

FUTURE SKILLS ISSUES AFFECTING INDUSTRY SECTORS IN WALES



Management and IT Issues

Executive Summary

Introduction

The Future Skills Wales report highlights the importance of management and IT skills to Wales. They are of importance across all sectors, but needs will vary depending on the nature and size of businesses.

In order to extend the original Future Skills Wales findings, York Consulting Limited conducted a series of studies of vocational and other skills issues in nine Welsh sectors, using desk research and qualitative techniques including employer case studies.

This document collects findings on management and IT skills from the individual sector reports, to provide an account of these skills issues across the sectors studied, and to draw out common themes and implications.

Businesses and employees in each of the sectors studied have achieved great successes; that is why these sectors have become important for Wales. Our focus on current skills issues should not obscure these achievements or the determination of all concerned to meet current and future challenges.

Management Skills

There is little hard empirical evidence relating to management skills. However, questions have been raised over the quality of management in Welsh businesses, due to relatively low levels of qualification and overall business performance.

Management involves a highly complex set of activities and roles. Whilst it is difficult to generalise in defining management skills, generic management roles include leadership, resource allocation and negotiation.

Managers require a combination of specific competences and softer skills and attributes to manage and motivate employees.

The range of skills and attributes needed by managers varies between businesses. However, the importance of management development cuts across sectoral issues, reflecting the need to be able to improve the capability or capacity of managers who are already in post.

Changes in technology and organisational changes create a need for managers to continually develop and enhance their competences and their personal attributes as part of an on-going development process.

The dominance of small firms in Wales has a significant impact on the nature of management and the issues surrounding management skills. There are clear links between SME characteristics and management roles and skills.

Lack of management skills in SMEs is one of the most common explanations for their high failure rates. However, there is no clear external labour market for SME managers. This emphasises the importance of existing managers either possessing appropriate management skills or being able to develop them.

Sector Issues

The nine sectors covered by this study exhibit a broad range of management development issues. Common themes have also emerged. In particular, needs include strategic management and planning, sales and marketing and the development of management needs among supervisory staff.

Whilst broadly common needs can be identified, specific requirements will vary. It is therefore likely that different approaches will be required to address them.

A wide range of courses and programmes covering management topics is currently available. The sheer number of programmes can create problems in identifying the right option and their quality and benefits also need to be considered.

Information Technology

IT skills can be divided into practitioner skills (systems development, programming and implementation) and user skills (using existing packages and systems), both of which are found across the majority of business sectors. In any discussion of IT skills, it is, of course, important to reflect on the effect of rapid technological change and its impact on skills needs.

Research has found relatively low levels of IT use in Wales. It has been found that traditional companies are experiencing difficulties in implementing IT. Many wish to improve their use of IT but are concerned about the IT skills of their workforce.

As the demand for multimedia services increases, it is expected that the gap between the supply and demand of IT skills will also increase. There is a need to increase the level of IT skills in the existing workforce and in young people entering the labour market.

There are too few people in the UK with advanced IT practitioner skills. This is leading to high levels of staff turnover and upward pressure on wages which is having an impact on Welsh employers, especially smaller firms.

IT-related education and training provision needs to be continually updated to reflect the changes in technology and its use. Providers need to consider how they can develop the most appropriate provision in the face of rapid technological change.

Several initiatives are currently being undertaken in Wales to improve the use of IT to assist in business growth. It will be important to reflect on their success and assess how they can be built upon in the future.

IT skill needs can be identified across all of the focus sectors. User skills are consistently seen as a need, reflecting the generally low levels of IT use.

Higher level user skills are in short supply in some of the key manufacturing sectors, with recruitment difficulties and increasing wage rates. Failure to access these skills can have a potentially fundamental impact on the future success of these businesses.

Action on Skills

Effective management impacts directly on business performance. It is therefore hugely important to address the need to improve management skills in Wales. The most appropriate approaches need to be identified.

It is important to consider how a strategic response can be developed in Wales to address management development issues. Similarly, it is important that a strategic approach can be developed to address the IT skills issues, at both user and practitioner levels.

Recommended Actions

We have identified a range of actions in relation to management and IT skills, falling into six broad themes:

- a Wales-wide **strategic approach** needs to be developed;
- **further research** is needed to enable a better understanding of the issues;
- **promotion and awareness raising** are required;
- **capacity building** is needed among public sector bodies and support organisations;
- management and IT training and development **provision needs to be reviewed**;
- the development and coverage of **ICT infrastructure** needs to be reviewed and influenced to ensure that businesses can take advantage of emerging opportunities.

Themes and Recommendations

Theme No:	Rec. No:	Action	Timescale	Key Partners
1	1a	Strong strategic fora should be developed to provide overall direction in responding to management and IT skills in Wales.	Late 2000	Assembly/WDA/CETW/ existing fora
	1b	The actions and priorities set out in the Multimedia Action Plan for North Wales should be reviewed to assess their applicability across Wales. In particular, approaches to extend the level of ICT and multimedia skills should be explored.	Autumn 2000 onwards	Regional bodies/ HE/FE/CETW/ employers
	1c	Review how best to boost the level of IT use and research the development of strategies to address shortages of high level IT skills, especially in programming and software development.	Early 2001	CETW/WDA/ NTOs
	1d	Review the success of initiatives such as SME Business and Business Advantage as a means of co-ordinating responses to management and IT issues.	End of Initiatives	Initiative Partners
2	2a	Investigate whether recommended research into future skill needs of managers in Britain is to take place. If so, seek to influence its focus and ensure Wales-specific outputs.	Autumn 2000	Assembly
	2b	Carry out research to set clear baselines of management skills and qualifications. Research the impact of management skills on business performance.	Early 2001 onwards	CETW/WDA NTOs
	2c	Research the availability, suitability, quality and impact of management development and IT provision.	Early 2001 onwards	CETW/WDA/ NTOs
	2d	Review the outputs of the ICT Research Centre currently being set up by DfEE.	Timing to be decided based on centre timescales	Assembly/WDA/ CETW/fora
3	3a	Identify the best means of influencing management and management development, especially in small firms, including the most appropriate roles for public sector partners and other stakeholders.	On-going	Wales Management Council/NTOs/ CETW/emps
	3b	Raise the profile of the key management and IT issues that SMEs need to be aware of.	On-going	CETW/NTOs/ Business Connect
4	4a	Build the capacity of public and private sector business support organisations to assist in the development of indigenous businesses.	Spring 2001 onwards	WDA/CETW/ Business Connect/emps
	4b	Build awareness among businesses of the support available to them.	April 2001 onwards	WDA/CETW/ Business Connect, emps
5	5a	Providers of courses should review the nature of IT provision and how it can best be developed to serve its target market and remain relevant in the context of rapid technological change.	On-going	HE/Training Providers
	5b	The range of provision identified as targeting management skills should be reviewed. The classification should be refined to ensure that they truly address management skills issues. Courses should be re-classified, where necessary, to make the target market clearer.	On-going	FE/HE/Training Providers
6	6a	Partners should seek to influence providers to ensure that the necessary technology and infrastructure is in place to enable the maximum benefits to be gained from e-commerce and other opportunities.	On-going	Assembly/WDA/ CETW

