

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

Financial Services

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

SSC Gwasanaethau Ariannol

Future Skills Wales 2003 Generic Skills Survey of Employers: Financial Services 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 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 111 interviews were conducted with establishments in the Financial Services SSC 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

As the data was coded to 4-digit SIC code, it is possible to analyse the data as it fits to SSCs. The Financial Services SSC covers employers in the banking, finance, investment and insurance industries and the 'best fit' of SIC codes (65, 66, 67) to this sector has been used to analyse the data presented within this report.

1.4 Sample Size for the sector

A total of 111 interviews were conducted with establishments in the Financial Services SSC.

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 points.

Section 2 Skill Needs

2.1 Skills required now and in the next three years

The survey asked employers to consider the type of skills currently required in their establishment, and the level at which those skills are required. The results for the Financial Services SSC sector are shown in the table below.

Establishments within the sector require communication skills, numeracy, literacy and understanding customer needs skills at the highest levels. Team working and the ability to learn are also highly rated.

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	0	7	19	49	25	0
Literacy	0	5	16	63	17	0
Welsh language	58	21	8	11	2	0
Foreign language	90	9	1	0	0	0
Problem solving	0	8	33	43	16	0
Communication	0	1	9	55	35	0
Ability to follow instructions	2	5	13	58	22	0
IT skills	2	9	35	44	10	0
Ability to learn	1	0	20	57	21	0
Showing initiative	0	4	31	46	19	0
Leadership skills	12	15	26	33	14	0
Management skills	20	11	31	29	10	0
Organising own learning and development	8	7	24	51	10	0
Team working	3	3	18	48	28	0
Understanding customer needs	3	2	7	51	37	0
Entrepreneurial skills	24	23	25	23	5	0
Adaptability/flexibility	3	3	19	58	18	0
Weighted base = 111 (all establishments)						
Source: Future Skills Wales 2003 Generic Skills Survey						

Looking to the future, employers in the sector in Wales expect the need for skills in IT and understanding customer needs to increase in the next 3 years.

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	0	7	18	45	29	1
Literacy	0	3	16	61	20	0
Welsh language	47	21	15	11	5	1
Foreign language	85	11	3	1	0	0
Problem solving	0	9	26	44	21	0
Communication	0	0	5	53	42	0
Ability to follow instructions	2	5	13	56	24	0
IT skills	2	5	23	40	30	0
Ability to learn	0	0	18	57	25	1
Showing initiative	0	3	22	52	24	0
Leadership skills	10	12	24	35	18	0
Management skills	20	9	27	31	13	0
Organising own learning and development	8	4	17	49	21	0
Team working	2	3	15	50	30	0
Understanding customer needs	1	3	6	46	44	0
Entrepreneurial skills	22	17	19	33	7	2
Adaptability/flexibility	3	2	14	55	27	0
Weighted base = 111 (all establishments)						
<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

16 per cent of establishments in the Financial Services SSC sector reported at least one vacancy at the time of the survey, around 5 per cent of establishments reported that they had hard-to-fill vacancies, and just under two per cent reported skill shortage vacancies.

The proportion of establishments reporting all types of vacancy is markedly lower than in Wales as a whole (where the figures are 22 per cent, 14 per cent and 7 per cent respectively).

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

	Wales		Financial Services SSC	
	% of establishments reporting	% of employment	% of establishments reporting	% of employment
All vacancies	22	2.0	16	3.5
Hard-to-fill vacancies	14	1.1	5	0.3
Skill shortage vacancies	7	0.5	2	NA
Unweighted base	6,020	6,020	111	111

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

Section 4 Internal Skill Gaps

4.1 Incidence of 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.

14 per cent of establishments reported such gaps, affecting 5 per cent of employment in 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
Financial Services	14	5.0	111

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

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.

76 per cent of establishments in the Financial Services SSC sector claimed that they funded or arranged off-the-job training in the past 12 months, and is well above the all Wales figure of 53 per cent. Investment in off-the-job training seems to have increased in the last three years, and compares favourably with the findings for Wales as a whole. 56 per cent of establishments in the sector reported that they had increased investment in this type of training, with levels of investment staying the same for 28 per cent of establishments, and decreased investment in just 4 per cent of establishments. The comparative results for all Wales are 32 per cent, 44 per cent and 7 per cent respectively on these measures.

Perhaps surprisingly, given the higher levels of training in the Financial Services SSC sector, establishments in the sector are still more likely to report barriers to the provision of training than establishments across Wales as a whole. Although the cost of training was a barrier to a relatively small proportion of establishments, two-fifths reported that allowing staff time off for training was a barrier and one tenth reported that a lack of availability of training was an obstacle, suggesting that there are issues with the supply of training to the sector.

Table 5.1 Barriers to training

	Wales	Financial Services
<i>Multiple response</i>	<i>%</i>	<i>%</i>
Cost of training	26	13
Training not available	6	11
Time of day courses are run	8	8
Cannot afford staff to have time off	31	40
Training not relevant to needs of business	6	6
No barriers	32	23
Unweighted base	6,020	111

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 establishment. In the Financial Services sector 88 per cent of establishments agreed (either strongly, or tended to agree) that employees have sufficient skills to meet business needs – the same proportion in Wales as a whole. Interestingly, however, 94 per cent of establishments in the sector reported that investment in skills has yielded business benefits, compared to 77 per cent of establishments across Wales nationally. Finally, 96 per cent of financial services employers reported that having a skilled workforce is crucial to the success of their business, on percentage point higher than amongst employers in Wales as a whole.

Section 6 Conclusion

The findings for financial services in Wales mirror parallel findings from studies in England and Scotland for the sector (cf. FSSC Labour Market Assessment 2003). Current and anticipated skill needs show a relatively stable demand. It is notable that a higher proportion of Welsh employers report skill gaps and training costs as a barrier to training than for financial services as a whole. This raises the question about the availability and relevance of education and training provision to support employment needs. A scoping of current supply and future demand is a priority for short term action between the Financial Services Sector Skills Council and its strategic partners in Wales, ELWa and WDA. Of equal importance is to secure greater employer engagement with the supply side. This too is a priority for joint action between the sector's strategic partners.