

National Audit Office

Improving Skills for Employers

Contents

Introduction

Methodology

Profile of respondents

Employers as customers

Employers as influencers

Principles underpinning Government policy on skills and training

Introduction

PwC was commissioned by the National Audit Office in January 2005 to assist its research into *Improving Skills for Employers*.

Members of PwC's market research team, the International Survey Unit, undertook desk research, depth interviews with key stakeholders (including employer organisations) and a telephone survey of 500 employers in support of this project.

These slides present the key findings from the survey in graphical format, supplemented with direct quotes from employers where appropriate.

Methodology

- Telephone survey of 500 employers in England, undertaken from PwC's in-house Computer-Assisted Telephone Interviewing (CATI) suite.
- The questionnaire was developed in conjunction with the NAO and informed by our desk research and depth interviews.
- The main part of the questionnaire was targeted at those employers who provide external training (n=363) – profile data were also gathered on those who provide no training or internal training only.
- The sample was drawn from propriety databases and designed to be representative by size and sector (manufacturing, services, wholesale and retail, and other).

Methodology cont...

- Respondents were responsible for training in their organisation either in a human resources/training capacity or as a managing director etc.
- Eight responses were received electronically and/or in hard copy.
- The fieldwork was undertaken in April 2005.
- Please note that some of the percentages may not sum to 100% due to rounding.

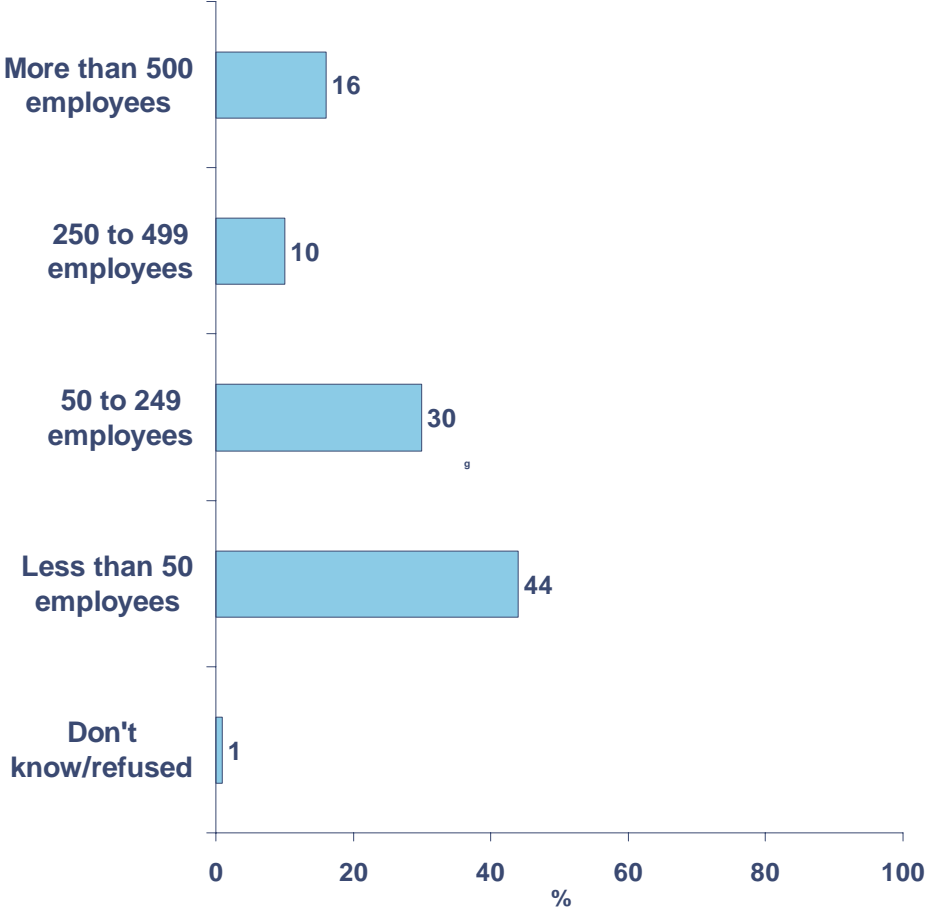
Employers : profile of respondents

Size

Sector

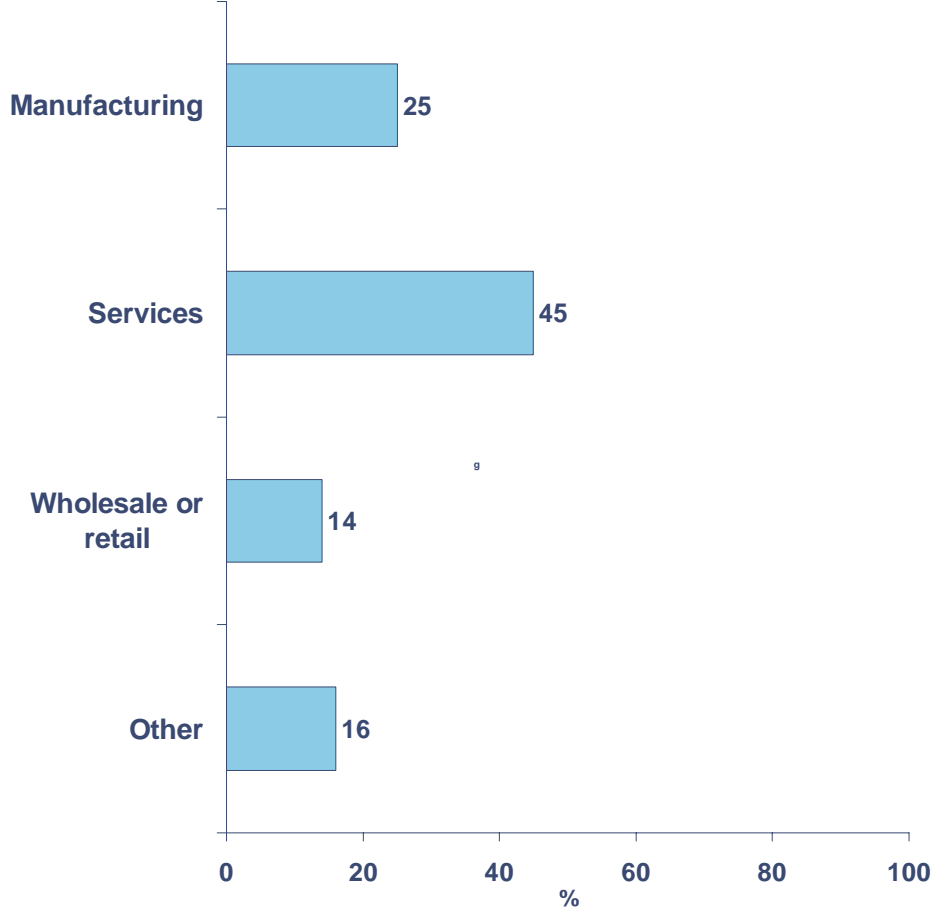
Geographic coverage

How many employees are there in your organisation?



Base: 508

To which sector does your organisation belong?



Base: 508

In which Government region is your headquarters based?



Employers as customers

Provision of training

Training providers used

Satisfaction with training

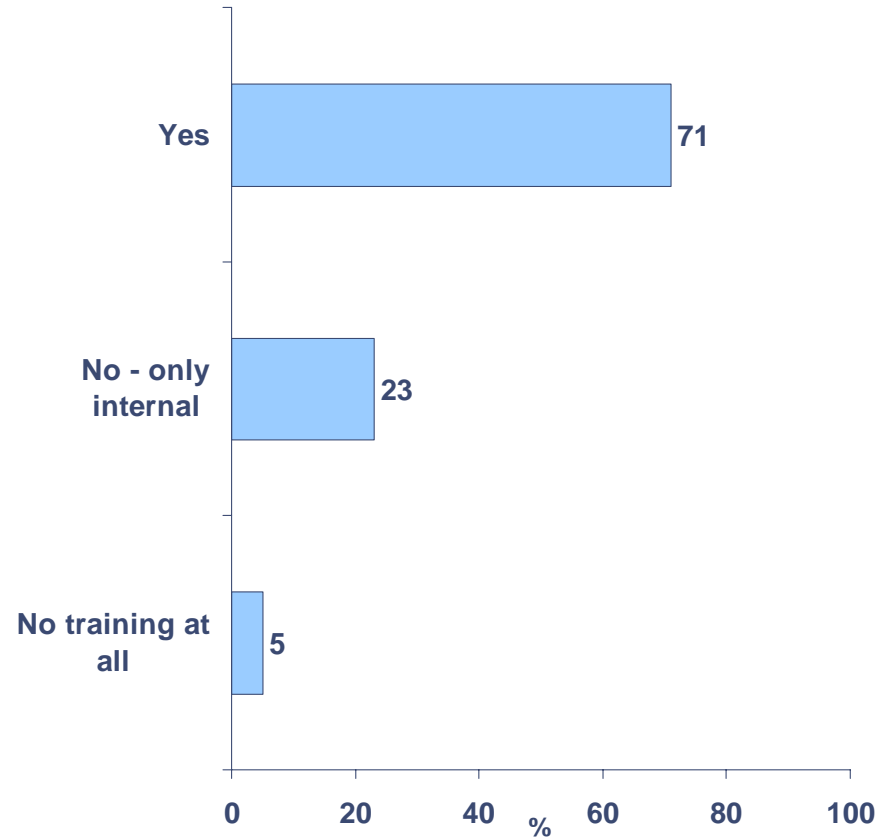
Areas where training is not meeting employers' needs

Information, advice and guidance

Employers as customers of specific organisations

Provision of training

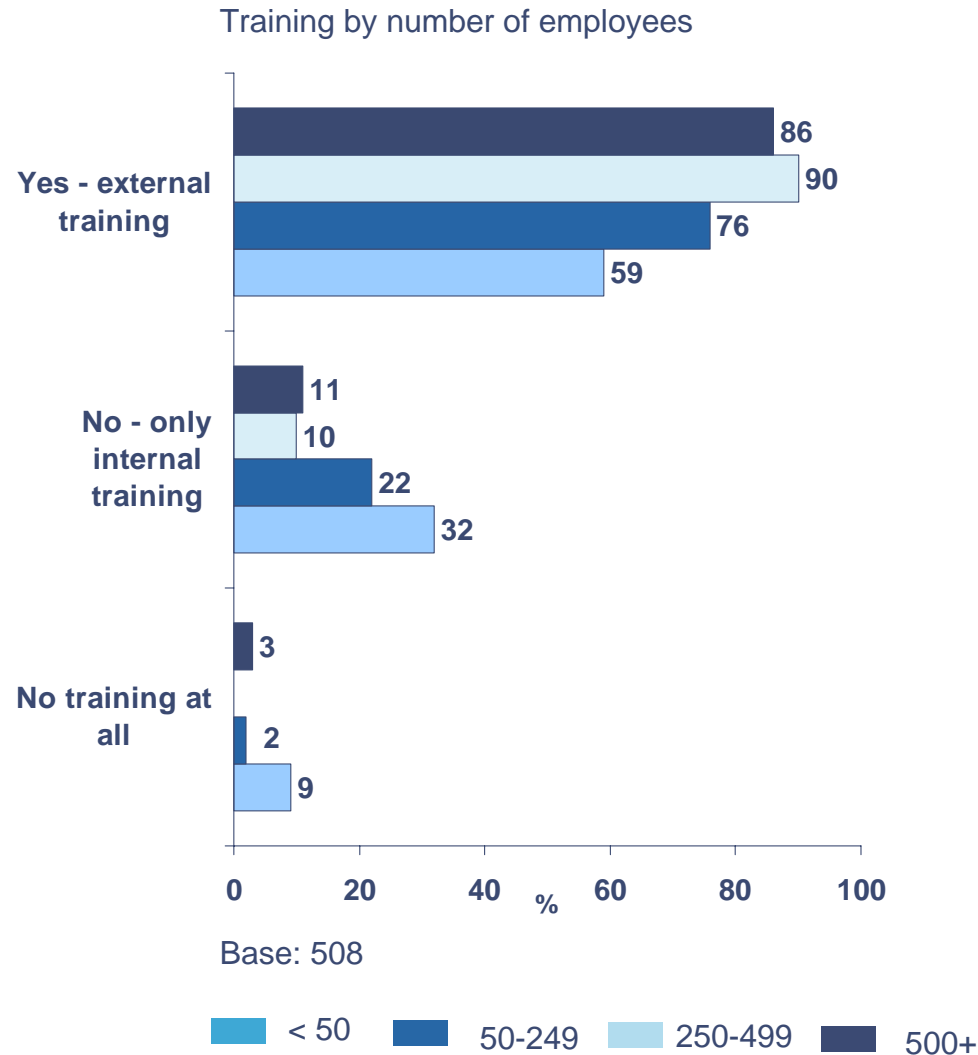
Do you provide any **external** training for your employees?



Base: 508

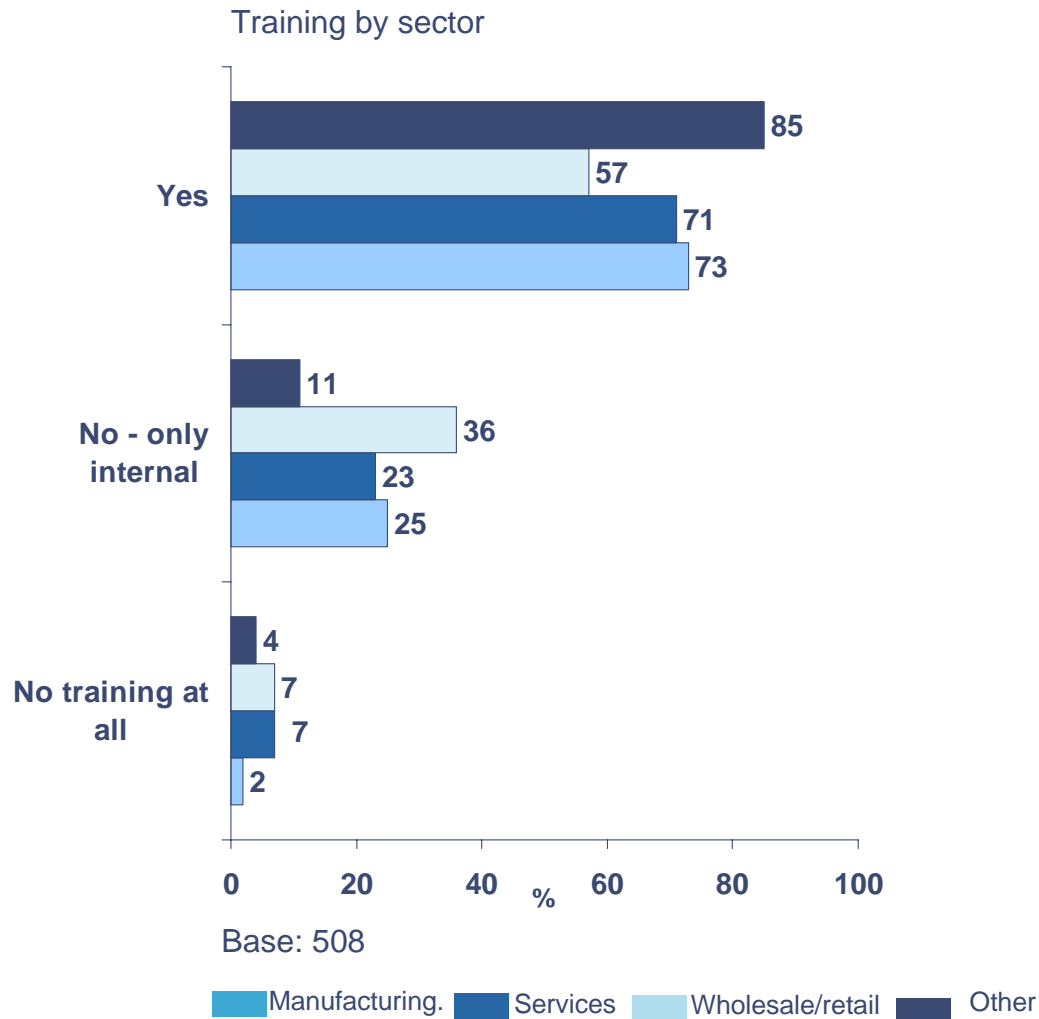
Provision of training

Do you provide any **external** training for your employees (by size of company)?



Provision of training

Do you provide any **external** training for your employees (by sector)?



Provision of training

- As may be expected, smaller companies (i.e. those with less than 50 employees) are slightly less likely to provide training, and significantly more likely to provide only internal training than larger companies.
- The wholesale and retail sector was the sector least likely to provide external training with 43% providing no training outside the business compared to 27% in manufacturing and 30% in service industries.

- The highest level of “no training at all” was in the North East of England (10%).*
- The highest level of external training was reported by companies with headquarters in Yorkshire & Humber and the East of England (86%)
- The lowest level of external training reported was by companies based in the South West (60%).

* Caution should be taken in the interpretation of some of the regional analysis due to relatively low bases in some cases

Provision of training

Why do you not provide any external training?

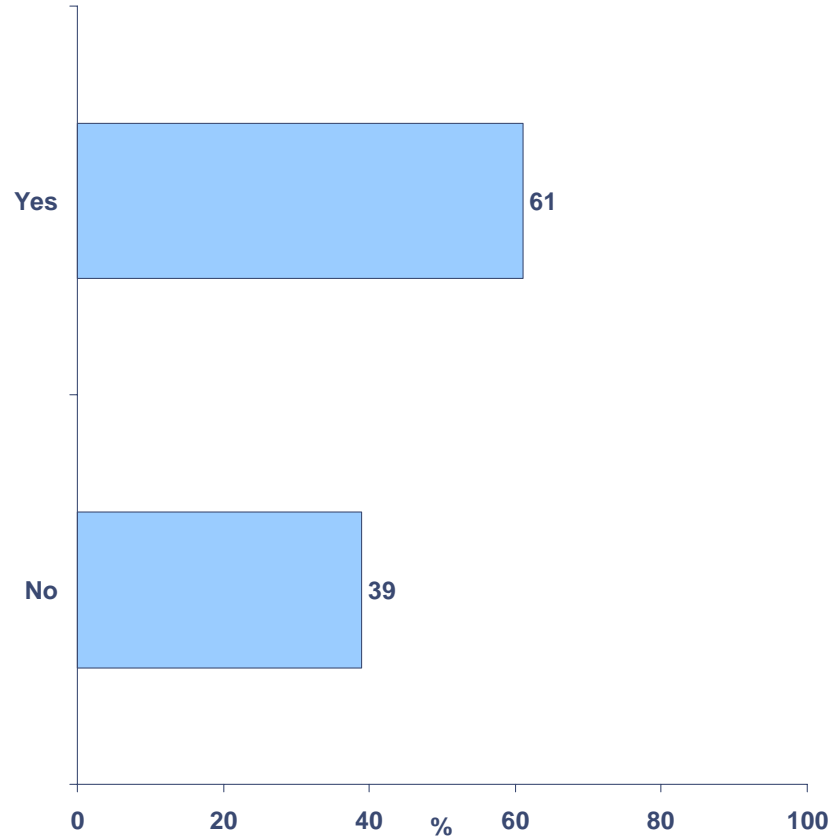
Reasons for not providing external training



Base: 145 - those that do not provide external training

Provision of training

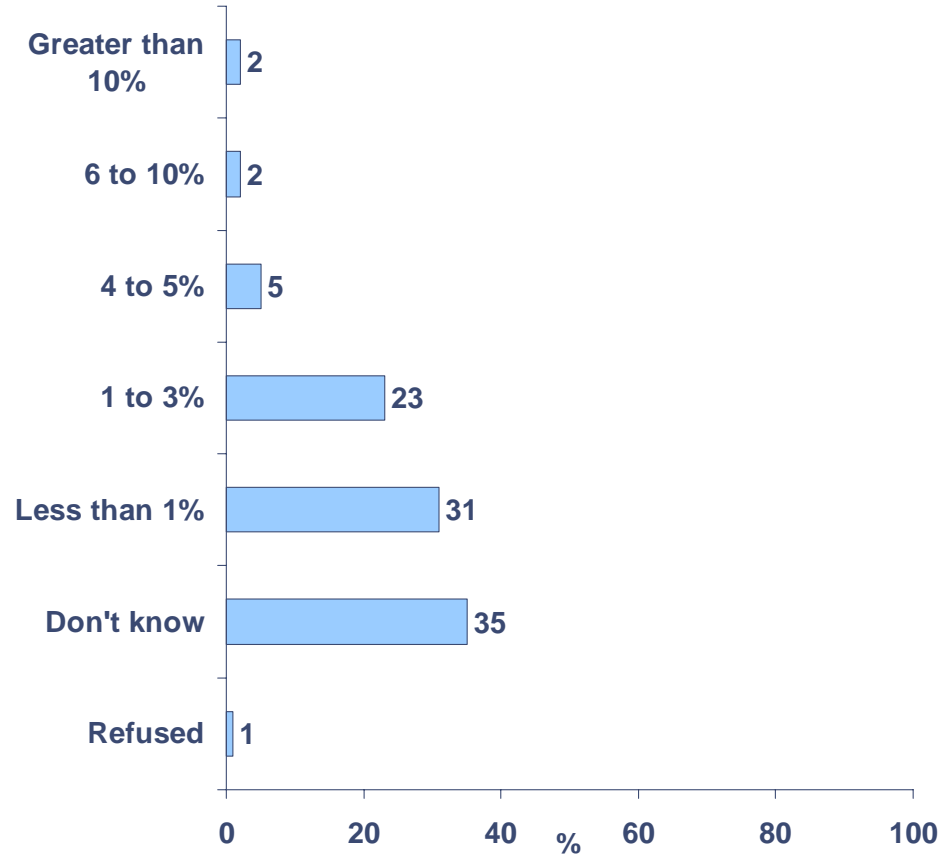
Do you have a dedicated member of staff or department for training within your organisation?



Base: 363

Provision of training

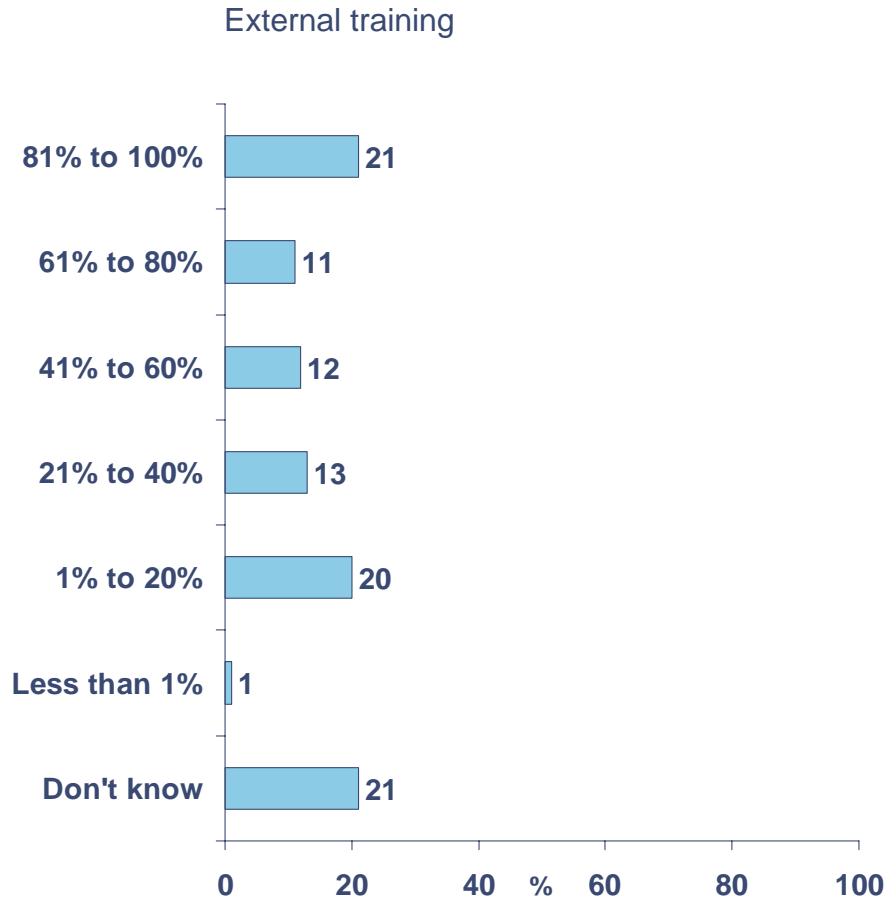
What percentage of your turnover is allocated to training?



Base: 363

Provision of training

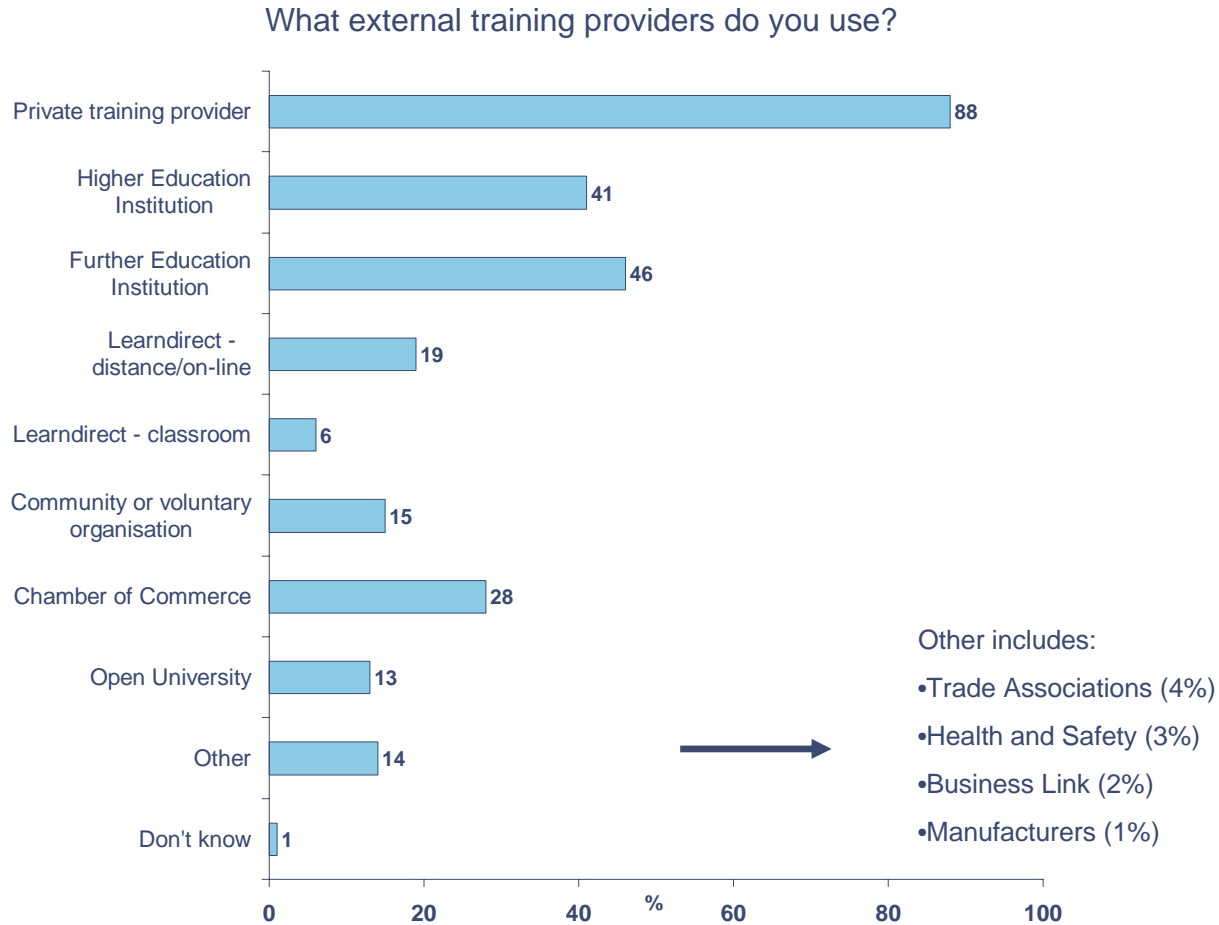
In the last 12 months, what proportion (in man days) of the off-the-job training that you provided was external?



Base: 363

Training providers used

External training organisations used



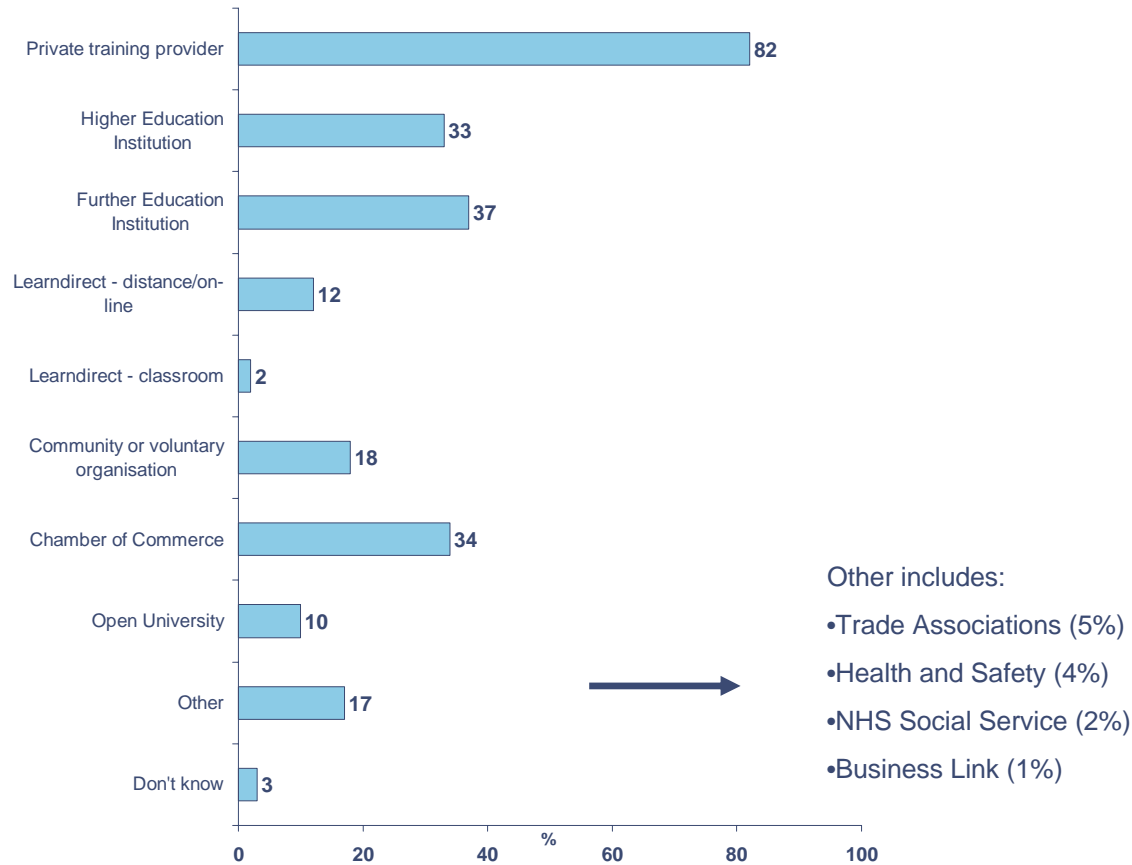
Base: 363

NB. This is a multi-response question. Percentages will therefore sum to greater than 100%. 19

Training providers used

External training organisations used

What external training providers do you use (businesses with less than 50 employees)?

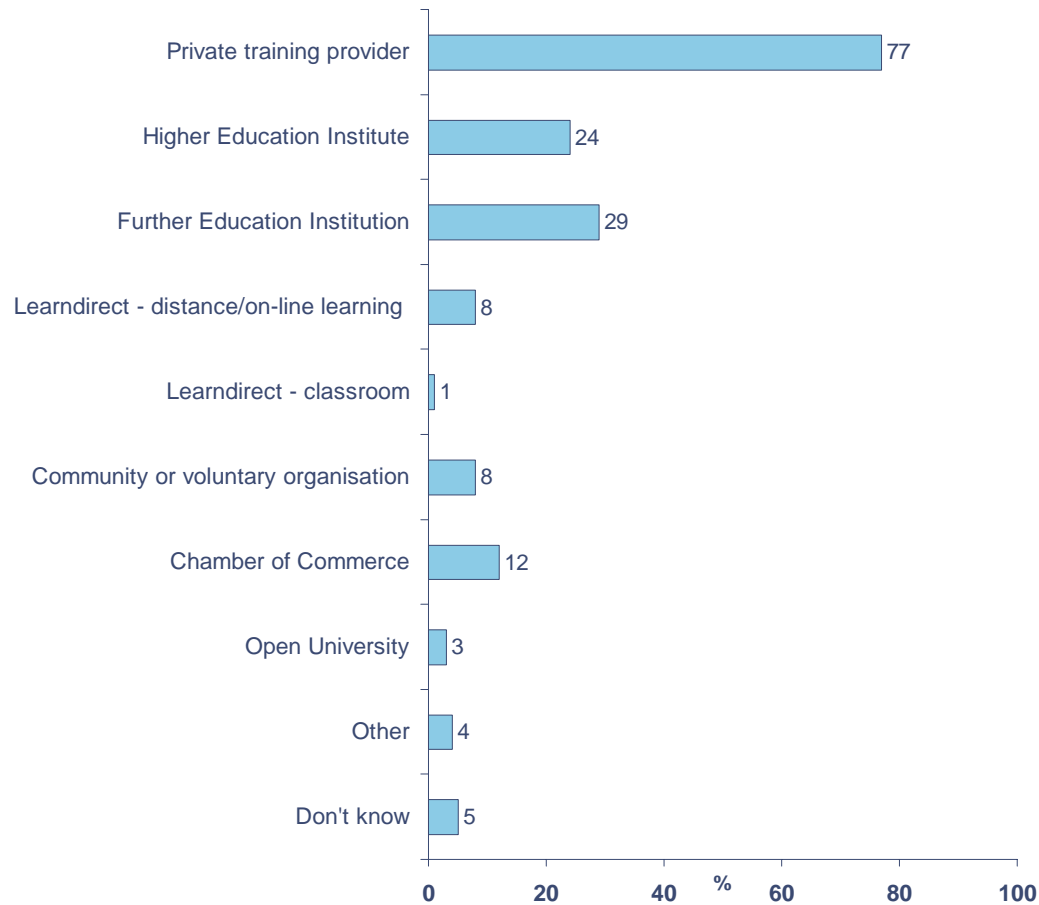


Base: 363

NB. This is a multi-response question. Percentages will therefore sum to greater than 100%. 20

Preferred external training organisations

What external training providers do you prefer to use (all)?



Base: 363

NB. This is a multi-response question. Percentages will therefore sum to greater than 100%.

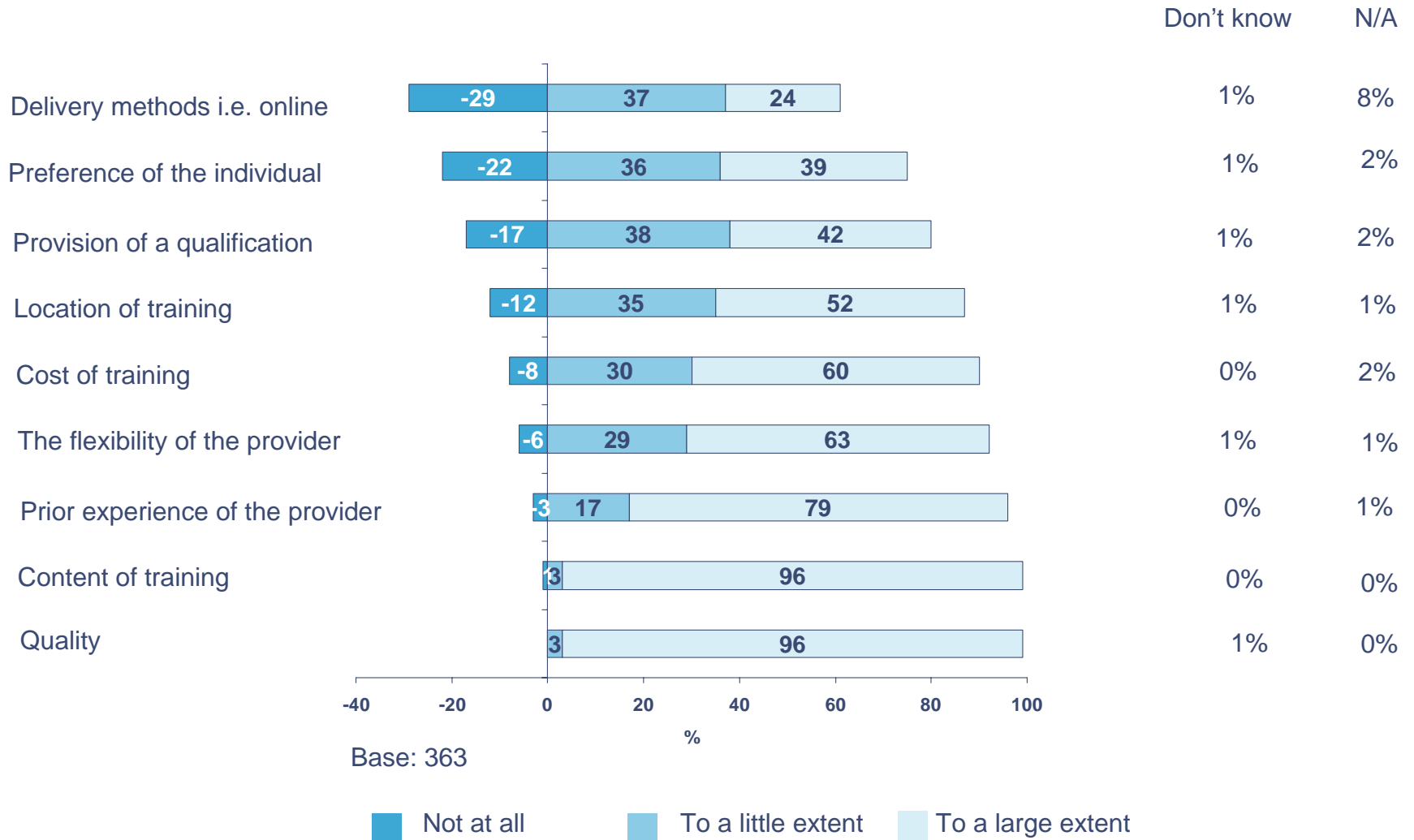
Training providers used

Training providers used

- The vast majority of respondents to our survey use private training providers
- The larger the company the more they tend to use private training providers (94% of companies with more than 500 employees use private providers compared to 82% of companies with less than 50 employees).
- Employers with more than 50 employees were more likely to use FECs than those with less than 50.
- Indeed, while significant proportions of SMEs used HEIs and FECs, they were less likely to do so than larger organisations.
- Conversely, smaller employers were slightly more likely to use Chambers of Commerce.
- Smaller employers were also less likely to use learndirect for distance or on-line learning (12% compared to 19% overall and 21% for organisations with more than 500 employees), despite the flexibility offered by this method.

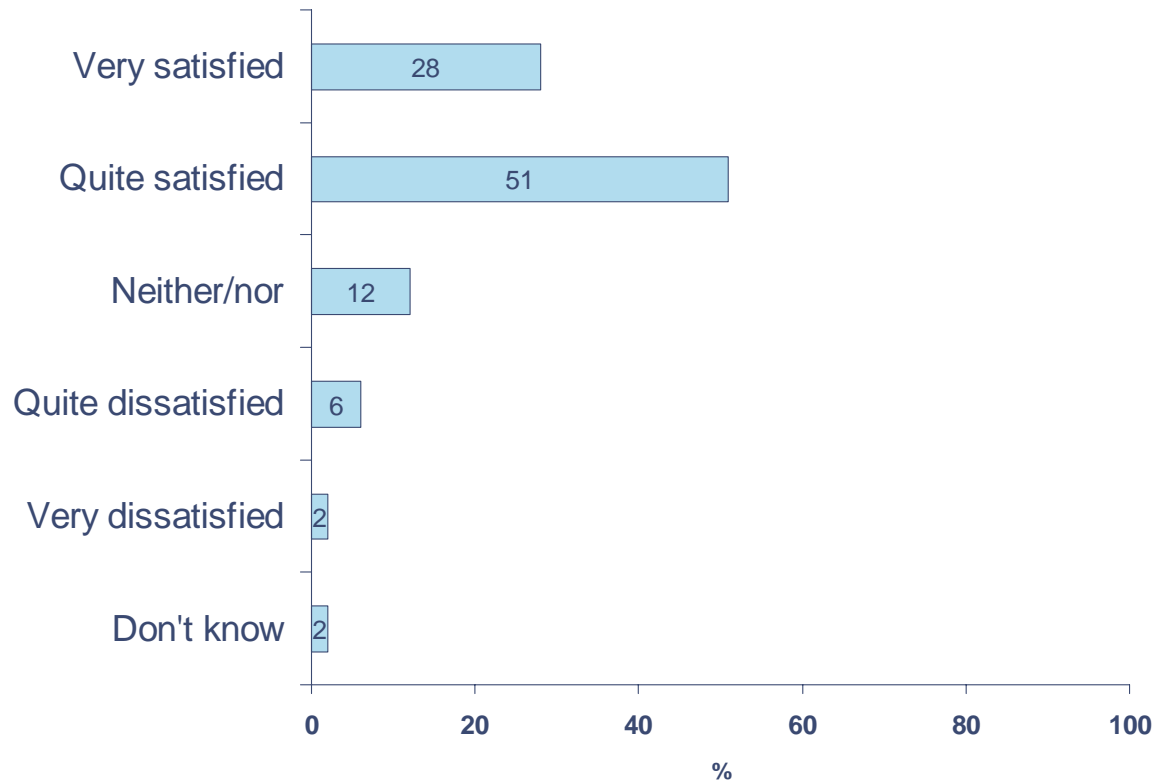
Training providers used

To what extent do each of the following influence your organisation's choice of external training provided?



Satisfaction with training

Based on your experience to date, how satisfied are you with the quality of service provided by the training industry for your sector?

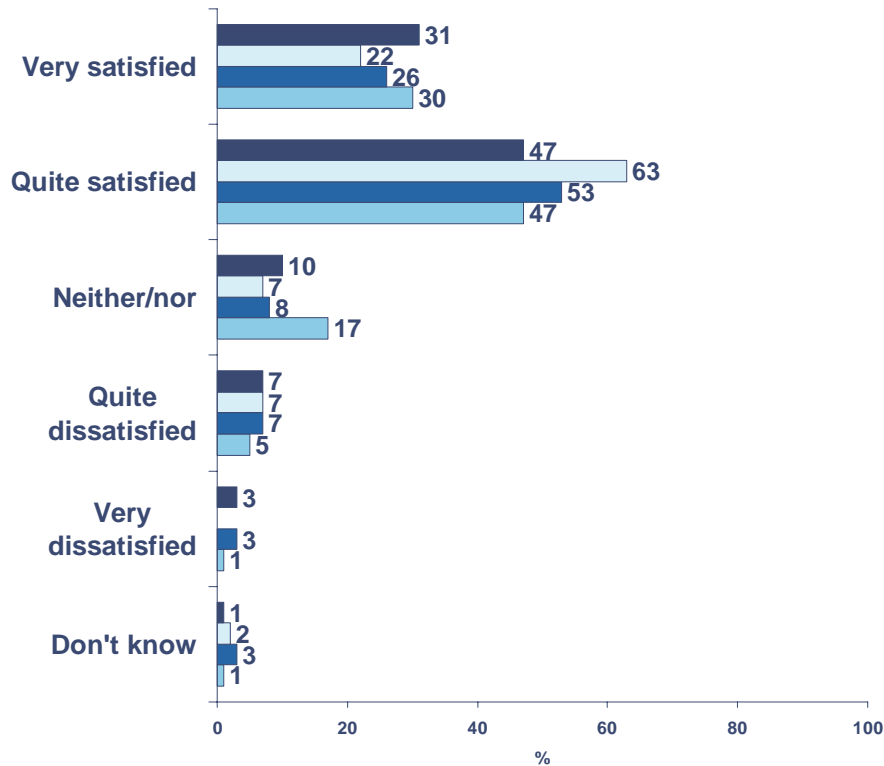


Base: 363

Satisfaction with training

Based on your experience to date, how satisfied are you with the quality of service provided by the training industry for your size/sector?

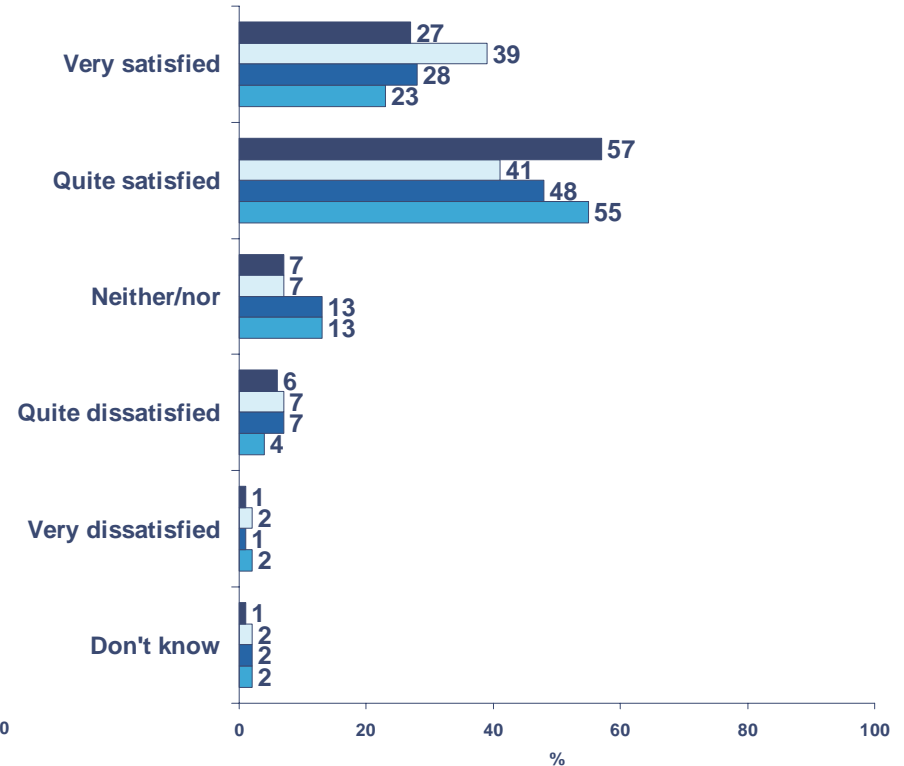
By size of employer



Base: 363

■ < 50
 ■ 50-249
 ■ 249-500
 ■ 500+

By sector of employer



Base: 363

■ Manufacturing
 ■ Services
 ■ Wholesale/retail
 ■ Other

Training provider selection and satisfaction

- The majority of employers who use private training providers prefer to use this type of provider (87%) compared to 62% of employers using FECs who prefer FE provision.
- Whilst this demonstrates that the majority of employers who use FECs prefer this mode of provision, it suggests that some use FE providers in the absence of an alternative provider.
- The overriding factors that influence choice of provider are: content; prior experience of the provider; and quality.
- Delivery methods, provision of qualifications; and preference of the individual were less likely to influence choice of training provider.
- There is a high level of satisfaction with the training industry in general with 79% of respondents satisfied or very satisfied.
- There is no real difference in satisfaction levels by size of employer or by sector.

Satisfaction with training

Are there any particular areas where training provision is not currently meeting your business needs?

- Perceptions of the further education sector amongst some employers

Selected quotes from employers

“The problem is that with the colleges involved in our apprentice scheme, when the guys turn up there is no tutor and the content is not always what is expected.”

“Lecturers in FE colleges are not always good quality.”

“We have created our own department to meet our needs as the colleges can’t provide and don’t have the facilities to provide all the practical training we need.”

- Cost of training provision

“Medium range price point across the board. Currently you can get cheap training or expensive training nothing in between.....”

“Providers take advantage because they are the only ones offering the service and overcharge.”

Well I would like staff to have more - how one practically does that is cost prohibitive.

Areas where training is not meeting employers' needs

Are there any particular areas where training provision is not currently meeting your business needs?

- Lack of industry specific training

Selected quotes from employers

We require very industry specific training - there are no courses for type of electrical engineering we require - mainly for technical staff. It's a specific market - it's a big market but it's poorly served. It mainly effects young people leaving school looking to get qualification for this industry."

"We have to write our training and training is not provided widely for our sector."

- Structure/lack of management and leadership training

"Pulling people out of production and getting them on the first management step needs improvement. It's discouraging for them."

- A perceived lack of flexibility/availability.

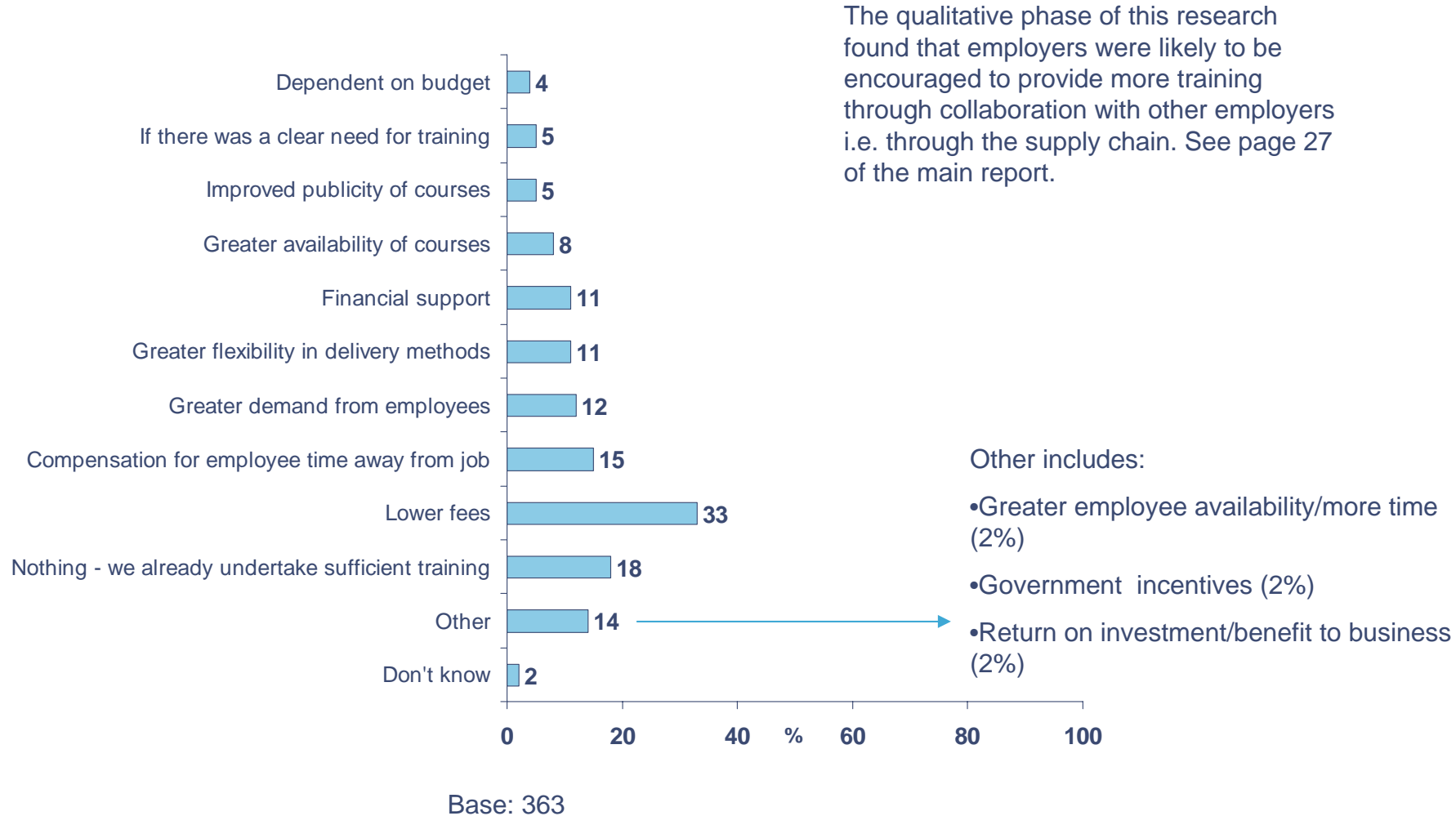
"Flexibility and training up to date and current in regards to content."

"Almost no one provides basic skills."

"Sometimes not possible to send staff on training because of required staffing ratios, especially when staff call in sick and staff can't go on their courses."

Areas where training is not meeting employers' needs

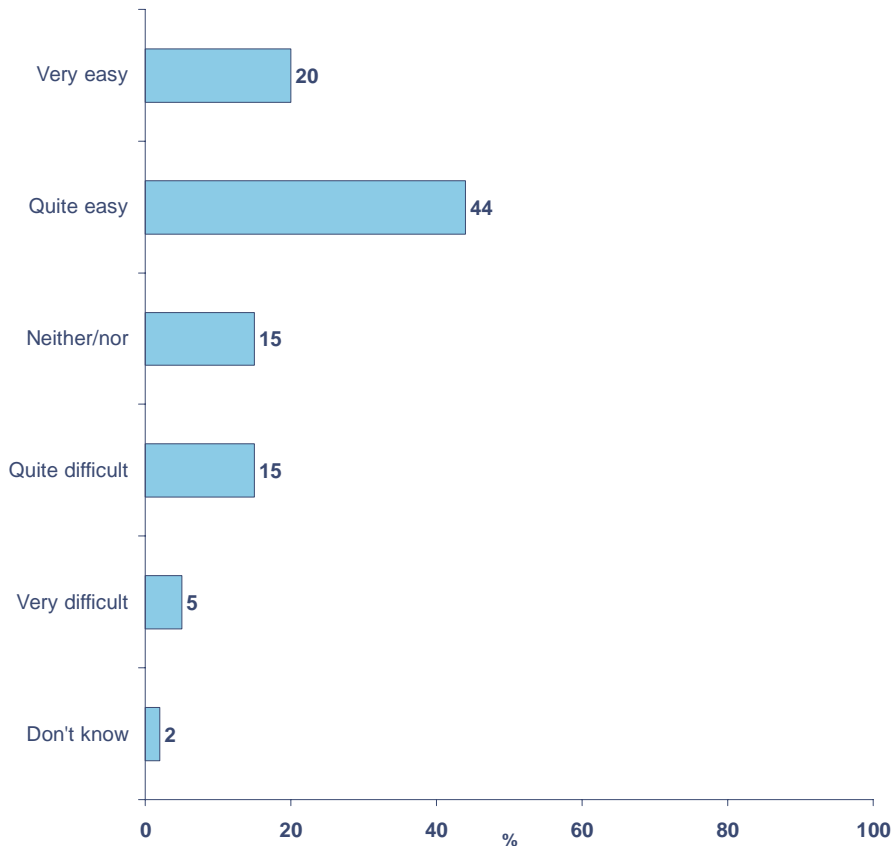
What would encourage you to provide more employee training?



NB. This is a multi-response question. Percentages will therefore sum to greater than 100%.

Information, advice and guidance

In your opinion, how easy or difficult is it to identify a suitable source of external training for your employees?



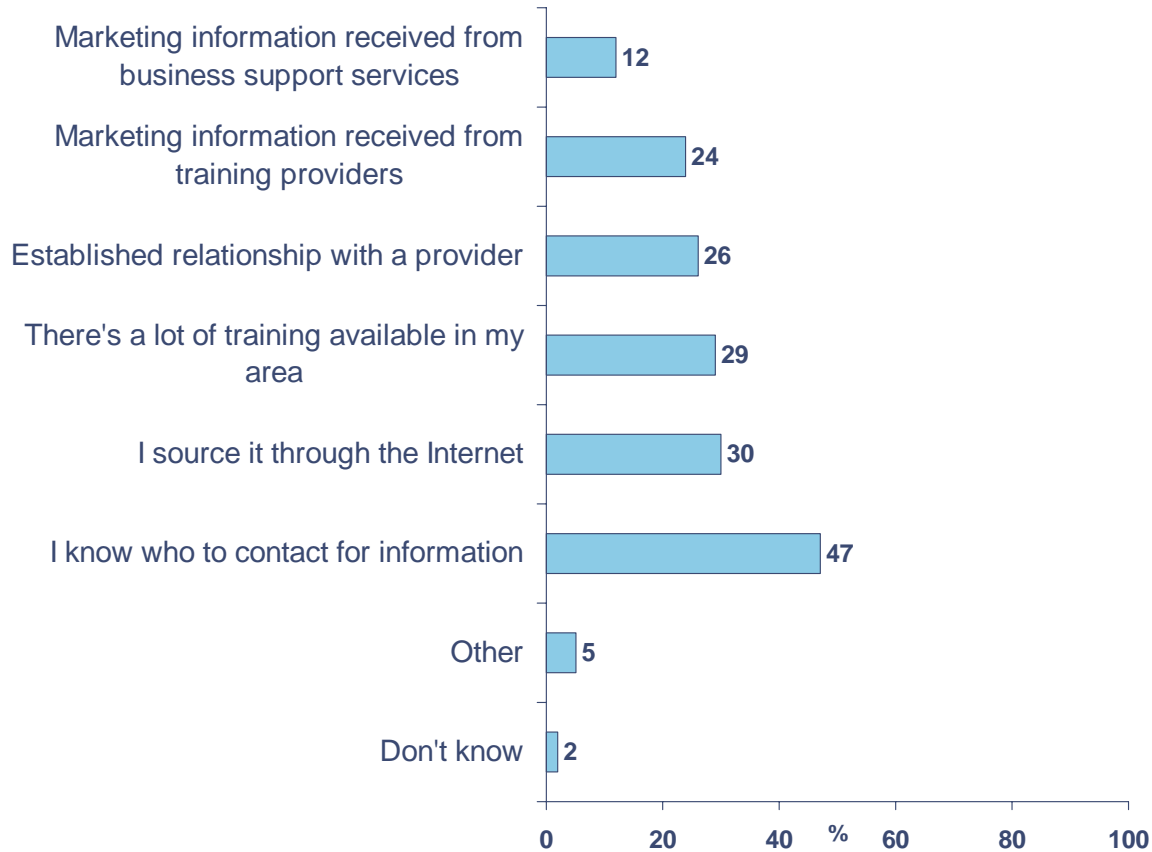
Base: 363

- Almost two-thirds of respondents thought that it was easy to source training, however a significant number (20%) thought that it was difficult.
- There was no real difference by size in ease of identifying sources of training.
- The wholesale/retail sector found it slightly more difficult (24% compared to 17% in manufacturing and 18% in services).
- Companies in the West reported the most difficulty sourcing training however given the low number of responses from this area (n=28) care should be taken in considering this figure.

NB The qualitative phase of this research found that employers were confused by the amount of advice and guidance available. See page 21 of the main report for further details.

Information, advice and guidance

For what reason do you find it easy?



Base: 230 – those who found it easy to source suitable training

NB. This is a multi-response question. Percentages will therefore sum to greater than 100%.

Information, advice and guidance

For what reason do you find it difficult?

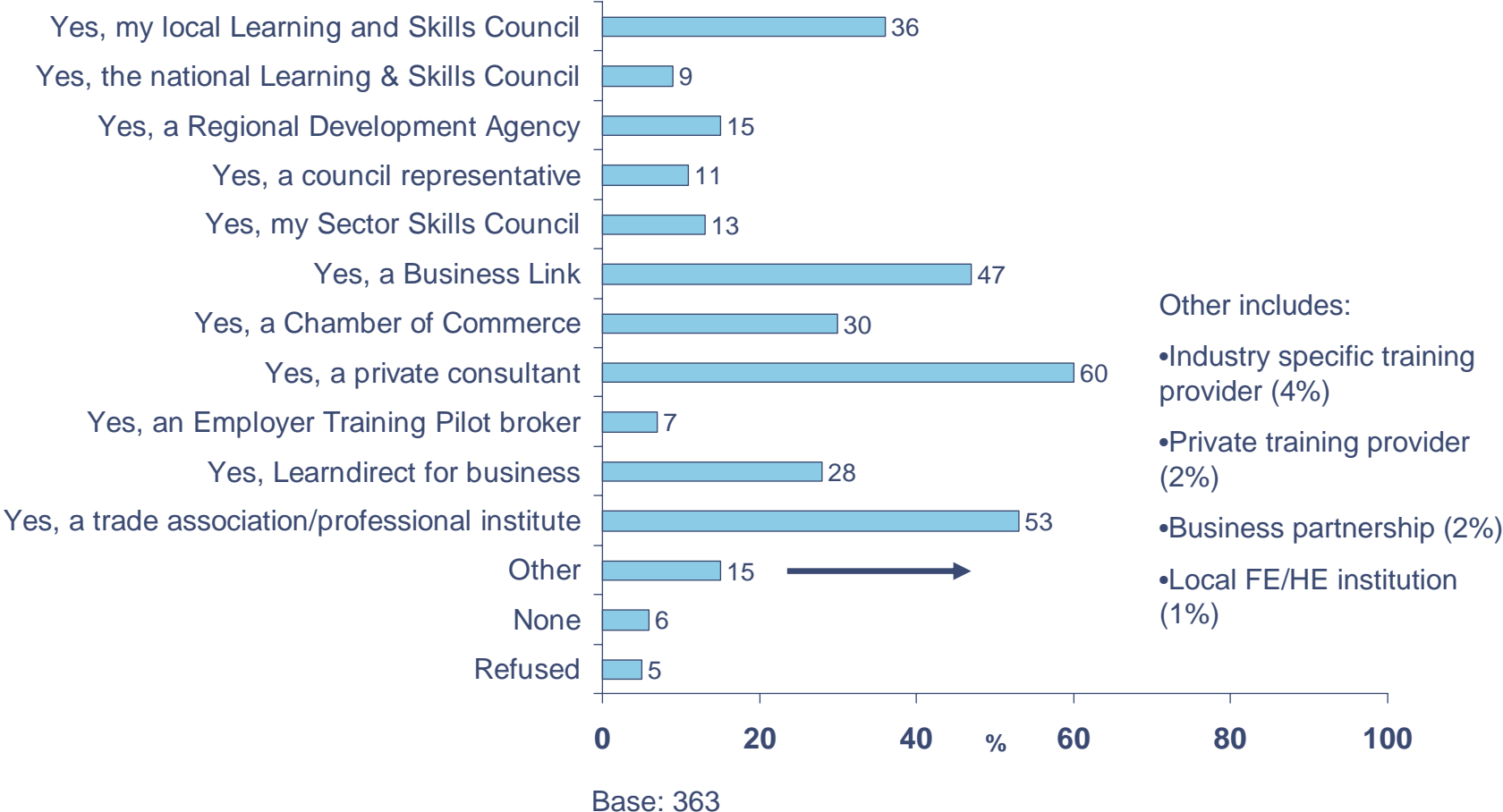


Base: 71 - those who found it difficult to source suitable training

NB. This is a multi-response question. Percentages will therefore sum to greater than 100%.

Information, advice and guidance

In the last 12 months, have you received any advice/assistance regarding training from an external organisation?



NB. This is a multi-response question. Percentages will therefore sum to greater than 100%. 33

Information, advice and guidance

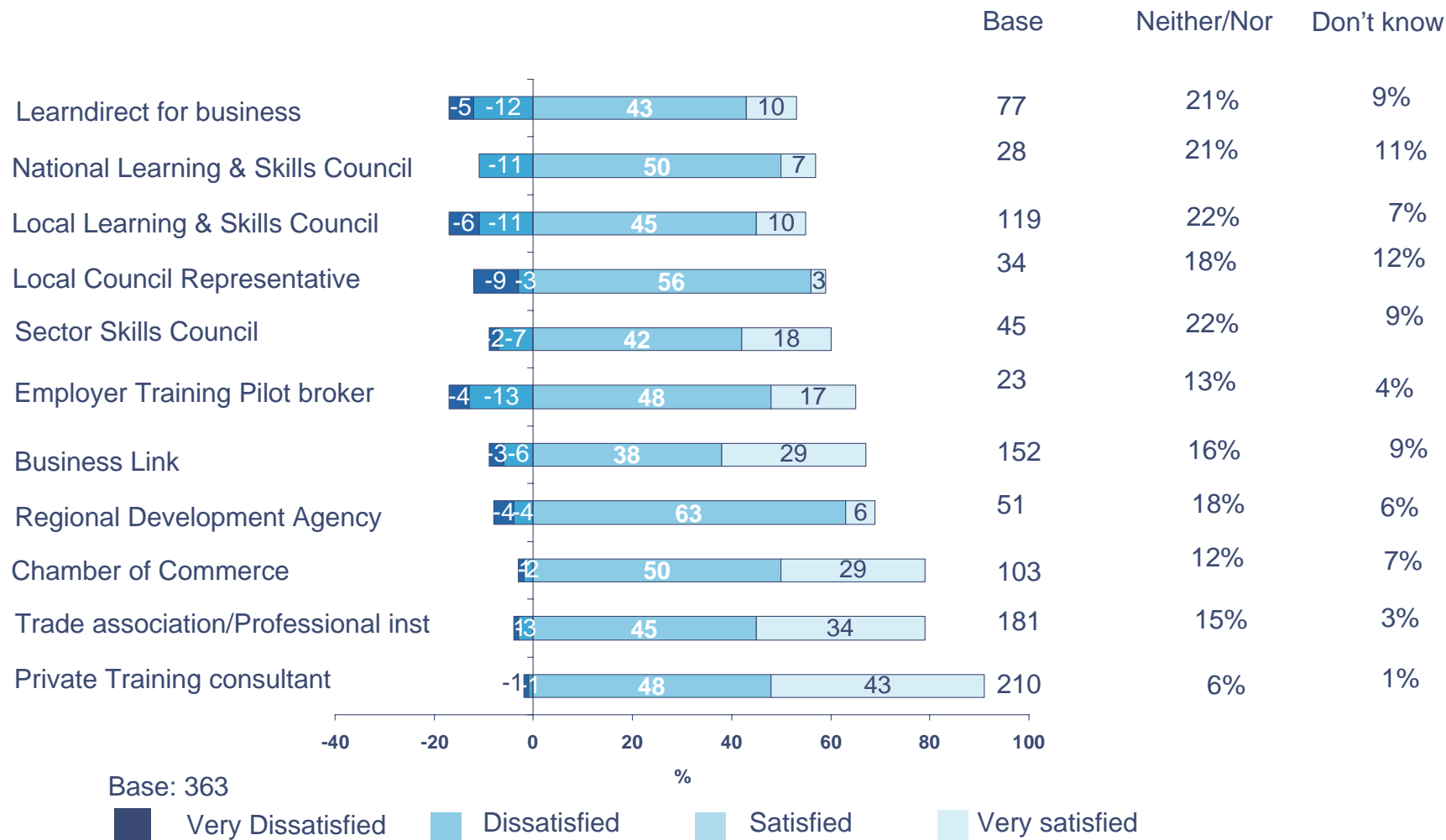
In the last 12 months, did you make first contact with any of these organisations?



Base: 323

Information, advice and guidance

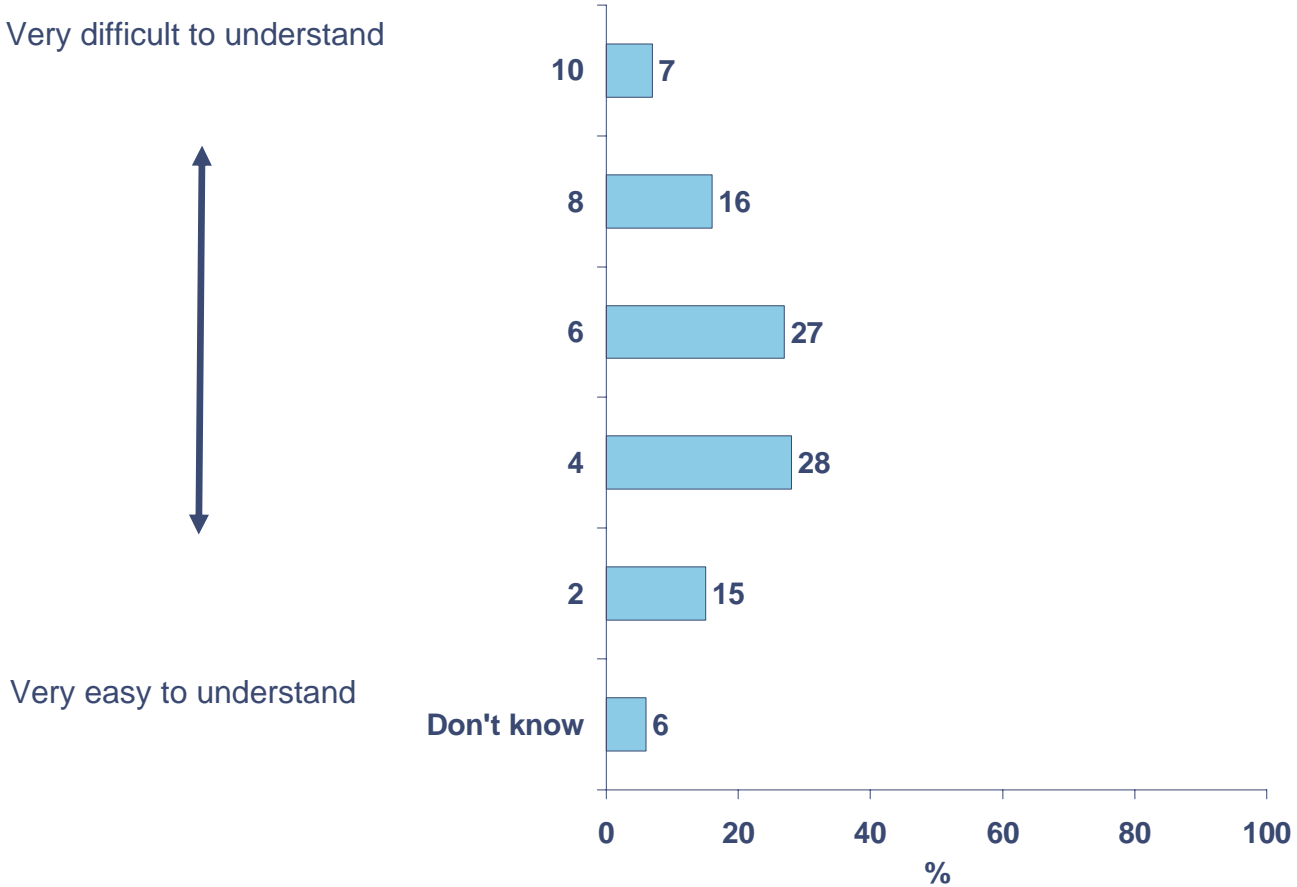
To what extent are you satisfied or dissatisfied with the service provided by this/these organisations?



NB: The percentage of respondents who stated "not applicable" ranged from 8% to 24%

Information, advice and guidance

To what extent would you say that the overall system of advice and guidance is easy to understand?



Base: 363

Employers as influencers

Involvement as influencers in training provision

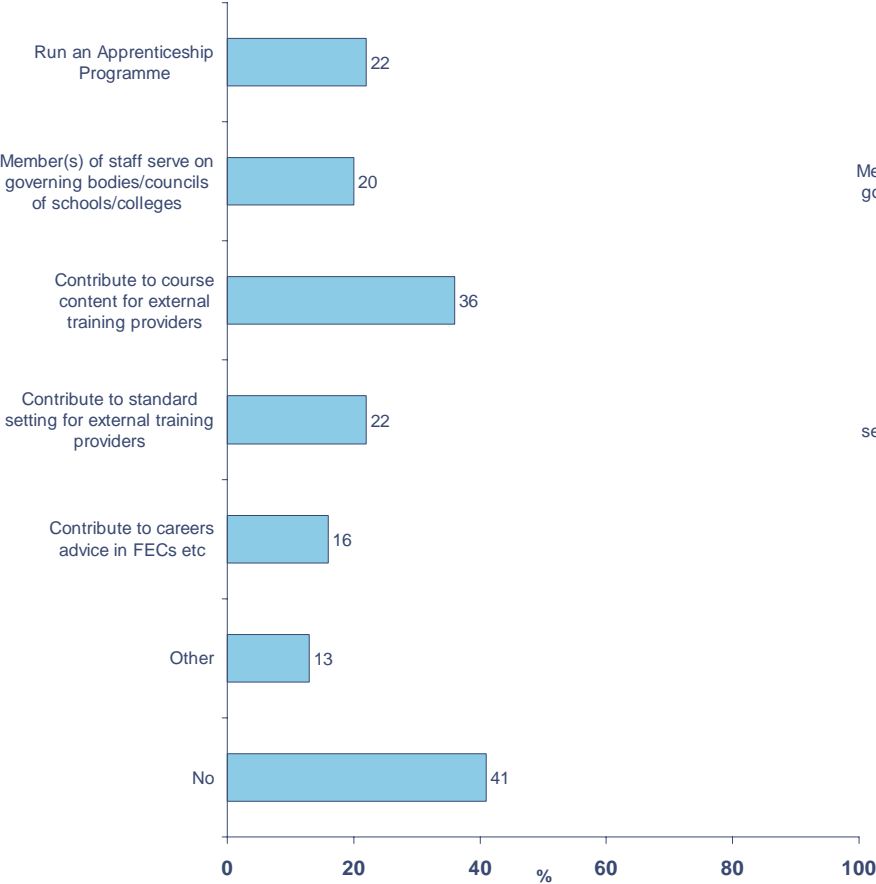
Involvement as influencers in skills and training policy

Barriers to involvement as influencers

Employers as influencers

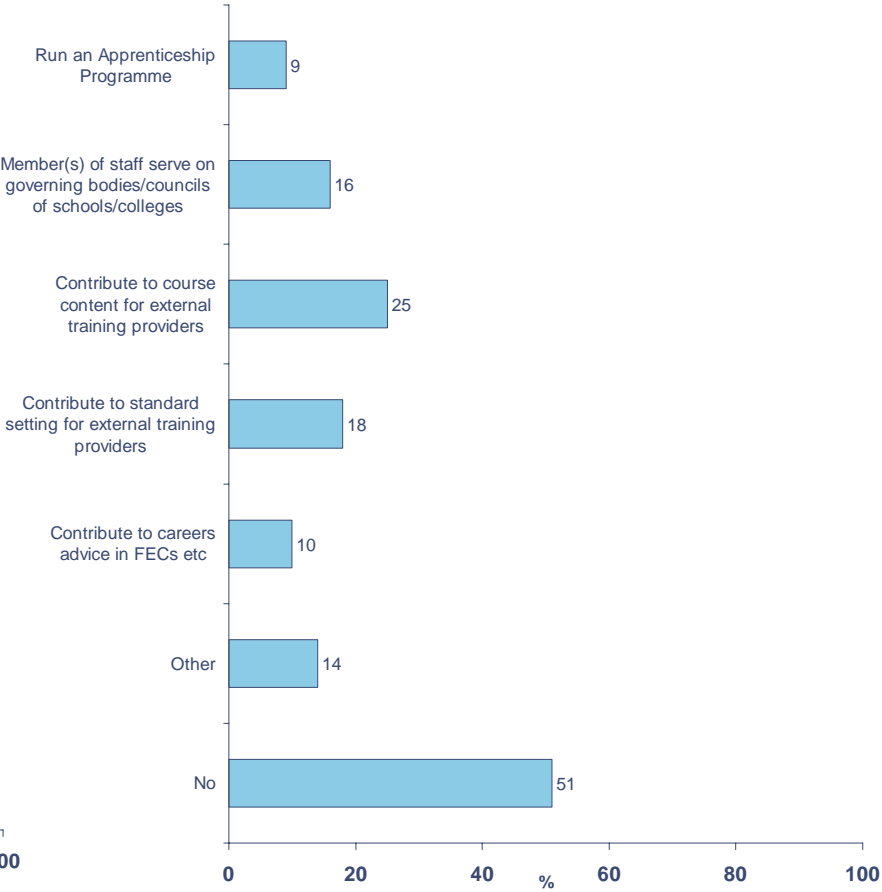
Are you involved in any of the following aspects of publicly funded learning and training?

All respondents



Base: 363

Respondents with less than 50 employees

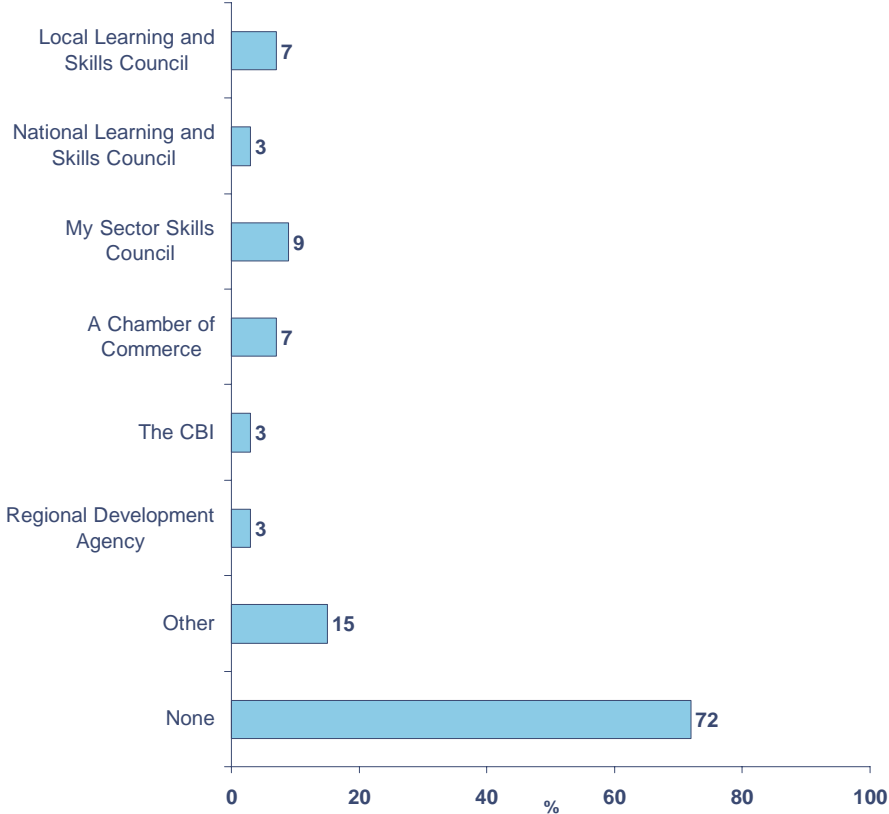


Base: 130

Employers as influencers

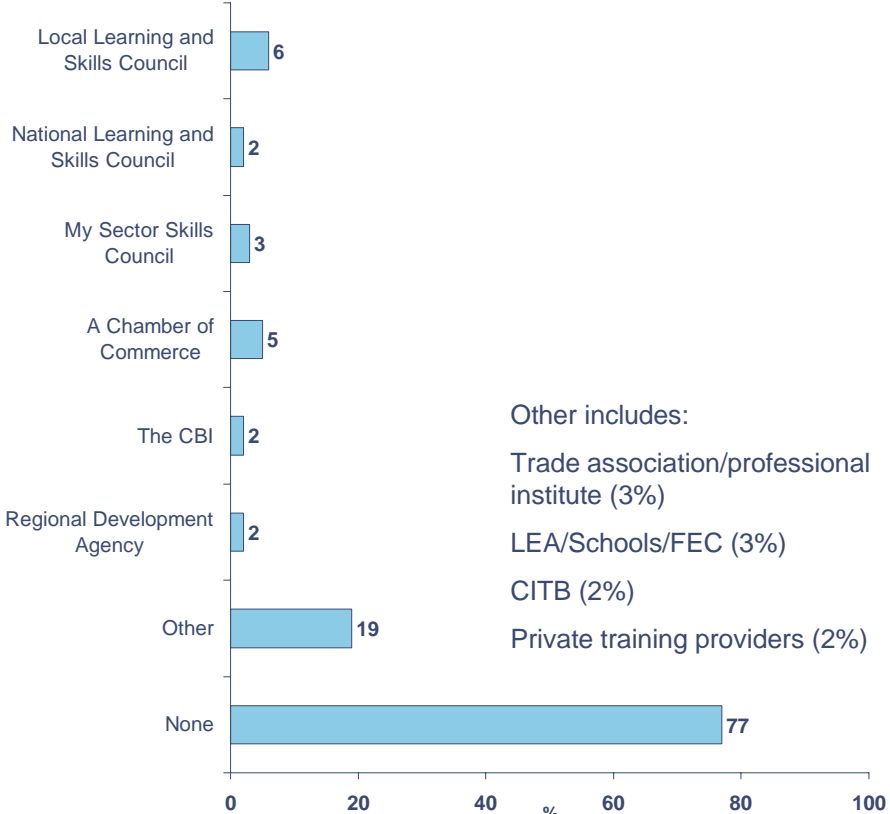
Is your organisation involved in the management or direction of any of the following organisations responsible for influencing training and/or skills provision?

All respondents



Base: 363

Respondents with less than 50 employees



Other includes:
 Trade association/professional institute (3%)
 LEA/Schools/FEC (3%)
 CITB (2%)
 Private training providers (2%)

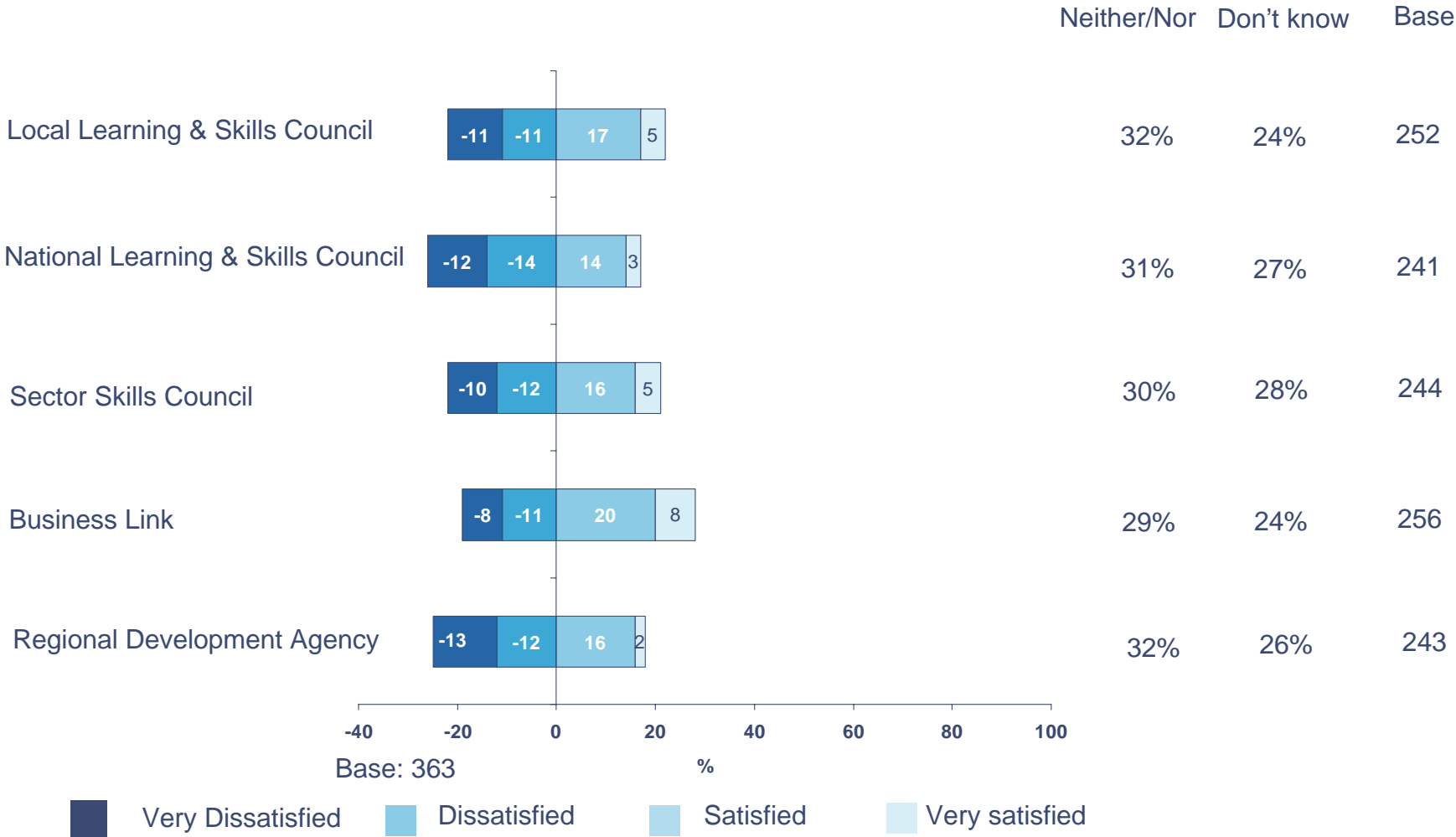
Base: 130

Employers as influencers

- A substantial proportion of employers are involved with local schools, colleges and other training providers (59%).
- The most common form of engagement is through a contribution to the development of course content.
- Approximately a fifth of respondents run apprenticeship programmes; serve on governing bodies or councils; and/or contribute to standard setting.
- Unsurprisingly, smaller organisations are less likely to engage with providers in these ways (51% report no involvement).
- Overall, 18% of respondents report some involvement with organisations responsible for influencing the skills agenda, with 9% having an involvement with an SSC and 7% with a local LSC.
- Other organisations with which employers engage include professional bodies and trade associations, employers' federations and private providers.
- There is no real difference in the participation rates by smaller employers overall, but they may be less likely to engage with SSCs.

Employers as influencers

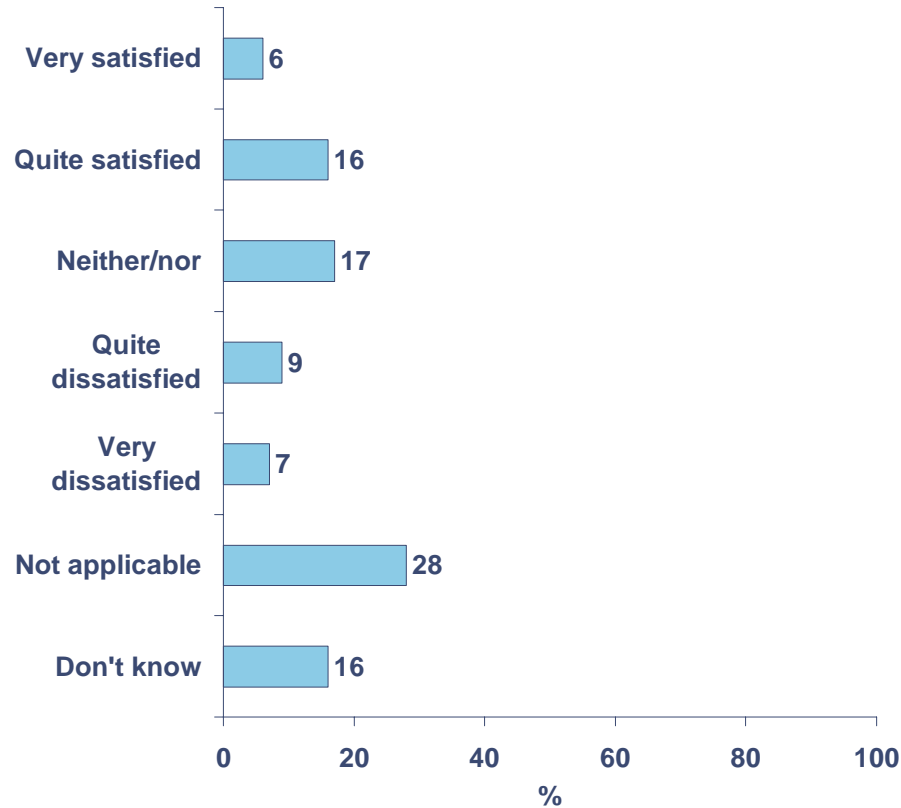
How satisfied are you with the opportunities offered to employers to contribute to skills and training policy by... ?



NB: The percentage of respondents who stated “not applicable” ranged from 29% to 34%

Employers as influencers

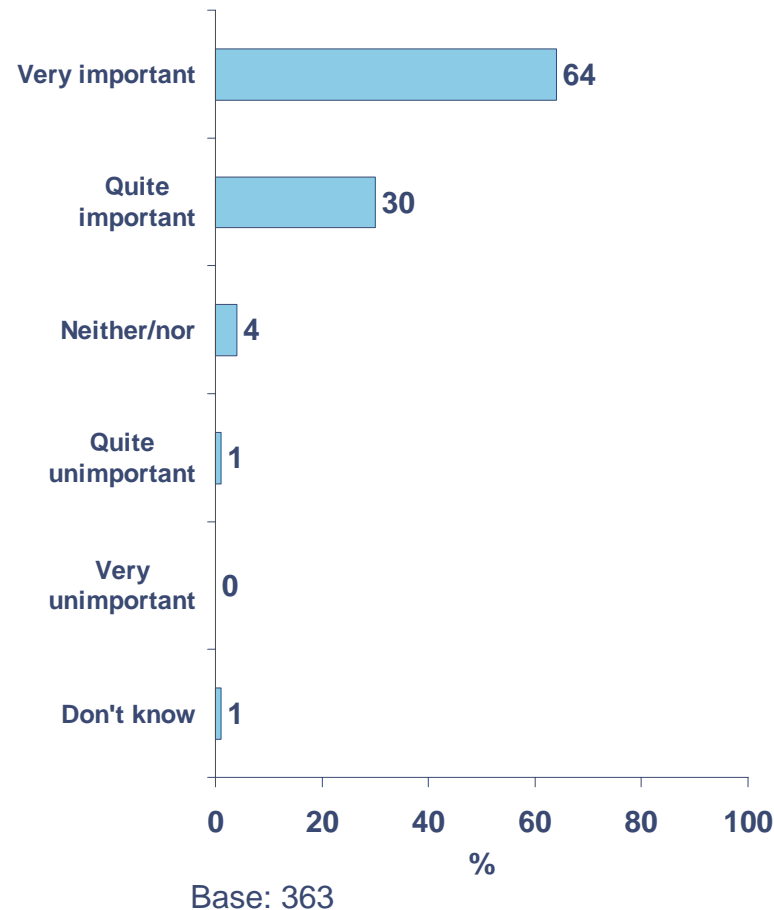
How satisfied are you with the opportunities offered for employers to input in skills and training policy by your local FE college?



Base: 363

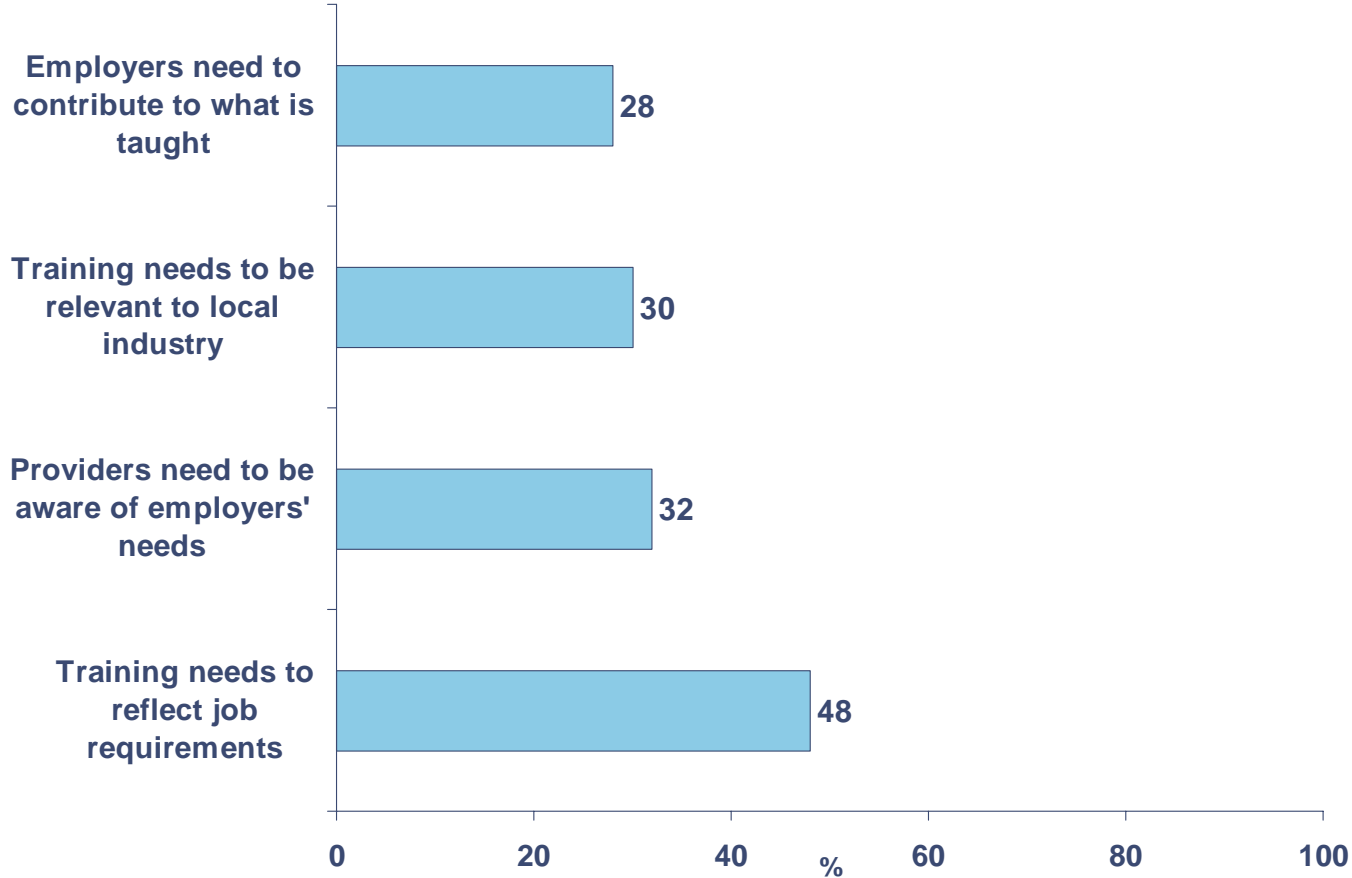
Employers as influencers

To what extent do you think it is important that employers contribute to the development of skills policy in England in terms of training content, qualifications design and so on?



Employers as influencers

Why do you say that?



Base: 345 - employers who explained their views on the importance of contributing to the development of skills in England

Employers as influencers

Why do you say that?

Selected quotes from employers

"It's industry that needs the skills, I don't believe that the industry was involved up till now."

"Need input from practical side, the people doing teaching need to have been part of practical side before they take the teaching on - understanding in the classroom is OK, but it's a different ball game out in the field."

"Colleges should be providing the courses employers need."

"I do not use these resources at the moment and there are none that really meet my needs. We are a growing business with huge potential for job places and yet no one seeks us out."

"If you run a business you see at first hand what skills are needed/or are lacking. Governments don't know the details of every industry so how can they possibly judge what is relevant or not."

"Governments should try and give us a raw material that can read/write and do basic maths. We can do the rest!"

"Trade associations should take the lead and [be] funded."

"We perhaps have a better knowledge of the skills needed."

"People are being trained in the wrong areas."

"Can't leave everything to the Government or nothing would get done."

"The Government isn't giving people what we need."

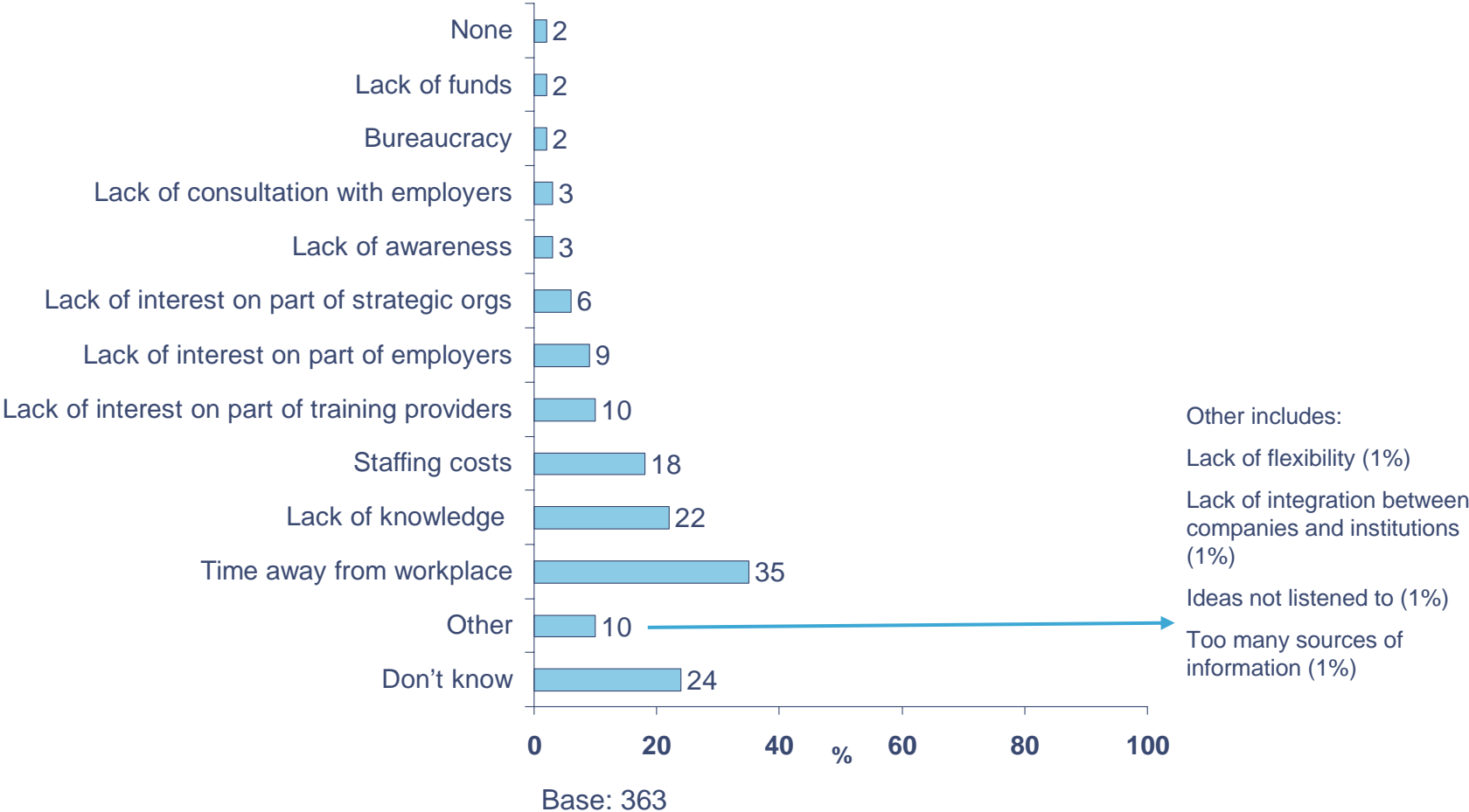
"So that training that is available, and funded, is appropriate to employers."

"If you don't have people taking part you won't get co-operation."

"Training needs to keep pace with changing business needs."

Employers as influencers

In your opinion, what, if any, are the barriers experienced by employers wishing to contribute to the development of skills policy?



NB. This is a multi-response question. Percentages will therefore sum to greater than 100%. 46

Employers as influencers

- A substantial number of employers in our survey (59%) are engaged at a local level but not at a regional, sectoral or national level.
- Approximately one fifth of respondents expressed dissatisfaction with the opportunities to get involved with organisations such as LSCs and SSCs, whilst approximately one-third thought that these organisations were not relevant to them.
- 94% of employers thought that getting involved was important, mainly to ensure that training was relevant to the requirements of the job.
- Comments in regard to this question suggest there is some scepticism amongst employers regarding the quality of provision in the further education sector and in relation to Government initiatives in general.
- The main barrier to engagement is time away from the workplace (35%), followed by a lack of knowledge of which organisations to approach (22%).

Government policy on skills and training

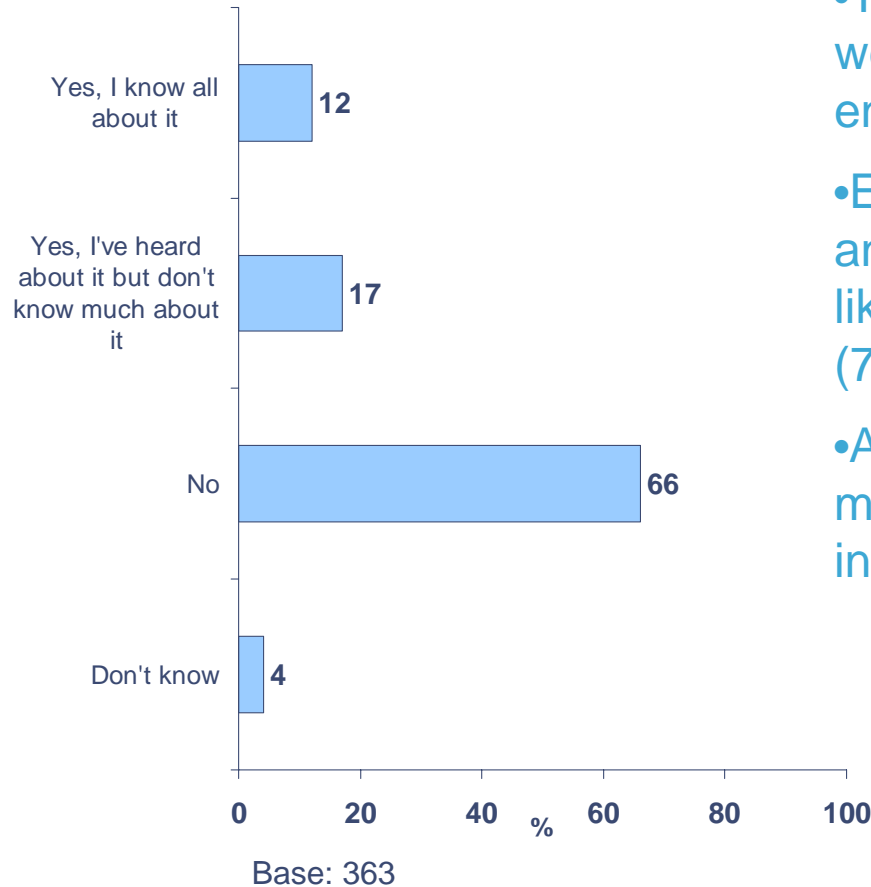
Employers' views on the new Level 2 entitlement

Employers' views on the proposed Framework for Achievement

General comments on the learning and skills sector

Employers' views on the new Level 2 entitlement

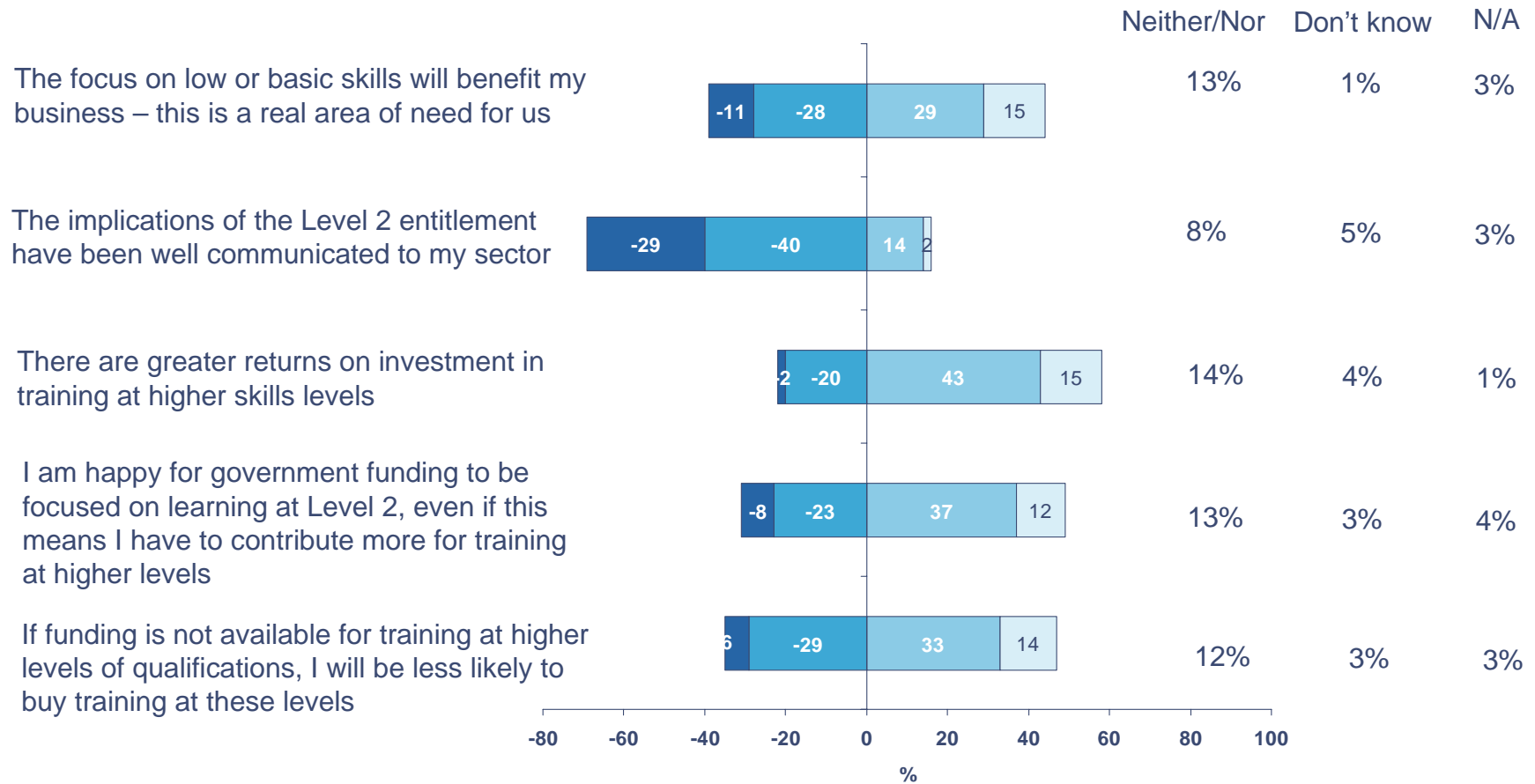
Are you aware of the new Level 2 entitlement?



- Two-thirds of employers in our survey were not aware of the new Level 2 entitlement.
- Employers with less than 50 employees and those with more than 500 were less likely to be aware of the L2 entitlement (75% and 71% respectively).
- Awareness is highest in the manufacturing sector (48% of respondents in this sector have some awareness).

Employers' views on the new Level 2 entitlement

To what extent do you agree or disagree with the following statements regarding the funding of training?

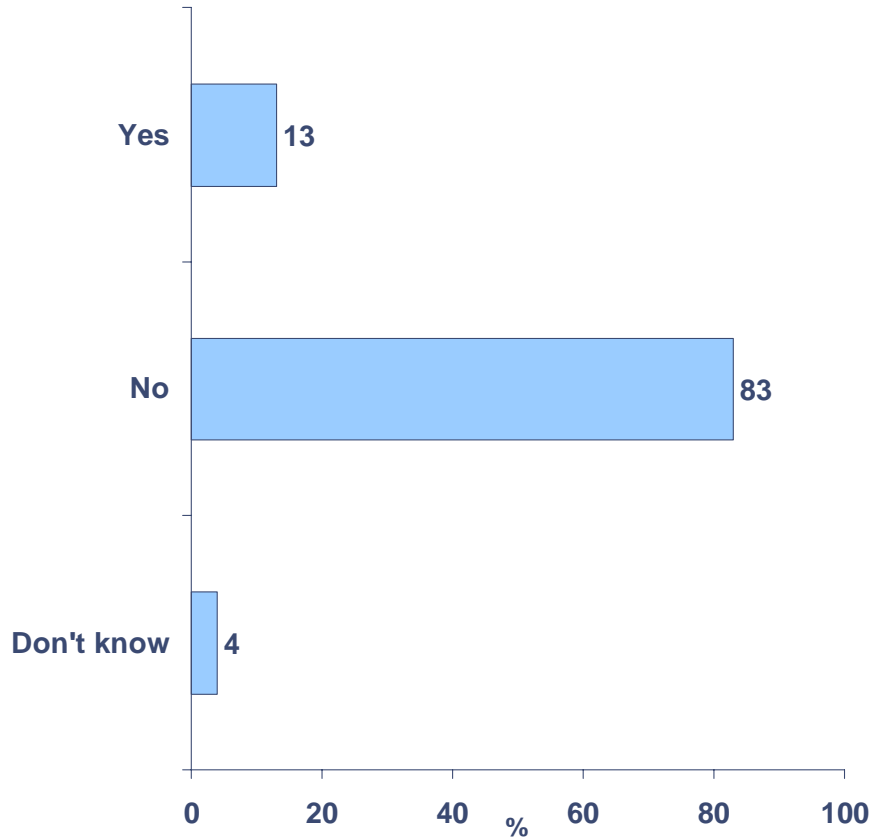


Base: 363

Disagree strongly
 Disagree
 Agree
 Agree strongly

Employers' views on the proposed Framework for Achievement

Are you aware of the proposed Framework for Achievement?

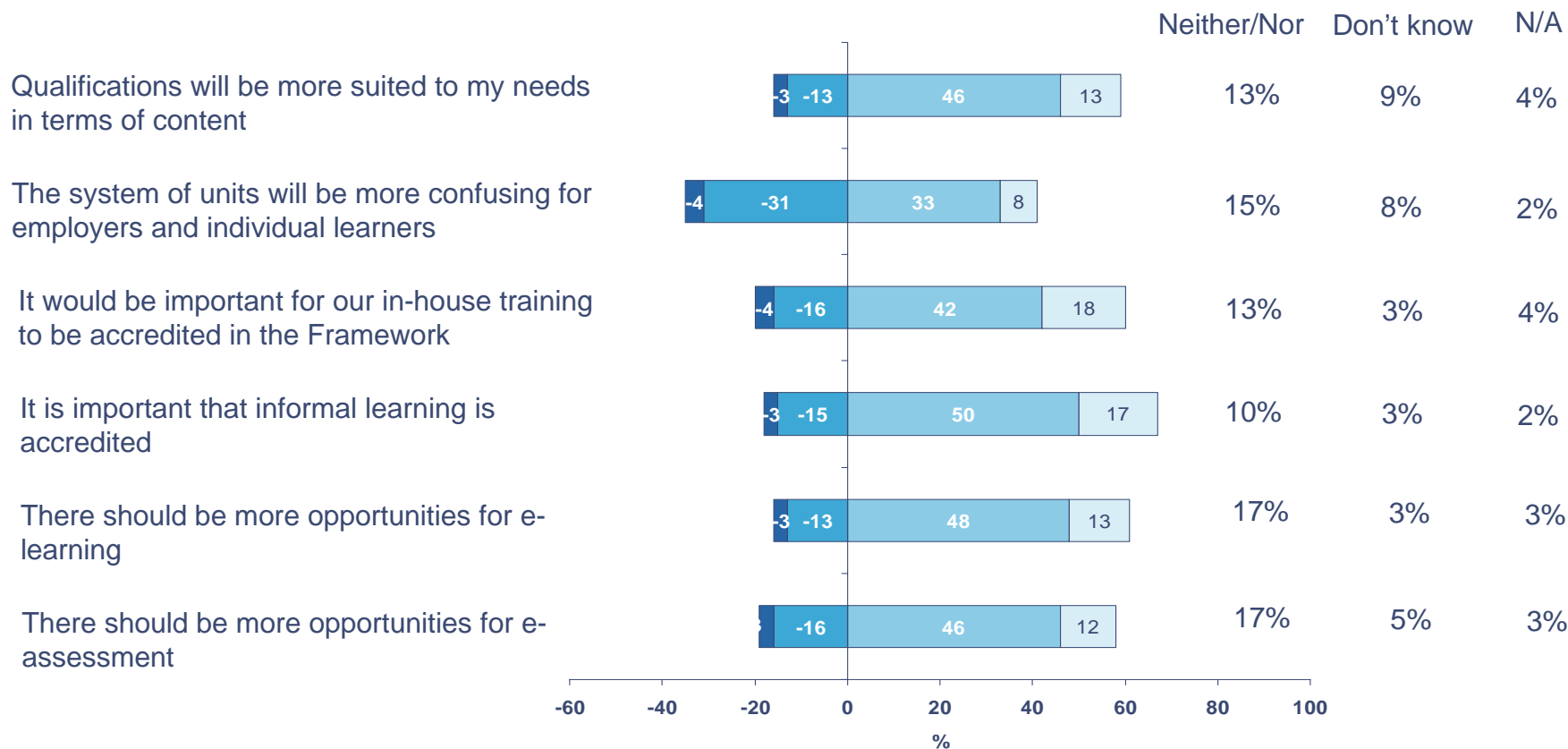


Base: 363

- Respondents were less likely to be aware of the proposed Framework for Achievement than the new Level 2 entitlement.
- There was no real difference in awareness by size of employer or sector.

Employers' views on the proposed Framework for Achievement

To what extent do you agree or disagree with the following statements regarding the proposed Framework for Achievement and other issues relating to the qualifications and training?



Disagree strongly
 Disagree
 Agree
 Agree strongly

Employers' views on new policy initiatives

- There are, in general, low levels of awareness of two key elements of Government policy: the new Level 2 entitlement and the proposed FfA.
- There were mixed views regarding the need for low and basic skills training, with almost two-fifths disagreeing that a focus on this area would benefit them.
- Almost half suggested that they would be willing to contribute more to training at higher levels, however a similar proportion reported that they would be less willing to buy training at higher levels.
- The concept of the proposed FfA was well received once it was explained to respondents with 59% stating that qualifications would be better suited to their needs. There was also strong support for the accreditation of in-house training and informal learning (60% and 67% respectively were in agreement with these statements).

Improving skills for employment

What is the one thing, if anything, that you would like to change about how the learning and skills sector seeks to meet the needs of employers?

- Greater communication with employers
- Better understanding of individual needs of business
- Better equipped school leavers

Selected quotes from employers

“Improve the communication process. The way in which they put out the information. The dissemination of what is going on. A much clearer format.”

“As employers, we would rather be asked what is needed than told what is available.”

“Greater communication from training providers concerning the training programmes which they offer.”

“They need to get out and meet the employers a bit more. Find out what the customer really wants.”

“Need to talk to employers more to find out what the skills shortages are and what the training needs are and gear courses around that.”

“By asking us what we want and need. Poor quality of qualifications. Key skills, numeracy and literacy, are poor and everyone needs them.”

“Needs to be more discussion with trade bodies - these are central committees that would be very aware of what is required for their specific industry.”

“Higher standards of school-leavers.”

They should prioritise on improving the standard of secondary education.”

Improving skills for employment

What is the one thing, if anything, that you would like to change about how the learning and skills sector seeks to meet the needs of employers?

- A simplified system

Selected quotes from employers

“A simplified method of obtaining funds.”

“More funding and flexibility in how training is provided.”

“Hard to find information [specific information]; too many bodies providing information and training.”

- Job-specific training.

“More in house training like the old YTS training not just college training. I feel very strongly that most college training is irrelevant without on job training.”

“Employers should take on more responsibility in advising training for employees.”

- Less bureaucracy

“Simplify - it's too bureaucratic, too many bodies and very confusing.”

“Consistency - that they don't change everything, we've gone through a series of initiatives when the original NVQs came out, then they revamped it, and there's training organisations, and ministers having new ideas and approaches to things, i think they should leave it alone and show consistency.”

Summary

- Almost a third of employers in our survey do not provide external training.
- Respondents primarily want courses that suit their needs in terms of content and quality and are not overly interested in qualifications per se.
- Employers in our survey report that they are generally satisfied with existing provision, although there appears to be some mismatch between the providers they use and their stated preferences.
- Employers are engaged at the local level to some extent and less so at a regional, sectoral or national level.
- Employers do think that it is important to engage as influencers but lack the time to participate during working hours and, in some cases, do not know which organisations to approach.
- There is a low level of awareness of government initiatives but general approval of the FfA once the concept was outlined to respondents.
- There appears to be some scepticism about Government initiatives in terms of the degree of change and the complexity of the training system.

As the purpose of this publication is to disseminate information, extracts may be reproduced, other than for gain or reward, subject to an acknowledgement being given.

Care has been taken to establish that the information provided in this publication is accurate at the time of publication and that the sources of third-party information used are mentioned and acknowledged.

PricewaterhouseCoopers LLP does not accept any responsibility for any errors or omissions which may be found or for the consequences of using or acting upon any of the information or opinions contained in this publication.

© 2005 PricewaterhouseCoopers LLP. All rights reserved. "PricewaterhouseCoopers" refers to the PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom) or, as the context requires, other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity."

This report has been prepared for and only for NAO in accordance with our engagement letter with NAO and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

As the purpose of this publication is to disseminate information, extracts may be reproduced, other than for gain or reward, subject to an acknowledgement being given.

Care has been taken to establish that the information provided in this publication is accurate at the time of publication and that the sources of third-party information used are mentioned and acknowledged.

PricewaterhouseCoopers LLP does not accept any responsibility for any errors or omissions which may be found or for the consequences of using or acting upon any of the information or opinions contained in this publication.