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SKILLS IN SCOTLAND 2010

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2011

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**Scottish Government Social Research
2011**

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DEFINITION OF TERMS

Vacancy rate: this is the number of vacancies as a proportion of employees.

Hard-to-fill vacancies: this is a vacancy that an employer struggles to fill.

Skill shortages: a skill shortage vacancy is a specific type of hard-to-fill vacancy that occurs when an employer cannot find applicants with the skills, qualifications or experience to do the job.

Skill gaps: a skill gap exists when an employer thinks a worker does not have enough skills to perform their job with full proficiency. Skill gaps apply to existing employees.

Skill deficiencies: skill shortages and skill gaps are both examples of skill deficiencies.

Core skills: core skills are the broad, transferable skills that help people to be full, active and responsible members of society. They contribute to employability and include many types of soft skills.

Basic skills: this is basic literacy and numeracy. Often defined as the ability to read, write and speak in English and to use mathematics at a level necessary to function at work and in society in general.

Technical skills: the technical skills necessary 'to do the job'. These will often be specific to the job and therefore not as transferable as core skills.

Soft skills: soft skills are particular core skills that an employee needs in addition to technical skills and experience. They include teamwork, communication skills, problem solving ability, leadership skills, planning skills and customer services skills.

Off-the-job training: training that takes place away from where the employee normally works. It can be elsewhere on the employer's premises or off the premises as long as it is funded and arranged by the employer.

On-the-job training: training that the employer arranges and pays for that takes place where the employee normally works (for example, at their desk). It is often done as part of the employee's normal job.

OVERVIEW

The table below summarises the key messages to arise from the Scottish Employer Skills Survey 2010 (SESS 2010).

Headline	Results	Points to note	Page(s)
Business challenges	Cash flow is the main challenge, cited by 25% of employers who felt their business was likely to face challenges over the next 12 months.	As in 2008, cash flow remains the main challenge anticipated by establishments. Attracting appropriately skilled staff was ranked 7 th at 7 per cent.	8-9
Vacancies	43,900 vacancies in Scotland. The vacancy rate is 1.9%. 13% of workplaces have a vacancy.	The number of vacancies has fallen since 2008, reflecting the economic downturn.	10-12
Hard-to-fill vacancies	15,400 hard-to-fill vacancies in Scotland. The hard-to-fill vacancy rate is 0.7%. 35% of all vacancies are hard-to-fill.	Of those vacancies that do exist, fewer are hard-to-fill than in previous surveys. Smaller workplaces continue to find vacancies harder-to-fill than larger workplaces.	12-25
Skill shortages	8,000 skill shortages in Scotland. The skill shortage rate is 0.3%. 3% of workplaces have a skill shortage. 18% of all vacancies are skill shortages. 52% of all hard-to-fill vacancies are due to skill shortages. The main skills lacking where skill shortages exist are softer core skills.	Skill shortages are uncommon and the number in Scotland have decreased since 2008. Where they do exist, they are more likely to affect smaller workplaces. There are large variations across industries. While applicants most often lack softer core skills, skill shortages are also caused by a lack of technical and practical skills.	15-25
Skill gaps	139,100 employees are not fully proficient, or 6% of all employees. 15% of workplaces report having a skill gap. The main skills lacking where skill gaps exist are softer core skills.	Since 2008, the number of skill gaps have fallen. However, they are more common than skill shortages. Skill gaps are more likely to affect workers in occupations that require lower levels of skills and qualifications.	26-32
Training	61% of workplaces provide training. 38% of all employees receive off-the-job training. The main reason given for not training is that staff are already fully proficient.	Most Scottish employers fund or arrange training for their staff, although the proportion has fallen slightly since 2008. The proportion of employees receiving training is generally higher at the upper end of the occupational hierarchy.	33-45

INTRODUCTION

Purpose of the report

This report presents the results from the Scottish Employer Skills Survey 2010 (SESS 2010) and contains information from employers about:

- the importance of skill-related issues compared with other challenges facing employers;
- the types of jobs in which skill shortages and gaps are most and least prevalent;
- the causes of skill shortages and gaps, their consequences and employers' response to them; and
- the nature and extent of training paid for by employers.

In addition, new questions on the impact of the economic downturn and why employers who train do not train more were included in the 2010 survey.

Survey Methodology

A total of 6001 workplace¹ interviews were completed between May and August 2010. The response rate for the survey was 44 per cent. This is similar to previous years. The sample of workplaces is structured to be representative of the Scottish economy. In particular, the sampling strategy is designed, as far as possible, to obtain robust results for Key Sectors and Sector Skills Councils² in Scotland. It covers the private, public and voluntary sectors. Results are weighted to be representative of Scotland as a whole.

The interviews were conducted by telephone by IFF Research and the principal respondent in each interview was the senior person responsible for human resource issues.

The survey was establishment based, which means that information was collected on an individual site basis irrespective of whether or not the site formed part of a larger organisation (i.e. the high street branch of a chain of shops or banks would be interviewed rather than the head office in most cases). This approach better reflects the level at which skills deficiencies in the workforce are most immediately experienced.

The same methodology was used in the Scottish Employer Skills Surveys in 2002, 2003, 2004, 2006, 2008 and 2010. However, the Life Sciences Key Sector was excluded from the 2010 sample frame³.

The 2010 questionnaire is available from the Scottish Government website (see: www.scotland.gov.uk).

¹ The terms workplaces and establishments are used interchangeably throughout this report.

² Sector Skills Councils (SSCs) are independent, employer-led, UK-wide organisations designed to build a skills system that is driven by employer demand.

³ The Scottish Life Science Advisory Board (LiSAB) conducted their own employer survey during 2010. To avoid duplication of effort and ensure employer burden was minimised, the 2010 SESS did not collect data for the life sciences sector. Efforts were taken to ensure the data collected through the two surveys were as comparable as possible. Results from the LiSAB survey will be available on the Skills Development Scotland website *Knowledge* pages (www.skillsdevelopmentscotland.co.uk).

Structure of Report

This report is organised in the following chapters:

- **Context:** this chapter provides background to the survey, looking at the perceived impact of the economic downturn; and business challenges anticipated over the next twelve months.
- **Recruitment and vacancies:** this chapter presents results on vacancies, hard-to-fill vacancies; and skill shortages.
- **Skill gaps:** this focuses on the number and rates of skill gaps; the causes of skill gaps; changes in the workplace (causing changing skill needs); skills lacking where skill gaps exist; the impact of skill gaps; and action taken to address skill gaps.
- **Training:** this chapter investigates the incidence and intensity of training; types of training provided; days of training; who delivers off-the-job training; who employers ask for advice about training; the barriers preventing employers providing more training; why employers do not train; and the extent to which employers train because they are required to. It concludes by looking at the perceived impact of the economic downturn on training.
- **Recruiting from school, college and university:** this chapter sets out how many establishments recruit from school, college and university; and the extent to which school, college and university leavers are prepared for work.
- **Key sectors:** the penultimate chapter outlines the headline results for the key sectors, covering vacancies, skill gaps and training.
- The final chapter then concludes this report on the 2010 Scottish Employer Skills Survey.

Each main chapter begins by presenting its key findings.

CONTEXT

Key Findings

- **As in 2008, cash flow remains the main challenge anticipated by employers over the next twelve months.**
- **When asked directly about the economic downturn, the majority of employers said there had been no change to the number of staff employed or the number of young people recruited to their first job. However, where employers did report a change, more employers said that the number of staff had decreased than increased.**

Context at the time of the survey

Fieldwork for the SESS was conducted between May and August 2010. During this time Scotland had recently emerged from recession⁴, though was still experiencing the consequences of the economic downturn. It is expected that this has had an impact on employers' responses. This will be particularly the case for those questions that asked about employers' experience over the previous 12 months (for example, barriers to providing more training over the last 12 months). This context should be borne in mind throughout this report.

Perceived impact of the economic downturn

SESS 2010 asked employers about the possible effects on their establishment from the economic downturn across a range of measures. Results are shown in Figure 1.

The majority of employers said there had been no change to:

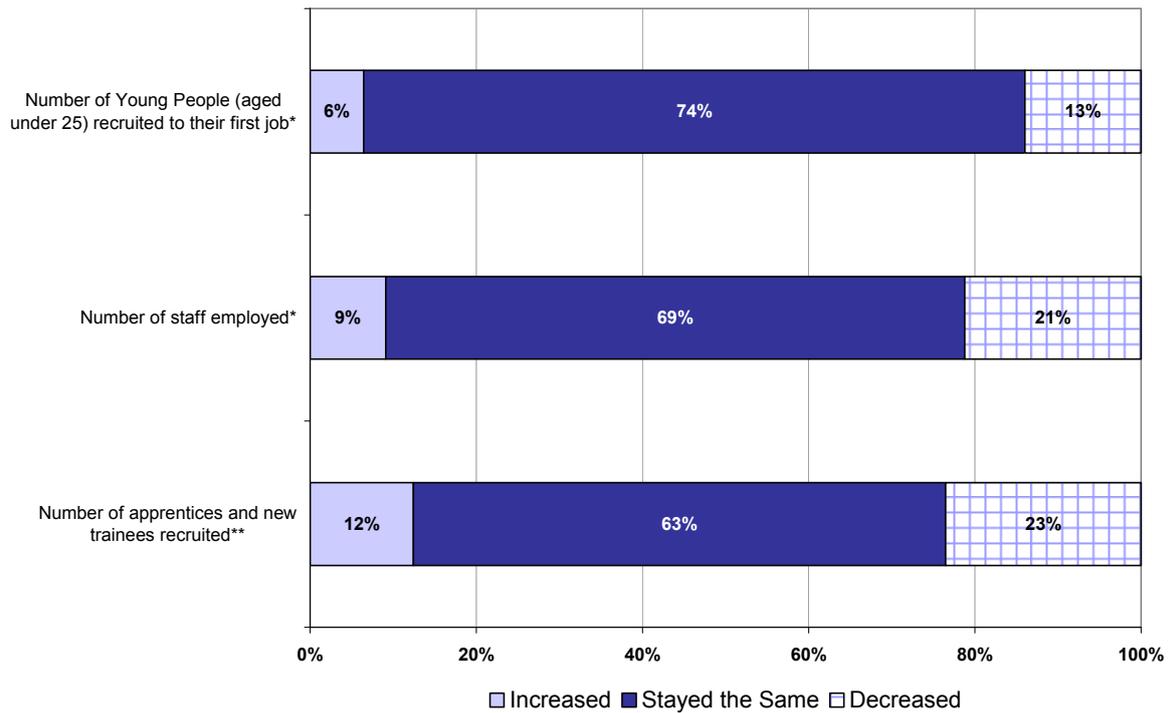
- the number of staff employed (69 per cent said the number had stayed the same);
- the number of young people recruited to their first job (74 per cent); or
- the number of apprentices and new trainees recruited (63 per cent of employers that offer apprenticeships).

Where employers did report a change:

- more employers said that the number of staff had decreased than increased (21 per cent reported a decrease and 9 per cent reported an increase); and
- more employers said that the number of new apprentices and trainees had decreased than increased (23 per cent reported a decrease, 12 per cent reported an increase).

⁴ Scotland joined the UK in recession in the second half of 2008. Over the course of the recession economic output fell by 5.7 per cent in Scotland compared to an equivalent fall of 6.4 per cent for the UK as a whole. By the last quarter of 2009, the Scottish economy emerged from recession. However, growth remains weak, with the present economic environment still challenging (<http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/GDP/Download>).

Figure 1: Perceived impact of the economic downturn



Source: Scottish Employer Skills Survey 2010
 Base: *All establishments **Employers who offered apprenticeships

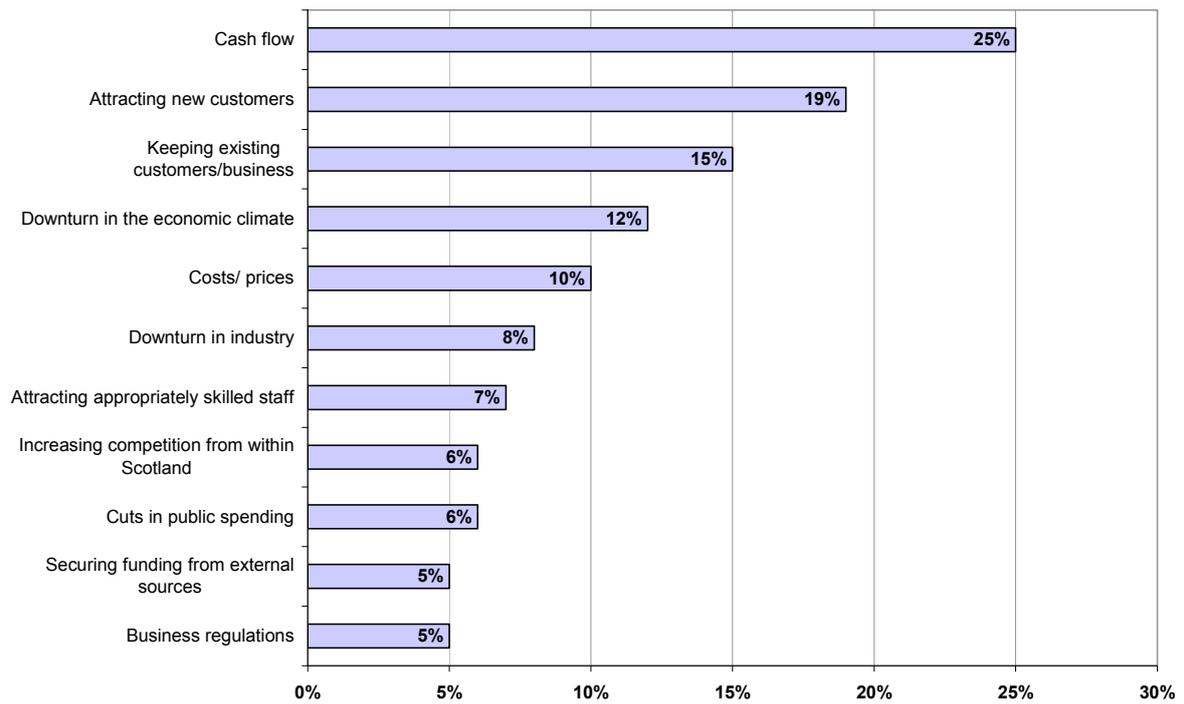
Business Challenges

Employers were asked which challenges their business is likely to face over the next 12 months, if any. Around 3 in 5 employers said they faced a specific challenge. The proportion of employers citing a particular challenge in 2010 are summarised in Figure 2.

- **‘Cash flow’ was the most frequently cited challenge anticipated by establishments in the next 12 months – it was cited by 25 per cent of establishments who answered the question. This was also the main challenge in 2008.**
- **‘Attracting new customers’ was the next most cited challenge, at 19 per cent.**
- **‘Keeping existing customers / business’ and ‘downturn in the economic climate’ were ranked third and fourth, at 15 per cent and 12 per cent respectively.**
- **‘Attracting appropriately skilled staff’ was mentioned by fewer employers than in 2008 (7 per cent compared with 12 per cent) and moved down the rankings from fourth to seventh.**

Even though mentioned directly by relatively few employers, the economic downturn is implicit in other challenges, such as cash flow, attracting new customers and cuts in public spending.

Figure 2: Proportion of respondents saying their business faced each particular challenge in the next 12 months



Source: Scottish Employer Skills Survey 2010
Base: All establishments facing a challenge in the next 12 months

RECRUITMENT AND VACANCIES

Key Findings

- The number of vacancies and the vacancy rate have both fallen since 2008.
- The number of hard-to-fill vacancies and skill shortage vacancies have also fallen.
- At the time of the 2010 survey, there were 43,900 vacancies (equivalent to 1.9 per cent of employees).
- 13 per cent of establishments had at least one vacancy.
- 15,400 vacancies were hard-to-fill, equivalent to 0.7 per cent of employees and 35 per cent of vacancies.
- 8,000 vacancies or 18 per cent of vacancies are skill shortage vacancies. This is less than 1 per cent of employees (0.3 per cent).
- Around 3 per cent of establishments had a skill shortage at the time of the survey.
- Around half (52 per cent) of hard-to-fill vacancies are because of skill shortages.
- Hard-to-fill and skill shortage vacancies are more common among the very smallest workplaces (that is those with fewer than 5 employees).
- As a proportion of employees, hard-to-fill and skill shortage vacancies are most common among machine operatives and in personal service occupations.
- Where skill shortages occur, applicants most often lack 'softer' core skills such as customer handling skills (cited by 64 per cent of establishments with a skill shortage vacancy) and planning and organising skills (62 per cent). However, a lack of other technical and practical skills also cause shortages (60 per cent).
- 8 out of 10 establishments (83 per cent) with hard-to-fill vacancies reported that they caused problems for their business including difficulties meeting customer service objectives; delays developing new products or services; and loss of business or orders to competitors.
- The most common response from employers to hard-to-fill vacancies was to change their recruitment practices in order to find a candidate.

Vacancies

- There were 43,900 vacancies at the time of the survey, compared with more than 2 million employees, giving a vacancy rate of 1.9 per cent.
- 13 per cent of establishments had at least 1 vacancy at the time of the survey.

The absolute number of vacancies and the vacancy rate have both fallen since 2008, potentially reflecting the impact of the economic downturn on the labour market.

Figure 3 shows the vacancy rate by sizeband, industry⁵ and occupation.

⁵ The broad sector 'industry' definition is based on the Standard Industrial Classification Codes 2007 (SIC 2007).

Figure 3: Vacancy rate by sizeband, industry and occupation

	No of employees	No of vacancies	Vacancy Rate
Total	2,317,200	43,900	1.9%
Establishment Sizeband			
1 to 4	183,400	10,100	5.5%
5 to 9	208,000	5,000	2.4%
10 to 24	336,200	7,800	2.3%
25 to 49	301,900	5,700	1.9%
50 to 249	619,000	8,600	1.4%
250 +	668,700	*	1.0%
Industry			
Agriculture, Hunting, Forestry & Fishing	31,400	*	1.7%
Mining and Quarrying	*	*	1.4%
Manufacturing	186,700	2,800	1.5%
Electricity, Gas & Water Supply	29,200	*	*
Construction	142,800	*	1.0%
Wholesale and Retail Trade	350,500	6,600	1.9%
Hotels and Restaurants	152,700	6,300	4.1%
Transport, Storage & Communications	154,800	3,200	2.1%
Financial Services	90,900	*	1.3%
Real Estate, Renting and Business Activities	334,300	*	2.4%
Public Administration & Defence; Compulsory Social Security	154,100	1,300	0.9%
Education	194,500	3,000	1.6%
Health and Social Work	*	4,600	1.3%
Community, Social and Personal Service Activities	98,100	2,800	2.9%
Occupations			
Managers and senior officials	247,000	1,300	0.5%
Professionals	435,900	3,800	0.9%
Associate professionals	189,400	4,700	2.5%
Administrative staff	290,800	4,200	1.4%
Skilled tradespeople	176,200	4,400	2.5%
Personal service staff	199,100	5,800	2.9%
Sales and customer service staff	317,400	7,000	2.2%
Machine operatives	167,700	3,300	2.0%
Elementary staff	293,800	7,100	2.4%

Source: Scottish Employer Skills Survey 2010

* these figures are suppressed as statistically unreliable

Vacancy rates by sizeband

The vacancy rate was higher amongst the very smallest establishments than in all other sizebands. It was 5.5 per cent among establishments with fewer than 5 employees, dropping to 1.0 per cent for those with over 250 employees.

Vacancy rates by industry

The industries where vacancy rates were highest are:

- hotels and restaurants (4.1 per cent);
- community, social and personal service activities (2.9 per cent);
- real estate, renting and business activities (2.4 per cent); and
- transport, storage and communications (2.1 per cent).

Vacancy rates are lowest in:

- public administration, defence and compulsory social security (0.9 per cent); and
- construction (1.0 per cent).

Vacancy rates also varied across industries in 2008, when hotels and restaurants had a vacancy rate of 4.6 per cent and construction 2.6 per cent.

At a broad sectoral level, vacancy rates were highest for the voluntary sector (2.6 per cent) and lowest in the public sector (1.0 per cent). The vacancy rate across the private sector was 2.2 per cent.

Vacancy rates by occupation

Vacancy rates are highest among:

- personal service occupations (2.9 per cent);
- associate professionals (2.5 per cent); and
- skilled trades (2.5 per cent).

And lowest for:

- managers and senior officials (0.5 per cent); and
- professionals (0.9 per cent).

These results provide a picture that is consistent with findings from the 2008 Scottish Employer Skills Survey, where vacancy rates were also highest among associate professionals and personal service staff; and lowest for managers and senior officials and professionals.

Hard-to- fill vacancies and skill shortages

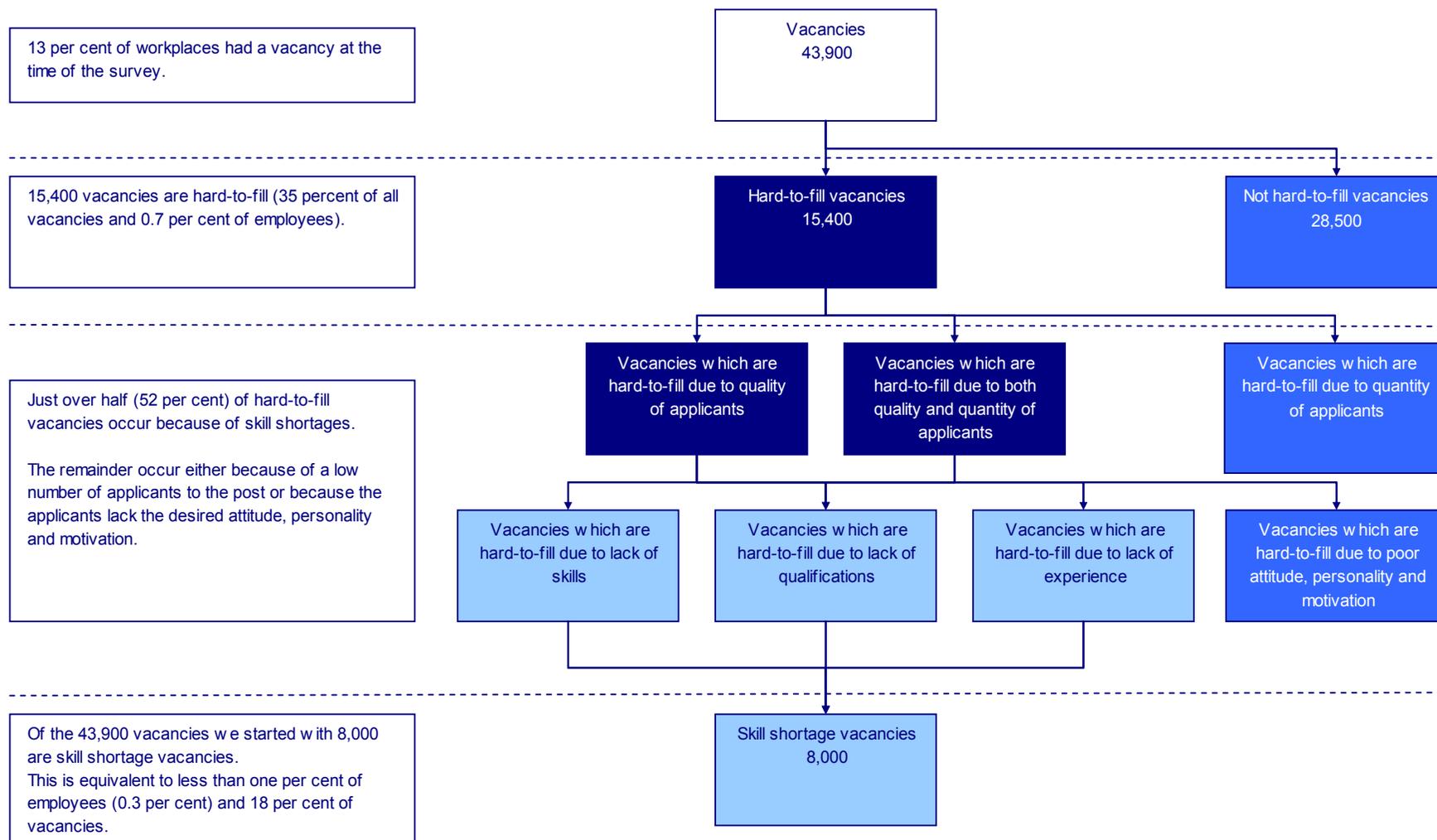
Assessing the scale of hard-to-fill and skill shortage vacancies consisted of four stages:

1. Establishments identified the number of vacancies they currently had;
2. Establishments then said how many of those were 'hard-to-fill';
3. Next, the reason why the vacancies were hard-to-fill was sought, determining whether it was because of the quality of applicants or because there were too few applicants for the post; and, finally,
4. Where vacancies were hard to fill due to the quality of applicants, establishments were asked what qualities were lacking.

Skill shortage vacancies occur only where employers judge applicants to lack the required skills, qualifications or experience. Where the attitude, personality or motivation of applicants was called into question by employers, these are not skill shortage vacancies.

Figure 4 illustrates these stages in more detail.

Figure 4: Skill shortage vacancies route map



Source: Scottish Employer Skills Survey 2010

How many vacancies are hard-to-fill?

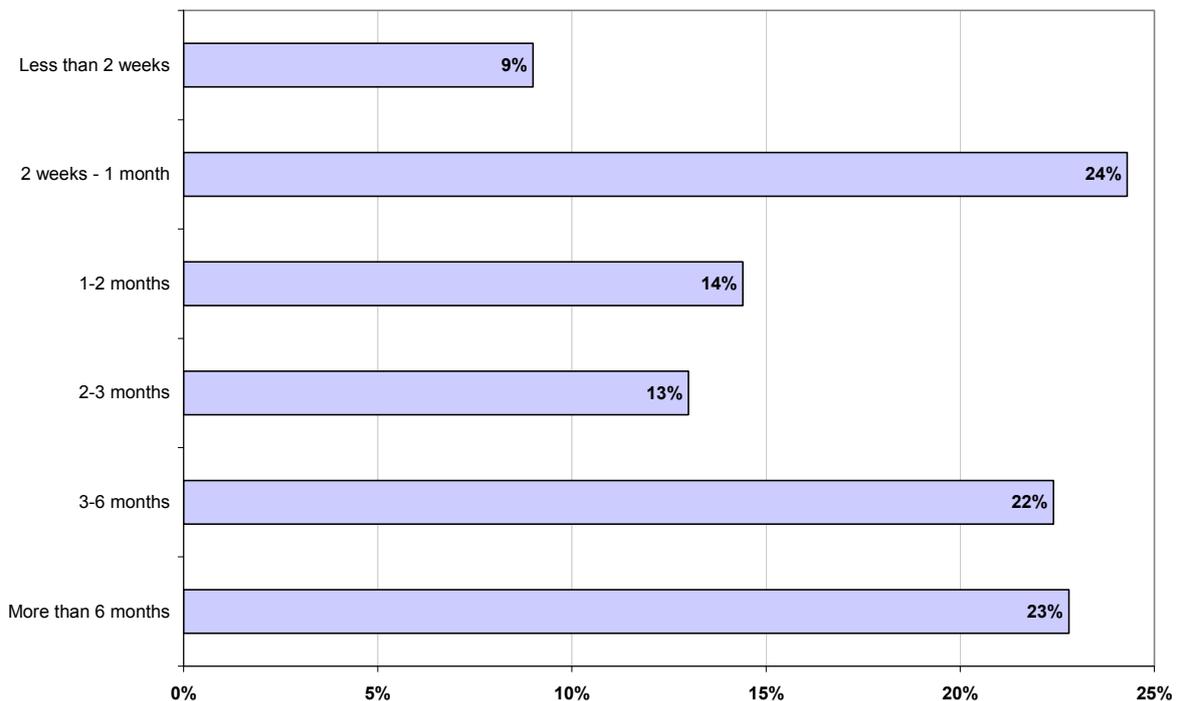
Employers who currently had vacancies were asked whether they judged any to be 'hard-to-fill'.

- **15,400 of the 43,900 vacancies were hard-to-fill, equivalent to 0.7 per cent of employees and 35 per cent of all vacancies.**

Duration of hard-to-fill vacancies

Figure 5 shows the length of time hard-to-fill vacancies had been open at establishments.

Figure 5: Duration of hard-to-fill vacancies



Source: Scottish Employer Skills Survey 2010

Base: All establishments with a hard-to-fill vacancy

Because the survey asks only about current and open vacancies and whether they are hard-to-fill, it provides a snapshot of employers' experience at the time of the survey rather than, say, over the course of a year. Best practice in surveys of this type suggests that it is difficult for employers to accurately recall vacancy details in retrospect. It is easier for employers to accurately answer questions relating to vacancies which are currently open. This is particularly true of larger workplaces which may have a lot of vacancies over the course of a year. Therefore, the SESS looks only at current and open vacancies for two reasons:

- (1) the employers response to questions about current vacancies will be more accurate; and
- (2) we do not want to overburden employers with questions that they will find difficult and time consuming to answer.

This approach means that it is possible that the incidence of hard-to-fill vacancies may be over-reported. If it is assumed that vacancies which are hard-to-fill, by definition, take longer to fill than those which are not hard-to-fill then they are more likely to be picked up in the survey.

- **24 per cent of employers with hard-to-fill vacancies stated that they had been open for two weeks to one month;**
- **23 per cent of employers with hard-to-fill vacancies stated that they had been open for more than six months; and**
- **22 per cent of employers with hard-to-fill vacancies stated that they had been open for three to six months.**

Why are some vacancies hard-to-fill? Is there a skill shortage?

Vacancies can be hard-to-fill for various reasons, but they fall broadly into three groups:

- **applicants have not been of sufficient quality – for 46 per cent of establishments this was the sole reason for hard-to-fill vacancies;**
- **there have been few or no applicants – cited by 22 per cent of establishments; or**
- **a combination of both of these reasons – cited by 33 per cent of establishments.**

Where vacancies are hard-to-fill because there are a low number of applicants then this suggests that the reason may be attributable more to the nature of the job on offer. Where vacancies were hard-to-fill because of the poor quality of applicants, employers were asked to state whether candidates lacked:

- the right skills;
- the right qualifications;
- the required work experience; or
- whether applicants were perceived to have poor attitude, motivation or personality.

A skill shortage vacancy arises only where the vacancy is hard-to-fill because candidates lack the required skills, qualifications or experience. That is, skill shortage vacancies do not include those where applicants are perceived by the employer to have a poor attitude, lack motivation or an unsuitable personality.

- **Of the 43,900 vacancies at the time of the survey, 8,000 are skill shortage vacancies.**
- **Skill shortage vacancies represented 52 per cent of all hard-to-fill vacancies.**
- **The number of skill shortage vacancies in 2010 was small, equivalent to only 0.3 per cent of employees, and affecting 3 per cent of establishments.**

The survey provides information on the number of employees, the number of vacancies, the proportion of vacancies which are hard-to-fill and the proportion of hard-to-fill vacancies which are due to skill shortages. These can be analysed by

size of employer, industry and occupation. Figures 6 and 7 present two measures of hard-to-fill and skill shortage vacancies by sizeband and industry.

- The **employee based rate** is measured as hard-to-fill or skill shortage vacancies as a proportion of all employees.
- The **vacancy based rate** is measured as hard-to-fill or skill shortage vacancies as a proportion of all vacancies and shows how the labour market operates to fill vacancies.

Details are also provided on skill shortage vacancies as a proportion of hard-to-fill vacancies.

By size

The employee based rate

- **Hard-to-fill vacancies as a percentage of employees were highest in the smallest workplaces (i.e. those employing 1 to 4 people) at 2.4 per cent; and lowest in the largest establishments (those employing over 250 people) at 0.2 per cent.**
- **Likewise, skill shortage vacancies as a percentage of employees is higher among smaller workplaces than larger workplaces.**

The vacancy based rate

- **Hard-to-fill vacancies as a proportion of all vacancies is higher in smaller establishments than larger ones.**
- **Skill shortages as a proportion of all vacancies is also higher in smaller establishments than larger ones.**

It would appear that large establishments are more effective in filling vacancies. This could be because the recruitment methods of larger establishments are more sophisticated or better resourced than those of smaller establishments. Larger establishments may also be more attractive to potential candidates (there may be a perception of increased job security and better career prospects) and are thus better placed to compete for the best candidates.

Figure 6: Hard-to-fill and skill shortage vacancies as a proportion of employees by sizeband and industry

	No. of employees	No. of hard-to-fill vacancies	No. of skill shortage vacancies	Hard-to-fill vacancies as % of employees	Skill shortage vacancies as % of employees
Total	2,317,200	15,400	8,000	0.7%	0.3%
Establishment Sizeband					
1 to 4	183,400	4,300	2,600	2.4%	1.4%
5 to 9	208,000	2,000	900	1.0%	0.4%
10 to 24	336,200	3,100	*	0.9%	0.5%
25 to 49	301,900	1,800	700	0.6%	0.2%
50 to 249	619,000	2,600	*	0.4%	0.2%
250 +	668,700	*	*	0.2%	0.2%
Industry					
Agriculture, Hunting, Forestry & Fishing	31,400	*	*	1.7%	1.6%
Mining and Quarrying	*	*	*	0.4%	0.1%
Manufacturing	186,700	800	600	0.5%	0.3%
Electricity, Gas & Water Supply	29,200	*	*	1.8%	0.5%
Construction	142,800	*	*	0.3%	0.2%
Wholesale and Retail Trade	350,500	2,200	1,400	0.6%	0.4%
Hotels and Restaurants	152,700	2,200	1,000	1.5%	0.6%
Transport, Storage & Communications	154,800	1,500	*	0.9%	0.5%
Financial Services	90,900	*	*	0.3%	0.1%
Real Estate, Renting and Business Activities	334,300	*	*	1.2%	0.9%
Public Administration & Defence; Compulsory Social Security	154,100	*	*	0.3%	0.1%
Education	194,500	700	*	0.3%	0.1%
Health and Social Work	*	1,500	*	0.4%	0.2%
Community, Social and Personal Service Activities	98,100	1,200	*	1.2%	0.6%

Source: Scottish Employer Skills Survey 2010

* these figures are suppressed as statistically unreliable

Figure 7: Hard-to-fill and skill shortage vacancies as a proportion of vacancies by sizeband and industry

	No. of vacancies	No. of hard-to-fill vacancies	No. of skill shortage vacancies	Hard-to-fill vacancies as a % of vacancies	Skill shortage vacancies as a % of vacancies	Skill shortage vacancies as a % of hard-to-fill vacancies
Total	43,900	15,400	8,000	35%	18%	52%
Establishment Sizeband						
1 to 4	10,100	4,300	2,600	43%	26%	60%
5 to 9	5,000	2,000	900	41%	18%	44%
10 to 24	7,800	3,100	*	40%	20%	50%
25 to 49	5,700	1,800	700	31%	12%	39%
50 to 249	8,600	2,600	1,200	30%	*	47%
250 +	*	*	*	*	*	*
Industry						
Agriculture, Hunting, Forestry & Fishing	*	*	*	98%	92%	94%
Mining and Quarrying	*	*	*	31%	*	*
Manufacturing	2,800	800	600	30%	*	70%
Electricity, Gas & Water Supply	*	*	*	18%	5%	26%
Construction	*	*	*	*	*	67%
Wholesale and Retail Trade	6,600	2,200	1,400	34%	22%	65%
Hotels and Restaurants	6,300	2,200	1,000	35%	15%	44%
Transport, Storage & Communications	3,200	1,500	*	46%	*	52%
Financial Services	*	*	*	*	*	*
Real Estate, Renting and Business Activities	*	*	*	51%	*	70%
Public Administration & Defence; Compulsory Social Security	1,300	*	*	*	*	*
Education	3,000	700	*	22%	4%	*
Health and Social Work	4,600	1,500	*	33%	*	52%
Community, Social and Personal Service Activities	2,800	1,200	*	42%	*	49%

Source: Scottish Employer Skills Survey 2010

* these figures are suppressed as statistically unreliable

By industry

The employee based rate

- **Hard-to-fill vacancies as a percentage of employees are highest in electricity, gas and water supply (at 1.8 per cent); agriculture, hunting, forestry and fishing (at 1.7 per cent); and hotels and restaurants (at 1.5 per cent).**
- **Skill shortage vacancies as a percentage of employees are highest in agriculture, hunting, forestry and fishing (at 1.6 per cent); followed by real estate, renting and business activities (at 0.9 per cent).**
- **Low hard-to-fill vacancy rates as a percentage of employees are found in public administration, defence and compulsory social security (0.3 per cent); education (0.3 per cent); financial services (0.3 per cent); and construction (0.3 per cent).**
- **Similarly, the lowest skill shortage vacancy rates as a percentage of employees are found in public administration, defence and compulsory social security (at 0.1 per cent); education (0.1 per cent) and financial services (0.1 per cent). In addition, mining and quarrying also has a skill shortage vacancy rate (as a percentage of employees) of 0.1 per cent.**

The hard-to-fill vacancy and skill shortage rates are lower in the public sector than in the private and voluntary sectors. The hard-to-fill vacancy rate in the public sector was 0.2 per cent, compared with 0.8 per cent in the voluntary sector and 0.9 per cent in the private sector.

The vacancy based rate

Hard-to-fill vacancies as a proportion of all vacancies is highest in the agriculture, hunting, forestry and fishing industry where 98 per cent of vacancies were hard-to-fill.

The industries which have the next highest hard-to-fill vacancy rates are:

- **real estate, renting and business activities (51 per cent);**
- **transport, storage and communications (46 per cent); and**
- **community, social and personal service activities (42 per cent).**

Agriculture, hunting, forestry and fishing also report that a high proportion of vacancies are skill shortage vacancies (92 per cent).

Looking at skill shortage vacancies as a proportion of hard-to-fill vacancies highlights some other features:

- Only 26 per cent of hard-to-fill vacancies in electricity, gas and water supply are skill shortages. That is, hard-to-fill vacancies in this sector are more likely to be for reasons other than skill shortages.

It is important to look at the range of different indicators related to hard-to-fill vacancies and skill shortages to get a more rounded picture of any one sector.

By occupation

Figures 8 and 9 show hard-to-fill and skill shortage vacancies as a proportion of employees and vacancies by occupation.

The employee based rate

- Both hard-to-fill vacancies as a percentage of employees and skill shortages as a percentage of employees were highest for skilled trades – hard-to-fill vacancies were equivalent to 1.5 per cent of employees and for skill shortages 1.1 per cent of employees.
- Hard-to-fill vacancies as a percentage of employees and skill shortages as a percentage of employees were also high for personal service occupations (1.3 per cent and 0.6 per cent respectively) and machine operatives (1.2 per cent and 0.8 per cent respectively).

Hard-to-fill vacancies and skill shortages remain uncommon among managers and professionals but there is less of a clear pattern across the remaining occupations than has been seen in previous surveys.

The vacancy based rate

- Measured as a proportion of all vacancies, hard-to-fill vacancies are most common among machine operatives and in skilled trade occupations where 61 per cent of vacancies were hard-to-fill. Skill shortage vacancies as a proportion of vacancies were also highest for these occupations (at 43 per cent and 39 per cent respectively).
- Hard-to-fill vacancies are mainly due to skill shortages in: skilled trade occupations (where 71 per cent of hard-to-fill vacancies are skill shortage vacancies), sales and customer service occupations (68 per cent) and machine operatives (63 per cent).
- Hard-to-fill vacancies are likely to be for reasons other than skill shortages in: administrative (where 28 per cent of hard-to-fill vacancies are skill shortage vacancies), elementary occupations (34 per cent); and professionals (34 per cent).

Figure 8: Hard-to-fill and skill shortage vacancies as a proportion of employees by occupation

	No. of employees	No. of hard-to-fill vacancies	No. of skill shortage vacancies	Hard-to-fill vacancies as a % of employees	Skill shortage vacancies as a % of employees
All occupations	2,317,200	15,400	8,000	0.7%	0.3%
Managers and senior officials	247,000	600	*	0.2%	0.1%
Professionals	435,900	1,000	*	0.2%	0.1%
Associate professionals	189,400	1,500	900	0.8%	0.5%
Administrative staff	290,800	*	300	0.4%	0.1%
Skilled tradespeople	176,200	*	*	1.5%	1.1%
Personal service staff	199,100	2,500	*	1.3%	0.6%
Sales and customer service staff	317,400	1,100	*	0.3%	0.2%
Machine operatives	167,700	2,000	*	1.2%	0.8%
Elementary staff	293,800	2,400	800	0.8%	0.3%

Source: Scottish Employer Skills Survey 2010

* these figures are suppressed as statistically unreliable

Figure 9: Hard-to-fill and skill shortage vacancies as a proportion of vacancies by occupation

	No. of vacancies	No. of hard-to-fill vacancies	No. of skill shortage vacancies	Hard-to-fill vacancies as a % of vacancies	Skill shortage vacancies as a % of vacancies	Skill shortage vacancies as a % of hard-to-fill vacancies
All occupations	43,900	15,400	8,000	35%	18%	52%
Managers and senior officials	1,300	600	*	46%	28%	60%
Professionals	3,800	1,000	*	26%	9%	34%
Associate professionals	4,700	1,500	900	31%	19%	60%
Administrative staff	4,200	*	300	27%	8%	28%
Skilled tradespeople	4,400	*	*	61%	43%	71%
Personal service staff	5,800	2,500	*	43%	21%	48%
Sales and customer service staff	7,000	1,100	*	16%	10%	68%
Machine operatives	3,300	2,000	*	61%	39%	63%
Elementary staff	7,100	2,400	800	33%	11%	34%

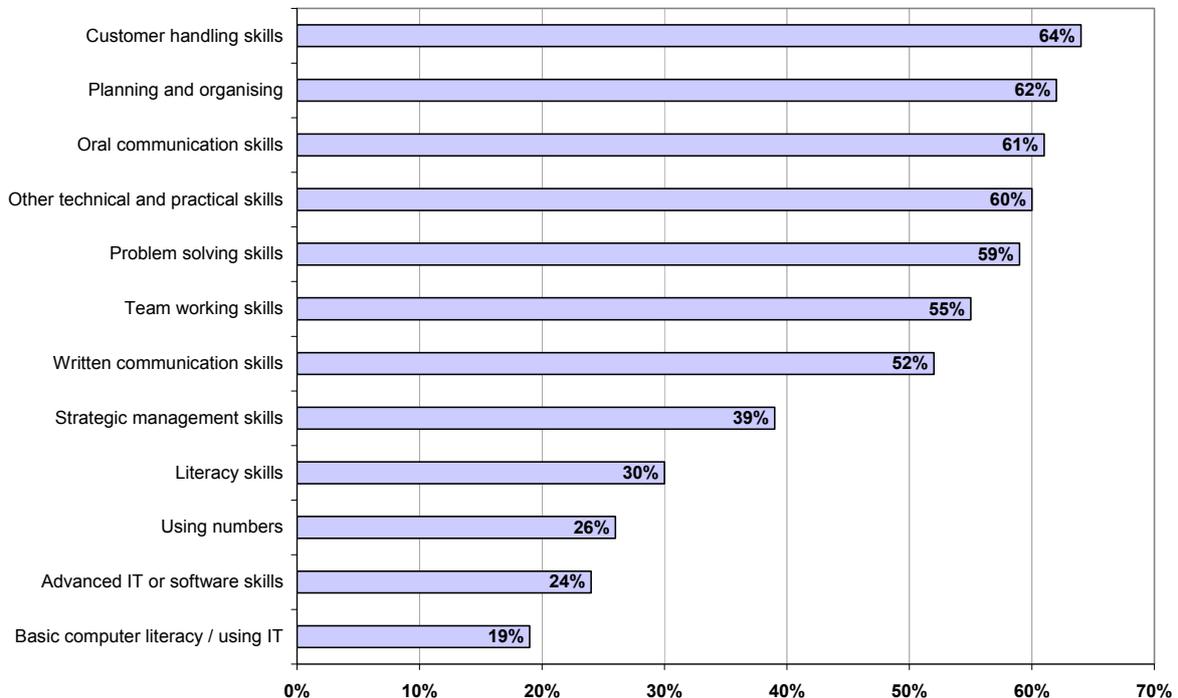
Source: Scottish Employer Skills Survey 2010

* these figures are suppressed as statistically unreliable

What skills do applicants lack?

Where an establishment had a skill shortage, respondents were asked to list the specific skills in which they found applicants to be deficient (see Figure 10).

Figure 10: Skills lacking in skill shortage vacancies



Source: Scottish Employer Skills Survey 2010

Base: All establishments with a skill shortage vacancy

Soft skills are particular core skills that an employee needs in addition to technical skills and experience. They include teamwork, communication skills, problem solving ability, leadership skills, planning skills and customer service skills.

A lack of 'softer' core skills among applicants can cause skill shortages:

- **customer handling skills (was cited by 64 per cent of establishments with a skill shortage vacancy);**
- **planning and organising skills (62 per cent); and**
- **oral communication skills (61 per cent).**

Technical and practical skills were cited by 60 per cent of workplaces with a skill shortage. These skills are clearly important to establishments and cause shortages in a number of instances.

Basic literacy and numeracy skills were less likely to be cited as skill shortages than 'softer' core skills.

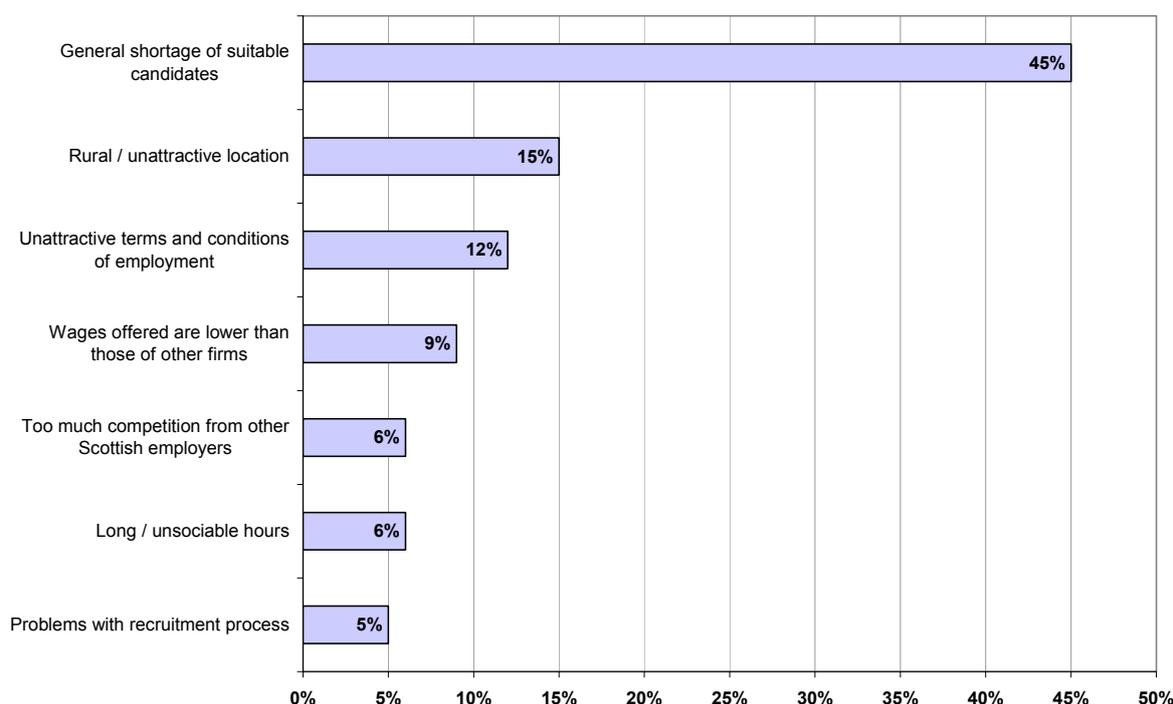
Both basic and advanced IT skills were cited by relatively small proportions of establishments. This does not necessarily mean that these skills are not valued by employers but rather that applicants are more likely to have such skills.

Non-skills related reasons for hard-to-fill vacancies

Over half of hard-to-fill vacancies (55 per cent) are caused, at least in part, by not enough people applying for posts. These are not skill shortage vacancies (which arise because those who do apply do not have the desired skills, qualifications or experience). A low number of applicants to a particular post suggests that there may be features of the job which make it unattractive to potential applicants.

Respondents to the survey who had hard-to-fill vacancies caused by a lack of applicants were asked what they thought the reasons for the low number of applicants were (see Figure 11).

Figure 11: Reasons for hard-to-fill vacancies where they are not caused by skill shortages



Source: Scottish Employer Skills Survey 2010

Base: All establishments with a hard-to-fill vacancy due to a lack of applicants

- **45 per cent of respondents stated that the lack of applicants for the post was due to a shortage of suitable candidates;**
- **15 per cent said that this was because of a rural or unattractive location;**
- **12 per cent cited unattractive terms and conditions of employment; and**
- **9 per cent stated that as wages offered are lower than those of other firms, this may have resulted in not enough applicants to the post.**

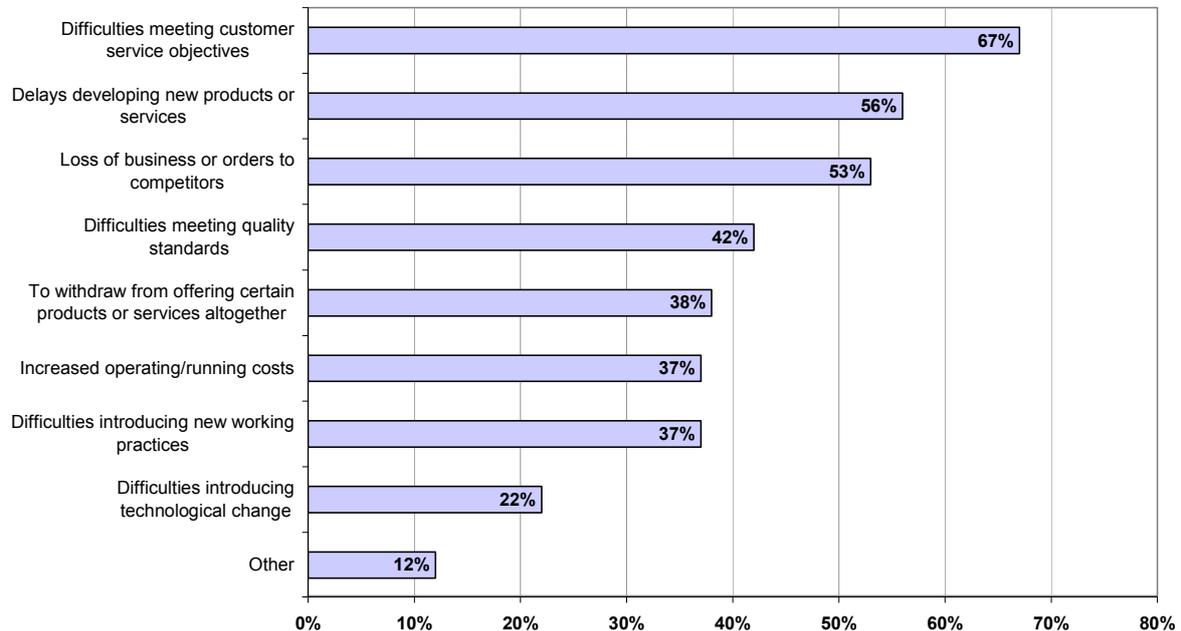
What problems are caused by hard-to-fill vacancies?

The problems caused by hard-to-fill vacancies are shown in Figure 12. Establishments could cite more than one problem.

Around 8 out of 10 establishments stated that hard-to-fill vacancies caused them some problems. For 43 per cent of establishments hard-to-fill vacancies had a major

impact and for 40 per cent the impact was minor. For 17 per cent hard-to-fill vacancies caused them ‘no particular problems’.

Figure 12: Impact of hard-to-fill vacancies



Source: Scottish Employer Skills Survey 2010

Base: All establishments with a hard-to-fill vacancy

The most commonly cited problems were:

- **difficulties meeting customer service objectives (experienced by 67 per cent of establishments with hard-to-fill vacancies);**
- **delays developing new products or services (56 per cent); and**
- **loss of business or orders to competitors (53 per cent).**

Hard-to-fill vacancies have a negative impact on the day-to-day running of a business and can also prevent attempts by business to innovate.

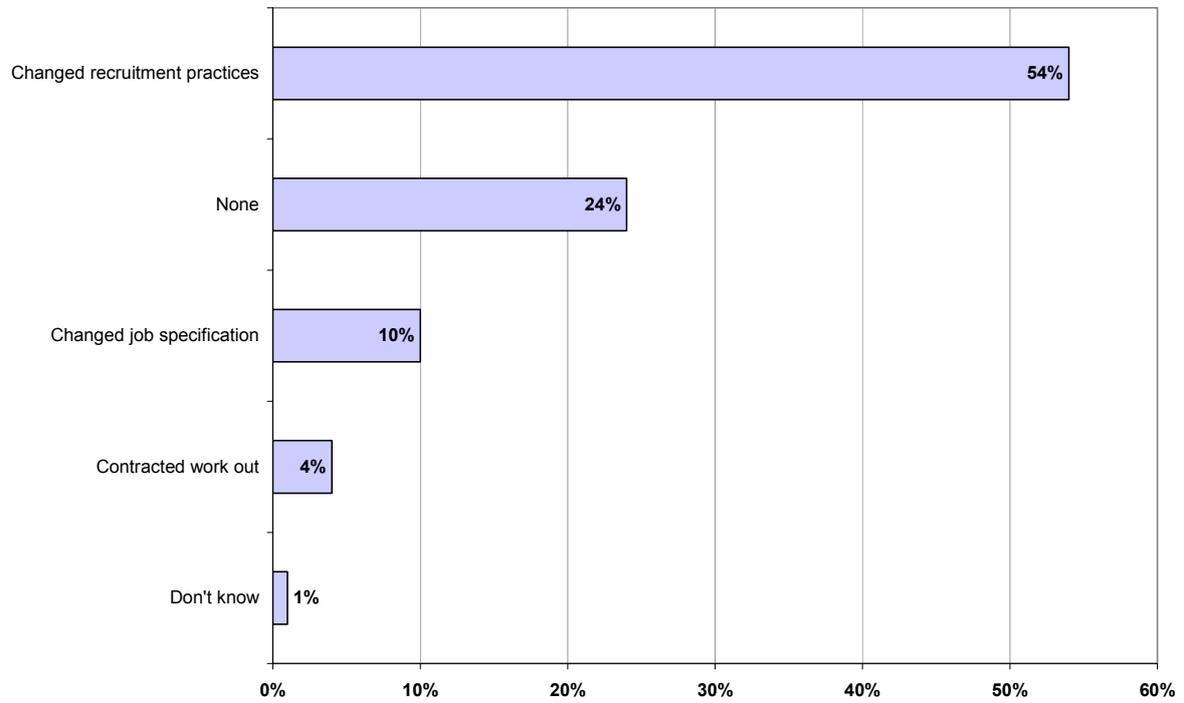
How do employers respond to hard-to-fill vacancies?

Figure 13 lists the actions taken by establishments to overcome hard-to-fill vacancies. Again, establishments could cite more than one action. To overcome vacancies which were hard-to-fill:

- **establishments were most likely to change their recruitment practices in order to find a candidate (cited by 54 per cent of establishments with a hard-to-fill vacancy);**
- **10 per cent of establishments had made a change to the job specification; and**
- **4 per cent of establishments had contracted work out.**

Around one quarter of establishments did not take any measures to overcome hard-to-fill vacancies.

Figure 13: Employer responses to hard-to-fill vacancies



Source: Scottish Employer Skills Survey 2010
Base: All establishments with a hard-to-fill vacancy

SKILL GAPS

Key Findings

- **Skill gaps affect 139,100 (or 6 per cent of) employees; and 15 per cent of workplaces reported at least one employee with a skill gap.**
- **Most skill gaps are transitory, resulting because the employee has not been in the job very long (for 61 per cent) and/or because they have not yet completed their training (47 per cent).**
- **For 4 in 10 workplaces with skill gaps, these have arisen as a result of what could be viewed as positive developments in the workplace such as the introduction of new working practices, new technology or new products or services.**
- **Nearly 3 in 10 employers with skill gaps report that these have no impact on their business. Of those who do report a negative impact, the majority (57 per cent) perceive this impact as minor.**
- **The sector that has the highest skill gap rate is hotels and restaurants.**
- **Skill gaps disproportionately affect those occupations which generally require lower levels of skills and qualifications.**
- **Skill gaps arise mainly because of weaknesses in softer core skills such as planning and organising, customer handling, problem solving and team working.**
- **Employers are active in their response to skill gaps – most commonly providing further training for staff.**

Skill gaps are different from skill shortages

Skill shortages refer to applicants for a job. Skill gaps refer to those already in employment and occur where employees are judged by their employer to be not fully proficient.

The distinction between skill shortages and skill gaps is important because, although on the surface gaps and shortages are both 'skills' issues, any intervention by the public sector or actions by employers must be focused on two very different groups.

- **15 per cent of establishments had at least one skill gap (that is at least one employee who was less than fully proficient).**
- **Skill gaps affected 139,100 employees in 2010, or 6 per cent of all employees.**

By Size

Figure 14 shows the skills gap rate by employer sizeband. The rate is similar across workplaces of different sizes. The results of previous years surveys also show no clear relationship between establishment size and skill gaps.

Figure 14: Skill gaps as a proportion of employees and establishments by sizeband and industry

	No. of employees	Employees not proficient	Skill gap rate	No. of establishments	Establishments with at least one skill gap	% of all establishments
Total	2,317,200	139,100	6%	166,200	24,800	15%
Establishment Sizeband						
1 to 4	183,400	7,600	4%	97,200	5,900	6%
5 to 9	208,000	13,000	6%	30,700	6,600	21%
10 to 24	336,200	20,000	6%	21,900	6,200	28%
25 to 49	301,900	18,200	6%	8,900	3,000	34%
50 to 249	619,000	44,700	7%	6,500	2,800	44%
250 +	668,700	*	*	1,100	200	19%
Industry						
Agriculture, Hunting, Forestry & Fishing	31,400	*	4%	8,300	800	*
Mining and Quarrying	*	*	1%	400	100	16%
Manufacturing	186,700	11,800	6%	8,400	1,500	18%
Electricity, Gas and Water Supply	29,200	*	4%	900	100	13%
Construction	142,800	8,400	6%	16,100	2,200	14%
Wholesale and Retail Trade	350,500	21,800	6%	31,800	5,800	18%
Hotels and Restaurants	152,700	12,100	8%	14,800	2,400	16%
Transport, Storage and Communications	154,800	*	6%	12,200	1,200	10%
Financial Services	90,900	*	*	3,500	600	16%
Real Estate, Renting & Business Activities	334,300	20,600	6%	36,000	4,100	11%
Public Administration & Defence; Compulsory Social Security	154,100	*	3%	3,200	500	14%
Education	194,500	*	*	5,700	1,000	18%
Health and Social Work	*	9,400	3%	11,500	2,000	17%
Community, Social and Personal Service Activities	98,100	6,900	7%	13,200	1,900	14%

Source: Scottish Employer Skills Survey 2010

* these figures are suppressed as statistically unreliable

By industry

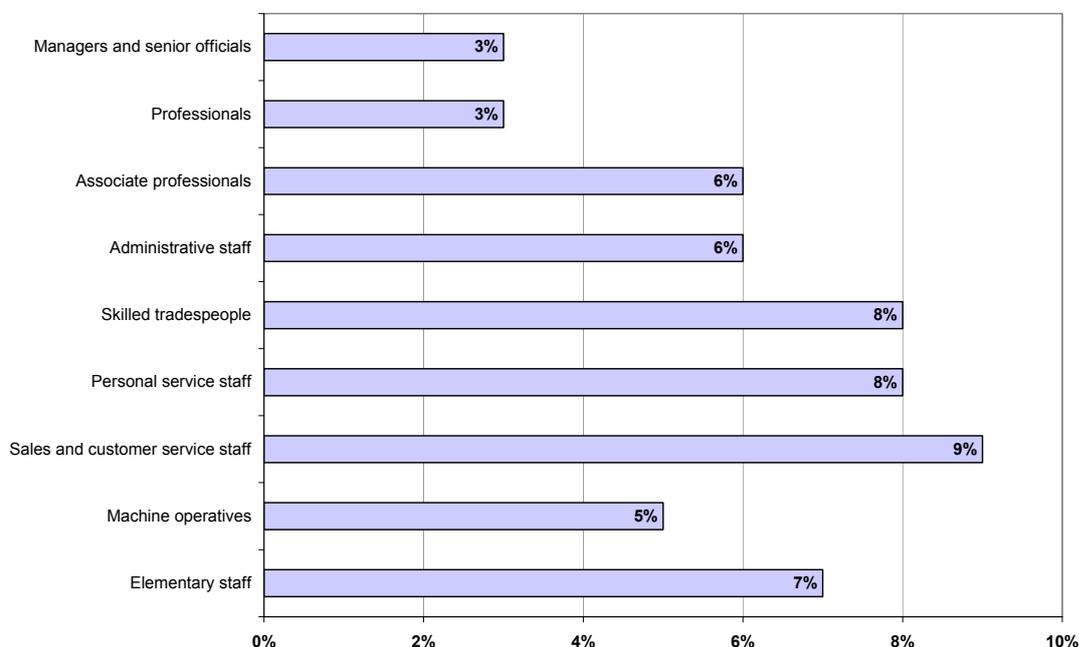
Figure 14 also shows the proportion of establishments affected by skill gaps and the skill gap rate (skill gaps as a percentage of employees) for each industry.

- **The sector that has the highest skill gap rate is the hotels and restaurants sector at 8 per cent. This is consistent with previous surveys, where the hotels and restaurants sector also had the highest proportion of employees not proficient. In 2010, 16 per cent of establishments in the hotels and restaurants sector have at least one skill gap (which is similar to the rate across Scotland – 15 per cent).**
- **Manufacturing; wholesale and retail trade; and education all have the highest percentage of establishments with at least one skill gap (at 18 per cent).**
- **Mining and quarrying; public administration, defence and compulsory social security; and health and social work had the highest proportions of employees deemed fully proficient by their employers (with a 1 per cent skill gap rate; a 3 per cent skill gap rate; and a 3 per cent skill gap rate respectively).**
- **Transport, storage and communications has the lowest percentage of establishments with at least one skill gap (at 10 per cent).**

By occupation

Figure 15 shows the skill gap rate (skill gaps as a percentage of employees) by occupation in 2010.

Figure 15: Skill gaps as a proportion of employees by occupation



Source: Scottish Employer Skills Survey 2010

Base: All establishments

A higher proportion of workers have a skill gap among those occupations which generally require lower levels of skills and qualifications. For example:

- sales and customer services (9 per cent);
- personal service occupations (8 per cent); and
- elementary occupations (7 per cent).

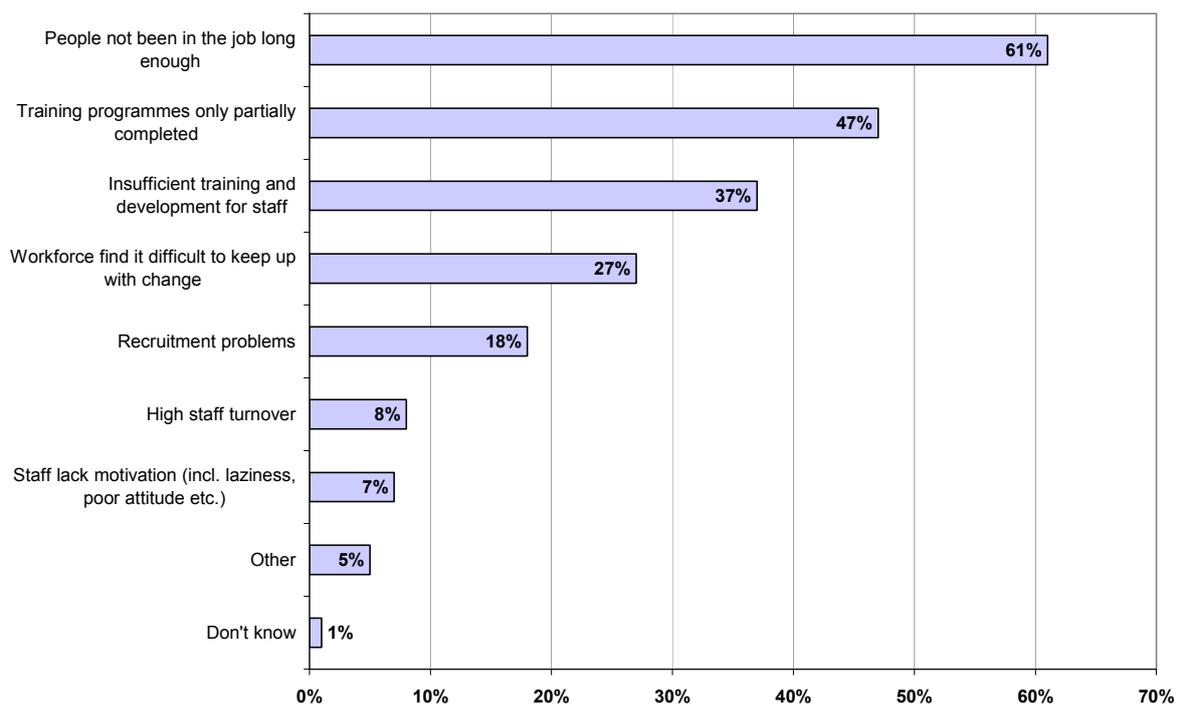
In contrast, skill gap rates were low among:

- professionals (3 per cent); and
- managers and senior officials (3 per cent).

Causes of skill gaps

Employers were asked about the reasons behind their skill gaps. The results are shown in Figure 16. Most skill gaps result because the employee has not been in the job long enough (61 per cent) and/or because they have not yet completed their training (47 per cent). These transitory skill gaps are likely to close as the employees gain more experience or complete their training. Over a third of establishments recognised that skill gaps had arisen as a result of insufficient training and development being given to staff. Around a quarter stated that staff were not fully proficient in their jobs because the workforce find it difficult to keep up with change.

Figure 16: Reasons for employees having skill gaps



Source: Scottish Employer Skills Survey 2010

Base: All establishments with a skill gap

Skill gaps and changes in the workplace

Employers were also asked whether skill gaps among their workforce were caused by changing skill needs arising from:

- the development of new products and services;
- the introduction of new working practices; or

- the introduction of new technology.

Employers could cite more than one reason and, in all, 42 per cent of establishments with a skill gap said that they were caused by one or more of the previous reasons:

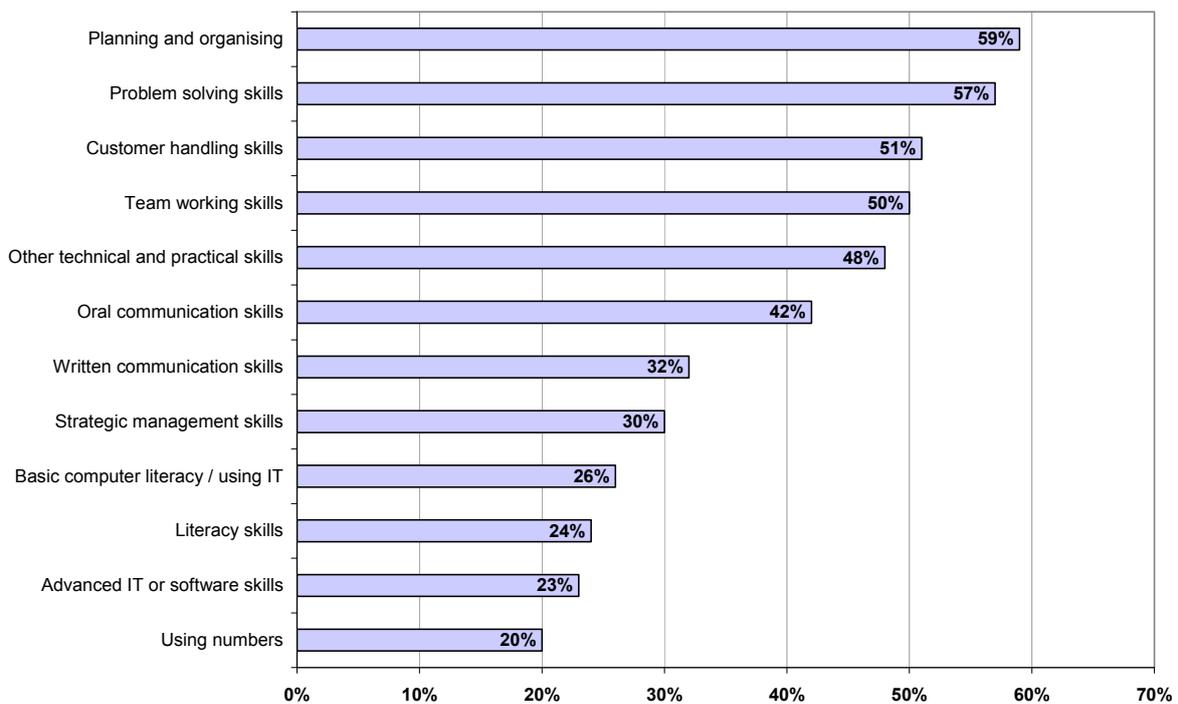
- **17 per cent of establishments attributed skill gaps to the development of new products or services;**
- **28 per cent to the introduction of new working practices; and**
- **21 per cent cited the introduction of new technology.**

Thus, for some employers with skill gaps, they arose because of what appear to be positive developments in the organisation. However, for the remaining establishments with skill gaps, they appear to have arisen during ‘business as usual’.

What skills do employees lack?

Figure 17 shows the skills most commonly lacking among employees with a skill gap. Employers could cite more than one skill as lacking.

Figure 17: Skills lacking among employees with skill gaps



Source: Scottish Employer Skills Survey 2010

Base: All establishments with a skill gap

Skill gaps arise mainly because of weaknesses in softer core skills:

- **planning and organising (59 per cent of establishments cited this skill as lacking among staff with an identified skill gap);**
- **problem solving skills (57 per cent);**
- **customer handling skills (51 per cent); and**
- **team working skills (50 per cent).**

Deficiencies in technical and practical skills still give rise to skill gaps (cited by 48 per cent of establishments) but in each of the years we have conducted the survey it has been the softer core skills which are most often cited by employers.

What are the effects of skill gaps?

We asked employers the extent to which skill gaps have an impact on their business.

- **15 per cent of establishments reported that skill gaps had a major impact on their business;**
- **57 per cent reported that there were minor impacts on their business; and**
- **the remaining 28 per cent of establishments with skill gaps reported that they cause no particular problems.**

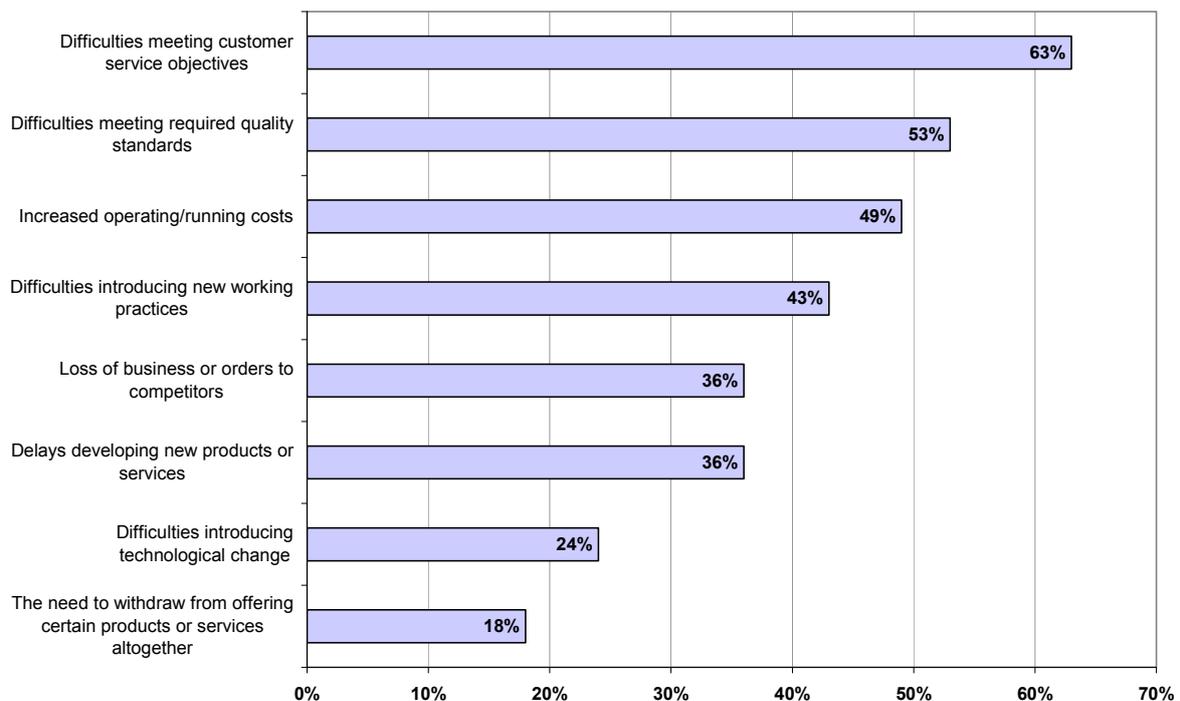
For the majority of establishments, therefore, skill gaps either cause no problems or only have a minor impact on the business.

Figure 18 displays the most common impacts on the workplace of skill gaps. The most frequently cited impacts (whether major or minor) were:

- **difficulties meeting customer service objectives (affecting 63 per cent of establishments experiencing an impact from skill gaps);**
- **difficulties meeting required quality standards (53 per cent);**
- **increased operating / running costs (49 per cent); and**
- **difficulties introducing new working practices (43 per cent).**

These were also the impacts cited most often by employers in previous surveys.

Figure 18: The effects of skill gaps



Source: Scottish Employer Skills Survey 2010

Base: All establishments with a skill gap where skill gaps had a minor or major effect

How do employers respond?

We also asked employers the extent to which they had taken measures to address skill gaps.

- **50 per cent of establishments had made major effort to address identified skill gaps;**
- **another 42 per cent had made some effort; and**
- **just 8 per cent had taken no action.**

As with skill shortages, employers are very active in their response to skill gaps. Only a very small proportion of workplaces had taken no action and half of workplaces had made a major effort to address skill gaps.

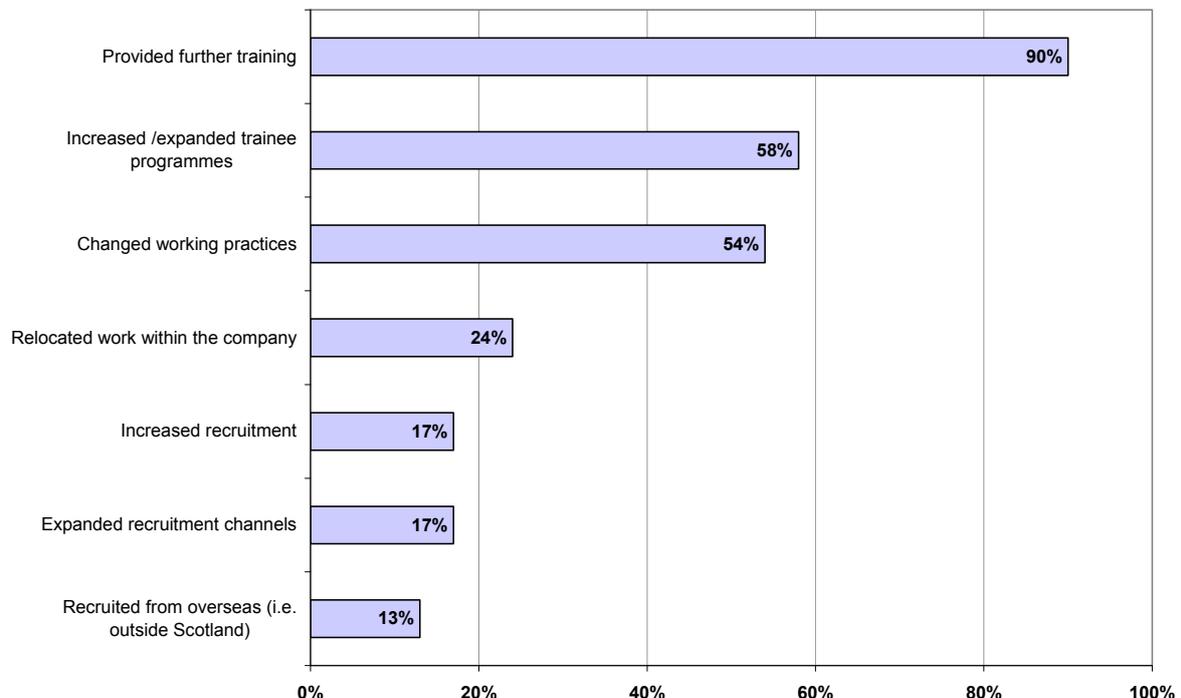
Figure 19 shows how employers responded to skill gaps. The most common response was more investment in training for staff by either:

- **providing further training for staff (90 per cent of establishments who had taken action cited this response); or**
- **increasing / expanding trainee programmes (58 per cent).**

Other strategies include:

- changing working practices (54 per cent);
- relocating work within the company (24 per cent);
- expanding recruitment channels (17 per cent);
- increasing recruitment (17 per cent); and
- recruiting from outside Scotland (13 per cent).

Figure 19: Employer responses to skill gaps



Source: Scottish Employer Skills Survey 2010

Base: All establishments with a skill gap who had taken some action

TRAINING

Key Findings

- The majority of employers (61 per cent) had funded or arranged training for their staff in the 12 months prior to the survey; this is similar to 2008 (65 per cent).
- In the 12 months prior to the survey, 38 per cent of all employees received off-the-job training funded or arranged by their employer.
- The proportion of employees receiving off-the-job training was lowest among the smallest workplaces (those with fewer than 5 employees).
- The sectors which provided off-the-job training to more than half of their employees were energy, gas and water supply (55 per cent) and real estate (54 per cent).
- Occupations which generally require higher levels of skill or qualification are more likely to receive training than lower skilled occupations. That is, managers or associate professionals are more likely to be trained than elementary workers or sales and customer service staff.
- Among employers who did not train the most common reasons given were that staff were already fully proficient or that training was not necessary for business.
- 48 per cent of employers who train said that they would have provided more training to staff over the last 12 months if they had been able to do so.

Training Incidence and Intensity

The Scottish Employer Skills Survey provides two pieces of information about training:

(1) Training incidence: *“Have you funded or arranged any off-the-job training for any of your employees over the past 12 months?”*

This is an establishment based measure which permits examination of the circumstances under which training takes place.

(2) Training intensity: *“If YES, how many of your employees are trained?”*

This is an employee based measure which can help to answer questions about how much training takes place and who receives it.

Training incidence – which employers provide training?

The majority of employers had funded or arranged training for their staff. 61 per cent of employers had offered some form of staff training in the preceding 12 months. This is similar to the 2008 figure (65 per cent).

In 2010:

- 11 per cent of employers provided off-the-job training only;
- 15 per cent provided on-the-job training only;
- 34 per cent provided a mixture of both types of training; and
- 39 per cent provided no training to employees.

Figure 20: Incidence of training by sizeband and industry

	% of establishments				
	Any training	Off-the-job only	On-the-job only	Both on and off-the-job	No training
Total	61%	11%	15%	34%	39%
Establishment Sizeband					
1 to 4	45%	13%	13%	19%	55%
5 to 9	74%	11%	21%	43%	26%
10 to 24	85%	10%	16%	59%	15%
25 to 49	93%	6%	17%	70%	7%
50 to 249	94%	3%	12%	79%	6%
Over 250	*	1%	*	84%	*
Industry					
Agriculture, Hunting, Forestry & Fishing	45%	*	*	*	55%
Mining and Quarrying	*	*	*	38%	*
Manufacturing	57%	9%	15%	33%	43%
Electricity, Gas & Water Supply	76%	*	*	47%	24%
Construction	56%	19%	10%	27%	44%
Wholesale and Retail	59%	9%	19%	30%	41%
Hotels and Restaurants	65%	10%	24%	31%	35%
Transport, Storage & Communications	39%	9%	10%	19%	61%
Financial Services	76%	5%	20%	52%	24%
Real Estate, Renting & Business Activities	53%	11%	11%	31%	47%
Public Administration & Defence; Compulsory Social Security	*	*	18%	59%	*
Education	84%	11%	15%	58%	16%
Health & Social Work	88%	14%	11%	63%	12%
Community, Social & Personal Service Activities	62%	13%	14%	35%	38%

Source: Scottish Employer Skills Survey 2010

* these figures are suppressed as statistically unreliable

Off-the-job training is conducted away from an employee's immediate workstation (i.e. the individual's desk or normal working location) either on the premises or elsewhere. Off-the-job training can include all sorts of activities – for example, full or part-time courses; correspondence or distance learning; or health and safety training – as long as it is funded or arranged by the employer.

On-the-job training is carried out at the employee's immediate workstation. This type of training can involve mentoring or 'buddying' and may be less formal than off-the-job training.

By size

Larger workplaces are more likely than smaller workplaces to train at least some of their staff (see Figure 20). Among establishments with fewer than 5 employees, 45 per cent had provided training. As establishment size increases above this level then so does the incidence of training – rising to 94 per cent for establishments with 50 to 249 employees.

This finding partly reflects the fact that if there are more people working in an establishment then there is clearly more likelihood that at least one employee will receive training. However, the proportion of establishments training does not rise steadily as the size of the workforce rises. The very smallest establishments, those with less than 5 employees, are markedly different to all other establishments. For sizeband categories above 25 employees there is relatively little difference in the likelihood of an establishment offering some training to staff.

Specifically, there is a big difference in the incidence of training between establishments with between 1 and 4 employees (45 per cent had trained) and those with between 5 and 9 employees (74 per cent had trained) and the difference in incidence of training between categories of size greater than this is less marked.

The type of training offered also varies by size. Smaller establishments are more likely to provide either on-the-job training only or off-the-job training only. Larger employers are more likely to offer some combination of the two types of training. This may be because there is greater variation in largest establishments in both the occupations employed and the tasks performed, making it more difficult to cover all training requirements with just one type of training.

By industry

Training incidence varies greatly between industries.

At the broadest level, a higher proportion of public and voluntary sector employers offer training (85 per cent and 79 per cent respectively) than do private sector establishments (56 per cent).

That public sector employers are more likely to provide training for staff may in part reflect the fact that these establishments are likely to be larger than those in the private sector – just 8 per cent of private sector establishments employ more than 25 staff compared to 28 per cent of public sector workplaces.

As Figure 20 shows, two industries stand out as being most likely to offer training to employees:

- **health and social work (88 per cent);**
- **education (84 per cent).**

The sectors which were least likely to offer training to staff are:

- **transport, storage and communications (39 per cent); and**
- **agriculture, hunting, forestry and fishing (45 per cent).**

On average, 15 per cent of workplaces report at least one skill gap. The most common response by employers to address skill gaps is to provide further training. Transport, storage and communications, who were the sector least likely to offer training, have a lower percentage of workplaces with skill gaps than the average, at 10 per cent. This may be one factor contributing to the lower levels of training reported.

Training intensity – how many employees are trained?

Training intensity relates to those employees who received off-the-job training.

Employer surveys tend to focus on off-the-job training as this is typically more formal and easier to measure than on-the-job training. An examination of off-the-job training can be more certain to involve “like-with-like” comparisons, both within and between establishments. For this reason, more detailed information has been gathered about off-the-job training and the analysis of on-the-job training has been confined to the much broader question of whether it takes place or not.

It is important to note that we are not saying that on-the-job training is less effective than off-the-job training – indeed in some cases it may be more effective in increasing performance than formalised off-the-job training⁶. We exclude it because the survey methodology makes it very difficult to measure the amount of on-the-job training taking place in any consistent way. Another consequence of excluding on-the-job training is that we almost certainly underestimate the proportion of employees trained in Scotland.

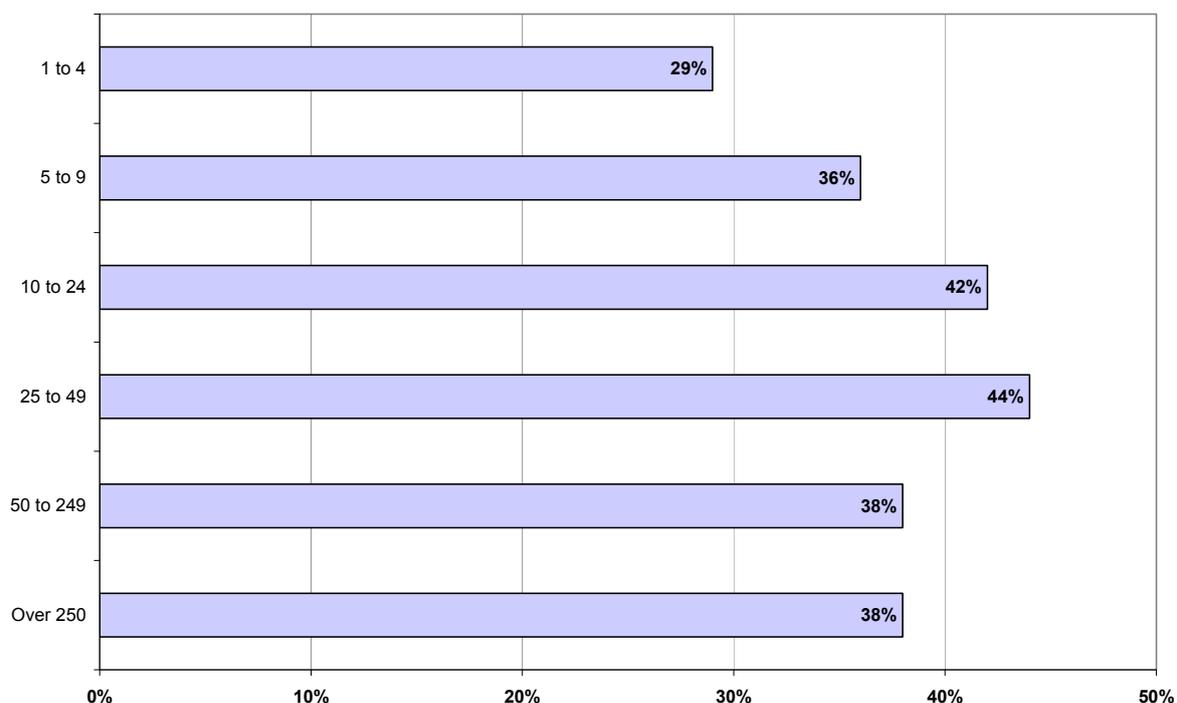
- **38 per cent of all employees received off-the-job training in the twelve months prior to the survey.**
- **This is slightly lower than the level of training receiving in 2008 (43 per cent).**

⁶ Ashton, D. (2007) *Public Policy, Training and Skill Formation: Challenging Some Current Myths*. Glasgow, Futureskills Scotland. <http://www.scotland.gov.uk/Topics/Economy/labour-market/expert-briefings/Skill-Formation>

By size

The proportion of employees receiving off-the-job training was lowest among establishments with fewer than 5 employees (29 per cent). Establishments with between 25 and 49 employees offered the highest proportion of off-the-job training, at 44 per cent (see Figure 21), although the differences between the sizebands above four employees is generally less marked.

Figure 21: Proportion of employees receiving off-the-job training by sizeband



Source: Scottish Employer Skills Survey 2010

Base: All establishments

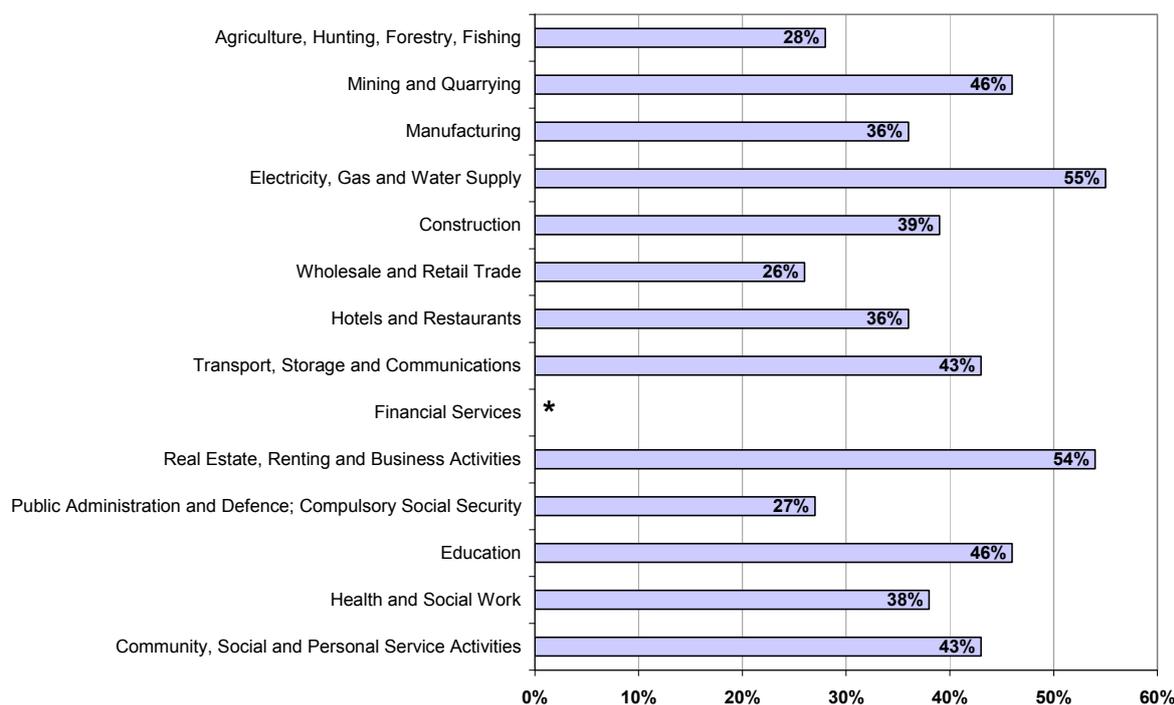
In very small companies, especially those where an owner/manager has principal responsibility and knows most or all of the staff, informal approaches to training, that is on-the-job training, may be both most appropriate and most effective. Because the survey excludes on-the-job training when considering the proportion of employees receiving training, it may be that the proportion of employees trained in the smallest workplaces are under-estimated.

By industry

The proportion of employees receiving off-the-job training varies by industry – see Figure 22.

- energy, gas and water supply (55 per cent); real estate, renting and business activities (54 per cent); mining and quarrying (46 per cent); and education (46 per cent) trained the highest proportions of their workforce.
- wholesale and retail (26 per cent); public administration and defence, compulsory social security (27 per cent); and agriculture, hunting, forestry and fishing (28 per cent) provided off-the-job training to the lowest proportions of their workforce.

Figure 22: Proportion of employees receiving off-the-job training by industry



Source: Scottish Employer Skills Survey 2010

Base: All establishments

* figures for Financial Services are suppressed as statistically unreliable

By occupation

The proportion of employees receiving off-the-job training is generally higher at the upper end of the occupational hierarchy (see Figure 23).

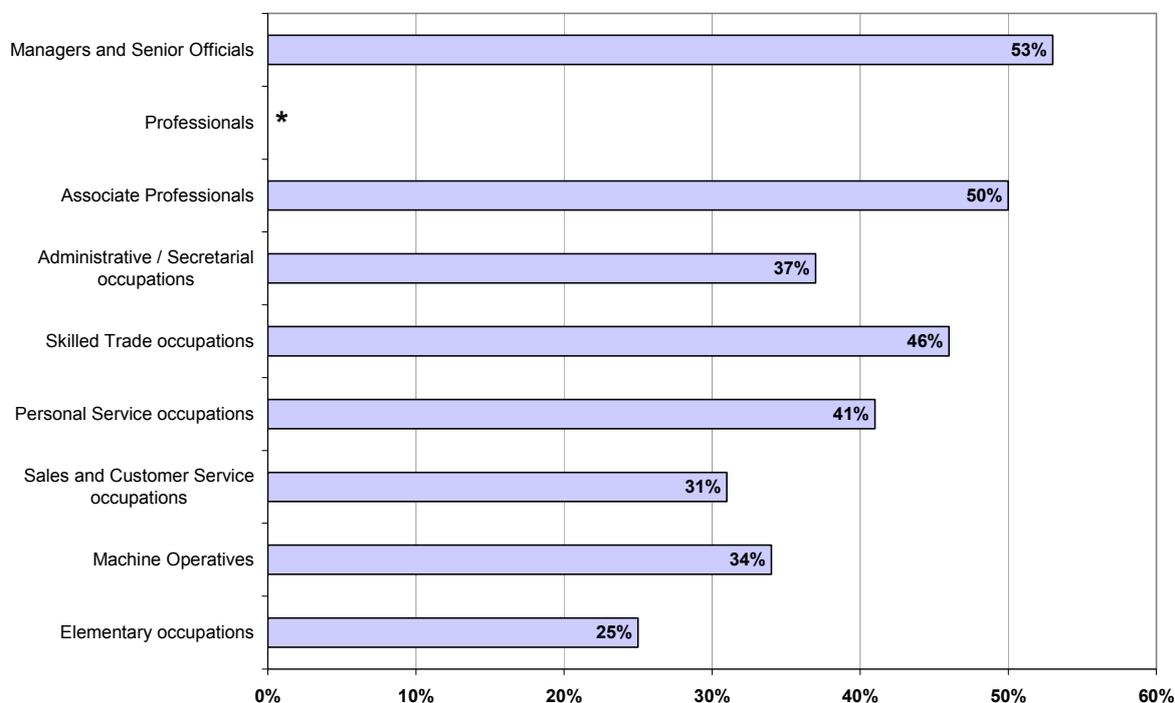
- **In the twelve months prior to the survey, 53 per cent of managers and senior officials and 50 per cent of associate professionals had received off-the-job training funded or arranged by their employer.**
- **This compares with much lower intensities of off-the-job training among elementary staff (25 per cent) and sales and customer service staff (31 per cent).**

Employees who receive training are more likely to be those who hold higher qualifications and who have already benefited from education and training. While this may not seem rational behaviour for employers, there are a number of reasons why employers may allocate their training resource towards higher-skilled employees:

- those with more qualifications have already demonstrated their 'trainability' and hence investment in their training may be seen as less of a risk;
- turnover is higher at the lower end of the occupational scale – employers may be reluctant to invest in training for staff whom it is perceived will not remain long in the job; and
- such jobs are also more likely to be part-time.

These factors lower employers' gains from investing in training for occupations at the lower end of the occupational scale and may provide the rationale for individual employers to allocate their training budgets in this way.

Figure 23: Proportion of employees receiving off-the-job training by occupation



Source: Scottish Employer Skills Survey 2010

Base: All establishments

* figures for Professionals are suppressed as statistically unreliable

Types of Training Provided

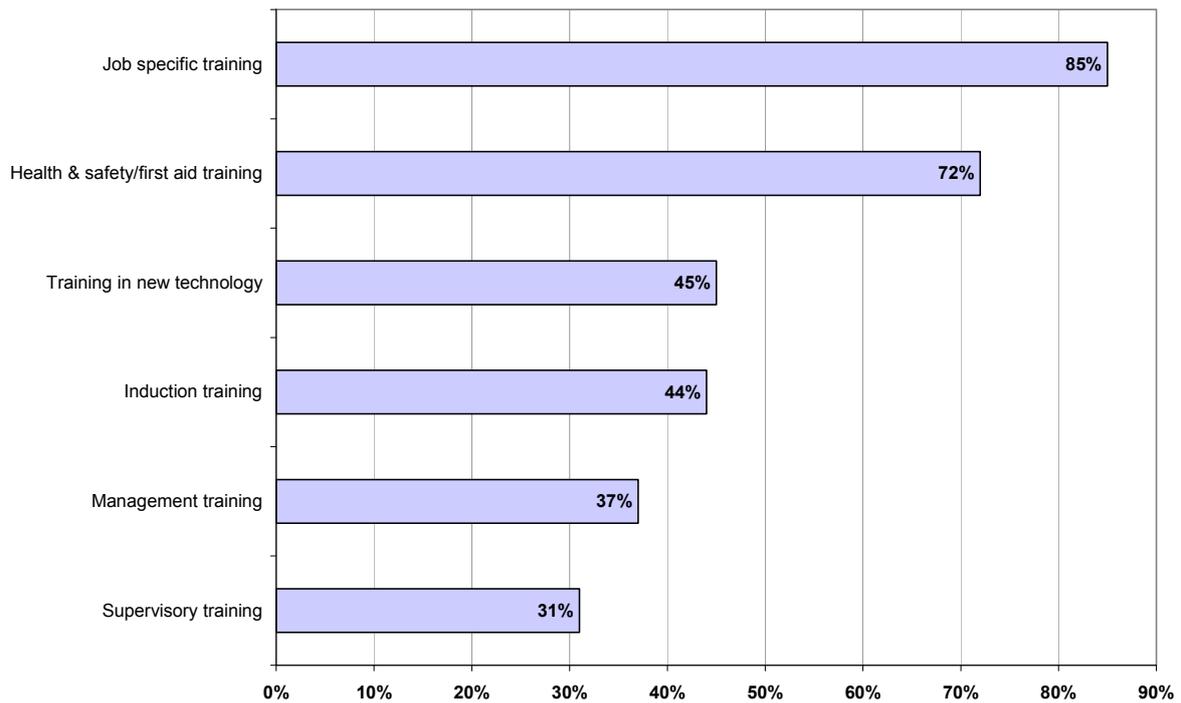
Figure 24 shows the types of off-the-job training most commonly provided by employers.

Among employers providing off-the-job training, 85 per cent provided job specific training. This was also the most common type of training in 2008 and 2006. The consistent priority among employers who train, therefore, is to ensure that employees have the skills to do the direct job at hand.

After job specific training, the next most frequently cited type was health and safety / first aid (72 per cent of establishments). While this form of training is important, it may be a statutory requirement. Training in new technology and induction training were cited by 45 per cent and 44 per cent of establishments respectively. While the former may contribute to organisational performance, the latter may reflect the minimum of good practice.

Other frequently cited forms of training included management training (37 per cent) and supervisory training (31 per cent).

Figure 24: Proportion of establishments providing different types of off-the-job training

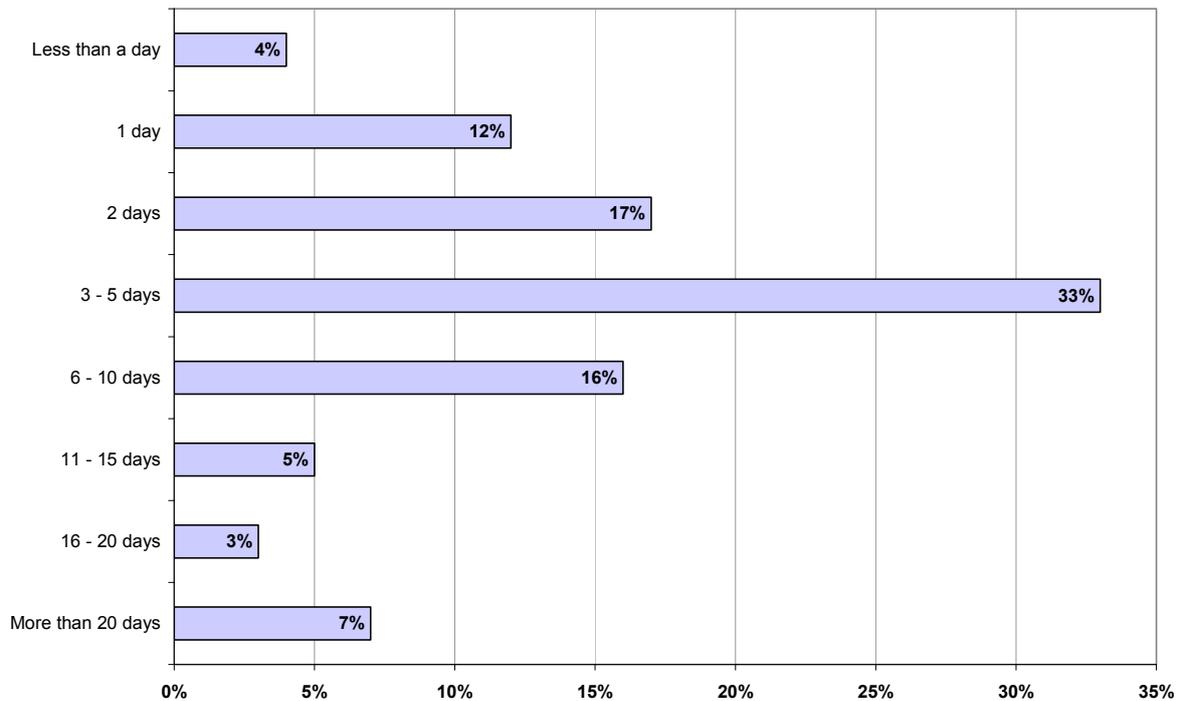


Source: Scottish Employer Skills Survey 2010
 Base: All establishments providing off-the-job training

Days of Training

Employers were asked how many days training and development, on average, they had arranged for each staff member trained off-the-job (see Figure 25).

Figure 25: Average number of training days per employee trained off-the-job



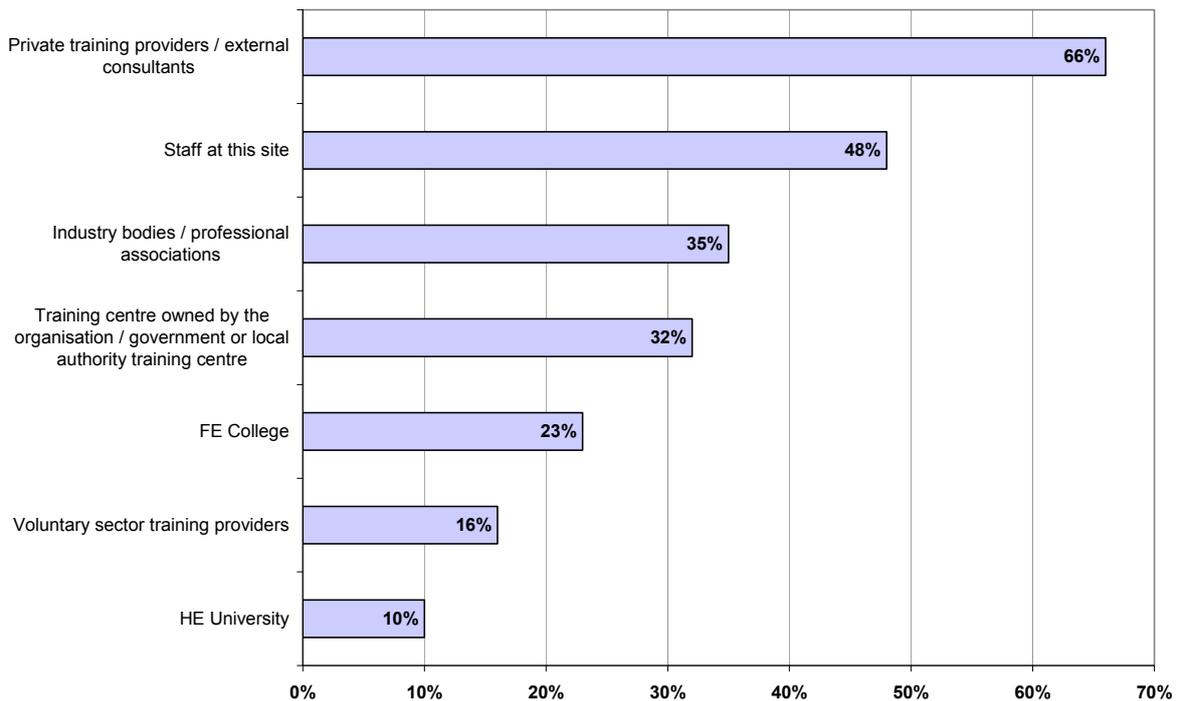
Source: Scottish Employer Skills Survey 2010
 Base: All establishments providing off-the-job training

- One third of employers had arranged between 3 to 5 days off-the-job training for staff;
- 17 per cent of employers had arranged 2 days on average;
- 16 per cent had arranged 6 to 10 days; and
- 12 per cent had arranged 1 day off-the-job training on average.

Who delivers off-the-job training?

Employers were asked who had tended to deliver their off-the-job training. Results are shown in Figure 26 (more than one response could be given).

Figure 26: Proportion of establishments using different training providers



Source: Scottish Employer Skills Survey 2010

Base: All establishments providing off-the-job training

- **Private training providers / external consultants were used by 66 per cent of establishments providing off-the-job training.**
- **Staff on site were used by 48 per cent of establishments.**
- **35 per cent used industry bodies or professional associations to provide training.**
- **32 per cent used a dedicated training centre owned by the organisation, Government or local authority.**
- **23 per cent used Further Education Colleges.**
- **16 per cent used voluntary sector training providers.**
- **10 per cent used Higher Education Institutions or Universities.**

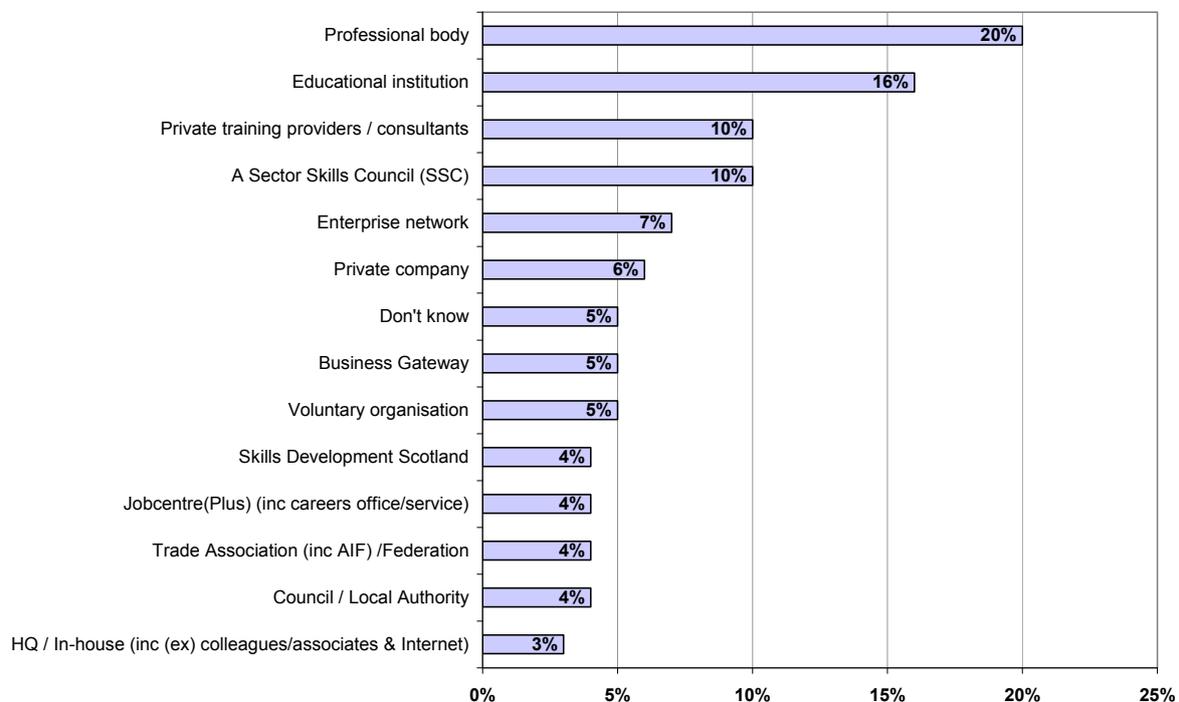
These figures indicate an active market for training provision in Scotland, with employers able to choose training from a wide range of suppliers.

Who do employers ask for advice about training?

The survey asked employers whether, in the last 12 months, they had sought information, advice or help on skills or training related issues from someone outside of their organisation. 27 per cent of establishments had sought advice (see Figure 27 – employers could give more than one answer):

- **professional bodies (20 per cent of establishments who sought advice had obtained it from this group);**
- **educational institutions (for 16 per cent of establishments);**
- **private training providers / consultants (for 10 per cent of establishments);**
- **a Sector Skills Council (SSC) (for 10 per cent of establishments); and**
- **the “Enterprise Network”⁷ (for 7 per cent of establishments).**

Figure 27: Proportion of establishments seeking advice on training from external organisations



Source: Scottish Employer Skills Survey 2010

Base: All establishments who sought information, help or advice on skills or training related issues

Why do some employers NOT train?

Establishments which had not funded or arranged any training in the preceding 12 months were asked why, and the results are shown in Figure 28. The most common responses suggest that the establishments did not need to provide training for their staff:

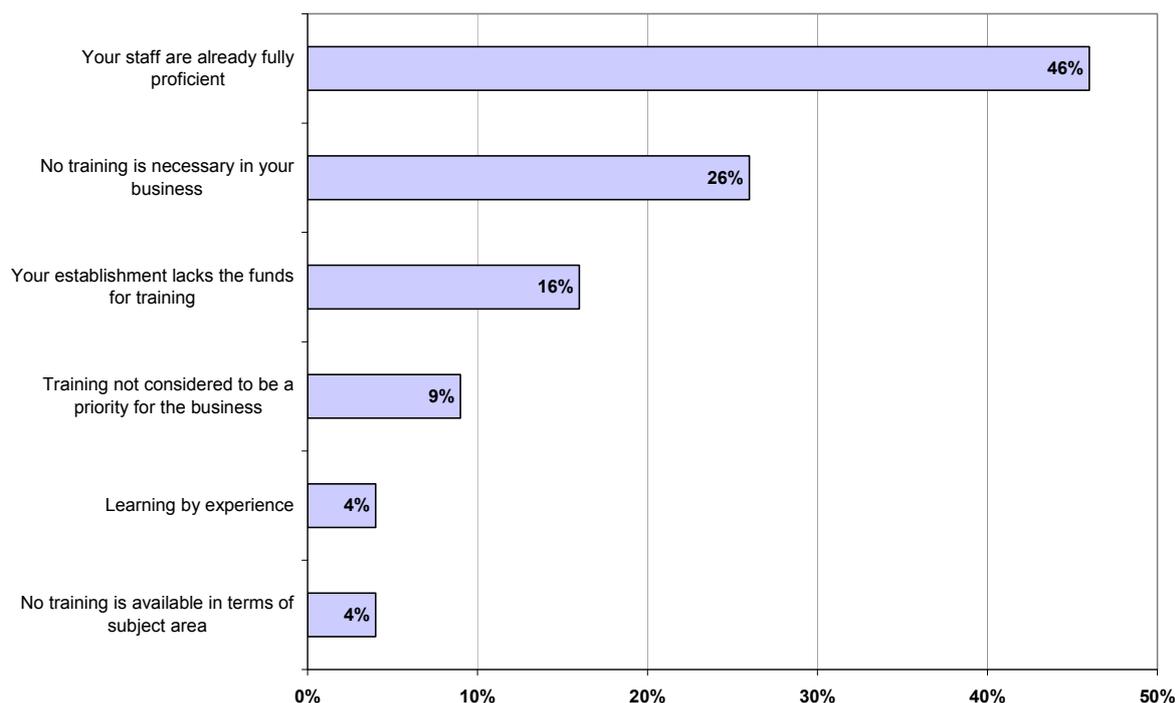
- **46 per cent of establishments who did not train said this was because their staff were already fully proficient; and**
- **26 per cent said that training was not necessary in their business.**

⁷ The “Enterprise Network” as referred to here is Scottish Enterprise and Highlands and Islands Enterprise.

The SESS displays a gap between the top two reasons for not training and other reasons cited by employers. Reasons which are normally thought to be big barriers to training (such as money and time) are not cited in any great numbers by establishments:

- 16 per cent of employers said that a lack of funds was their reason for not training (this has increased slightly from the 10 per cent in 2008); and
- 9 per cent said that training was not a priority for their business.

Figure 28: Reasons why employers do not train



Source: Scottish Employer Skills Survey 2010
 Base: All establishments not providing any training

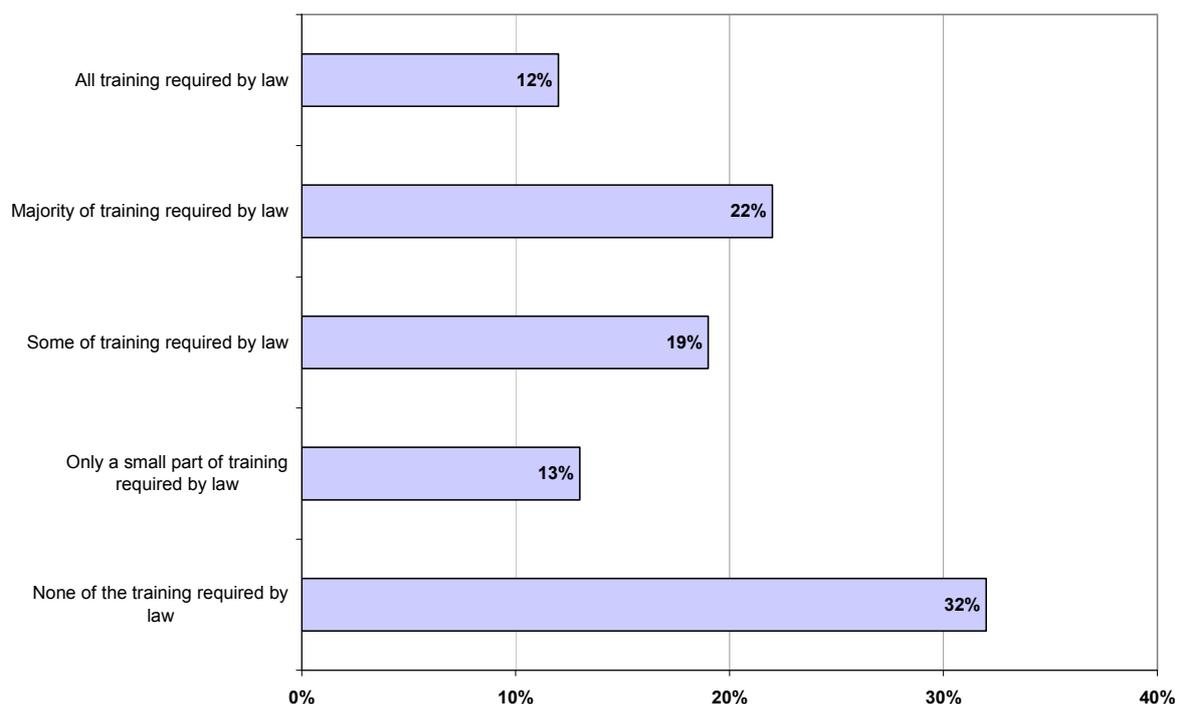
To what extent do employers train because they are required to?

We asked employers to tell us to what extent they trained to satisfy statutory or legal requirements for their industry. The results are shown in Figure 29.

Of all the employers who provided training to staff:

- **32 per cent said that none of the training was a requirement by law;**
- **13 per cent said that it accounted for only a small part of the training they provided;**
- **19 per cent said that some of the training they had conducted was required;**
- **22 per cent said that it accounted for the majority of training conducted; and**
- **12 per cent said all of the training they conducted over the last year was a legal requirement.**

Figure 29: The extent to which training is provided to meet statutory or legal requirements



Source: Scottish Employer Skills Survey 2010

Base: All establishments providing training

To what extent would employers provide more training?

In 2010, employers were asked whether they would have provided more training to staff over the last 12 months if they could have done; and, if yes, what barriers had prevented them from providing more training. (Employers could state more than one answer.)

Overall, 48 per cent of employers who train said that they would have provided more training to staff over the last twelve months if they had been able to; with the main barriers to this shown in Figure 30.

The two main reasons given by employers were:

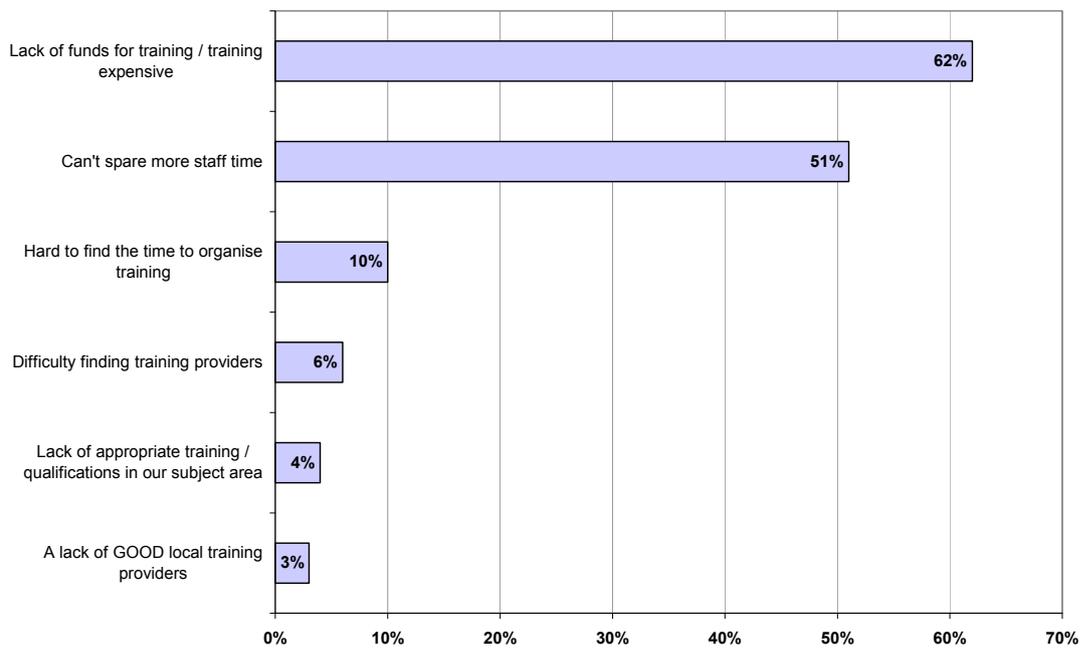
- a lack of funds for training (cited by 62 per cent of employers); and
- an inability to spare staff time (given by 51 per cent of employers).

Impact of the economic downturn on training

Employers were asked a set of direct questions on the perceived impact of the economic downturn. This included a section to be answered by all employers who train. Results from this are shown in Figure 31.

- Most employers reported that the economic downturn had no impact on training activity across the measures we asked about.

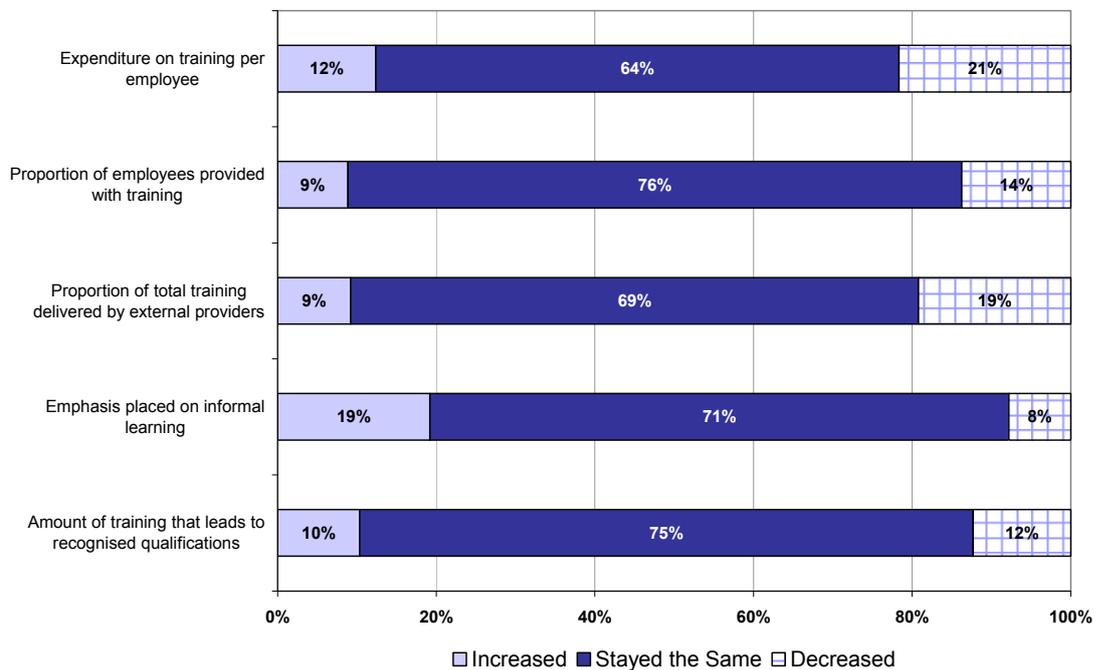
Figure 30: Barriers to providing more training over the last twelve months



Source: Scottish Employer Skills Survey 2010

Base: All establishments who would have provided more training to staff over the last twelve months

Figure 31: Perceived impact of the economic downturn on training



Source: Scottish Employer Skills Survey 2010

Base: All establishments providing training

However, where employers did report a change, there has been:

- a shift towards informal learning (around 1 in 5 employers had increased emphasis on informal training);
- a decrease in spend on training per employee; and
- a shift away from training delivery by external providers.

RECRUITING FROM SCHOOL, COLLEGE OR UNIVERSITY

Key Findings

- **Most employers who have recruited someone straight from school, college or university thought that the recruit was well prepared for work.**
- **There is a difference in the preparedness for work of school leavers when compared with college and university graduates: 59 per cent of workplaces which had recruited a school leaver as their first job reported that they were well prepared or very well prepared for work, compared to 74 per cent for college leavers and 79 per cent for university graduates.**
- **Over a third (35 per cent) of establishments who had recruited a school leaver consider them to be *poorly* prepared for work, compared to 22 per cent for college leavers and 14 per cent for university graduates.**

How many establishments recruit from school, college or university?

All of the establishments in the survey were asked whether they had recruited anyone in the two to three years prior to the survey – 63 per cent of workplaces had.

These establishments were then asked how many of those recruits had been employed as their first job on leaving full-time education. Of all employers who had recruited in the last 2-3 years:

- **27 per cent had recruited an employee into their first job on leaving a Scottish Secondary School.**
- **19 per cent had recruited an employee into their first job on leaving a Scottish Further Education College.**
- **20 per cent had recruited an employee into their first job on leaving a Scottish University.**

Are school, college and university leavers prepared for work?

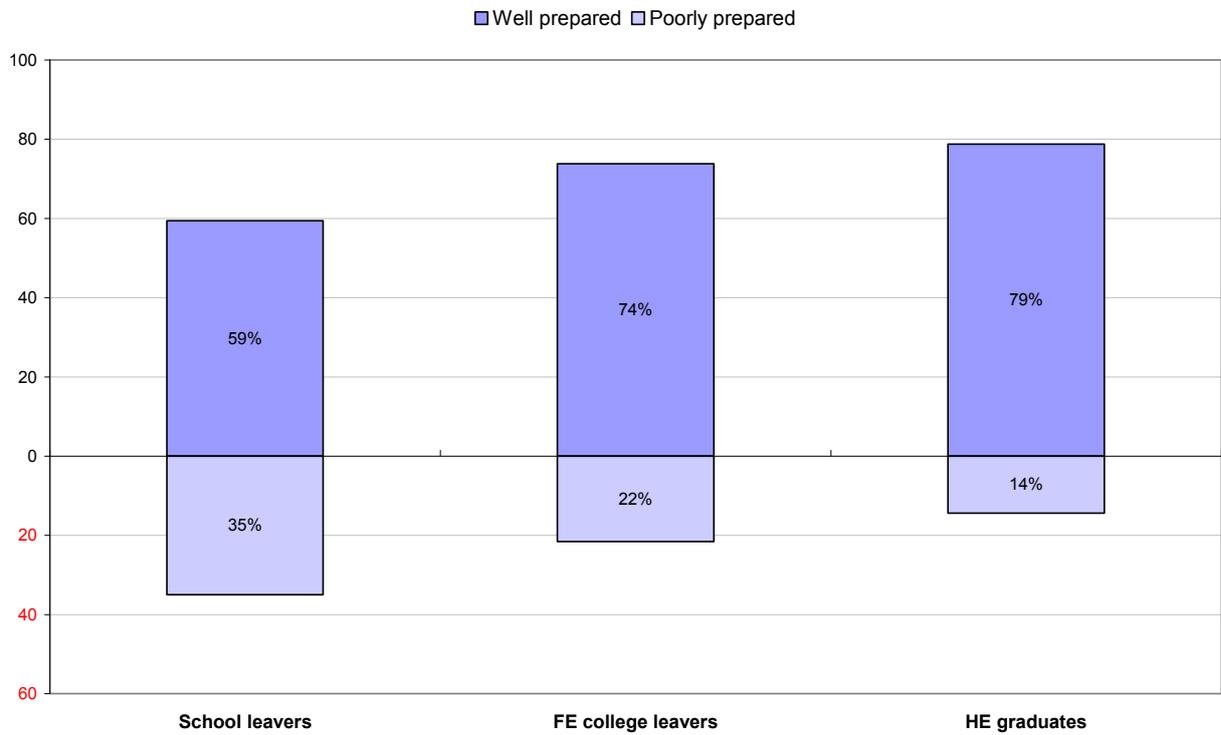
Establishments which had taken on employees whose first job it was on leaving school, college or university were asked whether or not those recruits were well prepared for work (see Figure 32). Employers are generally satisfied that both college leavers and university graduates are well prepared for work. The level of preparedness among school leavers is felt to be lower.

- **59 per cent of workplaces that had recruited a school leaver into their first job reported that they were well prepared or very well prepared for work.**
- **74 per cent reported that college leavers were well prepared or very well prepared.**
- **University graduates were reported to be well prepared or very well prepared by 79 per cent of workplaces.**

There is a marked difference in the preparedness for work of school leavers when compared with both college and university graduates. Over a third (35 per cent) of establishments who had recruited a school leaver considered them to be poorly prepared for work. (This is similar to previous surveys.) In comparison, 22 per cent of workplaces thought that college leavers were poorly prepared for work, while 14

per cent of employers stated that university graduates were poorly prepared (see Figure 32).

Figure 32: Preparedness for work of school, college and university leavers



Source: Scottish Employer Skills Survey 2010

Base: All establishments who had recruited someone to their first job since leaving school, college or university

KEY SECTORS: HEADLINE RESULTS

Key Findings

- **The key sectors appear quite distinct from each other across the headline indicators.**
- **Employers in the energy, financial and business services, and food and drink sectors are not reporting significant differences to the overall Scottish levels of skill shortages or skill gaps.**
- **The tourism sector has high levels of vacancies but few are hard-to-fill. Skill gaps appear to be more of an issue for this sector.**
- **Employers in the creative industries sector report difficulties in filling vacancies, with most hard-to-fill as a result of skill shortages.**

The Government Economic Strategy⁸ identifies a number of key sectors⁹ with high growth potential and the capacity to boost productivity. These are:

- Energy;
- Financial and Business Services;
- Food and Drink;
- Life Sciences;
- Tourism; and
- Creative Industries.

The 2010 SESS was designed to produce, as far as possible, robust results for each key sector, with the exception of Life Sciences. Evidence for the Life Sciences sector in Scotland has been collected through the Life Sciences Advisory Board (LiSAB) 2010 Skills Survey¹⁰. Findings from this survey will be made available on the Skills Development Scotland (SDS) website – see <http://www.skillsdevelopmentscotland.co.uk/knowledge.aspx>.

Key messages for the remaining key sectors are presented here, covering: recruitment and vacancies (see Figure 33); skill gaps (see Figure 34); and training (see Figures 35 and 36).

Energy

- Most vacancies within the energy sector are not considered by employers to be hard-to-fill.
- The proportion of current vacancies in the energy sector due to skill shortages is lower than for Scotland as a whole (6 per cent compared with 18 per cent).
- The proportion of energy sector workplaces with skill gaps (13 per cent) is similar to Scotland as a whole (15 per cent).

⁸ Scottish Government (2007) *The Government Economic Strategy*. Edinburgh, Scottish Government.

⁹ The Key Sector definitions are based on Standard Industrial Classification Codes 2003 (SIC 2003) – details found on the Scottish Government Key Sectors Database – see (<http://www.scotland.gov.uk/Topics/Statistics/Browse/Business/KeySectors>).

¹⁰ The LiSAB survey and the SESS were scheduled to be in the field at the same time. In order to reduce employer burden and ensure survey fatigue was minimised, the SESS did not target resources in to producing robust results for the life sciences sector.

- Employers in the energy sector are less likely than the Scotland rate to report employees as not being fully proficient.
- Two thirds of energy sector employers provide some training for their staff, similar to other employers in Scotland.
- A greater proportion of employees in the energy sector receive off-the-job training compared with Scotland generally.

Financial and Business Services

- There are around 5,400 vacancies in the financial and business services sector, equivalent to 1.6 per cent of employees, which is similar to the rate for Scotland (1.9 per cent).
- Most vacancies (two thirds) are not considered by employers to be hard-to-fill.
- The skill shortage rate (0.2 per cent) is similar to the Scottish average (0.3 per cent).
- A slightly lower proportion of workplaces in the financial and business services sector reported having skill gaps.
- Over half (57 per cent) of all employers in the sector provide some training, similar to all employers in Scotland.
- A greater proportion of employees in the financial and business services sector receive off-the-job training compared with Scotland generally.

Food and Drink

- There are around 1,400 vacancies in the food and drink sector, equivalent to 1.9 per cent of employees, which is the same as the rate for Scotland.
- The skill shortage rate for the food and drink sector is the same as the Scottish average (0.3 per cent).
- A slightly lower proportion of workplaces in the food and drink sector reported having skill gaps.
- Less than half (43 per cent) of employers in the food and drink sector provide any training to their staff.
- Employees in the food and drink sector are less likely to receive off-the-job training compared with Scottish employees generally.

Tourism

- There are around 6,000 vacancies in the tourism sector, equivalent to 3 per cent of employees, higher than the rate for Scotland.
- Most vacancies (around 70 per cent) in the tourism sector are not hard-to-fill.
- Skill shortages account for 13 per cent of all vacancies in the tourism sector, slightly lower than for Scotland as a whole (18 per cent).
- A slightly higher proportion of workplaces in the tourism sector reported having skill gaps, with employers considering a slightly higher proportion of employees as being not fully proficient.
- Two thirds of tourism employers provide some training to employees, which is slightly higher than for all employers in Scotland.
- A similar proportion of employees in the tourism sector receive off-the-job training compared to Scotland as a whole (40 per cent compared to 38 per cent).

Creative Industries

- The vacancy rate is higher in the creative industries sector than across all sectors in Scotland.
- Of all the vacancies in the creative industries sector, nearly two thirds are considered hard-to-fill by employers, which is higher than for vacancies across all sectors.
- Two thirds of hard-to-fill vacancies in the creative industries sector are hard-to-fill as a result of skill shortages.
- Fewer employers in the creative industries sector report skill gaps compared with the average for employers across Scotland.
- Less than half (46 per cent) of employers in the creative industries sector provide any training to their staff.
- However where training does occur, employees in the creative industries sector are more likely to receive off-the-job training compared with Scotland generally.

Figure 33: Recruitment and vacancies by key sector

	Scotland	Creative Industries	Energy	Financial Services	Food & Drink	Tourism
Total number of vacancies	43,900	*	*	5,400	1,400	6,000
Vacancy Rate (vacancies as a % of all employees)	1.9%	3.1%	*	1.6%	1.9%	3.0%
Total number of hard-to-fill vacancies	15,400	*	*	*	*	1,800
Hard-to-fill vacancies as % of employees	0.7%	2.0%	1.3%	0.5%	0.7%	0.9%
Hard-to-fill vacancies as % of all vacancies	35.2%	64.7%	18.6%	31.4%	*	29.1%
Total number of skill shortages	8,000	*	*	*	*	800
Skill shortage vacancies as a % of hard-to-fill vacancies	51.6%	65.2%	30.3%	*	*	44.7%
Skill shortage vacancies as a % of all vacancies	18.2%	42.2%	5.7%	*	*	13.0%
Skill shortage vacancies as a % of employees	0.3%	1.3%	0.4%	0.2%	0.3%	0.4%

Source: Scottish Employer Skills Survey 2010

* these figures are suppressed as statistically unreliable

Figure 34: Skill gaps by key sector

	Scotland	Creative Industries	Energy	Financial Services	Food & Drink	Tourism
% of workplaces reporting at least one employee with a skill gap	15%	7%	13%	11%	11%	19%
% of employees not fully proficient	6%	5%	2%	*	5%	9%

Source: Scottish Employer Skills Survey 2010

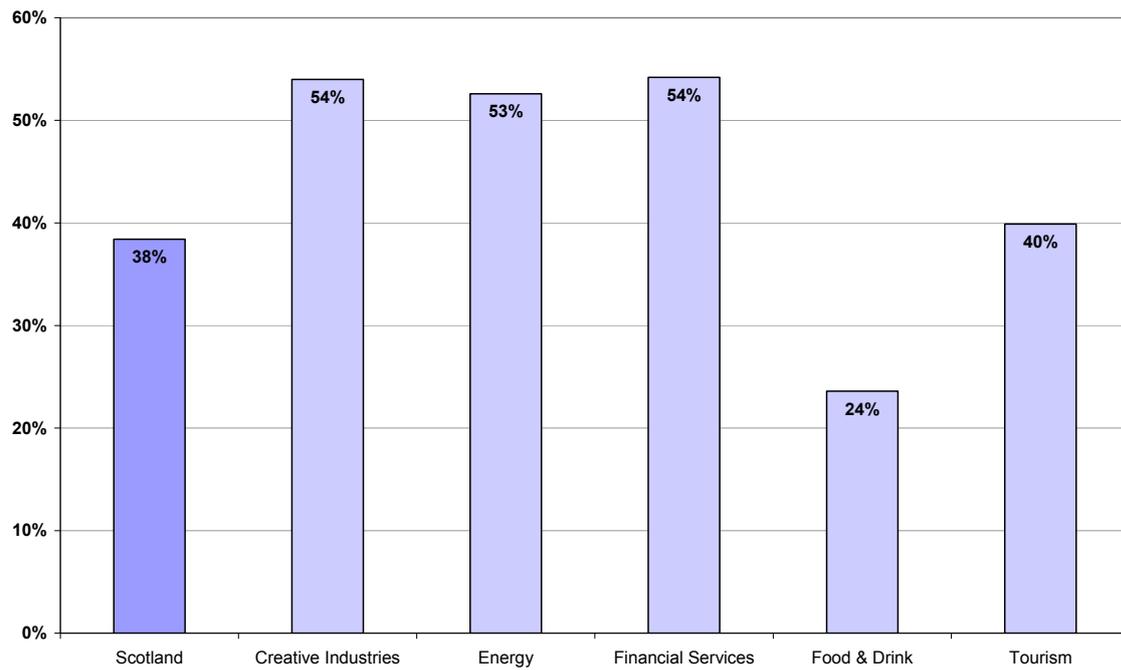
* these figures are suppressed as statistically unreliable

Figure 35: Training incidence by key sector

% of employers providing	Scotland	Creative Industries	Energy	Financial Services	Food & Drink	Tourism
Off-the-job training only	11%	9%	*	8%	7%	11%
On-the-job training only	15%	10%	*	17%	15%	17%
Both on and off-the-job training	34%	27%	48%	32%	21%	41%
Any training	61%	46%	67%	57%	43%	68%
No training	39%	54%	33%	43%	57%	32%

Source: Scottish Employer Skills Survey 2010 * these figures are suppressed as statistically unreliable

Figure 36: Proportion of employees receiving off-the-job training by key sector



Source: Scottish Employer Skills Survey 2010

Base: All establishments

CONCLUSION

This report presents the results from the 2010 Scottish Employer Skills Survey, looking at: recruitment and vacancies; skill gaps; training; and recruitment from school, college and university. This final chapter offers some conclusions, presenting the emerging messages from the survey.

Generally, the findings from the Scottish Employer Skills Survey 2010 show that:

- Skill shortages and skill gaps are uncommon when set in the context of a labour force of around 2.5 million people. Skill gaps occur more often than skill shortages, but these are perceived to have a minor impact by employers and are often transitory.
- There are fewer hard-to-fill vacancies than in previous surveys: in 2010, 35 per cent of vacancies were hard-to-fill, in 2008 this proportion was 50 per cent. Vacancies that are hard-to-fill cause employers difficulties such as problems meeting customer service objectives; delays developing new products or services; and a loss of business or orders to competitors.
- Most Scottish employers fund or arrange training for their staff.
- Most employers who have recruited someone straight from school, college or university thought that the recruit was well-prepared for work.

Notwithstanding these findings, employers also tell us that:

- There has been a change in the labour market. The number of vacancies has fallen since 2008 – there were 69,800 vacancies in 2008, by 2010 this figure was 43,900.
- Consistent with 2008, cash flow remains the main challenge anticipated by establishments.
- Almost half of employers said that they would have provided more training over the last 12 months if they had been able. Lack of funds was the most common reason for not providing more training in the last 12 months.

These findings are not specific to Scotland. Results from the 2009 National Employer Skill Survey for England (NESS 2009) also display similar patterns. For example, in England, there was also a fall in the proportion of employers reporting vacancies. Compared to 2007, the 2009 NESS results also show: a reduction in the number of skill shortage vacancies; a fall in the proportion of staff receiving training and a real term reduction in expenditure on training. Fieldwork for the NESS took place during the recession (March to July 2009).

Evidence from employer surveys helps us to identify whether either the labour market or the education and training system are not meeting employers' needs, or whether employers themselves are unable to make the market work for them. For example, the 2010 SESS tells us that:

- Very small firms have higher rates of vacancies, hard-to-fill vacancies and skill shortages than larger firms.
- Smaller firms are also less likely to provide training for staff than larger firms.

It also shows that:

- People doing jobs that typically require lower levels of skills and qualifications are more likely to be deemed not fully proficient by their employer. They are also less likely to receive training from their employer.
- Where workers lack proficiency, this is mainly because of weaknesses in softer core skills such as planning and organising, customer handling, problem solving and team working. Such internal skill gaps are not generally problematic for employers, as many skill gaps are transitory and employers often provide training to deal with these gaps.

The evidence in this survey indicates that although many of the messages from previous surveys remain the same, some differences have arisen since 2008, most notably around the fewer number of vacancies. But, consistent with 2008, skill shortages and skill gaps remain uncommon in the Scottish labour market.

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