

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

GoSkills

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

SSC Goskills

Future Skills Wales 2003 Generic Skills Survey of Employers: GoSkills 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 Goskills 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 261 interviews were conducted with employers in the Goskills sector.

All sectors in the economy were included and employers with at least one person in employment were included (i.e. 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 Goskills SSC covers employers in the passenger transport industries and the 'best fit' of SIC codes to this sector has been used to analyse the data presented within this report.

1.4 Sample Size for the sector

A total of 261 interviews were conducted with establishments in the Goskills 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.
- only data with unweighted bases of more than 50 are reported. Where unweighted base sizes are between 50 and 100 the text is italicised and these findings should be treated with caution as indicative only.

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 in section 2. Section 3 considers recruitment difficulties and skill shortage vacancies while the following section 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 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 Goskills sector are shown in the table below. The skills required at the most advanced levels are communication, team working, understanding customer needs, problem solving, ability to follow instructions, ability to learn, adaptability/flexibility and showing initiative.

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	10	19	21	39	9	1
Literacy	4	21	24	45	7	0
Welsh language	66	16	11	6	1	1
Foreign language	91	5	4	0	0	0
Problem solving	11	12	19	42	17	0
Communication	5	10	21	47	17	0
Ability to follow instructions	1	8	18	55	18	0
IT skills	28	22	21	24	5	0
Ability to learn	3	12	27	44	15	0
Showing initiative	3	7	18	55	18	0
Leadership skills	13	15	27	35	9	1
Management skills	31	17	18	25	9	0
Organising own learning and development	16	16	25	36	6	1
Team working	7	10	17	50	16	0
Understanding customer needs	2	7	10	57	24	0
Entrepreneurial skills	37	16	20	23	2	1
Adaptability/flexibility	4	6	15	60	14	0
Weighted base = 261 (all establishments in Goskills SSC sector)						
Source: Future Skills Wales 2003 Generic Skills Survey						

Looking to the future, all skill types are expected to be required at a higher level overall, although there are no particularly dramatic changes expected by employers.

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	9	16	19	38	18	1
Literacy	4	18	23	43	13	0
Welsh language	58	19	13	7	3	1
Foreign language	83	11	4	1	0	0
Problem solving	9	9	17	34	30	0
Communication	4	9	19	43	24	1
Ability to follow instructions	1	8	14	54	25	0
IT skills	22	15	22	29	12	0
Ability to learn	3	9	22	44	21	0
Showing initiative	3	6	16	50	27	0
Leadership skills	11	14	24	33	17	1
Management skills	29	14	16	26	15	1
Organising own learning and development	15	13	24	25	13	1
Team working	7	8	15	48	22	0
Understanding customer needs	2	6	9	51	32	0
Entrepreneurial skills	36	14	19	21	8	3
Adaptability/flexibility	4	6	12	55	23	0
Unweighted base = 261 (all establishments in Goskills 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

Over a fifth (22% per cent) of employers in the Goskills SSC sector reported at least one vacancy at the time of the survey, 18 per cent of employers reported that they had hard-to-fill vacancies at the time of the survey and 12 per cent reported skill shortage vacancies, that is vacancies that were hard-to-fill for skill related reasons.

The proportion of employers reporting vacancies is comparable to Wales as a whole (22 per cent), but the proportion reporting hard-to-fill and skill shortage vacancies is well above the Wales figures of 14 and seven per cent respectively.

Similarly when considered as a proportion of employment, vacancies in the Goskills SSC represent 5.4 per cent of employment, compared to two per cent in Wales as a whole and hard-to-fill vacancies represent 4.1 per cent of employment in the sector compared to 1.1 per cent in Wales as a whole. The sector seems to suffer more acutely from recruitment difficulties when compared to Wales as a whole.

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

	Wales		Goskills SSC	
	% of establishments reporting	% of employment	% of establishments reporting	% of employment
All vacancies	22	2.0	22	5.4
Hard-to-fill vacancies	14	1.1	18	4.1
Skill shortage vacancies	7	0.5	12	NA
Unweighted base	6,020	6,020	261	261

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

3.2 Causes of hard-to-fill vacancies

The main cause of hard-to-fill vacancies in the Goskills SSC sector is a lack of applicants with the required skills; 30 per cent of establishments with hard-to-fill vacancies in the sector cited this as a cause. Other causes include applicants lacking experience (16 per cent), and a lack of applicants generally or that are willing to work for the market rate (12 per cent). This may be related to a need to work shifts and unsociable hours, which was cited by 11% of establishments. Considerably more establishments considered a lack of skills a reason for their hard-to-fill vacancy and this tallies with the greater proportion of establishments reporting skill shortage vacancies in this sector. **However, due to the small base size on which the data is based, this data should be treated with caution.**

Table 3.2 Main causes of hard-to-fill vacancies

	Goskills	Wales
<i>Multiple response</i>	<i>%</i>	<i>%</i>
Applicants lack motivation/right attitude	7	9
Applicants lack the qualifications we want	9	7
Applicants lack the relevant experience	16	13
Applicants lack the relevant skills we require	30	20
Company/industry unable to pay the market rate	4	3
Job entails shift work/unsociable hours	11	8
Lack of applicants/people willing to work for market rate/interested in this type of work	12	18
Poor career progressions/lack of prospects	0	1
Lack of resources to carry out effective recruitment	0	1
People with required skills don't want to relocate to this area	0	2
Poor image of sector	0	1
Remote location/poor public transport	0	3
Seasonal work	0	*
Too much competition from other employers	3	2
Other	1	1
Don't know	8	6
Unweighted base	65	1019

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

Section 4

Internal Skill Gaps

4.1 Incidence and nature 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.

As with recruitment difficulties, establishments in the Goskills sector seem to experience more skill gaps amongst existing employees as in Wales as a whole with more than a fifth (22%) of employers reporting such gaps and almost 1 in 8 staff affected.

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	6020
Goskills	22	11.6	261

Source: Future Skills Wales 2003 Generic Skills Survey

Base: All establishments

The occupational distribution of skill gaps broadly reflects the distribution of occupational employment as a whole but there is a significant concentration amongst skilled trade occupations (principally vehicle maintenance staff) as 43 per cent of skill gaps in the sector were reported amongst employees in this occupation, whilst 32 per cent of employment (as recorded in the survey) was in this occupation. There is also a concentration of skill gaps among operatives (principally drivers) and managers. **However, due to the small base size on which the data on skills gaps is based, the remainder of the analysis on skill gaps in the Goskills sector should be treated with caution.**

Table 4.2 Distribution of employment and of skills gaps by occupation

	Wales		Goskills SSC	
	<i>Employment</i>	<i>Skill gaps</i>	<i>Employment²</i>	<i>Skill gaps</i>
	<i>%</i>	<i>%</i>	<i>&</i>	<i>%</i>
Managers and senior officials	11	14	20	16
Professionals	18	14	6	7
Associate professionals	12	7	3	3
Administrative staff	15	10	9	10
Skilled trades	11	12	32	43
Personal service staff	6	8	2	0
Sales and customer service staff	10	15	3	3
Machine operatives	6	11	20	16
Elementary staff	12	9	5	2
Total	100	100	100	100
Unweighted base	6020	1198	261	54

Source: Future Skills Wales 2003 Generic Skills Survey

Base: All establishments (with skill gaps)

² It should be noted that the occupational data here is not weighted.

The main skill type sought amongst employers reporting skill gaps were Job Specific skills, cited by 17 per cent of establishments with a skills gap (as a specific, not generic, skill this was not included as a prompt in the questionnaire). Other skills frequently cited include Technical skills, IT skills and Communication skills (all 15 per cent).

Table 4.3 Nature of skill gaps

	Goskills	Wales
<i>Multiple response</i>	<i>%</i>	<i>%</i>
Communication skills	15	21
Showing Initiative	13	12
Understanding customer needs	8	10
Problem solving skills	10	11
Ability to learn	4	10
Management skills	8	9
Team working skills	1	6
IT skills	15	24
Literacy skills	5	4
Numeracy skills	1	6
Foreign language skills	0	3
Interpersonal skills	1	1
Experience	3	6
Job specific skills	17	8
Ability to follow instructions	5	9
Welsh language skills	2	5
No particular skills difficulties	0	2
Don't know	2	2
Unweighted base	54	1198

Source: Future Skills Wales 2003 Generic Skills Survey

Base: All establishments with a skills gap

4.2 Impact of skill gaps

The greatest impact of internal skill gaps in the Goskills SSC sector was a loss of business to competitors, a fairly serious impact for businesses to face. Almost 1 in 10 establishments reporting a skill gap also reported restricted business development as a consequence, suggesting that the severity of skill gaps in the sector is having an impact on the ability of the sector to adapt to changes and develop. Less than one per cent said that they experienced no particular problems as a result of their skill gaps, which further suggests that both the extent and depth of the problem is severe in this sector.

Table 4.4 Impact of skill gaps

<i>Multiple response</i>	Goskills %	Wales %
Loss of business to competitors	26	15
Loss of quality in the service	6	16
Delays developing new products or services	8	7
Difficulties meeting customer service objectives	5	7
Difficulties in introducing new technology	4	4
Increased staff turnover	7	3
Restricted business development	9	12
Increased operating costs	5	5
Loss of efficiency/increased wastage	8	15
No particular problems	*	2
Unweighted base	54	1198

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

4.3 Actions taken by business in response to skill gaps

Employers in the sector are most likely to provide further training to existing staff or increase/expand trainee programmes as a response to skill gaps in the workforce. However, almost a fifth does not take any action or will leave to the market to sort out, as shown in table 4.5.

Table 4.5 Actions taken as a result of skill gaps

	Goskills	Wales
<i>Multiple response</i>	<i>%</i>	<i>%</i>
Provide further training	40	56
Changing working practices	5	6
Increase/expand trainee programmes	28	18
Relocated work elsewhere	4	1
Increased recruitment	11	8
No particular action being taken/leave to market	18	11
Don't know	6	4
Unweighted base	54	1198

Source: Future Skills Wales Generic Skills Survey 2003

Base: All establishments with a skills gap

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.

45 per cent of establishments in the Goskills SSC sector funded or arranged off-the-job training in the past 12 months; this is below the all Wales figure of 53 per cent. 22 per cent have increased investment in training in the last three years, 54 per cent have invested the same and 8 per cent have seen investment decrease. This shows a slower growth in investment in training than in Wales as a whole, where comparable figures are 32 per cent, 44 per cent and 7 per cent respectively.

Given that the sector experiences a far greater proportion of skill deficiencies than the economy as a whole, one might expect that they would provide more training in response, but when compared to all Wales and as shown in table 4.5, they are more likely to increase trainee programmes than other establishments in Wales and less likely to increase training given to current staff.

However, employers in the sector are also more likely to say that they do not face barriers to the amount of training undertaken, which suggests that employers are looking to solutions other than training to deal with skill deficiencies amongst their workforce, and indeed 18 per cent take no action in response to their skill gaps. While the cost of training and of allowing staff time off for training were barriers to providing more training, employers in this sector

were more likely than in Wales as a whole to report that training arranged was found not to be relevant to business needs, suggesting issues with the supply of training to the sector in Wales.

Table 5.1 Barriers to training

<i>Multiple response</i>	Wales %	Goskills %
Cost of training	26	24
Training not available	6	5
Time of day courses are run	8	5
Cannot afford staff to have time off	31	28
Training not relevant to needs of business	6	9
No barriers	32	36
Unweighted base	6,020	261

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 Goskills sector 90 per cent of establishments agreed (strongly or tended to agree) that employees have sufficient skills to meet business needs; 71 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 of 88 per cent, 77 per cent and 95 per cent respectively. This again may suggest reasons why the level of training in the sector seems to be slightly lower and the proportions reporting 'no barriers' to training are higher: i.e., fewer perceive benefits to the business and more agree that they have sufficient skills to meet business needs.

Section 6

Conclusion

If the potential for growth within the passenger transport sector in Wales is to be realised GoSkills and its partners will need to tackle the critical skills issues highlighted in this report, notably:

- *Meeting emerging skill needs.* Operators recognise the need for a step change in the frequency, reliability, comfort, access and information associated with passenger transport services. In order to achieve this, the workforce requires well developed communication, customer handling and team working skills, an ability to solve problems, show initiative and be flexible and adaptable. More employers are also expecting to require advanced level IT and management skills over the next three years.
- *Tackling recruitment difficulties and skill shortages.* Recruitment difficulties in passenger transport are more acute than in many other sectors. This reflects both significant skill shortages, with many job applicants lacking the required experience and qualifications and the unattractiveness of careers in passenger transport. There is a lack of interest in jobs on offer with the need to work shifts and unsociable hours a key factor.
- *Addressing skill gaps and deficiencies in the workforce.* Skill gaps are also a major problem in the passenger transport sector, notably among engineering and maintenance staff, drivers and other operatives and managers. Key deficiencies relate to technical and job-specific skills, communication and IT skills.
- *Improving employer investment in training and workforce development.* The proportion of employers investing in training and workforce development is low relative to other sectors. Key barriers relate to the availability of appropriate training.

GoSkills has secured funding from ELWa to support a programme of further research into the skills challenges facing passenger transport industries in Wales. This is due to take place in the autumn and will be complemented by an audit of the range of industry-relevant training and qualifications available from colleges and training centres in Wales. The research will be the first step in the preparation of a Wales level workforce development plan identifying the critical gaps in skills and training provision for the passenger transport sector and a range of actions to address them.