the largest proportion of the business population in terms of numbers of establishments. More than nine in ten establishments (92 per cent) have fewer than 25 employees, and more than two-thirds (69 per cent) have fewer than five employees. By contrast, fewer than 1 per cent of business establishments have a workforce of more than 500 employees.

11 The effect of the sampling technique employed (probability proportional to size (PPS)) is that a larger proportion of the largest establishments are interviewed than of the smallest establishments (15 per cent of those with 500 staff at the establishment compared with 1 per cent of those with less than five staff). Thus a relatively large proportion of the workforce is covered by the survey. This is seen in the fact that the 72,100 establishments interviewed employed just over 2.2 million staff, 10 per cent of the workforce (excluding the self-employed) in England. Hence the survey covered 4 per cent of all establishments but 10 per cent of all employees.

12 The distribution by sector in terms of the proportion of the population in that sector surveyed is more uniform, since the sampling technique distributed the total number of interviews to sector directly based on the size of the sector (other than the point about boosts carried out in some sectors).

Table A.2: Sampling by industry

Industry	Sic	Population	% of population	Number of interviews	% of population surveyed	% of interviews
Agriculture, etc	01-05	8,432	<0.5%	326	4%	<0.5%
Mining and quarrying	10-14	2,592	<0.5%	98	4%	<0.5%
Food, drink and tobacco	15-16	8,528	<0.5%	346	4%	<0.5%
Textiles and clothing	17-19	11,867	1%	396	3%	1%
Wood and paper,	20-21	10,157	1%	405	4%	1%
Printing and publishing	22	29,195	2%	1,135	4%	2%
Chemicals, and non-metallic mineral products	23-26	17,817	1%	721	4%	1%
Metals and metal goods	27-28	29,693	2%	1,215	4%	2%
Engineering	29-33	29,528	2%	1,159	4%	2%
Transport equipment	34-35	5,619	0%	332	6%	<0.5%
Manufacturing nes and recycling	36-37	18,910	1%	635	3%	1%
Electricity, gas and water	40-41	1,776	0%	181	10%	<0.5%
Construction	45	169,346	9%	6,436	4%	9%
Sale and maintenance of motor vehicles	50	71,544	4%	2,757	4%	4%
Wholesale distribution	51	118,708	6%	4,352	4%	6%
Retailing	52	251,880	13%	10,016	4%	14%
Hotels and catering	55	131,358	7%	5,140	4%	7%
Transport	60-63	68,050	4%	2,512	4%	3%
Communications	64	21,604	1%	598	3%	1%

Continued...

Table A.2: Sampling by industry (continued)

Industry	Sic	Population	% of population	Number of interviews	% of population surveyed	% of interviews
Banking and insurance	65-67	40,253	2%	1,355	3%	2%
Professional services	70-71, 73	96,747	5%	3,870	4%	5%
Computing and related	72	120,279	6%	3,514	3%	5%
Other business services	74	315,105	16%	11,587	4%	16%
Public administration and defence	75	20,481	1%	819	4%	1%
Education	80	47,227	2%	2,043	4%	3%
Health and social work	85	88,972	5%	3,622	4%	5%
Miscellaneous services	90-99	178,493	9%	6,530	4%	9%
Total		**1,914,161**	**100%**	**72,100**	**4%**	**100%**

Appendix 2: Industry Coding

13 Allocating the establishment to the sector was done on the following basis. A description of the business activity of the establishment, as defined from the two-digit SIC from the Yell Database for each piece of sample, was read out to each respondent. If they agreed that this description matched the main activity of the establishment then the four-digit SIC on Yell's Business Database was taken to be correct. If the respondent did not feel the general description provided matched their main activity, a verbatim response was collected. At a later stage this description was coded to a four-digit SIC, and the sector allocated using this information.

14 A list of the descriptions read out to respondents depending on Yell's two-digit SIC can be found in Annex A at the end of the core questionnaire, which is included in Appendix 6 of this Annex.

15 Further details of the industry categories are given in Annex C.

Appendix 3: Occupational Coding

16 The occupational data collected in the survey, where this was collected verbatim as opposed to being collected in pre-classified lists of occupational categories, was coded using Standard Occupation Classification 2000 (SOC 2000). Data were coded to at least two-digit level, with the vast majority coded to three-digit level. Further details of occupational categories are given in Annex C.

Appendix 4: Design of the Questionnaire

17 The questionnaire was designed by MORI, with input from the NESS Steering Group and Technical Group. The design took into consideration the following key requirements:

- to ensure consistency with the DfES Employer Skills Survey 2002 and, in as far as possible, with Future Skills Wales 2003
- to provide data on LSC's Employer Engagement Indicators
- to provide information on current and future skill needs.

18 The questionnaire contains a core section comprising the topic areas listed below. In addition, each local LSC was able to include a small number of local LSC-specific questions towards the end of the questionnaire.

19 The key topic areas in the core questionnaire were:

- Section A: Establishment details and workforce composition
- Section B: Current and future skills requirement
- Section C: Recruitment and hard-to-fill vacancies
- Section D: Skills gaps
- Section E: Workforce training and development.

20 The full questionnaire is presented in Appendix 6 below.

Appendix 5: Grossing Up

21 Data for the survey were grossed up to population estimates of establishments (some 1.9 million establishments in England) and to the population of employees (22 million). These population estimates were derived from the Annual Business Inquiry 2001 (ABI).

22 The grossing-up procedure on which this report has been based was undertaken on a regional basis (grossing up allowing local LSC-specific analysis has been undertaken separately and provided in an SPSS file supplied to the LSC). Within each region, the grossing-up process was conducted on the basis of a 27-industry and six size band interlocking grid (i.e. 162 cells). There were cases where, in a particular region, no interviews were conducted in cells where the ABI indicated establishments existed. In other cases, a low number of interviews were conducted in relation to the population in that cell, which would have resulted in high relative weights needing to be applied to those establishments. In both instances cells were merged. This was usually done within industry (merging size bands) or occasionally, where this was not possible, across industry within the same size band.

Appendix 6: The Questionnaire

23

PRIVATE AND CONFIDENTIAL	**National Employers Skill Survey 2003** **Telephone**	**3697** **17-Feb-04**
SCREENING OUTCOMES **(TAKE FROM S3 IF ANSWERED, S2 IF NOT ANSWERED S3, S1 IF NOT ANSWERED S3 OR S2)**		
Hard appointment	S1/S2/S3 = code 3	
Soft appointment	S1/S2/S3 = code 4	
Refusal	S1/S2/S3 = code 5	
Refusal (Company policy)	S1/S2/S3 = code 6	
Refusal (Taken part in recent survey)	S1/S2/S3 = code 7	
Nobody at site able to answer questions	S1/S2/S3 = code 8	
Not available in deadline	S1/S2/S3 = code 9	
Company too small/Nobody on payroll/0 employees	S1/S2/S3 = code 10 OR A6TOT = 0	

Continued...

Appendix 6: The Questionnaire (continued)

PRIVATE AND CONFIDENTIAL	National Employers Skill Survey 2003 Telephone	3697 17-Feb-04
SCREENING OUTCOMES **(TAKE FROM S3 IF ANSWERED, S2 IF NOT ANSWERED S3, S1 IF NOT ANSWERED S3 OR S2**		
Don't know exact number of employees	A6TOT = dk	
Engaged	S1 = code 11	
Fax line	S1 = code 12	
No reply/Answering phone	S1 = code 13	
Residential number	S1 = code 14	
Dead line	S1 = code 15	
Company closed	S1 = code 16	
Out of quota	From A6TOT	
(NOTE – IF Sector quota filled sample is removed immediately)		

ASK ALL

S1 **Good morning/afternoon, my name is XXX and I am calling from IFF Research, an independent research organisation, on behalf of the Learning and Skills Council. Can I just check, is this ... *Company ...?***

SINGLE CODE

Yes	1	**Continue**
No – incorrect name	2	Record correct company name
Definite appointment	3	**Make definite appointment/soft call back**
Soft appointment	4	
1) Refusal	5	**Close**
2) Refusal – company policy	6	
Refusal – taken part in other survey recently	7	
Nobody at site able to answer the questions	8	
Not available in deadline	9	
Company too small/no-one on payroll	10	
Engaged	11	
Fax	12	
No reply/answering machine	13	
Residential number	14	
Dead line	15	
Company closed	16	

S2 **Can I speak to the most senior person here who has responsibility for human resource and personnel issues?**

INTERVIEWER PROMPT:
IF COMPANY WITH MORE THAN 24 EMPLOYEES: **Your human resources or personnel director/manager?**

IF COMPANY WITH LESS THAN 25 EMPLOYEES: **The owner, managing director or general manager?**

SINGLE CODE

Yes – transferred	1	Go to S3
Yes – correct respondent speaking	2	
Definite appointment	3	*Make definite appointment/soft call back*
Soft appointment	4	
3) Refusal	5	*Close*
4) Refusal – company policy	6	
Refusal – taken part in other survey recently	7	
Nobody at site able to answer the questions	8	
Not available in deadline	9	
Company too small/no-one on payroll	10	

S3 **Good morning/afternoon, my name is XXX and I am calling from IFF Research, an independent research organisation. We are conducting a major research project on behalf of the Learning and Skills Council and its partners to find out what skills are necessary for businesses to survive and grow. The information will be used to plan training provision to ensure it meets the skills needs of businesses.**

INTERVIEWER NOTE: The partner organisations are: the Department for Education and Skills, Regional Development Agencies, the Sector Skills Development Agency and Sector Skills Councils.

The interview will take on average 20 minutes depending on the answers given. Would it be convenient to conduct the interview now, or should I call you back?

SINGLE CODE

Yes - continue	1	**Continue**
Definite appointment	3	*Make definite appointment/soft call back*
Soft appointment	4	
5) Refusal	5	*Close*
6) Refusal – company policy	6	
Refusal – taken part in other survey recently	7	
Nobody at site able to answer the questions	8	
Not available in deadline	9	
Company too small/no-one on payroll	10	

ADD IF NECESSARY

- Your co-operation will ensure that the views expressed are representative of all employers.
- The results will be available in the Autumn and will be posted on the LSC's website: www.lsc.gov.uk.
- All information collected will be treated in the strictest confidence. Responses will not be attributed to any individual or company. Results will be reported in the form of aggregated statistics.
- We work strictly within the Market Research Society Code of Conduct.
- Contact at IFF Research is David Vivian or Ben Davies if they would like to find out more about the survey (020 7250 3035).
- Contact at Learning & Skills Council is Joyce Findlater (Tel: 02476 825660).
- Establishments have been randomly chosen from British Telecom Yellow Pages.

Section A: Establishment details

ASK ALL

A1 **I would like to begin by asking you some general questions about this establishment or site. By establishment or site I mean this single location, even if it encompasses more than one building.**

I have *(READ OUT SIC DESCRIPTION ON SAMPLE – SEE ANNEX A FOR FULL LISTING)* as a general classification for your establishment. Bearing in mind this is a general classification only, does this sound about right?

Yes	1	*GO TO A3*
No	2	*ASK A2*

ASK IF NO @ A1

A2 **What is the main business activity at this establishment?**

PROBE AS NECESSARY:

What is the main product or service of this establishment?

What exactly is made or done at this establishment?

What material or machinery does that involve using?

WRITE IN. CODE TO SIC 4 DIGIT.

_____

_____

_____

ASK ALL

A3 **Would you classify this establishment as.....** READ OUT?

SINGLE CODE

A private sector business	1	
A public sector organisation	2	
A voluntary sector organisation	3	
Other (WRITE IN)	4	
(DO NOT READ OUT) Don't Know	X	

A4 **Including yourself, how many part-time and full-time employees do you have on the payroll at this location?**

PROBE FOR BEST ESTIMATE

INTERVIEWER NOTE – ADD IF NECESSARY: We are interested in all those on the payroll but not self-employed or outside contractors/agency staff

WRITE IN NUMBER __(1-99999) _ (DK = THANK AND CLOSE)

A4RAN CATI INSTRUCTION – AUTOMATICALLY CODE TO GRID BELOW

7) 1	1	*ASK A5*
2-4	2	
5-9	3	
10-24	4	*GO TO A7*
25-49	5	
50-99	6	
100-199	7	
200-499	8	
500+	9	

ASK IF FEWER THAN 10 EMPLOYEES (CODES 1-3) AT A4

A5 **Are working proprietors included in this total?**

Yes	1	*Ask A6*
No	2	*GO TO A7*

A6 **Excluding working proprietors, how many people are employed at this establishment?**

1	1	CONTINUE
2	2	
3	3	
4	4	
5	5	
6	6	
7	7	
8	8	
9	9	
NONE	10	***THANK AND CLOSE***
DK	X	

A6TOT CATI DUMMY VARIABLE – CALCULATE TOTAL NUMBER OF EMPLOYEES FROM A4 OR A6

ASK ALL

A7 **I would like you to break down your workforce** *(TEXT SUBSTITUTION: IF A5=1* **excluding working proprietors) into nine specific categories. First, do you employ any staff at this establishment as ...*Occupation*...? If staff carry out more than one role please only include them in their main function.**

CATI CHECK 1: NUMBER OF CATEGORIES TO BE NO GREATER THAN NUMBER OF STAFF EMPLOYED AT A6TOT

IF FAIL CATI CHECK 1: PROMPT RESPONDENT WITH ... **The number of occupations you've given exceeds the number of employees you have.** THEN RE-ASK A7

CATI CHECK 2: MUST ANSWER AT LEAST 1 OCCUPATIONAL CATEGORY AS YES AT A7

Continued...

IF FAIL CATI CHECK 2: PROMPT RESPONDENTS WITH ... **The categories I have mentioned are intended to cover all possible occupations. Please can you tell me which come closest to describing your employees.** THEN RE-ASK A7

IF EMPLOY 50 OR MORE STAFF AT A6TOT. OTHERS GO TO A9

A8 **I'd now like to know how many staff you employ in each category. Would you like to record staff details as a percentage or as an actual number of staff?**

SINGLE CODE ONLY

Percentage	1	
Actual number	2	

FOR EACH OCCUPATION EMPLOYED (YES AT A7)

A9 **Approximately,** (IF PERCENTAGE AT A8), **what percentage of staff at this establishment are employed as?**/(ALL OTHERS) **how many of your staff are employed as ...?** *READ OUT*

	A7		A9 per	A9 num
	Yes	No		
Managers (IF A3 NOT CODE 1 ADD: and senior officials)	1	2	(1-100) %	(1-99999)
Professional occupations (ADD IF NECESSARY: including professional engineers, software and IT professionals, doctors, psychologists, teachers, accountants, solicitors and lawyers, social workers, librarians)	1	2	(1-100) %	(1-99999)
8) Associate professional and technical occupations (ADD IF NECESSARY: science and engineering technicians, nurses, paramedics, therapists, community workers, writers/journalists, musicians, accounting technicians, buyers, sales reps and estate agents, train drivers, junior police/fire/prison officers)	1	2	(1-100) %	(1-99999)
Administrative and secretarial occupations (ADD IF NECESSARY: civil service executive officers, credit controllers/wage clerks, telephonists, secretaries, PAs)	1	2	(1-100) %	(1-99999)
Skilled trades occupations (ADD IF NECESSARY: electricians, motor mechanics, machine setters/tool makers, TV engineers, construction trades, printers, chefs, butchers, goldsmiths)	1	2	(1-100) %	(1-99999)
Personal service occupations (ADD IF NECESSARY: care assistants, dental nurses, nursery nurses/ childminders, travel agents, hairdressers, caretakers)	1	2	(1-100) %	(1-99999)
Sales and customer service occupations (ADD IF NECESSARY: sales assistants and retail cashiers, telesales, call centre agents)	1	2	(1-100) %	(1-99999)
Process, plant and machine operatives (ADD IF NECESSARY: plant and machine operators plus routine operatives (sorters, assemblers) and HGV, van, fork lift, bus drivers)	1	2	(1-100) %	(1-99999)
Elementary occupations (ADD IF NECESSARY: labourers, packers, fillers, porters, bar staff, waitresses, cleaners, postal workers, kitchen/catering assistants, security guards)	1	2	(1-100) %	(1-99999)
			98 - 102%	A6TOT

CATI CHECK 3: SUM OF A9PER TO BE GREATER OR EQUAL TO 98% AND LESS OR EQUAL TO 102%

IF FAIL CATI CHECK 3: PROMPT RESPONDENT WITH ... **The breakdown you have provided me with sums to (INSERT SUM OF A9PER). I need it to add to 100%.** THEN RE-ASK A9PER

CATI CHECK 4: SUM OF A9NUM TO EQUAL A6TOT

IF FAIL CATI CHECK 4: PROMPT RESPONDENT WITH ... **The breakdown you have provided me with sums to (INSERT SUM OF A9NUM) but you told me earlier that you have (INSERT A6TOT) employees in total.** *INTERVIEWER NOTE – TOTAL NUMBER OF EMPLOYEES AT ESTABLISHMENT ASKED AT A4. THEN REASK A9NUM*

ASK ALL

A10 **Over the next 12 months do you expect employment at this establishment to ...** *READ OUT? SINGLE CODE*

Increase a great deal	1	
Increase a little	2	
Stay the same	3	
Decrease a little	4	
Decrease a great deal	5	
(DO NOT READ OUT) Don't Know	X	

SECTION B: Current and Future Skills Requirement

CATI TO SELECT AT RANDOM AN OCCUPATION CODED YES FROM A7

B1 **I'd now like to ask you in more detail about one of the occupation categories where you said you currently employ staff. Thinking of your (OCCUPATION FROM A7), are any ...** *READ OUT?*

9) *CODE ALL THAT APPLY*

INTERVIEWER NOTE: IF NECESSARY REFER TO DATASHEET FOR EG'S OF OCCUPATIONS

CATI TO SHOW THE LOWER LEVEL OCCUPATIONS (bold) RELEVANT TO THE OCCUPATION THAT HAS BEEN SELECTED AT RANDOM

B1a. Managers & Senior Officials

Corporate Managers	1
Managers or Proprietors in Agriculture or Services	2
(DO NOT READ OUT) None of the above	3

B1b. Professional Occupations

Science or Technology professionals	1
Health professionals	2
Teaching or Research professionals	3
Business or Public Service professionals	4
(DO NOT READ OUT) None of the above	5

Continued...

B1c. Associate Professionals & Technical Occupations

Science or Technology associate professionals	1
Health or Social welfare associate professionals	2
Protective service occupations	3
Culture, Media or Sports Occupations	4
Business or Public service associate professionals	5
(DO NOT READ OUT) None of the above	6

B1d. Admin and Secretarial Occupations

Admin Occupations	1
Secretarial and Related Occupations	2
(DO NOT READ OUT) None of the above	3

B1e. Skilled Trade Occupations

Skilled Agricultural Trades	1
Skilled Metal or Electrical Trades	2
Skilled Construction or Building Trades	3
Textiles, Printing and other Skilled Trades	4
(DO NOT READ OUT) None of the above	5

B1f. Personal Service Occupations

Caring personal service occupations	1
Leisure and other personal service occupations	2
(DO NOT READ OUT) None of the above	3

B1g. Sales and Customer Service Occupations

Sales occupations	1
Customer service occupations	2
(DO NOT READ OUT) None of the above	3

B1h. Process , Plant and Machine Operatives

Transport or mobile machine drivers or operatives	1
Other Process, Plant or Machine operatives	2
(DO NOT READ OUT) None of the above	3

B1i. Elementary Occupations

Elementary Trades, Plant or Storage related occupations	1
Elementary Administration or service occupations	2
(DO NOT READ OUT) None of the above	3

CATI CHECK 5: IF ANSWERED NONE OF THE ABOVE

IF FAIL CATI CHECK 5: PROMPT RESPONDENT WITH ... **The categories we have mentioned are intended to cover all possible jobs that can be classed as (MAIN OCCUPATION SELECTED). Given that they are general descriptions can you tell me which comes closest to describing the (MAIN OCCUPATION SELECTED) you employ**...*RE-ASK B1 AND READ LIST AGAIN. DO NOT ALLOW NONE OF THE ABOVE RESPONSE WHEN RE-ASKED*

CATI TO SELECT AT RANDOM 1 LOW LEVEL OCCUPATION FROM B1a–B1i AS APPROPRIATE

B2 ***(TEXT SUBSTITUTION IF MORE THAN 1 LOW LEVEL OCCUPATION EMPLOYED AT B1a-B1i -*** **Now I want to ask you about just one occupation). Thinking about your *(TEXT SUBSTITUTION - LOW LEVEL OCCUPATION FROM B1)*, I'd like to ask your views on the level of skill required to do this job now and in the future. For each skill that I read out, please indicate if it is or will be needed for *(LOW LEVEL OCCUPATION FROM B1)* at an advanced, high, intermediate or basic level, or not at all.**

a) **Could you tell me the level of *(SKILL)* you feel is required in relation to *(LOW LEVEL OCCUPATION FROM B1)* at this location?**

PROMPT IF NECESSARY. SINGLE CODE

b) **And what do you think the level of *(SKILL)* needed to undertake *(LOW LEVEL OCCUPATION FROM B1)*'s role will be in three years?**

PROMPT IF NECESSARY. SINGLE CODE

CATI NOTE: ROTATE SKILLS (APART FROM IT SKILLS WHICH MUST ALWAYS APPEAR TOGETHER WITH IT USER SKILLS FIRST, FOLLOWED BY PROFESSIONAL IT SKILLS. TECHNICAL & PRACTICAL SKILLS MUST ALWAYS APPEAR LAST).

CATI NOTE: ASK (a) AND (b) IN SEQUENCE FOR EACH SKILL

	Advanced	High	Intermediate	Basic	Not required	(DO NOT READ OUT) DK
General IT user skills	1	2	3	4	5	X
IT professional skills	1	2	3	4	5	X
Communication skills	1	2	3	4	5	X
Customer handling skills	1	2	3	4	5	X
Team working skills	1	2	3	4	5	X
Foreign language skills	1	2	3	4	5	X
Problem solving skills	1	2	3	4	5	X
Management skills	1	2	3	4	5	X
Numeracy skills	1	2	3	4	5	X
Literacy skills	1	2	3	4	5	X
Technical and practical skills	1	2	3	4	5	X

SECTION C: Recruitment and Hard-to-fill vacancies

ASK ALL

C1 **Changing the subject slightly, how many vacancies, if any, do you currently have at this establishment?** *PROBE FOR BEST ESTIMATE*

WRITE IN NUMBER _____ *(ALLOW DK. IF 0 OR DK GO TO D1)*

ASK ALL WITH ANY VACANCIES AT C1. OTHERS (NONE/DK @ C1) GO TO D1.

C2 *TEXT SUBSTITUTION: IF C1>1:* **In which specific occupations do you currently have vacancies at this establishment?**/*IF C1=1:* **In which specific occupation do you currently have a vacancy at this establishment?**

PROMPT FOR FULL DETAILS (E.G. IF 'MANAGER' PROBE: WHAT TYPE OF MANAGER?) RECORD DETAILS FOR UP TO 6 OCCUPATIONS.

IF >1 OCCUPATION WITH VACANCIES @ C2, ASK C3. OTHERS GO TO C4.

C3 **How many vacancies do you have for (EACH OCCUPATION AT C2)?**

PROBE FOR BEST ESTIMATE

CATI – NUMBER OF VACANCIES FROM C1 TO APPEAR ON SCREEN
CATI – DO NOT ALLOW DON'T KNOW. ANSWER MUST BE AT LEAST 1

C2	C3 – number
Occupation 1 -	(1-9999)
Occupation 2 -	(1-9999)
Occupation 3 -	(1-9999)
Occupation 4 -	(1-9999)
Occupation 5 -	(1-9999)
Occupation 6 -	(1-9999)

CATI CHECK 6:. TOTAL OF ALL VACANCIES AT C3 MUST SUM TO C1 (UNLESS GIVE 6 OCCUPATIONS WHERE IT CANNOT BE GREATER THAN C1).

IF FAIL CATI CHECK 6: PROMPT RESPONDENT WITH ... **This sums to (INSERT C3 SUM) but you just told me that you had (INSERT C1) vacancies in total**...THEN RE-ASK C3

ASK ALL WITH VACANCIES AT C1

C4 *TEXT SUBSTITUTION: IF C1>1:* **Are any of these vacancies proving hard to fill?**/*IF C1=1:* **Is this vacancy proving hard to fill?**

Yes	1	ASK C5
No	2	GO TO D1
DK	3	GO TO D1

ASK C5 IF YES AT C4 AND C1 > 1 (IF C4 YES AND C1=1 THEN ASK C6)

ASK C5 FOR EACH OCCUPATION AT C2

C5 **How many of your vacancies for *(TEXT SUBSTITUTION: OCCUPATION AT C3)* are proving hard to fill?**

CATI – SHOW ON SCREEN NUMBER OF VACANCIES FOR EACH OCCUPATION AT C3. ANSWER GIVEN MUST BE BETWEEN 0 AND C3 RESPONSE

	C5 Number of hard-to-fill vacancies
Occupation 1 -	(0 – RESPONSE AT C3_1)
Occupation 2 -	(0 – RESPONSE AT C3_2)
Occupation 3 -	(0 – RESPONSE AT C3_3)
Occupation 4 -	(0 – RESPONSE AT C3_4)
Occupation 5 -	(0 – RESPONSE AT C3_5)
Occupation 6 -	(0 – RESPONSE AT C3_6)

CATI CHECK 7: NUMBER OF HARD-TO-FILL VACANCIES MUST SUM TO > 0 AT C5.

IF FAIL CATI CHECK 7: PROMPT RESPONDENT WITH ... **You told me earlier that you had vacancies that were hard to fill but I have not recorded any of them here**...THEN RE-ASK C5

ASK C6 AND C7 IN SEQUENCE FOR 2 RANDOMLY SELECTED OCCUPATIONS > 0 AT C5 (I.E. OCCUPATIONS WITH HARD-TO-FILL VACANCIES). IF ONLY 1 OCCUPATION > 0 AT C5 ASK OF 1 OCCUPATION. IF (C1=1 AND C4=YES) ASK ABOUT OCCUPATION FROM C2

C6 **Which of the following skills have you found difficult to obtain from applicants for *(TEXT SUBSTITUTION: OCCUPATION WITH HARD-TO-FILL VACANCY)*** *... READ OUT?*

CODE ALL MENTIONED

CATI - ROTATE ORDER OF SKILLS (APART FROM IT SKILLS WHICH MUST ALWAYS APPEAR TOGETHER WITH IT USER SKILLS FIRST, FOLLOWED BY IT PROFESSIONAL SKILLS. TECHNICAL & PRACTICAL SKILLS, ANY OTHER SKILLS, NO PARTICULAR SKILLS DIFFICULTIES & DK MUST ALWAYS APPEAR LAST).

	Hard-to-fill vacancies (from C5)	
General IT user skills	1	1
IT professional skills	2	2
Communication skills	3	3
Customer handling skills	4	4
Team working skills	5	5
Foreign language skills	6	6
Problem solving skills	7	7
11) Management skills	8	8
Numeracy skills	9	9
Literacy skills	10	10
Technical and practical skills	11	11
Any other skills (WRITE IN)	12	12
(DO NOT READ OUT) No particular skills difficulties	13	13
(DO NOT READ OUT) Don't know	X	X

Continued...

C7 **What are the main causes of having a hard-to-fill vacancy for *(TEXT SUBSTITUTION: OCCUPATION WITH HARD-TO-FILL VACANCY)?***

DO **NOT** *READ OUT. CODE ALL MENTIONED*

	Hard-to-fill vacancies (from C5)	
Too much competition from other employers	1	1
Not enough people interested in doing this type of job	2	2
Poor terms and conditions (e.g. pay) offered for post	3	3
Low number of applicants with the required skills	4	4
Low number of applicants with the required attitude, motivation or personality	5	5
Low number of applicants generally	6	6
Lack of work experience the company demands	7	7
Lack of qualifications the company demands	8	8
Poor career progression/lack of prospects	9	9
Job entails shift work/unsociable hours	10	10
Seasonal work	11	11
Remote location/poor public transport	12	12
Other (WRITE IN)	13	13
No particular reason	14	14
Don't know	X	X

ASK ALL WITH HARD-TO-FILL VACANCIES @ C4

C8 **Generally speaking, are hard-to-fill vacancies causing this establishment** ..... *READ OUT?*

CODE ALL MENTIONED

CATI - ROTATE ORDER APART FROM "OTHER"/"NONE"/DK.

Loss of business or orders to competitors	1
Delays developing new products or services	2
Difficulties meeting customer service objectives	3
Difficulties meeting required quality standards	4
Increased operating costs	5
Difficulties introducing new working practices	6
Increased workload for other staff	7
Any other difficulties (WRITE IN)	8
(DO NOT READ OUT) None	9
(DO NOT READ OUT) Don't know	X

C9 **Are hard-to-fill vacancies causing this establishment to.....** *READ OUT?*

CODE ALL MENTIONED

CATI - ROTATE ORDER APART FROM "OTHER"/"NONE"/DK.

Increase salaries	1
Increase the training given to your existing workforce in order to fill the vacancies	2
Redefine existing jobs	3
Increase advertising/recruitment spend	4
Increase/expand trainee programmes	5
Expand recruitment channels	6
Take any other action (WRITE IN)	7
(DO NOT READ OUT) None	8
(DO NOT READ OUT) Don't know	X

SECTION D: Skills gaps

I'd now like to turn to the skills within your existing workforce. Please do not think about any external recruitment problems that you may face.

Earlier on you broke down the number of staff at this site into broad categories. In each category I'd like to know what proportion you think are fully proficient at their job.

READ OUT ONLY IF ASKED FOR CLARIFICATION ON TERM "PROFICIENCY":

A proficient employee is someone who is able to do the job to the required level.

IF ANSWERED A8 AS 'ACTUAL NUMBER' ASK D1 (OTHERS GO TO D2)

D1 **Would you prefer to answer as a percentage or as a number?**

Percentage	1	
Actual number	2	

ASK ALL, ASKING FOR EACH OCCUPATION WITH STAFF AT A7

D2 **(IF 'ACTUAL NUMBER' AT D1:) How many of your existing *(TEXT SUBSTITUTION – EACH OCCUPATION YES AT A7)* would you regard as fully proficient at their job?**

(OTHERS:) What percentage of your existing *(TEXT SUBSTITUTION – EACH OCCUPATION FROM A7)* would you regard as fully proficient at their job?

CATI - IF D1 = ACTUAL NUMBER - show NUMERIC breakdown at A9NUM to help respondents answer D2NUM.

CATI - ANSWER AT D2NUM MUST BE BETWEEN 0 AND A9NUM RESPONSE FOR SAME OCCUPATION. ANSWER AT D2PER MUST BE BETWEEN 0 and 100% FOR EACH OCCUPATION

Continued...

	D2per	D2num
Managers (ADD IF A3 NOT 1: and senior officials)	(0-100) %	(0 – RESPONSE AT A9NUM_1)
14) Professional occupations	(0-100) %	(0 – RESPONSE AT A9NUM_2)
Associate professional and technical occupations	(0-100) %	(0 – RESPONSE AT A9NUM_3)
Administrative and secretarial occupations	(0-100) %	(0 – RESPONSE AT A9NUM_4)
Skilled trades occupations	(0-100) %	(0 – RESPONSE AT A9NUM_5)
Personal service occupations	(0-100) %	(0 – RESPONSE AT A9NUM_6)
Sales and customer service occupations	(0-100) %	(0 – RESPONSE AT A9NUM_7)
15) Process, plant and machine operatives	(0-100) %	(0 – RESPONSE AT A9NUM_8)
Elementary occupations	(0-100) %	(0 – RESPONSE AT A9NUM_9)

IF D2PER = 100% FOR ALL OCCUPATIONS EMPLOY GO TO D7

IF SUM OF D2NUM = A6TOT GO TO D7

OTHER ASK D3

ASK FOR ONE OCCUPATION (CHOSEN AT RANDOM) FROM D2 WHERE STAFF NOT FULLY PROFICIENT [I.E D2PER <100% OR D2NUM LESS THAN A9NUM)

D3 *(TEXT SUBSTITUTION IF >1 OCCUPATION AT D2 NOT PROFICIENT:* **I want to ask about one of the categories where you say not all staff are proficient). What are the main causes of some of your *(OCCUPATION)* not being fully proficient in their job**... *READ OUT?*

CODE ALL MENTIONED

CATI - ROTATE ORDER APART FROM "OTHER"/"NO PARTICULAR CAUSES"/DK

Failure to train and develop staff	1
Recruitment problems	2
High staff turnover	3
Inability of workforce to keep up with change	4
Lack of experience or their being recently recruited	5
Staff lack motivation	6
Any other cause (WRITE IN)	7
(DO NOT READ OUT) No particular causes	8
(DO NOT READ OUT) Don't Know	X

D4 **And still thinking about your (OCCUPATION) who are not fully proficient which, if any, of the following skills do you feel need improving**... *READ OUT?*

CODE ALL MENTIONED.

CATI - ROTATE ORDER OF SKILLS (APART FROM IT SKILLS WHICH MUST ALWAYS APPEAR TOGETHER WITH IT USER SKILLS FIRST, FOLLOWED BY IT PROFESSIONAL SKILLS. TECHNICAL & PRACTICAL SKILLS, ANY OTHER SKILLS, NONE & DK MUST ALWAYS APPEAR LAST).

General IT user skills	1
IT professional skills	2
Communication skills	3
Customer handling skills	4
Team working skills	5
Foreign language skills	6
Problem solving skills	7
Management skills	8
Numeracy skills	9
Literacy skills	10
Technical and practical skills	11
Any other skills (WRITE IN)	12
(DO NOT READ OUT) None	13
(DO NOT READ OUT) Don't Know	X

D5 *(TEXT SUBSTITUTION IF >1 OCCUPATION NOT FULLY PROFICIENT AT D2:* Thinking more generally now about staff at all levels within the establishment) **is the fact that some of your staff are not fully proficient causing this establishment**..... *READ OUT?*

CODE ALL MENTIONED

CATI - ROTATE ORDER APART FROM "NONE"/DK

Loss of business or orders to competitors	1
Delays developing new products or services	2
Difficulties meeting customer service objectives	3
Difficulties meeting required quality standards	4
Increased operating costs	5
Difficulties introducing new working practices	6
(DO NOT READ OUT) No particular problems/None of the above	7
(DO NOT READ OUT) Don't know	X

Continued...

D6 **Which if any of the following actions are being taken at this establishment to overcome the fact that some of your staff are not fully proficient in their job** ... *READ OUT?*

CODE ALL MENTIONED

CATI - ROTATE ORDER APART FROM "ANY OTHER ACTION"/"NO PARTICULAR ACTION"/DK

Increased recruitment	1
Providing further training	2
Changing working practices	3
Reallocating work within the company	4
Expand recruitment channels	5
Increase/expand trainee programmes	6
Any other action (WRITE IN)	7
(DO NOT READ OUT) No particular action being taken	8
(DO NOT READ OUT) Don't know	X

ASK ALL

D7 *IF ANY STAFF NOT FULLY PROFICIENT AT D2 ASK:* **Which of the following barriers would you say may exist to your developing a more proficient team of staff in the future**... *READ OUT?*

CODE ALL THAT APPLY.

IF ALL STAFF FULLY PROFICIENT AT D2 ASK: **Which of the following barriers would you say may exist to your maintaining a proficient team of staff in the future** ... *READ OUT?*

CODE ALL THAT APPLY.

CATI - ROTATE READ OUT ORDER OF BARRIERS (APART FROM "LACK OF SUITABLE COURSES IN MY AREA" AND "LACK OF COURSE GENERALLY" WHICH SHOULD ALWAYS APPEAR AS A PAIR IN THIS ORDER. OTHER BARRIERS, NO BARRIERS & DK MUST ALWAYS APPEAR LAST).

Lack of funding for training	1
Lack of suitable courses in my area	2
Lack of suitable courses generally	3
Unwillingness of staff to undertake training	4
High staff turnover	5
Lack of time for training	6
Lack of cover for training	7
Other barriers (WRITE IN)	8
(DO NOT READ OUT) No barriers	9
(DO NOT READ OUT) Don't know	X

SECTION E: Workforce Training and Development

ASK ALL

E1 **Which of the following exist at your establishment** ... READ OUT?

	Yes	No	Don't know
A business plan that specifies the objectives for the coming year ***INTERVIEWER NOTE: IF RESPONDENT INDICATES THAT ESTABLISHMENT IS COVERED BY A COMPANY-WIDE BUSINESS PLAN CODE AS A 'YES'***	1	2	3
A training plan that specifies in advance the level and type of training your employees will need in the coming year	1	2	3
17) A budget for training expenditure	1	2	3

E2 **What percentage of your staff have an annual performance review?**

PROBE FOR BEST ESTIMATE

WRITE IN %_____(0-100%)_____

IF DK, PROMPT WITH RANGES AS NECESSARY.

None	1
Less than 10%	2
10% - 19%	3
20% - 29%	4
30% - 39%	5
40% - 49%	6
50% - 59%	7
60% - 69%	8
70% - 79%	9
80% - 89%	10
90% - 99%	11
100%	12
21) (DO NOT READ OUT) Don't know	X

Continued...

E3 **What percentage of your staff have a formal job description? PROBE FOR BEST ESTIMATE**

WRITE IN %_____(0-100%)_____

IF DK, PROMPT WITH RANGES AS NECESSARY.

None	1
Less than 10%	2
10% - 19%	3
20% - 29%	4
30% - 39%	5
40% - 49%	6
50% - 59%	7
60% - 69%	8
70% - 79%	9
80% - 89%	10
90% - 99%	11
100%	12
22) (DO NOT READ OUT) Don't know	X

E4 **I am now going to ask you some questions about staff training and development. When talking about training, we are referring to both on and off the job training.**

Over the past 12 months, has this establishment funded or arranged any training and development for staff employed at this location?

Yes	1	ASK E5
No	2	GO TO E12
DK	X	

ASK ALL PROVIDING TRAINING (YES AT E4)

E5 **Was any of this training and development intended to lead to formal qualifications, regardless of whether they have been achieved or not?**

Yes	1
No	2
DK	X

E6 **Over the past 12 months, which, if any, of the following types of training and development has this establishment funded or arranged for staff employed at this location (IF NECESSARY ADD: This can be any type of training, off or on the job)?**... *READ OUT. CODE ALL MENTIONED*

CATI - ROTATE ORDER APART FROM "JOB SPECIFIC" & "OTHER" WHICH ARE TO APPEAR AS LAST 2 CODES

Induction	1
Health and Safety	2
Supervisory	3
Management	4
Training in new technology	5
Training in foreign languages	6
Job specific	7
Any other training (WRITE IN)	8
(DO NOT READ OUT) Don't know	X

E7 **Over the past 12 months, has this establishment funded or arranged any training and development for the following types of staff employed at this location (IF NECESSARY ADD: This can be any type of training, off or on the job)?** ... *READ OUT*

CODE ALL MENTIONED

CATI – SHOW ALL OCCUAPTIONS MENTIONED AT A7 PLUS (AS LONG AS NOT ALL 9 CATEGORIES ANSWERED YES AT A7) "ANY OTHER OCCUPATIONS".

Managers (IF CODE 2, 3 or 4 AT A3 ADD: and senior officials)	1
Professional occupations	2
Associate professional and technical occupations	3
Administrative and secretarial occupations	4
Skilled trades occupations	5
Personal service occupations	6
Sales and customer service occupations	7
Process, plant and machine operatives	8
Elementary occupations	9
Any other occupations (WRITE IN)	10

E8 **In the last 12 months how much has this establishment spent in total on training and development of staff? Please include only out of pocket expenses, not staff time (IF NECESSARY ADD: This can be any type of training, off or on the job)**

WRITE IN £ _____ (0 – £999,999)___

PROMPT WITH RANGE IF DK

Continued...

Nothing	1	
Under £100	2	
£100 – £249	3	
£250 – £499	4	
£500 – £999	5	
£1,000 – £4,999	6	
£5,000 – £9,999	7	
£10,000 - £19,999	8	
£20,000 – £29,999	9	
£30,000 – £39,999	10	
£40,000 – £49,999	11	
£50,000– £74,999	12	
£75,000 – £99,999	13	23)
£100,000+	14	
Don't know	X	

E9 **Over the last 12 months how many staff employed at this establishment have you funded or arranged training and development for?**

WRITE IN ____(1 – 99999)_____

PROMPT WITH RANGE IF DK

1-2	1	
3-4	2	
5-9	3	
10-19	4	
20-29	5	
30-39	6	
40-49	7	
50-99	8	
100-199	9	
200 or more	10	
(DO NOT READ OUT) Don't know	X	

E10 **Over the last 12 months, on average, how many days training and development have you arranged FOR EACH MEMBER OF STAFF RECEIVING TRAINING, either on or off the job?**

WRITE IN ABSOLUTE NUMBER _____(1-365)_____

E10RAN IF DON'T KNOW AT E10 prompt with ranges

1	1	Go to E12
2	2	
3 – 4	3	
5 – 6	4	
7 – 8	5	
9 – 10	6	
11 – 12	7	
13 – 14	8	
24) 15 – 16	9	
17 – 18	10	
19 – 20	11	
More than 20	12	ASK E10a
(DO NOT READ OUT) Don't know	X	Go to E11

IF MORE THAN 20 at E10 OR CODE 12 AT E10RAN.

E10a **Can I just check that, on average, EACH MEMBER OF STAFF receiving training and development has received** (INSERT ANSWER FROM E10 IF GAVE ASBOLUTE FIGURE OR **"more than 20"** IF CODE 12 ON DK RANGE) **days over the last 12 months**

Yes	1	GO TO E12
No	2	RE-ASK E10 OR E10RAN

IF DON'T KNOW AT E10RAN

E11 **Can you provide me with an estimate of the total number of days training and development this establishment has provided for all staff over the last 12 months?**

WRITE IN ABSOLUTE NUMBER _____(1 – 999,999)_____

ASK ALL

E12 **Does this establishment formally assess whether individual employees have gaps in their skills?**

Yes	1	
No	2	

ASK ALL WHO HAVE UNDERTAKEN TRAINING IN LAST YEAR (CODE 1 AT E4)

Continued...

E13 **And does this establishment formally assess the performance of employees who have received training and development before the training takes place, after or both...?**

SINGLE CODE ONLY

Before the training takes place	1	
After the training has taken place	2	
Both	3	
Neither	4	

ASK ALL

E14 **Is this establishment currently recognised as an "Investor in People"?**

INTERVIEWER NOTE - ADD IF NECESSARY: ***"Investors in People" is the national Standard which sets a level of good practice for training and development of people to achieve business goals***

Yes	1
No	2
DK	X

E15 **In the last 12 months have the following contacted you to ask for your views on the courses they currently provide**...*READ OUT?*

	Yes	No	DK
Local colleges	1	2	X
Other local training providers	1	2	X

ASK E16 FOR EACH 'YES' AT E15 (IF NEITHER 'Yes' AT E15 ASK E17)

E16 **In the last 12 months on approximately how many occasions have (EACH 'Yes' AT E15) contacted you to ask for your views on the courses they currently provide?**

WRITE IN NUMBER OF OCCASIONS CONTACTED BY LOCAL COLLEGES __(1 – 99)__

WRITE IN NUMBER OF OCCASIONS CONTACTED BY TRAINING PROVIDERS __(1 - 99)__

IF DK, PROMPT USING BANDS

	E16a. Local colleges	E16b. Training providers
Once	1	1
Twice	2	2
3-5 times	3	3
>5 times	4	4
Don't know	X	X

E17 **In the last 12 months have the following involved your business in developing their future curriculum** ... *READ OUT?*

CODE ALL MENTIONED

Local colleges	1
Other local training providers	2
(DO NOT READ OUT) None of these consult with us	3
(DO NOT READ OUT) Don't know	X

IF TRAINED AT E4. OTHERS GO TO E20

E18 **In the last 12 months, have you used Further Education establishments to train and develop any of your staff?**

Yes	1	ASK E19
No	2	GO TO E20
DK	3	

ASK IF YES AT E18

E19 **Thinking of the services provided by these Further Education establishments in the last 12 months, have you been** ... *READ OUT?*

SINGLE CODE ONLY

Very satisfied	1
Fairly satisfied	2
Neither satisfied/nor dissatisfied	3
Fairly dissatisfied	4
Very dissatisfied	5
(DO NOT READ OUT) No opinion	6

ASK ALL

E20 **To get an idea of the size of your establishment, can you please tell me the approximate *(TEXT SUBSTITUTION IF PRIVATE SECTOR COMPANY AT A3:* total turnover/sales *IF NOT PRIVATE SECTOR COMPANY AT A3:* budget) in the last financial year? Please give your best estimate.**

WRITE IN £ __(1 – £9,999,999,999)__ ***AND*** *INTERVIEWER TO CODE RANGE*

Continued...

FOR DON'T KNOW PROMPT WITH FOLLOWING RANGES

Less than £100,000	1
£100,000 - £249,999	2
£250,000 - £499,999	3
£500,000 - £999,999	4
£1m - £1.9m	5
£2m - £4.9m	6
£5m - £24.9m	7
£25 – £50m	8
More than £50m	9
In operation less than 12 months	9
DK	X
Refused	V

Section F: Regional questions (IF APPLICABLE)

These final questions are issues of special interest to your local Learning and Skills Council.

ADD REGIONAL QUESTIONS

Section G: FINAL CHECKS

G1. **The LSC 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 Development Agency & Sector Skills Councils

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

ASK ALL

G2. **I have your postcode as** (INSERT FORM SAMPLE) **is this correct?**

Yes	1	**ASK G3**
No	2	**Record correct postcode**

IF CODE 1 OR 2 AT G1 ASK G3 (IF 'CODE 3 AT G1 GO TO G4)

G3 **And I have your address as** ... Address (excluding postcode)... **is this correct?**

Yes	1	**NEXT QUESTION**
No	2	**Record correct postcode**

ASK ALL

G4 Can I just take your name and job title?

Name _____

Job title _____

THANK AND CLOSE

26) 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

ANNEX A (to Questionnaire)

2 Digit SIC	CATEGORY DEFINITION
01: Agriculture, hunting, etc	Agriculture, forestry or fishing
02: Forestry, logging, etc	
05: Fishing, operation fish hatcheries/farms	
10: Mining coal/lignite; extraction of peat	Mining, quarrying or drilling for oil
11: Extraction crude petroleum/natural gas	
12: Mining of uranium and thorium ores	
13: Mining of metal ores	
14: Other mining and quarrying	
15: Manuf food products and beverages	Manufacture of food, drinks or tobacco products
16: Manuf tobacco products	
17: Manuf textiles	Manufacture or finishing of textiles, leather, clothes or shoes
18: Manuf apparel; dressing/dyeing fur	
19: Tanning/dressing of leather, etc	
20: Manuf wood/products/cork, etc	Manufacture of wood, pulp or paper products (NB NOT printing)
21: Manuf pulp, paper and paper products	
22: Publishing, printing, repro recorded media	Publishing, printing or reproduction of recorded media
23: Manuf coke, refined petroleum products	Manufacture of basic oil, chemicals, rubber, plastic and glass or products made from these
24: Manuf chemicals and chemical products	
25: Manuf rubber and plastic goods	
26: Manuf other non-metallic products	
27: Manuf basic metals	Manufacture of basic metals or metal products
28: Manuf fabricated metal products, etc	
29: Manuf machinery and equipment nec	Manufacture of industrial, commercial, medical or domestic machinery
30: Manuf office machinery and computers	
31: Manuf electrical machinery/apparatus nec	
32: Manuf radio, tv/communications equipment	
33: Manuf medical, precision instruments, etc	

Continued...

ANNEX A (to Questionnaire) (continued)

2 Digit SIC	CATEGORY DEFINITION
34: Manuf motor vehicles, trailers, etc	Manufacture of motor vehicles or transport equipment
35: Manuf other transport equipment	
36: Manuf furniture; manufacturing nec	Manufacture of furniture, jewellery, musical instruments, sports goods, games or toys
37: Recycling	Recycling (of scrap metal or other materials - except food)
40: Electricity, gas, steam/hot water supply 41: Collection, purification/distribution of water	Generation or supply of electricity, gas or water
45: Construction	Construction, including installation and finishing
50: Sale, maintenance/repair motor vehicles	Sale, maintenance or repair of motor vehicles
51: Wholesale trade/commission trade, etc	Wholesale trade
52: Retail trade, except of motor vehicles	Retailer/repairer of personal or household goods
55: Hotels and restaurants	Hotels, restaurants, bars, cafes or catering
60: Land transport; transport via pipelines 61: Water transport 62: Air transport 63: Supporting/auxiliary transport, etc	Transportation, travel and haulage, (of either goods or people, including travel agents)
64: Telecommunications*	Telecommunications transmission
65: Financial intermediation, etc	Banking, leasing, mortgage or other credit provision
66: Insurance and pension funding, etc 67: Act auxiliary financial intermediation	Insurance and pensions (including administration, funding and brokerage)
70: Real estate activities	Real estate activities
72: Computing and related activities	Computer hardware or software consultancy web design, database activities or data processing)
73: Research and development	Contract research and development (other than market research or educational responsibilities)
74: Other business activities	Business service activities (including legal activities, accounting, consultancy, architects, consulting engineers, advertising, security and cleaning)
75: Public admin/defence; compulsory SS	Central or local government (including police, fire service, compulsory social security or LEAs)
80: Education – primary & secondary	Primary or secondary education
80: Education – higher and adult	Higher or adult education (including driving schools)
85: Health and social work	Health or social work (including hospitals, vets, dentists etc and crèches, day nurseries or nursing homes)
90: Sewage/refuse disposal, sanitation, etc	Sewage, refuse disposal, sanitation
92: Recreational, cultural and sporting	Recreational, cultural and sporting activities (including leisure centres, libraries, museums and theatres)
64 (post) 71 (renting) 91 (membership organisations) 93 (other service activities): Other service activities	Postal services, renting, membership organisations or other service activities (including courier services; or renting machinery or equipment, or membership organisation or professional body or services such as dry cleaning, hairdressing and beauty, spas, or funeral activities)

National Employers Skills Survey 2003: Main Report

Annex B: Extent of Skill Deficiencies by Local LSC Area

Annex B: Extent of Skill Deficiencies by Local LSC Area

Table B.1: Extent of skill deficiencies by local LSC area

	Employment	Vacancies	Vacancies as a % of employment	HtFVs	HtFVs as a % of employment	HtFVs as a % of all vacancies	SSVs trades	SSVs as a % of employment	SSVs as a % of vacancies	Skill gaps	Skill gap as a % of employment
Shropshire	179,687	6,714	3.7	3,723	2.1	55.4	2,414	1.3	36.0	24,088	13.4
Staffordshire	414,210	8,839	2.1	3,179	0.8	36.0	1,860	0.4	21.0	50,027	12.1
The Black Country	459,733	13,585	3.0	7,609	1.7	56.0	4,914	1.1	36.2	85,916	18.7
Birmingham and Solihull	578,765	17,318	3.0	7,536	1.3	43.5	3,516	0.6	20.3	101,489	17.5
Herefordshire and Worcestershire	297,850	10,363	3.5	4,552	1.5	43.9	2,066	0.7	19.9	33,271	11.2
Coventry and Warwickshire	366,960	12,908	3.5	4,449	1.2	34.5	2,036	0.6	15.8	46,945	12.8
Derbyshire	391,863	10,891	2.8	4,736	1.2	43.5	2,337	0.6	21.5	45,785	11.7
Nottinghamshire	424,494	13,166	3.1	5,663	1.3	43.0	2,394	0.6	18.2	46,902	11.0
Lincolnshire and Rutland	246,053	9,295	3.8	4,611	1.9	49.6	1,572	0.6	16.9	21,583	8.8
Leicestershire	387,873	11,975	3.1	5,035	1.3	42.1	3,408	0.9	28.5	36,225	9.3
Northamptonshire	288,414	8,313	2.9	3,518	1.2	42.3	1,786	0.6	21.5	34,421	11.9
Norfolk	304,934	9,886	3.2	3,846	1.3	38.9	1,502	0.5	15.2	27,094	8.9
Cambridgeshire	333,334	14,698	4.4	7,056	2.1	48.0	2,727	0.8	18.6	37,193	11.2
Suffolk	291,367	8,280	2.8	2,831	1.0	34.2	1,401	0.5	16.9	26,410	9.1
Bedfordshire and Luton	225,424	7,004	3.1	2,271	1.0	32.4	1,373	0.6	19.6	24,183	10.7
Hertfordshire	502,265	18,766	3.7	6,802	1.4	36.2	3,732	0.7	19.9	53,926	10.7
Essex	589,108	19,965	3.4	9,396	1.6	47.1	3,993	0.7	20.0	50,152	8.5
London North	322,781	9,753	3.0	2,938	0.9	30.1	1,547	0.5	15.9	27,130	8.4
London West	704,460	17,053	2.4	5,833	0.8	34.2	4,457	0.6	26.1	63,606	9.0
London Central	1,481,014	37,114	2.5	8,274	0.6	22.3	6,135	0.4	16.5	156,134	10.5
London East	991,487	27,831	2.8	6,024	0.6	21.6	4,177	0.4	15.0	111,478	11.2
London South	508,087	13,575	2.7	5,527	1.1	40.7	4,099	0.8	30.2	47,637	9.4
Northumberland	93,405	2,718	2.9	1,058	1.1	38.9	512	0.5	18.8	12,917	13.8
Tyne and Wear	461,701	12,746	2.8	3,936	0.9	30.9	2,444	0.5	19.2	36,330	7.9
County Durham	163,670	5,492	3.4	2,554	1.6	46.5	833	0.5	15.2	18,030	11.0
Tees Valley	251,329	4,347	1.7	1,812	0.7	41.7	1,224	0.5	28.2	29,294	11.7
Cumbria	181,872	6,178	3.4	2,711	1.5	43.9	1,224	0.7	19.8	19,682	10.8
Lancashire	580,667	18,346	3.2	6,043	1.0	32.9	2,706	0.5	14.8	52,402	9.0
Greater Merseyside	570,721	14,731	2.6	4,573	0.8	31.0	2,511	0.4	17.0	56,933	10.0
Greater Manchester	1,125,709	33,754	3.0	13,536	1.2	40.1	7,718	0.7	22.9	117,998	10.5
Cheshire and Warrington	415,496	11,716	2.8	4,767	1.1	40.7	1,740	0.4	14.9	36,457	8.8

Continued...

Table B.1: Extent of skill deficiencies by local LSC area (continued)

	Employment	Vacancies	Vacancies as a % of employment	HtFVs	HtFVs as a % of employment	HtFVs as a % of all vacancies	SSVs trades	SSVs as a % of employment	SSVs as a % of vacancies	Skill gaps	Skill gap as a % of employment
Milton Keynes, Oxfordshire and Buckinghamshire	649,111	21,091	3.2	6,999	1.1	33.2	3,437	0.5	16.3	69,644	10.7
Berkshire	457,428	17,054	3.7	6,456	1.4	37.9	2,837	0.6	16.6	42,966	9.4
Hampshire and the Isle of Wight	783,813	29,010	3.7	13,810	1.8	47.6	6,505	0.8	22.4	82,316	10.5
Surrey	503,365	18,029	3.6	8,306	1.7	46.1	3,480	0.7	19.3	59,094	11.7
Sussex	624,130	21,100	3.4	9,325	1.5	44.2	3,551	0.6	16.8	69,340	11.1
Kent and Medway	610,728	19,137	3.1	8,930	1.5	46.7	3,925	0.6	20.5	63,652	10.4
Devon and Cornwall	591,926	23,329	3.9	11,774	2.0	50.5	5,219	0.9	22.4	56,417	9.5
Somerset	192,159	6,826	3.6	3,391	1.8	49.7	1,154	0.6	16.9	17,550	9.1
Bournemouth, Dorset and Poole	270,346	10,221	3.8	4,879	1.8	47.7	1,442	0.5	14.1	30,516	11.3
West of England	488,709	16,101	3.3	6,077	1.2	37.7	2,630	0.5	16.3	39,938	8.2
Wiltshire and Swindon	292,670	9,234	3.2	4,213	1.4	45.6	1,615	0.6	17.5	26,083	8.9
Gloucestershire	239,503	8,376	3.5	3,756	1.6	44.8	1,667	0.7	19.9	20,582	8.6
North Yorkshire	330,426	11,783	3.6	5,516	1.7	46.8	2,512	0.8	21.3	38,614	11.7
West Yorkshire	921,352	30,099	3.3	13,622	1.5	45.3	6,074	0.7	20.2	133,133	14.4
South Yorkshire	487,808	13,306	2.7	4,815	1.0	36.2	2,638	0.5	19.8	55,771	11.4
The Humber	332,841	9,739	2.9	4,345	1.3	44.6	2,352	0.7	24.1	38,447	11.6
ENGLAND	21,917,415	682,939	3.1	272,868	1.2	40.0	135,584	0.6	19.9	2,391,722	10.9

Source: *LSC National Employers Skill Survey 2003 (IFF/IER).*

Base: *Employment weighted, 14-sector local weight.*

National Employers Skills Survey 2003: Main Report

Annex C: Definition of Industries and Occupations

Annex C: Definition of Industries and Occupations

Table C.1: Classification of industries

Industries	SIC92
1. Agriculture, etc	01-02, 05
2. Mining and quarrying	10-14
3. Food, drink and tobacco	15-16
4. Textiles and clothing	17-19
5. Wood and paper	20-21
6. Printing and publishing	22
7. Chemicals, and non-metallic mineral products	23-26
8. Metals and metal goods	27-28
9. Engineering	29-33
10. Transport equipment	34-35
11. Manufacturing nes and recycling	36-37
12. Electricity, gas and water	40-41
13. Construction	45
14. Sale and maintenance of motor vehicles	50
15. Wholesale distribution	51
16. Retailing	52
17. Hotels and catering	55
18. Transport	60-63
19. Communications	64
20. Financial intermediation	65-67
21 Professional services	70, 71, 73
22 Computing and related	72
23 Other business services	74
24. Public administration and defence	75
25. Education	80
26. Health and social work	85
27. Miscellaneous services	90-99

Note: *'nes' means 'not elsewhere specified'.*

Table C.2: Sectors as used for local LSC reporting

Industries	SIC92 1992	
1. Agriculture, etc	(AB)	01 to 05
2. Mining and quarrying	(C)	10-14
3. Manufacturing	(D)	15-37
4. Electricity, gas and water	(E)	40/41
5. Construction	(F)	45
6. Retail and wholesale	(G)	50 to 52
7. Hotels and catering	(H)	55
8. Transport, storage and communication	(I)	60 to 64
9. Financial intermediation	(J)	65 to 67
10. Business services	(K)	70 to 74
11. Public administration and defence	(L)	75
12. Education	(M)	80
13. Health and social work	(N)	85
14. Miscellaneous services	(O,P,Q)	90 to 99

Table C.3: SOC 2000 – Classification of occupational categories (sub-major groups)

Sub-major groups	Occupations	Occupation minor group number
11 Corporate managers	Corporate managers and senior officials; production managers; functional managers; quality and customer care managers; financial institution and office managers; managers in distribution and storage; protective service officers; health and social services managers	111, 112, 113, 114, 115, 116, 117, 118
12 Managers/proprietors in agriculture and services	Managers in farming, horticulture, forestry and fishing; managers and proprietors in hospitality and leisure services; managers and proprietors in other service industries	121, 122, 123
21 Science and technology professionals	Engineering professionals; information and communication technology professionals	211, 212, 213
22 Health professionals	Health professionals, including medical and dental practitioners and veterinarians	221
23 Teaching and research professionals	Teaching professionals, including primary and secondary school teachers and higher and further education lecturers; research professionals (scientific)	231, 232
24 Business and public service professionals	Legal professionals; business and statistical professionals; architects, town planners, and surveyors; public service professionals; librarians and related professionals	241, 242, 243, 244, 245
31 Science and technology associate professionals	Science and engineering technicians; draughtspersons and building inspectors; IT service delivery occupations	311, 312, 313
32 Health and social welfare associate professionals	Health associate professionals, including nurses and other paramedics; therapists; social welfare associate professionals	321, 322, 323
33 Protective service occupations	Protective service occupations	331
34 Culture, media and sports occupations	Artistic and literary occupations; design associate professionals; media associate professionals; sports and fitness occupations	341, 342, 343, 344
35 Business and public service associate professionals	Transport associate professionals; legal associate professionals; financial associate professionals; business and related associate professionals; conservation associate professionals; public service and other associate professionals	351, 352, 353, 354, 355, 356
41 Administrative and clerical occupations	Administrative/clerical occupations: government and related organisations; finance; records; communications; general	411, 412, 413, 414, 415
42 Secretarial and related occupations	Secretarial and related occupations	421
51 Skilled agricultural trades	Agricultural trades	511
52 Skilled metal and electrical trades	Metal forming, welding and related trades; metal machining, fitting and instrument making trades; vehicle trades; electrical trades	521, 522, 523, 524
53 Skilled construction and building trades	Construction trades; building trades	531, 532

Continued...

Table C.3: SOC 2000 – Classification of occupational categories (sub-major groups) (continued)

Sub-major groups	Occupations	Occupation minor group number
54 Other skilled trades	Textiles and garment trades; printing trades; food preparation trades; skilled trades nec	541, 542, 543, 549
61 Caring personal service occupations	Healthcare and related personal services; childcare and related personal services; animal care services	611, 612, 613
62 Leisure and other personal service occupations	Leisure and other personal service occupations; hairdressers and related occupations; housekeeping occupations; personal service occupations not elsewhere classified (nec)	621, 622, 623, 629
71 Sales occupations	Sales assistants and retail cashiers; sales related occupations	711, 712
72 Customer service occupations	Customer service occupations	721
81 Process transport and machine operatives	Process operatives; transport and machine operatives; assemblers and routine operatives	811, 812, 813
82 Transport and mobile machine drivers and operatives	Transport drivers and operatives; mobile machine drivers and operatives	821, 822
91 Elementary occupations: trades, transport and machine elated	Elementary occupations: agricultural trades related; process and plant related; mobile machine related	911, 912, 913, 914
92 Elementary occupations: clerical and services related	Elementary occupations: clerical related; personal services related; cleansing services; security and safety services; sales related	921, 922, 923, 924, 925

Notes: *(a) Standard Occupational Classification. SOC Revision Team, 10th edition, August 1999.*

Table C.4: SOC 2000 – Major groups

Major Group	Title	Abbreviation
1.	Managers and senior officials	Managers
2.	Professional occupations	Professionals
3.	Associate professional and technical occupations	Associate prof.
4.	Administrative, clerical and secretarial occupations	Administrative
5.	Skilled trades occupations	Skilled trades
6.	Personal service occupations	Personal service
7.	Sales and customer service occupations	Sales
8.	Transport and machine operatives	Operatives
9.	Elementary occupations	Elementary

National Employers Skills Survey 2003: Main Report

Glossary

Glossary

National Employers Skill Survey 2003 (NESS2003):	provides comparative data for England relating to vacancies, hard-to-fill vacancies and training activity. This was a survey funded by the national Learning and Skills Council in partnership with the SSDA and DfES. Approximately 72,000 interviews were conducted to provide robust statistical estimates of a variety of skill measures at both a local and sectoral level.
Hard-to-fill vacancies (HtFVs):	those vacancies classified by the respondent as hard to fill.
Skill-shortage vacancies (SSVs):	defined as hard-to-fill vacancies which were skill related where at least one of the following causes was cited by the respondent: low number of applicants with the required skills, lack of work experience the company demands, or lack of qualifications the company demands.
Recruitment problems or difficulties:	refer to either hard-to-fill or skill-shortage vacancies.
Density of vacancies:	vacancies expressed as a percentage of employment.
Skill gaps or internal skill gaps:	the extent to which employers perceive their employees as not being fully proficient at their job.
Skill deficiencies:	refer to the sum of skill gaps and skill shortage vacancies.
Establishment-based measures:	provide an estimate of the total number of establishments reporting a given skill deficiency.
Employee-based measures:	weight establishment data by the total number of employees at the establishment.
Row %:	percentages calculated using the total in that row as a denominator. If appropriate they sum to 100% across the row. This may not always be the case for multiple response type questions.
Column %:	percentages calculated using the total in that column as a denominator. If appropriate they sum to 100% across the column. This may not always be the case for multiple response type questions.
Weighting:	undertaken to adjust for sample design and non-response to ensure that the survey results are representative of the population of employers. Weighted data are also grossed up to population estimates in the weighted base provided in each table.
Weighted base:	refers to the base for percentages. The estimate may be weighted by number of employees or numbers of establishments, depending upon whether it is an employee- or employer-based measure.

Unweighted base:	refers to the raw survey data.
Employers Skill Surveys (ESS)	were conducted in 1999 and 2001 to provide comparative data for England relating to vacancies, hard-to-fill vacancies and training activity. These surveys were funded by the Department for Education and Skills (DfES), undertaken on its behalf by IFF and IER, and included 27,000 interviews with employers in both years. Only 2001 contains information about employers with between one and four employees. A smaller scale survey with 4,000 employer interviews was conducted in 2002.
Local Learning and Skills Councils:	refers to the areas covered by the 47 local arms of the Learning and Skills Council.

Notes

This publication is available in an electronic form on the Council's website: www.lsc.gov.uk
Publication enquiries: 0870 900 6800

Reference LSC/AA000/0775/04