

Promoting Workplace Learning

**Research and Evidence from
Futureskills Scotland**

October 2005

SUMMARY

1. The SSAScot project team has asked Futureskills Scotland to provide evidence to support development of the Promoting Workplace Learning project.
2. The evidence in this paper poses a number of difficult questions for the proposed project. It also provides guidance as to how the project, should it proceed, could be developed to maximise the probability of achieving its objectives.
3. The proposal for the project rests on a number of assumptions:
 - that there is insufficient training in Scotland;
 - that much training is wasted;
 - that more training is needed to raise productivity in Scotland; and
 - that employers who do not train can be persuaded to train.
4. Is there insufficient training? It is not possible to know the optimal volume of training or the optimal distribution of types of training. However, (i) evidence about the extent of workforce training in Scotland and (ii) international data show that Scotland compares favourably with other countries in the proportion of people in work who receive training. On a range of measures, the quality of Scotland's workforce compares favourably with that in peer group economies. The evidence does not show that there is 'not enough' training in Scotland.
5. Is much training is wasted? There is no evidence on this matter. However, there is evidence about the extent of employer satisfaction with training delivered by FE colleges and training companies. In both cases, between 80% and 90% of employers are satisfied with the training supplied. Assuming that 'wasted' training is a subset of training with which employers were dissatisfied, the 'amount' of wasted training is likely to be modest.
6. Is more training needed to raise productivity? Output per hour worked in Scotland is around 80% of the level among the top quartile of OECD countries. However, as noted above Scotland's labour force quality compares favourably with peer group economies. Scotland also fares well on indicators of the extent of training. Investing in people is central to economic and organisational success, but there is no evidence that insufficient training is a first order cause of Scotland's relatively poor productivity performance.
7. Can employers be persuaded to train? Most employers invest in training. Among those who do not, most appear to have considered doing so and decided against for rational business reasons – e.g. their staff are fully proficient. Research published in 2004 argues that exhorting employers to train will not work.
8. On most indicators, there are marked differences between and within sectors.
9. These are significant challenges for the project. In responding to this and other evidence, the project could focus on the following.
 - Very small workplaces: establishments employing fewer than five people are much less likely than others to train their staff. People working in them are less likely than those in larger workplaces to receive training.
 - Growing businesses: growing firms are much more likely than other firms to have hard-to-fill and skill shortage vacancies, even allowing for the fact that they are more likely to be recruiting. They are also more likely to train their staff, suggesting that they may need support for recruitment and retention.
 - People working in lower-skilled jobs: skill gaps arise disproportionately among people in jobs that typically need lower levels of skills. People in lower skilled jobs are less likely to be trained than those in more highly skilled jobs and that is likely to be a rational decision by employers, indicating the presence of market failure.
 - If approaches to stimulating demand for training are to succeed, they will have to be tailored to the different circumstances and priorities that apply within and between sectors: one size is unlikely to fit all.

INTRODUCTION AND PURPOSE

1. The SSAScot project team asked Futureskills Scotland to provide evidence to support development of the Promoting Workplace Learning project. The aim of the project is “to significantly increase the number of employers investing in workplace learning.” Specifically, FS was asked to establish:
 - I. the number and proportion of workplaces in which training is provided, this information broken down by Sector Skills Council (SSC) and Sector Skills Body (SSB) where that is possible;
 - II. the number and proportion of employees who receive off-the-job training¹, this information broken down by SSC/SSB where that is possible;
 - III. the use made by employers of various sources of off-the-job training (college, private training providers etc.) and their satisfaction with FE colleges and training providers, again broken down by SSC/SSB where that is possible;
 - IV. the reasons why employers who have not trained staff have not done so, this information broken down by SSC where that is possible.
2. Other FS research is relevant to the project and is summarised in Section V.

I. THE PROVISION OF WORK-RELATED TRAINING IN SCOTLAND

3. FS survey of 7,500 workplaces in mid-2004 showed that 62% of workplaces had funded or arranged training in the preceding 12 months.
4. Table 1 shows how this proportion varies by SSC/SSB ranging from 91% of workplaces in Skills for Health to 43% in GoSkills and Skillfast-UK.
5. The sector in which an organisation operates is one influence on the extent of training provision. Others include the size of a workplace; whether a business is growing; and where it is located. Table 2 shows that:
 - 49% of establishments employing fewer than five people provided training;
 - among all other establishments the rate was 82%;
 - the proportion of employers providing training rises with workplace size, exceeding 90% among workplaces employing 25 or more people.
6. Growing firms are more likely (70%) than non-growing firms (56%) to invest in training.
7. Workplaces in rural areas are slightly less likely (60%) than those in non-rural areas (64%) to invest in training.

II. EMPLOYEE PARTICIPATION IN TRAINING

8. More than 760,000 employees received off-the-job training in 2003-04, 37% of the total. Table 3 details how this proportion varies by SSC/SSB. It ranges from 55% in Skills for Health to 12% in Skillfast-UK.
9. Non-sectoral factors affect the probability that employees receive off-the-job training, especially workplace size (see Table 4). For example:
 - one in four employees in very **small workplaces** received off-the-job training compared with around 40% in workplaces employing 10 or more people;
 - employees in **growing businesses** (35%) are slightly more likely to have received off-the-job training than those in non-growing firms (31%); and
 - employees in rural Scotland are slightly less likely (36%) to have received off-the-job training than those in non-rural Scotland (40%).
10. The Labour Force Survey asks whether respondents received work-related training during the preceding four weeks. Table 5 shows that the proportions in Scotland and in England and Wales are identical.
11. Other data show that the proportion of people in work receiving training is higher in Scotland than in peer group countries in the EU and the OECD².

¹ Off-the-job training takes place away from the immediate workstation. It can be provided off-site or on the employer's premises.

² *International Comparisons of Labour Market and Skills Performance* is available at http://www.futureskillsscotland.org.uk/uploadedreports/International_Comparisons.pdf.

III. EMPLOYERS' USE OF TRAINING SUPPLIERS

12. Table 6 details the proportion of workplaces in each SSC/SSB which used different types of training provider in 2003-04. The important points are that:
- employers use a considerable range of providers;
 - there are marked differences between sectors in the providers they use; and
 - there is an active market in training provision that affords most employers the opportunity to choose preferred suppliers.
14. How satisfied are employers with training provision? Table 7 shows that:
- 82% of employers are satisfied with college provision; and
 - 88% of employers are satisfied with private training company provision.
15. Thus, high proportions of employers are satisfied with the supply of training.

IV. WHY DO SOME EMPLOYERS NOT TRAIN?

16. One in three workplaces had not funded or arranged training in 2003-04. The most common reason for not providing training (55% of employers) is that all staff are fully proficient. This response was given most frequently by all but one of the SSCs/SSBs. The second most frequently cited reason is that training is not necessary in the business (23%), while 17% of employers said that training is not a priority for the business. Taken together, these responses covered 73% of workplaces not providing training. Among the balance – 27% of non-trainers and 10% of all workplaces – the reasons most commonly given for not training were:
- no training is available in the subject area – 19% of non-trainers;
 - the establishment lacks funds for training – 16%; and
 - there is not enough time for training – 14%
17. Beyond *all staff being fully proficient and training not being necessary*, there is considerable variation by SSC/SSB in the proportions of non-trainers giving different reasons for their decisions.
18. A challenge for the proposed project will be to devise an approach to address the range of reasons for not training among the 10% of workplaces where not training might not be a rational and considered business decision.

V. OTHER ISSUES

How important are skills in explaining Scotland's economic performance?

19. International comparisons of labour market and skills indicators, as well as wider comparisons of economic indicators, show that relatively modest economic performance is due largely to factors other than the quantity and quality of the Scottish labour force³.
20. In addition, the successive Employers Skill Surveys⁴ have shown that:
- attracting skilled staff is a middle-ranking challenge for employers; and
 - skill shortages are equivalent to less than one per cent of employees.

How prevalent are skill gaps and how do employers respond?

21. Skill gaps affect 21% of workplaces and 9% of employees. Most gaps disappear as new staff 'learn the ropes'. Nine out of 10 employers tackle skills gaps by providing training.

What is the sectoral dimension to skills?

22. This report provides evidence that on a consistent basis across the current set of SSC footprints. However, no evidence is available about differences within sectors. SSC

³ *International Comparisons of Labour Market and Skills Performance* is available at http://www.futureskillsscotland.org.uk/uploadedreports/International_Comparisons.pdf and *Measuring Scotland's Progress Towards a Smart Successful Scotland 2004* is available at <http://www.scotland.gov.uk/library5/enterprise/MP%20Report%202004.pdf>

⁴ <http://www.futureskillsscotland.org.uk/web/site/FSSReports.asp?subtypeid=5>.

footprints cover a range of occupations, from the lowest skilled to the highest. Some SSCs cover a sub-sectors that have very different skills needs. For example:

- AssetSkills covers chartered surveyors, town planners and office cleaners;
 - GoSkills covers aeroplane cabin crew as well as bus drivers;
 - People 1st covers exclusive restaurants as well as burger bars;
 - SEMTA covers shipbuilding and aerospace, forensic science and mathematics; and
 - Skills for Health covers surgeons and dentists, as well as ambulance drivers.
23. For some SSCs/SSBs the overall results mask significant variation within sectors. More detailed, comparable, sub-sectoral evidence is required to identify fully such differences.
24. Evidence from the Employer Skills Survey 2004 is that growing businesses, small firms and workers in elementary occupations are groups in which particular skills challenges arise. These occur irrespective of sector.

Can employers be persuaded to train their staff?

25. One in three workplaces had not provided training in the preceding 12 months. Could those employers be persuaded to train? Recent research⁵ concludes that exhorting employers to train is unlikely to succeed.

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⁵ Keep & Mayhew, (2004), *Can Employers Be Persuaded that Training Pays?*, Futureskills Scotland. It is available at http://www.futureskillscotland.org.uk/web/FILES/FSS_KEEP_&_MAYHEW_2004.pdf.

SSC/SSB	% of all workplaces
Asset Skills	48
Automotive Skills	59
Central or Local Government	
Cogent	81
ConstructionSkills	57
Creative and Cultural	64
ECITB	68
e-skills UK	53
Energy & Utility Skills	
Financial Services	83
GoSkills	43
Improve	54
Lantra	44
Lifelong Learning UK	90
People 1 st	63
Proskills	58
Voluntary	81
SEMTA	63
Skills for Care and Development	84
Skills for Health	91
Skills for Justice	
Skills for Logistics	54
SkillsActive	60
Skillfast-UK	43
Skillsmart Retail	58
Skillset	
SummitSkills	55
All Industries	62

Note: The shaded areas are where the sample size for that sector body is not large enough to produce robust results.

Workplace size - number of employees	% of workplaces
1-4	49
5-9	73
10-24	86
25-49	92
50-249	96
250+	95
All	62

Table 3 - % of employees receiving off-the-job training by SSC/SSB, 2004	
SSC/SSB	% of employees
Asset Skills	41
Automotive Skills	44
Central or Local Government	
Cogent	39
ConstructionSkills	36
Creative and Cultural	30
ECITB	38
e-skills UK	26
Energy & Utility Skills	
Financial Services	44
GoSkills	17
Improve	24
Lantra	31
Lifelong Learning UK	29
People 1st	28
Proskills	24
Voluntary	52
SEMTA	35
Skills for Care and Development	53
Skills for Health	55
Skills for Justice	
Skills for Logistics	27
SkillsActive	30
Skillfast-UK	12
Skillsmart Retail	26
Skillsset	
SummitSkills	37
All Industries	37

Note: The shaded areas are where the sample size for that sector body is not large enough to produce robust results.

Table 4 - % of employees receiving off-the-job training by workplace size, 2004	
Workplace size, number of employees	% of all employees
1-4	26
5-9	34
10-24	40
25-49	39
50-249	38
250+	39
All	37

Table 5 - % of people in work receiving job-related training in the last four weeks, June 2004-May 2005	
Scotland	14.7
England & Wales	14.7

Table 6 - Proportion of employers providing off-the-job training using each of type of training provider, 2004

SSC/SSB	Staff at this site	Dedicated company / Govt owned training centre	Private training providers / external consultants	FE College	HEI	Industry bodies / professional associations	Don't know	None of these
Asset Skills	30%	28%	65%	29%	11%	34%	0%	2%
Automotive Skills	20%	27%	40%	31%	1%	30%	0%	8%
Central or Local Government								
Cogent	48%	16%	61%	18%	9%	23%	0%	4%
ConstructionSkills	29%	24%	49%	21%	8%	32%	1%	6%
Creative and Cultural	36%	24%	65%	11%	1%	29%	0%	1%
ECITB	38%	25%	49%	19%	9%	27%	1%	7%
e-skills UK	26%	17%	38%	11%	5%	14%	0%	40%
Energy & Utility Skills								
Financial Services	44%	47%	45%	5%	2%	39%	1%	2%
GoSkills	42%	14%	61%	29%	10%	18%	0%	1%
Improve	44%	20%	58%	40%	3%	26%	1%	3%
Lantra	26%	18%	41%	27%	5%	43%	0%	3%
Lifelong Learning UK	42%	54%	49%	23%	15%	26%	0%	0%
People 1st	30%	34%	42%	25%	1%	30%	0%	5%
Proskills	42%	21%	60%	17%	2%	30%	0%	6%
Voluntary	39%	39%	53%	25%	11%	31%	1%	1%
SEMTA	31%	25%	50%	37%	9%	26%	1%	7%
Skills for Care and Development	40%	36%	61%	34%	13%	25%	4%	1%
Skills for Health	34%	49%	33%	30%	17%	30%	0%	4%
Skills for Justice								
Skills for Logistics	25%	24%	48%	11%	1%	34%	0%	4%
SkillsActive	33%	40%	39%	18%	1%	37%	4%	9%
Skillfast-UK	52%	35%	65%	26%	2%	36%	0%	2%
Skillsmart Retail	38%	50%	31%	9%	1%	25%	1%	1%
Skillset								
SummitSkills	42%	17%	48%	41%	1%	28%	0%	2%
All Industries	36%	34%	48%	24%	7%	30%	1%	4%

Note: The shaded areas are where the sample size for that sector body is not large enough to produce robust results.

Table 7 - Satisfaction among employers using FE colleges and private training providers as suppliers of off-the-job training by SSC/SSB, 2004

SSC/SSB	Overall satisfaction with FE training providers					Overall satisfaction with private training providers				
	Very or fairly satisfied	Neither satisfied or dissatisfied	Fairly or very dissatisfied	No opinion	Total	Very or fairly satisfied	Neither satisfied or dissatisfied	Fairly or very dissatisfied	No opinion	Total
Asset Skills	87%	13%	0%	0%	100%	92%	5%	2%	2%	100%
Automotive Skills	79%	9%	8%	4%	100%	77%	2%	1%	20%	100%
Central or Local Government										
Cogent	72%	16%	9%	4%	100%	93%	1%	4%	2%	100%
ConstructionSkills	70%	24%	5%	1%	100%	83%	7%	2%	8%	100%
Creative and Cultural						88%	6%	6%	0%	100%
ECITB	65%	27%	6%	3%	100%	89%	7%	2%	2%	100%
e-skills UK						87%	13%	0%	0%	100%
Energy & Utility Skills										
Financial Services						90%	5%	2%	2%	100%
GoSkills						99%	1%	0%	0%	100%
Improve	91%	4%	0%	5%	100%	88%	0%	4%	8%	100%
Lantra	86%	7%	5%	1%	100%	97%	1%	1%	1%	100%
Lifelong Learning UK	81%	9%	3%	7%	100%	86%	8%	1%	4%	100%
People 1st	85%	12%	3%	0%	100%	84%	11%	4%	1%	100%
Proskills						92%	6%	1%	0%	100%
Voluntary	79%	9%	9%	3%	100%	85%	8%	4%	3%	100%
SEMTA	86%	7%	5%	2%	100%	92%	4%	3%	1%	100%
Skills for Care and Development	82%	4%	11%	3%	100%	87%	5%	4%	4%	100%
Skills for Health	93%	4%	3%	0%	100%	92%	4%	4%	0%	100%
Skills for Justice										
Skills for Logistics						93%	4%	0%	3%	100%
SkillsActive	73%	19%	8%	0%	100%	79%	10%	11%	0%	100%
Skillfast-UK										
Skillsmart Retail	79%	5%	10%	6%	100%	87%	5%	5%	3%	100%
Skillset										
SummitSkills	90%	4%	6%	0%	100%	89%	8%	3%	0%	100%
All Industries	82%	9%	6%	2%	100%	88%	7%	3%	3%	100%

Note: The shaded areas are where the sample size for that sector body is not large enough to produce robust results.