

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

ConstructionSkills

**Arolwg Cyflogwyr Sgiliau Generig
Sgiliau Dyfodol Cymru 2003**

SSC SgiliauAdeiladu

Future Skills Wales 2003 Generic Skills Survey of Employers: ConstructionSkills 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 ConstructionSkills sector. It is thus an important output in that it informs us 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 616 interviews were conducted with employers in the ConstructionSkills sector.

Employers with at least one person in employment were included in the survey (i.e. at least two people working in an establishment). However, this excludes

the self employed/sole trader population which, within the ConstructionSkills sector, is significant.

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 per cent.

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.

1.3 Defining the Sector Skills Council

As the data was coded to 4-digit SIC code, it is possible to analyse the data as it fits to SSCs. The ConstructionSkills SSC covers employers in the construction industry (excluding heating and ventilation) and Architectural consultancy. The 'best fit' of SIC codes to this sector (45.1, 45.2, 45.32, 45.34, 45.4, 45.5, 74.2) has been used to analyse the data presented within this report.

1.4 Sample Size for the sector

A total of 616 interviews were conducted with establishments in the ConstructionSkills SSC. Due to the number of interviews, further analysis has been obtained for the following sub-sectors of the SSC:

- Building Construction (SIC code 45.2; 290 interviews);
- Building Completion (SIC code 45.4; 125 interviews);
- Architecture and engineering activities and related technical consultancy (SIC code 74.2; 181 interviews).

However, this means some parts of the sector have not been included in the sub-sector analysis.

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

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.

Report outline

The following section of the report considers the current and likely future skills needed by employers. Section 3 considers recruitment difficulties and skills shortage vacancies while 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.

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 establishments and the level at which that skill is required. The results for the Construction Skills sector and all Wales are shown in the table below. The skills most consistently required at a high or advanced level are the Ability to follow instructions, Showing initiative and Understanding the customer.

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	7	12	21	46	14	1
Literacy	4	16	23	45	11	1
Welsh language	67	14	10	6	1	*
Foreign language	88	7	3	1	*	*
Problem solving	5	12	19	48	14	1
Communication	2	12	18	54	14	1
Ability to follow instructions	2	7	11	64	15	1
IT skills	32	12	19	29	7	1
Ability to learn	2	8	18	58	14	1
Showing initiative	1	7	17	58	17	*
Leadership skills	11	11	23	43	12	1
Management skills	24	11	21	36	8	1
Organising own learning and development	14	13	26	38	7	2
Team working	3	7	18	58	14	*
Understanding customer needs	5	8	11	48	27	1
Entrepreneurial skills	34	14	21	22	7	2
Adaptability/flexibility	2	7	20	55	17	1
Weighted base = 616 (all establishments)						
<i>Source: Future Skills Wales 2003 Generic Skills Survey</i>						

Looking to the future, all skills are reported to be required at a higher level, though no dramatic changes in skill requirements are expected by employers in the sector (Table 2.2).

Table 2.2: Expected levels of skill needs in three years

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	6	11	18	47	16	1
Literacy	4	14	21	46	14	2
Welsh language	62	15	11	9	2	2
Foreign language	83	9	4	2	1	1
Problem solving	5	10	17	44	22	2
Communication	1	11	12	56	18	2
Ability to follow instructions	2	6	8	61	21	2
IT skills	27	8	15	34	14	2
Ability to learn	2	5	17	56	18	1
Showing initiative	1	4	14	56	24	1
Leadership skills	9	8	19	45	17	2
Management skills	21	10	18	37	12	2
Organising own learning and development	11	9	22	42	13	2
Team working	2	6	14	58	19	1
Understanding customer needs	4	8	8	46	33	1
Entrepreneurial skills	12	19	25	9	2	2
Adaptability/flexibility	2	4	17	56	21	1
Weighted base = 616 (all establishments)						
<i>Source: Future Skills Wales 2003 Generic Skills Survey</i>						

Section 3

Recruitment Difficulties and Skills 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 skills shortage vacancies

Just over a fifth (22 per cent) of establishments in the ConstructionSkills SSC sector reported at least one vacancy at the time of the survey, 17 per cent of establishments reported hard-to-fill vacancies and 11 per cent reported skills shortage vacancies, that is vacancies that were hard-to-fill for skill related reasons.

The proportion of establishments reporting vacancies is comparable with the proportion in Wales as a whole (22 per cent), but the proportion reporting hard-to-fill vacancies and skills shortage vacancies is higher than in Wales as a whole (14 per cent and 7 per cent respectively).

When considered as a proportion of employment, vacancies in the ConstructionSkills SSC represent 5 per cent of employment, compared to 2 per cent in Wales as a whole. Similarly, hard-to-fill vacancies represent 4.2 per cent of employment in the sector compared to 2.8 per cent in Wales as a whole.

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

	Wales		ConstructionSkills SSC	
	<i>% of establishments reporting</i>	<i>% of employment</i>	<i>% of establishments reporting</i>	<i>% of employment</i>
All vacancies	22	2.0	22	5.4
Hard-to-fill vacancies	14	1.1	17	4.2
Skills shortage vacancies	7	0.5	11	2.8
Unweighted base	6,020	6,020	616	616

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

Establishments in the Architecture sub-sector were slightly more likely to report all types of vacancies than other sub-sectors, although the biggest concentration of vacancies was in the building construction sub-sector.

Table 3.2 Incidence of vacancies, hard-to-fill vacancies and skills shortage vacancies by sub-sector

	<i>Proportion of establishments reporting vacancies</i>	<i>Vacancies as a proportion of employment</i>	<i>Proportion of establishments reporting Hard-to-fill vacancies</i>	<i>Hard-to-fill vacancies as a proportion of employment</i>	<i>Proportion of establishments reporting skills shortage vacancies</i>
Wales	22	2.0	14	1.1	7
Construction	22	5.4	17	4.2	11
Building construction	22	6.2	18	4.9	11
Building Completion	15	4.1	12	2.8	8
Architecture	25	4.7	17	3.4	12

Source: Future Skills Wales 2003 Generic Skills Survey

Base: All establishments/employment

3.2 Occupational profile of vacancies, hard-to-fill vacancies and skills shortage vacancies

The table below shows the occupational distribution of hard-to-fill vacancies and skills shortage vacancies in ConstructionSkills and in all sectors in Wales. **(NB, due to the small number of interviews on which the occupational distribution of skills shortage vacancies is based, the data should be treated with caution)** Almost half of all hard-to-fill and skills shortage vacancies are in the Skilled Trade occupations, whereas only around a third of employment is in this occupational group. Another concentration of hard-to-fill vacancies is found in Machine operative occupations, who account for 5 per cent of employment in the sector, but 12 per cent of hard-to-fill vacancies.

Table 3.3 Occupational distribution of current vacancies, hard-to-fill vacancies and skills shortage vacancies

	Employment %		Hard-to-fill vacancies %		Skills shortage vacancies %	
	Wales	Construction Skills ²	Wales	Construction Skills	Wales	Construction Skills
Managers and senior officials	11	18	3	1	5	2
Professionals	18	12	8	9	10	7
Associate professionals	12	6	18	10	23	11
Administrative staff	15	9	4	3	5	3
Skilled trades	11	30	20	49	27	47
Personal service staff	6	*	9	0	7	*
Sales and customer service staff	10	2	10	4	6	4
Machine operatives	6	5	9	12	10	14
Elementary staff	12	7	18	11	7	12

Source: Future Skills Wales 2003 Generic Skills Survey
Base: All establishments/with vacancies

3.3 Causes of hard-to-fill vacancies

The main cause of hard-to-fill vacancies is a lack of applicants with the skills required by employers. 29 per cent of establishments with hard-to-fill vacancies cited this reason.

² Note – this does not add to 100 because not all employers were able to respond. It is also unweighted data as presented for the ConstructionSkills SSC.

Table 3.4 Main causes of hard-to-fill vacancies

	Construction Skills	Wales
<i>Multiple response</i>	<i>%</i>	<i>%</i>
Applicants lack motivation/right attitude	5	9
Applicants lack the qualifications we want	11	7
Applicants lack the relevant experience	12	13
Applicants lack the relevant skills we require	29	20
Company/industry unable to pay the market rate	3	3
Job entails shift work/unsociable hours	0	8
Lack of applicants/people willing to work for market rate/interested in this type of work	19	18
Poor career progressions/lack of prospects	0	1
Lack of resources to carry out effective recruitment	1	1
People with required skills don't want to relocate to this area	2	2
Poor image of sector	1	1
Remote location/poor public transport	0	3
Seasonal work	0	*
Too much competition from other employers	4	2
Other	7	1
Don't know	5	6
Unweighted base	121	1019

Source: Future Skills Wales 2003 Generic Skills Survey

Base: All establishments with hard-to-fill vacancies

3.4 Responses to hard-to-fill vacancies

The table below shows what employers in the sector do in response to hard-to-fill vacancies. 46 per cent of establishments with hard-to-fill vacancies expand their existing recruitment channels and 12 per cent recruit from different geographical areas. Employers in the sector are much less likely than employers in Wales as a whole to increase training to existing staff or offer higher pay. Generally, they are less likely to have a response, with 18 per cent saying they have not responded to a hard-to-fill vacancy compared to 13 per cent in Wales as a whole.

Table 3.5 Responses to hard-to-fill vacancies

	Construction	Wales
<i>Multiple response</i>	<i>%</i>	<i>%</i>
Expand recruitment channels	46	40
Increase training and development within the workforce	7	20
Offer higher pay/perks	1	13
Recruit from different geographical areas	12	11
Highlight problems to local providers	8	7
Offer training opportunities to attract recruits	3	6
Increased use of temp staff	8	6
Increase/expand trainee programmes	6	3
Unweighted base	121	1019
No responses	18	13

*Source: Future Skills Wales 2003 Generic Skills Survey
Base: All establishments with hard-to-fill vacancies*

Section 4

Internal Skills gaps

4.1 Incidence and nature of skills 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 skills shortage vacancies measure whether there are imbalances in the external labour market, skills gaps measure the imbalances within the organisation.

Although establishments in the ConstructionSkills sector were slightly less likely to report skills gaps within their establishments than the whole of Wales (18 per cent compared to 19 per cent), where they did so, more staff were affected (10 per cent compared to 5 per cent). The Building construction sub sector has the highest percentage (20 per cent) of establishments reporting skills gaps but Architecture reports the highest level of skills gaps as a proportion of employment (14.1 per cent).

Table 4.1 Incidence of skills gaps

	<i>% of establishments reporting skills gap</i>	<i>Skills gaps as percentage of employment</i>	<i>Unweighted base</i>
Wales	19	5.1	6020
ConstructionSkills	18	9.9	616
Building Construction	20	7.2	290
Building Completion	19	7.4	125
Architecture	12	14.1	181

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

The distribution of skills gaps by occupation broadly follows occupational distribution of employment, as shown in table 4.2, though slightly higher concentrations of gaps are found amongst professionals, skilled trades and Machine operatives when compared to share of employment.

Table 4.2 Distribution of skills gaps by occupation

	Wales		ConstructionSkills	
	<i>Skills gaps %</i>	<i>Employment %</i>	<i>Skills gaps %</i>	<i>Employment³ %</i>
Managers and senior officials	14	11	12	18
Professionals	14	18	17	12
Associate professionals	7	12	5	6
Administrative staff	10	15	9	9
Skilled trades	12	11	35	30
Personal service staff	8	6	*	*
Sales and customer service staff	15	10	2	2
Machine operatives	11	6	11	5
Elementary staff	9	12	8	7
Total	100	100	100	100

Source: *Future Skills Wales 2003 Generic Skills Survey*
Base: *All establishments/with skills gaps*

³ Note – this does not add to 100 because not all employers were able to respond. It is also unweighted data as presented for the ConstructionSkills SSC.

When asked what particular skill types are required by establishments that report skills gaps, 25 per cent of those establishments said the skills needed were IT skills and 13 per cent said they were job specific.

Table 4.3 Nature of skills gaps

<i>Multiple response</i>	ConstructionSkills %	Wales %
Communication skills	12	21
Showing Initiative	10	12
Understanding customer needs	4	10
Problem solving skills	10	11
Ability to learn	16	10
Management skills	9	9
Team working skills	3	6
IT skills	25	24
Literacy skills	3	4
Numeracy skills	2	6
Foreign language skills	4	3
Interpersonal skills	2	1
Experience	7	6
Job specific skills	13	8
Ability to follow instructions	7	9
Welsh language skills	6	5
No particular skills difficulties	1	2
Don't know	0	2
Unweighted base	115	1,198

Source: Future Skills Wales 2003 Generic Skills Survey

Base: All establishments with a skills gap

4.2 Impact of skills gaps

The greatest impact of internal skills gaps in the ConstructionSkills SSC sector was a loss of efficiency or increased wastage (19 per cent) followed by a loss of business to competitors and loss of quality in service delivery, (both cited by 18 per cent of employers with skills gaps). Less than 1 per cent said that they experienced no particular problems as a result of their skills gaps, which suggests that both the extent and depth of the problem is severe in this sector.

Table 4.4 Impact of skills gaps

<i>Multiple response</i>	ConstructionSkills %	Wales %
Loss of business to competitors	18	15
Loss of quality in the service	18	16
Delays developing new products or services	9	7
Difficulties meeting customer service objectives	8	7
Difficulties in introducing new technology	2	4
Increased staff turnover	1	3
Restricted business development	15	12
Increased operating costs	6	5
Loss of efficiency/increased wastage	19	15
No particular problems	*	2
Unweighted base	115	1,198

Source: Future Skills Wales Generic Skills Survey 2003

Base: All establishments with a skills gap

4.3 Actions taken by business in response to skills gaps

Establishments in the ConstructionSkills sector were most likely to respond to skills gaps by providing further training (41 per cent of employers with skills gaps) and by increasing or expanding trainee programmes (17 per cent).

Table 4.5 Actions taken as a result of skills gaps

	Construction Skills	Wales
<i>Multiple response</i>	<i>%</i>	<i>%</i>
Provide further training	41	56
Changing working practices	7	6
Increase/expand trainee programmes	17	18
Relocated work elsewhere	0	1
Increased recruitment	11	8
More reviews/team meetings	3	3
No particular action being taken/leave to market	12	11
Don't know	6	4
Unweighted base	115	1,198

Source: Future Skills Wales Generic Skills Survey 2003

Base: All establishments with a skills gap

Section 5

Action Taken by Employers in Developing their Workforce

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

52 per cent of establishments in the ConstructionSkills SSC sector funded or arranged off-the-job training in the past 12 months; this is comparable with the all Wales figure of 53 per cent.

Table 5.1 – Training and Development

	<i>Whether investment in training increased in last three years</i>				
	<i>Proportion of establishments providing training</i>	<i>Investing more in training than 3 years ago</i>	<i>Investing about the same as 3 years ago</i>	<i>Investing less in training than three years ago</i>	<i>Not in operation 3 years ago</i>
Wales	53	32	44	7	11
Construction	52	30	48	8	9
Building Construction	51	28	51	9	6
Building Completion	38	28	52	4	14
Architecture	62	35	40	9	12

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

The cost of training and the difficulty of having staff take time off for training were both cited as barriers to training by around a third of employers in this sector. Slightly less employers in this sector than in Wales as a whole were likely to report 'no barriers' to training.

Table 5.2 Barriers to training

	Wales	Construction Skills	Building Construction	Building Completion	Architecture
<i>Multiple response</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Cost of training	26	29	25	21	42
Training not available	6	8	7	5	10
Time of day courses are run	8	7	5	5	14
Cannot afford staff to have time off	31	33	30	35	37
Training not relevant to needs of business	6	5	5	7	2
No barriers	32	30	36	32	22
Unweighted base	6020	616	290	125	181

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

Employers were also asked about their attitude toward skills and skill development in their establishments. In the ConstructionSkills SSC sector 84 per cent of establishments agreed (strongly or tended to agree) that employees have sufficient skills to meet business needs; 73 per cent that investment in skills has yielded business benefits and 98 per cent that having a skilled workforce is crucial to the success of their business. This compares to results for all Wales of 88 per cent; 77 per cent and 95 per cent respectively.

Summary

This report highlights the key skills issues for the Construction sector. The main issues to be addressed are:

- *Meeting skills needs.* The skills required at the most advanced level are the Ability to Follow Instructions, Showing Initiative and Understanding Customer Needs.
- *Tackling recruitment difficulties and skill shortages.* Recruitment difficulties in the sector are more prevalent than the Wales average, and the number of employers citing skills shortage as the reason for recruitment difficulties is also higher than the Welsh average. Almost a third of employers reporting hard-to fill vacancies gave a lack of applicants with the right skills as the reason.
- *Addressing skills gaps in the existing workforce.* Skills gaps in the sector are similar to Wales as a whole, with 18 per cent of employers reporting a gap between the skills required by the organisation and the skills held by the current workforce.
- *Improving employer investment in training and workforce development.* The proportion of employers investing in off-the job training in the sector is similar to the all-Wales average. However, employers are slightly more likely than average to say that they have experienced barriers to undertaking training. When they had experienced barriers, these were mainly connected with budget and resource constraints.