

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

Skillsmart

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

SSC 'Skillsmart'

Future Skills Wales 2003 Generic Skills Survey of Employers: Skillsmart 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 Skillsmart SSC 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 966 interviews were conducted with establishments in the Skillsmart sector.

All sectors in the economy were included and establishments 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 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 (between 50 and 100) and are italicised in tables within the report. 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 Skillsmart SSC covers employers in the retail industry and the 'best fit' of SIC codes to this sector (52.1 – 52.6) has been used to analyse the data presented within this report.

1.4 Sample Size for the sector

A total of 966 interviews were conducted with establishments in the Skillsmart SSC. Due to the number of interviews, further analysis has been obtained for the following sub-sectors of the SSC:

- Retail in non-specialised stores (SIC code 52.1), referred to as 'non-specialised' in the tables (233 interviews);
- Retail sale of food, beverages and tobacco in specialised stores (SIC code 52.2) referred to as 'Food' in the tables (118 interviews);
- Retail sale of pharmaceutical and medical goods (SIC code 52.3), referred to 'pharmaceuticals' in the tables (87 interviews – ***results for this sub-sector should be treated with caution due to the low base size***);
- Other retail sale of new goods in specialised stores (SIC code 52.4), referred to as 'other new' in the tables (505 interviews).

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

Of course, this means that the sub-sectors will not add to the whole as SIC codes 52.5 and 52.6 have not been analysed in this detail.

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;

1.6 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 skills 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.

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 Skillsmart sector and all Wales are shown in the table below. Understanding customer needs, Communication and Ability to follow instructions are the generic skills required at the highest levels.

Table 2.1 Current levels of skills required

	Current levels of skill needs						Don't Know
	Level (% of establishments)						
	Not required (0)	Basic (1)	Intermediate (2)	High (3)	Advanced (4)		
Numeracy	4	15	22	46	13	*	
Literacy	2	14	23	48	13	*	
Welsh language	62	18	11	7	2	1	
Foreign language	83	11	4	1	*	*	
Problem solving	8	18	28	39	8	*	
Communication	1	9	14	55	20	*	
Ability to follow instructions	3	9	15	56	18	*	
IT skills	29	24	25	17	5	*	
Ability to learn	2	13	21	52	11	*	
Showing initiative	2	9	22	51	16	1	
Leadership skills	11	16	25	38	11	*	
Management skills	21	16	21	31	10	1	
Organising own learning and development	15	16	30	32	6	1	
Team working	5	8	18	52	17	*	
Understanding customer needs	1	6	10	53	30	*	
Entrepreneurial skills	32	20	22	18	6	1	
Adaptability/flexibility	2	9	20	52	16	1	
Unweighted base = 966 (all establishments in Skillsmart SSC sector)							
<i>Source: Future Skills Wales 2003 Generic Skills Survey</i>							

Looking to the future, all of the skill types will be required at a slightly higher level in the sector, with one of the biggest increases in IT skills.

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	3	14	18	49	15	1
Literacy	2	11	21	48	16	1
Welsh language	56	19	12	9	3	2
Foreign language	77	13	5	3	1	2
Problem solving	7	15	24	41	13	1
Communication	1	8	10	54	26	1
Ability to follow instructions	3	7	13	53	23	1
IT skills	20	19	21	27	12	1
Ability to learn	2	10	17	53	17	1
Showing initiative	2	7	16	53	21	1
Leadership skills	10	12	20	42	15	1
Management skills	19	13	17	34	15	2
Organising own learning and development	13	13	24	34	14	2
Team working	4	8	13	51	23	1
Understanding customer needs	1	5	7	48	39	1
Entrepreneurial skills	30	17	21	20	10	2
Adaptability/flexibility	2	6	18	51	22	1
Unweighted base: 966 (all establishments in Skillsmart SSC sector)						
<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

Almost a fifth (19 per cent) of establishments in the Skillsmart SSC sector reported at least one vacancy at the time of the survey, 12 per cent of establishments reported that they had hard-to-fill vacancies at the time of the survey and 4 per cent reported skills shortage vacancies, that is vacancies that were hard-to-fill for skill related reasons.

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

When considered as a proportion of employment, vacancies in the Skillsmart SSC represent 3.7 per cent of employment, above the figure for Wales as a whole. The Skillsmart sector also experiences a higher proportion of hard-to-fill vacancies as a proportion of employment compared to Wales as a whole, 1.9 per cent compared to 1.1 per cent. Similar data for skills shortage vacancies are not available due to low base sizes.

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

	Wales		Skillsmart SSC	
	% of establishments reporting	% of employment	% of establishments reporting	% of employment
All vacancies	22	2.0	19	3.7
Hard-to-fill vacancies	14	1.1	12	1.9
Skills shortage vacancies	7	0.5	4	NA
Unweighted base	6,020	6,020	966	966

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

By sub-sector, it can be seen that there are higher concentrations of vacancies and hard-to-fill vacancies in the Food retailing sub-sector.

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

	Proportion of establishments reporting vacancies	Vacancies as a proportion of employment	Proportion of establishments reporting Hard-to-fill vacancies	Hard-to-fill vacancies as a proportion of employment	Proportion of establishments reporting skills shortage vacancies
Wales	22	2.0	14	1.1	7
Skillsmart	19	3.7	12	1.9	4
Non-specialised	26	2.3	15	1.0	1
Food	24	4.7	15	3.1	4
Pharmaceuticals	10	2.1	7	1.1	4
Other new	18	4.2	11	2.5	4

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

3.2 Occupational profile of vacancies and hard-to-fill vacancies

The occupational distribution of hard-to-fill vacancies in the Skillsmart SSC sector broadly reflects the distribution of employment, though the proportion of hard-to-fill vacancies in the Skilled Trade occupation is higher than its share of employment would suggest. Whereas just 3 per cent of employment in the sector (according to the employers in the survey) is amongst skilled trade occupations, 13 per cent of hard-to-fill vacancies are amongst this group.

Table 3.3 Occupational distribution of hard-to-fill vacancies

	Employment		Hard-to-fill vacancies %	
	Wales	Skillsmart ²	Wales	Skillsmart
Managers and senior officials	11	18	3	7
Professionals	18	3	8	1
Associate professionals	12	2	18	5
Administrative staff	15	4	4	2
Skilled trades	11	3	20	13
Personal service staff	6	1	9	1
Sales and customer service staff	10	64	10	64
Machine operatives	6	2	9	2
Elementary staff	12	2	18	5
Total	100	100	100	100

Source: Future Skills Wales 2003 Generic Skills Survey

Base: All establishments with a hard-to-fill vacancy

3.3 Causes of hard-to-fill vacancies

The main cause of hard-to-fill vacancies in the Skillsmart sector is a lack of applicants generally or willing to work for the market rate, cited by 24 per cent of establishments with hard-to-fill vacancies. Shift work was also a much more commonly cited reason in this sector than in Wales as a whole (cited by 18 per cent of establishments with a hard-to-fill vacancy in the Skillsmart SSC sector, compared to 8 per cent in Wales as a whole).

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 Skillsmart SSC

Table 3.4 Main causes of hard-to-fill vacancies

	Skillsmart	Wales
<i>Multiple response</i>	<i>%</i>	<i>%</i>
Applicants lack motivation/right attitude	16	9
Applicants lack the qualifications we want	4	7
Applicants lack the relevant experience	11	13
Applicants lack the relevant skills we require	9	20
Company/industry unable to pay the market rate	2	3
Job entails shift work/unsociable hours	18	8
Lack of applicants/people willing to work for market rate/interested in this type of work	24	18
Poor career progressions/lack of prospects	0	1
Lack of resources to carry out effective recruitment	*	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	2	3
Seasonal work	2	*
Too much competition from other employers	1	2
Other	5	1
Don't know	5	6
Unweighted base	118	1019

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

3.4 Actions taken by business in response to hard-to-fill and skills shortage vacancies

The table below shows what establishments in the sector do in response to hard-to-fill vacancies. 32 per cent of establishments with hard-to-fill vacancies expand their existing recruitment channels but 26 per cent took no particular action to address the issue. This latter is higher than for establishments in Wales as a whole.

Table 3.5 Responses to hard-to-fill vacancies

	Skillsmart	Wales
<i>Multiple response</i>		%
Expand recruitment channels	32	40
Increase training and development within the workforce	1	20
Offer higher pay/perks	6	13
Recruit from different geographical areas	5	11
Highlight problems to local providers	6	7
Offer training opportunities to attract recruits	6	6
Increased use of temp staff	5	6
Increase/expand trainee programmes	2	3
No responses	26	13
Unweighted base	118	1019

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

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 a lesser proportion of establishments report a skills gap in the Skillsmart SSC sector, they represent a greater proportion of employment than in Wales as a whole and therefore suggest a more serious problem in certain workforces. There seems to be a particular concentration of skills gaps within the Food sub-sector, where 16 per cent of employees do not have a sufficient level of skills to meet business objectives, compared to 11 per cent in the sector as a whole.

Table 4.1 Incidence of skills gaps by occupation

	<i>% of establishments reporting skills gap</i>	<i>Skills gaps as percentage of employment</i>	<i>Unweighted base</i>
Wales	19	5.1	6020
Skillsmart	17	11	966
Non-specialised	21	11	233
Food	16	16	118
<i>Pharmaceuticals</i>	20	7	87
Other new	16	10	505

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

The distribution of skills gaps by occupation is broadly comparable to the distribution of employment within the Skillsmart sector.

Table 4.2 Distribution of skills gaps by occupation

	Wales		Skillsmart SSC	
	<i>% skills gaps</i>	<i>Employment %</i>	<i>% skills gaps</i>	<i>Employment³ %</i>
Managers and senior officials	14	11	13	18
Professionals	14	18	4	3
Associate professionals	7	12	1	2
Administrative staff	10	15	3	4
Skilled trades	12	11	3	3
Personal service staff	8	6	*	1
Sales and customer service staff	15	10	67	64
Machine operatives	11	6	7	2
Elementary staff	9	12	3	2
Total	100	100	100	100

Source: Future Skills Wales 2003 Generic Skills Survey

Base: All establishments with a skills gap

Table 4.3 illustrates the types of generic skills employers felt were lacking amongst their existing staff where they had identified a skills gap. 30 per cent of establishments with skills gaps reported that Communication skills were lacking amongst those employees with a skills gap; 20 per cent of establishments cited IT skills and 15 per cent cited 'Showing initiative'.

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 Skillsmart SSC.

Table 4.3 Nature of skills gaps

	Skillsmart	Wales
<i>Multiple response</i>		<i>%</i>
Communication skills	30	21
Showing Initiative	15	12
Understanding customer needs	3	10
Problem solving skills	11	11
Ability to learn	13	10
Management skills	8	9
Team working skills	6	6
IT skills	20	24
Literacy skills	4	4
Numeracy skills	7	6
Foreign language skills	6	3
Interpersonal skills	0	1
Experience	6	6
Job specific skills	7	8
Ability to follow instructions	6	9
Welsh language skills	5	5
No particular skills difficulties	0	2
Don't know	1	2
Unweighted base	177	1198

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 Skillsmart SSC sector was a loss of quality in service delivery, with 18 per cent of establishments with skills gaps citing this impact. 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>	Skillsmart %	Wales %
Loss of business to competitors	16	15
Loss of quality in the service	18	16
Delays developing new products or services	5	7
Difficulties meeting customer service objectives	13	7
Difficulties in introducing new technology	4	4
Increased staff turnover	3	3
Restricted business development	11	12
Increased operating costs	4	5
Loss of efficiency/increased wastage	11	15
No particular problems	1	2
Unweighted base	177	1198

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

62 per cent of establishments with skills gaps provide further training to staff to try to address the problem. This is the most common response. 11 per cent increase or expand their trainee programmes and 7 per cent increase recruitment. A further 11 per cent take no action in response to skills gaps – comparable to the figure for establishments across Wales.

Table 4.5 Actions taken as a result of skills gaps

<i>Multiple response</i>	Skillsmart	Wales %
Provide further training	62	56
Changing working practices	6	6
Increase/expand trainee programmes	11	18
Relocated work elsewhere	*	1
Increased recruitment	7	8
More reviews/team meetings	3	3
No particular action being taken/leave to market	11	11
Don't know	5	4
Unweighted base	177	1198

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.

40 per cent of establishments in the Skillsmart 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. Table 5.1 illustrates variations by sub-sector, with establishments in the pharmaceutical sub-sector more likely to provide training. The pharmaceutical sub-sector is also more likely to be investing more in training than three years ago (38 per cent of establishments are investing more), along with the non-specialised retail sub-sector (36 per cent). This is more so than in the Skillsmart SSC sector as a whole (25 per cent) and in Wales as a whole (32 per cent). However, as with all findings for the Pharmaceuticals sub-sector it should be treated with some caution because of the relatively low base sizes.

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
Skillsmart SSC	40	25	49	7	9
Non-specialised	46	36	40	6	8
Food	44	22	49	8	8
<i>Pharmaceuticals</i>	55	38	40	4	4
Other new	36	21	52	7	11

Source: Future Skills Wales 2003 Generic Skills Survey

Base: All establishments

Overall establishments in the sector are much more likely to report that they do not face barriers to the provision of further training (40 per cent compared to 32 per cent in Wales as a whole). This may be because employers are able to maintain a proficient team of staff and have no difficulties accessing training or it may be associated with a relatively low demand for skills and training, that is, employers do not report barriers to maintaining a proficient team because they are operating on a low skills base. Raising the demand for, and the use of, skills amongst employers is a key challenge for the SSCs.

The barrier to training most frequently cited in the sector is the costs associated with allowing staff time off for training (cited by 30 per cent of establishments in the Skillsmart SSC sector).

Table 5.2 Barriers to training

	Wales	Skillsmart	Non-specialised	Food	Pharmaceutical	Other new
<i>Multiple response</i>	%	%	%	%	%	%
Cost of training	26	16	19	12	20	15
Training not available	6	4	3	4	6	4
Time of day courses are run	8	8	7	6	14	7
Cannot afford staff to have time off	31	30	26	16	50	31
Training not relevant to needs of business	6	8	8	8	6	8
No barriers	32	40	41	52	18	40
Unweighted base	6020	966	233	118	87	505

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 Skillsmart sector 89 per cent of establishments agreed (strongly or tended to agree) that employees have sufficient skills to meet business needs; 76 per cent that investment in skills has yielded business benefits and 93 per cent that having a skilled workforce is crucial to the success of their business.

Summary

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

- *Meeting skills needs.* The skills required at the most advanced level are Understanding Customer Needs, Communication and the Ability to Follow Instructions.
- *Tackling recruitment difficulties and skill shortages.* Recruitment difficulties in the sector are slightly less prevalent than the Wales average, and the number of employers citing skills shortage as the reason for recruitment difficulties is also lower than the Welsh average. Almost a third of employers reporting hard-to fill vacancies gave a lack of applicants willing to work for the market rate as the main reason.

- *Addressing skills gaps in the existing workforce.* Skills gaps in the sector are similar to Wales as a whole, with 17 per cent of employers reporting a gap between the skills required by the organisation and the skills held by the current workforce. However, the establishments reporting a skills gap represent a greater proportion of employment than the average for Wales as a whole and this therefore suggests a more serious problem in some workforces, particularly the Food sub-sector.
- *Improving employer investment in training and workforce development.* The proportion of employers investing in off-the job training in the sector is significantly lower than the all-Wales average. This may be due to a higher level of on-the-job training, or to a relatively low demand for skills and training. Employers in the sector are less likely than average to say that they have experienced barriers to training, and when they had experienced barriers, these were mainly connected with budget and resource constraints.