



# THE SKILLS FOR BUSINESS 1000 2003

RESEARCH REPORT I

Research Report  
prepared for

Sector Skills Development Agency

by

IFF Research Ltd  
June 2003



# SECTOR SKILLS DEVELOPMENT AGENCY

## RESEARCH SERIES

### FOREWORD

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

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

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

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

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Head of Research

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# I EXECUTIVE SUMMARY

I.1 This report summarises the findings of a telephone survey of 1,000 UK employers covering a wide range of size and sector of employer. The objectives of the study were:

- To measure awareness and engagement with the Skills for Business Network
- To measure employer views on a range of issues, including their skill priorities.
- To develop a mechanism by which SSDA policy can be discussed and developed with a nationally representative group of employers, and which has the potential to be repeated on a regular (e.g. annual) basis.
- More generally, with the Network being in its infancy, this research will form a baseline against which progress can be measured.

## CHALLENGES FACING THEIR SECTOR AND THEIR ORGANISATION

I.2 A majority of employers believe skills issues are essential or very important challenges facing their company and their sector. When prompted with a range of potential challenges and issues:

- Two in three (68%) feel that improving the skills of the existing workforce is an essential or very important issue for their sector. The same proportion described the issue as essential or very important for their organisation;
- Three in five (61%) feel attracting suitably skilled new workers to the industry to be an essential or very important issue for their sector; again the same proportion answered this way about their individual business. This is in the light of two in five businesses (39%) saying they have had to take someone on in the last 12 months who has been less skilled than they were looking for. More generally half (52%) are finding it hard to recruit suitably skilled staff.

I.3 Compared with other challenges (at both an organisation and a sector level), skills issues are seen as somewhat less important than matters more immediately affecting financial performance, for example increasing sales and turnover; keeping costs down and increasing productivity. However, skills issues were placed ahead of such aspects as developing new products or services, expanding into new markets or dealing with increased competition.

I.4 While seen as important by all employers, skills issues are a particular concern for public sector employers. For example, as many as two in five (43%) of these employers see attracting suitably skilled workers as an essential issue for their organisation (compared with 23% across all sectors).

## SKILLS DEVELOPMENT

I.5 Developing the skills of staff is widely recognised as a key means by which a business can meet its various challenges. Just over half of employers (54%) see developing the skills of their managers as critical or very important in this respect, and a similar proportion (55%) described developing the skills of non-managerial / professional staff in the same way.

I.6 Overall, over two in three employers (70%) describe developing managerial skills as a priority for their business, and three in four (74%) agree that improving the ability of staff to undertake a wider range of tasks is a priority.

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## MEANS OF STIMULATING EMPLOYERS TO IMPROVE THE SKILLS OF THEIR WORKFORCE

1.7 The main barriers preventing or limiting the amount of training and development that employers undertake were described as being (these spontaneous mentions):

- Not having the money or resources to fund or provide training (25%);
- The cost of training (25%);
- Not being able to spare staff the time for training (19%);
- (A quarter of our sample felt that there were no barriers in this regard).

1.8 Given these barriers, it is no surprise that when employers were asked what would be most likely to make them invest more in developing the skills of their staff, the most common response was more grants and subsidies to help with the costs of training. A third (34%) answered in this way, with a further 6% saying training being available for free would incentivise them to invest more in skill development.

1.9 Employers were also asked how government and its agencies could best stimulate employers to invest more in training and skills development (this from a list which was read to respondents). Direct financial incentives were most likely to be considered effective:

- 58% thought that grants to small businesses who had not previously engaged in training would be very effective;
- 57% thought tax relief based on training spend would be very effective;
- 49% thought that tax relief based on the number of staff employers train to nationally recognised qualifications would be very effective.

Up to date information on training available locally or free advice and consultancy on developing training plans were of interest, but less appealing.

## AWARENESS OF THE SECTOR SKILLS BODIES

1.10 As would be expected given the recency with which the organisations have been formed, awareness for this baseline study was relatively low:

- 20% claimed to have heard of the Skills for Business Network;
- 10% of Sector Skills Councils;
- 10% of the Sector Skills Development Agency;
- Overall a quarter had heard of at least one of the three organisations.

1.11 Few claimed to have an understanding of the role and objectives of these organisations. One per cent of all employers claimed to have a good understanding of each organisation, with 2-3% having a reasonable understanding. Hence even among those who have heard of the organisations, awareness is usually of the name only.

1.12 Three per cent of employers reported having had dealings with any of the three bodies (1% for each).

1.13 There is high interest in more information about the organisations (63% were interested in this), which reflects:

- Low levels of current understanding;
- Overwhelming support for the mission of the sector skills bodies;
- The importance of skills issues for most employers.

## 2 INTRODUCTION

2.1 The Skills for Business Network was established by the government in April 2002 and consists of five Trailblazer Sector Skills Councils (SSCs) and nine aspirant SSCs in the development phase (at the time of reporting), supported, developed and monitored by the Sector Skills Development Agency (SSDA). The remit of the Skills for Business Network includes the realisation of a much more powerful role for employers in the skills agenda across the UK.

2.2 The SSCs, supported by the SSDA, are intended to identify current and future skill and workforce development needs, identify priorities, develop skill strategies and co-ordinate action around workforce development and employment practice to increase business performance and productivity above current levels. To achieve this, SSCs will have a key role in supplying information and engaging employers and providers in the skills and training agenda. The Network aims to put employers centre stage in meeting their own sector's skills and business needs, enabling them to exert a strong influence throughout the system – from innovative policy development to service promotion and delivery.

2.3 To this end, the SSDA commissioned a UK-wide survey of 1,000 employers. In addition, the survey was commissioned to inform the development of the SSDA's Corporate Plan.

2.4 The objectives of the research were:

- To measure awareness and engagement with the Skills for Business Network;
- To measure employer views on a range of issues, including their skill priorities;
- To develop a mechanism by which SSDA policy can be discussed and developed with a nationally representative group of employers, and which has the potential to be repeated on a regular (e.g. annual) basis;
- More generally, with the Network being in its infancy, this research will form a baseline against which progress can be measured.

It should be noted that it is not the intention of the survey to capture in detail the issues arising from economic sub-sectors. Rather, the sector groupings used within the study are designed to be indicative of the general structure of the economy. For a more detailed understanding of the skills issues in specific sectors, the reader should approach individual Sector Skills Councils.

## METHODOLOGY

2.5 The survey consisted of 1,000 telephone interviews among employers across the UK (this was conducted at an establishment level). A sampling procedure was adopted to ensure results could be analysed by key variables such as size of employer, sector and country. This entailed over-sampling large employers, smaller sectors and the smaller countries. If instead a random selection of employers had been taken, very few interviews would have been conducted with large employers, for example, since they represent a small proportion of the total number of establishments, and hence little could have been reliably reported on this (important) group of employers.

2.6 Results have been grossed up to the population of establishments in the UK (c 2.4 million establishments). This has been done on a size and sector basis within each country to ensure results are nationally representative.

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2.7 In appendix 4 we provide some information on confidence levels based upon different sample sizes.

2.8 Fieldwork took place between 23rd January 2003 and 10th February 2003, and was undertaken from IFF's telephone centre at its offices in London. Interviews were conducted on CATI (Computer Aided Telephone Interviewing). Prior to the main fieldwork a small pilot was undertaken, which led to some revisions to the questionnaire. The questionnaire used is appended (appendix 3).

2.9 Sample for the survey was drawn from Yell, formerly BT Business Database. Quotas on the achieved sample were set by:

- Country (150 interviews in each of Northern Ireland, Scotland and Wales, 550 in England); and
- Size interlocked with sector, using the following categories:
- Size bands: 2-10, 11-24, 25-99, 100-249, 250+;
- Sector: manufacturing and construction; retail and wholesale; finance and business services; transport, communication and other services; public sector.

2.10 The profile of the achieved interviews is appended (appendix 1).

It should be noted that it is not the intention of the survey to capture in detail the issues arising from economic sub-sectors. Rather, the sector groupings used within the study are designed to be indicative of the general structure of the economy. For a more detailed understanding of the skills issues in specific sectors, the reader should approach individual Sector Skills Councils.

2.11 Interviews were undertaken with the person in charge of human resource and personnel issues at the establishment. The main issues discussed were:

- The key challenges felt to be facing employers in their sector;
- The key challenges facing their own organisation, and how these will be met;
- Views on skills and training issues;
- Ways in which the government and its agencies might best encourage employers to improve the skills of their workforce;
- Awareness of the new sector skill bodies.

## REPORTING CONVENTIONS

2.12 All percentage figures reported are weighted results, though on tables of data we indicate the unweighted number of respondents on which the figures have been based. On data tables, figures can add to over 100% due to respondents being able to give more than one answer (e.g. Table 1 in the 'any mentions' column), and also because of rounding. Where tables add to less than 100%, this is either because we have only shown a sub-set of all responses (e.g. chart 1 shows those answering essential, very important or quite important, but not those answering 'not very important', 'not at all important' or don't know'). A second example of this is those cases where we only record answers given by a minimum proportion of respondents, for example Table 8, which only shows responses given by more than 3% of the sample.

### Report structure

2.13 The report is structured as followed:

- Section 3 focuses upon the challenges facing employers both within their sector and within their own organisation;
- Section 4 addresses what mechanisms would most effectively assist and stimulate employers in relation to training and skills improvement;
- Section 5 examines employers' awareness of the Skills for Business Network, the Sector Skills Development Agency (SSDA) and the Sector Skills Councils (SSCs) and explores employers' understanding of the role and objectives of these.

## 3 CHALLENGES FACING EMPLOYERS

3.1 A series of questions covered the challenges facing employers, these asked both generally of ‘employers in your sector’ and then about the challenges facing their own organisation. We cover the perceived challenges to the sector first.

### CHALLENGES FACING THEIR SECTOR

3.2 Employers were asked (first spontaneously and then prompted) about the factors facing their sector; we report on the first of these here. We show in the first column challenges mentioned by 5% or more of employers. The second column shows the single main challenge employers feel the sector faces (i.e. if an employer mentioned more than one challenge they were asked which they felt was the main one – we also include factors by those mentioning one item only). This second column shows responses given by 3% or more of employers.

Table 1: Challenges facing their sector (spontaneous)

<b>Base: all employers (1,000)</b>	<b>Any %</b>	<b>Main %</b>
Finding / attracting suitably skilled staff	39	35
Dealing with regulations /legislation	15	12
Current economic uncertainty	9	8
Increasing sales / developing new markets	8	6
Increasing the skills of employees	8	4
Increased competition	8	6
Keeping costs down	6	4
Increasing profitability / profit levels	5	3
None	8	8
Don't know	6	6

3.3 By far and away the most common, top of mind challenge facing employers is finding suitably skilled staff and attracting recruits to the sector. Two in five respondents mentioned this, though two points should be borne in mind here. Primarily, the survey was introduced as being ‘on behalf of the Sector Skills Development Agency, the new government agency acting...to make sure skills of the UK workforce meet the needs of business’ and this may serve to inflate results. Secondly, in larger organisations we were speaking to individuals specialising in personnel and human resource development. Despite this, it is clear that recruitment of appropriate staff is a key issue for many organisations.

3.4 This issue was important for all sectors, though particularly amongst public sector employers (46% mentioned this spontaneously) and those in manufacturing and construction (46%). It was relatively least important for those in transport and communication: in this sector 22% described it as a challenge, similar to the proportion that mentioned dealing with legislation and regulations (23%).

3.5 As well as skills being important in relation to recruiting suitable staff, 8% of employers also mention increasing the skills of their current workforce as being a challenge facing their sector. This was more likely to be mentioned by those in transport and communications (12%) and finance and business services (13%).

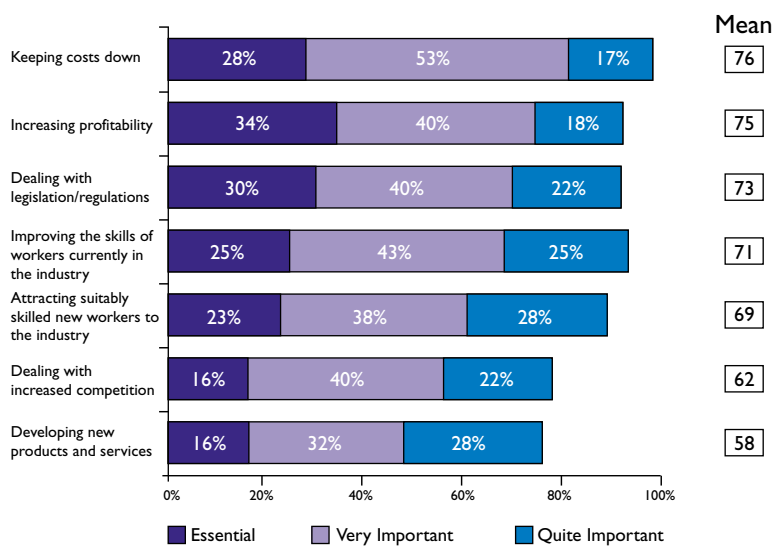
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3.6 Views on the one key challenge facing the sector largely reflect the pattern of challenges already described, this is mainly because the majority of respondents gave a single response to the issues of the challenges faced by their sector.

## IMPORTANCE OF VARIOUS ISSUES FOR THE SECTOR (PROMPTED)

3.7 Having given spontaneous answers, respondents were read a list of potential challenges, and asked how important they considered each to be for their sector, on a scale of essential, very important, quite important, not very or not at all important. Results are summarised on the following graphic, which shows the proportion answering essential, very or quite important. We also show the mean score out of 100, such that 100 would represent the situation where everyone rated a factor as essential and 0 where everyone rated it as not at all important. Factors are ranked in descending order of importance by mean score.

Chart I : Importance of various issues for your sector



Base = All employers (1000)

3.8 A slightly different emphasis emerges in the prompted results compared with the spontaneous results, with purely financial aspects moving higher up the list of importance. While the vast majority of employers say skills issues are of high importance for their sector, the more immediate issues of costs and profitability tend to be foremost.

3.9 Keeping costs down and increasing profitability have the highest mean score importance ratings (a third describe increasing profitability as essential for their sector). Unsurprisingly, profitability is much less of an issue for public sector employers (only 15% describing this as essential compared with 34% across all sectors).

3.10 Confirming spontaneous findings, the issue of dealing with legislation and regulations is widely seen as important for their sector (70% say it is essential or very important).

3.11 Two in three employers (68%) feel that improving the skills of existing workers in the industry is essential or very important for their sector. This rises to 80% among public sector employers. It is also higher among employers in Northern Ireland (74%).

3.12 Slightly fewer (61%), though still a majority, feel attracting suitably skilled new workers to the industry to be an essential or very important issue for their sector. Those in the public sector (which covers amongst other things, schools and hospitals, two specific areas where there has been a lot of media attention about recruitment difficulties) were again particularly likely to see this as a key issue for their sector. Indeed two in five (41%) public sector employers described the issue as essential (higher than for any other of the issues with which they were prompted), and overall 85% felt the matter essential or very important for their sector.

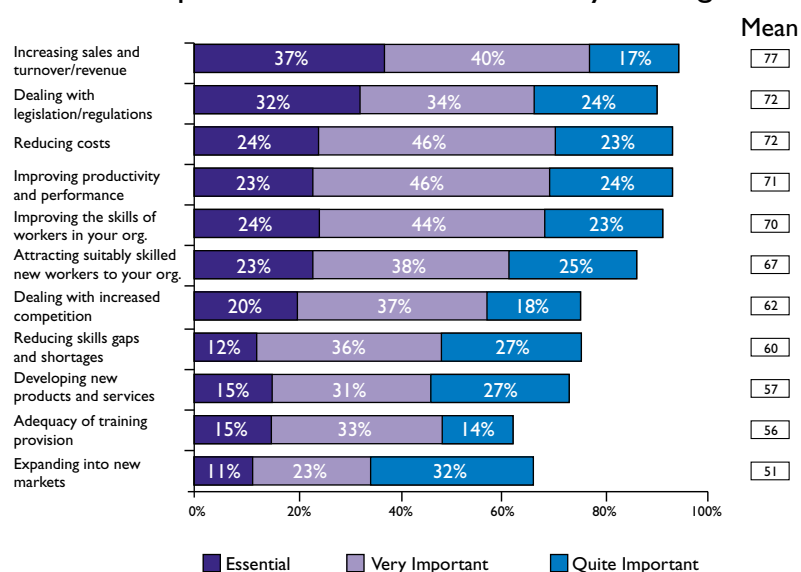
3.13 Attracting suitably skilled new workers to their industry was also particularly important for the manufacturing and construction sector. Here three quarters described the issue as essential (25%) or very important (48%).

## CHALLENGES FACING THE ORGANISATION

3.14 When respondents were asked about the challenges facing their own organisation, results very closely match those given for the sector. This is both in terms of order (skills issues are seen as a key issue for their organisation by the majority of employers, but with increasing sales (or revenue for the public sector) being primary) and in terms of magnitude. For example, the same proportion (23%) described attracting suitably skilled new workers to the industry as essential as felt it essential to attract such workers to their organisation.

3.15 Results are summarised on the following graphic, which shows the proportion of employers describing each factor as essential, very important and quite important. We also show a mean score out of 100 (if all employers described the factor as essential the mean score would be 100, if all thought it quite important it would be 50 and if all thought it not at all important it would be 0).

**Chart 2 : Importance of various issues to your organisation**



Base = All employers (1000)

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3.16 The list read to respondents and presented in the following chart includes key SSDA/SSC goals: improving productivity and performance; improving the skills of the workforce; and reducing skill gaps and shortages.

3.17 Purely financial issues (i.e. those with an immediate and direct effect on the bottom line) are the most likely to be seen as critical for the organisation. Of these financial aspects, increasing turnover (or revenue for public sector bodies) is seen as more critical than either improving productivity/performance or reducing costs.

3.18 Improving productivity and improving the skills of the workforce are each seen as essential or very important by over two thirds of employers, hence two of the key goals of the Skills for Business Network are issues of wide importance to the majority of employers.

3.19 On productivity and cost reduction there was a noticeable size effect, with these more likely to be seen as essential for large establishments with 100+ staff, than for smaller employers.

## **Improving the skills of existing workers and attracting appropriately skilled staff**

3.20 On skills issues it is encouraging to see that very few employers see this as of no importance to their organisation. Only 2%, for example, indicated that improving the skills of their workforce was not at all important to them, and only 3% felt this way in regard to attracting suitably skilled workers. For both factors, just under a quarter say these are essential to their organisation and just over three in five believe them to be essential or very important.

3.21 While considered important issues across the full range of employers, there were some areas where skills issues seemed particularly key. Attracting suitably skilled workers to their organisation was particularly key for:

- Medium and large employers: 38% of those with 11 or more staff see this as essential compared with 20% among smaller establishments;
- Public sector employers: among whom 43% felt this to be an essential issue, compared with one in five among each of manufacturing / construction, retail / wholesale and transport / communication sector employers;
- Those in Northern Ireland and Wales: 30% of employers in each country describe this as essential, compared with 12% in Scotland.

3.22 Improving the skills of current staff is particularly key for:

- The very largest employers: among those with 250 or more employees at the establishment, 38% say this is essential (compared with 24% among all employers);
- Public sector employers: among whom a third (31%) think it essential. Overall those in manufacturing / construction were the least likely to see this aspect as important (18% rated it as essential) though still the majority (56%) recognised the issue as being essential or very important;
- Employers in Northern Ireland: among whom a third (33%) feel the issue is essential (this compares to 20%-25% in the other countries).

## Reducing skills gaps and shortages

3.23 Reducing skill gaps and shortages is seen as less important by organisations than the skills issues we have already discussed, namely improving the skills of existing workers and attracting suitably skilled new workers. However, as shown on chart 2, almost half (48%) feel reducing skill gaps and shortages is essential or very important, and only one in five think the matter not very or not at all important. The perceived importance of this issue was relatively flat by size and sector; other than the smallest employers placing less weight on it (10% of those with 2-10 employees think it essential compared with 21% among larger employers. Conversely 22% of those with 2-10 employees say reducing skills gaps and shortages is not very or at all important for them, compared with 4% of those with 100 plus staff at the establishment).

3.24 Those in Northern Ireland were the least likely to say the issue had no importance for them (7% compared with 19%-21% in the other three countries). However, the overall importance as measured by the mean score in Northern Ireland was only slightly higher than average (63 out of 100 compared with the all-country mean of 60). Indeed employers in Wales were the most likely to describe reducing skill gaps and shortages as essential (20%) or very important (40%).

3.25 Not surprisingly, there was a close correlation between those regarding the reduction of skills gaps and shortages as important and those viewing as important the improvement of current skill levels and the importance of attracting suitably skilled new staff. The corollary of this is that those who do not regard reducing skills gaps and shortages as important are those for whom skills issues in general are not that critical.

## The adequacy of training provided by colleges, universities and other trainers

3.26 One final issue on skill related themes was that of the adequacy of training provided by colleges, universities and other trainers. Results are similar to that for reducing skill gaps, with just under half (48%) describing this issue as essential or very important for them. Around a third (31%) felt the issue was of no real importance to their organisation.

3.27 Again the smallest establishments are less concerned by this issue. For those with 25 plus employees at the site, the mean score out of 100 was 66, indicating these employers felt the issue was, on balance, midway between quite and very important. It is interesting to see the mean score for those with 25-99, 100-249 and 250 plus employees was exactly the same (i.e. 6).

3.28 By sector the adequacy of training provision is much more of an issue for public sector employers than for others. A third of public sector employers (35%) think the issue is essential, twice the level of the next highest sector (transport and communication). On balance, looking at mean scores, public sector employers think this is a very important issue (a mean score of 72), while all other sectors rate it as quite important (a mean of 53 or 54).

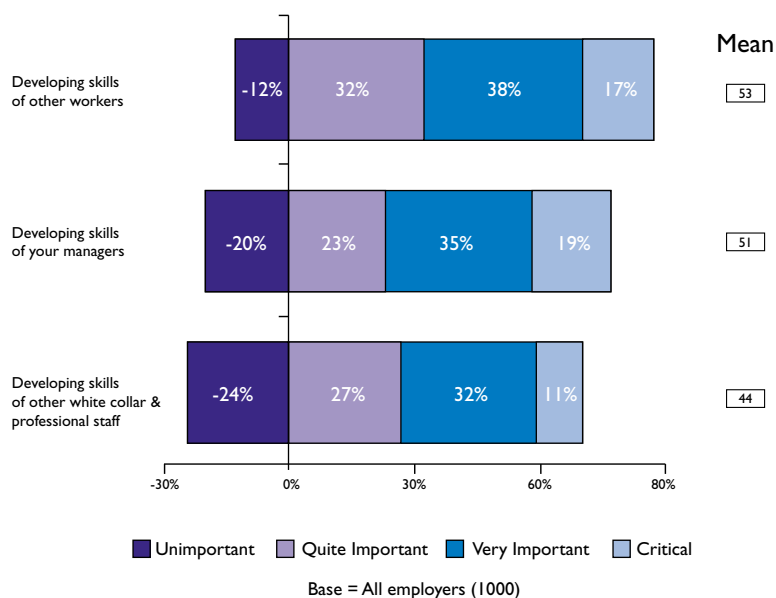
3.29 Employers in Scotland place much more importance on the adequacy of training provision than employers elsewhere. For example half as many employers in Scotland said this was not very or not at all important (17%) as gave this response in England (33%) or Northern Ireland (37%).

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## SKILLS DEVELOPMENT NEEDED TO MEET BUSINESS CHALLENGES

3.30 Respondents were asked the extent to which developing the skills of particular staff would be key in meeting the various challenges they had just described. Results for managers, other white collar and professional staff and other workers are shown in the chart below.

**Chart 3 : Importance of specific practices in meeting these challenges**



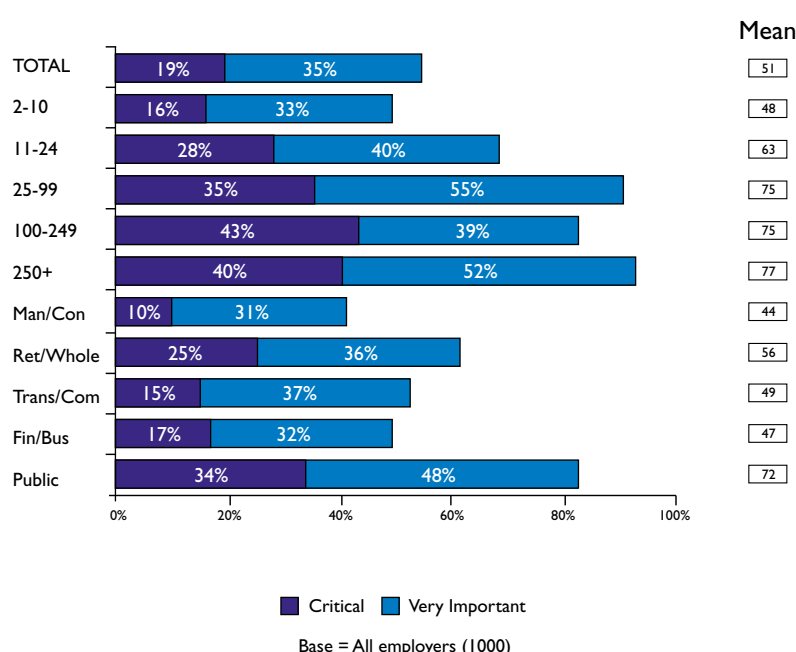
3.31 Two interesting findings emerge. The first is that a majority of employers do see developing the skills of staff as being an essential or important part of tackling the various challenges they face. The second is that overall developing the skills of managers is seen to be as important as developing the skills of other non-white collar workers.

3.32 It is often commented by business support providers that the priority for the smallest employers if they are to grow and be successful should be training the owners and managers. Often these individuals set the company up and run it in a fairly ad hoc 'I know best / this is the way we have always done things' manner, and thus they can often be training-averse. Certainly it was very evident in the survey findings that respondents in the smallest companies (with 2-10 employees) were very much less likely than larger companies to see developing the skills of their managers (i.e. usually the respondent!) as key to meeting their business challenges.

3.33 Public sector employers were much more likely to see developing the skills of their managers as key, as to a lesser extent were those in the retail / wholesale sector.

3.34 This is shown in the following chart, which shows the proportion rating developing the skills of managers as critical and very important by size and sector:

**Chart 4 : Importance of developing the skills of your managers**



### JOB AND OCCUPATIONS FACING THE GREATEST SKILL RELATED DIFFICULTIES

3.35 Employers were asked in which jobs or occupations their organisation faces the greatest skills related difficulties. This was asked as a purely open ended question. Half the respondents (48%) gave a response on this question, the remainder indicating that they had no particular skills difficulties or that these difficulties did not affect one particular occupation. The smallest employers were the least likely to believe they had skills issues affecting particular occupations, this reflecting fewer employees.

It should be noted that the current survey assesses recruitment skills difficulties in a much simpler way than the national Employer Skills Survey. In regard to skills shortage vacancies, for example, ESS asks about vacancies, whether any of these are hard to fill vacancies and then whether any of these recruitment difficulties were caused by skill deficiencies in applicants. For the current survey we simply asked employers if they have found it difficult to recruit suitably skilled staff.

3.36 We summarise results in the following table in terms of broad (1 digit) Standard Occupation Classification. The final column shows any sectors, size bands or countries where shortages are particularly acute.

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Table 2: Jobs / occupations with the greatest skills related difficulties

Base: all employers (1,000)	%	Sectors / size bands where particular difficulties
Skilled trade occupations	11	Manufacturing / construction (33%); Wales (21%), Northern Ireland (20%)
Sales and customer service occupations	9	Retail / wholesale (14%); finance and business services (13%)
Managers and senior officials	6	Retail / wholesale (11%), 250+ staff (12%)
Elementary occupations	5	Retail / wholesale (14%)
Admin and secretarial occupations	4	Public sector (7%), transport / communications (7%), Northern Ireland (14%)
Process, plant and machine operatives	4	100 plus staff (10%)
Associate professionals	4	25-99 staff (12%), public sector (11%)
Professional occupations	3	Public sector (11%), finance / business services (7%), 25 plus staff (10%)
Personal service occupations	3	Public sector (23%)
No particular skills difficulties / no specific occupations affected	52	Scotland (66%), transport / communications (66%)

In the appendix we also show responses given by 1% or more of employers at a three-digit level (appendix 2).

3.37 The general finding is that skills related difficulties affect all occupation categories, from managers through to elementary occupations. However, skills difficulties particularly affect skilled trades positions, with as many as a third (33%) of manufacturers / construction firms having difficulties among this occupation group. One in eleven employers (9%) reported skills issues in relation to sales and customer service occupations, something particularly affecting the retail / wholesale sector (14%) and finance and business services sector (13%). Managerial skills difficulties particularly affect large employers (12% among the very largest employers, who tend to have more specialist managers) and the retail / wholesale sector (11% – this compares with less than 1% among manufacturing or construction firms).

## 15/16 VIEWS ON SKILLS AND TRAINING ISSUES

3.38 Respondents were read a list of statements covering skills and training issues and asked the extent to which they agreed or disagreed (on a scale of agree strongly, agree, disagree, disagree strongly). We show results on these in the remainder of this chapter, grouping the statements by theme.

3.39 For each statement we show the proportion who agree strongly, agree, those who disagree. Where these row percentages add to less than 100% this is because a small proportion answered don't know or had no opinion. We also show means and then the mean score out of 100 (100 would show all those expressing an opinion agreed strongly, 0 that all disagreed strongly).

3.40 First we look at skills in relation to recent recruitment.

**Table 3: Recruitment and skills**

Base: all respondents (1,000)	Agree strongly %	Agree %	Disagree %	Mean score %
We are finding it difficult to recruit suitably skilled staff	16	36	47	54
We have had to take on staff over the past 12 months who have been less skilled than we were looking for	9	30	58	45

3.41 Just over half of respondents (52%) are finding it difficult to recruit suitably skilled staff . Given that many will not have been trying to recruit (i.e. those disagreeing may not be implying they are finding it easy to find recruits, rather they may not have been trying to recruit) then clearly skills difficulties in recruitment are affecting a significant number of employers. (As a note, in a number of recent employer surveys we have found that between two fifths and a half of employers have recruited in any 12 month period, though this typically varies quite widely by sector and size.)

3.42 The proportion finding it difficult to recruit suitably skilled staff did not in fact vary widely by size of establishment. However, manufacturing / construction employers and retail / wholesalers appear to have had particular problems in this regard. A quarter (26%) of manufacturing / construction firms and a fifth (19%) of retail / wholesalers agree strongly that they have had difficulty finding suitably skilled staff. This compares with only 4% of those in finance and business services.

3.43 This difficulty has meant firms have had to take on staff who have been less skilled than they would have liked. Almost two in five (39%) have done this in the last 12 months. Again this was particularly likely to affect retailers / wholesalers (56%) and manufacturers/construction firms (43%). Less than a quarter (22%) of firms in the finance and business services sector felt they had had to make this compromise.

3.44 Table 4 looks at aspects relating to training needs, provision and advice.

**Table 4: Training provision and advice**

Base: all respondents (1,000)	Agree strongly %	Agree %	Disagree %	Mean score %
Most of the training we require is specific to the sector in which we operate	34	49	15	73
We cannot find a local training provider who delivers the training we want, or who delivers it to the quality we want	11	18	62	43
We don't know where to go for advice on skills and training	4	13	77	35

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3.45 Employers generally feel that most of the training they are looking for is industry-specific training rather than cross-sector, more generic training. This view is shared across all size and sector of employer.

3.46 Over a quarter (29%) of employers have difficulty finding a suitable local training provider; one that delivers either the type of training they need or the quality they require. Smaller establishments (with fewer than 25 staff) are more likely to have this difficulty (30% compared with 20% among those with 25 plus staff). This may simply reflect the fact that many smaller firms do not have a training or HR specialist, and hence have less time to seek suitable local suppliers.

3.47 Manufacturing and construction firms were much more likely than average to have difficulty finding a suitable local training provider (37%) which may indicate that these employers often have quite specialist training needs. Providers of this type of training often indicate this is a very expensive training to deliver (e.g. keeping machinery up to date) and the survey results may well reflect this. We have also seen that manufacturing and construction employers were more likely than average to report difficulty finding suitably skilled staff (paragraph 3.36, table 2), and this again may reflect a lack of suitable training provision in this sector.

3.48 Differences by country were relatively slight.

3.49 Later in the report we look at the barriers employers face to undertaking more training and skills development. A lack of availability of local trainers comes relatively low down the list of barriers (compared with aspects such as the costs and not being able to spare the time).

3.50 Nor do many employers have a problem knowing where to go for advice on skills and training. Overall, around one in six (17%) felt this was something of an issue. This was higher among those in Scotland (29%), but otherwise it varied little by size or sector.

3.51 The following table summarises results on skills gaps.

**Table 5: Skills gaps issues**

Base: all respondents (1,000)	Agree strongly %	Agree %	Disagree %	Mean score %
The gap between the skills we need and the skills we have among our workforce is growing	6	31	60	45
The skills needed by our workers changes rapidly	6	27	67	44
We are finding it difficult to identify our current skill gaps	5	16	72	39

3.52 A significant minority (37%) report that the gap between the skills they need and the skills their staff possess is growing, though only 6% agree strongly that this gap is increasing for their workforce. There was no significant difference by size of organisation, although there was by sector, with increasing skills gaps most apparent among manufacturing / construction firms and retailers / wholesalers. One in eight (13%) of the latter and one in ten (10%) of the former agreed strongly that this was the case: this compares with only 2% in the public sector, 1% among finance and business service sector employers and none of those in transport / communication and other services. There were some regional differences with those in Northern Ireland particularly likely to feel skill gaps are increasing (55% agree) and those in Wales the least likely to recognise this as occurring in their organisation (32%).

3.53 In a similar fashion, a significant minority (33%) report that the skills needed by their workforce is changing rapidly. A relatively small proportion (6%) agree strongly that this is the case. The proportion reporting rapid change in the skills needed for their workforce is relatively flat by size and sector, though relatively less common in the transport / communication and other services sector:

3.54 Table 5 also shows that most respondents feel quite well able to identify the skill gaps within their organisation. Only one in twenty employers (5%) admitted that they had real problems in this area, although overall one in five (21%) recognised this as something of an issue.

3.55 Differences by size of establishment were relatively slight. By sector it was clear that retail / wholesalers were the most likely to have difficulty identifying internal skill gaps (26%), whereas public sector employers (14%) and those in finance and business services (15%) were more confident in this respect. Employers who see the need to improve current skills among their staff as essential to their organisation were no more or less likely than employers in general to have problems identifying skill gaps. Hence there is no evidence of a significant group of employers who might be described as overwhelmed by skills issues i.e. who are aware of serious skills issues for the organisation but who feel unable to identify what the actual skills issues are.

3.56 Finally, we show results on skill priorities.

**Table 6: Skills priorities**

Base: all respondents (1,000)	Agree strongly %	Agree %	Disagree %	Mean score %
Improving the ability of staff to undertake a wider range of tasks is a priority for us	18	56	20	65
Improving the skills of our managers is a priority	18	52	23	63

3.57 Over two in three respondents (70%) feel that improving the skills of managers is a priority for their organisation. The larger the employer the more likely they are to see improving managerial skills as a priority. In establishments with 250 plus staff, as many as two in five (41%) employers agree strongly that this is a priority. This falls to 15% among those with 10 or fewer staff. Those in the public sector also place greater emphasis on improving managerial skills than those in other sectors.

3.58 As important as improving managerial skills is improving the ability of staff to undertake a wider range of tasks. Retailers / wholesalers are particularly likely to see this as a priority (30% agree strongly).

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## 4 WAYS OF STIMULATING TRAINING AND SKILLS IMPROVEMENT

4.1 In order to give an indication of how government and its agencies might best help employers improve the skills of their workforce, all respondents were read a list of potential means of assisting employers and asked how effective they felt these would be.

4.2 Results are summarised on the following table, and show row percentages which should be read across the page. The statements are ranked in descending mean order of effectiveness. For simplicity we have combined those replying not very effective, not at all effective and don't know (the latter representing between 2 and 4 % of all respondents).

**Table 7: Effectiveness of various means of assisting employers to improve the skills of their workforce (prompted)**

Base: all respondents (1,000)	Very effective %	Fairly effective %	Not very / not at all / don't know %
Providing training grants to small businesses who have not recently engaged in training activity	58	30	12
Providing tax relief based on the amount a company spends on training	57	29	14
Giving tax relief based on the number of staff they train to nationally recognised qualifications	49	31	20
Providing an easily accessible, up to date and comprehensive database on the range of training available locally	41	41	18
Providing free advice and consultancy on identifying skill needs and developing training plans	35	41	24

4.3 Over three-quarters of respondents felt that each of the suggested means of assisting employers improve the skills of their workforce would be very or fairly effective.

4.4 Perhaps not surprisingly financial incentives such as grants and tax relief for training were more likely to be considered effective than other means of assistance. Providing training grants to small businesses who have not recently engaged in training activity and providing tax relief based on the amount a company spends on training were particularly likely to be considered effective, with almost three in five describing these as a very effective means of stimulating skills improvement. While most likely to be viewed as effective by the smallest firms there was a wide recognition of the potential of this means of stimulating training among all sizes of employer.

## EMPLOYER'S ONE KEY MESSAGE TO GOVERNMENT ON STIMULATING IMPROVEMENT IN SKILLS

4.5 Having responded to a pre-selected list of potential ways in which government and its agencies might help employers develop the skills of their workforce, respondents were asked, as a completely open question, what their one key message would be as to how the government could best stimulate a general improvement in skills. Results are summarised on the following table. We list all responses given by more than 3% of our sample.

**Table 8: How government and its agencies should best stimulate a general improvement in skills (spontaneous)**

Base: all respondents (1,000)	%
Offer tax breaks / incentives to companies who train	18
Improve availability / quality of training	12
More subsidies for training	8
Reduce bureaucracy / red tape / restrictive legislation	7
Encourage the study of vocational / industry-specific subjects at school	6
Improve apprenticeships / go back to traditional apprenticeships	5
Offer financial help specifically to small companies	5
Encourage more to go to university (e.g. provide free university education)	5
Don't know / no opinion	17

4.6 A range of messages emerge. Most widespread is the desire for financial incentives to stimulate training, whether this be in the form of tax breaks or subsidies, some specifically mentioning this in the context of offering financial support for training specifically to small employers. This emphasis on financial aspects is very consistent with results on the prompted question reported earlier in this chapter.

4.7 Around one in eight (12%) felt the government should seek to improve the availability and / or the quality of local training provision (this was mentioned by 19% of employers in Scotland).

4.8 Other messages, each suggested by around 5% of our sample, included:

- Reducing bureaucracy and red tape;
- Encouraging the take-up of more vocational subjects at school;
- Improving apprenticeships, in some cases a desire for a return to old style apprenticeship training (this was mentioned by 5% overall but by 10% of those in manufacturing and construction);
- Encouraging more students to attend university.

## THE MAIN BARRIERS TO TRAINING AND SKILL DEVELOPMENT

4.9 Clearly any government or agency action to stimulate employer training activity needs to take account of what prevents or limits current training activity. If the key barriers or limiting factors are to do with a lack of desire to train (e.g. employers fearing that trained staff will demand higher wages and / or want to leave) then action to improve the supply and quality of training will have limited potential. Hence we asked employers what the main barriers are to their investing more in training and learning.

# THE SKILLS FOR BUSINESS 1000

4.10 Results for this unprompted question are summarised on the following table, which lists those aspects mentioned by more than 2% of our sample.

**Table 9: Main barriers to investing more in training and developing workforce skills (spontaneous)**

Base: all respondents (1,000)	%
Have not got the money / resources to train	25
The cost of training / training expensive	25
Can't spare staff the time off for training	19
If we train they tend to leave	7
No barriers	17
Don't know	7

4.11 Three quarters of respondents were able to cite some barrier they faced to investing more in training and developing workforce skills (a quarter indicated that they faced no specific barriers, or were unable to think of any). Three key factors emerge:

- Not having the money or resources to train and develop staff, mentioned by 25%;
- The related but more specific issue of the cost and expense of training, also mentioned by 25%;
- Employers not being able or feeling able to allow staff the time off for training, cited by 19%.

4.12 Not having the money or resources to train is not an issue exclusively affecting small employers, indeed it was only among the very largest establishments where this was slightly less of an issue (19% among those with 250 plus staff at the establishment). Hence, it is clear that in all sizes of company, training competes with many other demands, and each needs to be justified. In fact on the actual cost of training, or training being seen as expensive, this was more likely to be cited as a barrier by large establishments (32% of those with 100 plus staff) than the smallest (24% among those with 2-10 staff).

4.13 Similarly, not being able to spare staff the time off for training is a barrier to all sizes of company, though it appears to be a particular issue for finance/business service sector employers (28%) and public sector employers (24%), and much less of a concern for the manufacturing/construction sector (10%).

4.14 The three key barriers tie in closely with the ways in which most employers generally feel government and its agencies could best stimulate them to improve the skills of employees (i.e. through financial incentives). However, it is crucial to recognise that these factors relate to the perceived value of training and development. If employers could be persuaded or more convinced of the benefits and returns to the business resulting from greater training activity, then clearly these three barriers would 'dissolve'.

4.15 As interesting perhaps as the barriers mentioned on the previous table are the low level of mentions for some other items:

- Very few mentioned a lack of suitable providers (2%);
- Few felt a reluctance of staff to be trained was a key barrier (2%);
- Only a small proportion cited a lack of good information about training as being a barrier (1%).

4.16 Those citing barriers to training and development (83% of employers) were asked what would make them invest more in the skills of their staff. Results on this spontaneous question are listed below, listing those responses given by more than 2% of those answering.

**Table 10: What would make employers invest more in the skills of their staff (spontaneous)**

<b>Base: all employers with barriers to investing more in workforce skills (842)</b>	<b>%</b>
If there were grants / subsidies to help with the costs of training	34
If training was cheaper	10
If training produced better results / had more effect on productivity	6
If free training was available	6
If there was greater flexibility as to when courses were delivered	6
If we had a larger training budget / more resources to train	5
If staff were more committed to training / more motivated	5
If there were more training providers locally	4
If there were courses available which met our needs	4
Nothing	9
Don't know	10

4.17 Employers believe that financial assistance such as grants and subsidies assisting with the costs of training will be the most likely stimulant to their investing more in the skills of their staff. A third of employers facing barriers gave this response, with others feeling that they would invest more if training was cheaper (10%) or if free training was available (6%). This view was shared by employers across all size and sectors (the one exception being that the very largest establishments had no expectation that training would be free). Overall, just under half of employers (48%) gave a response indicating that reduced costs of training would make them invest more (i.e. if there were more grants or subsidies, if training was cheaper or free or if they had a larger training budget).

4.18 Again relatively few concentrated on supply side issues, though 6% did suggest that if there was more flexibility as to when courses and training were run they would invest more, and a similar proportion mentioned both more providers being available locally and courses better meeting their needs.

4.19 6% indicated that they would invest more in improving the skills of their employees if they were more convinced of the benefits to the business. This result varied little by size of establishment, but appeared to be a much more common view in the retail / wholesale and finance / business services sectors (10% and 9% respectively), and much less of an issue in the public sector and in manufacturing / construction (each 1%).

## 5 AWARENESS AND UNDERSTANDING OF, AND CONTACT WITH, SECTOR SKILL BODIES

5.1 In this chapter we examine awareness of the Sector Skills Development Agency, Sector Skills Councils and the Skills for Business Network, and look at employers' understanding of their role and objectives. We also examine the proportion who had any dealings with the agencies or network.

### AWARENESS OF THE SECTOR SKILL BODIES

5.2 As might be expected given their recent establishment, awareness of the three sector skill bodies is relatively low. Perhaps surprisingly, twice as many claimed to have heard of the Skills for Business Network (20%) as had heard of either the Sector Skills Development Agency (10%) or Sector Skills Councils (10%). Overall a quarter of employers had heard of at least one of the three bodies.

5.3 There were some noticeable differences in claimed awareness by size and sector:

- Awareness of SSCs was noticeably lower in retail (3%) and higher in transport, communications and other services (19%), and higher among the largest employers;
- 27% among those in establishments with 250 plus employees;
- 14% among those in establishments with 100-249 employees;
- 12% among those with 25-99 staff;
- Lowest (5%) among those with 11-24 staff;
- 10% among those with 2-10 staff;
- Awareness of the SSDA varied relatively little by size, but was higher among those in transport, communications and other services (19%);
- Differences in awareness of the Skills for Business Network by size and sector were slight.

5.4 There were also clear differences by country, with awareness being considerably lower among those in Northern Ireland (indeed only 1% here had heard of SSCs, and only 5% had heard of any of the three bodies). In Scotland only 2% had heard of the SSDA. Results by country are summarised on the following table.

**Table 11: Awareness of Sector Skill Bodies (prompted)**

Base: all respondents	Total (1,000)	England (544)	Scotland (162)	Wales (144)	N.Ireland (150)
	%	%	%	%	%
Skills for Business Network	20	22	13	11	4
SSDA	10	11	2	8	4
SSCs	10	10	12	5	1
Any of the above	26	28	21	19	5

### UNDERSTANDING OF THE ROLE AND OBJECTIVES OF EACH BODY

5.5 Given the relatively low awareness of even the names of the three bodies, it is no surprise that few think they have a good understanding of their roles and objectives. As the following table shows, only 1% of all respondents have a good understanding of their purpose.

Results in the following table show horizontal percentages, which should be read across the page.

**Table 12: Level of understanding of the role of the sector skill bodies Base: all (1,000)**

Row %s	Good	Reasonable	Poor / name only	Not heard of
Skills for Business Network	1	3	16	80
SSCs	1	3	6	90
SSDA	1	2	7	90

## DEALINGS WITH THE SECTOR SKILL BODIES

5.6 Overall 1% of employers indicated that they had had any dealings with each of the three bodies, and overall 3% had dealt with any of the three.

5.7 There were some differences by type of employer. The largest employers (in establishments with 250 plus employees) were particularly likely to have dealt with SSCs (6%), though no more likely to have dealt with the SSDA (1%) or the Skills for Business Network (1%). By sector, dealings with SSCs have been highest among those in the finance and business services sector (5% – this compares with none among manufacturing and construction firms). By country it was noticeable that none of the respondents in Scotland had had any dealings with any of the three bodies.

## INTEREST IN MORE INFORMATION ABOUT SECTOR SKILL BODIES

5.8 We have seen that few employers feel they have a good understanding of the role and objectives of the SSDA, SSCs or the Skills for Business Network. When asked if they would be interested in more information about the three organisations, almost two in three (63%) were. Although something of a general question, it does suggest a significant degree of interest and goodwill.

5.9 Interest was higher among:

- Larger companies (77% of establishments with 100-249 were interested in more information);
- The transport and communication sector (78%);
- Those in Northern Ireland (83%, compared with only 36% in Scotland);
- Those recognising skills issues as important for their organisation: 73% of those describing the issue of attracting skilled workers to their organisation as being essential were interested in more information, as were 70% of those feeling improving existing skill levels are essential.

## SUPPORT FOR THE MISSION OF THE SECTOR SKILLS BODIES

5.10 The mission of the SSDA, SSCs and the Skills for Business Network was briefly explained to respondents as being 'to contribute to a better system for workforce development, the elimination of skills shortages, increased productivity and creating opportunities for everyone.' While this would be a difficult mission not to back, it is still encouraging that 98% said they supported it.

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## APPENDIX I: THE SAMPLE PROFILE

The unweighted profile of the interviews conducted was as follows:

**Table I3: Interviews achieved**

Size of establishment	2-10	11-24	25-99	100-249	250+	Total
Manufacturing/construction	40	42	38	36	38	194
Retail / wholesale	56	53	47	42	40	238
Transport / communication / other services	31	32	32	21	22	138
Finance / business services	63	44	59	39	35	240
Public sector	42	42	41	34	31	190
Total	232	213	217	172	166	1,000

By country, the number of interviews conducted was as follows:

- 544 in England;
- 162 in Scotland;
- 150 in Northern Ireland; and
- 144 in Wales.

## APPENDIX 2

**Table 14: Jobs / occupations where organisations find the greatest skills related difficulties (3 dig SOC)**

<b>Base: all employers (1000)</b>	
Sales Assistants and Retail Cashiers (SOC 711)	8%
Construction Trades (SOC 531)	4%
Managers and Proprietors in Other Service Industries (SOC 123)	3%
Food Preparation Trades e.g. butchers, bakers, chefs (SOC 543)	2%
Transport Drivers and Operatives (SOC 821)	2%
ICT Professionals (SOC 213)	2%
Metal machining, fitting and instrument making trades (SOC 522)	2%
Healthcare & related personal services e.g. nursing assistants, ambulance staff (SOC 611)	2%
Administration Occupations: Finance e.g. credit controllers, accounts clerks (SOC 412)	2%
Managers in Distribution, Storage and Retailing (SOC 116)	2%
Elementary Personal Services Occupations e.g. hospital and hotel porters, catering assistants (SOC 922)	1%
Administration Occupations: General e.g. general office assistants, clerks (SOC 415)	1%
Plant and Machine Operatives (SOC 812)	1%
Textiles and Garments Trades (SOC 541)	1%
None / Don't know	52%

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## APPENDIX 3: THE QUESTIONNAIRE

PRIVATE & CONFIDENTIAL	SSDA Employer Survey Screener and Questionnaire	3685 January 2003
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Office Use only:

SERIAL (101)			CARD (104) (105)	REF NO (106)				(110)	REGION (111)	Country (112) (113)
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FINAL OUTCOME (CODE ONE ONLY)	
Respondent interviewed / recruited	01
Breakdown during interview	02
Out of quota (size band)	03
Out of quota (sector)	04
Out of quota (country)	05
Non qualifier ( )	06
Refusal: (SPECIFY)	10
Not available in deadline	11
Ref. to other address / telephone number	12
No contact with resp after 7 tries	13
Unobtainable / dead line / fax number	14
Company closed down	15
Respondent moved / no longer at address	16
Wrong number	17
Other (DESCRIBE)	00

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No	Date	Time	Spoke to	Outcome
1				
2				
3				
4				
5				
6				
7				

**Please use:**

NDC = No Direct Contact DC = Direct Contact NR = No Reply  
C/B = Call Back Eng = Engaged

### ASK TELEPHONIST

1) May I speak to the most senior person here who has responsibility for human resource and personnel issues?

INTERVIEWER PROMPTS

ESTABLISHMENTS WITH 25 OR MORE EMPLOYEES: Your human resources or personnel director / manager

ESTABLISHMENTS WITH 1-24 EMPLOYEES: The owner, managing director or general manager

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### ASK RESPONDENT

Good morning / afternoon, my name is \_\_\_\_\_, calling from IFF Research, an independent market research company. We're conducting a short survey on behalf of the Sector Skills Development Agency, the new government agency acting as an intermediary between employers and training organisations to make sure the skills of the UK workforce meet the needs of business.

### IF NECESSARY ADD:

- The Sector Skills Development Agency was established in 2002 and oversees the work of the Sector Skills Councils which replaced the National Training Organisations.
- It is the mission of the SSSDA and the Councils to contribute to a better system for workforce development, the elimination of skills shortages, increased productivity and create opportunities for everyone.
- If you have any queries please call David Vivian or Alistair Kuechel at IFF Research on 020 7250 3035; or Esther Gillatt on 01709 765441; or the Market Research Society Freephone number 0500 396999.

Please be reassured that all responses will be strictly confidential, and will not be attributed to any individual or company. Results will be reported to the SSSDA on a completely anonymous basis.

A summary of the research findings will be made available on the SSSDA's website [www.sssda.org.uk](http://www.sssda.org.uk).

The interview will take around 10 minutes to complete depending on your responses.

2) Can I confirm you are the best person at this location to talk to about skills and related issues?

Respondent OK and willing to be interviewed	1	ASK S3
Respondent OK but call back later	2	MAKE APPOINTMENT
Respondent OK but refuses to be interviewed	3	CLOSE
Someone else at establishment	4	TRANSFER AND REINTRODUCE
NAME _____		
JOB TITLE _____		

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3) Firstly, how many people are employed in total at this establishment? Please include both full time and part time employees and yourself, but exclude any self-employed, working proprietors, directors who are not employees, outside contractor or agency staff.

WRITE IN NUMBER AND CODE RANGE

<b>NUMBER :</b>		
1		CLOSE  ASK S5 IF IN QUOTA
2- 10	1	
11 - 24	2	
25 - 49	3	
50-99	4	
100 - 249	5	
250+	6	

5) What is the main business activity at this location?

WRITE IN FULL DETAILS AND CODE SECTOR


Manufacturing or Construction (including agriculture and energy companies)	1	CHECK AGAINST QUOTA  CLOSE IF QUOTA CATEGORY FULL
Wholesale and retail (including shops, hotels, restaurants, pubs, catering and repair of vehicles)	2	
Transport, storage and communication and other services (theatre, museums, hairdressing, gyms, laundries)	3	
Finance and business services	4	
Public administration, government, health, education	5	

6) Would you classify your organisation as ....?

READ OUT, CODE ONE ONLY

A Private sector business	1	
A Public sector organisation	2	
A voluntary sector organisation	3	
Don't know	X	

7) CLASSIFY FROM SAMPLE:

England	1	CHECK AGAINST QUOTAS
Scotland	2	
Wales	3	
Northern Ireland	4	

8) I'd like to begin by asking what you see as the main issues or challenges facing employers in your sector? PROBE: What are the other main issues or challenges facing your sector?

**DO NOT READ OUT**

**IF MORE THAN ONE ITEM MENTIONED AT Q8**

**8a) Which one of these do you think is the most important issue or challenge?**

**CODE ONE ONLY**

	q8	q8a
Finding suitably skilled staff / attracting recruits to the sector	1	1
Increased competition	2	2
Increasing profitability / profit levels	3	3
Increasing turnover and sales / developing new markets	4	4
Keeping costs down	5	5
Current economic uncertainty	6	6
Increasing the skills of employees (e.g. working in the sector requires different skills / more flexibility)	7	7
Dealing with legislation / regulations	8	8
Obtaining finance for expansion / investment	9	9
Don't Know	X	X
Other (WRITE IN)		
	0	0

**ASK ALL**

9) And how important do you believe the following issues are for your sector. For each please say if you think the issue is essential, very important, quite important, not very important or not at all important.

**READ OUT**

	Essential	Very	Quite	Not very	Not at all	DK
Attracting suitably skilled new workers to the industry	1	2	3	4	5	X
Improving the skills of workers currently in the industry	1	2	3	4	5	X
Dealing with increased competition	1	2	3	4	5	X
Increasing profitability	1	2	3	4	5	X
Keeping costs down	1	2	3	4	5	X
Developing new products and services	1	2	3	4	5	X
Dealing with legislation / regulations	1	2	3	4	5	X

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10) I'd like to turn now to the challenges and issues for your own organisation. How important are the following for your own organisation. For each please say it is essential, very important, quite important, not very important or not at all important.

### READ OUT

	Essential	Very	Quite	Not very	Not at all	DK
Attracting suitably skilled new workers to your organisation	1	2	3	4	5	X
Improving the skills of all the workers currently in your organisation	1	2	3	4	5	X
Dealing with increased competition	1	2	3	4	5	X
Developing new products and services	1	2	3	4	5	X
Reducing skills gaps and shortages	1	2	3	4	5	X
Dealing with legislation / regulations	1	2	3	4	5	X
(PRIVATE SECTOR:) Increasing sales and turnover	1	2	3	4	5	X
PUBLIC SECTOR: Increasing revenue						
Expanding into new markets	1	2	3	4	5	X
Reducing costs	1	2	3	4	5	X
Improving productivity and performance	1	2	3	4	5	X
And finally how important is the adequacy of training provided by colleges, universities and trainers	1	2	3	4	5	X

11) THERE IS NO SEPARATE Q11.

**(ASSUMING AT LEAST ONE ESSENTIAL /VERY OR QUITE IMPORTANT)**

12) In meeting these challenges which of the following specific practices will be critical, very important, quite important or relatively unimportant ?

**READ OUT**

	Critical	Very Imp	Quite Imp	Relatively unimportant	DK
Developing the skills of your managers	1	2	3	4	X
Developing the skills of other white collar and professional staff	1	2	3	4	X
Developing the skills of other workers	1	2	3	4	X
Increasing the total number of staff employed here	1	2	3	4	X
Recruiting staff who can bring new skills to the business, or who have skills beyond those possessed by current staff	1	2	3	4	X

13) THERE IS NO SEPARATE Q13

**ASK ALL**

14) Please tell me the extent to which you agree or disagree with each of the following statements concerning training and skills issues. For each one please say if you agree strongly, agree, disagree or disagree strongly.

	Agree strongly	Agree	Disagree	Disagree strongly	DK
We are finding it difficult to recruit suitably skilled staff	1	2	3	4	X
We have had to take on staff over the last 12 months who have been less skilled than we were looking for	1	2	3	4	X
We cannot find a local training provider who delivers the kind of training we are looking for, or delivers it to the quality we need	1	2	3	4	X
The gap between the skills we need and the skills we have among our workforce is growing	1	2	3	4	X
We often have difficulty persuading staff of the need for updating their skills	1	2	3	4	X
Most of the training we require is specific to the sector in which we operate	1	2	3	4	X
Improving the skills of our managers is a priority	1	2	3	4	X
Improving the ability of staff to undertake a wider range of tasks is a priority for us	1	2	3	4	X
We are finding it difficult to identify our current skill gaps	1	2	3	4	X
We don't know where to go for advice on skills and training	1	2	3	4	X
The skills needed by our workers changes rapidly	1	2	3	4	X

# THE SKILLS FOR BUSINESS 1000

15) In which jobs or occupations does your organisation face the greatest skills related difficulties?

**PROBE: Any other?**

WRITE IN:
None .....X

16) THERE IS NO Q16.

## Activities

17) Following are a number of ways that people have suggested that government and its agencies should act to help employers improve skills among the workforce. For each one please indicate if you feel it would be a very effective, a fairly effective, not very effective or not at all effective way to help employers improve skills of their workforce.

	Very effective	Fairly effective	Not very effective	Not at all	DK
Providing an easily accessible, up to date and comprehensive database for employers on the range of training provision that is available locally	1	2	3	4	X
Providing tax relief based on the amount a company spends on training	1	2	3	4	X
Giving tax relief for companies based on the number of staff they train to nationally recognised qualifications specific to that sector	1	2	3	4	X
Providing free advice and consultancy on identifying skill needs and developing training plans	1	2	3	4	X
Providing training grants to small businesses who have not recently engaged in training activity	1	2	3	4	X

18) What would be your one key message to the government and its agencies about how they should be acting to stimulate a general improvement in skills.

**PROBE FULLY**


20) What are the main barriers to your investing more in training and developing the skills of your workforce?

**DO NOT READ OUT**

Have not got the money / resources to train (as much as would like)	1	
The cost of training /training expensive	2	
Can't spare staff the time off for training	3	
The reluctance of individuals to be trained	4	
A lack of suitable providers	5	
A lack of information about training provision	6	
If we train staff they tend to leave	7	
If we train staff they tend to want more money	8	
Need providers to be more flexible in when training delivered (e.g. more in evening, more on-line learning)	9	
No barriers	10	
Don't Know	X	
Other (WRITE IN)	0	

**IF ANY BARRIERS AT Q20**

21) What would make you invest more in the skills of your staff? PROBE: What else?

**DO NOT READ OUT**

More training providers locally	1	
Better quality providers locally	2	
If (more) courses were available to suit our needs; improve range of provision	3	
If courses were more flexible in terms of when delivered	8	
If more higher level courses available	4	
If free training available	5	
If training was cheaper	6	
If there were grants / subsidies to help with the costs	7	
Nothing	X	
Other (WRITE IN)	0	

# THE SKILLS FOR BUSINESS 1000

## Awareness

### ASK ALL

22) Before today had you heard of ...

### READ OUT

	Yes	No	DK
Sector Skills Councils	1	2	3
The Sector Skills Development Agency	1	2	3
Skills for Business Network	1	2	3

### FOR EACH YES ASK Q23 AND Q24 (IF NO / DK TO ALL SKIP TO Q25)

23) How good an understanding would you say that you had of the role and objectives of (EACH YES AT Q22), would you say good, reasonable, poor or do you know no more about them than just the name

	Good understanding	Reasonable	Poor	Name only	DK
Sector Skills Councils	1	2	3	4	X
The Sector Skills Development Agency	1	2	3	4	X
Skills for Business Network	1	2	3	4	X

### FOR EACH YES AT Q22

24) Have you had any dealings with...(EACH YES AT Q22)?

	Yes	No	DK
Sector Skills Councils	1	2	3
The Sector Skills Development Agency	1	2	3
Skills for Business Network	1	2	3

### ASK ALL

25) Would you be interested in more information about the Sector Skills Councils, the Sector Skills Development Agency or the Skills for Business Network?

Yes	1	
No	2	
DK	3	

26) The mission of the Sector Skills Development Agency, the Sector Skills Councils and the Skills for Business Network is to contribute to a better system for workforce development, the elimination of skills shortages, increased productivity and create opportunities for everyone. Do you support this mission?

Yes	1	
No	2	
DK	3	

27) What are your thoughts on the mission of these organisations as just described?


**THANK RESPONDENT AND CLOSE INTERVIEW**

I declare that this survey has been carried out under IFF instructions and within the rules of the MRS Code of Conduct.

Interviewer signature:	Date:
Finish time:	Interview Length mins

## APPENDIX 4: CONFIDENCE LEVELS AND SAMPLE SIZES

Confidence levels vary depending on:

- the base size on which the information has been derived – we have more confidence in a result based on all respondents, here 1,000 interviews, than one based on a sub-group, for example manufacturing and construction sector employers;
- the result (we have more confidence in a result the closer it gets to 100% or 0%).

Hence in the following examples we show statistical confidence based on different sample sizes and on different survey results. Throughout we show 95% confidence levels. These are best understood as 'we are 95% confident that the real result lies within + or – X% of the survey result.'

Sample sizes shown are 1,000 interviews (all respondents), 150 (the approximate number of interviews in each of Scotland, Wales and Northern Ireland), 200 (the approximate number of interviews in each of manufacturing / construction, retail / wholesale, and the public sector), and 540 (the approximate number of interviews among establishments in England).

**Sampling error at 95% confidence level based on sample size of 1,000**

	Survey result	
50%	66% or 34%	80% or 20%
+ / - 3.1%	+ / - 2.9%	+ / - 2.5%

**Sampling error at 95% confidence level based on sample size of 150**

	Survey result	
50%	66% or 34%	80% or 20%
+ / - 8.0%	+ / - 7.5%	+ / - 6.4%

**Sampling error at 95% confidence level based on sample size of 200**

	Survey result	
50%	66% or 34%	80% or 20%
+ / - 6.9%	+ / - 6.6%	+ / - 5.5%

**Sampling error at 95% confidence level based on sample size of 540**

	Survey result	
50%	66% or 34%	80% or 20%
+ / - 4.2%	+ / - 4.0%	+ / - 3.4%

Sector Skills Development Agency  
ISBN 0-9545358-0-4  
Reference Code 009E/0603/13

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