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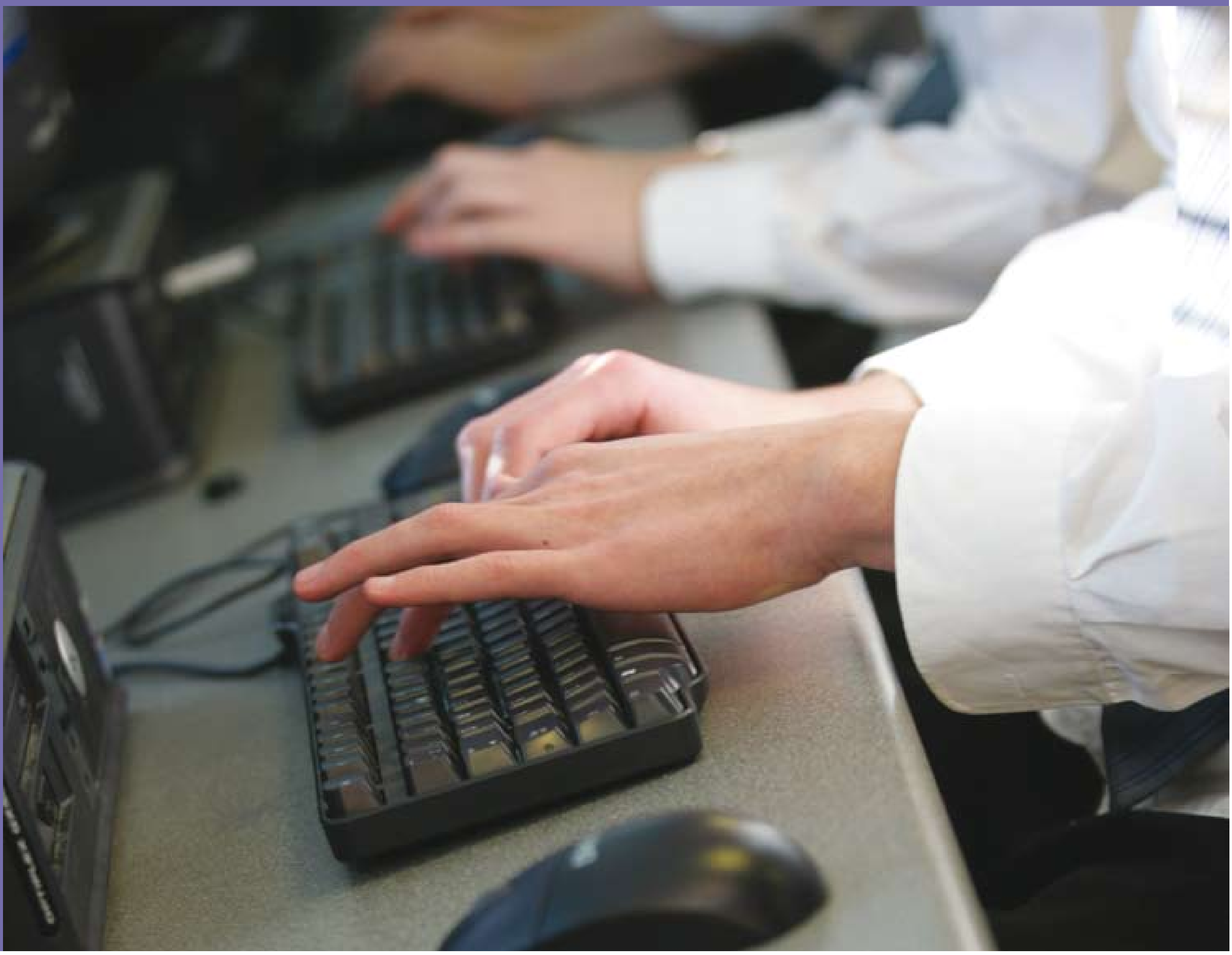
Llywodraeth Cynulliad Cymru
Welsh Assembly Government

SitW Thematic Report: The Adoption of Skills in the Workplace by Different Industrial Sectors



Research

Research document No: 018/2008
Date of issue: January 2008

SitW Thematic Report: The Adoption of Skills in the Workplace by Different Industrial Sectors

Audience	Careers and business advice and guidance organisations, Colleges of Further Education, employers, training providers, and DCELLS programme delivery, funding and planning departments.
Overview	Skills in the Workplace is designed to "raise skill levels of employees and create an ethos of training within SMEs in North Wales". This thematic report looks at SitW's relevance to different sectors. It is in addition to the main report which addresses the current position, and the 'distance travelled' over the past 6 months or so'.
Action required	No action required.
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Related documents	Evaluation of Skills in the Workplace Stage 2 Report SitW Thematic Report: Confusion in the Marketplace

G/569/07-08 January Typeset in 12pt

Evaluation of Skills in the Workplace

Thematic Report: The Adoption of Skills in the Workplace by Different Industrial Sectors

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September 2007

1. Overview

Thematic reports

As a key part of the evaluation of the Skills in the Workplace (SitW) programme, 4 'thematic' reports will address in detail a series of key issues for SitW and allied policies, programmes and project delivery arrangements.

This report addresses the 'Adoption of Skills in the Workplace by Different Industrial Sectors' theme. The key issues here were identified as being of interest because SitW – along with its predecessor programmes of Skills for Business (SfB) and Skills for Employment (SfE) – have clearly attracted employers and learners from some sectors (e.g. care) to a much greater extent than others (e.g. construction).

SitW Evaluation

The main evaluation requirements centre on addressing 30 varied research questions, which range from *"To what extent is the Skills in the Workplace initiative still relevant and appropriate in light of changing policy foci and programme developments?"* to "*Bearing in mind not only Skills in the Workplace, but 'competitor' products and also commercial options, what would be the best way of meeting employers' needs and expectations for improving skills in the workplace: in particular, what might appropriately be provided commercially; what needs can be foreseen for flexible, 'bite-sized chunks of learning' in the medium-term?"*

No specific attention to take-up in different sectors is called for in these questions. However, the varied sectoral take-up so far has raised questions about whether SitW's rationale may be particularly applicable in certain sectors, and whether 'flexible, bite-sized learning' is more appropriate for some sectors rather than others.

The evaluation has 3 stages with data collection taking place in April/ May 2007 (Phase 1); August / September 2007 (Phase 2) and September/October 2008 (Phase 3).

Accordingly, this report is based primarily on Phase 2 data, including:

- Revisiting data collected as part of the Phase 2 data collection exercise for the main SitW evaluation - from internal Management Information, interviews with providers, employers and a number of ‘key informants’ - and through discussions at Network and Steering Group meetings
- Follow-up interviews with employers, providers and others, mainly linked to the Phase 2 data collection exercise for the main SitW evaluation but focusing specifically on the issue of sectoral take-up
- Additional data collection: interviews with further DCELLS[1] staff, SSC staff etc.
- Desk research in areas including reviewing evidence of underlying sectoral characteristics of the local economy, evidence of wider training activity (particularly from Future Skills Wales), clarification of programmes offered, provider capabilities, evidence of employer need, etc

To structure the collection and analysis of this data we have considered the following hypotheses:

i) **Needs**: Might SitW training ‘products’ – including subjects, levels, methods, venues, etc – be more suited to the needs of some sectors rather than others?

ii) **Industrial sector characteristics**: some sectors are clearly under-represented in North Wales by comparison with all-Wales or all-UK patterns; others are dispersed widely across the region: some are growing or shrinking by comparison with others. Might patterns like these make it difficult to justify training in some sectors – perhaps because there is no ‘critical mass’ to meet providers’ reasonable commercial requirements?

iii) **Training Providers**: are their links better with some sectors than others? Do they prefer to work in some sectors only? How good is their reputation in specific sectors?

iv) **Intermediaries** (Sector Skills Councils (SSCs), Human Resource Development (HRD) Advisers, etc): do they promote SitW in some sectors more than others?

v) **Market Failure**: might better promotion, brokering or other means of bringing together employers and SitW providers change patterns of sectoral take-up?

Responses to these hypotheses structure our conclusions. We look first, however, at the actual levels of apparent imbalance in SitW provision for

[1] Department for Children, Education, Lifelong Learning and Skills; formerly DELLS - Department for Education, Lifelong Learning and Skills

different sectors, then summarise findings from the perspectives of employers, providers and ‘key informants’ (mainly SSC staff, DCELLS staff).

2. Sectoral Patterns

There is little doubt that, in practice, SitW delivery has not followed the sectoral profile of employers across North Wales. Table 1 combines information about

i. recent sectoral employment patterns in North Wales
ii. projected sectoral employment patterns (showing relative sectoral growth and decline);
iii. location quotients (showing whether sectors are under-or-over-represented in North Wales by comparison with Wales as a whole);
iv. and the sectoral breakdown of SitW trainees.

i) – iii) are taken from the Future Skills Wales (FSW) 2003 Generic Skills Survey: North Wales Regional Report[2]; iv) from internal DCELLS records

Table 1: Employment structure in North Wales and Distribution of SitW Trainees by Sector

	Employment level (000s)**		Share of Employment (%)**		Location Quotient**	Sectoral Distribution of SITW Trainees***	
	2003	2008	2003	2008	2008	Number	Share (%)
Agriculture	9.4	7.7	3.4	2.7	1.2	261	4.7%
Mining and Quarrying	0.6	0.5	*	*	1.1	6	0.1%
Manufacturing	50.8	49.2	18.2	17.5	1.2	825	14.9%
Energy and Water	2.4	1.9	0.9	0.7	1.9	40	0.7%
Construction	19.6	17.6	7.0	6.2	0.9	191	3.4%
Wholesale and Retail	50.0	53.3	17.9	18.9	1.1	87	1.6%
Hotels and Restaurants	20.5	18.4	7.3	6.5	1.1	611	11.0%
Transport and Communications	10.4	10.2	3.7	3.6	0.9	72	1.3%
Banking and Insurance	3.6	3.3	1.3	1.2	0.5	48	0.9%
Other Business Services	21.7	24.6	7.8	8.7	0.8	32	0.6%
Education	22.7	23.1	8.2	8.2	0.9	157	2.8%
Health	35.4	39.4	12.7	14.0	0.9	1812	32.7%
Other	16.9	18.3	6.1	6.5	1.0	1406	25.3%
Total Employment	278.4	281.6	100.0	100.0			

Note 1: a location quotient greater than 1 means the sector is more important in North Wales than in Wales as a whole (calculated by the sector's share of employment relative to Wales’ sector share of employment)

Note 2: Figures exclude public administration, government trainees and employment in the armed forces

* less than 0.5%

*** Source: FSW North Wales Regional Report; Experian Business Strategies Forecasts, May 2003 - based on data from the Office for National Statistics*

**** Source: Department for Culture, Education, Lifelong Learning and Skills, Welsh Assembly Government; as at June 2007*

[2] Prepared by Experian Business Strategies on behalf of the Future Skills Wales Partnership March 2004

Some caution is needed: for example, the ONS data about employment includes a number of public sector workers in categories like ‘education’ and health’ – whilst SitW is normally available for the private sector only. Equally, the definitions behind the different sectoral analyses are somewhat different, again making robust analyses a challenge. Yet in terms of broad patterns it does seem that:

- SitW take-up in manufacturing is disproportionately low. The sector itself is relatively strong in North Wales, although expected to decline somewhat in employment terms.
- SitW is strongly represented in what can be summarised as the large and growing care and hospitality sectors
- SitW take-up in construction is well below the norm
- SitW has attracted different levels of support amongst the smaller sectors including relatively high levels of engagement (agriculture) and others where take up is much lower (transport and communications)

3. Stakeholders.

i) Employers

SitW evaluation data about employer views and experiences comes primarily from those actually taking part in the programme, so can give only a partial insight into sectoral biases: by definition, responses are lower from under-represented sectors.

There is little doubt that in sectors which are well represented in SitW, an attractive combination of characteristics often comes together, including:

- Actual or impending regulation (particularly in care)
- Learning and/or qualification needs being fairly low and amenable to relatively quick, standardised, on-site inputs
- In many cases, a limited history of training – so leaving a substantial ‘learning backlog’
- Site arrangements (shift patterns, concentrations of staff needing training, etc) which allow reasonably convenient group-based learning or accreditation.

In terms of employers becoming engaged with the programme, there may well be some word-of-mouth referrals onto SitW, which again would tend to follow sectoral lines.

For most employers engaged with SitW, however, their involvement is due to direct contacts with the provider – whether building on established relationships or through marketing and outreach work on the part of the provider – either acting alone, or through Network-wide/ DCELLS arrangements. There has been some sectoral targeting of this work, which might also explain some of the sectoral biases, but most of our interviewees suggested this was part of the picture only.

Information from Future Skills Wales and other sources raises other indications of why sectoral biases may arises in SitW by providing information about North Wales employer characteristics overall. The 2003 FSW survey data was, of course, collected before SitW had started (although SfB and SfE may have had an impact) but can be seen as indicating a number of interesting underlying characteristics of employers and training in North Wales.

In particular[3]:

- **Some sectors are more likely to train their staff than others:**
  - "*Approximately 50 per cent of establishments in the manufacturing, construction, transport and communications and banking, finance, insurance and other service sectors provided off-the-job training."*
  - *"Forty two per cent of distribution, hotels and restaurant establishments provided off-the-job-training."*
  - *"A fifth of agriculture, hunting, forestry and fishing establishments provided off-the-job training."*
- **Training delivery patterns differ across sectors**: for example "*in certain sectors, such as retail or catering… on-the-job training is more important* (than other sectors)"

- **Low-level occupations may receive particularly low levels of training:** "*Workers in higher-level occupations receive the bulk of investment training, perpetuating the skills divide. As in all Wales, over half (54 per cent) of establishments in North Wales providing off-the-job training, provided it for managers and senior officials.*

- **North Wales has broad-level characteristics which make it different from Wales as a whole**: *"In North Wales training provision for other occupations was generally much lower than the Welsh average, particularly amongst process, plant and machine operatives, personal service occupations, and elementary occupations".*

[3] Future Skills Wales 2003 Generic Skills Survey: North Wales Regional Report; March 2004

- **Some sectors seem to find it easer to meet their training needs than others**: "… *across Wales, those sectors having slightly more difficulty in finding appropriate training providers than the average were agriculture, hunting, forestry and fishing, manufacturing, public administration, education and health, energy and water and construction. Those sectors experiencing less difficulty were transport and communications, banking, finance, insurance and other services and distribution, hotels and restaurants".*

- **There may be greater pressures on some industries than others to up-skill staff,** because of uneven patterns of vacancies and skill gaps:

"Distribution, hotels and restaurants and public administration, education and health stood out as sectors most affected by vacancies and hard-to-fill vacancies. Furthermore, over half of all vacancies and hard-to-fill vacancies reported in Wales were in these two sectors… (although) it does reflect the size of these sectors in terms of overall employment.

The manufacturing sector reported the highest proportion of establishments with skill gaps in North Wales (24 per cent), while skill gaps were less prominent in banking, finance, insurance and other services establishments (15 per cent of establishments)".

ii) Providers

Interviews with providers stressed their readiness to work with all sectors – and, indeed, the links most of them have with one or other of the currently under-represented SitW sectors through other programmes (particularly Modern Apprenticeships). Key points which emerged included:

- **Location factors** (particularly potential trainees dispersed amongst several SMEs across the region) can make it difficult to form a viable training group: *"there might well be 30 or 40 people within 10 miles who could be interested: finding more than a handful at the same employer would be the challenge".*
- This may be compounded by **specialist requirements** within specific sectors (particularly manufacturing): "*Electronics for motor vehicles, say, doesn't have much in common with electronics in a food factory so getting enough interest for something generic might not be on*."

- It was also suggested that **existing training patterns** for some industries play a part: *"driver training, say, or training in financial services does happen, but mostly not through colleges. Where they do train (and there might not be much once somebody joins) the medium and larger businesses do a lot more in-house, and bring in specialists. The smaller people do in-house stuff maybe informally, and could also go straight to specialists".*
- Specific factors affect **construction,** which retains levy arrangements through CITB ConstructionSkills. As well as giving direct alternatives for funded training as a result of the levy, construction can also be a challenge for timetabled learning. "*They are prone to cancel if jobs run behind and the weather improves; they like a lot of on-site training, but people get pulled away if there's a problem. It's easier for us to work with MAs because of the structure. Older people needing updates, that can be a real challenge."*
- **Provider expertise** is, often by choice, focused in some sectors rather than others, and these specialisms clearly have an impact on take-up: "*we're trying to get ourselves accepted as a clear centre of excellence in … people do come to us because of it".* There is some evidence of providers referring-on learners to reflect these specialisms, although to a limited extent only at present.

iii) Key Informants

DCELLS staff tended to make similar points to those indicated by providers, essentially because of discussions directly relating to SitW through the Network and other channels allowing views to be shared and similar conclusions drawn.

Discussions with SSCs, Assembly Government staff without direct SitW contact, and a small number of others with a wider involvement in employee development (e.g. HRD Advisers), were complicated by a lack of understanding of the programme's key features in most (not quite all) cases.

Where we were able to get informed responses, three factors arose:

- Inherent challenges to making good use of SitW within specific sectors: several points followed those made by providers and employers *(" providers struggle to meet the construction sector's needs for highly flexible, often technical support, usually on-site"; "you can see its attractions for care – a lot of people in the industry, they* *need qualifications … in our industry there aren't a lot of people, at least not clustered together; they might need to be more proficient, but that's mainly an on-the-job thing"*)

- Alternative skills development options. This covered more directly in the thematic report addressing 'confusion in the marketplace,' but established links with, say, Modern Apprenticeships were seen as more established (and, perhaps, more appropriate) in some sectors than others ("*it's become the norm to send people down the MA*[4] *route. Maybe their needs could have been met in other ways, but links have built up, it fits in operationally now* …").
- Although recent attempts to develop links with some intermediaries are notable (e.g. with HRD Advisers in the summer of 2007) but still have a long way to go. In the 'confusion in the marketplace' thematic report we quoted the concerns of one key informant: "(my sector) *was allocated an HRD Adviser a couple of months ago. All attempts to get a meeting have failed. I can't say it fills me with confidence. When I'm talking to employers I don't know enough about SitW to sell it. It probably means people only hear about it accidentally."*

4. Conclusions

In Section 1 we raised a number of hypotheses, which now structure our conclusions.

i) Needs: *Might SitW training 'products' – including subjects, levels, methods, venues, etc – be more suited to the needs of some sectors than others?*

This emerges as an important factor. Although SitW's inherent flexibility offers the prospect of responding to a very wide range of needs, it seems to be "*no accident*" that its main strengths have been seen in particular sectors. A number of sectors do not train particularly actively (see FSW) – but do not currently have to do more than they are doing now to meet legislative requirements or business pressures (transportation, say – unlike care with its requirements for qualifications). Even in some of the sectors where training levels are higher (e.g. financial services) in-house training or specialist provision tends to be the norm. In other sectors, different training or assessment routes are in place (e.g. OSAT[5] in construction) which are seen as more suited to industry needs. Some of the points made in the 'confusion in the marketplace' report are worth noting, particularly how providers tend to offer 'single option' solutions to

[4] Modern Apprenticeship
[5] On-Site Assessment and Training

employers, rather than a full range, which may not always support higher levels of SitW adoption.

ii) **Industrial sector characteristics**: *some sectors are clearly under-represented in North Wales; others are dispersed widely across the region: some are growing or shrinking by comparison with others. May all of this make it difficult to justify training without a suitable 'critical mass' to meet providers' reasonable commercial requirements?*

This emerges as an important factor for some sectors. Some sectors are strikingly under-represented in North Wales (e.g. banking and insurance – see location quotients in table 1) or dispersed across a wide range of employers likely to have somewhat different requirements (manufacturing, say, as opposed to care where employers' requirements have many common factors). The difficulties in attracting the 'critical mass' of trainees needed to make course provision viable clearly does influence providers' thinking about potential SitW 'products'.

iii) **Suppliers**: *are their links better with some sectors than others? Do they prefer to work in some sectors only? How good is their reputation in specific sectors?*

This clearly has some impact, but probably arising as a consequence of i) ii) and iv) rather than driving particular SitW performance characteristics itself. Clearly Network providers do have established links to draw on – and do so for a significant proportion of the SitW training they provide – but as the main evaluation report points out, they have now established substantial outreach/ marketing capabilities which are capable of developing links with more or less any sector.

iv) **Intermediaries** *(SSCs, HRD Advisers, etc): do they promote SitW in some sectors more than others?*

This emerges as a factor of limited importance so far. Poor appreciation of SitW by intermediaries is clearly a concern and efforts to change this have been of limited success so far. How much this has affected variable sectoral take-up is les clear: most employer contacts have arisen through provider links rather than through intermediaries. What can be said is that efforts to change the sectoral balance of SitW provision through better engagement with specialist intermediaries have yet to bear significant fruit.

v) **Market Failure***: might better promotion, brokering or other means of bringing together employers and SitW providers change patterns of sectoral take-up?*

This emerges as a factor of limited importance. Information about SitW opportunities is being provided through the promotional work of Network members (individually and collectively), sometimes with support from DCELLS, and particularly through providers' own outreach work. Brokering opportunities (particularly through SSCs and HRD Advisers) have not been exploited, but it does seem that the issues raised under i)-iii) above are more important in explaining varied SitW take-up.

5. Summary

Table 2 summarises the picture this study reveals about SitW and the various sectors within the North Wales economy. The data on the sectoral employment patterns and distribution of SitW trainees in the first 2 columns comes from Table 1, and the ratio between them (third column) is taken as giving a broad indication of SitW's relative strengths in attracting trainees from particular sectors: a figure greater than 1, in particular, denotes a sector where SitW activity has been greater than would have been predicted on the basis of underlying employment patterns.

Inevitably there are a number of points to note: definitions of sectors are not quite the same across the 2 main datasets used, and they refer to periods about 4 years apart, during which some degree of change will inevitably have occurred. However the main patterns demonstrated do seem to be consistent with other sources of information (notably the interview programmes) – and we summarise why particular patterns are thought to have arisen in the final column in the table.

Table 2: SitW and Sectors Within the North Wales Economy

	Sectoral Share of Employment - 2003[6]	Sectoral Distribution of SitW Trainees[7]	Ratio - SitW Trainees: Employment Share[8]	Comments
	%	%		
Agriculture	3.4	4.7	**1.4**	Relatively small sector but strong SitW performance. Specialist expertise of WCH notable.
Mining and Quarrying	*	*		
Manufacturing	18.2	14.9	0.8	Large sector in North Wales; numerically an important sector for SitW, but below the levels indicated by employment share. Varied needs within the sector, and dispersed locations play a part in making it difficult to develop a 'critical mass' for some training.
Energy and Water	0.9	0.7	0.8	Small sector, SitW involvement close to that predicted by employment share.
Construction	7.0	3.4	0.5	Specific factors apply to construction, including alternative training routes via CITB ConstructionSkills. Requirements can be specialised and may need to be integrated with site work in ways training providers do not find convenient.
Wholesale and Retail	17.9	1.6	0.1	A large sector which does not train particularly actively anyway (source: FSW). Some concerns that multiples arrange their own training, small shops cannot afford the costs / time to train.
Hotels and Restaurants	7.3	11.0	**1.5**	A major SitW success, linked to business pressures for better customer service, health & safety, hygiene certification, etc.
Transport and Communications	3.7	1.3	0.4	Another sector where training is not given particularly high attention. Most staff (particularly drivers) recruited ready-trained.
Banking and Insurance	1.3	0.9	0.7	Small sectors, low levels of representation in North Wales.
Other Business Services	7.8	0.6	0.1	
Education	8.2	2.8	0.3	Definitional issues lie behind disproportionately low SitW performance - public sector workers not eligible.
Health	12.7	32.7	**2.6**	Extremely strong sector for SitW - care homes in particular have found great value in the programme, helping them meet targets for qualifying and upskilling staff.
Other	6.1	25.3	4.1	Very varied picture: seems to summarise providers' skills in meeting specific, maybe specialised needs.
Total	100.0	100.0		

* less than 0.5%

[6] Source: FSW (see table 1)
[7] Source: DCELLS (see table 2)
[8] Note: Figures over 1 show relatively strong SitW representation; figures below 1 show SitW is under-represented in that sector.