

An abstract graphic composed of numerous thin, overlapping blue lines that form a large, curved, bowl-like shape. The lines are dense and create a sense of depth and movement, resembling a stylized network or a complex structure.

EXECUTIVE SUMMARY

SKILLS FOR BUSINESS NETWORK: PHASE 3 EVALUATION MAIN REPORT

RESEARCH REPORT 19
AUGUST 2006

INTRODUCTION

Background

The Skills for Business network (SfBn) consists of the Sector Skills Development Agency (SSDA) and the employer-led Sector Skills Councils (SSCs). The network's strategic objectives revolve around improving the productivity and competitiveness of the UK economy through better use and development of people's skills, an issue which continues to be high on the policy agendas of national government, devolved administrations and regional agencies. The strategic objectives of the network are summarised below:

Strategic objectives of the SfBn

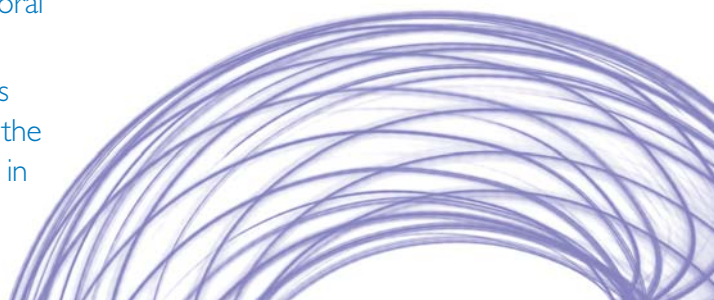
1. To reduce skills gaps and shortages and anticipate future needs through leverage on the supply side and help employers and individuals to make informed career and personal development choices;
2. To improve productivity, business and public services performance through specific strategic actions based on analysis of sectoral priorities;
3. To increase opportunities to develop and improve the productivity of everyone in

the sector's workforce including action to address equal opportunities; and

4. To improve learning supply including the development of apprenticeships, higher education and of National Occupational Standards.

This report presents an overview of the results from the Phase 3 evaluation of the network, based on analysis of the extensive data sets that have been assembled, together with qualitative research evidence. It summarises how the network has progressed against a range of strategic and operational objectives established for the SfBn. It draws on surveys of employers and stakeholders, qualitative research with both these groups, broader evidence relating to the strategic objectives and discussions with SSCs around the data.

Some key emerging findings are as follows:



Steady progress at strategic level

The strategic indicators that SfBn was established to influence through developing skills at sector level are, broadly, moving in the desired direction. UK productivity is improving steadily but is not catching up with productivity levels in the USA. The relative significance of skills gaps within the existing workforce is on a clear downward trend, particularly in England. Skills shortages are less important than they were in accounting for hard-to-fill vacancies across England and Wales. The proportion of employees receiving job-related training has remained steady for a number of years, with some indications of widening participation across different groups across the workforce.

The proportion of employers stating that lack of knowledge of provision is a barrier to external training increased in 2004 but declined in 2005. The proportion feeling that lack of suitable provision has prevented them from getting involved in externally-provided training has remained broadly unchanged.

More committed employers

The evaluation evidence provides clear indication of a continued improvement in employer training, development and HR practices since the establishment of SfBn. More employers are providing some training for their staff. More employers are committed to the Investors in People standard and employers of all sizes and across most sectors are adopting practices that, taken together, can be described as High Performance Working Practices (HPWP).

There is evidence from the SfB Employer Survey that employers that are aware of and/or deal with SfBn in some way are more likely than average to adopt HPWPs, individually or as a whole. While this does not imply causation – and more work needs to be done to establish causal links between SfBn activities and employer behaviour – it is likely that some employers have improved their practices as a direct or indirect consequence of the network's activities.

The evaluation highlighted the relatively low levels of training activity and HPWP among small and micro businesses. Given that such organisations are the least likely to be aware of SfBn or SSCs, there is a strong case for the network to target its activity on raising awareness among this group and encouraging greater commitment to skills development, with potentially positive results for productivity and business performance.

Mixed trends in employer awareness and engagement

Ironically, given the broadly positive results described above, the messages emerging from analysis of the awareness, understanding, engagement and satisfaction of employers in relation to the network are mixed. More employers were aware of the network and its component parts in 2005 than was the case in previous years, although the rate of increase has been slow relative to the challenging measures of success set for the network.

This increase in awareness is, in the vast majority of cases, superficial. Most employers that are aware of an SSC know only its name and do not have

any detailed understanding of its roles or objectives.

Both SSCs and stakeholders reported that the network does many things that do not rely on direct contact with large numbers of employers, such as awareness campaigns, qualification and national occupational standard development. Furthermore, concern was expressed about the limited resources that many SSCs have available to engage with large numbers of employers of different sizes, in different sub-sectors and in different locations.

A very small proportion of establishments report any direct dealings with SSCs and the survey suggests that they are becoming less rather than more satisfied with these interactions, although it should be noted that sample sizes are small and employers engage with SSCs in a wide variety of ways. This result is a potential cause for concern and should be considered in the light of the role of 'word of mouth' – in addition to other more direct routes – to engaging employers.

However, evidence from employers that have closer relations with SSCs acknowledge that it is still early in the development of the network, that SSCs are improving and they expect that it will take time for activities to come to fruition. Expectation, it is noted, is high amongst employers.

Impact on skills increasingly apparent at sector level

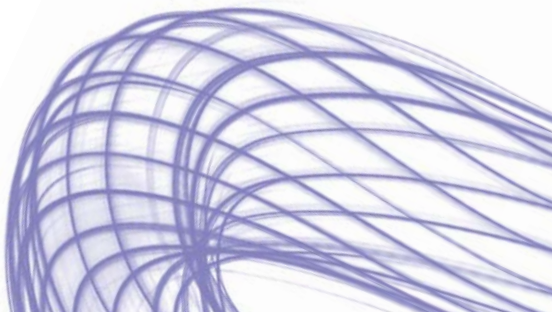
Employers are more likely to perceive that SSC activities have had a positive impact on skills development at the sector level than in the Phase 2 evaluation and more likely to perceive an impact in the sector than in their own establishment. Stakeholders are even more likely than employers to perceive sector-wide benefits from SSC activities.

It may be the case that employers do not recognise or give appropriate credit for the impact of SSCs at establishment level, in some cases because they are unaware of such impacts or because they are very indirect (such as the impact of awareness campaigns) or delivered through intermediaries. There may also be a time lag involved in employers recognising any form of impact of SSC or wider SfBn activity on their own activities at establishment level.

Closeness to network is linked to stakeholder satisfaction

Stakeholders that are close to the network, understand its role and objectives have regular contact with parts of the network and are engaged at a strategic level are demonstrably more positive than other stakeholders about the achievements of the network. This is one of the clearest findings to emerge from the Phase 3 evaluation process.

The implications of this finding are not immediately obvious, however. One conclusion might be that it is necessary for the network to explain more clearly what it is about and to encourage 'less close' stakeholders – notably trade associations, sector bodies and training providers – to become more engaged at the strategic level. The logic of this argument is that such an approach would result in higher levels of stakeholder satisfaction.



Two key questions arise, however:

- To what extent is the relationship between 'closeness' and satisfaction a causal one? Extending stakeholder engagement may not necessarily lead to increased satisfaction on the part of newly-engaged organisations that may have differing perspectives to those of national government and similar bodies.
- In any case, is it strictly necessary for all, or even a majority, of stakeholders to be 'satisfied'? It might be argued that in order to affect change, the network will inevitably need to disappoint some stakeholders, particularly those that have benefited from previous systems.

Variations at the micro level

While the macro picture is one of broad stability and – in general – steady progress in the desired direction, the Phase 3 evaluation has uncovered a considerable degree of variation across the network in key factors, such as employer engagement, degree of coverage across all geographies and types of activity in response to common issues that have potentially important implications for the

future development and impact of SfBn. These variations may be due to a number of factors:

- Sectors are different and part of the rationale for the development of the Skills for Business network on a sectoral basis was to ensure that solutions to skill problems were tailored to the needs and current practices of sectors. Therefore differences in approach to key issues, relative concentration of resources across geography and means of approaching employers may legitimately be explained by sectoral differences;
- The first SSC was licensed in April 2003 and the final SSC was licensed in December 2005. The 'uneven development' of the network noted in the Phase 2 evaluation supports, at first sight, a differentiated approach across the network, depending upon the stage of development of the SSC. This 'uneven development' continues to be observed in relation to both employer and stakeholder experiences of the network and feedback on its performance.

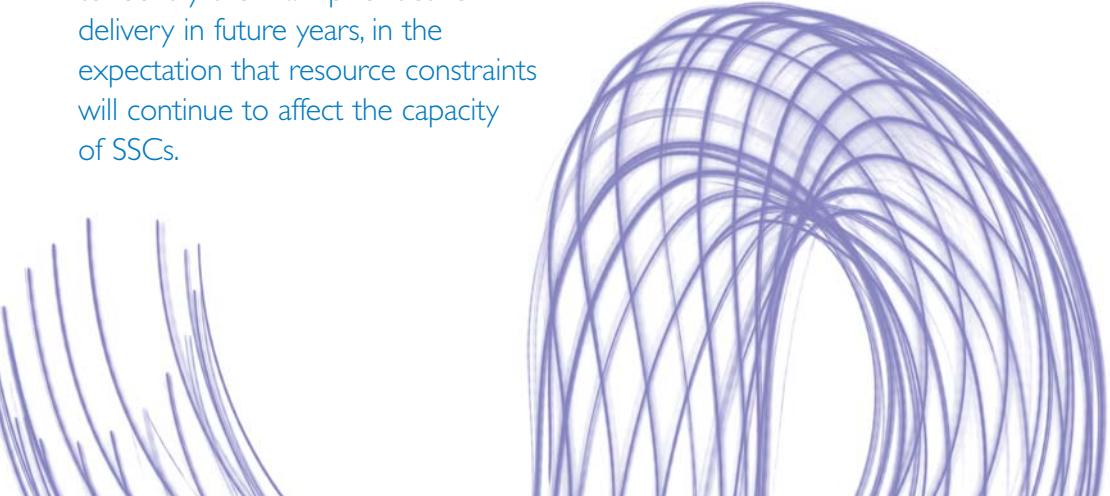
- Resource constraints faced by the SSCs may also result in variations. It is clear from discussions with SSCs, SSDA and stakeholders undertaken throughout the evaluation that there is limited appreciation of the resource constraints under which the network is operating and the implications for the level and range of activities that SSCs in particular are able to undertake effectively.

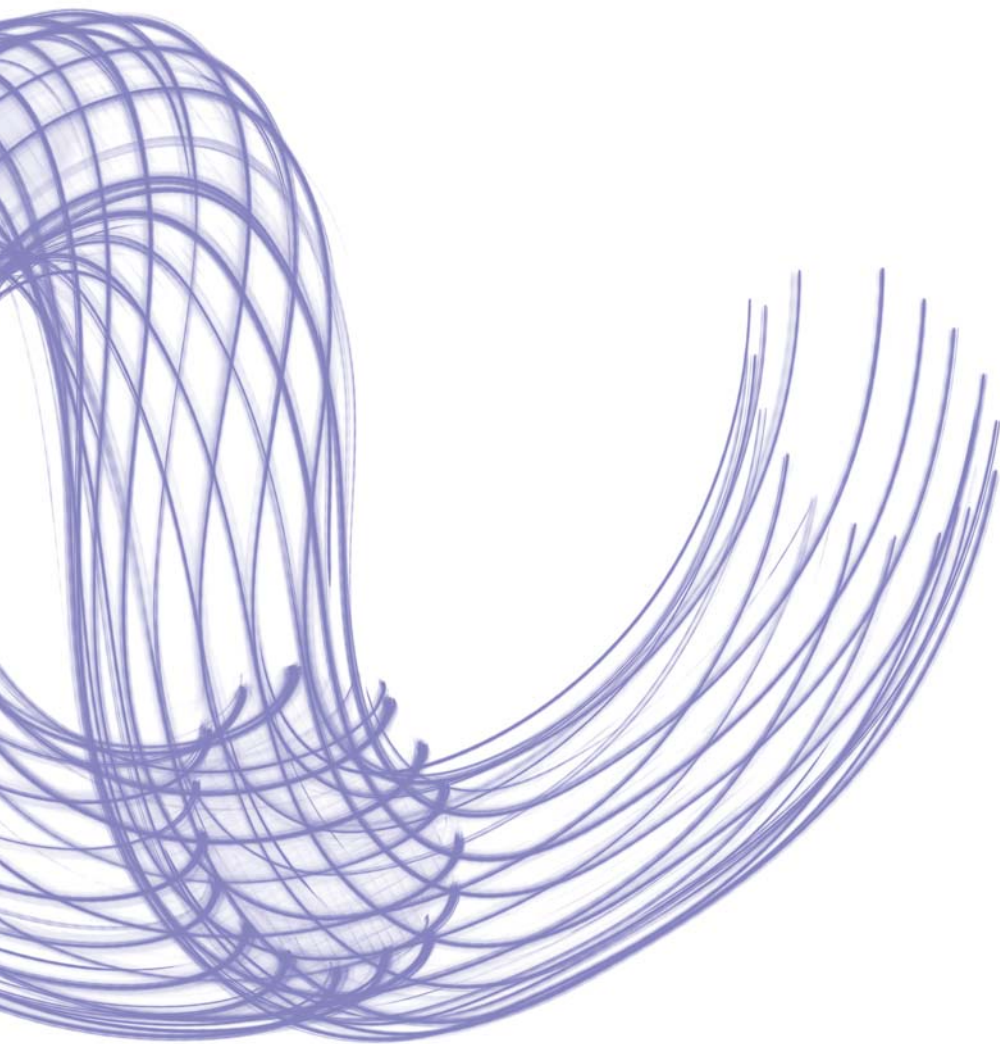
It is important for the network and its stakeholders to consider the extent and nature of variation across SSCs that is to be expected given these factors. To the extent that variations are not explained by these factors, further support may be required to promote performance improvement across the network. Furthermore, the network will need to identify the main priorities for delivery in future years, in the expectation that resource constraints will continue to affect the capacity of SSCs.

A formative role for the SfBn evaluation

Finally, it is clear that the various strands of data collection that form the overall evaluation of SfBn together represent a significant potential resource for SSDA and the SSCs to learn lessons about the first three years of operation of the network, bringing to the fore the formative as opposed to summative aspects of the evaluation process.

The research underpinning the evaluation has highlighted some key challenges which need to be addressed by the network and its constituent parts. Working together to meet these challenges, to learn from successful and less successful developments would be a valuable investment of the network's resources over the coming months.





This report is a summary of a research project carried out by the Policy Research Institute, Leeds Metropolitan University and the Institute for Employment Studies, University of Sussex, on behalf of the Sector Skills Development Agency.

Full copies of the report can be downloaded from the Research section at www.ssda.org.uk