

**Future Skills Wales –
Generic Skills Survey 2003**

e-skills UK

**Arolwg o Gyflogwyr Sgiliau
Generig Sgiliau Dyfodol Cymru
2003**

SSC e-sgiliau'r DU

Future Skills Wales 2003 Generic Skills Survey of Employers: e-skills UK SSC

Section 1 Introduction

1.1 Background to the Future Skills Wales survey

Future Skills Wales 2003 Generic Skills Survey is a study comprising an Employer Survey and Household Survey, auditing the skill needs of employers in Wales and the skills offered by the people who live there.

MORI and Experian Business Strategies undertook the Employer Survey on behalf of the Future Skills Wales Partnership. The Partnership includes representatives from key policy makers in Wales including the Skills for Business Network.

The purpose of the Future Skills Wales 2003 Generic Skills Survey is to assist the Partnership in developing policy and planning service delivery provision. The Employer Survey and Household Survey identify skill needs as well as the demands for learning and training amongst employers and the working age population in Wales. Information on attitudes and perceptions will help agencies to remove barriers to training and to encourage people to upskill to take on emerging job opportunities. The findings will also inform business and individuals in their recruitment and employment decisions.

The surveys focus on generic skills, those skills that are transferable across occupational groups and sectors. Skills that are job specific, in that they are peculiar to the role and sector in which an individual is engaged, are not dealt with in the Future Skills Wales Generic Skills Survey 2003, but this is a key area where the Sector Skills Councils (SSCs) can and do enhance knowledge of skill needs in their sector.

This brief report provides an overview of the results from the Employer Survey for the e-skills UK sector. It is thus an important output in that it informs of the particular generic skill needs and deficiencies of the sector within Wales and enables comparison to the situation in Wales as a whole.

1.2 Survey methodology

6,020 establishments were interviewed between February and April 2003 and a total of 149 interviews were conducted with establishments in the e-skills UK sector.

All sectors in the economy were included and establishments with at least one person in employment were included (i.e. where there were at least two people working in an establishment).

The sample was drawn from the Yellow Pages Business Database. The total target number of achieved interviews was 6,000. This was distributed proportionately by establishments¹, across the 22 Welsh Unitary Authorities (UAs). A minimum target of 200 interviews was set for each UA. Within UA the sample was drawn proportionately by employee size bands (2-10; 11-24; 25-99; and 100+) and industry sector (15 SIC Sections) based on unit data from the Annual Business Inquiry (ABI) 2001. The valid response rate was 51%.

The data have been weighted by UA, number of employees and SIC using 2001 Annual Business Inquiry data. Two weighting options have been applied:

- *Number of business units*
- *Number of employees*

It should be noted that the data have not been sampled or weighted to SSCs definitions and so the results, especially where there are fewer interviews should be treated with some caution. No results are presented in this report where the base number of interviews on which the data is based falls below 50.

1.3 Defining the Sector Skills Council

e-skills UK is the Sector Skills Council for IT, Telecoms and Contact Centres. The survey data was coded to 4 digit SIC. The 'best fit' of SIC codes to this sector has been used to analyse the data presented within this report, they are:
22.33 Reproduction of Computer Media
72 Computer Services
64.2 Telecommunications
74.86 Call Centres

1.4 Sample Size for the sector

A total of 149 interviews were conducted with establishments covered by the e-skills UK SSC footprint.

1.5 Reporting Conventions

It is worth noting at this stage that the report contains many tables and standard reporting conventions have been used:

- all percentages have been rounded to whole numbers. This may mean on occasion that percentages do not sum to 100 per cent; and
- a '*' indicates that the value is less than 0.5 per cent.

¹ Based on profile data (number of units) from the Annual Business Inquiry 2001.

1.6 Report outline

The following section of the report considers the current and likely future skills needed by employers (section 2). Section 3 considers recruitment difficulties and skill shortage vacancies, and section 4 examines internal skill deficiencies in establishments in the sector. Section 5 explores what the survey tells us about training activity and barriers to training experienced by employers and section 6 concludes with a summary of the key issues.

Section 2 Skill Needs

2.1 Skills required now and in the next three years

The survey asks employers to consider the type of skills required now in their establishment and the level at which that skill is required. The results for the e-skills UK sector are shown in the table below. Unsurprisingly, the skills required at the highest levels are IT skills, followed by communication skills, ability to learn and problem solving. Understanding customer needs and team working are also highly rated skills.

Table 2.1 Current levels of skills required

	Current levels of skill needs					
	Level (% of establishments)					
	Not required (0)	Basic (1)	Intermediate (2)	High (3)	Advanced (4)	Don't Know
Numeracy	4	8	23	40	22	1
Literacy	1	8	23	47	21	0
Welsh language	70	16	10	3	2	0
Foreign language	77	14	6	2	1	0
Problem solving	2	7	13	40	38	0
Communication	0	1	10	55	34	0
Ability to follow instructions	4	5	20	45	25	0
IT skills	2	3	15	29	50	0
Ability to learn	0	2	15	49	33	0
Showing initiative	1	3	22	42	32	0
Leadership skills	11	12	25	34	19	0
Management skills	14	14	27	28	18	0
Organising own learning and development	4	9	21	44	23	0
Team working	2	5	21	42	30	0
Understanding customer needs	1	6	10	41	37	0
Entrepreneurial skills	25	12	27	27	8	0
Adaptability/flexibility	1	2	17	50	30	0
Weighted base = 149 (all establishments in e-skills UK SSC sector)						
<i>Source: Future Skills Wales 2003 Generic Skills Survey</i>						

Looking to the future (Table 2.2) it appears that all skill types will be required at more advanced level, though no one skill type stands out in this regard.

Table 2.2 Expected Level of Skill Needs

Expected levels of skill needs in three years						
	Level (% of establishments)					Don't Know
	Not required (0)	Basic (1)	Intermediate (2)	High (3)	Advanced (4)	
Numeracy	3	8	21	41	27	1
Literacy	1	8	21	46	24	0
Welsh language	63	17	13	4	3	1
Foreign language	63	15	12	6	2	1
Problem solving	2	4	11	40	43	0
Communication	0	1	9	48	42	0
Ability to follow instructions	4	4	18	43	31	0
IT skills	1	2	13	25	60	0
Ability to learn	0	1	11	45	43	0
Showing initiative	1	2	13	42	41	0
Leadership skills	9	6	20	40	25	0
Management skills	11	8	24	36	21	0
Organising own learning and development	4	7	18	41	30	0
Team working	2	2	19	39	38	0
Understanding customer needs	0	5	7	42	46	0
Entrepreneurial skills	23	12	22	26	17	0
Adaptability/flexibility	1	1	16	42	39	0
Weighted base = 149 (all establishments in e-skills UK SSC sector)						
<i>Source: Future Skills Wales 2003 Generic Skills Survey</i>						

Section 3

Recruitment Difficulties and Skill Shortage Vacancies

In the survey, there are two measures of recruitment problems:

- Hard-to-fill vacancies – vacancies that establishments understand to be ‘hard-to-fill’.
- Skills shortage vacancies – vacancies that establishments believe are difficult to fill for skills related reasons. Specifically defined in this survey as being hard-to-fill because ‘applicants lack the qualifications employers want’, ‘applicants lack the relevant experience’, and ‘applicants lack the relevant skills we require’.

3.1 Extent of Vacancies, hard-to-fill vacancies and skill shortage vacancies

Almost a quarter (24 per cent) of establishments in the e-skills UK sector reported at least one vacancy at the time of the survey, 11 per cent of establishments reported that they had hard-to-fill vacancies and 8 per cent reported skill shortage vacancies, that is vacancies that were hard-to-fill for skill related reasons.

The proportion of establishments reporting vacancies and skill shortage vacancies is slightly higher than in Wales as a whole (where the figures are 22 per cent and 7 per cent respectively). However, the proportion of establishments in the sector reporting hard to fill vacancies is slightly lower at (11 per cent) than the all-Wales figure of 14 per cent.

When considered as a proportion of employment, vacancies in the e-skills UK sector represent around ten per cent of employment, compared to two per cent in Wales as a whole. Hard-to-fill vacancies represent four per cent of employment in the sector compared to just over one per cent in Wales as a whole. The sector seems to be suffering more acutely from recruitment difficulties when compared to Wales as a whole. Similar data for skill shortage vacancies are not available due to low base sizes.

Table 3.1 Extent of Vacancies, hard-to-fill vacancies and skill shortage vacancies

	Wales		e-skills UK SSC	
	<i>% of establishments reporting</i>	<i>% of employment</i>	<i>% of establishments reporting</i>	<i>% of employment</i>
All vacancies	22	2.0	24	10.1
Hard-to-fill vacancies	14	1.1	11	4.2
Skill shortage vacancies	7	0.5	8	N/A
Unweighted base	6,020	6,020	149	149

Source: Future Skills Wales 2003 Generic Skills Survey
Base: All establishments

Section 4 Internal Skill Gaps

Employers were also asked about the level of skills amongst their current employees to find out whether there was a gap between the types of skills they currently have and those they need to meet the business's objectives.

Whereas vacancies, hard-to-fill vacancies and skill shortage vacancies measure whether there are imbalances in the external labour market, skill gaps measure the imbalances **within** the organisation.

Within the e-skills UK sector, the proportion of establishments reporting such gaps is the same Wales as a whole, but they represent a greater proportion of employment and therefore suggest a greater concentration of such difficulties within the sector.

Table 4.1 Incidence of skills gaps

	<i>% of ests reporting skills gap</i>	<i>Skill gaps as percentage of employment</i>	<i>Unwtd base</i>
Wales	19	5.1	6,020
e-skills UK	19	8	149

Source: Future Skills Wales 2003 Generic Skills Survey
Base: All

Section 5 Employer Engagement in Developing their Workforce

This section considers the extent of training in the sector and the barriers employers face in providing training.

55 per cent of establishments in the e-skills UK SSC sector had funded or arranged off-the-job training in the past 12 months, compared to all Wales figure of 53 per cent. 29 per cent of establishments in the sector claim that they invest more in off the job training for their employees than three years ago, 43 per cent invest about the same and 5 per cent invest less. (These figures are comparable to the results for all establishments in Wales). Interestingly, almost a fifth of establishments surveyed in the sector had been in operation for less than 3 years.

Employers in the sector appear to believe that they face more barriers to providing training, and state that they are constrained by the cost of training, and particularly the cost implications brought by staff taking time off work for training.

Table 5.1 Barriers to training

	Wales	e-skills UK
<i>Multiple response</i>	<i>%</i>	<i>%</i>
Cost of training	26	37
Training not available	6	7
Time of day courses are run	8	7
Cannot afford staff to have time off	31	41
Training not relevant to needs of business	6	5
No barriers	32	19
Unweighted base	6,020	149

Source: Future Skills Wales Generic Skills Survey 2003

Base: All establishments

Employers were also asked about their attitudes toward skills and skill development in their establishment. In the e-skills UK sector 87 per cent of establishments agreed (either strongly or tended to agree) that employees have sufficient skills to meet business needs; 86 per cent that investment in skills has yielded business benefits and 97 per cent that having a skilled workforce is crucial to the success of their business. This compares to results for all Wales on these measures of 88 per cent, 77 per cent and 95 per cent respectively.

Section 6

Conclusion

- Skills required at the highest levels are IT, communication, ability to learn and problem solving. The survey shows that IT user skills requirements are high across most sectors in Wales – these generic skills issues can be addressed by cross-sector collaboration as well as work by the SSC with employers in their sector.
- Employers in the sector seem to be suffering more acutely from recruitment difficulties compared to Wales as a whole suggesting the need to address attracting the required quantity and quality of skilled people from the labour pool into the sector.
- Despite a higher than average incidence of training occurring within the sector in Wales, skills gaps occur in a greater proportion of the workforce than in Wales as a whole. A possible cause of this is the fast paced nature of the sector and in particular the skills and training requirements that new and changing technologies require. In addition, it is possible that a greater focus on directing training at particular skills needs through training needs analyses might bring a reduction in skills gaps and related business improvements.