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UK Commission's Employer Perspectives Survey 2012

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Foreword

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Employers in the UK continue to wrestle with harsh economic conditions for which there is no quick fix. The world of work is changing at an ever more rapid pace and the UK is only one piece of a larger global jigsaw. A number of factors continue to drive us towards a high-tech, knowledge based and low carbon economy and we must adapt to resist falling behind. Whilst such developments undoubtedly place extreme pressures on future investment behaviour, this changing world equally offers many opportunities for business and employment not previously available to earlier generations that need to be exploited. Especially in new and emerging as well as traditional markets, such as the construction, maintenance and operation of low carbon power generators or in the development and use of advanced manufacturing techniques.

The challenges brought by the economic environment, globalisation and the pace of technological change calls for action which both addresses current economic performance and enables future competitiveness. It is widely acknowledged that if businesses lack the skills they need, it can be damaging to both survival and growth. The response to the challenge must be powered by the skills and entrepreneurship of people; it must also ensure the development of skills is right for both the current and the future workforce.

The effectiveness of the choices made by employers is what drives the skills system; information and insight are fundamental to good decision making by employers. Informed and effective choices are elemental to employers being able to take ownership of the skills and to ensure those needs are met at the right time and in the right place. Employer ownership of skills, collectively and individually, provides a way to ensure a better match in the availability of skills, development of skills solutions and use of skills in our economy. For example, through seeking innovative means to tackle persistent skills deficiencies in occupations such as machine setters, plasterers, care assistants or financial advisers.

The two complementary UK Commission employer surveys are designed to provide a definitive picture of the skills challenges faced by employers across the UK and what action they are taking to tackle them. The UK Commission's Employer Skills Survey (UKCESS) measures the nature and prevalence of skills issues, how and why they come about and the impact that they have on businesses and organisations. The UK Commission's Employer Perspectives Survey (UKCEPS) explores how employers go about meeting their skills needs, particularly looking at their awareness of and engagement with different skills and employment services and varying forms of information and support. Together these surveys are able to provide insight into the skills and employment challenges in a way that supports the development of more effective long term investment plans and remedial action, not only amongst employers, but between employers and Government. Key to a more effective skills investment approach is collaboration amongst central players in the skills system, including employers, employees, providers and Government.

The UK Commission's Employer Perspectives Survey explores employer views about: their developments needs and how they are met; the skills and recruitment options open to them, the choices they make and their satisfaction with those choices; employer awareness of information and interventions, experience of engaging with different solutions and appraisal of the benefits, and intentions or likelihood of engaging with solutions in the future. Not only can these issues can be explored for the UK but also for individual nations, by varying employer size and by sector.

The survey also explores specific topics of interest. This year the issue of access to and experience of the labour market by young people is of ongoing societal concern. Specific questions were therefore included in the survey to aid understanding of the provision of work placements and recruitment of young people. This survey provides a unique exploration of the views of employers who have recruited young people during the past year, why they have done so and their experiences.

As a social partnership, led by Commissioners from large and small employers, trade unions and the voluntary sector, the UK Commission for Employment and Skills is in a position to help businesses, individuals and governments develop solutions to the problems posed by the outcomes of this research as well as working towards our own objectives, namely:

- More employers investing in the skills of their people
- More collective action by employers through stronger sectors and local networks
- More employers stepping up and taking ownership of skills.
- More career opportunities for young people

I hope you find this report useful. It will be followed by a technical report which explains more about the methodology and analysis. The data will also be available through the [UK Data Archive](#) and [ONS Virtual Microdata Laboratory](#).

We are immensely grateful to the more than 15,000 establishments, across all sectors, who participated in the research, building our understanding of their perceptions of, and experiences in, the recruitment and skills landscape.

We are keen to make the data and analysis as accessible as possible and assist with its interpretation. We are also keen to get feedback on how we could make our research even more relevant. If you have any feedback or queries, or would like to know more about the Commission's other research, please e-mail info@ukces.org.uk, quoting the report title.

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Executive Summary

Introduction

This report presents the findings of the UK Commission's Employer Perspectives Survey 2012 (UKCEPS 2012), the second in a series of biennial, large scale surveys of employers designed to provide a UK-wide picture of employer perspectives of, and experiences in, the recruitment and skills landscape.

The UK Commission runs two large-scale employer surveys in alternate years: the UK Commission's Employer Skills Survey (UKCESS), and the UK Commission's Employer Perspectives Survey (UKCEPS).

The overall aim of the two surveys is to provide robust and reliable information from UK employers on skills issues and workforce development activities. This information provides a strong basis on which to develop skills policy and practice, and to ensure that the skills investment approach in the UK is effective, driving enterprise, jobs and growth. The two surveys cover complementary topics. The UKCESS seeks to understand changing skills requirements and the degree to which they are shaped internally by different employment practices and investment approaches within the workplace. The UKCEPS focuses more on the external interface between employers and the skills system and on how they go about meeting their skills needs.

The UK Commission's Employer Perspectives Survey 2012 was conducted between May and August 2012 against a backdrop of longstanding economic uncertainty. At the time of the 2012 survey the UK was officially back in recession as the economy struggled to return to sustained growth with the on-going problems in the Eurozone continuing to affect market confidence and adding to the economic uncertainty being experienced by employers. The first Employer Perspectives Survey was carried out in 2010 shortly after the election of the Coalition Government and the official emergence from the 2008-09 recession although again with a backdrop of economic uncertainty, for example with reductions in government spending widely anticipated.

Methodology

The UKCEPS 2012 was a large-scale, representative, UK-wide employer survey, involving 15,004 telephone interviews with employers. The sample was designed and weighted to be representative of the UK employer population as a whole¹. Interviews were conducted at an establishment level, with the most senior person at the site with responsibility for human resources. In smaller establishments this was typically the owner or managing director or the branch manager, and in large establishments this was typically the human resources manager.

Coverage

The core areas covered by UKCEPS 2012 are the extent to which employers engage with external skills and recruitment services and their broader approaches to people development, including their engagement with training providers and other sources of information, advice and help. In addition the survey covers the usage and perceptions of vocational qualifications and of Apprenticeships in particular. New questions were introduced to the 2012 survey on the offering of work placements and the recruitment of young people, as areas of key policy interest. The report also highlights that young, growing businesses demonstrate some different behaviours to all establishments. These businesses have been set-up in the last three years, have seen their workforce grow over the last 12 months and predict that their business will grow in the next 12 months. Findings related to this group are shown in summary boxes.

Employer Perspectives on Recruitment

Around half of employers (48 per cent) engaged with the labour market in the 12 months prior to the survey in terms of looking to recruit new staff, with most of these looking to replace staff who had left (55 per cent of recruiting employers retained the same size of workforce over the year and 12 per cent decreased their headcount). Almost three-in-ten recruiting employers (27 per cent, equating to 13 per cent of **all** employers) recruited for growth in 2011-12.

The survey does not look at the numbers of vacancies that employers were looking to fill, and so does not purport to give an indication of employment opportunities / the health of the employment market, but it is noticeable that a slightly larger proportion of employers recruited in the period summer 2011 to summer 2012 (48 per cent) than did in the period summer 2009 to summer 2010 (44 per cent).

¹ The survey population was all establishments in the UK with at least two people working at them (either as employees or working proprietors).

Employers in Scotland (50 per cent) and in England (48 per cent) were more likely to have had any vacancies to fill than those in Wales (43 per cent) or Northern Ireland (40 per cent). Most employers in the Primary and Construction sectors did not engage with the recruitment market: respectively 30 per cent and 33 per cent posted any vacancies; by contrast, two-thirds of employers in the Non-Market Services sector did.

Employers typically use a range of channels when they are looking to recruit. Reflecting our challenged economic times, they tend to make most use of private recruitment services which they do not have to pay for (including their organisation's own resources and networks). Indeed, the single most common channel employers used to find candidates to fill vacant posts was 'word of mouth' (29 per cent of recruiting employers); and they used this more commonly than they did in 2010 (24 per cent of recruiting employers). Around a half of employers who used word of mouth to spread the word about vacancies did not use any other recruitment channel (seven per cent of all employers).

Although the emphasis on free-to-use (internal and external) private recruitment services seems in line with a tighter economic context, on the other hand paid-for private recruitment services are more commonly used than free public services: 42 per cent of employers with vacancies used private paid-for services and only 31 per cent used free to use public services.

That said, Jobcentre Plus (JCP) is almost on a par with word of mouth as the most common single channel used, with 28 per cent of recruiting employers having looked to bring in staff through JCP in the 12 months prior to the survey. This suggests a decrease in take-up of the JCP offer: in 2010, 31 per cent of employers stated spontaneously that they had used JCP (more than any other single channel). JCP services were more likely to be taken up by employers in the Non-market Services, Manufacturing and Trade, Accommodation and Transport sectors, and in medium sized establishments with 25 to 99 employees.

Employers across the UK have quite high levels of awareness of (some of) the initiatives that government and its partners have put in place to connect young people, unemployed people and other groups who are vulnerable in the labour market with any vacancies that employers might have or might be able to create, but only one in ten establishments across the UK made use of any of them. Establishments in the Trade, Accommodation and Transport sector and in the Non-Market Services sector (which is dominated by the public sector) were most likely to have used any of them, and larger establishments were much more likely to have used any than smaller ones were.

Candidates' qualifications play a role in most employers' recruitment processes and decisions, and a significant role for more than two in five. Academic qualifications continue to be better regarded than vocational qualifications. There are clearly factors at play other than qualification levels when employers look to bring in new recruits, however. Indeed, when employers are looking to recruit new employees to key occupational roles, they usually anticipate that they will need to develop these new recruits' skills, at least to some extent.

Young growth businesses and recruitment

By definition, young growth businesses have seen their headcount grow in the last 12 months (some of them will have grown from scratch, being new start-ups) and so they are recruiting employers.

Like other employers, young growth businesses tend to need to develop the skills of new recruits whom they bring in to key roles: three-quarters identified a need to develop new recruits (76 per cent) in line with the UK average (71 per cent). A significantly higher proportion of young growth businesses hired people with few or none of the skills their role requires them to have (19 per cent), a significantly higher proportion than the average (12 per cent), indicating these businesses are prepared to develop new recruits.

In terms of the channels they use, young growth businesses were more likely than other employers to use private free channels (78 per cent, compared to 67 per cent) and less likely to use private paid for channels of recruitment (30 per cent compared to 42 per cent). More specifically, young growth businesses were far more likely to have used informal recruitment through word of mouth or personal recommendations (52 per cent mentioned this compared to 29 per cent overall) and to use social media as a recruitment channel (seven per cent compared to three per cent).

Employer Perspectives on People Development

The majority of employers provide some form of development opportunity for (at least some of) their staff; 73 per cent did so in the 12 months prior to the survey. This holds true across all sub-groups of employers – including the smaller employers.

Employers are more likely to provide training internally (63 per cent did so) than to access the external workforce development market, although overall around half of employers do use external channels to deliver workforce development for their staff (47 per cent). Around a third of employers (36 per cent) provide training both internally and through external providers.

There is a wide sectoral variation in the provision of external training, ranging from 86 per cent in the Non-Market Services to 49 per cent in Trade, Accommodation and Transport sector.

Employers most commonly look to private providers (private sector training firms or third sector providers) when they are looking outside of their own organisation to deliver training: two fifths of all employers (40 per cent, or 85 per cent of employers who train externally) engage the services of private providers, while only one in seven (14 per cent of all employers, 30 per cent of those who train externally) look to the public learning landscape, in the form of FE Colleges and HEIs.

Establishments in Wales (14 per cent) and Scotland (14 per cent) were slightly more likely to use FE Colleges than those in England (12 per cent) and Northern Ireland (11 per cent). Establishments in England were slightly less likely to use universities/HEIs (six per cent of all establishments, compared to seven per cent in Northern Ireland and Wales and eight per cent in Scotland). There is wide variation between the sectors, with Non-Market Services the most likely to be using public provision (29 per cent use FE Colleges and 21 per cent universities/HEIs).

Around half of establishments who are using public training providers report that they are funding this training entirely themselves (45 per cent of those using FE Colleges and 52 per cent of those using Universities), although it may be the case that they are unaware of other funding streams that are contributing to the funding of their training.

Employers who chose private providers and those who chose public providers gave very similar reasons for their choices, with the relevance of course prime among them (60 per cent of those choosing private providers and 67 per cent of those choosing public providers). But a lack of relevant courses was also the key barrier to employers choosing providers in either the public or private spheres, and here more employers found that public providers did not have an offer relevant to their needs, than found private provision to be lacking in relevance (49 per cent versus 26 per cent of those not choosing either market). On the other hand, a greater proportion report cost as a barrier to private provision as a barrier to using FE colleges (14 per cent compared to six per cent).

Beyond the provision of training, employers can look outside of themselves for advice and information on available sources and resources on training issues. A third of employers did so (31 per cent) and they most commonly referred to private training providers (12 per cent), professional bodies (12 per cent) or colleges (11 per cent). Only six per cent of employers sought advice from other employers.

The survey explored awareness and use of a range of government schemes and initiatives designed to support businesses in the four nations in general terms, and in their workforce development activity in particular. Few of these schemes and initiatives were in common use.

Business Link was used by around one in seven employers **in England**, a considerable decrease on 2010 (from 25 per cent to 14 per cent). A similar proportion of larger employers (with more than 250 employees) had a Time to Train request, and this represented a slight increase on 2010 (from 12 per cent to 15 per cent)

In **Northern Ireland**, six per cent of employers used NI Business Information, in line with 2010.

A similar proportion of employers **in Scotland** used Business Gateway as used Business Link in England (13 per cent) and this also represented a decrease from 2010, although only a slight one (from 16 per cent). Among the larger employers, there was considerable growth in the proportion of employers who had had a Time to Train request in Scotland (from five per cent to 18 per cent).

Similar patterns were apparent **in Wales** with decreased use of Business Link (from 11 per cent to eight per cent) and a heightened incidence among larger employers of Time to Train requests (from seven per cent to sixteen per cent).

None of the other schemes which the survey explored across these countries was used by more than a very small percentage of employers.

Young growth businesses and people development

Nearly all young growth businesses provide training for their staff (90 per cent, compared to 73 per cent overall). They were more likely than employers in general to source training through private commercial and not for profit organisations (50 per cent compared to 40 per cent).

There is a degree of openness in young growth businesses approach to training and workforce development: they were more likely to have sought or received advice or help on skills and training issues in general (42 per cent had done so, compared to 31 per cent overall), and specifically to have discussed these issues with other employers in their industry (10 per cent compared to six per cent).

Employer Perspectives on Vocational Qualifications

Overall take up of vocational qualifications remains around the same level as it was at the time of the 2010 survey (28 per cent of all employers, equating to 38 per cent of those who provide any training). This figure was higher in Wales (29 per cent), England (28 per cent) and Scotland (26 per cent) than it was in Northern Ireland (22 per cent).

Establishments in the Non-Market Services sector were the most likely to offer vocational qualifications (56 per cent). This sector covers establishments in industries such as childcare and health and social work, where a certain level of vocational qualification may be a statutory requirement for many employees. Large establishments were more likely to offer vocational qualifications than smaller ones, indeed 72 per cent of establishments with 100 or more staff did so.

Whilst take-up levels have remained broadly the same, overall perceptions of vocational qualifications appear slightly more positive since the survey was run in 2010. There have been small increases among the proportion of establishments which offer vocational qualifications in the proportion who agree that VQs bring benefits to the business and to the employee, and are easy to work with. This suggests employers are finding vocational qualifications easier to work with since they have been reformed and that they are seeing better outcomes. This might be reflected in the increased proportion saying achievement of a vocational qualification by a member of staff 'always' leads to a pay increase (from 10 to 17 per cent) or to improved job status (from three to eight per cent).

The main barrier to employers offering vocational qualifications is the perception that employees do not want to do them. A lack of knowledge of what is available is another barrier. Elements to do with funding (too expensive, grants not available, cutbacks in training budget) were also commonly mentioned, as were perceptions that they are too bureaucratic, too complicated and take too long.

Employer Perspectives on Young People

Most employers don't recruit young people aged between 16 and 24 but the main reason they are not doing so is because they are not recruiting at all rather than actively choosing not to. Amongst those that have recruited in the last 12 months, 62 per cent have recruited young people (27 per cent of all establishments).

Most commonly the recruits were 19-24 year olds (23 per cent of employers had taken on someone from this age group); just 10 per cent had taken on 16-18 year-olds, reflecting the relative number of young people leaving full-time education and entering the job market at different ages.

Amongst those active in the labour market in the last 12 months, the recruitment of young people was highest in the Trade, Accommodation and Transport sector at 71 per cent falling to between 55 and 59 per cent in all other sectors. This reflects the roles they are recruited to: 21 per cent of all employers recruiting young people reported that their most recent recruit was to a Sales and Customer Service role and 20 per cent to an Elementary occupation.

Young growth businesses and young people

Young people seem to be quite important to the recruitment ambitions of young growth businesses: almost half of all young growth businesses had hired any young people (under 25 years old) in the last 12 months (47 per cent), compared to just over a quarter of all establishments overall (27 per cent).

Similar channels are being used to reach young people as anyone else. This means most employers found new recruits via light touch methods with the majority not paying for recruitment. Word of Mouth was again the most popular channel used by 26 per cent of employers who had recruited a young person in the last 12 months, followed by Jobcentre Plus at 15 per cent.

The most common reason for not recruiting a young person amongst employers who had recruited, but who had not recruited any young people was because no young people had applied. So again, not because they are choosing to actively avoid recruiting young people. However, many employers do have conflicting visions of the value of young people in the labour market, and this vision seems to polarise in line with direct experience; sometimes what one employer sees as a benefit another sees as a drawback. The main benefits reported by employers who have recruited young people were an ability to be moulded (32 per cent), their enthusiasm (30 per cent) and willingness to learn (20 per cent). This compares to the main barriers to recruiting young people, namely a lack experience (29 per cent), skills (23 per cent) or qualifications (15 per cent). Issues related to the attitude, motivation or personality were also a barrier for 18 per cent of employers who had recruited but in the last 12 months but not any young people. Only six per cent specified they needed someone older.

Those who recruited young people were more likely to train and to plan their training provision than either those that haven't recruited or those who have but not specifically young people. So whilst the survey does not have the ability to definitively say that young people receive sufficient training when they start a new job, it suggests that, on the whole, young people are joining the sorts of organisations that are more likely to invest in their skills. However, there are still nine per cent of establishments who had recruited a young person but who had not trained anyone in the previous year. These tended to be smaller (21 per cent of those with 2-4 staff who had taken on young people and not provided training) and/or in the Construction industry (14 per cent).

Employer Perspectives on Apprenticeships

Only a minority of all UK establishments offer apprenticeships (15 per cent). Nine per cent had an apprentice at the time of interviewing and six per cent reported that they offer them, but did not have one currently.

Of those that were offering apprenticeships, the majority were offering formal Apprenticeships, i.e. those that follow a formal framework and lead to a nationally recognised qualification (13 per cent of all establishments; nine per cent have and five per cent offer but don't have currently). Eleven per cent of establishments offering apprenticeships were running their own private or 'informal' in-house schemes (two per cent of all establishments).

There was considerable variation in the types of employers that were offering formal Apprenticeships from around one-in-five employers in Non-Market services, Construction and Manufacturing to six per cent in the Primary sector. Larger establishments were much more likely than smaller establishments to be offering formal Apprenticeships, from eight per cent of establishments with 2-4 staff to almost half (46 per cent) of establishments with 100 or more staff.

The vast majority of employers with formal Apprenticeships report that these involve some form of training; only two per cent of establishments said they run formal Apprenticeship schemes that do not.

Young growth businesses and Apprenticeships

Young growth businesses are particularly engaged with Apprenticeships. A quarter (24 per cent) offered formal Apprenticeships (compared to 13 per cent overall). And young growth businesses which did not offer Apprenticeships were more likely than other employers to say that they did not do so because they did not know enough about them (10 per cent compared to three per cent).

Around half of establishments offering formal Apprenticeships offered them only to new recruits (49 per cent), just under four-in-ten offered them to both new and existing staff (39 per cent) and just under one-in-ten offered them only to existing staff. Employers offering formal Apprenticeships only to existing staff were more prevalent in Trade, Accommodation and Transport sector (16 per cent), especially the larger establishments in that sector (32 per cent of large establishments in this sector compared to 13 per cent across all large establishments).

Approaching a third of those who offer formal Apprenticeships (31 per cent) offer Apprenticeships that take 12 months or less to complete, and five per cent offer Apprenticeships with a duration of six months or less. There is large variation by sector with eight per cent of employers in the Trade, Accommodation and Transport sector reporting a typical length of six months or less compared to no Manufacturing employers and only one per cent of Construction employers. There is also some variation in the duration of formal Apprenticeships by country, with employers offering formal Apprenticeships in Scotland and Northern Ireland much less likely to report shorter duration Apprenticeships and those in Scotland much more likely to report their formal Apprenticeship is more than three years (40 per cent compared to 13 per cent across all UK).

Most of those currently offering formal Apprenticeships agreed that they were a cost-effective way to train staff (88 per cent), although those offering Apprenticeships to the over 25s were less likely to strongly agree (48 per cent compared to 54 per cent that did not offer them to this age group) perhaps reflecting the availability of subsidy.

Awareness of agencies that can support Apprenticeships varies considerably, to some extent reflecting the varying roles of these agencies. Half of all employers in Scotland were aware of Skills Development Scotland while in England a quarter of employers (24 per cent) were aware of the National Apprenticeship Services. Awareness of more employer led organisations was lower, Group Training Associations for example being recognised by eight per cent of all UK employers. Usage was much lower across the board and for the examples given were six per cent for Skills Development Scotland, four per cent for National Apprenticeship Service and one per cent for Group Training Associations.

A quarter (24 per cent) of those not currently offering formal Apprenticeships expected to do so in the future with growth anticipated across all sectors. Whether this growth is realised will, to some extent, depend on over-coming barriers. For those who anticipate offering formal Apprenticeships in the future, what they claim to be stopping them now is that their staff are fully skilled (this raises questions about the perceived role of Apprenticeships among employers and about whether the level of demand for skills is ambitious enough), cost and the fact that they are not currently recruiting (all 16 per cent of those expecting to offer Apprenticeships in the future). For those not intending to offer Apprenticeships in the future, other common barriers included low awareness and knowledge and structural barriers such as lack of an Apprenticeship framework for their business/sector and concerns or suitability.

Employer Perspectives on Work Placements

Overall just over a quarter (27 per cent) of establishments offered any type of paid or unpaid work experience placement or internship in the 12 months preceding the survey. Around a quarter (24 per cent) of establishments had offered placements to school, college or university students, seven per cent had offered work experience placements covering work trials for potential new recruits and placements targeting the unemployed and four per cent had offered internships.

Work placements for those at school are the type of work placement most commonly offered (18 per cent of all establishments).

Again there was considerable variation in those offering placements by size and sector. Establishments in the Non-Market Services sector were most likely to have offered any type of placement (51 per cent), and larger employers were much more likely to have done so than smaller: two-thirds of those with over 100 employees (67 per cent) had offered some kind of work placement in the previous 12 months compared to 27 per cent of all employers.

Employers offering work placements were most likely to be motivated by social responsibility and altruism such as wanting to give people the opportunity to gain experience and to support disadvantaged people. A fifth reported that it did also help with recruitment.

The most commonly cited reasons for not offering such opportunities among the 73 per cent of employers that had not done so were that they did not have any suitable roles as well as concerns over the time and resource it would take to administer.

Just under one-in-ten of all establishments had offered a work placement which had resulted in long-term or permanent employment for the individual involved (nine per cent); this represents about a third (32 per cent) of those who had offered any form of work placement.

Conclusions

The UKCEPS series provides valuable evidence on the interface between employers and the recruitment and skills systems, and on how they go about meeting their skills needs. The survey presents evidence of a continuing lack of alignment between the private and public skills and recruitment markets, raising questions concerning the efficiency of public and private investment in people development. That employers invest significantly in training provides a challenge to training providers to ensure the delivery and organisation of training yields the greatest value.

The survey also points to areas for optimism in these challenging economic times:

- There are perhaps unexpected signs of business confidence amongst private sector employers: almost half of establishments (47 per cent) expect their business to grow in the coming year, and there is also greater confidence among younger businesses than older ones (71 per cent of those who had been in business for fewer than three years).
- Young growing business are more likely to train, offer Apprenticeships and recruit young people than all establishments and are as willing to develop new staff: perhaps more so than would be expected of young businesses. These businesses were started during the recession and suggest a positive and dynamic outlook.
- There has been qualitative improvement in satisfaction with vocational qualifications amongst those employers that offer them. This suggests that there is scope to encourage and widen uptake, but also a need to maintain a focus on relevance and quality to a wider group of employers.

- Almost a quarter of those who don't currently offer Apprenticeships expect to in the coming two to three years.
- Employers are open to the recruitment of, or providing opportunities to, young people. Just over a quarter of all establishments, or 62 per cent of those who had recruited, had recruited a young person in the previous 12 months. A quarter of all establishments had offered a placement to school, college or university students.

The report provides the first analysis of the survey data and there is more that can be explored to inform policy and practice across a range of employment and skills areas.

1 Introduction

1.1 Background

This report presents the findings from the UK Commission's Employer Perspectives Survey 2012 (UKCEPS 2012). UKCEPS 2012 is the second in a series of large scale surveys of employers designed to provide a UK-wide picture of employer perspectives of, and experiences in, the recruitment and skills landscape. The first Employer Perspectives Survey was conducted in 2010. It was developed from an earlier survey which was introduced in 2004 by the Sector Skills Development Agency (SSDA).

Successive governments have highlighted the need for the UK to increase levels of skills and productivity to maximise its ability to compete with our long-standing competitors and emerging economies in the global marketplace.

The aim of the UK Commission for Employment and Skills is to transform the UK's approach to investing in skills as an intrinsic part of securing jobs and growth. Central to achieving this aim is the need for robust, high quality labour market intelligence which helps businesses and people to make the best choices for them, and evaluates the impact of employment and skills policies.

In this context, the UK Commission has developed a research programme at the heart of which are two core repeat surveys: the Employer Skills Survey series (UKCESS), and this survey, which is the latest in the Employer Perspectives Survey series (UKCEPS). The two series (which run in alternate years) have been designed to complement each other in providing a definitive picture of the skills challenges faced by employers across the UK.

UKCESS measures the nature and prevalence of skills issues, how and why they come about and the impact that they have on businesses and organisations. UKCEPS explores how employers go about meeting their skills needs, particularly looking at their engagement with the labour market through recruitment, their use of a range of external skills services, and their engagement with vocational qualifications, including Apprenticeships.

This evidence report delves into the rich data provided by the 2012 UKCEPS to describe the practices that employers engage in to recruit and develop their people, and how this varies among different groups of employers. In so doing, it allows us to explore how and where government-funded support and other more 'market-based' solutions are currently being used to support the skills development needs of UK employers.

In some ways this report is a tracking study, allowing us to develop a picture of how employer behaviour has changed over the last two years. This is particularly the case in respect of recruitment activity, the extent of any emphasis on qualifications as a recruitment criterion and/or a development tool, the use of IAG (information, advice and guidance) services to source or inform training, and the extent to which vocational training is offered.

However, reflecting the changes in emphasis in government policy, the 2012 UKCEPS also differs in some ways from its predecessor survey in 2010 by introducing a number of *new* topic areas, and dropping others which are no longer as policy relevant. Previous questions about use and satisfaction with different government schemes and initiatives have been replaced with new sections focusing on specific modes of recruitment / employment (placements and internships).

Overall, the survey provides information that will support policy evaluation in a number of areas. It has particular value here because it is a survey of **all establishments** as opposed to just those using a service (which is usually the population focused upon in evaluative research), thus providing a valuable information source on employers that are not currently using particular services or initiatives.

1.2 Methodological overview

The Employer Perspectives Survey 2012 was a large-scale, telephone-based survey of 15,004 establishments across all sectors of the economy (including the public and not for profit sectors) in England, Scotland, Wales and Northern Ireland. Below we briefly summarise the key features of the survey methodology. Further details can be found in the separate UKCEPS 2012 Technical Report which accompanies this report.

1.3 Survey sampling

The survey was designed to be representative of all establishments in the UK in which at least two people work. "Establishments", in this sense, denotes specific **individual sites or premises**; thus if an organisation has several sites, it is possible that more than one of these sites will have appeared in the sample². The survey encompasses establishments across the full geographical spread of the UK, in all sectors of the economy (across the commercial, public and charitable spheres).

² The survey has been designed and conducted at the establishment level rather than the enterprise level, since it is at individual establishments where experiences of workforce issues are most acutely felt, and where most recruitment decisions are made.

Target numbers of interviews to be achieved were initially set for each UK country, and countries were then given the opportunity to boost that target.

Within each country, a stratified random sample approach was used, with targets set on an interlocking basis for the numbers of interviews to be achieved within each of five size bands (defined in terms of the number of people on the payroll at the establishment), and each of six sectors³.

Targets for the numbers of interviews to be achieved with establishments of different sizes in each country were initially set to a purposive design which aimed to balance the tension between maximising the potential for subgroup analysis on the one hand (by not allowing the smallest employers, which account for the vast majority of establishments, to dominate), and minimising the design effects / maximising the efficiency of the sample on the other (by not straying too far from a "natural" distribution of different sized employers)⁴. The sector targets were then set to be representative of the population of establishments in each size band in each country⁵.

This approach to setting target numbers of interviews differed from the approach adopted for the 2010 survey when half of the interviews were distributed evenly across a larger number of sector groupings, with the remaining half distributed in proportion to sectors' business populations. The benefit of the new approach was in reducing the degree of skew in the sample away from the natural shape of the business population, and thereby in improving the efficiency of the sample and increasing the effective sample size.

The profile of the population was established through the Office for National Statistics (ONS) based on data from Inter-Departmental Business Register (IDBR) March 2011 statistics.

Sample (contact details for employers) was sourced from Experian's commercial database of establishments, supplemented by some records supplied through the IDBR (in order to ensure full representation of establishments in certain non-commercial sectors in particular).

Interviews were sought with the most senior person at the site with responsibility for human resource issues. In smaller establishments this would typically be the owner or managing director; in larger establishments this was often the Human Resources Manager or Personnel Manager.

³ The sectors were defined in line with the definitions used in the UKCES's Working Futures series (Wilson and Homenidou, 2012)

⁴ This translated to targets as follows: 25% of interviews among establishments with 2-4 workers, 22% among the 5-9 group, 21% for 10-24 employees, 20% for 25-99 and 12% among those with a workforce in excess of 100 people.

⁵ Quota targets were set rather than allowing interviews to fall out naturally to ensure that there was no skew in the achieved sample caused by differential rates of response among establishments in different sectors.

1.4 Survey questionnaire

The survey questionnaire was developed from the questionnaire used in 2010. This questionnaire was reviewed and revised to reflect current policy priorities, the experiences and outcomes from the 2010 survey, and also from UKCESS 2011⁶. A copy of the final questionnaire is available on the UK Commission's website.

An initial questionnaire was piloted by IFF Research in May 2012, followed by eight cognitive interviews focusing on a small number of specific aspects of the questionnaire (such as newly developed questions on apprenticeships). Further (minor) amendments were made based on the lessons from these exercises, and the final questionnaire agreed by the Steering Group in June 2012.

1.5 Survey fieldwork

Following the pilot study and finalising of the questionnaire, fieldwork for the main stage survey was undertaken in July and August 2012. It involved 15,004 interviews, averaging around 23 minutes in length to conduct.

The survey achieved a strong overall response rate of 42 per cent. This compares very favourably to the 2010 survey when the response rate stood at 34 per cent, and represents a slight increase on the 39 per cent that was achieved for the UKCESS 2011 survey.

Response rates were particularly strong in Northern Ireland (50 per cent) and in the Non-Market Services sector, spanning establishments operating in public administration, education and health and social activity (56 per cent). Response rates were better among larger employers than among smaller ones (35 per cent among establishments with fewer than five employees).

Table 1.1 Survey response rates by country

	UK	England	Northern Ireland	Scotland	Wales
Overall and by Country					
Interviews	15,004	10,003	1,000	2,000	2,001
Response rate	42%	40%	50%	44%	45%

⁶ Steering group members representing different government departments across the UK contributed their knowledge and expertise to this phase of the questionnaire's development

1.6 Data weighting

Findings from the survey have been weighted and grossed up to reflect the total population of UK establishments with two or more people working in them⁷. The weighting was designed and undertaken on an interlocking size and sector basis separately for each country.

1.7 Reading this report

The UK Commission's Employer Perspectives Survey 2012 is a valuable research resource that can be used in a range of ways by researchers and practitioners, and also to inform policy development and evaluation.

This report is intended to provide an initial, descriptive exploration of the key data findings. The appendices to the report provide more detail on a country by country basis, and for key sub-groups of employers ([Appendix A](#)). They also provide a discrete analysis of Young Growth Businesses, a specific group of interest to the Commission and which seemed to behave differently (see [Appendix B](#)). There is also an accompanying volume of data tabulations available on the UK Commission's website that provides scope for further analysis.

It should be noted that in all cases where one group of employers is described in the report narrative as different to another, differences are statistically significant at the 95 per cent level.

1.7.1 Reporting conventions

As noted above, the survey was carried out at an establishment level. The terms "establishment", "employer" and "workplace" are used interchangeably throughout this report to avoid excessive repetition and to aid reading.

Throughout the report unweighted base figures are shown on tables and charts to give an indication of the statistical reliability of the figures.

As a general convention throughout the report, figures with a base size of fewer than 25 establishments are not reported (with a double asterisk, "**" displayed instead), and figures with a base size of 25 to 49 are italicised to indicate a note of caution.

In tables findings of "zero" are denoted by a dash "-"; an asterisk "*" is used if the figure is larger than zero but smaller than 0.5.

⁷ As established through the Office for National Statistics (ONS) based on data from Inter-Departmental Business Register (IDBR) March 2011 statistics.

All differences noted are significant to a 95 per cent confidence level unless otherwise stated.

In some cases charts may not always add to 100 per cent and where this is the case this is due to rounding (i.e. 99 per cent or 101 per cent). In the majority of cases 'Don't know' answers have not been included in the charts.

1.7.2. Structure of the report

After this introductory chapter, we describe the population of employers surveyed (Chapter 2). The remainder of the report has then been structured into five key sections, followed by a chapter drawing out conclusions, and these are outlined below:

- Chapter 3: Employer perspectives on recruitment

Focusing on all recruitment activity over a period of 12 months⁸, this chapter describes the channels through which employers look to recruit new employees (including government-supported services and initiatives), and identifies employers who have difficulties accessing the human resources they need. It then looks to understand what weight employers give to formal qualifications when assessing the suitability of new recruits.

The chapter also explores employer perceptions of the extent to which they are able to access "fully formed new recruits" in key occupations (i.e. recruits who come equipped with the skills that the employer needs).

⁸ In this respect, the survey differs from the Employer Skills Series and other similar surveys which tend to focus on employers who have vacancies at the time of interview.

- Chapter 4: Employer perspectives on people development

Building on the *Defining and Measuring Training Activity* study undertaken by the UK Commission in Winter 2010-11 (Winterbotham et al, 2011), the survey establishes a new measure of training activity. This distinguishes between internal training (that employers deliver themselves within the organisation using their own existing resources), and external training (training delivered by people who are not immediate employees of the organisation). This differs from the definitions of training used in previous studies (including the UKCESS), which have considered “on-the-job” and “off-the-job” training, defined as training which takes place at the employee’s workstation in the former case, and training that takes place away from the work station in the second. The benefit of the definition used in UKCEPS 2012 is that it allows us to more easily isolate training that employers deliver with support from outside agents (“external training”), and thereby to understand how and why employers use such provision – a particular focus of this survey.

Consideration of internal and external training serves as a platform to compare how (and how often) employers invest their own resources in developing the skills of their workforce by:

- Buying training through commercial providers;
- Working with business and industry organisations;
- Making direct financial contributions to training delivered through the formal (post-compulsory) education system (HEIs and FE Colleges).

The report explores the perceptions that drive employer activity by looking at what motivates different employers to choose different approaches to investing in training provision.

- Chapter 5: Employer perspectives on vocational qualifications

This chapter moves on to explore usage and employer perceptions of vocational qualifications (and National Occupational Standards) within training activity.

The public purse also contributes to people development both by directly delivering (and funding) training and through the infrastructure which exists to support, market and broker this training. The survey allows us explore the role that this workforce development system plays in informing and directing training and workforce development activity. It establishes the current market for information and advice, and describes the position of publicly-funded organisations within the market.

- Chapter 6: Employer perspectives on young people

This chapter looks at the recruitment of young people (aged 16 to 24), and describes what characterises employers who recruit young people at different stages from those who do not.

Beyond this, it provides an opportunity to explore the different recruitment paths and processes that employers use to source new young recruits for different, specific job roles; and critically - to understand the perceptions that underpin employer recruitment strategies in respect of young people.

- Chapter 7: Employer perspectives on apprenticeships

Apprenticeships are currently a key focus of skills policy and strategy across the UK.

A number of different surveys and research projects have recently explored Apprenticeship initiatives from the perspective of employers who have taken on an apprentice at some stage, for example IFF Research and the Institute of Employment Research, 2012.

UKCEPS 2012 contributes to understanding in this area by exploring levels of engagement with and awareness of apprenticeships in the general employer population. This includes consideration of the extent to which employers provide formal **Apprenticeship schemes** (those that follow formal frameworks), and the extent to which they provide other forms of **apprenticeships**. The study also considers the use of apprenticeships as a recruitment tool as well as a skills development tool, and provides an opportunity to better understand how apprenticeships respond to the needs of different types of employers, and where they are perceived to be less successful.

- Chapter 8: Employer perspectives on work placements

Work placements are a feature of the employment system that have received considerable media and public attention in recent times. However, there is little information on the extent of the use of work placements available from large scale surveys.

UKCEPS 2012 provides valuable information here. It explores a range of different types of work placement covering job creation, employability, engagement with the education system and internships. It identifies employers who offer work placements, and considers why they do so.

- Chapter 9: Conclusions

The final chapter brings together a discussion of what the survey findings mean in terms of our understanding of how and why employers engage with the recruitment, learning and skills system. It focuses on the overall story uncovered by the survey and on particular patterns that are evident for different groups of employers.

2 Understanding the Employer Population

Chapter Summary

The survey describes the experiences and perspectives of establishments across the UK which employ at least two people in them.

The structural profile of establishments in the UK is skewed towards smaller establishments (half of establishments employ fewer than five people). In overall terms, two-thirds of the population operate in the areas of Trade, Accommodation and Transport & Storage (33 per cent) and Business Information, Communications and Other Services (33 per cent).

Overall, 84 per cent of UK establishments are located in England, with eight per cent in Scotland, five per cent in Wales, and four per cent in Northern Ireland.

Most employers (66 per cent) remain at a more or less similar size year on year in terms of headcount, with the remainder splitting more or less evenly between those who are growing and those who are down-scaling. Employers in the Construction sector were more likely than others to have seen decline in headcount. They were also the least likely to have a confident business outlook for the next 12 months. Overall, approaching half of employers were forecasting future growth, with only one-in-ten forecasting that they would contract.

2.1 Introduction

This chapter describes some of the key characteristics of the UK employer population, using a combination of official statistics from the Office of National Statistics (ONS) and the survey findings⁹. It provides important context by introducing the key groupings that will be used through the report to describe employers: groups defined by size, sector, organisational structure and growth trajectory, as well as by country of location within the UK. This context is integral in facilitating understanding of the report

2.2 The size, sector and structural profiles of UK establishments

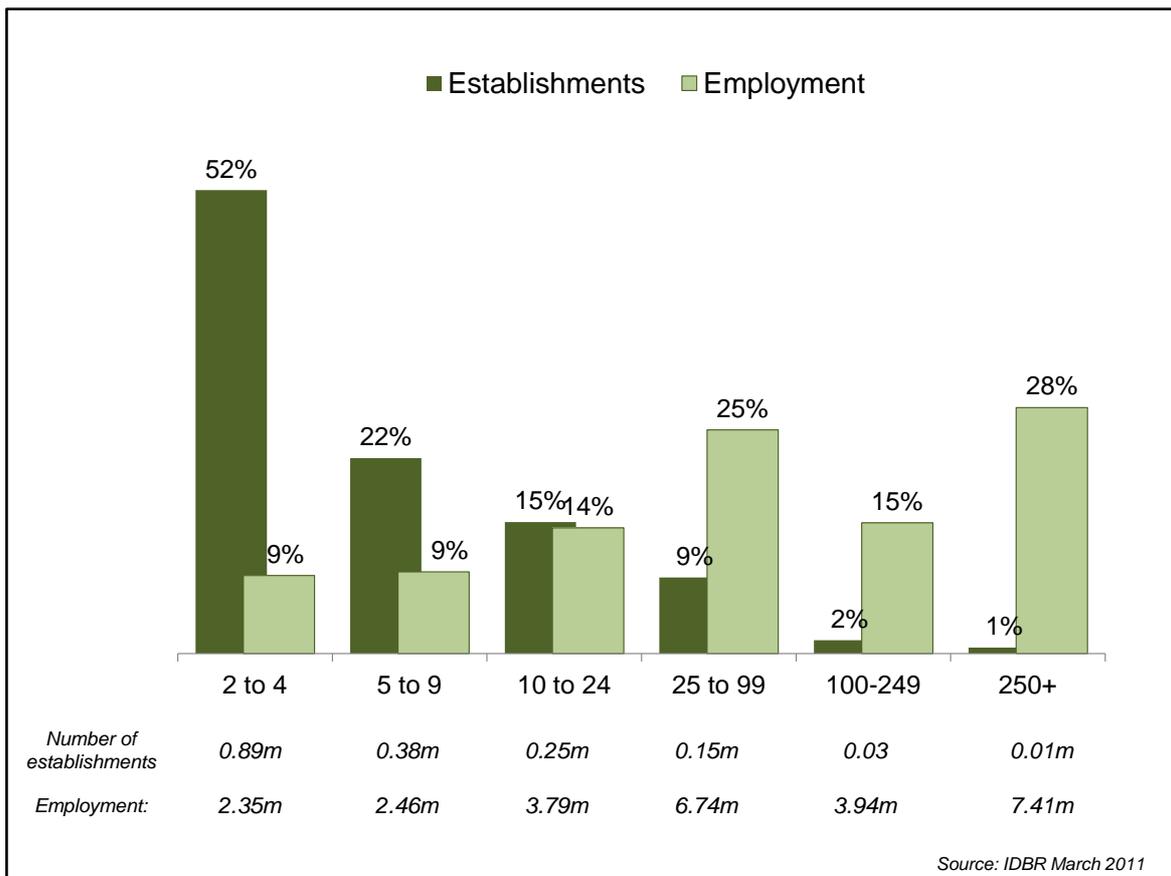
ONS data from March 2011 show that there were 1.7 million establishments of 2 or more employees in the UK who were “in-scope” for this research¹⁰; between them these establishments employed 25.9 million people.

⁹ The footnotes on each table or chart detail the source.

¹⁰ All establishments were in-scope for the survey with the exception of sole traders. See technical report for further details.

Half of all establishments were very small, employing under five staff, and in total around nine-in-ten employed fewer than 25 staff. This distribution of employers by size is illustrated in Figure 2.1 which also shows how the workforce distributes across employers of different sizes. While there are not very many larger employers, it is important to note that they account for a disproportionate share of employment: the largest establishments with 250 or more staff represent only one per cent of all establishments, but they account for over a quarter of overall employment (28 per cent).

Figure 2.1 Size distribution of establishments and employment

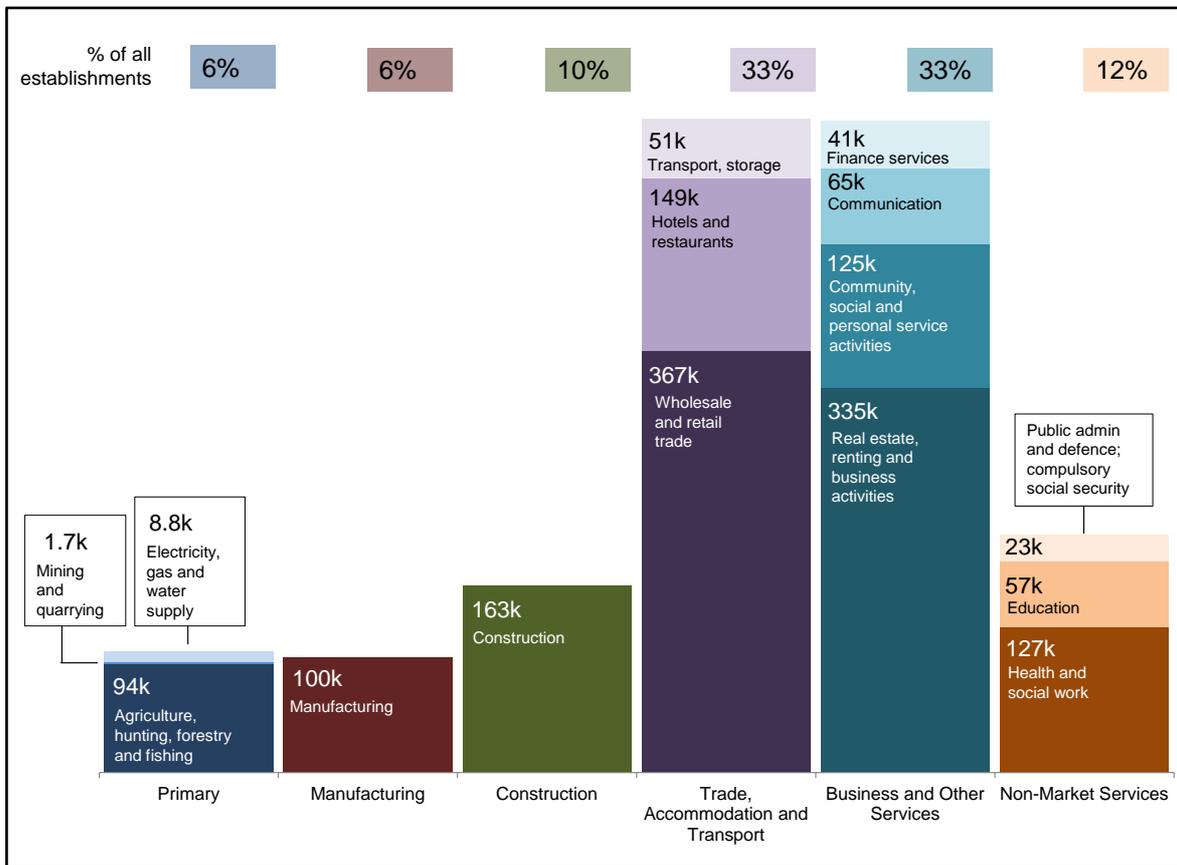


The survey design was predicated on a broad six sector definition, in line with the UK Commission's *Working Futures* study (Wilson and Homenidou, 2012), thus allowing for consistency between different UK Commission studies. These six sectors are the focus of the analysis in this report. This marks a change to the approach used in EPS 2010, which was predicated on 14 (broad) SIC sectors. A full explanation of how the 14 sectors used in 2010 map to the six sectors used in 2012 is included in the Appendix C.

Figure 2.2 below gives information about how the six sectors are constituted, and highlights the relative size of each sector in terms of the number of employers each encompasses. The number of establishments within each sector differs considerably. The two largest sectors, Trade, Accommodation and Transport and Business, Information, Communications and Other services account for two-thirds of all establishments in the UK (33 per cent each). In comparison, the Primary Sector and Utilities and the Manufacturing sector each represent just six per cent of all establishments.

This six sector definition will be used in this report to discuss sector differences where relevant and significant.

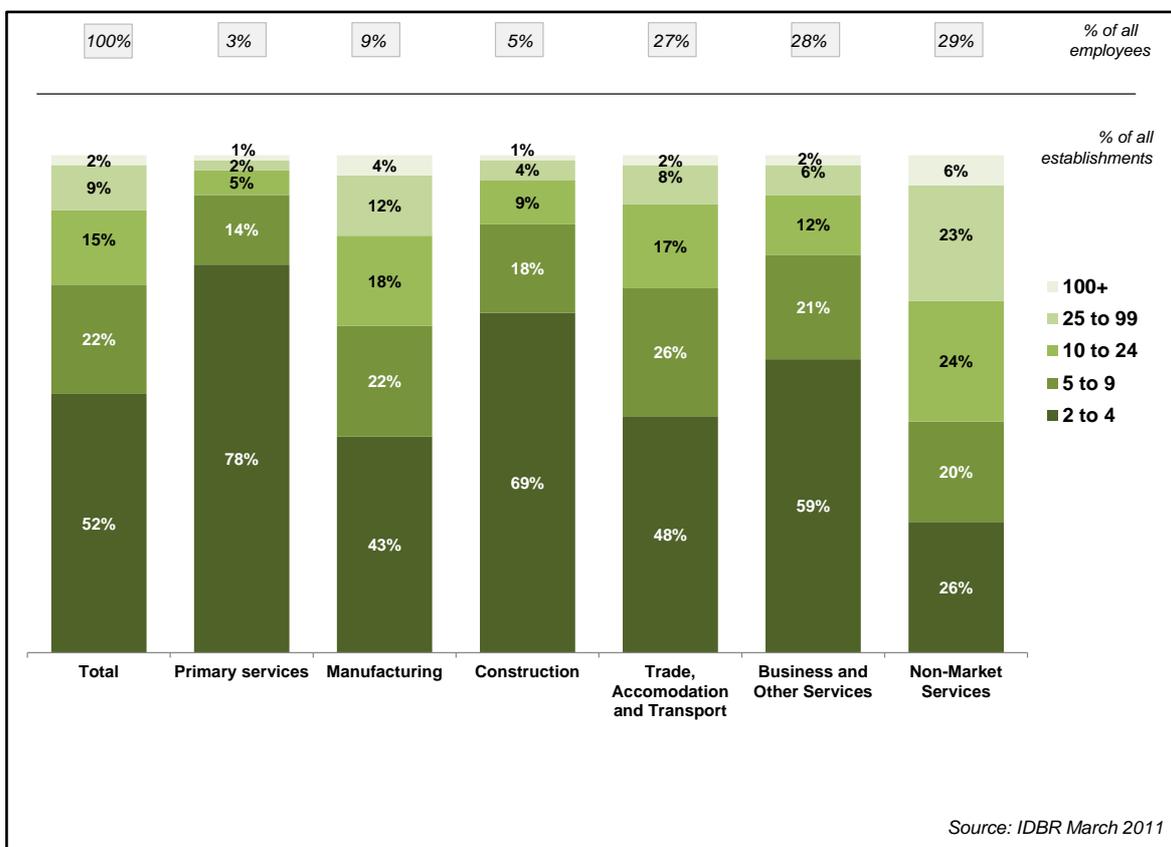
Figure 2.2 The six sector classification used in UKCEPS 2012



Source IDBR March 2011

The size profile of establishments in each sector differs greatly, meaning that the distribution of establishments across the sectors is quite different to the distribution of *employment* across the sectors (Figure 2.3). For example, whilst a large proportion of establishments in the UK are in the Business and Other Services sector (33 per cent) it is dominated by smaller establishments, with 80 per cent of establishments in this sector having fewer than ten people employed in them. On the other hand, the Non-Market Services sector only makes up 12 per cent of establishments overall, but has a higher proportion of large establishments, and therefore employs a disproportionately high percentage of all UK workers (29 per cent).

Figure 2.3 Size distribution of establishments in each sector



The majority of establishments surveyed were commercially-focused organisations seeking to make a profit (86 per cent). This holds true across all sector groupings (Table 2.1). All sector groupings are mainly populated by establishments whose drive is commercial, with the exception of the Non-Market Services sector where a majority of establishments are either publicly-funded (by local or central government) or are social organisations not driven by a profit motive. It should be noted, however, that even in the Non-Market Services sector, two-in-five employers are commercially driven. These are mainly employers operating commercially in the spheres of community, social and personal services, education and/or health.

Table 2.1 Type of Organisation by Sector

	Total	Primary	Manufacturing	Construction	Trade, accommodation and Transport	Business and Other services	Non-Market Services
Base	15,004	673	1,166	1,033	4,980	4,101	3,051
Column %	%	%	%	%	%	%	%
Commercial	86	97	99	99	94	85	41
Not for profit	8	2	*	*	4	9	27
Public	6	1	*	*	1	4	31

(Not all figures sum to 100 per cent due to rounding)

Source: The UK Commission's Employer Perspectives Survey 2012

Size (in terms of the number of people on the payroll) has a considerable impact on employers' experiences and practices in the job market and in the workforce development sphere (Davies *et al.*, 2012; Shury *et al.*, 2011). When this report presents findings based on employer size, it mainly considers the number of people employed at the establishment (or specific site) in question. For around a third of establishments (34 per cent), this is not the only dimension against which to measure workforce size, since they are part of a larger organisation with two or more sites (Table 2.2).

Table 2.2 Organisational structures

Base: All establishments	Establishment size					
	Total	2 to 4	5 to 9	10 to 24	25 to 99	100+
Unweighted base	15,004	3,373	3,415	3,326	3,082	1,808
Column %	%	%	%	%	%	%
Single site establishments	66	79	63	50	35	26
Establishments which are part of a multisite organisation	34	21	37	50	65	74
Proportion of establishments that are single-site SMEs or part of a multisite SME	80	89	78	70	55	27

Base: All establishments

Source: The UK Commission's Employer Perspectives Survey 2012

Organisations with fewer than 250 employees are commonly referred to as small and medium-sized enterprises (SMEs), and are a group of particular interest at present for policymakers. UKCEPS 2012 is able to contribute to understanding of SMEs to some extent, although analyses need to be treated with a degree of caution. As noted earlier, UKCEPS 2012 is an establishment based survey. This means that we can identify single site establishments which are definitely SMEs and compare them to other single site establishments which are not; and we can also identify establishments which are part of a multi-site SME. This latter group present something of a challenge, however, insofar as (i) we must anticipate that there is a degree of double-counting among them (i.e. it is possible that we will have interviewed more than one site within any particular multi-site SME) and (ii) we cannot easily compare them on a like for like basis (in some cases the site we will have interviewed will be the principal site of the business, in others it will be a subsidiary site). With this in mind, rather than presenting definitive findings that describe the experience and circumstances of SMEs, the report more tentatively explores, in places, whether there is any indication that the status of being an SME engenders a set of experiences that differs from the experiences of non-SMEs.

Four in every five establishments interviewed were considered SMEs (80 per cent). The majority of establishments with fewer than 25 employees were (part of) SMEs (83 per cent), as were most establishments with 25 to 99 employees (55 per cent). These findings are in line with findings from the UKCESS 2011 survey.

Employers who participated in the survey were also asked how long their organisation had been in operation. One-in-ten were relatively new organisations, starting up within the last three years (ten per cent). The sector with the highest proportion of newer organisations was Construction, where a fifth of all establishments had been in business for less than five years (20 per cent). Just over two-thirds of establishments had been in operation for over ten years (69 per cent). As one might expect, larger establishments were more likely to have been in operation longer, with 90 per cent of those with 250 or more staff having been in business for over 10 years.

2.2.1 How the population of establishments varies across the countries of the UK

A key feature of the UKCEPS survey is its UK-wide dimension.

The four countries of the UK differ considerably in terms of the size of their employer populations. As Table 2.3 outlines, by far the greatest proportion of establishments in the UK are located in England (1.43 million establishments or 84 per cent). Consequently, when the report presents findings at the UK level these are frequently dominated by an English perspective, and mask underlying differences between the countries. Where this is the case we present findings separately for each of the countries of the UK.

Half of the remaining establishments in the UK are based in Scotland (around 140,000 establishments, employing 2.3 million people). The rest are distributed across Wales (80,000 establishments employing 1.16 million people) and Northern Ireland (60,000 establishments employing 740,000 people).

Table 2.3 Distribution of establishments and employment across the UK

	Number of establishments	% of UK establishments	Volume of employment	% of UK employment
England	1.43m	84%	22.48m	84%
Wales	0.08m	5%	1.16m	4%
Scotland	0.14m	8%	2.30m	9%
Northern Ireland	0.06m	3%	0.74m	3%
TOTAL	1.71m	100%	26.68m	100%

Source: IDBR (March 2011)

The size profile of employers within each country is relatively similar, with small establishments dominating everywhere. All sectors are represented in all of the nations of the UK. However, certain sectors stand out as having a different distribution across the UK. In particular:

- Around one-in-eight establishments in Northern Ireland, and Wales and one in every ten in Scotland are in the Primary Sector and Utilities, compared to five per cent in England;
- Business communications and other services establishments are more heavily located in England. A third of all establishments in England fall into this sector (34 per cent), compared to 29 per cent in Scotland, 25 per cent in Wales and 22 per cent in Northern Ireland.

2.3 Changes in the population of employers and employees over time

In aggregate terms, the UK employer population has changed little over the last couple of years in terms of the number of establishments it encompasses and the number of people employed. Similarly, at individual level, when establishments who participated in the survey were asked about changes in the number of employees on their payroll over the 12 months preceding the survey, the majority said that the number of staff that they employed had remained about the same (66 per cent). The remaining third of establishments split more or less evenly between those who said they had reduced the size of their workforce and those who had increased their headcount (15 per cent respectively)¹¹.

The picture remains relatively consistent across the countries of the UK, although Northern Ireland stands out as having had a smaller proportion of establishments increase their headcount (ten per cent, compared to a UK average of 15 per cent), and a larger proportion reduce their headcount (18 per cent compared to 15 per cent).

Table 2.4 Changes in employers' headcount over 12 months (2011-2012)

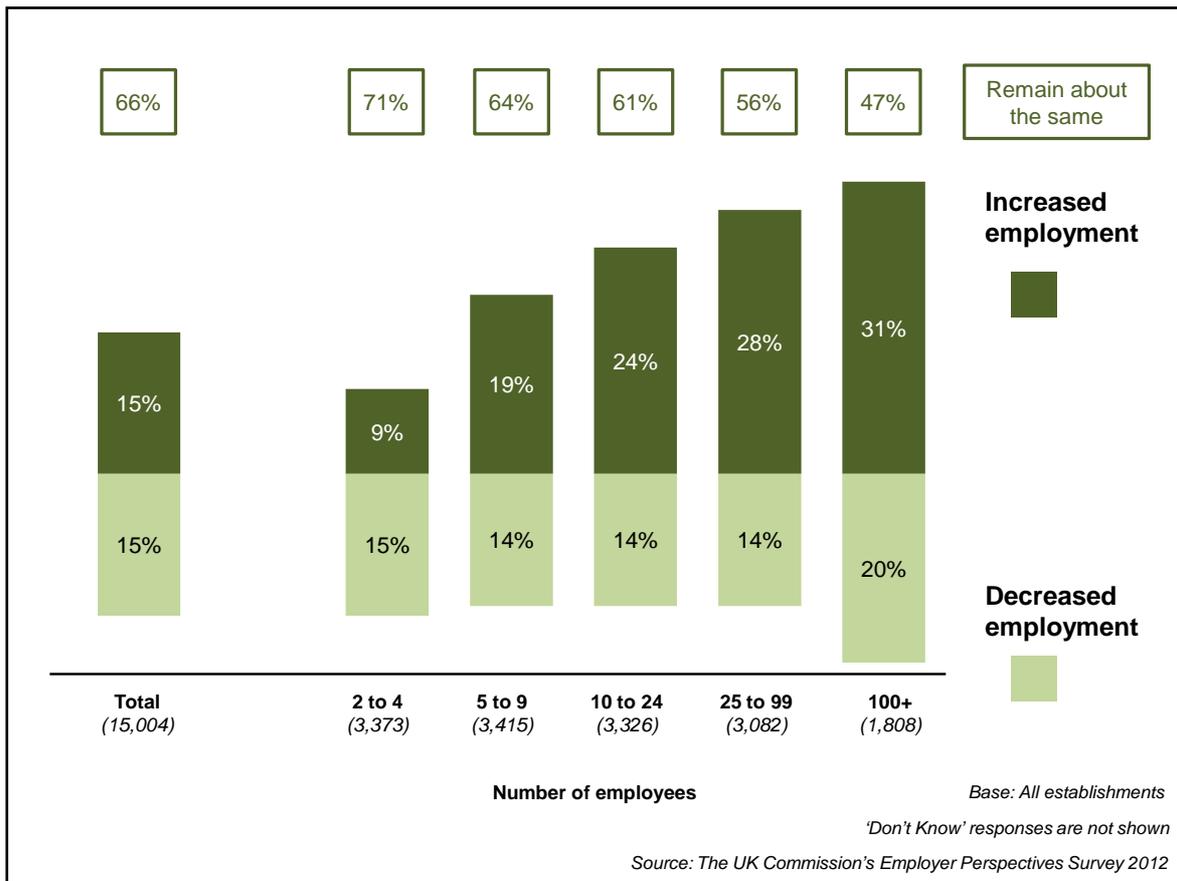
	Total	England	Northern Ireland	Scotland	Wales
Base: All employers	15,004	10,003	1,000	2,000	2,001
	%	%	%	%	%
Increased headcount	15	16	10	14	14
Decreased headcount	15	15	18	15	14
Remained broadly the same	66	66	69	67	68
Not in business 12 months ago	3	3	2	3	4

Source: UKCEPS 2012

Figure 2.4 illustrates that the overall picture masks differences between the very smallest employers and the rest: among employers with fewer than 5 employees, considerably more have reduced their workforce than have grown, although again the majority have retained the same number of employees. The larger the establishment, the more likely they were to have increased their workforce over the past 12 months. However, a fifth of those with 100 or more staff had reduced their numbers of staff (20 per cent), compared to around 15 per cent of other establishments.

¹¹ It should be noted that the survey did not attempt to measure the magnitude of any changes – i.e. to measure by how many people the headcount had increased or decreased. The question asked whether the headcount had remained broadly the same, increased or decreased so one would expect that only significant changes would have been reported. However, changes which seem significant for one employer may not seem so for another.

Figure 2.4 Change in size of establishment by sizeband



In terms of sector, establishments in the private sector and those in the third sector were more likely to report that the size of their workforce had grown over the previous 12 months than those in the public sector (16 per cent compared to 11 per cent). A fifth of all public sector establishments reported that the number of employees employed at their establishment had decreased (20 per cent), a significantly larger proportion compared to 12 per cent of those who were charities and 15 per cent of those in the private sector.

Although overall a fifth of establishments in the Non-Market Services sector reported an increase in headcount over the previous 12 months (19 per cent), this differed between public and private Non-Market Services establishments, with 14 per cent of those public establishments in Non-Market Services sector reporting a rise in the number of people employed, compared to 24 per cent of private establishments in the Non-Market Services sector. Other notable differences by sector included:

- Establishments in the Manufacturing sector were significantly more likely to report an increase in the number of people employed (20 per cent), compared to 15 per cent of establishments overall, whilst around the same proportion compared to the average reported a decrease (14 per cent compared to 15 per cent).

- Establishments in the Construction sector appear to have been particularly heavily affected by the economic downturn, and were most likely of all sectors to report a decrease in the size of their workforce (23 per cent, compared to 15 per cent overall). Fewer establishments in the sector had increased their headcount than was the average across the UK (13 per cent compared to 15 per cent overall).

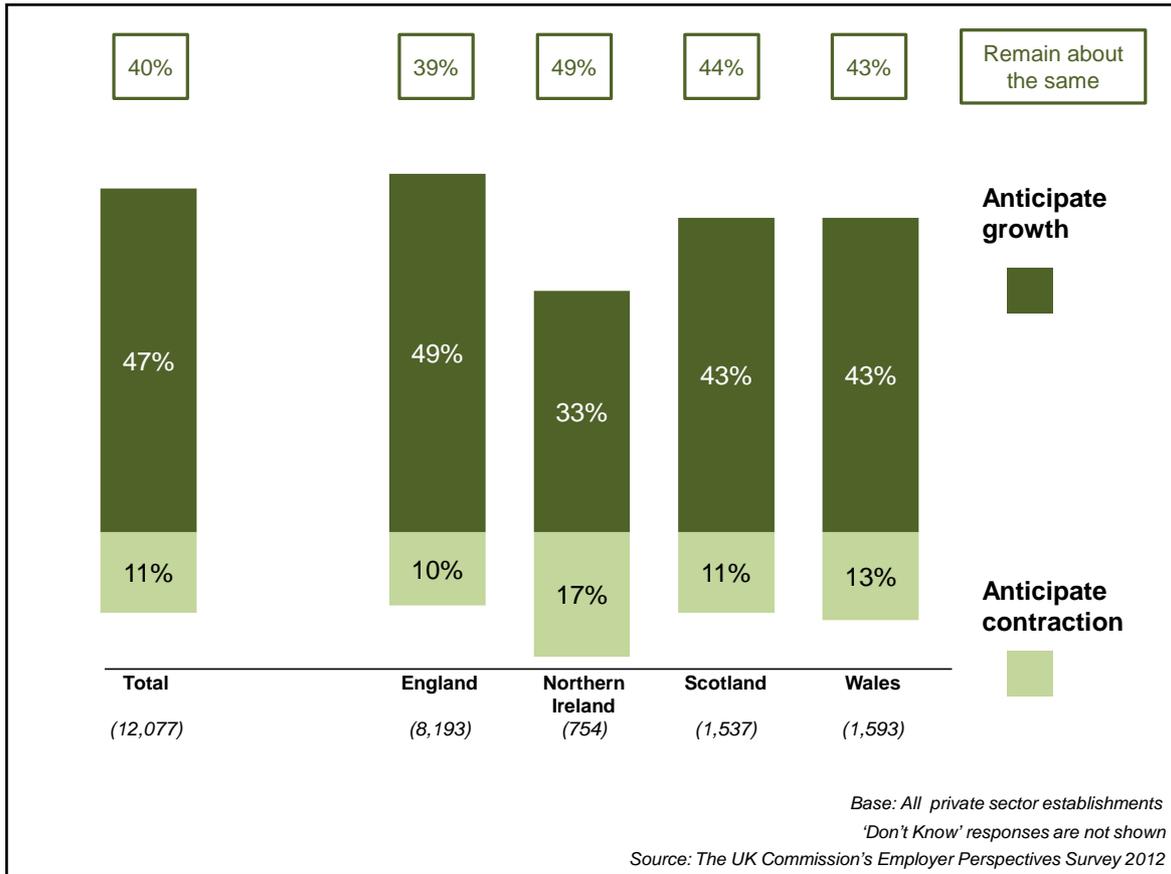
A full breakdown of changes in employer headcounts by country, size and sector is included in the appendices <[APPENDIX A, Table A.1](#)>.

2.3.1 Business outlook among private sector establishments

Employers in the private sector were also asked whether they expected their business to grow or contract over their next 12 months of operation. Their responses signal a degree of confidence in the prospects for future growth. Almost a half of establishments expected their business to grow (47 per cent) and two-fifths (40 per cent) anticipated that their business would remain about the same. In comparison around one-in-ten businesses (11 per cent) felt their business was likely to contract over the upcoming year.

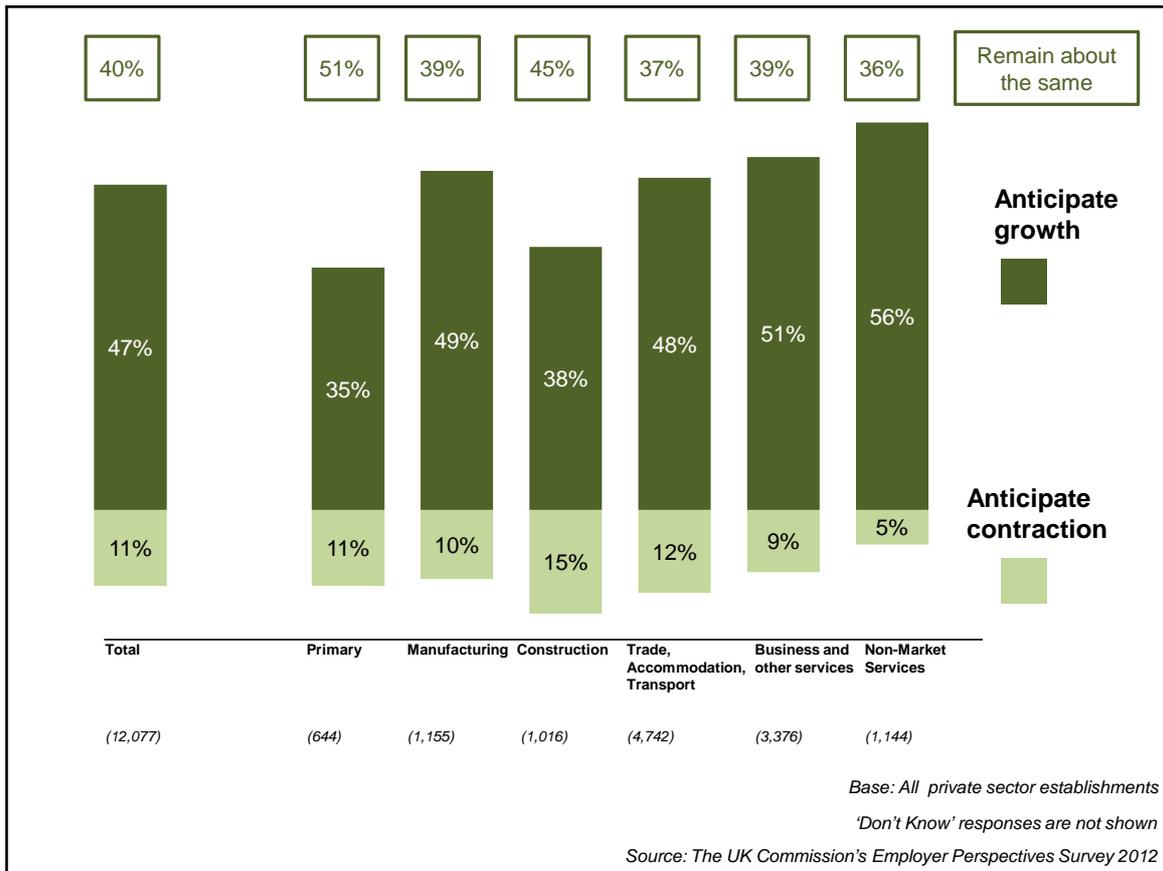
Employers in England had a more confident business outlook, with around half of them predicting growth (49 per cent). Employers in Northern Ireland were the least confident: a third predicted growth (33 per cent) and 17 per cent expected to contract (Figure 2.5).

Figure 2.5 Predicted business outlook for the next 12 months by country



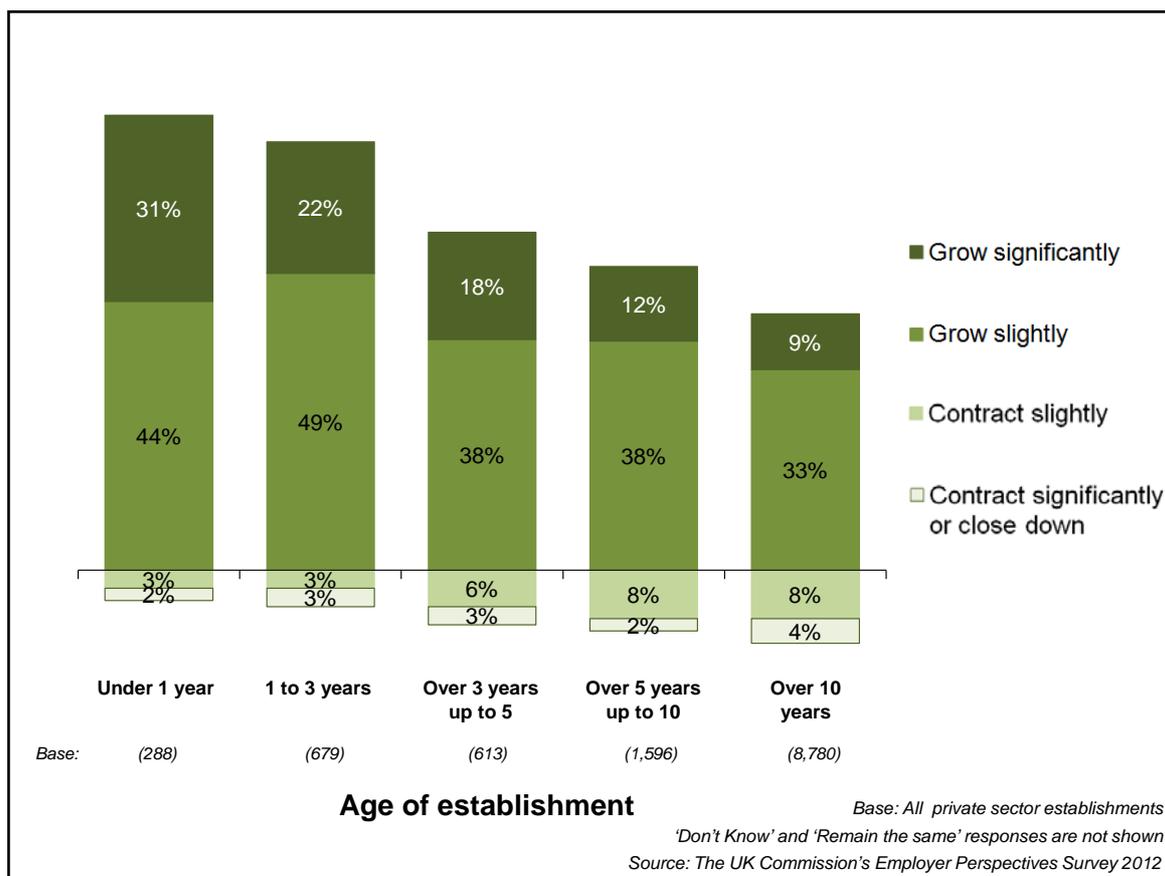
There were some variations in business outlook by sector (Figure 2.6). Commercial establishments operating in Non-Market Services were particularly confident: over half of them (56 per cent) predicted growth in the next 12 months, with just five per cent expecting to contract. Employers in Primary Sector and Utilities were slightly more cautious than most other sectors in their predictions of growth, but no more or less likely to expect to contract: 35 per cent anticipated that they would grow (compared to 47 per cent in the total population) and a half thought they would stay the same size (51 per cent compared to 40 per cent overall), but the proportion expecting to contract matched the national average (11 per cent). Confidence in prospects for growth was most constrained in the Construction sector which had the largest proportion of employers expecting to contract, and a relatively small proportion of employers expecting growth (38 per cent); but overall, even in this sector, predictions of growth considerably out-weighted prospects of contraction.

Figure 2.6 Predicted business outlook for the next 12 months by sector



There is greater confidence among “younger businesses” (those which have been in operation for a shorter length of time) than among “older businesses” (see Figure 2.7). Three-quarters of employers that had been in operation for less than 1 year (75 per cent) were anticipating growth in the year ahead, and almost a third were anticipating significant growth (31 per cent); only one-in-six of them were expecting to have a year of stasis. By comparison, employers that had been in operation for more than 10 years split more or less evenly between those anticipating that their organisation would remain at a similar level over the next 12 months (43 per cent) and those anticipating growth (42 per cent). Appendix B provides a case study of the unique group of employers who are classed as “Young Growth Businesses”, that is, they have been operating for fewer than three years and are on an upward trajectory with confidence for future growth.

Figure 2.7 Predicted business outlook for next 12 months by age of business



3 Employer Perspectives on Recruitment

Chapter Summary

Around half of employers engaged with the labour market in the 12 months prior to the survey in terms of looking to recruit new staff, with most of these looking to replace staff who had left (55 per cent of recruiting employers retained the same size of workforce over the year and 12 per cent decreased their headcount). Almost three-in-ten recruiting employers (27 per cent, equating to 13 per cent of *all* employers) recruited for growth in 2011-12.

Employers typically use a range of channels when they are looking to recruit. They tend to make most use of private recruitment services which they do not have to pay for, including their organisation's own resources and networks. Indeed, the single most common channel employers used was "word of mouth" (29 per cent of recruiting employers); and they used this more commonly than they did in 2010 (24 per cent of recruiting employers).

Jobcentre Plus (JCP) is almost on a par with word of mouth as the most common single channel used (by 28 per cent of recruiting employers). This suggests a slight decrease in take-up of the JCP offer: in 2010, 31 per cent of recruiting employers stated spontaneously that they had used JCP (more than any other single channel).

Employers have quite high levels of awareness of the initiatives that government and its partners have put in place to connect young people, unemployed people and other groups who are vulnerable in the labour market with any vacancies that employers might have or might be able to create, but only one-in-ten establishments across the UK made use of any of them.

Candidates' qualifications play a role in most employers' recruitment processes and decisions, and a significant role for more than two-in-five. Academic qualifications continue to be better regarded than vocational qualifications. There are clearly factors at play other than qualification levels when employers look to bring in new recruits, however. Indeed, when employers are looking to recruit new employees to key occupational roles, they usually anticipate that they will need to develop these new recruits' skills, at least to some extent.

3.1 Introduction and background

For employers to operate with maximum efficiency and effectiveness they need to have access to human capital in the right numbers and with the right skills and/or to be able to tap into opportunities to develop the capacity of their human capital. At economy-wide level, harnessing the human capital of the labour market is crucial for the UK to safeguard its position as a key player in the global economy and withstand the challenges of the global economic climate.

In this chapter we focus on employer perspectives on recruitment practices. We look at the extent to which employers engage with the labour market in the search for new employees, what channels they use to do so, and the extent to which they are aware of and have used specific, publicly funded labour market services and initiatives. We also explore the relative importance that employers place on formal qualifications when selecting applicants to recruit, and the extent to which new recruits in key occupations already possess the skills they will require to succeed in their jobs at the point at which they are recruited.

3.2 Employer experiences of recruitment and the labour market

Surveys such as the UK Commission's Employer Skills Survey (Davies *et al.*, 2012) provide a snapshot or point in time measure of the number of employers who have vacancies, in what numbers, the degree of difficulty that they are experiencing in filling these vacancies, and the reasons for any such difficulties. This approach allows us to understand what sorts of employees / skills employers are looking to recruit into their workforce, and how well the market is able to respond to this demand. UKCEPS 2012 does not look to measure recruitment activity and challenges in this way. Like its predecessor survey in 2010, it looks at engagement with the labour market from a different angle; its focus is on exploring how employers approach the labour market when they are looking to recruit.

In line with this focus, the population of employers that informs this part of the report is those employers who have reported at least one vacancy at any point during the 12 months prior to the survey.

Overall, the employer population splits more or less evenly between those who had at least one vacancy for either full- or part-time staff at some point over the 12 months prior to the survey (48 per cent) and those who did not have any (52 per cent).

The survey does not look at the numbers of vacancies that employers were looking to fill, and so does not purport to give an indication of employment opportunities / the health of the employment market, but it is noticeable that a slightly larger proportion of employers engaged with the recruitment market in the period summer 2011 to summer 2012 (48 per cent) than did in the period summer 2009 to summer 2010 (44 per cent).

There is an indication that most employers who had looked to bring in new staff were looking to replace employees who had left: 55 per cent of them reported that the size of their workforce had stayed the same and 12 per cent had actually seen a contraction in their overall headcount. Almost three-in-ten recruiting employers (27 per cent) had seen an increase in the number of staff employed, and so can be judged to have been recruiting for growth.

The vast majority of UK establishments who reported vacancies over the previous 12 months had recruited someone into at least one of these vacant roles; just four per cent of all establishments had had vacancies but not managed to recruit anyone to fill any of them.

It should be noted that employers who had reported any vacancies but not recruited anyone to fill any of them may have experienced difficulties finding suitable recruits – or it may simply have been the case that the vacancies were unfilled at the time of interview. This figure does not, therefore, correspond to a “hard-to-fill vacancy” measure as used in the UKCESS surveys,¹² although it is noteworthy that UKCESS 2011 reported four per cent of establishments as having a ‘hard-to-fill’ vacancy at the time of interview.

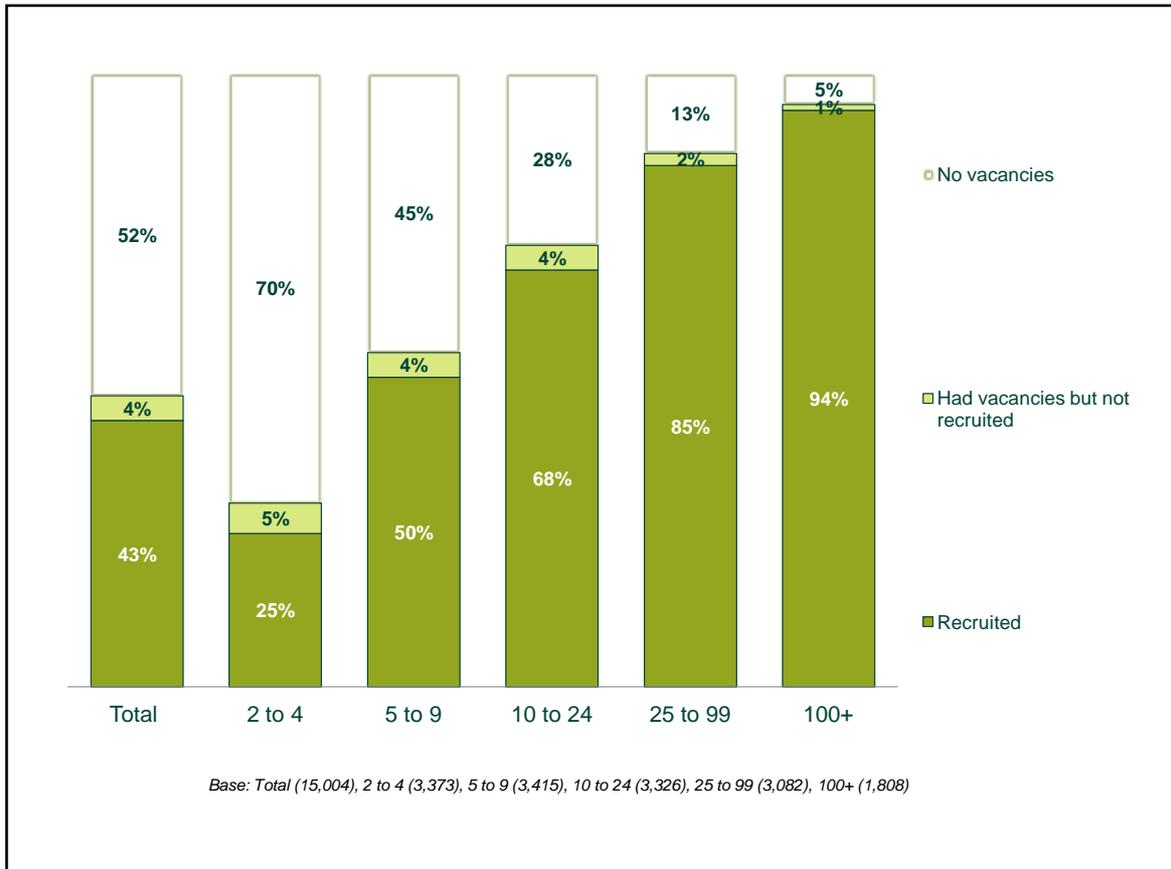
There was some variation in the proportion of employers who had looked to recruit anyone across the countries of the UK: employers in Scotland (50 per cent) and in England (48 per cent) were more likely to have done so, and those in Wales (43 per cent) and Northern Ireland (40 per cent) were less likely. The proportion of employers in each country who had not (yet) filled any of their reported vacancies was consistent across the UK, however.

There was great variation among employers of different sizes in terms of how many of them posted any vacancies over the previous 12 months. Nearly all establishments with 100 or more staff had had a vacancy in the 12 months prior to the survey (95 per cent); in comparison just three-in-every ten establishments with fewer than five employees had had a vacancy (30 per cent). This is illustrated in Figure 3.1. The figure also shows the proportion of employers who had had vacancies but not managed to recruit anyone to

¹² Indeed, if an employer had had four vacancies, and managed to recruit someone to fill one of them, they would be classified as a recruiting employer rather than a non-recruiting employer.

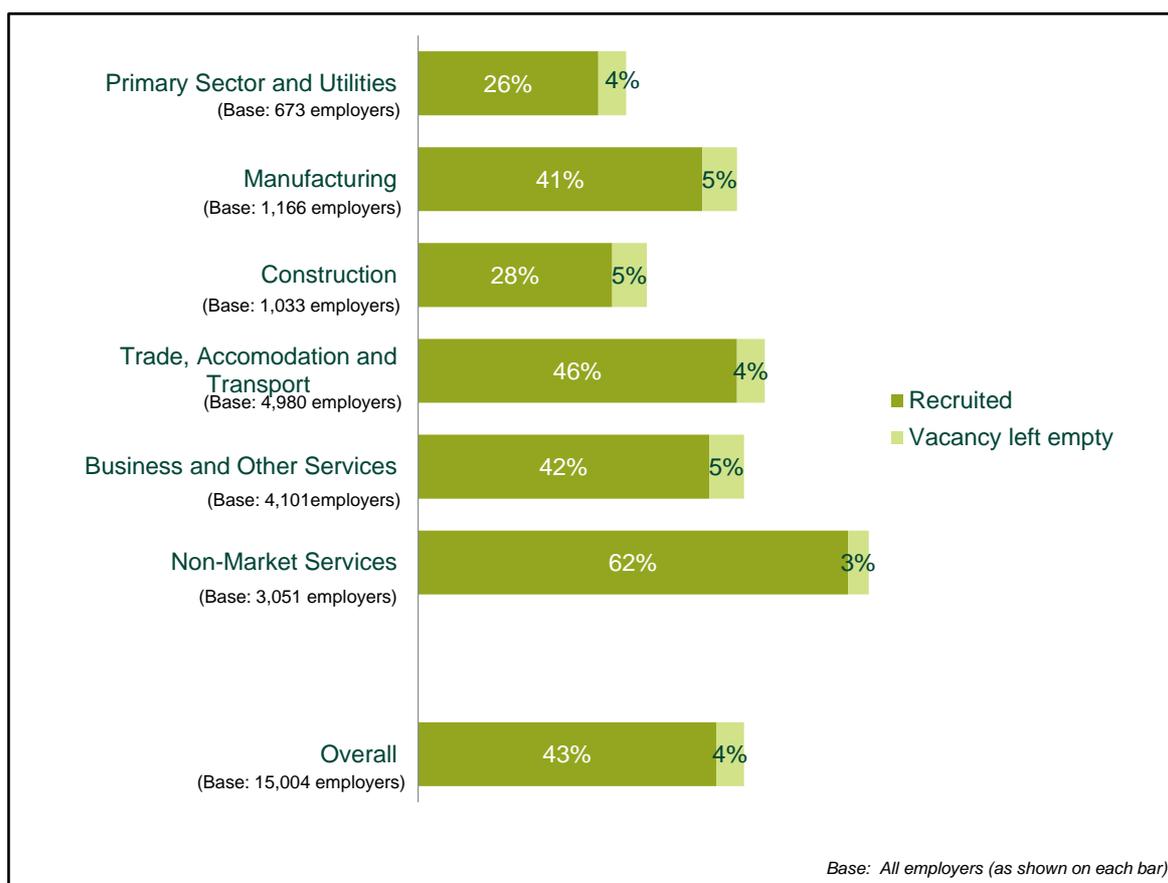
them. Again, it needs to be noted that this category only incorporates employers who had not, at the time of the survey, recruited anyone to fill any vacancies that they might have had. Very few employers have had this experience, although it was more common for smaller employers than larger ones.

Figure 3.1 Levels of vacancies and recruitment by size of establishment



The proportion of establishments which reported having filled a vacancy varied by sector. Six in every ten Non-Market Services establishments had recruited someone to fill a vacancy (62 per cent); by comparison just over a quarter of establishments in the Construction (28 per cent) and Primary Sector and Utilities (26 per cent) had experience of at least one successful recruitment. These patterns are to some extent in line with the size profile of employers in these sectors: as highlighted in Chapter 2, the Primary Sector and Utilities and Construction sectors are largely made up of small businesses. However, with the exception of the very largest establishments, Construction sector employers of all sizes are less likely to have had vacancies than similar sized employers in other sectors; the same is true, to a lesser extent, of employers in the Primary Sector and Utilities and Manufacturing sector. These sectors are also sectors which are less likely to predict growth for the future.

Figure 3.2 Levels of vacancies and recruitment by sector



There is little variation by sector in the proportion of employers which have been wholly unsuccessful in their engagement in the recruitment market in the year to date.

3.3 Recruitment channels and initiatives used for recruitment

Having identified recruiting employers, the survey goes on to explore the channels that they use to source candidates for recruitment.

There are many different ways to look at the findings on the use of recruitment channels, based on the type of staff they look to place, the nature of the service they provide, the nature of the employer market they serve, for example. In this report, recruitment channels have been split into three categories:

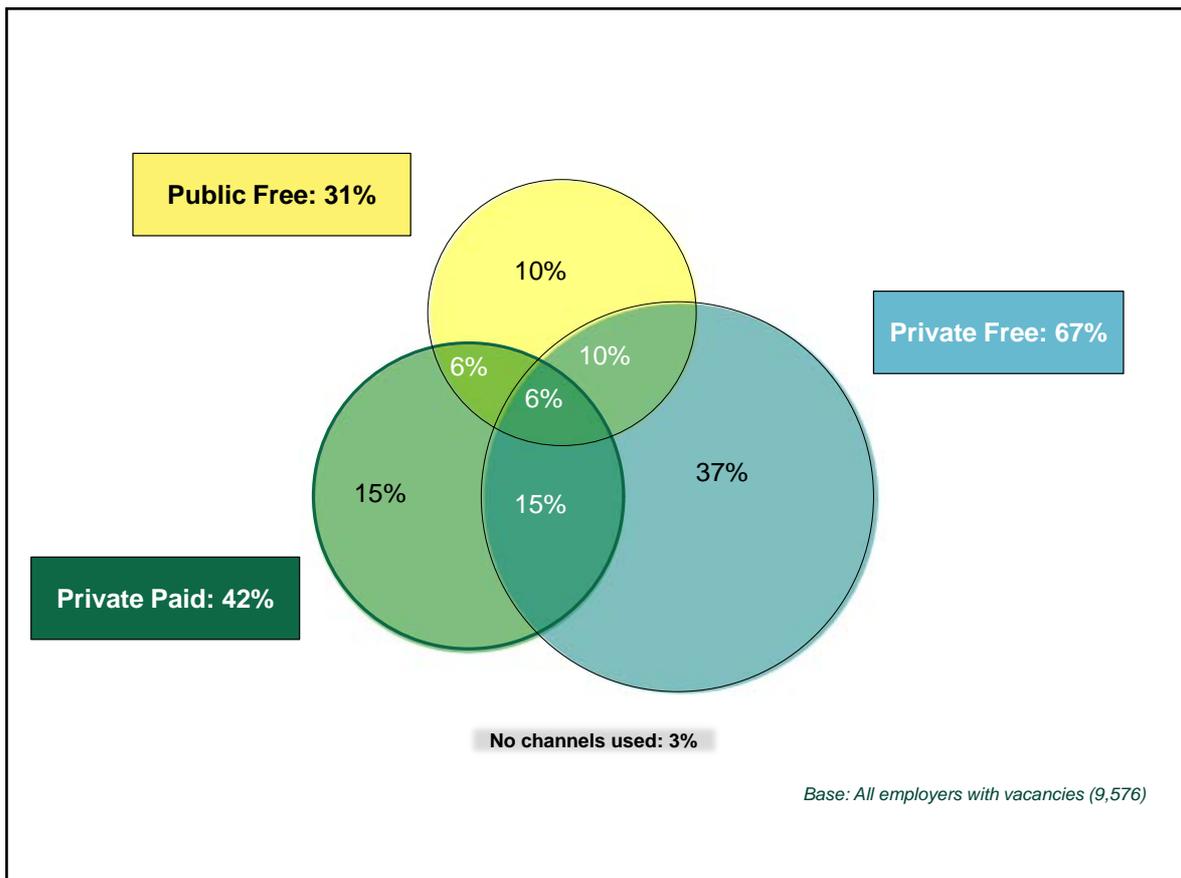
- **public free services**, incorporating Jobcentre Plus and government programmes and schemes such as the Work Programme
- **private paid for services**, such as recruitment agencies or recruitment through the press and publications

- **private free services**, a combination of less formal recruitment practices such as word of mouth or employers' own recruitment networks, internal resources such as employers' own websites or internal notices and other free-to-use websites.

Employers who recruit make more use of private recruitment services (both paid for and free) than they do of publicly available ones. Perhaps unsurprisingly in these economically challenged times, they make more use of private free channels than of channels and services which they have to pay for. Two-thirds of recruiting establishments used private recruitment channels that did not have an associated fee (67 per cent), two-fifths, however, used private channels that did require payment (42 per cent). Just under a third of all establishments with vacancies had used public recruitment channels (31 per cent).

There is clearly considerable overlap between the use of different types of channel, and this is illustrated in Figure 3.3.

Figure 3.3 Channels used by establishments for recruitment



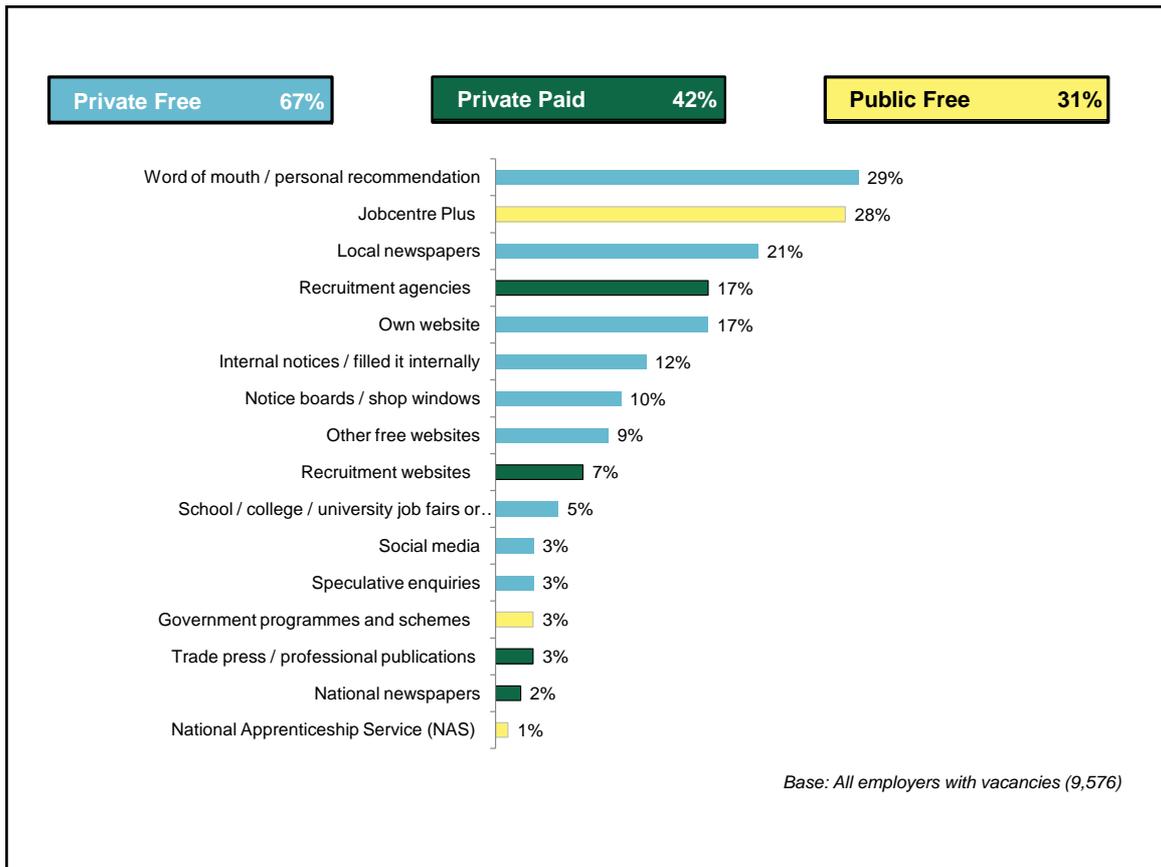
Most employers who use public free channels use them in combination with other channels: only ten per cent of recruiting employers **only** use public free channels, compared to the 21 per cent who use them in combination with other channels (most commonly other free channels, but also paid private recruitment services). In total, eight per cent of recruiting employers relied **solely** on Jobcentre Plus. This kind of exclusive use of Jobcentre Plus is more common than average in Northern Ireland and Wales (11 per cent and 12 per cent respectively, compared to seven per cent in England, and nine per cent in Scotland). It was also more common for employers in the Manufacturing sector to rely solely on Jobcentre Plus (10 per cent); while those in Business / Other Services were less likely (seven per cent) to do so. As one might expect, larger employers (100 or more staff) used a wider repertoire of techniques and channels when recruiting, with only a very small percentage relying exclusively on Jobcentre Plus. On the other hand, almost one-in-ten smaller employers (with 10 or fewer employees) who had tried to recruit placed their vacancy notices exclusively (nine per cent) with Jobcentre Plus.

Similarly, around a third of recruiting employers who use private paid services (35 per cent, or 15 per cent of all recruiting employers) **only** use these types of service for recruitment – meaning that the majority (the remaining two-thirds) combine private paid services with other recruitment channels (most commonly private free routes to the recruitment market).

When employers use private free services they are more likely to focus all of their recruitment efforts in this one area. Of the two-thirds of recruiting employers who use private free recruitment services, upwards of a half (54 per cent, or 37 per cent of all recruiting employers) **only** use these kinds of channels. In total, seven per cent of employers (15 per cent of recruiting employers) **only** use word of mouth / personal recommendation; these employers are typically small employers (26 per cent of recruiting employers with 2 to 4 staff, compared to just one per cent among those with 100 or more staff) and those in the Construction sector (36 per cent) or Primary Sector and Utilities (26 per cent).

Figure 3.4 details the different recruitment channels used by employers who had placed vacancies in the 12 months prior to the 2012 survey.

Figure 3.4 Channels used by establishments for recruitment



Personal connections play an important role in recruitment, with word of mouth / personal recommendations from family, friends or colleagues being the single most common channel that employers use to find candidates to fill vacant posts.

The next most frequently mentioned individual recruitment channel was Jobcentre Plus, which was also used by around three-in-ten of those who had filled a vacancy (29 per cent) and by a fifth of those who had had a vacancy but not recruited anyone to fill it (21 per cent).

The 2010 survey (Shury *et al.*, 2010) also explored the channels that employers used to source recruits, and comparison of findings over time suggests a fall in usage of Jobcentre Plus which was used by around one-in-three (31 per cent) recruiting employers in 2010 (when it was the most common recruitment channel used), compared to 28 per cent of employers with vacancies in 2012¹³. Conversely, there was an upward shift in the proportion of employers using word of mouth or personal recommendations to recruit; rising from 24 per cent of those with vacancies in UKCEPS 2010 to 29 per cent of those recruiting in UKCEPS 2012.

¹³ In 2010 employers who did not spontaneously say that they had used Jobcentre Plus were prompted to ask if they had done so. This prompted question was not included in the 2012 survey, and so the figure used

Details of the use of different recruitment channels by different types of employers (defined by country, size and sector) are spelled out in the appendices <[APPENDIX A, Table A.2](#)>. The narrative below picks out some of the most marked patterns.

Across the four countries in the UK there were some differences as to which recruitment channels were most commonly used.

- Establishments in Northern Ireland and Scotland were less likely to use personal contacts as a recruitment channel (18 per cent and 22 per cent) compared to those in England where three-in-ten establishments had done so (31 per cent). This could be in part due to the sectoral makeup of the countries, with Northern Ireland having a higher proportion of establishments in the public sector (the sector least likely to use personal contacts) and Wales a higher proportion of third sector establishments (also less likely than average to use personal contacts).
- As was the case in 2010, employers in Wales were considerably more likely than those in the rest of the UK to have used Jobcentre Plus (40 per cent).
- Those in Northern Ireland were particularly likely to mention local newspapers as a method of advertising vacancies (36 per cent).

As one might expect, larger establishments used a broader repertoire of recruitment channels when recruiting. Use of most channels increased as the size of employer increased, with this pattern particularly evident in terms of:

- employers' own website (10 per cent of recruiting employers with 2 to 4 employees, 20 per cent among those with 10 to 24 employees, and 44 per cent among those with 100 or more staff), reflecting that smaller employers might be (a) less likely to have a website and (b) less likely to generate sufficient traffic on the website to make it viable as a recruitment channel;
- internal notices / intranet (9 per cent of recruiting employers with 2 to 4 employees, 13 per cent among those with 10 to 24 employees and 19 per cent among those with 100 or more staff)
- recruitment agencies (11 per cent of recruiting employers with 2 to 4 employees, 19 per cent among those with 10 to 24 employees and 37 per cent among those with 100 or more staff), reflecting the premium price paid for this form of specialist recruitment;

here is just based on the equivalent spontaneous question. In total, spontaneous plus prompted responses in 2010 suggested that 39 per cent of employers had used Jobcentre Plus.

- paid for recruitment websites (five per cent of recruiting employers with 2 to 4 employees, eight per cent among those with 10 to 24 employees and 16 per cent among those with 100 or more staff), again reflecting price premiums.

The patterns of increasing use by size did not hold, however, in terms of word of mouth, which was much more commonly used by smaller establishments (38 per cent of recruiting employers with 2 to 4 employees, 24 per cent among those with 10 to 24 employees and 16 per cent among those with 100 or more staff). Similarly, 'young growth businesses'¹⁴ were more likely to use word of mouth or personal recommendations (52 per cent)

Regardless of size, recruiting employers were more or less equally (un)likely to look to schools, colleges or universities as a recruitment channel (between four and six per cent across all size bands).

Jobcentre Plus was used by around a third of all establishments who had vacancies in the Non-Market Services (35 per cent), Manufacturing (32 per cent) and Trade, Accommodation and Transport sectors (31 per cent). Less than a quarter of employers operating in the Construction and Business and Other Services sectors who had had vacancies (23 per cent for both) had used Jobcentre Plus.

Non-Market Services sector establishments with vacancies were significantly more likely than those from other sectors to have used local newspapers (40 per cent) and their own website (27 per cent) compared with the average (21 per cent and 17 per cent overall). Those from the Manufacturing and Business and Other Services sectors with vacancies were significantly more likely to have used recruitment agencies (29 and 23 per cent respectively) compared to 17 per cent overall. Half of recruiting employers in the Construction sector used word of mouth (compared to 29 per cent on average).

In all cases, with the exception of word of mouth and schools, colleges and universities, those who had not filled their vacancy were less likely to have used each recruitment channel. Overall, there is a suggestion that the amount of resource that is invested in recruitment (in the sense of the number of channels that employers access and/or are able to access) may drive the chances of success.

¹⁴ See Appendix B for definition of 'young growth businesses' and for further analysis

3.4 Employer awareness and use of initiatives designed to connect people to the labour market

Various government initiatives and services have been developed to connect young people, unemployed people and other groups who are vulnerable in the labour market with any vacancies that employers might have or might be able to create. Some of these initiatives are specific to certain countries in the UK, whilst others are UK wide. Establishments were asked about their awareness of the initiatives and services outlined in Table 3.1, and whether they had engaged with them.

It should be noted that UKCEPS 2012 is not intended as a definitive enquiry into use, satisfaction and impact of these schemes – detailed, specific programmes of research would be needed for that. Rather, this survey aims to give us overall sense of engagement with these schemes and with any sort of public brokerage services.

Table 3.1 Recruitment initiatives covered by the survey

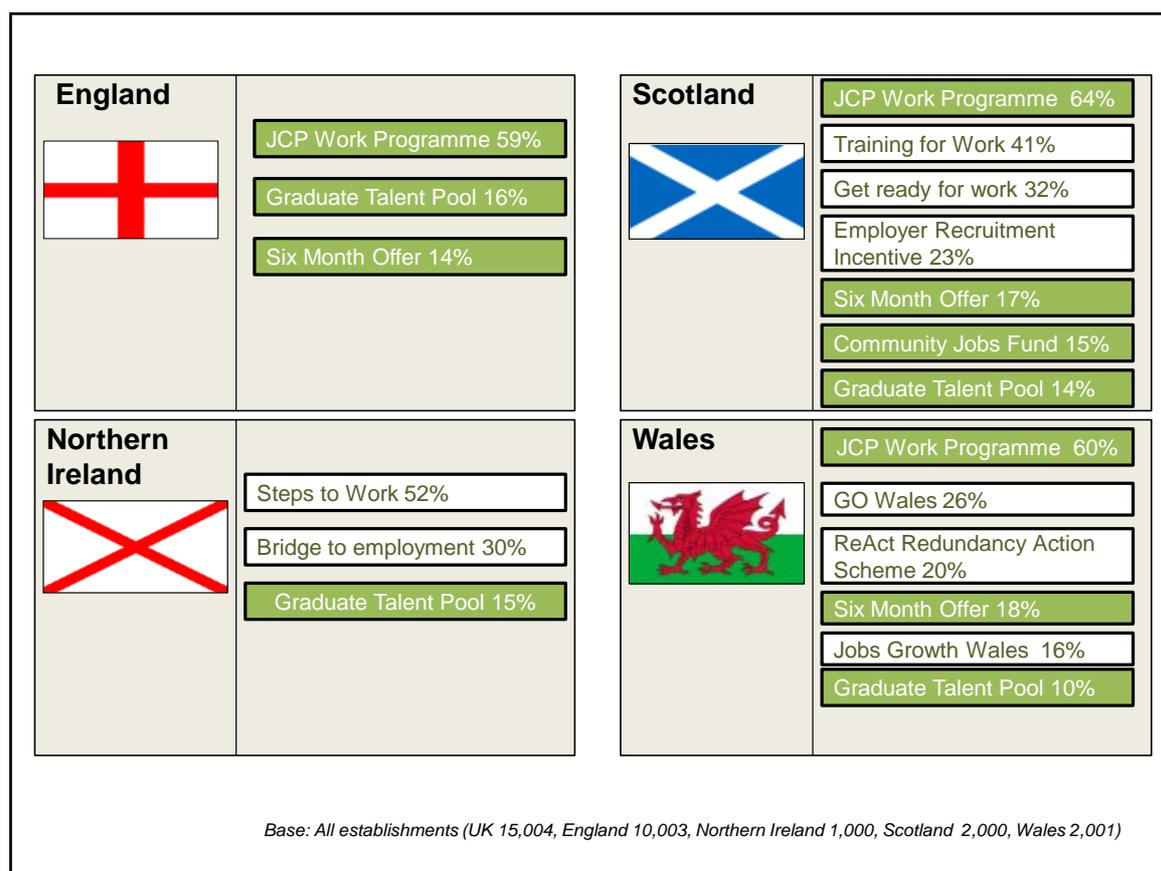
Scheme	Countries covered	Description
Bridge to Employment	NI	A personalised training programme in Northern Ireland to re-skill people who are long-term unemployed.
Community Jobs Fund	Scotland	A programme is based on a similar model to the Future Jobs Fund, which ended in March 2011, which funds young people to work at least 25 hours a week for six months.
Employer Recruitment Incentive	Scotland	An initiative to encourage Scottish businesses to recruit eligible individuals by offering a cash incentive when they employ a 16-19 year old who has faced barriers in the past, or who has completed one of Skills Development Scotland's pre-employment programmes.
Get Ready for Work	Scotland	Preparation programme in Scotland for 16-19 year olds to enter work, college or further training.
GO Wales	Wales	Graduate Opportunities Wales, an initiative connecting business and graduates through arranging and funding training, internships and a database of job vacancies.
Graduate Talent Pool	All	An initiative to connect graduates with employers offering internships.
Jobs Growth Wales	Wales	This Welsh Government programme started in April 2012 and caters for unemployed young people, aged 16-24, that are job ready but have had difficulty securing employment. It provides them with a job opportunity for a six month period paid at national minimum wage.
ReAct,	Wales	A programme of funding for training provided by the

Redundancy Action Scheme		Welsh Government for individuals living in Wales who are facing redundancy or have been made redundant within the past six months, and funding for employers recruiting someone who has been made redundant.
Six Month Offer ¹⁵	England, Scotland, Wales	Increased support and conditionality for Jobseeker's Allowance claimants after six months continuous claim in England, Scotland and Wales.
Steps to Work	NI	Offering support for the unemployed to find work In Northern Ireland.
Training for Work	Scotland	A voluntary training programme in Scotland for unemployed and disadvantaged adults.
Work Programme	England, Scotland, Wales	The Work Programme, delivered by DWP contracted providers, offers tailored support for claimants of out of work benefits who need extra support to find work. Providers aim to help them overcome barriers by giving them the necessary skills, training and experience to find a job

Figure 3.5 details the proportion of all employers in each country who are aware of each initiative and service. Initiatives and services available in more than one country have been highlighted in the filled boxes.

¹⁵ Nb; The Six Month Offer came to an end in March 2011, with some elements having finished before that.

Figure 3.5 Awareness of Initiatives provided to aid recruitment across the four UK nations



Jobcentre Plus's Work Programme was the best known initiative in Scotland (64 per cent), Wales (60 per cent) and England (59 per cent) with a combined total of 58 per cent of establishments in those countries reporting awareness.

The Six Month Offer, introduced in April 2009, offers targeted, in-depth assistance to Jobseekers Allowance (JSA) customers who have been unemployed for more than six months to identify opportunities for entering work and to improve their work-related skills. The initiative was also offered in England, Scotland and Wales and in each country was less familiar to employers than the Work Programme¹⁶. In total, one-in-seven employers are aware of the Six Month Offer, with greater awareness in Scotland (17 per cent) and Wales (18 per cent) than in England.

The Graduate Talent Pool (GTP) is the only initiative that is available in all of the countries of the UK. Overall, fifteen per cent of employers were aware of the GTP, dropping to one-in-ten employers in Wales (10 per cent).

¹⁶ It should be noted that the Six Month Offer and the Work Programme are not directly comparable in terms of their timing – the Work Programme was introduced in June 2011, 3 months after the Six Month Offer was brought to an end; moreover, the Work Programme targeted longer-term unemployed, at the 9 month or 12 month stage, compared to 6 months for 6MO.

Over the two years since the last UKCEPS survey, some initiatives and programmes to improve the efficiency have been introduced and others have been dropped. Others have endured over the period, and we can therefore track the extent to which employers engage with them. Of those initiatives where awareness levels were measured both in 2010 and 2012:

- In Northern Ireland, awareness of Steps to Work (52 per cent) and Bridge to Employment (30 per cent) remained constant.
- In Scotland, there was a drop of nine percentage points in awareness of the Training for Work scheme, but no change in awareness of Get Ready to Work;
- Awareness of GO Wales remained fairly constant, with around a quarter reporting they were aware in 2012 (26 per cent) and in 2010 (24 per cent).

Overall, only one-in-ten UK establishments had engaged with any of the services which the 2012 survey looked at. This varied somewhat by country, with lower usage reported by establishments in Northern Ireland and England (nine per cent and eight per cent), compared to Scotland and Wales (13 per cent and 15 per cent). In terms of use of specific initiatives offered across the UK:

- Nine per cent of establishments in England had used Jobcentre Plus's Work Programme, and one per cent had used the Six Month Offer and/or the Graduate Talent Pool.
- Seven per cent of establishments in Northern Ireland had used Steps to Work, and one per cent each had used Bridge to employment and the Graduate Talent Pool.
- One-in-ten establishments in Scotland had used Jobcentre Plus's Work Programme. Two per cent had used Training for Work, and the same proportion had used Get Ready for Work and Employer Recruitment Incentive. Graduate Talent Pool, Six Month Offer and the Community Jobs Fund had all been used by one per cent of establishments in Scotland.
- In Wales one-in-ten establishments had used Jobcentre Plus's Work Programme, three per cent had used the GO Wales initiative. Two per cent had used Jobs Growth Wales, with one per cent using the ReAct Redundancy Action Scheme and the same proportion using Six Month Offer (one per cent).

3.5 What employers look for when recruiting

UKCEPS 2012 included questions designed to explore the relative weight that employers assign to the qualifications that job applicants hold at the point of recruitment. Employers were asked if when they are looking to recruit new employees they consider that it is critical, significant, of some value or of no value for these new recruits to have: (a) a particular level of achievement of academic qualifications; (b) a relevant NVQ or SVQ; or (c) a relevant qualification other than an NVQ or SVQ.

Figure 3.6 details responses to these questions, and shows how employer perspectives have changed since the 2010 survey.

- **Candidates' qualifications play a role in most employers' recruitment processes and decisions, and a significant role for more than two-in-five**

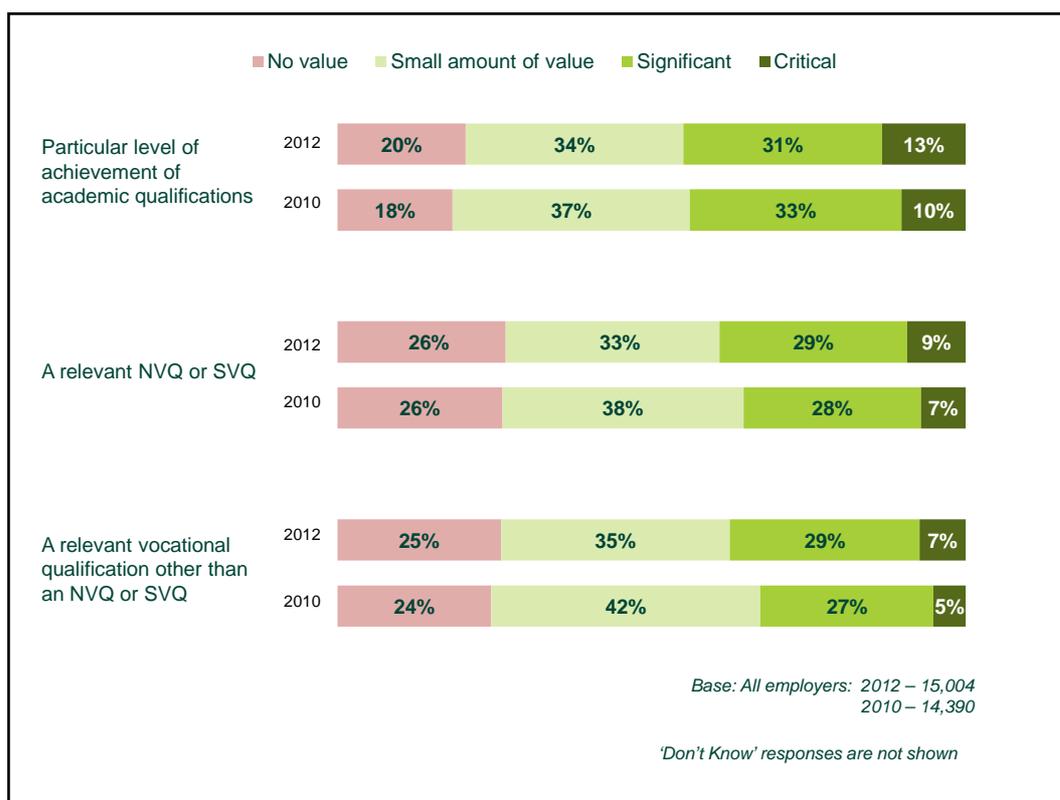
Conversely one-in-ten employers felt that there was no value in any type of qualification (11 per cent). This was constant across countries but varied by sector, with 19 per cent of establishments in the Primary Sector and Utilities reporting that all types of qualification were of no value and 16 per cent of those in the Trade, Accommodation and Transport sector.

- **Academic qualifications continue to be better regarded than vocational qualifications**

Overall, 44 per cent of establishments saw as critical or significant that new recruits have a particular level of academic achievement, compared to 38 per cent who see the same value in an NVQ / SVQ and 36 per cent for a vocational qualification other than an NVQ / SVQ.

Figure 3.6 shows the full breakdown of responses for each of the factors at an overall level. A breakdown by country, size and sector is included in the appendices.

Figure 3.6 Importance of factors looked for in candidates



There are few other differences between different groups of employers in terms of their perspectives on qualifications in these terms, although employers in Northern Ireland consistently place slightly more importance on qualifications as a whole than those in other parts of the UK. Public sector establishments were far more likely to say that academic qualifications were critical (28 per cent) than commercial or not-for-profit establishments (12 per cent and 14 per cent respectively).

It is also noticeable that larger employers place considerably greater emphasis on academic qualifications (23 per cent of establishments with 100 or more staff describe academic achievement as critical to recruitment prospects, compared to 12 per cent of employers with fewer than 100 employees). This different focus is not replicated in respect of vocational qualifications, and is driven by the Non-Market Services sector (42 per cent of large establishments in this sector describe this as critical).

A full breakdown by country, size and sector is included in the appendices <[APPENDIX A, Table A.3](#)>

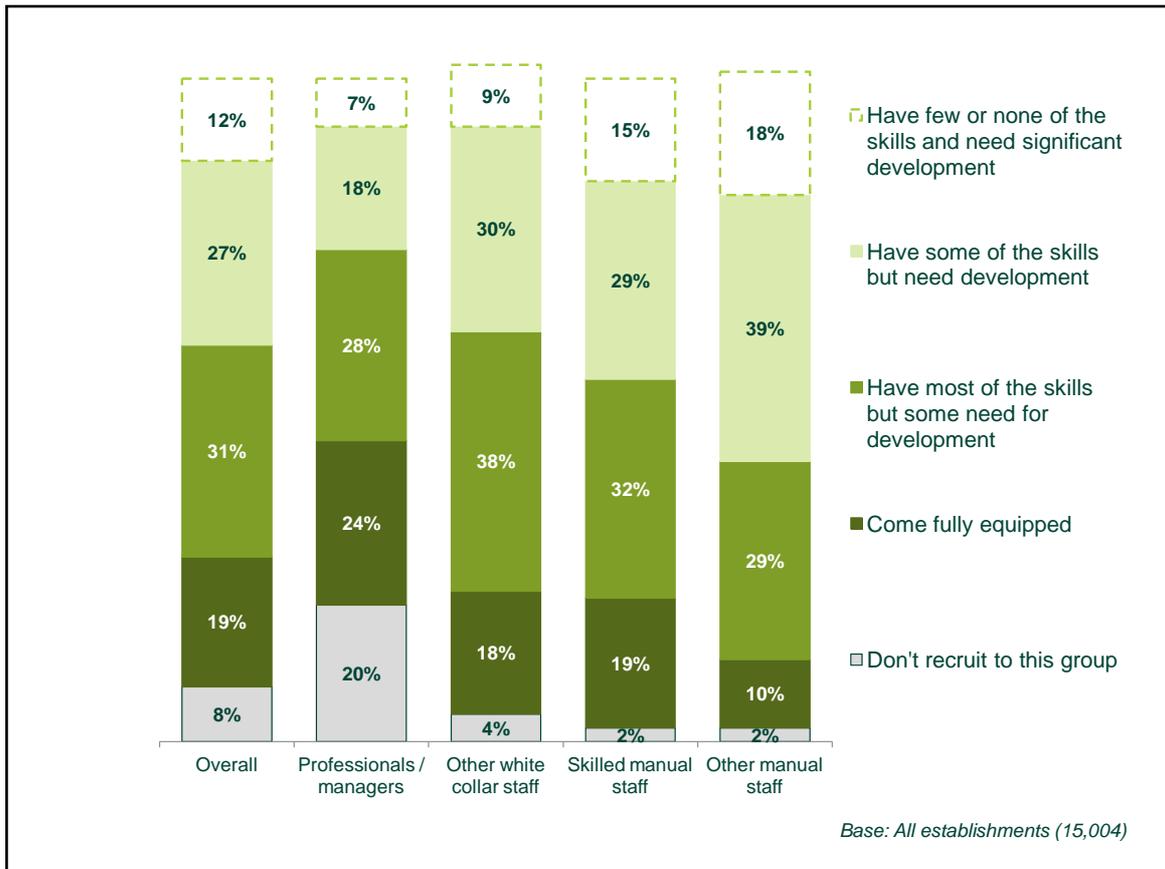
3.6 Work preparedness of new recruits in different occupational roles

It is likely that perspectives on the achievement of qualifications vary depending on the nature of the candidates being recruited. Indeed, this suggestion is further supported by Figure 3.7 below which shows the extent to which employers say that the new recruits that they hire come readily equipped with the skills they need. For this question, employers were asked to answer in respect of their largest group of employees. This was defined using four categories:

- senior managers, managers and other professional staff
- other white collar, admin or office-based staff
- skilled manual staff (also known as “skilled blue collar”)
- other manual staff.

Each employer was then asked, for the key employee group nominated, whether new recruits to that occupational level tended to come fully equipped, whether they tend to have most of the skills but to need to develop them, whether they tend to have some of the skills but need development, or whether they have few or none of the skills and need significant development.

Figure 3.7 Extent to which new recruits to largest occupational group come equipped with required skills



At the overall level, most employers recruit staff whose skills they need to develop at least to some extent (71 per cent). One-in-eight employers (12 per cent) take on people who have few if any of the skills required for the job. At the other end of the scale, about a quarter of employers (27 per cent) do not, on the face of it, have skills development needs for new recruits in their largest occupational grouping: one-in-five said that they only recruit people whose skills are already fully in place (19 per cent) and one-in-twelve (eight per cent) do not recruit externally for staff in these roles.

There is considerable variation here according to job role. In general, the higher up the occupational ladder the job role is, the less likely it is that employers say that they need to develop the skills of new recruits. When employers take on staff into non-skilled or lower skilled manual roles, it is more likely than not that they will need to significantly develop their skills in order for them to fulfil their roles. This is in line with findings in successive employer skills surveys which have highlighted the skills challenges facing employers in respect of their staff in intermediary (skilled and non-skilled) manual occupations. Conversely, only a quarter of employers who recruit people into professional or managerial roles said these new recruits were in need of considerable skill development. This is also in line with the findings from UKCESS 2011 and previous Employer Skills Surveys, which have found that managers are the least likely occupational group to benefit from training arranged or funded by their employers.

The smallest establishments (those with four staff or fewer) are far less likely to report having **any** need to develop the skills of new recruits than larger establishments (61 per cent compared to 81 per cent of those with five or more staff).

There is even more variation when one looks at occupations within sectors, and focuses on those with more significant skills development needs. Table 3.2 details the proportion of employers in each sector saying that new recruits in each occupation either "have few or none of the skills they need" or "have some of the skills but need development" – i.e. the two responses indicating the greatest requirement to upskill new recruits.

Table 3.2 Proportion of employers saying that new recruits “have few or none of the skills” or “have some of the skills but need development”

Column %	Primary Sector and Utilities	Manuf.	Construct .	Trade, Accomm. and Transport	Business and Other Services	Non-Market Services	Total
<i>Base:</i>	174	162	273	729	1,245	741	3,324
Senior managers, managers and other professional staff	34	33	16	26	27	21	26
<i>Base:</i>	54	115	131	567	1,220	630	2,717
Other “white collar”, admin or office based staff	26	41	35	48	39	28	39
<i>Base:</i>	301	598	543	1903	1,189	1,312	5,846
Skilled manual staff	42	48	34	52	42	39	45
<i>Base:</i>	144	291	86	1781	447	368	3,117
Other manual staff	61	61	44	60	55	45	57
<i>Base:</i>	673	1,166	1,033	4,980	4,101	3,051	15,004
Total	40	45	27	47	36	32	39

Looking at this level of detail it is apparent that there is a relatively consistent hierarchy between sectors in terms of the extent to which each sector is faced with challenges in developing skilled staff:

- Employers in the Construction sector are consistently less likely than those in other sectors to say that new recruits to each of the occupational groups have a need to develop their skills (although the trend is less marked in terms of “other white collar” / admin roles);
- Similarly, employers in the Non-Market Services sector are less likely than average to perceive skills development needs for new recruits taken into any of the occupational groups;
- Employers in the Manufacturing sector have a higher than average perception of the skills development need of new employees in all occupations, and particularly in terms of senior staff
- The Primary Sector and Utilities also perceives more strongly than other sectors that new senior staff need to develop their skills

- Employers in the Trade, Accommodation and Transport sector are particularly likely to describe the skills of new recruits to “other white collar” roles as needing development.

Overall, most employers do expect that there will be a need for some training and/or skill development for new employees. There is scope for further analysis of this data alongside that from the UKCESS which would bring more insights here. The next chapter will cover in more detail how different employers approach workforce development – whether for new or established employees.

3.7 Conclusions

It is common for employers to engage with the labour market in the search for new employees: around half of employers have had at least one vacancy during the course of the last 12 months (48 per cent).

In the main, this is replacement demand: most employers who recruited maintained overall staffing levels at the same number (55 per cent) or even reduced their headcount in the 12 months preceding the survey (12 per cent). Only 29 per of these recruiting employers were recruiting for growth.

Most recruitment is an outward looking activity, that is, it involves looking outside of the organisation. The channels that employers use span the public and commercial domains, with government services and initiatives operating alongside commercial provision and employers' own channels. These channels themselves range from informal, low-tech approaches such as internal noticeboards to further-reaching approaches drawing on the opportunities that the internet has created for employers to interface directly with the wider labour market. However, it is the oldest, lowest-tech approach that is most called upon: word of mouth. This is the single most common channel used and one which has potential to have negative impacts for some groups within the labour market, as the *Youth Employment Challenge* (UKCES, 2012) has argued. In the main, employers are using word of mouth alongside other channels but seven per cent of employers (16 per cent of recruiting employers) rely solely on word of mouth. Employers most likely to rely solely on word of mouth were small employers (30 per cent of recruiting employers with 2-4 staff) and those in the Construction sector (36 per cent).

At the overall level, most employers recruit staff whose skills they need to develop at least to some extent, and this is particularly true for some occupations in some sectors (notably those where employers have tended to report skill gaps through the UKCESS series). The next chapter will cover in more detail how different employers approach workforce development – whether for new or established employees.

4 Employer Perspectives on People Development

Chapter Summary

The majority of employers provide some form of development opportunity for (at least some of) their staff; 73 per cent did so in the 12 months prior to the survey. This majority position holds true across all sub-groups of employers, including the smallest employers, however, a significant minority have not provided any training.

Employers are more likely to provide training internally (63 per cent did so) than to access the external workforce development market (47 per cent).

Employers most commonly look to private providers (private sector training firms or third party providers) when they are looking outside of their own organisation to deliver training: two-fifths of all employers (40 per cent, or 85 per cent of employers who train externally) engage the services of private providers, while only one-in-seven (14 per cent of all employers, 30 per cent of those who train externally) look to the public learning landscape, in the form of FE Colleges and HEIs.

Around half of establishments who are using public training providers report that they are funding this training entirely themselves (45 per cent of those using FE Colleges and 52 per cent of those using Universities), although it may be the case that they are unaware of other funding streams that are contributing to the funding of their training.

Employers who chose private providers and those who chose public providers give very similar reasons for their choices, with the relevance of course prime among them. But a lack of relevant courses is also the key barrier to employers choosing providers in either the public or private spheres, and here more employers found that public providers did not have an offer relevant to their needs, than found private provision to be lacking in relevance. On the other hand, a greater proportion report cost as a barrier to private provision as a barrier to using FE colleges (14 per cent compared to six per cent).

A third of employers (31 per cent) looked to external bodies (most commonly private training providers or colleges) for advice and information on available sources and resources on training issues. Only six per cent of employers sought advice from other employers.

Few government schemes and initiatives designed to support businesses in their workforce development activity are in common use, and beyond Business Link and its variants across the countries of the UK, most were only used by a very small proportion of employers.

4.1 Introduction

Governments in the four nations aim to have skills systems that deliver 'from the bottom up', and are responsive to the needs of individuals and of the economy¹⁷. In England, *Skills for Sustainable Growth* (BIS, 2010) outlines how a skilled workforce is key to stimulating private sector growth and therefore to the UK's economic recovery. It encourages employers to take more responsibility for ensuring that their skills needs are met. 'Making skills work for employers' is a key goal for Skills Development Scotland. This involves both making sure the system is responsive to employer needs and simplifying the process of accessing training and getting involved in the skills system, allowing resources to be deployed most effectively. The Department for Employment and Learning in Northern Ireland places emphasis on the role of all parties in ensuring the nation's skills needs are met, with the cost of training shared between the individual, the employer and the state, 'to reflect the benefit gained'. In Wales, the push for greater ownership from employers in setting their own skills development priorities is perhaps best exemplified in the "Free Skills Review" initiative, whereby employers can request a review to help them design a training plan and link them to relevant sources of funding that they are eligible for.

In *Employer Ownership of Skills* (UK Commission, 2011), the UK Commission has outlined how this might be achieved by:

- aligning public and private skills markets;
- removing bureaucracy;
- encouraging employers to take the lead through providing targeted funding and giving better access to and information about the training opportunities available to them.

In England, the UK Commission, with BIS and the Department for Education, is piloting an Employer Ownership fund to encourage and enable employers to design and deliver their training solutions outside the public systems.

¹⁷ As outlined in *Skills for Sustainable Growth* (BIS 2010), Skills Development Scotland's Corporate Strategy 2012/15 (2012), *The Department for Education and Skills Business Plan 2012-2016* (Department for Education and Skills, 2012) in Wales and DELNI's *Success through Skills – Transforming Futures* (2011).

UKCEPS 2012 examines how employers are investing their resources, how they are interacting with the system and the perceptions that drive this approach and activity. More specifically, this chapter covers:

- the extent to which employers provide development opportunities for their staff, and how internal and external training markets mesh together;
- the respective roles of public and private provision within the external market;
- whether employers are making direct financial contributions to training delivered through the formal post-compulsory education system, and their perception of the extent to which the public training market is subsidised;
- the extent to which planning underpins workforce development activity;
- how they are accessing the training market, what sources of advice they seek, and their involvement with Investors in People.

4.2 Employer approaches to training: how public and private markets interact

There are many different ways in which employers can develop the skills of their workforce. Previous studies have identified the difference between “on-the-job” and “off-the-job” training, the distinction driven by whether or not the training takes place at, or away from, the employee’s workstation. Reflecting this survey’s aims and objectives, UKCEPS 2012 explores employer perspectives and practice in terms of people development through a new definition of training activity which distinguishes between *internal* training (which is training delivered by the employer themselves), and *external* training (which is training delivered by organisations external to the employer such as commercial training providers, colleges, universities and not-for-profit providers).

This measure of training was tested extensively in a recent UK Commission study *Defining and Measuring Training Activity* (Winterbotham *et al.*, 2011) and was shown to be well understood by employers who were able to make the distinction between the two types of training. Typically 'internal' and 'external' are classifications that employers naturally use themselves to think about their training provision. We can therefore be satisfied that the definitions given in the present survey were well understood and answered accurately. However, since this is the first time training data has been captured in this way the measure of training that it presents is not comparable with the 2010 UKCEPS survey, or with UKCESS 2011¹⁸.

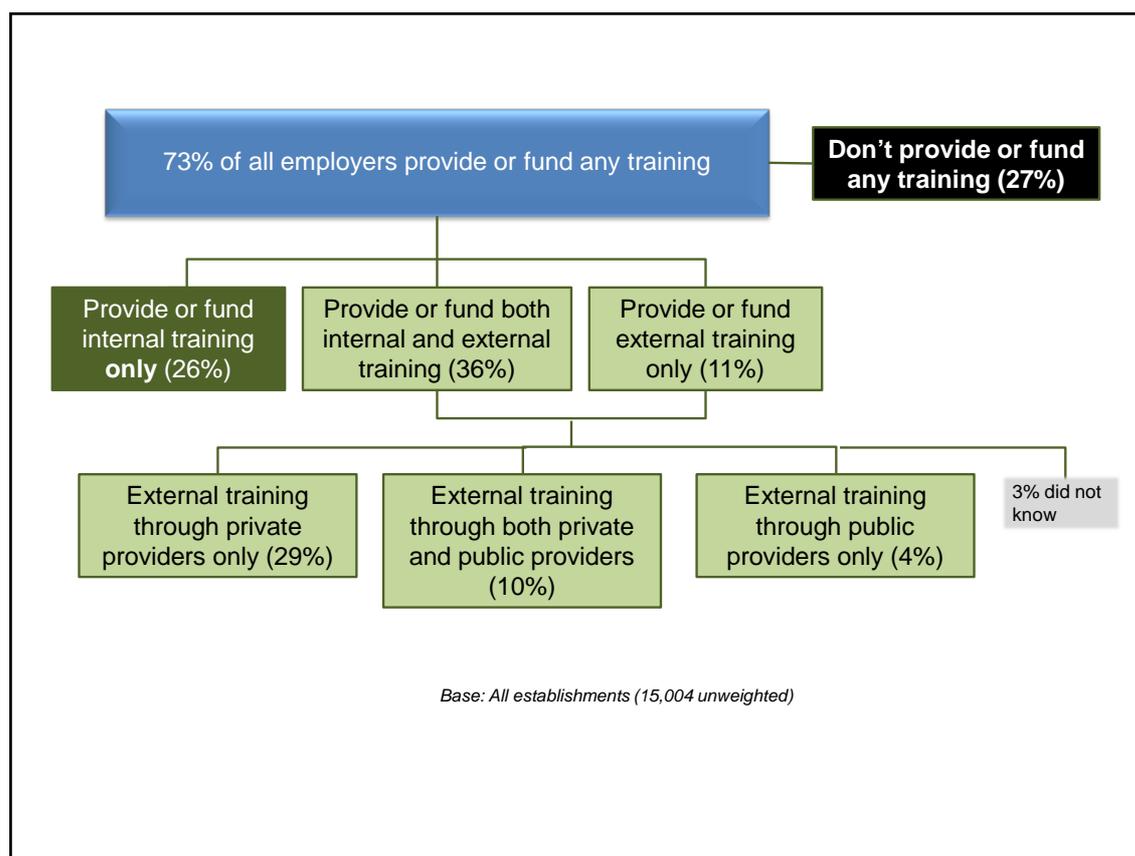
The benefit of this measure of training is that it simply and readily allows us to track a path through employer training activity which allows us to understand how the internal and external, private and public landscapes interact and collide. This path is presented in Figure 4.1, which shows that:

- **Most employers engage in some form of workforce development activity:** almost three-quarters (73 per cent) of establishments had provided some form of training to staff in the 12 months preceding the survey (and 27 per cent had not);
- **Internal training is more common than external training:** approaching two-thirds of employers (63 per cent) had provided internal training, while a half had provided external training (47 per cent)
- **Fewer employers focus all of their efforts exclusively on either internal or external training,** although employers who exclusively train internally (26 per cent) are more common than employers who exclusively train externally (11 per cent);
- **When employers train externally, it is much more common for them to use private providers than public provision:** two-fifths of all employers use private training providers (40 per cent) compared to one-in-seven who use public providers (14 per cent);
- **'Young Growth businesses'¹⁹ are more likely to provide training for their staff** (90 per cent, compared to 73 per cent overall. They were also more likely than employers in general to source training through private commercial and not for profit organisations (50 per cent compared to 40 per cent)

¹⁸ It should also be noted that the definition of 'employer' is slightly different in UKCESS 2011, including establishments where at least one person was employed. This also means it is not possible to directly compare data between the two surveys.

¹⁹ See Appendix B for definition of 'young growth businesses' and for further analysis

Figure 4.1 Employer engagement with the internal and external training markets



The public training market appears to cater to all of the workforce development requirements of only a very small proportion of employers. Only four per cent of all employers exclusively source external training through public providers.

There are few differences between employers in the different countries of the UK in their use of internal and external training markets. In line with the trend evidenced in the UKCESS 2011 training measure (Davies *et al*, 2012), establishments in Scotland were slightly more likely to have provided any training to staff in the 12 months preceding the survey. Table 4.1 shows the incidence of training by country.

Table 4.1 Provision of training by country

	UK	England	Northern Ireland	Scotland	Wales
<i>Base (unweighted)</i>	15,004	10,003	1,000	2,000	2,001
	%	%	%	%	%
Any internal training	63	62	63	66	62
Any external training	47	47	45	48	45
Both internal and external	36	36	34	39	35
Any training	73	73	74	75	72
No training provided	27	27	26	25	28

Base: All establishments.

As has been seen in previous surveys, larger establishments are more likely to provide training for staff than smaller ones. Training is most common in the public sector (where 94 per cent of establishments provide training compared to 86 per cent of establishments in the third sector and 71 per cent in the private sector). Other differences by sector can largely be attributed to the size make-up of the sectors as when size is controlled for the differences are not significant. There is one exception: smaller establishments (fewer than ten employees) in the Business and Other Services sector are more likely to provide training than those in any other sector apart from Non-Market Services, which is heavily influenced by the public sector.

When it came to *external* training however, there was considerable variation by sector. Among those who train, establishments in Non-Market Services (86 per cent) stand out as being the biggest users of external sources of training, followed by Construction (73 per cent) and Primary Sector and Utilities (71 per cent). Two-thirds (66 per cent) of those in the Business Services sector who train use external sources. Least likely to be engaging external training sources were establishments in the Manufacturing sector (59 per cent) and the Trade, Accommodation and Transport sector (49 per cent).

A full breakdown of training incidence by country, size and sector is provided in the appendices. <[APPENDIX A, Table A.5](#)>

4.3 Sources of external training

In the analysis above we have been looking at how the internal and external training markets and the commercial and public training markets come together. In this short section we break out each of these markets to its constituent parts, looking at relative use of HEIs and FE Colleges within public provision, and of commercial and not-for-profit providers within private provision.

Table 4.2 illustrates that patterns of use of private and public training provision are relatively consistent across the countries of the UK, although training employers in Wales are less likely than average to fund external training through private providers, and more likely than average to fund training through FE colleges.

Table 4.2 Sources of external training

	UK		England		Northern Ireland		Scotland		Wales	
	<i>All</i>	<i>External trainers</i>	<i>All</i>	<i>External trainers</i>	<i>All</i>	<i>External trainers</i>	<i>All</i>	<i>External trainers</i>	<i>All</i>	<i>External trainers</i>
	15,004	9,085	10,003	6,054	1,000	614	2,000	1,214	2,001	1,203
	%	%	%	%	%	%	%	%	%	%
Any private	40	85	40	85	39	87	42	88	37	83
Commercial	35	75	35	76	34	75	36	74	33	73
3 RD sector / not-for-profit	11	24	11	24	13	29	14	29	11	25
Any public	14	30	14	29	14	30	16	34	16	36
FE Colleges	12	25	12	25	11	23	14	28	14	31
Higher Education Institutions	6	13	6	12	7	15	8	16	7	16
Don't know	3	7	3	7	3	7	3	6	3	7
No external training	53		53		55		52		55	

A full breakdown of how employers in different countries, of different sizes and in different sectors engage with the training markets is provided in the appendices. <[APPENDIX A, Table A.6](#)>

4.4 Funding publicly provided external training

The investment made by employers and the public purse is vast. UKCESS 2011 revealed total employer expenditure on training in the region of £49bn, including opportunity costs. Government further invests in a public sector market for skills including supporting standard development, overseeing the quality of national qualifications and subsidising training.

The funding landscape for training provision is a complex one, and one which employers can struggle to understand. However, their perceptions of where funding is coming from and the relative investment that they are making themselves is likely to impact on their perceptions of the value for money of their workforce development activity.

UKCEPS 2012 asked employers who had engaged in external training delivered through public providers (FECs and HEIs) whether they received any contribution towards the cost of this training, and if so from where.

Figure 4.2 shows that around half of establishments who are using public training providers reported that they are funding this training entirely themselves (45 per cent of those using FE Colleges and 52 per cent of those using Universities).

Of the remainder, most report receiving partial funding with fewer reporting that the training is wholly funded from elsewhere. (Just under a fifth (18 per cent) of employers who provide college-based training for (some of) their workforce, and 15 per cent of those who provide university based training, claim that they receive funding for 100 per cent of the cost of this training from other, third parties.)

Figure 4.2 Funding of external training

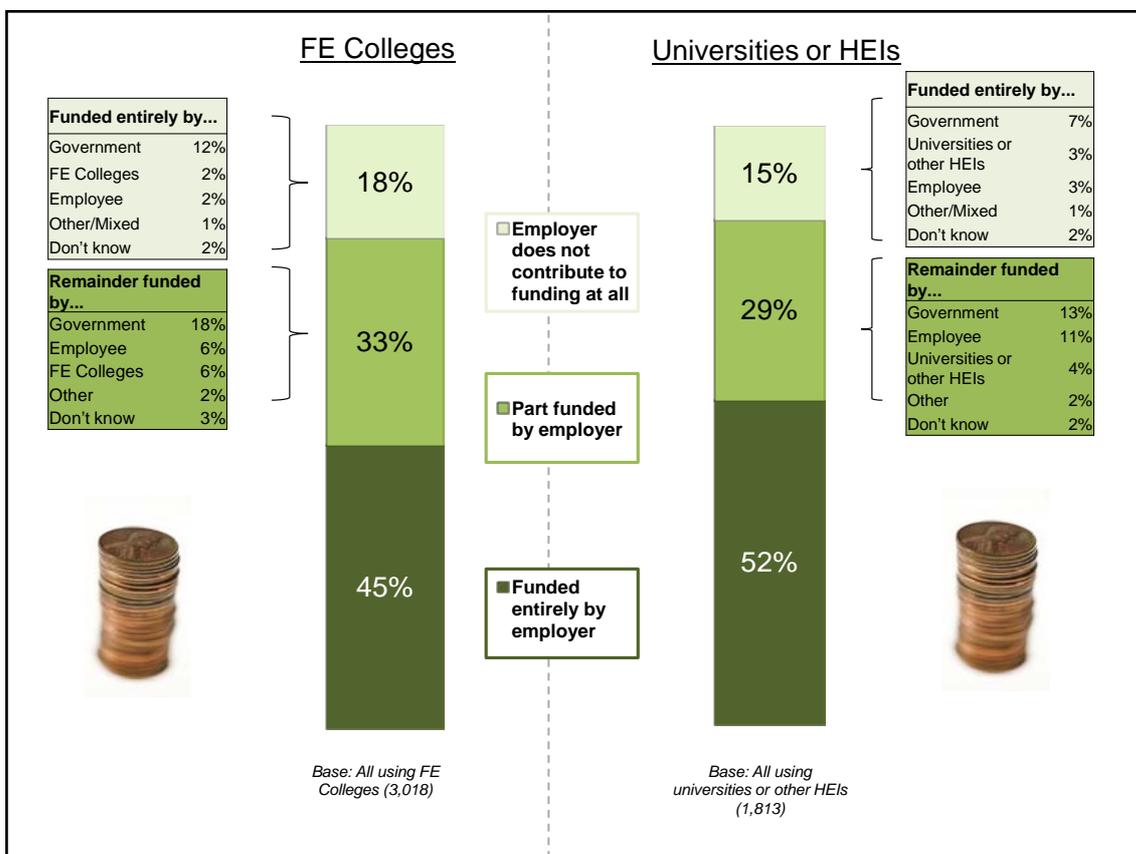


Figure 4.2 also shows the sources of third party funding for this training. In all cases, this is most commonly the Government, although it is notable that in the case of HEI-based training one-in-ten employers say that employees contribute financially to the cost of the training.

Establishments providing external training in Wales were the most likely to be receiving help with the funding of their external training, for example, 37 per cent fully funded training at FE college.

The largest and smallest establishments were most likely to be fully funding training at FE colleges (48 per cent and 47 per cent respectively). Of the remainder, larger establishments were more likely to be partly funding training and smallest establishments were most likely to have this training funded *entirely* by other parties (22 per cent of establishments employing 2-4 staff and using FE colleges reported that the cost was funded entirely by other parties compared to nine per cent of those employing 100 or more staff). This is in line with the findings in UKCESS 2011 (Davies *et al*, 2012), which showed that the costs of training are pushed up for smaller employers who have a limited number of workers / trainees across whom they can defray the set-up costs. It is also in line with findings through successive employer skills surveys, and through UKCEPS 2010 (Shury *et al*, 2011) which have shown that larger employers are better able to tap into sources of funding and support because they have systems and people in place which are dedicated to these sorts of functions.

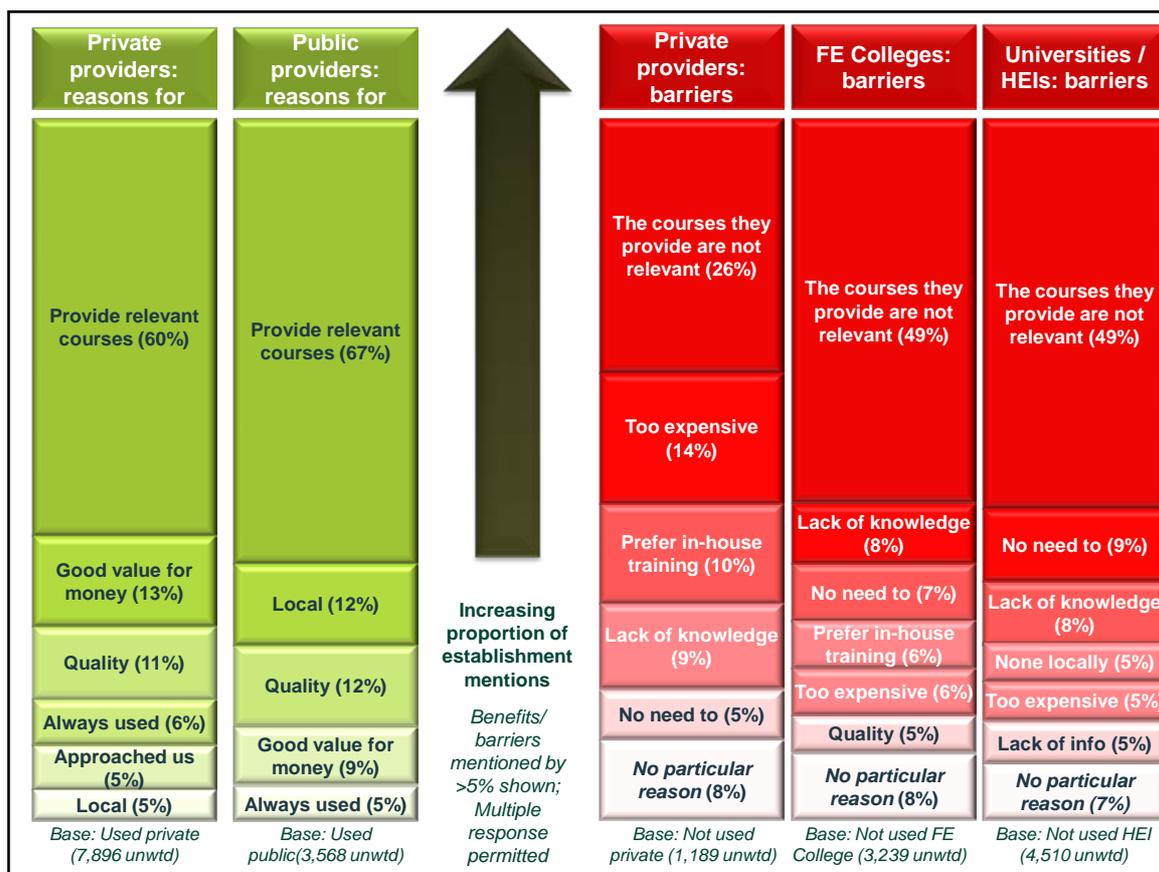
A full breakdown of these findings by sector and by country can be found in the appendices. <[APPENDIX A, Table A.7 and A.8](#)>

4.5 Reasons for choosing to invest resource in different types of external provider

Overwhelmingly, the driver for selecting external training providers is the provision of relevant courses (Figure 4.3). This came through as the key reason for selecting the providers used, with around two-thirds citing relevance as one of the main reasons they used the providers they did (60 per cent for private providers, and 67 per cent for public). Similarly, the relevance of courses comes through as the most common reason for *not* using types of training provider, with 26 per cent of those who have not used private providers citing it as a reason, and 49 per cent of those who have not used FE Colleges or Universities/HEIs identifying this as a reason. Ultimately, if the courses don't fit the bill, employers won't pay for them.

Other reasons for choosing providers from the private or public sectors were mentioned by far fewer employers with little distinction between private and public provision. The use of private sector providers is driven by value for money slightly more than that of public sector providers (13 per cent vs. nine per cent) while quality is important for both (11 per cent and 12 per cent respectively). Locality is slightly more important to those seeking public sector provision (12 per cent vs. five per cent).

Figure 4.3 Reasons for and barriers to using different types of training provider



A fifth of establishments which did not use the services of private training providers (20 per cent) said they did not know why this was the case, compared to nine per cent each of those who did not use FE Colleges or Universities/HEIs. This suggests that they are potentially open to the idea of using this type of provider, they just have not done so.

The hierarchy of responses to both reasons and barriers was fairly similar across different sub-groups of establishment, with the exception of third sector establishments who were far more likely than private or public sector establishments to place a higher value on the expense: more third sector establishments who had used external providers cited value for money as a reason for choosing a provider (28 per cent for private and 15 per cent for public provision).

4.6 Employer planning of training activity

The survey explored a number of different ways in which establishments can approach the planning of their training activity:

- Formal policies for **reviewing the training needs of individuals and of the organisation** help to ensure that specific skills gaps are addressed and, at an individual level, imply some level of performance management. This is the most common type of planning that establishments undertake: 67 per cent review the training needs of individuals and 56 per cent review training needs across the organisation conduct a formal analysis.
- **Planning in advance the level and type of training staff will need** at each stage of their careers sets out in advance what skills are expected to be needed over an employee's career and may be longer term than planning via reviews. Almost half of establishments (46 per cent) engage in this sort of planning, which usually goes hand in hand with reviews of individual or occupational skills needs (89 per cent of those that engage in this sort of planning also conduct some form of review of skills needs).
- Planning for the financial impact of training through having a **dedicated budget for training expenditure** (27 per cent) and **evaluating the costs and benefits of training** (33 per cent).

Establishments' approach to these different aspects of planning can give an indication of the extent to which they are taking ownership for the development of the skills of their workforce.

Overall, 78 per cent of establishments engage in at least one form of planning for training activity; typically employers that are engaging in planning engage in more than one type of planning.

4.7 The relationship between planning and training

Figure 4.4 considers employers both in terms of their provision of training opportunities and of their planning of training activity. It groups employers into four categories: those who train and who plan that training; those who plan but do not go on to provide training; those who train without doing any planning, and those who neither plan nor provide training.

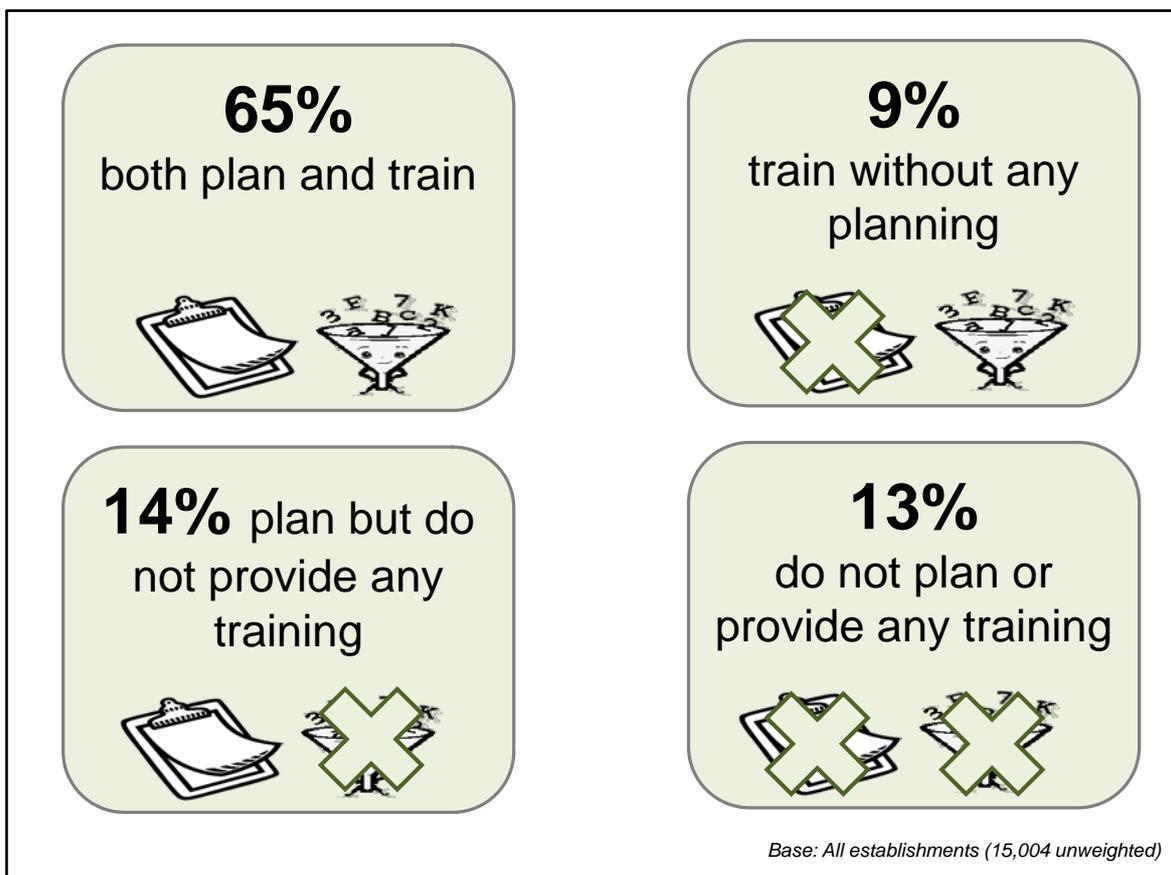
The majority of employers fall into the category of training employers that plan their training activity. Two-thirds of employers (65 per cent) can be characterised in this way.

Planning does not necessarily lead to training however; indeed planning may conclude that no training is required as staff have the skills levels required. It should not therefore be assumed that those who have not provided training for their staff are disengaged from the training system and the concept of training: 14 per cent of establishments had engaged in some form of formal training planning activity without going on to provide any training for staff in the last 12 months.

Conversely, one-in-eight of those that train did not carry out any of the planning activities covered by the survey (12 per cent, or nine per cent of all establishments). It could be that in such cases the training provided is ad-hoc and reactive (to a specific need as it arises, to advertising by a training provider such as a specific training course that catches their eye, or to the demands of their Head Office). Equally, it could be that the training activity is mandatory and automatically needs to happen, and/or that it is standard training that is given to all recruits at a certain level (for example for new staff), and hence is not understood by employers as "planned activity", as such.

A minority of establishments (13 per cent) neither plan for nor provide training for staff.

Figure 4.4 The relationship between planning and training



Establishments in Scotland were more likely than average to fall into the “both plan and train” group (68 per cent). By size the establishments most likely to fall into this group are larger establishments (up to 97 per cent of establishments with 100 or more staff) and those in the public sector (93 per cent). A majority of young, growth businesses were actively evaluating their training needs and had some training plans in place (86 per cent compared to 78 per cent overall).

Establishments that are most likely to fall into the “plan but do not train” group are the small establishments (20 per cent of those with 2-4 staff), in the sectors with lower training levels (Primary Sector and Utilities (17 per cent), Construction (20 per cent), and Trade, Accommodation and Transport (16 per cent)). Establishments from different countries were equally likely to be in this group.

Small establishments were the type most likely to fall into “train without any planning” group (ten per cent of those with 2-4 staff and nine per cent of those with 5-9), as were establishments in the Primary Sector and Utilities (14 per cent).

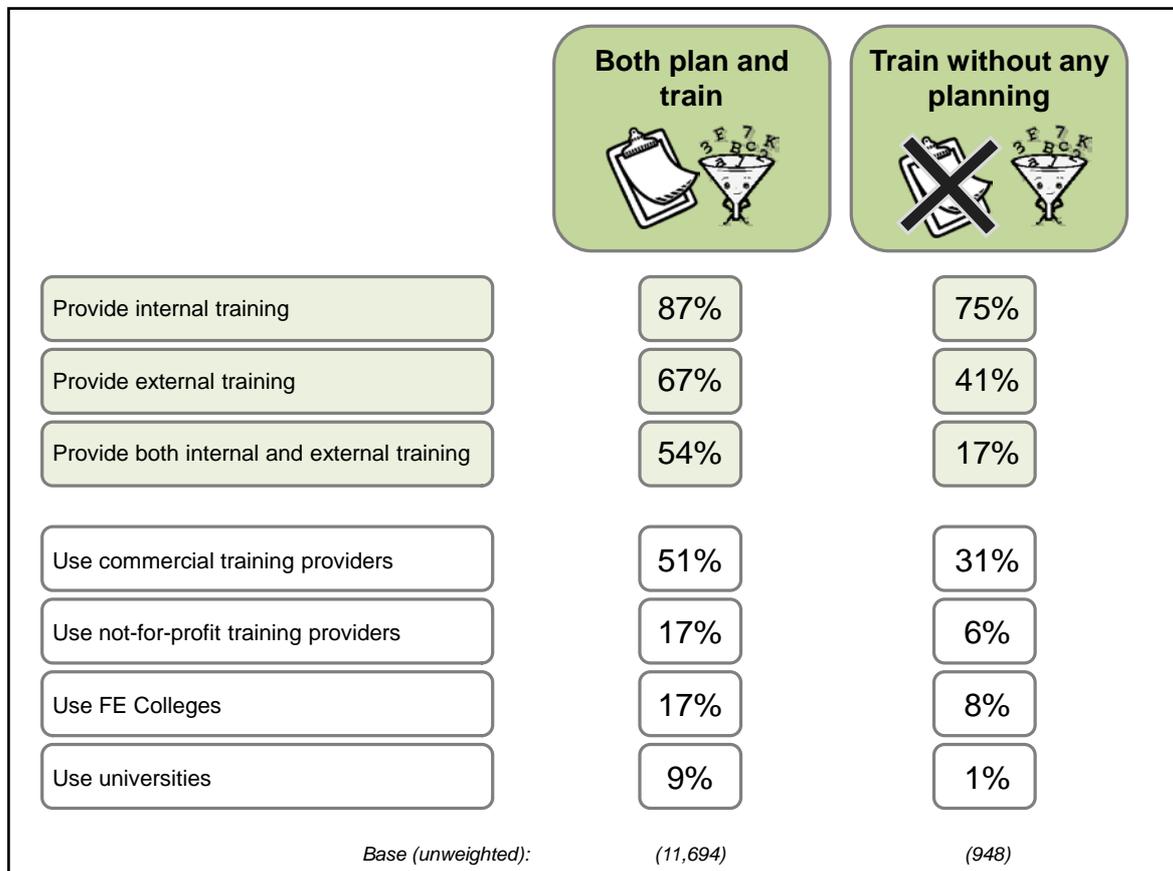
Establishments most likely to fall into the group that neither planned nor trained were the very small establishments (21 per cent fell into this group, compared to eight per cent of those with 5-9 staff and two per cent or fewer of those with ten or more staff), and in the sectors characterised by small establishments (20 per cent in Primary Sector and Utilities and 18 per cent in Construction).

The question on training budgets was also asked in 2010. Among non-trainers, the proportion of establishments with a training budget has remained fairly stable but among trainers it has fallen from 48 per cent in 2010 to 34 per cent in 2012. This could be a result of continuing economic uncertainty, with more employers needing to justify individual training activities rather than having a guaranteed ring-fenced budget for training.

Figure 4.5 extends this analysis by showing how training activity differs between those employers whose training is underpinned by planning, and those whose training is not. Establishments who plan and train were more likely than those who train without any planning to carry out both internal and external training. Two-thirds of this group provided any external training (67 per cent), 87 per cent provided internal training for their staff, while over half (54 per cent) provided both.

In contrast, among those whose training was not planned, 59 per cent reported conducting internal training *only*. This suggests that the training is ad hoc; internal training can be arranged at short notice whereas external training relies on the availability of courses and the budget to pay for it. A further quarter of this group conducted external training only. Only 17 per cent of establishments training but not planning are providing both internal and external training, compared to 54 per cent of establishments that have formal plans in place for the training they provide. This also suggests that those who are not planning their training are on the whole offering less variety in the training they provide than those with plans in place, and potentially not considering which type is more appropriate.

Figure 4.5 Provision of training by planning activity



4.8 Accessing information and advice about training

Another key facet of the skills system is the way in which employers access training and business support. Employers who engage more with the system are likely to be more aware of the opportunities available to them, and their awareness of schemes and sources of funding could influence the training and development they are providing. Those who do not engage with the system will fall into two groups: those who are lacking the knowledge and resource to do so, and those who feel that they are operating effectively without it, and so have no desire or need to engage with organisations or schemes external to their establishment.

Accordingly, this section of the report covers whether establishments have sought or received advice, information or more practical help from anybody external to their own organisation, who they have actually received advice or help from (if any), their awareness of initiatives set up to assist them in developing the skills of the workforce, and specifically their involvement with Investors in People.

As with recruitment services and initiatives, it should be noted that UKCEPS 2012 is not intended as a definitive enquiry into use, satisfaction and impact of these schemes. Rather, this survey aims to give us overall sense of engagement with these schemes.

4.9 Seeking information, advice and other practical help

Although the majority of establishments are carrying out skills development activity (in the form of training, evaluating skills needs or other skills planning), fewer than a third had sought or received external information, advice or practical help from someone external to their organisation in the 12 months preceding the survey (just 31 per cent had done so).

Establishments were more likely to have sought external assistance if they provided training (38 per cent, compared to 13 per cent of those who had not).

Larger employers (55 per cent of those with 100 or more staff) and Non-Market Service employers (51 per cent) were particularly likely to have sought or received information from outside of their organisation. A full breakdown by country, size and sector of employer is provided in the appendices. <[APPENDIX A, Table A.4](#)>

Those who plan and train were more likely to have sought advice (40 per cent) than those who don't plan their training (22 per cent), and those who were conducting planning but not providing training were less likely still (17 per cent). Eight per cent of establishments who did not plan to or train staff had sought advice (see Figure 4.6). 'Young growth businesses'²⁰ are more likely to have sought advice than all establishments (42 per cent) and to have sought advice from other employers (10 per cent compared to six per cent).

Figure 4.6 Seeking or receiving advice, information and more practical help externally



Establishments providing exclusively internal training were far less likely to have sought external advice (21 per cent) than those providing external training only (42 per cent) or those providing both internal and external training (49 per cent). This suggests that either the group providing only internal training have it all set up and are self-sufficient in this regard (21 per cent of this group say they “prefer to train in-house”, the most common reason given for not using external providers), or alternatively it could be that they are less aware of what external provision is out there for them to utilise (although just three per cent say they do not use external trainers because they do not know enough about the courses they provide).

²⁰ See Appendix B for definition of ‘young growth businesses’ and for further analysis

Often the advice and help received has been from organisations and institutions that the employer already has a relationship with or those that could be considered “front line” services whose main activity is working directly with employers, and in particular training providers. In this vein, 12 per cent of employers mentioned seeking advice or help from private training providers, 11 per cent sought this sort of input from colleges and four per cent from universities.

More than one-in-eight (12 per cent) had approached a professional body for advice or help, which is encouraging as these bodies are likely to have the sector specific information required by employers.

Of the six per cent of establishments that had used “other employers” as an information source, just under half (45 per cent) had used an organised group or formal network of employers (three per cent of all employers); 61 per cent had used their own personal network of contacts. The formal networks used for advice were likely to be industry-specific (80 per cent had used networks that were industry-specific compared to 17 per cent whose networks were wider than their own industry), and were more likely to be local (67 per cent) than national (43 per cent). Due to the small numbers using this information source it is not possible to look at this by sector or by locality, however this would be an area of interest for future studies.

More than one-in-twenty (six per cent) had sought or received advice from a consultancy suggesting they had actively sought and paid for the advice.

Figure 4.7 Sources of advice, information and more practical help externally



Some sources of advice, information and more practical help are country specific. These cannot be compared at an overall UK level. Table 4.3 shows the proportion of establishments in each country that had used each of them alongside those available across the UK. In general, private providers, professional bodies and colleges are the main sources of advice across the UK, although it is noticeable that the most common source of advice in Wales is Welsh Government.

Table 4.3 Sources of advice, information and more practical help

	England	Northern Ireland	Scotland	Wales
<i>Base (unweighted)</i>	10,003	1,000	2,000	2,001
	%	%	%	%
Commercial/not-for-profit training provider	13	12	11	11
Professional body	12	11	12	10
College	11	9	10	12
University	4	5	4	5
Local Authority	8	8	9	8
Other employers	6	5	6	5
A consultancy	6	5	6	6
Local Enterprise Partnership (LEP)	4	4	3	2
Chamber of Commerce	3	2	3	1
SSC	2	3	2	3
Business Link	5	n/a	n/a	3
Business Coaching for Growth (BCG)	2	n/a	n/a	n/a
Invest Northern Ireland	n/a	7	n/a	n/a
NI Business Information	n/a	3	n/a	n/a
Skills Development Scotland	n/a	n/a	5	n/a
Business Gateway	n/a	n/a	5	n/a
Scottish Enterprise	n/a	n/a	4	n/a
Highlands and Islands Enterprise	n/a	n/a	2	n/a
Welsh Government	n/a	n/a	n/a	13
Careers Wales	n/a	n/a	n/a	6
Local Enterprise Agency	n/a	n/a	n/a	4

Base: All establishments in each country.

'n/a' denotes scheme or initiative not available in that country

4.10 Awareness and engagement with Government services

Employers were prompted for their awareness of a number of government skills and workforce development schemes and initiatives, many of which were country-specific.

Table 4.4 lists the schemes included, with a short description of their purpose.

Table 4.4 Specific Government schemes and initiatives covered by the survey

Scheme	Countries covered	Description
Business Link	England, Wales	Online business support portal providing information and links to government business support services.
Business Gateway	Scotland	Online business support portal for Scotland
NI Business Information	NI	Online business support portal for Northern Ireland
Union Learning Fund	All	Government funding for trade union-led skills and training projects
National Skills Academy	England	Sector-specific training coordination and provision in England
Skills Growth Wales	Wales	Assists companies who plan to expand their workforce and require funding for training to make this possible.
Basic Skills Employer Pledge	Wales	Employers pledge to help employees with poor basic skills to improve these skills. Funding is available for training.
Leadership and Management Wales	Wales	Online resource for employers to search for management training courses and information.
Workforce development programme	Wales	Providing businesses in Wales with a skills adviser to review their workforce development planning
Welsh Government Training Grants	Wales	The Welsh Government provides subsidies for Work-based Training, such as towards Apprenticeships or Modern Skills Diploma
Flexible Training Opportunities	Scotland	Gives Scottish businesses with up to 100 employees the opportunity to apply for up to £5,000 towards employee training costs.
PACE, Partnership Action for Continuing Employment	Scotland	Partnership Action for Continuing Employment, a redundancy response initiative with local support teams for individuals made redundant or at risk
'Made not Born' Leadership and Management development	NI	Leadership and management skills development programme in Northern Ireland
Customised training from DELNI	NI	Designed to enhance the skills base within SME businesses, DELNI will create bespoke training projects for SMEs where no existing training product will meet their skills needs.
Right of employees to request time to train	England, Scotland,	The right to request time for training for employees who have worked for an

Around three-quarters (78 per cent) had heard of at least one of the schemes prompted, and 15 per cent had used at least one.

We now turn to examine awareness and usage levels with the specific services offered within each country as well as exploring employer satisfaction with services used. **Comparisons by country should be avoided** as they are a product of the number of services prompted; instead each country is better viewed in isolation specifically in relation to the services covered.

England

In England, 79 per cent of establishments had heard of at least one of the initiatives covered, and 15 per cent had used at least one of them. Table 4.5 shows awareness and usage of the individual services.

As in 2010, Business Link was by far the most commonly heard of and commonly used scheme of the four asked about in England. In the past few years there have been significant changes to the Business Link service, including the transfer of services to the GOV.UK website earlier this year with a new focus on signposting rather than provision at specific groups. Although typing in the old web address automatically leads to the new site, it is notable that whilst *awareness* has remained at around the same level as in 2010 (when it was 69 per cent), *usage* is down from 25 per cent of all establishments to 14 per cent. Usage was highest among newer businesses, with around a fifth of those that had been operating for fewer than three years having used the service (22 per cent of those operating under one year and 21 per cent of those operating 1-3 years), dropping to 13 per cent of those operating for ten or more years.

Figures for the awareness of the National Skills Academies should be treated with some caution, as the generic name of this service lends itself to 'false positives' (that is, people saying they have heard of these when they are just familiar with the term).

Table 4.5 Awareness and usage of skills schemes and initiatives in England

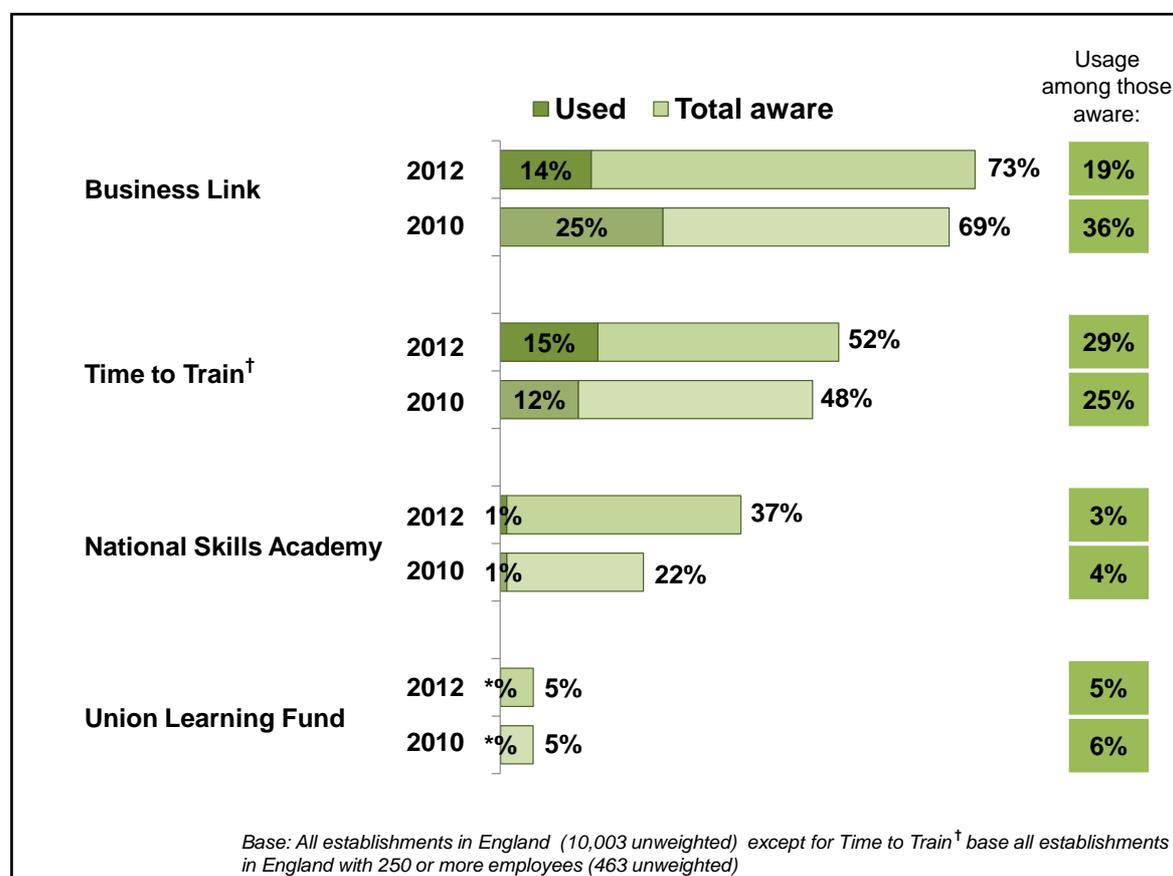
	As a % of all establishments			As a % of all establishments who are aware of each initiative	
	Base (unwtd)	% Aware	% Used	Base (unwtd)	% Used
Business Link	10,003	73	14	7,301	19
Right of employers to request time to train [†]	463	52	15	244	29
National Skills Academy	10,003	37	1	4,282	3
Union Learning Fund	10,003	5	*	642	5
None	10,003	21	85		

Base: Columns 1 and 2: All establishments in England except [†]Base: establishments in England with 250+ employees; Column 3: all establishments in England who had heard of each scheme.

‘**’ denotes a figure larger than zero but smaller than 0.5.

Awareness of the National Skills Academy is higher in 2012 than in 2010, increasing from 22 to 37 per cent. The proportion of those aware of it that have used it has remained similar, from four per cent in 2010 to three per cent in 2012. Awareness and use of the Union Learning Fund has remained at similar levels over time.

Figure 4.8 Awareness and usage of schemes and initiatives: time series in England



Northern Ireland

In Northern Ireland, 47 per cent had heard of at least one of the initiatives covered by the survey, and nine per cent had used at least one of them. Table 4.6 shows awareness and usage of individual services.

NI Business Information was the scheme with the highest awareness (37 per cent), and 17 per cent of all those aware had actually used the service. Although awareness of the other schemes was not always very high, among those who were aware usage ranged from eight per cent to 20 per cent.

Table 4.6 Awareness and use of skills schemes and initiatives in Northern Ireland

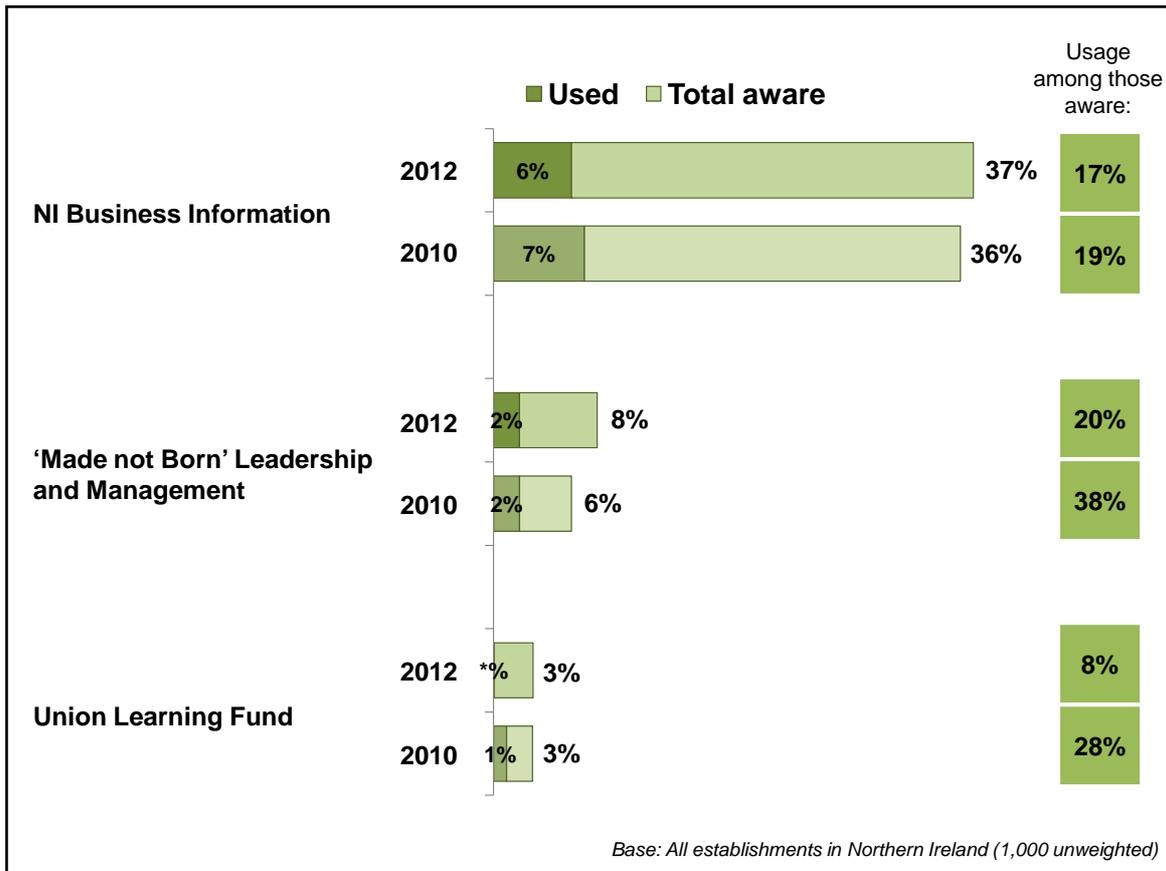
	As a % of all establishments			As a % of all establishments who are aware of each initiative	
	Base (unwtd)	% Aware	% Used	Base (unwtd)	% Used
NI Business Info	1,000	37	6	388	17
Customised training from DELNI	1,000	18	3	239	16
'Made not Born' Leadership and Management development	1,000	8	2	122	20
Union Learning Fund	1,000	3	*	62	8
None	1,000	53	91		

Base: Columns 1 and 2: All establishments in NI; Column 3: all establishments in NI who had heard of each scheme.

** denotes a figure larger than zero but smaller than 0.5.

Awareness of the schemes covered in the 2010 survey (NI Business information, Made not Born and the Union Learning Fund) was similar to levels seen in 2010. However for the latter two, whilst overall usage looks similar due to the low numbers, usage among those aware was considerably lower than in 2010. Made not Born had reduced from 38 per cent usage among those who were aware to 20 per cent, and Union Learning Fund from 28 per cent to 8 per cent.

Figure 4.9 Awareness and usage of schemes and initiatives: time series in Northern Ireland



Scotland

In Scotland, 86 per cent of establishments were aware of at least one of the initiatives prompted, and 14 per cent had used at least one. Table 4.7 shows awareness and usage of individual services.

Business Gateway is driving the high awareness figure, with 84 per cent of establishments aware of this service. Of these, 16 per cent had used it (13 per cent of all establishments).

Between four per cent and eight per cent of employers who had heard of each of the other schemes included in the survey reported having used it.

Figures for the awareness of Flexible Training Opportunities should be treated with some caution, as the generic name of this service lends itself to false positives, that is, people saying they have heard of it when they are just familiar with the term.

Table 4.7 Awareness and use of skills schemes and initiatives in Scotland

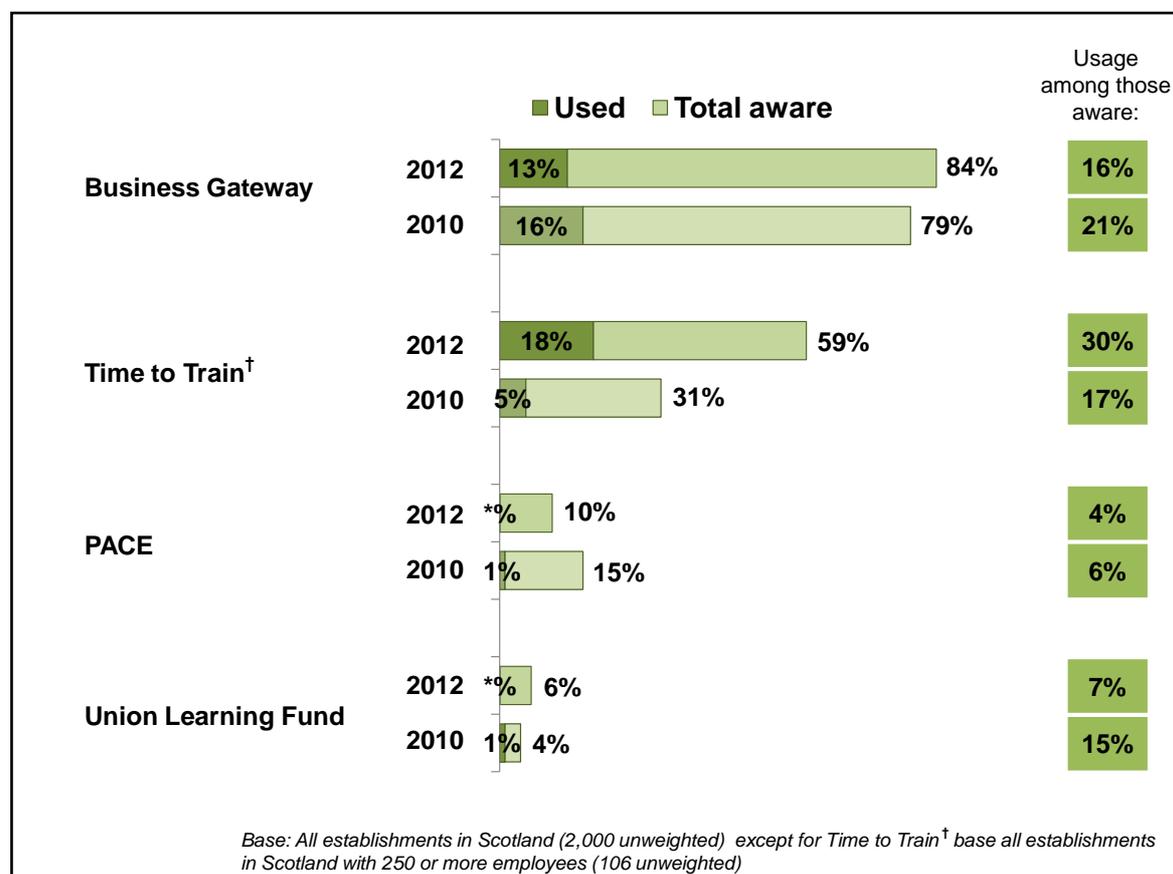
	As a % of all establishments			As a % of all establishments who are aware of each initiative	
	Base (unwtd)	% Aware	% Used	Base (unwtd)	% Used
Business Gateway	2,000	84	13	1,689	16
Right of employers to request time to train [†]	106	59	18	62	30
Flexible Training Opportunities	2,000	14	1	340	8
PACE	2,000	10	*	251	4
Union Learning Fund	2,000	6	*	157	7
None	2,000	14	86		

Base: Columns 1 and 2: All establishments in Scotland except [†]Base: establishments in Scotland with 250+ employees; Column 3: all establishments in Scotland who had heard of each scheme.

** denotes a figure larger than zero but smaller than 0.5.

Awareness and experience of employees' right to request time to train has increased since 2010; the scheme was quite new at the time of the 2010 survey so this is to be expected now it is more established.

Figure 4.10 Awareness and usage of schemes and initiatives: time series in Scotland



Wales

In Wales almost three-quarters (72 per cent) of establishments had heard of at least one of the schemes covered in the survey and 18 per cent had used at least one. Table 4.8 shows awareness and usage of individual services.

Again, Business Link had the highest level of awareness and of overall usage (52 and eight per cent respectively)²¹.

Awareness and usage of Welsh Government Training Grants was also relatively high, with almost half of establishments aware of them and 15 per cent of those aware having used them. The highest usage rate *amongst those aware* was for the Basic Skills Employer Pledge, where a fifth of the nine per cent aware of it had used the scheme. Approaching one-in-five (17 per cent) of those aware of the Workforce Development Programme it had used it, equating to three per cent of all establishments.

Table 4.8 Skills schemes and initiatives in Wales

	As a % of all establishments			As a % of all establishments who are aware of each initiative	
	Base (unwtd)	% Aware	% Used	Base (unwtd)	% Used
Business Link	2,001	52	8	1,107	15
Right of employers to request time to train [†]	68	48	16	33	34
Welsh Government Training Grants	2,001	45	7	979	15
Skills Growth Wales	2,001	24	3	594	12
Workforce development programme	2,001	19	3	528	17
Leadership and Management Wales	2,001	14	2	438	15
Basic Skills Employer Pledge	2,001	9	2	287	21
Union Learning Fund	2,001	3	*	123	13
None	2,001	28	82		

Base: Columns 1 and 2: All establishments in Wales except [†]Base: establishments in Wales with 250+ employees; Column 3: all establishments in Wales who had heard of each scheme.

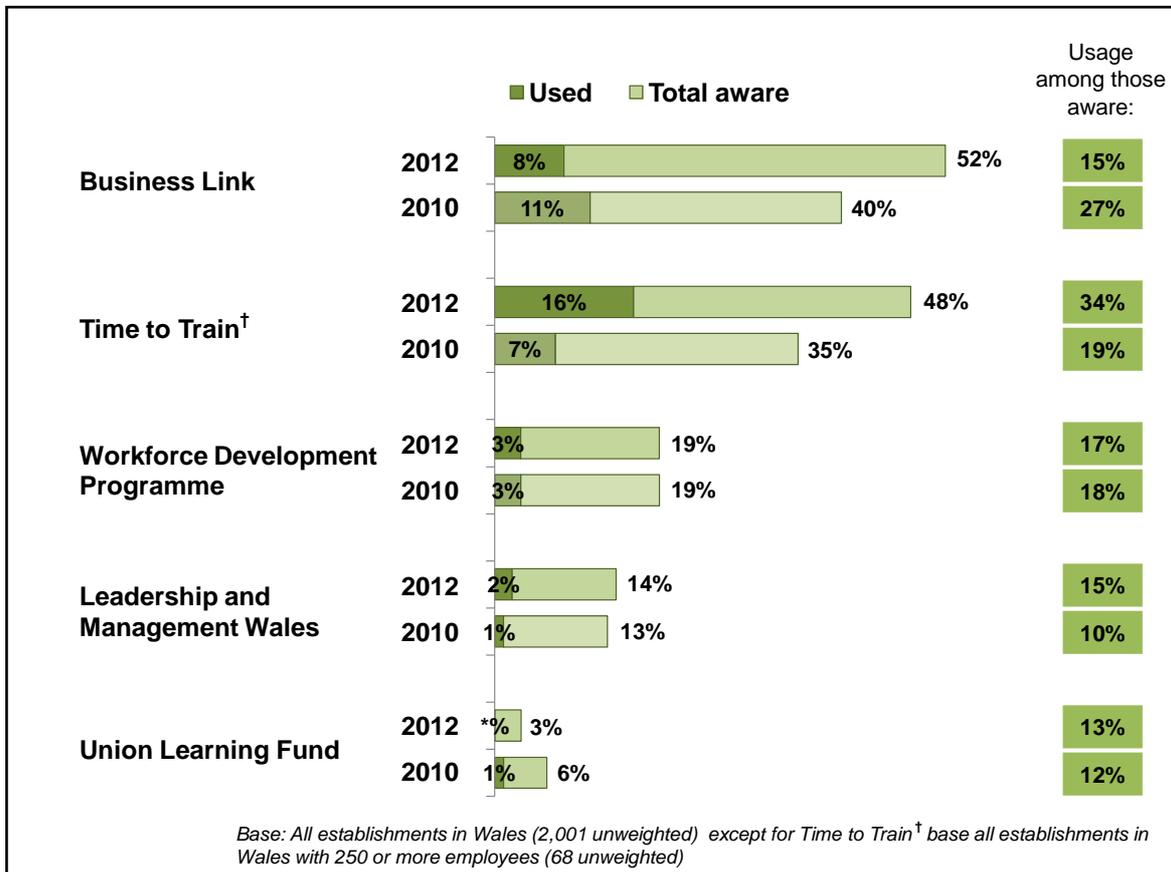
“*” denotes a figure larger than zero but smaller than 0.5.

Awareness of Business Link had increased since 2010, however usage had decreased. As in Scotland awareness and experience of the right of employees to request time to train had increased as the scheme is more embedded.

²¹As in England the change to GOV.UK will need to be communicated adequately to make sure these establishments continue to receive the support they need.

Awareness and use of the Workforce Development Programme and Leadership and Management Wales had remained at similar levels. Awareness of the Union Learning Fund had dropped, but usage among those aware had increased marginally.

Figure 4.11 Awareness and usage of schemes and initiatives: time series in Wales



4.11 Investors in People

Investors in People (IiP) is a business improvement tool overseen by the UK Commission aimed at improving leadership, management and skills utilisation among organisations which use it. Employers work with IiP in order to align staff skills and business needs, leading to increased economic efficiency and potentially to the growth of the organisation. Employers may choose to apply for IiP accreditation or to work with the principles of IiP. To meet the criteria for accreditation employers must demonstrate they have certain policies and procedures in place relating to organisational strategy, learning and development, leadership, staff engagement and people management and evaluation.

The UK Commission has undertaken a number of research projects relating to liP and is currently conducting an evaluation of liP (Winterbotham *et al*, 2012; Cox *et al*, 2012).. UKCEPS 2012 allows us to look at employers' perspectives of the standard more widely, whether they are accredited or not, so we can assess levels of awareness and overall views on how beneficial the standard is for organisations to hold. It also allows for establishment-level estimates of the coverage of liP across the UK.

4.12 Awareness of liP

Investors in People enjoys a high level of awareness among establishments, with three-quarters (75 per cent) having heard of the standard (see Figure 4.12). Among establishments who were not and had never been accredited with liP the figure is still high at 66 per cent. Awareness was slightly lower in Wales, at 70 per cent of all establishments and 58 per cent of those who were not and had never been accredited.

Overall, awareness of liP has increased since the 2010 survey, when 71 per cent of establishments had any awareness of liP.

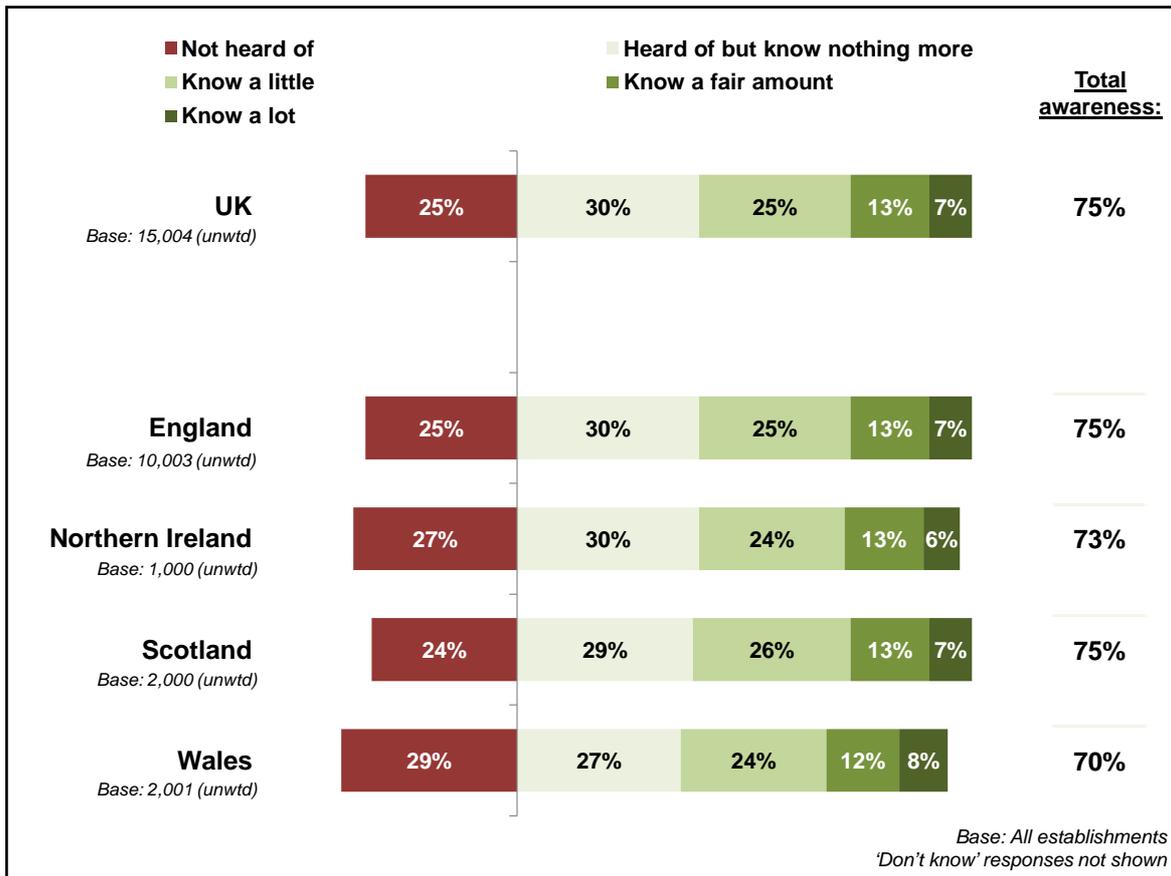
Awareness was highest in the public sector (94 per cent), followed by the third sector (85 per cent) and lowest in the private sector (73 per cent). Driven by the high public sector awareness Non-Market Services was the industry sector with the highest level of awareness (92 per cent), and establishments in Manufacturing and Business and Other Services were more likely than average to have heard of liP (78 per cent for each). Awareness in the Construction sector was slightly lower than average at 71 per cent, Trade, Accommodation and Transport at 68 per cent and awareness was lowest in Primary Sector and Utilities at 64 per cent.

Awareness of liP was higher among larger establishments: 94 per cent of establishments with 100 or more staff were aware of liP, decreasing incrementally to 68 per cent of those with 2-4 staff.

Establishments who had provided training were more likely to have heard of liP than those who had not; and establishments who are training are likely to be more engaged in people development initiatives generally. However, there was a difference in awareness between those planning and training and those who were not, with the establishments that planned and trained considerably more likely to have heard of liP than those who were not planning their training (82 per cent compared to 70 per cent).

Among those who said they had heard of liP, 40 per cent said they “have heard of it but know nothing about it”, and a further third reported that they know “just a little”. In overall terms, a fifth of all establishments reported having any significant knowledge of liP, with seven per cent saying they knew “a lot about it” and 13 per cent “a fair amount”.

Figure 4.12 Awareness and knowledge of Investors in People



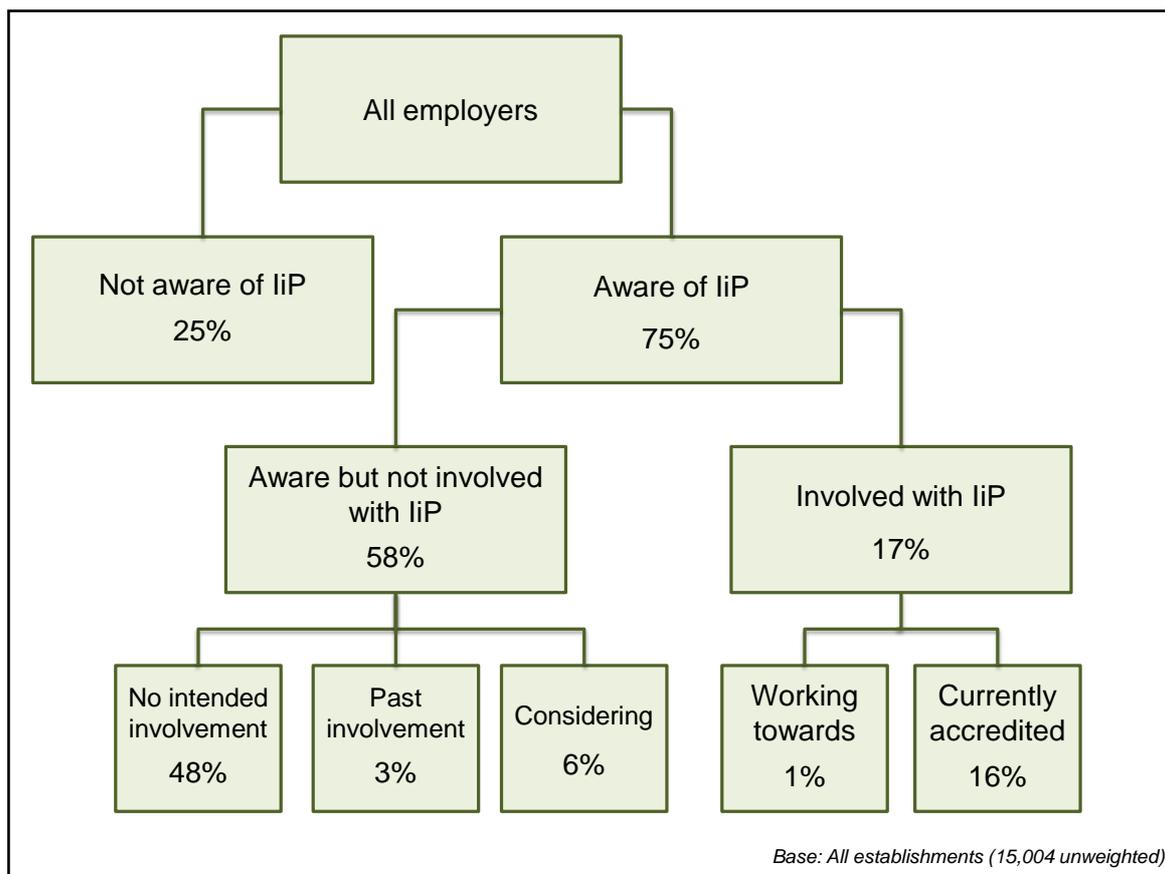
Among those who held liP accreditation at the time of the interview, just 14 per cent reported knowing “a lot” and 28 per cent “a fair amount” about it. Around a third (34 per cent) of establishments accredited with liP knew “just a little” about it and almost a quarter (24 per cent) had “heard of it but know nothing about it”. Respondents in the survey were the person at the site with the “most responsibility for staff issues such as training, recruitment or resourcing”; these low levels of knowledge among this group are of concern as they suggest that some establishments are not getting the most out of their accreditation or communicating the benefits to staff. Multisite establishments were slightly more likely to say they knew “just a little”, and less likely to know “a lot” or “a fair amount”, suggesting that, for some, the accreditation processes take place at head office without involving staff at site level. However single site establishments were just as likely to say they had “heard of it but know nothing about it” as multisite establishments, with 23 per cent having no knowledge of the accreditation they held.

4.13 Accreditation with liP

Overall 16 per cent of establishments were accredited with Investors in People. This is an increase from the ten per cent seen in the 2010 survey. Despite lower overall awareness of IIP in Wales, accreditation levels were not significantly different to the UK average, at 17 per cent. Accreditation is highest among larger employers of 100 or more staff (46 per cent), government sector establishments (43 per cent) and the Non-Market Services sector (32 per cent), compared to the UK average (16 per cent).

A further one per cent of establishments were working towards liP²² accreditation at the time of the interview, and six per cent were considering going for accreditation for the first time. Three per cent had been accredited in the past but had allowed their accreditation to lapse (although three per cent of these were currently working towards re-accreditation). Almost half of establishments had no intention of applying for liP accreditation, despite being aware of it (Figure 4.13).

Figure 4.13 Investors in People summary



²² Changes to liP in April 2012 mean this terminology is no longer applicable, however, given the timing of the survey and the time needed to implement such changes, the survey employed terminology more likely to be recognised by employers.

Given that the criteria for achieving liP accreditation often involves planning and activity around people development, it comes as no surprise that establishments from the group that plan and train were much more likely to be accredited with liP than the groups that plan but do not train, train without planning or do not plan or train (22 per cent, compared to seven, four and three per cent respectively for the other groups).

4.14 Perceptions of the benefits of holding liP accreditation

The overall balance of opinion as to the benefits of holding the Investors in People standard was more positive than negative, although relatively large numbers of employers remain to be convinced. When establishments which were aware of liP were asked to place the benefits of holding liP on a scale of one to ten, where one is "highly detrimental" and ten is "highly beneficial", the single most common answer was five out of ten (23 per cent). That said, far more establishments gave an answer in the "beneficial" range of six to ten (60 per cent) than in the "detrimental" range of one to four (13 per cent). The mean rating given was 6.4 out of ten, similar to the mean seen in the 2010 survey (6.1).

Those accredited with Investors in People were unsurprisingly more likely to say it was beneficial, with 80 per cent giving a score within the "beneficial" range of six to ten out of ten compared to just 51 per cent of those not accredited, and a mean of 7.5 out of ten compared to 6.0 for those not accredited (Table 4.9).

Table 4.9 Perceptions of how beneficial or detrimental it is for an establishment to hold liP accreditation

Row %	Base (unwtd)	1-4 out of 10	5 out of 10	6-10 out of 10	Don't know	Mean
UK	15,004	13	23	60	4	6.4
Accredited with liP	2,998	4	14	80	2	7.5
Not accredited with liP	4,767	17	27	51	5	6.0

Base: Row 1: all establishments; Row 2: all establishments accredited with liP; Row 3: all establishments not accredited with liP who have some knowledge about liP.

Question measured on a 1 to 10 scale where 1='highly detrimental' and 10='highly beneficial'.

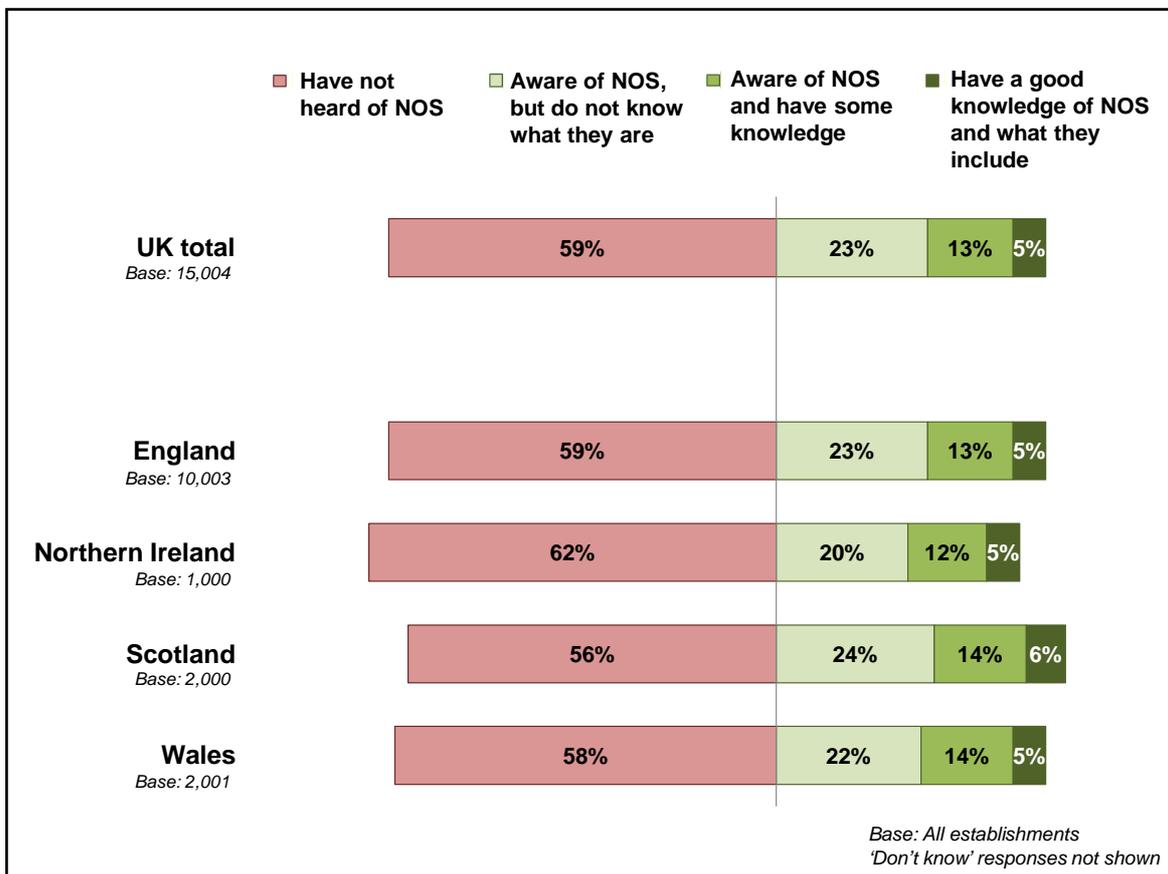
4.15 National Occupational Standards

National Occupational Standards (NOS) specify the standard of performance an individual must achieve when carrying out a function in the workplace, together with the knowledge and understanding they need to meet that standard consistently. Essentially NOS represent benchmarks of good practice in an occupation. They have been developed in consultation with employers through Sector Skills Councils and other standard setting industry bodies.

NOS are aimed at helping employers by outlining what they should expect of their employees. They help to identify employer skills needs and to develop training programmes, as well as helping them to write job descriptions, identify relevant skills when recruiting, and ultimately improve the performance of the establishment by ensuring employees have the relevant skill set.

Overall, 40 per cent of establishments had heard of National Occupational Standards. However, knowledge about the standards was lower, with just five per cent saying they had a good knowledge of NOS and what they include, and 13 per cent saying they had "some" knowledge. The remaining 23 per cent who had heard of them said they were aware of them but did not know what they were (Figure 4.14).

Figure 4.14 Awareness of National Occupational Standards

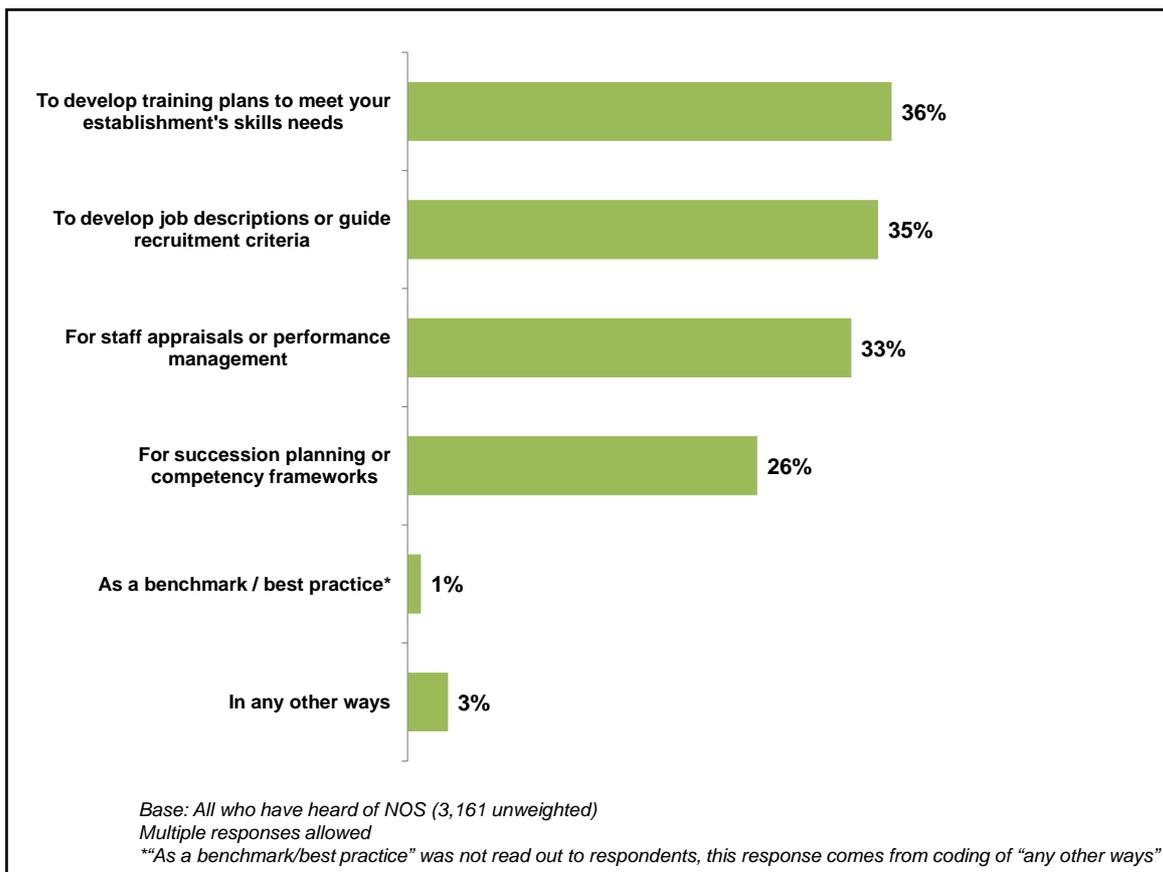


Awareness was slightly higher in Scotland than in the other countries, with 43 per cent aware. In general, employers in the public and third sector were more likely than those in the private sector to have heard of NOS and to have good knowledge of them. In terms of specific industry sectors, awareness was particularly high among establishments in the Non-Market Services sector, where 58 per cent had heard of NOS, and the majority of these had at least some knowledge as to what they included (14 per cent "good" knowledge, 21 per cent "some" knowledge, compared to the UK figures of five per cent "good" and 13 per cent "some"). It should be noted that within the Non-Market Services sector private sector establishments had better knowledge of NOS than the public sector employers (57 per cent compared to 52 per cent).

Among those who were aware of NOS, usage was fairly high. Almost half (45 per cent) of those who had "some" knowledge of the standards and 73 per cent of those who had a "good" knowledge had used NOS in any way; this equates to nine per cent of all establishments having used them in any way.

Figure 4.5 shows that among those with any knowledge of NOS the most common use was to develop training plans (36 per cent of those with knowledge of NOS had done this), followed closely by using them to develop job descriptions or criteria (35 per cent). A third (33 per cent) use them for staff appraisals and performance management and around a quarter (26 per cent) for succession planning and competency frameworks. These high levels of usage demonstrate the potential for NOS to be used more widely as establishments become more aware of them.

Figure 4.15 Use of National Occupational Standards



The highest levels of usage are seen in Non-Market Services, where three-quarters of establishments aware of the standards had used them. As awareness was also the highest in this sector, this equates to over a quarter (26 per cent) of establishments using NOS in this sector. Business and Other Services was the next most likely sector to be using NOS, with 48 per cent of all who know about them using them and eight per cent of all establishments in this sector. Least likely was Manufacturing, where just a third of those who know about NOS reported using them, equating to just five per cent of establishments.

Looking at the number of ways in which employers are using NOS can be used as a proxy for the extent to which they are using NOS as an integrated business tool rather than just a one-off activity. In the survey, four possible areas of use were read out to respondents each covering a different area of HR practice, plus an "any other ways" option. Therefore looking at those who had used NOS in at least four ways (either the four read out or three plus one other) provides a good proxy for integration of NOS in HR practice.

Of those that had used NOS at all, 31 per cent had used them for at least four of the listed activities (including "any other ways"), suggesting that NOS have a depth of input across their people management systems.

Establishments in the Non-Market Services sector were most likely to be using NOS to this extent, with 43 per cent of those using the standards using them for at least four different activities. Despite the public sector being more likely than private to be using NOS, and Non-Market Services being largely made up of public sector establishments, the Non-Market Services figure is not driven by the public sector: private and third sector establishments in the Non-Market Services sector were just as likely to have used NOS to a large extent as the public sector establishments. Mid-sized establishments with 25-99 staff were the most likely by size to be using the standards to a greater extent: 44 per cent had used them for four or more activities (compared to 37 per cent of those with 100 or more staff, and fewer than 29 per cent for those with less than 25 staff).

National Occupational Standards were used more extensively by those who plan for training than those who do not irrespective of whether training had actually taken place: 33 per cent of those who plan and train had used them for at least four reasons and 27 per cent of those who plan but don't train, compared to less than one per cent of those training without planning and none of the establishments who had not planned or trained.

4.16 Conclusions

Employer perspectives and practices on people development are very different depending on which employers you are talking to; and they consequently engage very differently with the market for people development.

In overall terms, it is common for employers to train, but less common for them to engage with the external training market, and less common still for them to engage with publicly provided training provision.

However, this picture hides significant variations between different employers. In broad terms, public provision is a part of the repertoire for a good proportion of large employers, but for only a minority of smaller employers (with fewer than 10 employees). Similarly, public provision is a common tool for employers in the Non-Market Services sector, but only rarely accessed by employers in the Trade, Accommodation and Transport and Primary Sector and Utilities sectors.

Use of private training providers is more widespread across all groups of employers.

The survey does not cover trade-offs between private and public provision in the choices that employers make, but identifies that employers make positive choices to use different providers primarily on the basis of the perceived relevance of provision; this holds true both for those who use public providers and those who engage with the commercial people development market. It does, however, seem more common for (some) employers to fail to find relevant provision in the public sphere than in the private. That is, the private market appears to have something to offer to most employers, while public provision serves a smaller employer market.

Perceptions of private and public provision also differ in terms of their pricing / value for money. Public provision is more commonly perceived to offer good value for money, and private provision is more commonly perceived to be too expensive. The role of subsidy in establishing these pricing differentials appears to be commonly misunderstood or underestimated: around half of employers accessing training through FE Colleges and/or Universities believe that they fund this training entirely themselves.

5 Employer Perspectives on Vocational Qualifications

Chapter Summary

Overall, 28 per cent of establishments had provided training that was designed to lead to a vocational qualification (VQ); this figure is similar to that seen in the 2010 survey (27 per cent). Large establishments (72 per cent of those with 100 or more staff) and those in the Non-Market Services sector (56 per cent) were most likely to have provided training designed to lead to VQs,

Opinions of the flexibility and benefits of VQs among those who had trained staff towards them have become more positive since the UK Vocational Qualifications Reform Program, with slight increases in overall agreement since the 2010 survey driven by significant increases in the proportion saying they “strongly agreed” with key statements about this. There was also an increase in the proportion saying achievement of a vocational qualification by a member of staff ‘always’ leads to a pay increase (from 10 to 17 per cent) or to improved job status (from three to eight per cent).

The most common reason given by employers for not offering VQs was a perception that employees do not want them, followed by a lack of knowledge, lack of funding, or the perception that they are bureaucratic, long-winded or complicated. Given the increase in positive ratings among those who are offering VQs, communicating the changes made by the reform program may be a first step to engaging those employers currently not offering VQs in the VQ system.

5.1 Introduction

Over the last few years vocational qualifications (VQs) have seen extensive reforms. These reforms were recommended in the Leitch review (HM Treasury, 2006), and have sought to create a VQ system that is more responsive to the needs of employers and learners in its content, accessibility and the flexibility in the way qualifications can be achieved.

At the conclusion of the VQ reform programme, accredited VQs have been mapped onto the regulated unit and credit based Qualifications and Credit Framework (QCF) in England and Northern Ireland, the Credit and Qualifications Framework for Wales (CQFW) in Wales and the Scottish Qualifications and Credit Framework (SQCF) in Scotland. These qualifications are designed to be flexible, and more readily comparable to one another to make them easy to understand, and the credit-based approach increases the flexibility of delivery available to employers.

UKCEPS 2012 allows analysis of employers' perceptions of (the now reformed) VQs, and shows how employers' views of such qualifications has changed over the last two years. The 2010 survey provided a baseline measure, as it was carried out just as the reforms were coming towards a conclusion, so this report provides a first opportunity to assess the impact of the changes.

This chapter covers the incidence of training to VQs, the characteristics of employers that are offering them, and how they link in with wider training. It then goes on to examine employer perceptions of VQs both in terms of their experience of working with them and the benefits they bring to the organisation, and changes in these perceptions over time. Finally, the chapter looks at barriers to offering vocational qualifications and how these might be overcome.

5.2 Take up of vocational qualifications

Figure 5.1 shows that of those who have arranged or funded any training for their workforce in the past 12 months, 38 per cent said they had arranged or funded training designed to lead to a recognised vocational qualification (28 per cent of all employers). This is a similar level to that seen in 2010 when 27 per cent of all employers reported arranging or funding training of this type.

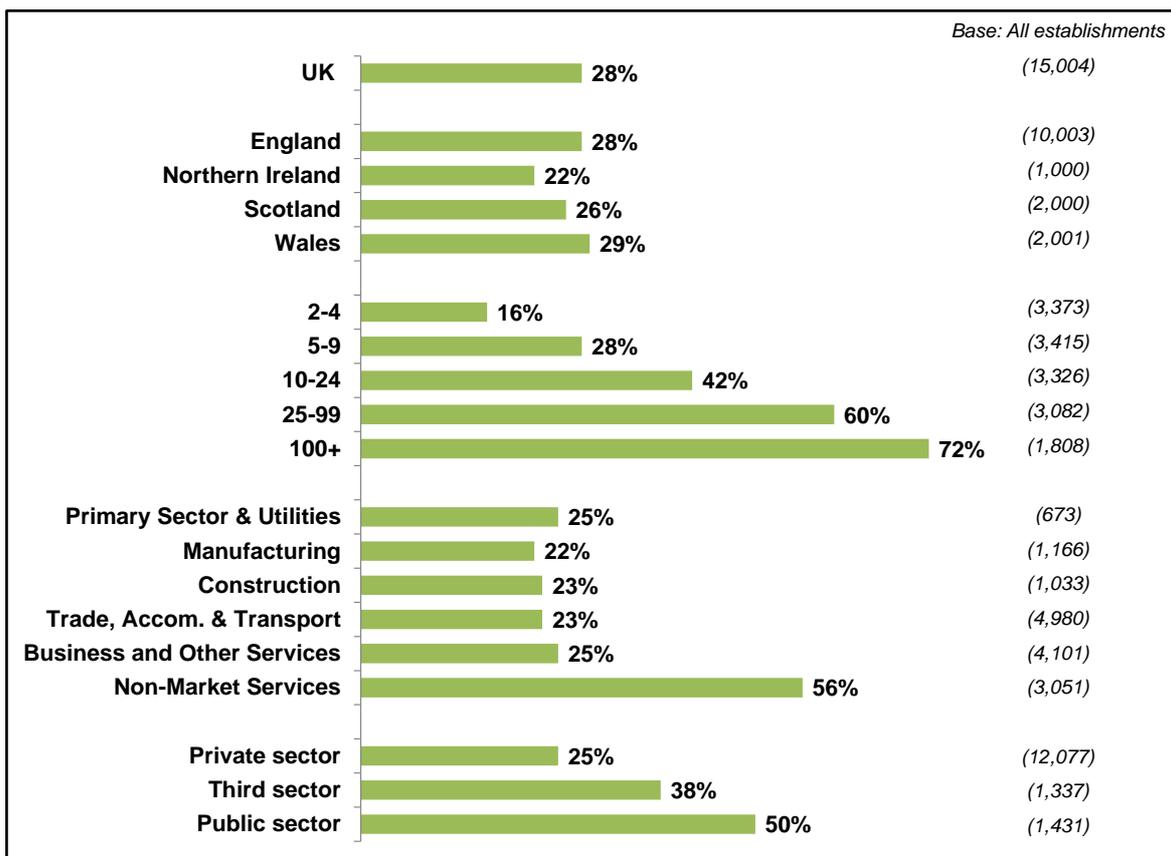
Looking at the relationship with planning and training, perhaps unsurprisingly, VQs are more likely to be offered at establishments who plan their training (41 per cent) than those who train without planning (14 per cent).

Establishments in Wales (29 per cent), England (28 per cent) and Scotland (26 per cent) were more likely to have arranged or funded training designed to lead to a VQ than those in Northern Ireland (22 per cent). There was no significant change for any nation from the VQ uptake figures seen in 2010.

Larger establishments were far more likely to be arranging training designed to lead to VQs than smaller establishments, with almost three-quarters (72 per cent) reporting that they had offered them. This is not simply because large establishments are more likely to provide any form of training; if we only look at establishments who provide training the larger establishments that train are still more likely to offer VQs than small establishments who train.

Establishments in the Non-Market Services sector were much more likely than the other sectors to be arranging training designed to lead to VQs (56 per cent, see Figure 5.1). To some extent, this is likely to be because the sorts of establishments included in this sector, for example healthcare and childcare, have a statutory requirement for many staff to be qualified to a certain level. This applies to public, private and third sector establishments in this sector and is not driven by the higher propensity of the public sector to offer vocational qualifications.

Figure 5.1 Proportion of all establishments arranging training designed to lead to VQs



Establishments who were growing (that is, had seen an increase in headcount in the previous 12 months and expected to see growth in the coming 12 months), were more likely to offer VQs to staff (36 per cent) than those who were not (27 per cent). Again, this goes beyond growth establishments having a greater propensity to train as even among all those training they are more likely to offer training to VQs.

Whilst it is not surprising that establishments providing external training were more likely to have provided training to VQs than those not, it is notable that 18 per cent of establishments that had provided internal training only had also provided training towards VQs. These tended to be larger Non-Market Sector establishments.

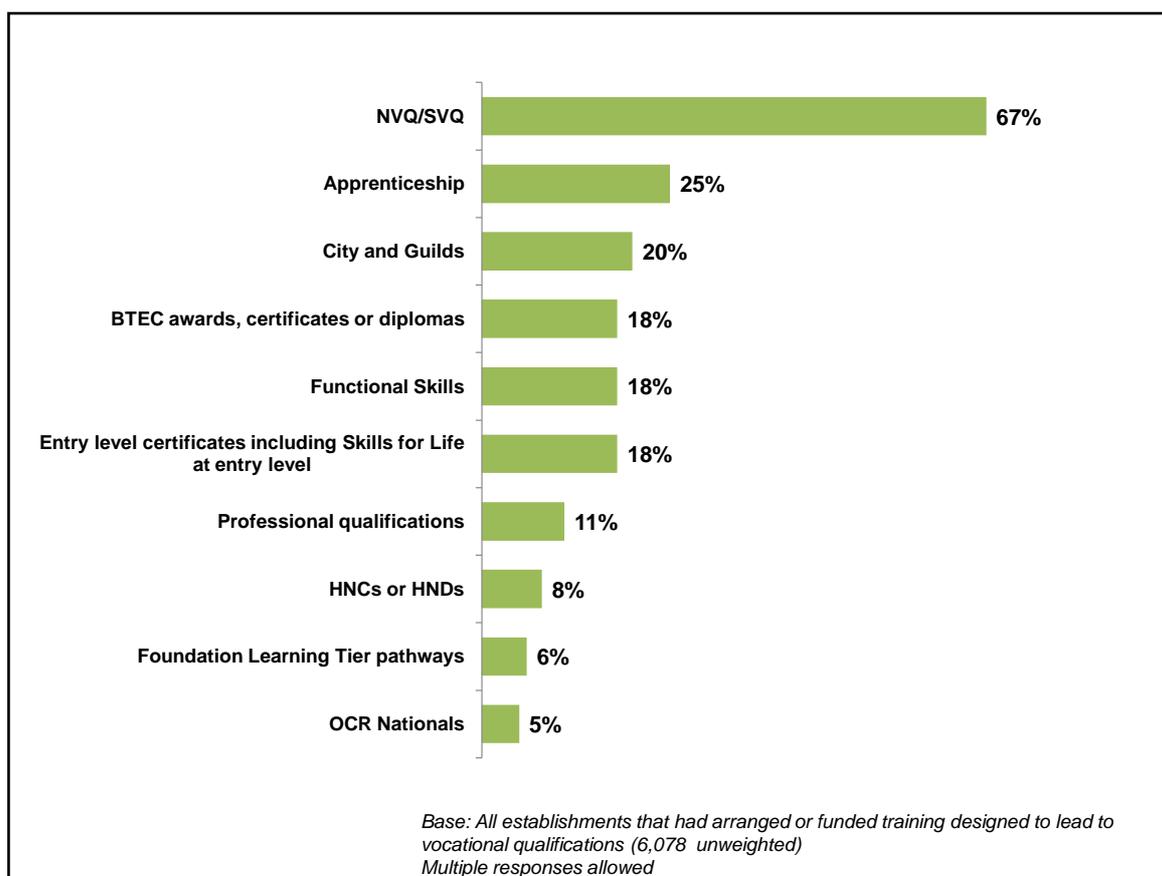
Establishments offering VQs who also used FE Colleges or Universities / HEIs to deliver some or all of their training were more likely to say the Government played a part in funding the training they did at these institutions (20 per cent of those training at FE Colleges that also offered VQs said the training was partly funded by Government compared to 12 per cent who trained at FE Colleges but did not offer VQs; for Universities / HEIs these figures were 15 and 10 per cent respectively). The survey cannot link the training conducted at these institutions directly to the provision of VQs but the patterns suggest establishments providing training to VQs are receiving part funding from Government. There was no difference between those who did and did not provide training towards VQs in the proportion saying their training and FE Colleges or Universities / HEIs was funded *entirely* by Government.

5.3 Types of vocational qualifications arranged/funded

Establishments reporting that they had arranged or funded training towards a vocational qualification were asked which types of qualification the training was designed to lead to. They were prompted with a list of these qualifications, and were also given the opportunity to identify other qualifications (Figure 5.2). By far the most common qualification type was the NVQ (or SVQ in Scotland). This was followed by Apprenticeships (25 per cent)²³.

²³ Chapter 7 of this report focuses wholly on Apprenticeships.

Figure 5.2 Types of vocational qualification offered by establishments offering vocational qualifications



Whilst two-thirds of establishments providing training towards vocational qualifications had specifically provided training towards NVQs and SVQs, there was some variation in this by country. Table 5.1 shows that establishments in Northern Ireland were far less likely to be training towards VQs both in terms of the proportion of those training towards VQs and as a proportion of all establishments. Establishments in Wales, on the other hand, were more likely to be doing so than the UK average.

Table 5.1 Incidence of NVQ/SVQ training by country

	As a % of all establishments		As a % of all establishments who provide training to VQs	
	Base (unwtd)	%	Base (unwtd)	%
UK Total	15,004	18	6,078	67
England	10,003	19	4,061	67
Northern Ireland	1,000	13	359	58
Scotland	2,000	18	784	66
Wales	2,001	20	874	71

Base: Column 1: All establishments; Column 2: all establishments that have arranged or funded training designed to lead to a VQ

5.4 The benefits of vocational qualifications to employers

Establishments who had arranged or funded training designed to lead to a recognised vocational qualification in the past 12 months were asked about how well suited these qualifications are to their needs. The majority of establishments training to vocational qualifications are very positive about their flexibility in terms of meeting their business needs, which might be expected as they would not invest time and money training staff towards them if they did not find some benefit there. However, the proportion of establishments saying they agree with each statement has increased slightly since the survey was last run in 2010 and encouragingly this increase has been particularly notable in the proportion saying they “strongly agree”. Whereas overall agreement to the statements has increased by between two and eight percentage points, the proportion saying they “strongly agree” to each statement has increased by up to 13 percentage points in some cases. This is encouraging given the recent reforms to VQs aimed at making them more flexible and better suited to employers’ needs.

The highest increases in agreement levels were seen for the statements that VQs allow staff to work flexibly, cover the skills needed by the company and don’t require much time away from the job. This is encouraging in light of the reforms, suggesting that employers find them easy to work with and not too disruptive to the day to day running of the establishment.

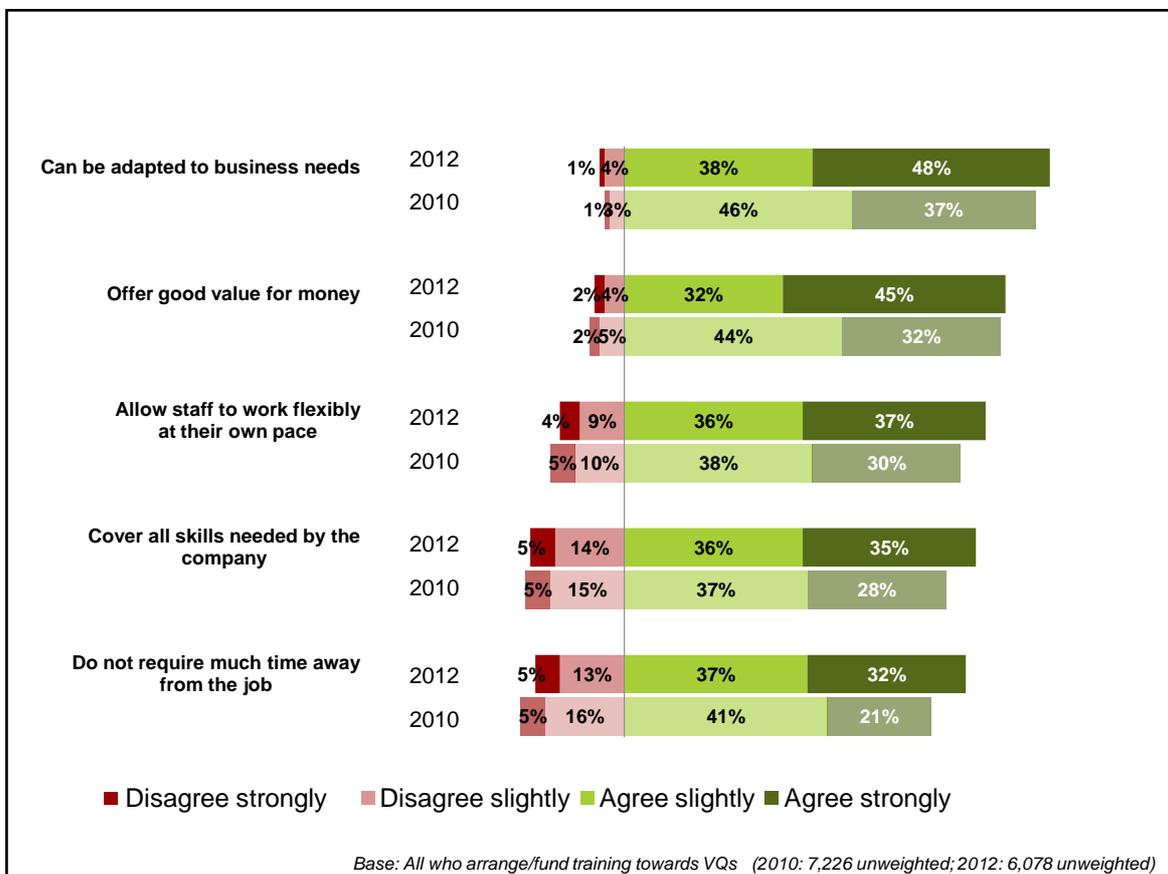
Taking each benefit in turn, there has been an increase in the number of employers agreeing that VQs suit their needs (see Figure 5.3). As in 2010, employers were most likely to agree with the statement that VQs “can be adapted to business needs” (85 per cent in 2012, up slightly from 83 per cent in 2010). The proportion saying they “strongly agree” with the statement is up 11 percentage points, almost a third higher than it was in 2010. This suggests that some success is being recognised in making VQs “employer-led”, and designed to suit the needs of employers. Similarly agreement that VQs “cover all the skills needed by the company” has increased by six percentage points since 2010. However, it should be noted that around a fifth of establishments do not feel that VQs cover all the skills they need, particularly those in Manufacturing (26 per cent) and Business and Other Services (24 per cent).

Employers' perceptions of the ease of delivery of VQs have also improved since the 2010 survey. Almost three-quarters of employers (73 per cent) agreed that VQs allow staff to work "flexibly at their own pace", up five percentage points on 2010, and 70 per cent agreed VQs "do not require much time away from the job", up eight percentage points on 2010 (the largest increase of all the statements). This suggests employers are finding the qualifications easier to work with since the reforms, and that they are flexible enough to fit in with the employees' job role.

Value for money continues to be important to employers, as seen in the previous section regarding reasons for choosing different training providers. It is encouraging then that the proportion agreeing that VQs "offer good value for money" has continued to increase slightly, by two percentage points from 76 to 78 per cent overall, following a seven percentage point rise 2007/8 to 2010. Furthermore the proportion who said they "strongly agree" is up by 13 percentage points, from 32 to 45 per cent.

Figure 5.3 shows the 2010 and 2012 agreement and disagreement ratings for each statement.

Figure 5.3 Perceptions of flexibility and value for money of vocational qualifications by establishments that train to VQs



The increased levels of agreement are seen across all countries, as shown in Table 5.2. Agreement with the different statements was particularly high in Wales. Positive perceptions of value for money were slightly lower in Northern Ireland (71 per cent), where uptake of VQs was seen to be lowest. Encouragingly, some of the largest increases in agreement since 2010 were seen in Northern Ireland, with increases as high as 17 percentage points in some cases.

Table 5.2 Changing perceptions of VQs by country

Statement	Response	UK		England		Northern Ireland		Scotland		Wales	
		2010	2012	2010	2012	2010	2012	2010	2012	2010	2012
<i>Column %</i>	<i>Base (unwtd)</i>	7,226	6,078	5,154	4,061	436	359	742	784	894	874
Adaptable to business needs	Strongly agree	37	48	37	48	40	48	37	43	37	52
	All agree	83	85	83	85	85	90	84	86	86	89
Offer good value for money	Strongly agree	32	45	32	46	32	40	32	44	35	48
	All agree	76	78	76	78	77	71	73	77	75	80
Allow staff to work flexibly	Strongly agree	30	37	30	37	26	38	27	39	29	40
	All agree	68	73	68	73	65	74	66	74	72	73
Cover all skills needed	Strongly agree	28	35	28	35	23	34	29	36	32	42
	All agree	65	71	65	70	60	70	65	73	70	74
Don't require much time away	Strongly agree	21	32	21	33	12	29	21	31	24	34
	All agree	62	70	62	70	54	65	60	65	66	71

Base: All establishments that have arranged or funded training designed to lead to a VQ.

Bold denotes 2012 figure significantly higher than 2010.

Perceptions of value for money were fairly consistent with the exception of the Construction sector (71 per cent agreed compared to 78 per cent overall). Public sector employers were the most likely to agree that VQs 'cover all the skills needed by the company' (77 per cent compared to 71 per cent overall); agreement for this statement was much lower however in the Manufacturing and Business and Other Services sectors (each at 64 per cent).

It must be borne in mind, however, that employers are less likely to offer VQs if they do not feel that they suit their needs, so this information needs to be viewed alongside the reasons for not selecting to use VQs discussed later in this section. These reasons vary, and as we will see there are still questions to be asked about the widespread applicability and appeal of VQs. The survey does, however, provide evidence that could be used for training providers' marketing communications regarding the qualifications, as some of those employers who are not currently engaged with VQs may be unaware of the changes and improvements that have been made.

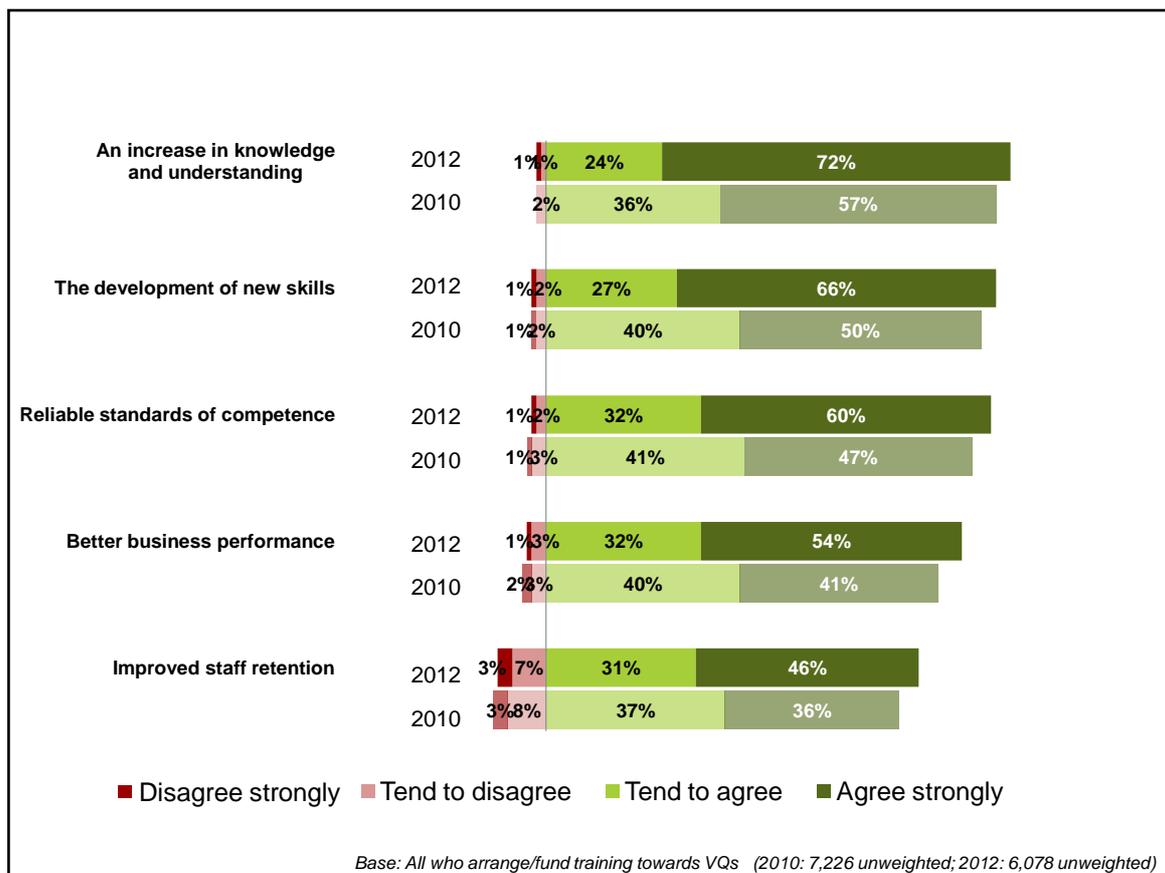
5.5 The impact of vocational qualifications on employees

Establishments' perceptions of the benefits of VQs for employees have also improved since the reforms, as measured against the results seen from the 2010 survey. Again the largest improvements are in the proportions "strongly agreeing" with each of the statements.

Figure 5.4 shows how levels of agreement to each statement have increased since 2010. Almost all employers who had arranged training towards VQs in the last year agreed that the attainment of a vocational qualification leads to an increase in the employee's knowledge and understanding (96 per cent), and to the development of new skills (93 per cent). Encouragingly, 91 per cent agreed that attainment of a VQ leads to reliable standards of competence. This adds value to the qualifications, as it gives the employer confidence that an employee (or potential employee) will have a predictable minimum level of ability and knowledge.

In terms of tangible impacts on the business, 86 per cent agree that having staff attain VQs leads to better business performance (up five percentage points on 2010), and 77 per cent agree it leads to improved staff retention. The former of these could lead to increased productivity and increased profits, the latter to significant cost savings.

Figure 5.4 Perceived impacts of employees achieving vocational qualifications by establishments that train to VQs



Perceptions of the impact of the attainment of vocational qualifications are fairly stable by country, with agreement with all five statements having increased across all four countries (Table 5.3).

Table 5.3 Changing perceptions of the impacts of VQs by country

Statement	Response	UK		England		Northern Ireland		Scotland		Wales	
		2010	2012	2010	2012	2010	2012	2010	2012	2010	2012
Column %	Base (unwtd)	7,226	6,078	5,154	4,061	436	359	742	784	894	874
Increased knowledge/ understanding	Strongly agree	57	72	57	72	62	75	57	77	59	74
	All agree	94	96	93	96	94	96	95	98	95	96
Development of new skills	Strongly agree	50	66	49	66	56	62	50	67	50	65
	All agree	90	93	90	93	92	93	90	95	88	92
Reliable standards of competence	Strongly agree	47	60	47	59	53	62	47	60	49	65
	All agree	88	91	88	91	90	92	88	94	90	91
Better business performance	Strongly agree	41	54	41	54	44	57	45	56	42	56
	All agree	81	86	80	86	84	87	83	86	81	86
Improved staff retention	Strongly agree	36	46	36	46	40	50	34	48	36	45
	All agree	73	77	72	77	77	74	75	76	75	76

Base: All establishments that have arranged or funded training designed to lead to a VQ

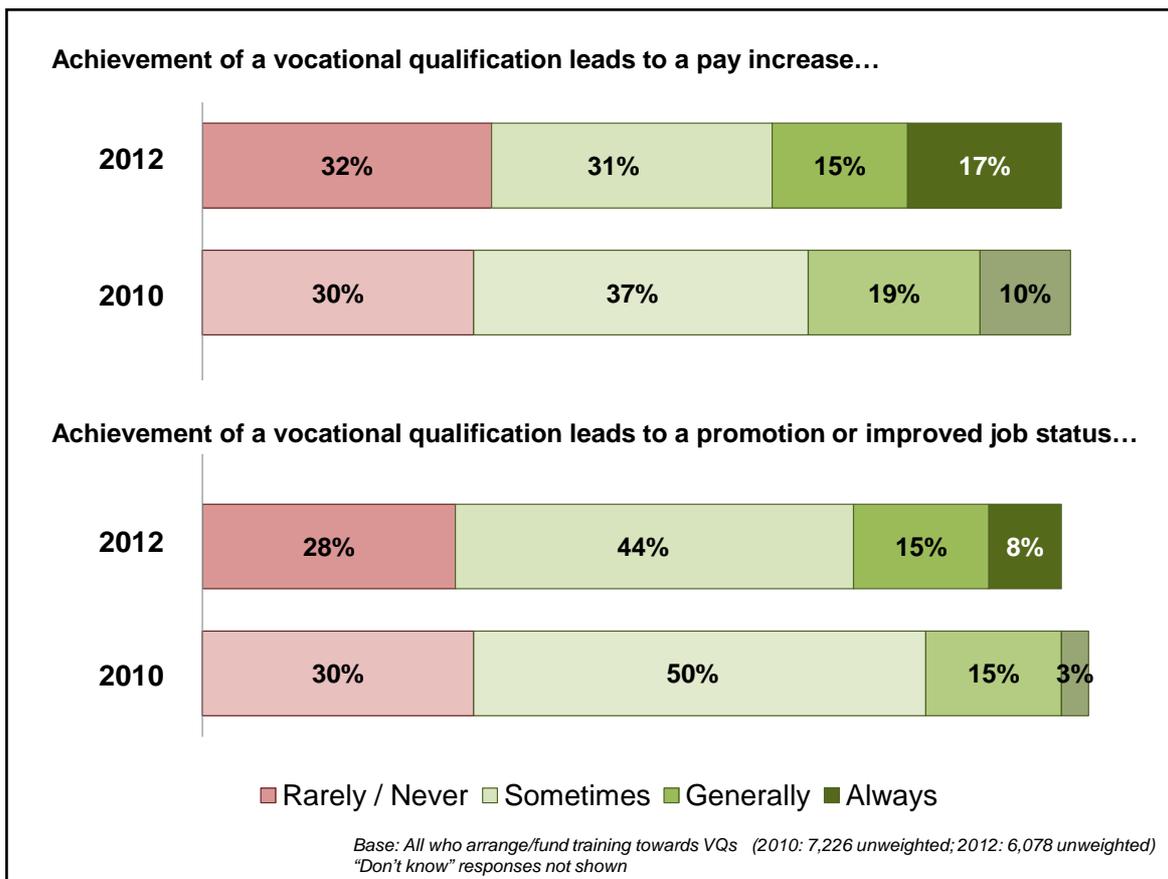
Bold denotes 2012 figure significantly higher than 2010.

Establishments in Primary Sector and Utilities tended to be less positive than establishments for other sectors, particularly regarding business benefits (78 per cent agreed VQs lead to better business performance compared to 86 per cent overall, and 71 per cent agreed VQs lead to improved staff retention compared to 77 per cent overall). Larger establishments were generally more positive, and public and third sector establishments were consistently slightly more positive than those in the private sector.

5.6 How vocational qualifications reward individuals

The majority of establishments reward at least some individual employees when they achieve a vocational qualification. This is more often in the form of a pay rise than a promotion or improved job status. The proportion of employers saying attainment of a VQ "always" leads to each has increased since 2010, perhaps in response to improved perceptions of the impact attainment of a VQ has on employees (see above). The percentage of employers offering training towards VQs that say attainment of a VQ "always" leads to a pay increase has risen from 10 per cent to 17 per cent, and the percentage saying it "always" leads to promotion or improved job status has more than doubled from three per cent to eight per cent (see Figure 5.5).

Figure 5.5 How establishments which train to VQs rewarded individuals on attainment



Employers in Northern Ireland were far less likely than those in the other nations to report that their employees are rewarded for attaining vocational qualifications. Almost half (48 per cent) said their attainment “rarely/never” leads to a pay increase compared to a 32 per cent UK average, and 37 per cent said attainment of a VQ “rarely/never” leads to a promotion or improved job status (compared to 28 per cent UK average). The biggest increase since 2010 has been seen in Wales, where twice as many establishments in 2012 said attainment of a VQ “always” leads to a pay increase (20 per cent from 10 per cent in 2010), and a five-fold increase in those saying it “always” leads to promotion or improved job status (from two per cent in 2010 to 10 per cent in 2012). This could suggest an improvement in the status of VQs in this country.

Table 5.4 shows the proportion of employers reporting that Vocational Qualifications lead to a pay increase or improved job status for their employees by sector. VQs were most likely to lead to reward for an employee in the Construction sector, and least likely in Primary Sector and Utilities. This demonstrates the relative value given to VQs in each sector, and ties in with the finding that establishments in Primary Sector and Utilities were less likely to agree that VQs have a positive impact on employees and establishments (see section 5.5).

Table 5.4 How establishments which train to VQs reward employees for attainment by sector

Statement	Response	UK	Primary Sector & Utilities	Manufacturing	Construction	Trade, Accom. & Transport	Business & Other Services	Non-Market Services
			Column %	Base (unwt'd)	6,078	230	441	367
Achievement of a VQ leads to a pay increase:	Always	17	9	16	21	16	15	19
	Rarely / never	32	40	34	27	34	29	34
Achievement of a VQ leads to a promotion / improved job status:	Always	8	3	7	11	10	9	6
	Rarely / never	28	49	29	38	27	25	26

Base: All establishments that have arranged or funded training designed to lead to a VQ

5.7 Barriers to greater uptake of vocational qualifications

Figure 5.6 outlines the barriers to training staff towards vocational qualifications. Of the training employers who did not arrange VQs in the last 12 months, the most commonly mentioned barrier to employers offering vocational qualifications was a perception that employees do not want them (30 per cent). This is consistent with findings of the 2010 Employer Perspectives Survey (Shury *et al*, 2011). A similar proportion cited a lack of knowledge about them (28 per cent). The expense of delivering VQs was also noted as a reason for not delivering them (25 per cent said a lack of government funding was a factor, and 22 per cent that they are too expensive to deliver; 19 per cent also said it was due to cuts in their training budget). The finding discussed earlier that over three-quarters of employers who offer them believe vocational qualifications to be good value for money might be information worth communicating to this latter group who are concerned about the cost.

A fifth of establishments not offering VQs believe that vocational qualifications are too complicated (19 per cent), too bureaucratic (20 per cent) or take too long to deliver (20 per cent). Communicating the improved flexibility of the qualifications may encourage this group to look again at VQs.

A lack of perceived need for VQs is a key barrier to offering VQs for many. Over a fifth (22 per cent) believe the training they already provide is sufficient and they have no need to look at offering VQs; there is no obvious incentive for this group to investigate the possibility.

Around a fifth (19 per cent) of establishments believe that vocational qualifications do not cover their industry or the roles their staff perform, and are therefore not relevant to the establishment. This reason was most common in the Business and Other Services sector (23 per cent), and also high in Manufacturing (22 per cent) and Primary Sector and Utilities (21 per cent). This indicates that continued quality engagement is needed with employers to ensure that VQs keep up-to-date with their changing needs. Wider marketing of the vocational qualifications available could also assist in increasing uptake in these industries, as some may not be aware of the recent changes to the qualifications designed to make them better meet the needs of employers.

Figure 5.6 Barriers to training staff towards vocational qualifications



5.8 Conclusions

Vocational qualifications are increasingly valued by employers who are already using them, but the number of employers who provide training designed to lead to VQs has remained stable since the 2010 survey at just over a quarter.

Among smaller employers (fewer than 10 employees) and outside of the Non-Market Services sector, employers who are providing training which leads to a VQ are in the minority.

The most common reason given by employers for not offering VQs was a perception that employees do not want them. This is consistent with findings from other studies, including UKCEPS 2010 and UKCESS 2011. On the other hand, this study joins with others in showing that VQs consistently and increasingly bring benefits to employees who achieve them in the form of remuneration and advancement. This points, then, to a potential disconnect between what employers think their staff want and value, and what their staff derive value from. Further advancing the reach of VQs among employers is likely to revolve around better joining up the (mutual) benefits for employers and their employees in achieving more and higher VQs.

6 Employer Perspectives on Young People

Chapter Summary

Amongst those that had recruited in the last 12 months, 62 per cent had recruited young people (27 per cent of all establishments). This was highest in the Trade, Accommodation and Transport sector (71 per cent of recruiters). This in part reflects the roles they are recruited to: the most common roles for employers' most recent young recruits were in Sales and Customer Services (21 per cent) and Elementary occupations (20 per cent).

The main reason for not recruiting young people was that the employers were not recruiting at all. Of those that had recruited but not recruited a young person, the most common reason given was that no young people had applied.

The benefits and drawbacks to recruiting young people were conflicting, with what one employer seeing as an advantage another seeing as a drawback. The main benefits reported by employers who have recruited young people were an ability to be moulded (32 per cent), their enthusiasm (30 per cent), and willingness to learn (20 per cent). On the other hand, the main barriers to recruiting young people were a lack experience (29 per cent), skills (23 per cent) or qualifications (15 per cent).

6.1 Introduction

Youth unemployment was increasing even before the recession, and has subsequently reached levels not seen since the early nineties in the difficult economic climate of recent years. Young people have been affected disproportionately as the UK's employers have cut down their recruitment activity as they try to overcome the challenges of recession. In the period July to September 2012 (overlapping with the fieldwork for the survey), the unemployment rate for those aged 16-24 was 20.7%, equating to 963,000 young people. The unemployment rate includes those in education who are looking for some form of employment, when they are excluded, the unemployment rate for 16-24 year olds not in full-time education was 18.7%, equating to 648,000 people (Evans, 2012)²⁴.

Whilst the July to September 2012 unemployment figures represent a slight 0.8 per cent decrease on the previous quarter the total number of unemployed young people is still far higher than the proportions seen in the early 2000s. Compared to the UK's international competitors the youth unemployment rate in the UK is slightly higher than the average of 18 per cent across developed economies and the EU (ILO, 2012)²⁵.

²⁴Youth unemployment statistics' Parliamentary briefing paper SN/EP/5871 (Evans, 2012)

²⁵Global Employment Trends for Youth 2012' (International Labour Office, 2012)

Youth unemployment clearly has a negative impact on the young people who are unable to find work (see, for example, Bell and Blanchflower, 2010), and there has long been a “social good” impetus to the drive to reduce the numbers of young people who are not in education, employment or training (NEETs). In the context of the drive (under the auspices of the Work Programme) to reduce “worklessness”, there's a clear imperative to get young people working to prevent them from entering a cycle of long-term unemployment.

Beyond this, there is a clear interest for employers in introducing more young people into the active labour market. As their workforce ages and older workers retire, employers need younger people with sufficient experience to replace them. *Working Futures 2010-2020* (Wilson and Homenidou, 2011) predicts that, despite projected declines in employment for many occupations, there will still be considerable replacement demand requiring workers of sufficient skill levels. If these skills are not available in the workforce employers will be facing a gap where employees either have to work beyond retirement as the younger employees “catch up” with their experience, or younger employees will be required to take on responsibility before they are ready for it, leading to potential inefficiencies. This makes increasing youth employment not just a “social good” but an economic necessity.

Understanding the barriers employers face or perceive they face when recruiting young people, along with understanding the employers that do so, will be central to any action or initiatives in this area. A number of papers have contributed to this understanding in recent years. In *The Youth Employment Challenge* (UKCES, 2012) the UK Commission outlines its vision of the challenges facing young people seeking work. The UK Commission's Employer Skills Survey (Davies *et al.*, 2012) contributes to the debate by providing data on the proportion of employers recruiting, and linking this to recruitment of young people; it also explores the work readiness of people as they come out of the education system and onto the labour market.

The Employer Perspectives Survey 2012 looks at the recruitment of young people more widely, and examines employers' perceptions of the benefits and barriers to recruiting them. This opens up the potential to contribute to the development of policy initiatives designed to increase the employment of young people across the workforce. Additionally, the survey allows us to look at the type of employers who are employing young people, including their attitudes to training and to qualifications, the likelihood they will develop their young employees' skills, and the extent to which they offer work placements to give young people a taste of the labour market.

It should be noted that it is not possible within the survey to distinguish between young people being recruited to a job they will count as their 'main' activity and those who are working alongside their studies or other activities. Analysis is therefore based on recruitment of young people in general.

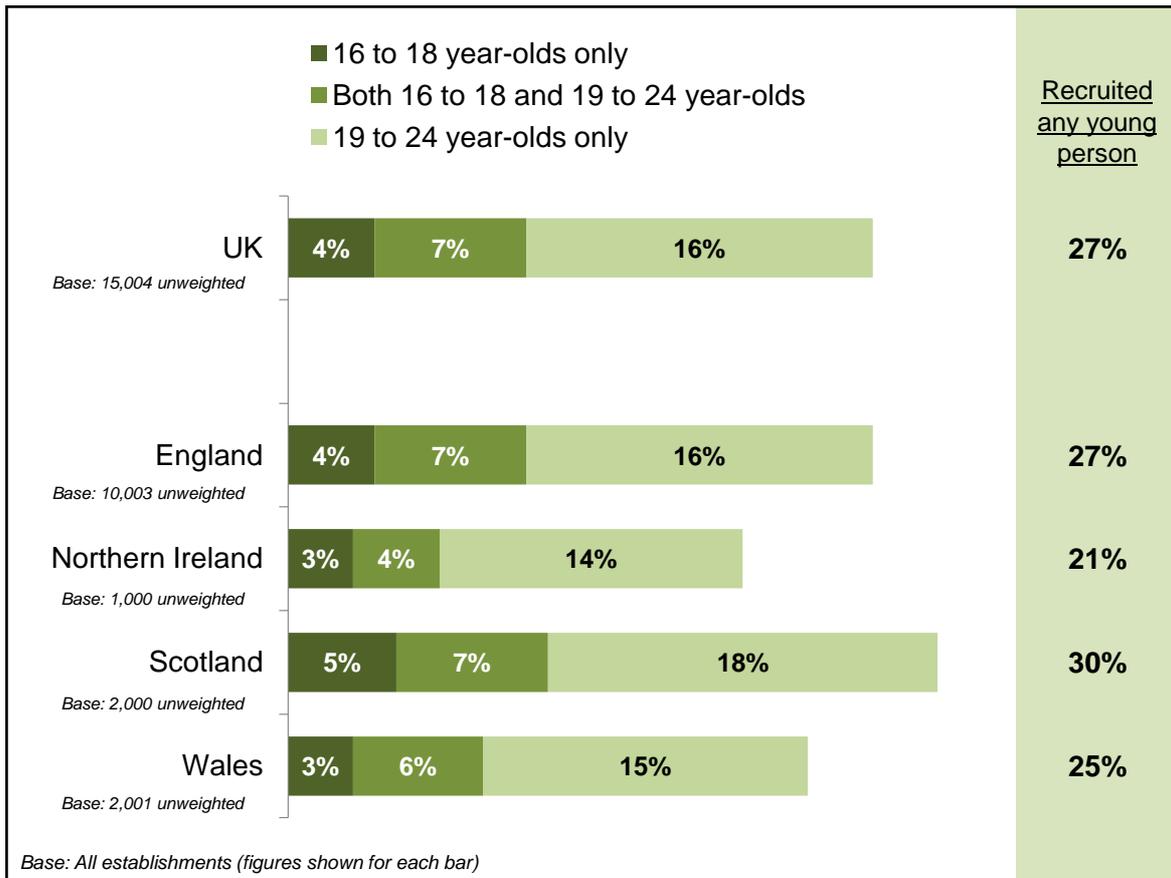
6.2 Incidence of recruitment of young people

Employers who had recruited were asked if any of their new recruits were young people aged between 16 and 24.

Just over a quarter (27 per cent) of all establishments in the UK had taken on any young people in the 12 months prior to the survey, equating to 62 per cent of those who have recruited. Most commonly the recruits were 19-24 year olds (23 per cent had taken on someone from this age group); just 10 per cent had taken on 16-18 year-olds, reflecting the different ages when young people enter the job market / leave full-time education. [Table A.9](#) in the appendices shows the full breakdown of recruitment of young people by size, sector and country.

Figure 6.1 shows the recruitment of young people by UK nation. Establishments in Scotland (30 per cent, equating to 66 per cent of those who had recruited) were more likely than the UK average to have taken on any under 25s in the 12 months preceding the survey, even after factoring in a slightly higher propensity to have recruited staff generally. Establishments in Northern Ireland were less likely to take on young people from either age group, however this difference can largely be attributed to the lower propensity of establishments in Northern Ireland to be recruiting generally (21 per cent of all establishments had recruited a young person, which equated to 59 per cent of those who had recruited).

Figure 6.1 Recruitment of young people by country



Levels of recruitment of young people were fairly consistent by sector, with the exception of the Trade, Accommodation and Transport sector (see Table 6.1). A third of establishments in this sector (33 per cent) had recruited someone under the age of 25, equating to 71 per cent of those in this sector who had recruited. The reason for this higher incidence is likely to be related to the roles young people are recruited to (see next section), as young people are most likely to be recruited into Sales and Customer Services roles and the Trade, Accommodation and Transport sector includes retailers, hotels, bars and restaurants and thus is dominated by these sorts of roles more so than the other sectors.

Whilst establishments in the Non-Market Services sector were the most likely overall to have recruited young people, this was largely a product of being more likely to recruit generally and amongst those who had recruited they were no more likely than the other sectors to have done so.

Table 6.1 Incidence of recruitment of young people by sector

Incidence of recruitment of young people:	UK	Primary Sector and Utilities	Manufacturing	Construction	Trade, Accommodation and Transport	Business and Other Services	Non-Market Services
	Base: (15,004)	(673)	(1,166)	(1,033)	(4,980)	(4,101)	(3,051)
% of all establishments	27	15	22	15	33	25	37
	Base: (9,006)	(285)	(688)	(428)	(2,973)	(2,372)	(2,260)
% of all establishments that had recruited	62	57	55	55	71	58	59

Base: All establishments /All establishments who had recruited at least one person under the age of 25 in the 12 months preceding the survey.

'Young growth businesses'²⁶ were more likely to recruit young people (47 per cent compared to 27 per cent).

Of establishments who had recruited, those from the private sector were much more likely to have taken on a young person than those in the public or third sectors (65 per cent, compared to 51 per cent for each of the public and third sectors). This is likely to be related in part to the current economic conditions for each sector and the occupational profiles of each sector. Additionally, as the next section demonstrates, young people are more likely to be recruited in lower skilled roles, which are more prevalent in the private than public sector.

6.3 Roles young people are recruited into

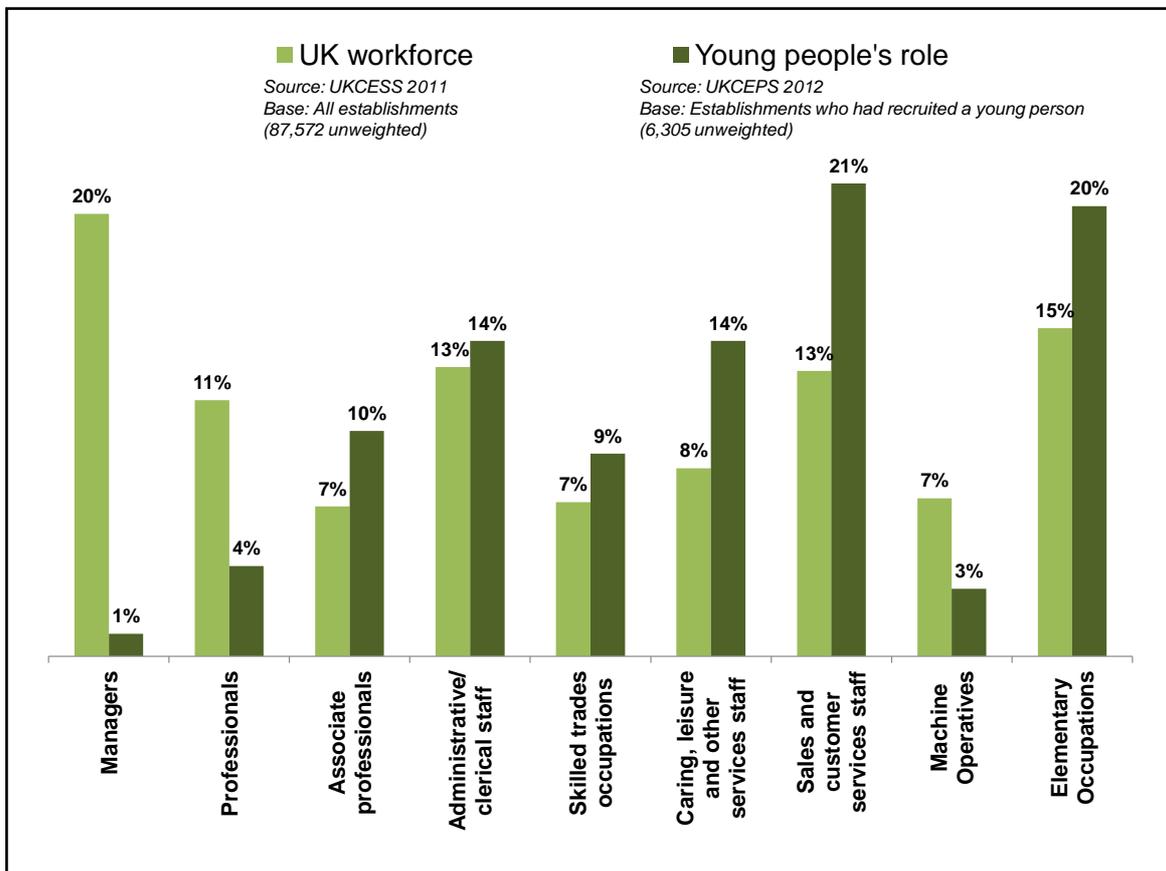
UKCEPS 2012 advances our understanding of the recruitment of young people by asking what roles the last young recruit taken on was being asked to fill.

Figure 6.2 shows how the occupational structure of the workforce (as measured by the UK Commission's Employer Skills Survey 2011) compares to the roles young people are initially employed into. Young people are most commonly taken on into roles further down the occupational hierarchy, such as Sales and Customer Services staff (21 per cent), or into Elementary roles (20 per cent). Around a fifth of establishments who had recruited any young people reported that the most recent young person they took on was employed into one of those roles.

²⁶ See Appendix B for definition of 'young growth businesses' and for further analysis

Understandably, it is less common for young people to be recruited into roles that require more experience, such as Managerial and Professional roles: one per cent of employers which had recruited at least one young person said that the last young person they'd recruited had been into a managerial role, and four per cent that they'd been recruited to a professional role. These are also roles which employers are less likely to bring new recruits into, and where, if they do recruit, they are more likely to take on fully trained applicants (as seen in Chapter 3). Young people are also less likely to be recruited as Machine Operatives (three per cent), possibly because certain driving licences etc. have age requirements attached to them

Figure 6.2 Occupational structure of workforce compared to roles young people recruited into



The sectors most likely to employ young people are those with a proliferation of positions in these lower skilled roles. Trade, Accommodation and Transport, as already mentioned, had taken on a lot of young people into Sales and Customer Services and Elementary roles (42 per cent and 32 per cent respectively). Over half of roles for young people in the Non-Market Services sector (52 per cent) are for Caring, Leisure and Other Services roles compared to 14 per cent overall.

Employers in Construction (33 per cent) and Manufacturing (26 per cent) sectors were most likely to employ their young people into Skilled Trades roles, suggesting either that they take people on who are already qualified to these roles or that they provide training to develop them into these roles. Previous Employer Skills Survey reports (e.g. Davies *et al*, 2012) have reflected on the particularly prevalent skills shortages in these occupations and the challenge that an ageing workforce in these jobs poses for employers.

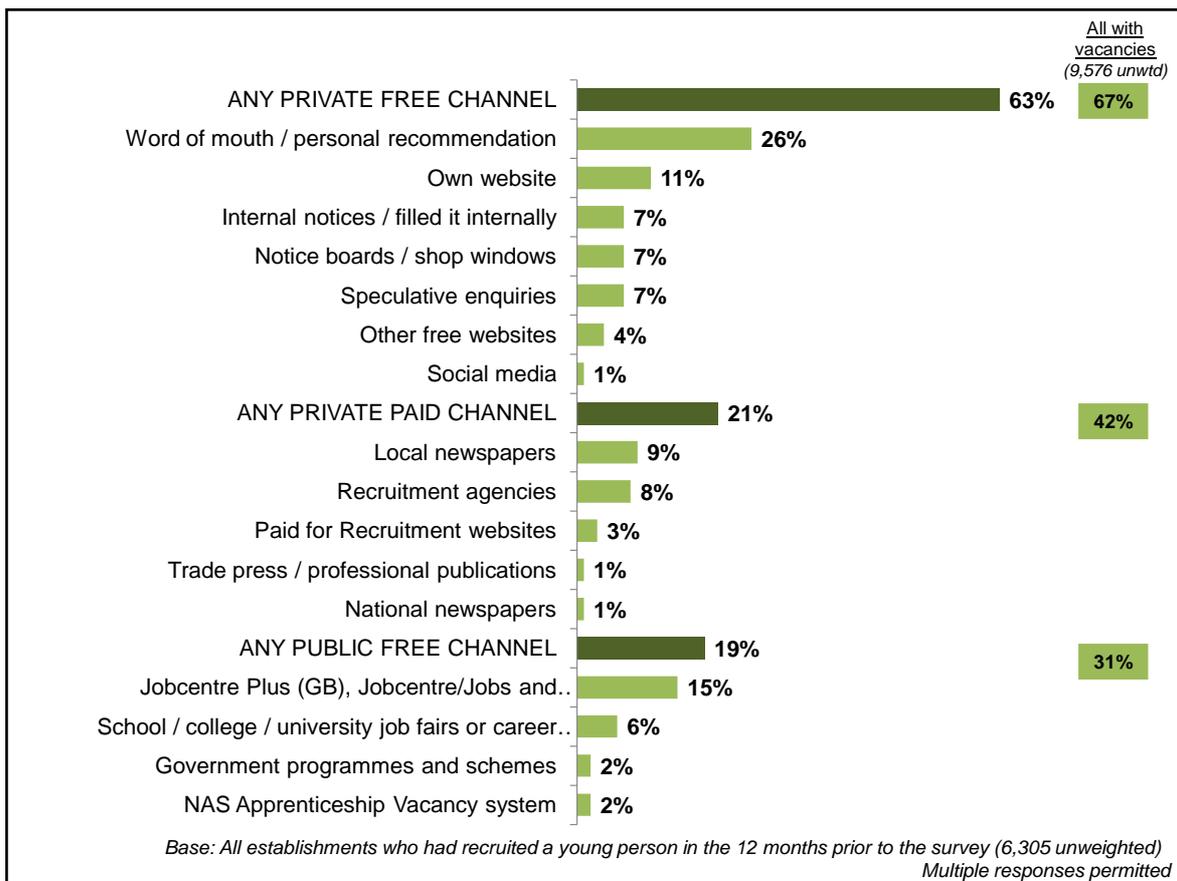
Despite their workforces being largely dominated by Managers and Professionals, establishments in the Business and Other Services sector were unsurprisingly more likely to offer entry point vacancies for young people as Admin and Clerical staff (21 per cent) or to Associate Professional roles (19 per cent).

6.4 Recruitment practices used to reach young people

Chapter 3 examined the channels establishments use when recruiting. Looking at the recruitment of young people specifically (Figure 6.3), it appears similar techniques are being used to reach young people as anyone else. This means that the most commonly used method is still word of mouth or personal recommendation with 26 per cent of establishments saying this was the channel they used to find the last young person they recruited. This was the most common channel for every role being recruited from Managers to Elementary staff, and was highest for Machine Operative (37 per cent) and Elementary (36 per cent) roles. In *The Youth Employment Challenge* (UKCES, 2012) the UK Commission identify this sort of informal recruitment method as a major barrier to some young people finding work, particularly those with fewer networks and connections to people in work. It is therefore of concern that this is the most common method employers use to recruit young people, as it potentially excludes some young people from applying for those jobs.

Jobcentre Plus is the second most common single recruitment channel linking young people with employers (15 per cent). This is most common among charity / voluntary organisations (24 per cent) and Non-Market Services (23 per cent), and among those seeking to recruit Caring, Leisure and Other services staff (23 per cent) and Machine Operatives (22 per cent).

Figure 6.3 Channels used to recruit young people



6.5 The benefits and barriers of taking on young people

The single largest reason that employers had not recruited young people is because they had not recruited anyone at all (which was the case for 56 per cent of all establishments). There are questions about what further barriers these employers face, but the survey does not cover these issues. This section focuses its discussion of the barriers to taking on young people on those who have recruited, but have not recruited any young people.

Employers often have conflicting visions of the value of young people in the labour market, and this vision seems to polarise in line with direct experience. Figure 6.4 shows that sometimes what one employer sees as a benefit another sees as a drawback. As an example, some of the main benefits to recruiting young people centre around them being “fresh”: employers perceive they “can be moulded”, are “easier to train”, enthusiastic and willing to learn. However some of the main barriers to recruiting young people were that the young people that had applied for their roles lacked skills and qualifications, which are things that could be developed with training.

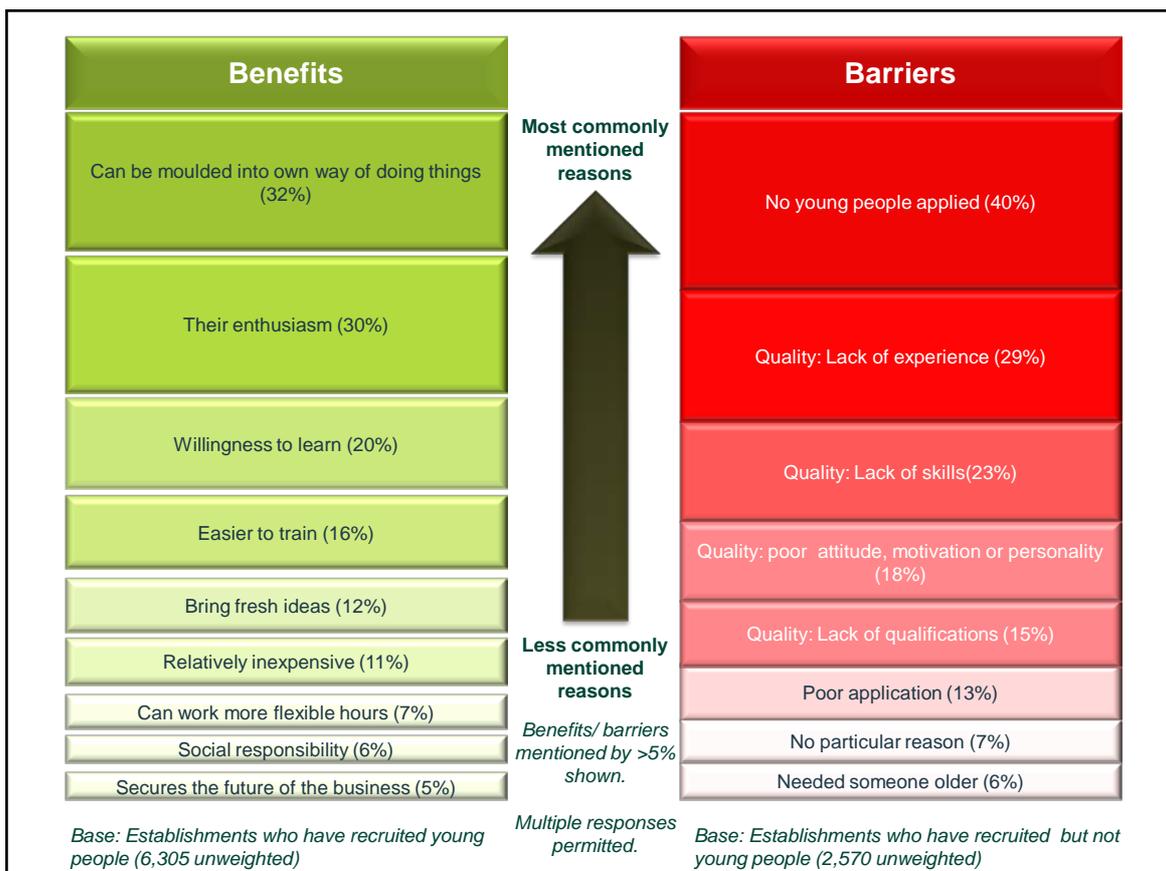
Practical considerations also come into play for both sides. Eleven per cent of employers who had taken on young people listed that they were “relatively inexpensive” as a benefit, and seven per cent said they could work more flexible hours than older employees.

Some employers (six per cent) were recruiting into job roles that require somebody older by their nature because they require a qualification, such as certain types of driving licences, that cannot be gained by people under the age of 25. A small minority (three per cent) of those who had not recruited any young people said they could not get the insurance to employ anyone that young.

It is worth noting that four-in-ten of those who had not recruited a young person had not taken a conscious decision not to; they simply had not had the opportunity to because no young people applied for the role (40 per cent). Additionally seven per cent said there was "no particular reason" they had not taken on a young recruit.

Just under one-in-eight (12 per cent) of those who had recruited people under the age of 25 said there are no benefits in taking on a younger person over someone else, the person they had recruited had simply been the best candidate at the time. This was most common in the Manufacturing sector (16 per cent).

Figure 6.4 Benefits of and barriers to taking on young people: summary



Almost half (45 per cent) of employers who had recruited but had not recruited anyone under 25 said that the reason they had not was that the applicants that came to them were not as good a quality as the older applicants who ultimately got the job. Experience was the most common reason cited for not employing any young people. This ties in with the findings from the UK Commission's Employer Skills Survey 2011 (Davies *et al*, 2012) which found that among the minority of establishments who felt the education leavers they recruited were not well prepared for work the main reason was lack of experience. Naturally young people will not have as much experience as older people, but there is a danger of a catch 22 situation here: experience gained at an early age, while young people are still in education, can serve to minimise the risk of them coming to work ill-prepared (see Chapter 8 for analysis of employers' perspectives of work experience placements).

Employers also cited a lack of skills (23 per cent) and qualifications (15 per cent) as reasons the young people applying for roles at their establishment were not of sufficient quality. At a time of increasing qualification levels among young people this does raise questions about the relevance of these qualifications to employers.

The benefits employers see from taking on young people vary according to the job role they recruited their last young person to and tend to be greater for more skilled roles:

- Those recruiting young people as managers were more likely to say that recruiting young people "secures the future of the business" (14 per cent compared to five per cent overall, however, it should be borne in mind that this group accounts for fewer than one per cent of all establishments).
- Establishments recruiting young people into professional roles valued their enthusiasm (41 per cent) and the new and fresh ideas they bring (24 per cent).
- Establishments taking on young people into sales and customer service roles valued their ability to work more flexible hours (15 per cent)
- Establishments recruiting young people into lower-skilled roles were more likely to say there are no particular benefits of recruiting young people than those recruiting young people into more skilled roles. For these employers the employment of young people is likely to reflect the available labour pool.

6.6 The training of young recruits

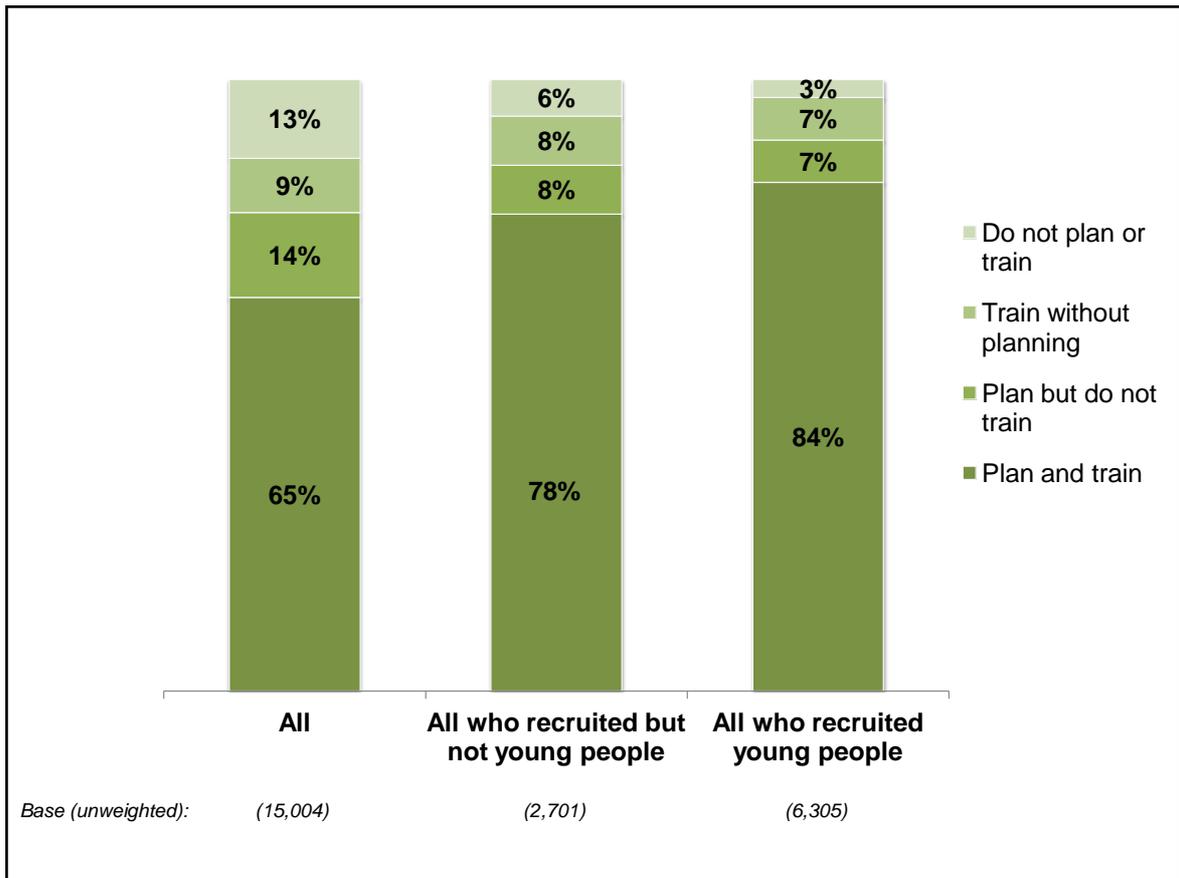
As seen in the previous section, the main benefits perceived by employers of taking on young people centre around them being “easy to mould”, “willing to learn” and “easier to train”. Young people starting their careers benefit from training as it allows them to develop their skills and abilities and progress their careers accordingly; this section therefore looks at whether the establishments who take on young people are providing training to staff. The survey didn't measure if they directly trained these staff but by looking at their attitudes to training through the planning and activity they conduct we can gauge the extent of the training culture within these establishments.

The majority of establishments who had recruited a young person in the previous year do provide training for their staff (91 per cent), compared to 86 per cent who recruited but not young people and 61 per cent of establishments who had not recruited at all. Similarly, establishments that had provided training were more likely to take on young people (34 per cent) than employers who had not provided training for staff (nine per cent).

Whilst it is positive that 91 per cent of establishments who had taken on young people had provided any training, it leaves nine per cent of establishments who had taken on young people that had *not* provided any training for their staff in the preceding year. This group tend to be among the smallest employers: 21 per cent of establishments who had recruited young people in the 2-4 size band had not provided staff with training. By sector it was most likely to be establishments in Construction who had taken on young people and not provided training (14 per cent). The proportion of establishments taking on young people who had not provided training for staff was higher if the young people in question had been from the 16-18 age group only (18 per cent); this could indicate a higher proportion of this age group are taking these jobs to supplement their studies rather than starting their careers.

Looking at establishments' wider approach to people development, of the 27 per cent of all establishments that recruited young people, 84 per cent “plan and train” (see Figure 6.5). This suggests that the training young people are getting is thought out and more efficiently delivered than if there was no planning (seven per cent neither not plan nor train). Establishments who had taken on young people were more likely to have planned training activity in place than average, and more likely than those who had recruited, but not young people.

Figure 6.5 Training and planning among those recruiting young people



Employers that take on young people also appear to have planning which is more embedded in their culture; they tend to engage in more types of planning relating to training than those that do not: 42 per cent had four or more of the training plans asked about in the survey compared to just 34 per cent of those who had recruited but not young people.

Whilst the survey does not have the ability to definitively say that young people receive sufficient training when they start a new job, it certainly suggests that, this small minority aside, on the whole young people are joining the sorts of organisations that are likely to invest in their skills.

6.7 Conclusions

Whilst it is true that the majority of employers had not recruited anyone under the age of 25 in the 12 months preceding the survey, in the majority of cases the primary reason for this is that they have not recruited anyone at all (56 per cent of establishments). These establishments have not therefore consciously chosen not to recruit a young person. However, these establishments could still be central to strategies to increase the recruitment of young people going forward. Some may have simply had no need to recruit in the past year but may intend to in future, however, those that currently have no intention of recruiting or have a recruitment freeze need to ensure that they have the skills in place to meet potential replacement demand when workers retire or move on.

Of those that had recruited, approaching two-thirds (62 per cent) had taken on a young person. Those that had done so saw these young people as being easier to train and as bringing fresh ideas and enthusiasm to the establishment. They were most commonly taken on into roles further down the occupational hierarchy, such as Sales and Customer Services staff and Elementary roles, and less commonly to roles that require more experience, such as Managerial and Professional roles. Chapter 3 of this report demonstrates that employers are less likely to bring new recruits into these more experienced roles, and if they do recruit they tend to bring people in who will not need training, suggesting, unsurprisingly that young people are not well suited to these vacancies (due to the experience required) rather as they look to progress their careers many will move into these roles naturally.

The main barrier for those that had recruited but not taken on a young person was simply that none had applied for the role (40 per cent of establishments who had not taken on young people cited this as the reason). In some cases this will be due to the level of experience required for the role making it unsuitable for most, but in many cases it will be a lack of opportunity to submit an application. Word of mouth is the most commonly used method of recruitment used by employers, suggesting that young people without connections are missing out on hearing about many vacancies before they are filled.

Whilst the main step towards increasing youth employment is therefore to increase the number of jobs available generally, as the economy recovers it is important that the UK does not suffer a "lost generation" of those who leave education and fall into a cycle of worklessness. Improving recruitment methods so that young people have an equal chance of finding out about a vacancy is one method and there are initiatives set up by each of the countries of the UK aim to pair young people with suitable vacancies.

Employers value the 'freshness' and enthusiasm of young recruits, but often their lack of experience and skills mean that older, more experienced applicants are getting jobs ahead of them. Whereas some employers viewed one of the advantages of recruiting young people as being easy to train and mould into their way of doing things, this lack of experience and skills was seen as a real barrier by other establishments. Interestingly, those who provided training were just as likely to cite lack of skills as a barrier as those who did not provide training to staff, suggesting this goes beyond simply having the resource to train new staff. It is likely that many of these employers do not have anything against recruiting young people *per se*, but that in a choice between two applicants for a role where the need for training is not critical the applicant with more experience is the one that ends up getting the job, and this applicant is the more likely to be the older of the two.

Solutions therefore need to focus on improving the skills and experience of young job applicants. The next two chapters of this report focus on Apprenticeships and Work Placements, two initiatives that may be part of the solution to this.

7 Employer Perspectives on Apprenticeships

Chapter Summary

Only a minority of all UK establishments offer apprenticeships (15 per cent), and nine per cent actually had an apprentice in place at the time of interviewing. The majority of these apprenticeships were formal Apprenticeships, i.e. those that follow a formal framework and lead to a national recognised qualification (13 per cent of all establishments), the remainder were running their own private or 'informal' in-house schemes (two per cent of all establishments). Larger employers and those in Non-Market Services, Construction and Manufacturing sectors were most likely to offer formal Apprenticeships.

The vast majority of employers with formal Apprenticeships report that these involve some form of training; only two per cent of establishments said they run formal Apprenticeship schemes that do not. However, concerns about quality stem from the reported length of the Apprenticeships: approaching a third of those who offer formal Apprenticeships said that they take 12 months or less to complete, and five per cent offer Apprenticeships of a duration of six months or less.

Around half of establishments offering formal Apprenticeships offered them only to new recruits (49 per cent), just under four-in-ten offered them to both new and existing staff (39 per cent), and just under one-in-ten offered them only to existing staff.

Most of those currently offering formal Apprenticeships agreed that they were a cost-effective way to train staff (88 per cent). Those who offered Apprenticeships to those 25 or over were less likely to agree they were cost effective, perhaps relating to availability of subsidy.

A quarter of those not currently offering formal Apprenticeships expected to do so in the future, with growth anticipated across all sectors. Whether this growth is realised will, to some extent, depend on over-coming barriers. For those who anticipate offering formal Apprenticeships in the future, what they claim to be stopping them now is that their staff are fully skilled (this raises questions about the perceived role of Apprenticeships among employers), cost and the fact that they are not currently recruiting (each 16 per cent of those expecting to offer Apprenticeships in the future who do not currently). For those not intending to offer Apprenticeships in the future, other common barriers included low awareness and knowledge and structural barriers such as lack of an Apprenticeship framework for their business/sector and concerns or suitability.

7.1 Introduction: The policy context

In recent years governments in the four nations have placed Apprenticeships at the forefront of skills development and as a key vocational route for individuals and employers.

In England, the Government's commitment to Apprenticeships was first set out in *Skills for Sustainable Growth* (Department for Business Innovation and Skills, 2010b), and *Investing in Skills for Sustainable Growth* (Department for Business Innovation and Skills, 2010a)²⁷. Since then extensive policy developments in the delivery and funding of Apprenticeships have led to an increase in the number and range of Apprenticeships on offer and a reshaping of Apprenticeships so that Level 3 becomes the level to which learners and employers aspire. Apprenticeships in England, Wales and Northern Ireland and Modern Apprenticeships in Scotland remain at the heart of policy designed to drive sustainable economic growth, support employability and to help tackle youth unemployment.

The number of people taking up and achieving formal Apprenticeships in the UK continues to grow year on year. Recent data shows that during the 2011/12 academic year in England (August 2011 to July 2012) 502,500 people started an Apprenticeship (Department for Business Innovation and Skills, 2012). This represents a significant rise in the number of Apprenticeship starts, up from 457,200 in 2010/11. The number of Apprentices in Scotland have also risen, with 26,427 Modern Apprenticeship starts in the financial year 2011/12, compared to 21,561 starts in 2010/11, a 23 per cent increase (Skills Development Scotland, 2012). In Wales the number of Apprenticeships (including Foundation Apprenticeships, Apprenticeships and Higher Apprenticeships) fell slightly from 18,630 in 2010/2011 to 17,745 in 2011/2012. There was a significant restructuring of the Work Based Learning sector in Wales during this period which may explain the fall. For the period 1st April 2011 to 31st March 2012 a total of 8,389 apprentices joined the Department for Employment and Learning's (NI) ApprenticeshipsNI programme.

²⁷ With equivalent commitment in the Devolved Administrations set out in *Skills for Scotland: Accelerating the Recovery and Increasing Sustainable Economic Growth* (The Scottish Government, 2010); *Skills That Work for Wales. A Skills and Employment Strategy and Action Plan* (Department for Children, Education, Lifelong Learning and Skills, 2008); *Success through Skills – Transforming Futures* (DELNI, 2011)

Following expansion in numbers and funding, there has been a recent drive towards improving the quality and delivery of Apprenticeships with new measures introduced to ensure that Apprenticeship frameworks meet appropriate quality standards. For example, in England, the *Specification of Apprenticeship Standards for England* (SASE) was published by BIS, DfE and NAS on 20 January 2011, setting out minimum requirements for a recognised English Apprenticeship framework (Department for Business Innovation and Skills, 2011). In Wales, August 2012 saw the publication of the *Specification for Apprenticeship Standards in Wales* (SASW), which again set out requirements for high quality apprenticeship frameworks (Welsh Government, 2012). The *Statement on Apprenticeship Quality*, published by NAS in May 2012, outlined a number of minimum standards that Apprenticeships will be expected to adhere to, including a minimum length of 12 months, and minimum numbers of guided learning hours and employment hours (NAS, 2012). The introduction of a minimum standard length of 12 months for formal Apprenticeships may have a temporary effect on the numbers of Apprenticeships that are recorded during the transition period as shorter apprenticeships will be restricted and thus not counted as formal Apprenticeships. Meanwhile, the Richard Review of Apprenticeships looking into the future of Apprenticeships in England has recently been published (Richard, 2012).

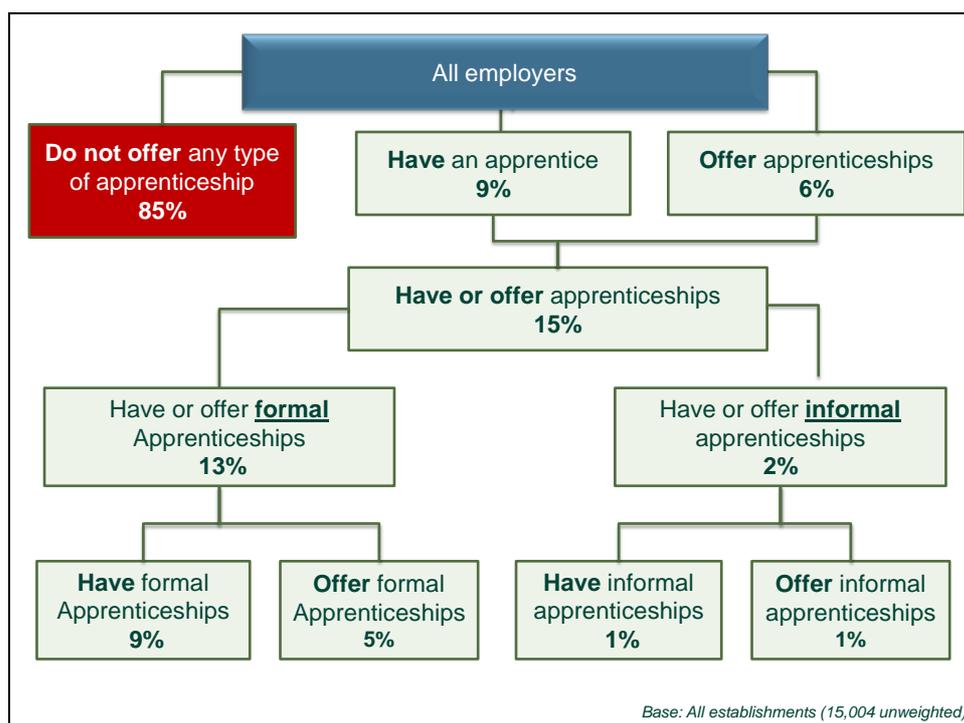
While other employer research on Apprenticeships tends to focus on those employers who have taken on an apprentice at some stage²⁸, UKCEPS 2012 contributes to understanding by exploring levels of engagement with and awareness of Apprenticeships within the general employer population. The study also provides an opportunity to better understand how Apprenticeships respond to the needs of different types of employers and how they are viewed by employers in regards to making up a part of their wider training and/or their recruitment programme. An understanding of how cost effective Apprenticeships are deemed to be, as well as any perceived barriers to taking up apprentices will help to direct and focus future marketing to further increase the demand for Apprenticeships in the future.

7.2 Formal and informal apprenticeships

Only a minority of all UK establishments offer apprenticeships (15 per cent). Nine per cent had an apprentice in place at the time of interviewing and six per cent reported that they offer them, but did not have one currently.

²⁸ Such as the Evaluation of Apprenticeships Employer Survey for the Department for Business, Innovation and Skills, 2011, IFF Research as well as current research for Skills Development Scotland exploring the impact of employers with recent Modern Apprentice leavers

Figure 7.1 Apprenticeship summary



One of the key aims of the study was to explore the extent to which establishments are offering *formal* Apprenticeship programmes compared to other forms of apprenticeships offered by and run by employers as ‘in-house’ apprenticeships.

This is a somewhat difficult issue to pin down, as in some cases formal Apprenticeship programmes can be branded as company apprenticeships, and they can be strongly tailored to the company’s needs and managed by the company. Although it is complex and there are no perfect measures, the key differentiator between public ‘formal Apprenticeships’ and private ‘informal apprenticeships’ in UKCEPS is the fact that formal Apprenticeship programmes **follow a formal Apprenticeship framework and lead to a nationally recognised qualification.**

Formal Apprenticeships

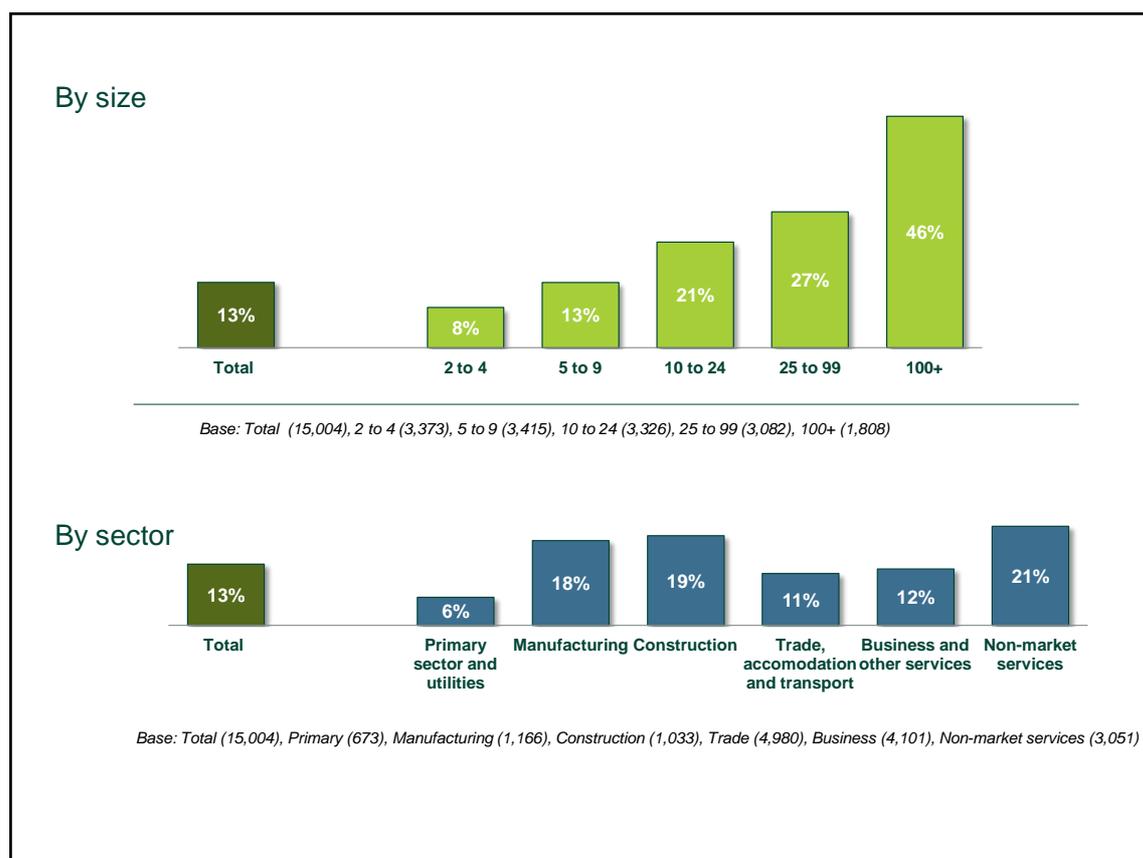
Amongst the 15 per cent of employers offering apprenticeships, the vast majority (89 per cent) said that they offered 'formal Apprenticeships', leading to a nationally recognised qualification. Therefore overall, 13 per cent of all establishments currently had or were offering formal Apprenticeships. Although direct comparisons are not possible with previous studies and these findings need to be treated with caution (Shury et al., 2010, Shury et al., 2011)²⁹ this would suggest that the proportion of employers offering formal Apprenticeships has increased significantly in the last two to three years.

Across the different nations of the UK the proportion of all employers who offer formal Apprenticeships varies from 14 per cent in England to 12 per cent in Scotland and Wales to 10 per cent in Northern Ireland.

Involvement with formal Apprenticeships is concentrated amongst larger establishments the Non-Market Services sector, as well as Manufacturing and Construction. The full breakdown of those who offer formal Apprenticeships by size of establishment and the different sectors is shown in Figure 7.2.

²⁹ In UKCEPS 2010 only those aware of at least one of number of specific prompted Apprenticeship programmes (introduced as 'government recognised' schemes) were asked about their involvement with Apprenticeships, with no attempt to distinguish formal from informal programmes. In UKCESS 2009 a similar structure was followed with the list of programmes introduced as 'government funded' Apprenticeships. In UKCEPS 2012, all employers were asked about their involvement with apprenticeships (of any type) with specific follow up questions to determine whether these were formal or informal, as detailed above.

Figure 7.2 Extent to which formal Apprenticeships are offered, by size and sector



Business outlook also has an effect on the likelihood of establishments to offer formal Apprenticeships: those who were expecting growth were more likely to currently have or offer formal Apprenticeships (16 per cent) particularly compared to those who are predicting that they will contract (nine per cent). Similarly those establishments who have recruited in the past twelve months were more likely to offer or have formal Apprenticeships (19 per cent) and a quarter (24 per cent) of 'young growth businesses'³⁰ offered Apprenticeships.

Unsurprisingly given this relationship, as well as the fact that the majority of formal Apprenticeships are offered to young people, there is a strong linkage between recruitment of young people and an employer's Apprenticeship offering. Amongst those who had recruited young people in the last 12 months, a quarter of employers (25 per cent) reported having or offering formal Apprenticeships.

Those employers who offered work placements, vocational qualifications and/or offered training for their staff more widely, were also more likely to have or offer formal Apprenticeships compared to those who did not.

³⁰ See Appendix B for definition of 'young growth businesses' and for further analysis

Apprenticeship provision is closely tied to the planning of training and to levels of HR sophistication. Those establishments who had procedures in place to 'plan and train' were significantly more likely to offer formal Apprenticeships with 18 per cent doing so, compared to 7 per cent of those who plan but do not train and the same proportion of those who don't plan but do offer some training. Again reflecting the relationship with planning, a greater proportion of those who had the liP accreditation reported having or offering formal Apprenticeships, compared to those who were not recognised by liP (24 per cent compared to 12 per cent).

The 13 per cent of employers engaged with formal Apprenticeships comprises of those employers who had one or more apprentices at the time of the interview (nine per cent of all employers) and those who reported that they offered them, but did not have any at present (five per cent of all employers). *Current* engagement with formal Apprenticeships mirrors the picture described above with larger establishments and employers in the Non-Market Services, Manufacturing and Construction sectors more likely to report having formal apprentices at the time of the interview and those in Northern Ireland less likely. A full breakdown by country, size and sector is provided in the appendices <[APPENDIX A, TABLE A.10](#)>.

Informal apprenticeships

Eleven per cent of establishments offering apprenticeships said that they did not follow a formal Apprenticeships framework leading to a nationally recognised qualification (2 per cent of all UK establishments). It is assumed that that these employers are running their own private or 'informal' in-house apprenticeship schemes.

There is relatively little difference in the proportion of employers offering or running informal apprenticeship schemes by country, sector or size (or by other employer characteristics).

Why these employers are not engaged with formal route is difficult to say. They may not be aware of formal Apprenticeship frameworks or they may have actively rejected formal Apprenticeships in favour of their own private schemes. However, it is also likely that, at least for some, the requirements of a formal Apprenticeship do not meet their business needs and it does raise questions about the relevance of the formal route and the nature of the public and private markets for Apprenticeships.

7.3 Provision of training through apprenticeships

In the context of the recent focus on improving the quality of Apprenticeships and subsequent moves to ensure that each apprentice receives a minimum level of training and guided learning hours, it is important to understand the extent to which there are employers who continue to offer apprenticeships, both formal and informal, without any training.

The vast majority of employers offering either formal or informal apprenticeships reported that their apprentices received training delivered by a training provider (87 per cent) or that they themselves provided formal training sessions as part of the apprenticeship (78 per cent). Just four per cent indicated that the apprenticeship(s) they offered included no training (less than one per cent of all employers). It is worth remembering here that these figures relate to the proportion of *employers* who report whether or not training is included as part their apprenticeship offering, and not to the proportion of all apprenticeships.

Amongst those offering formal Apprenticeships, 91 per cent of employers reported that their apprentices received training delivered by a training provider while 78 per cent themselves provided formal training sessions as part of the Apprenticeship. Only two per cent reported that it included no training. This is similar to the proportion reported in a recent evaluation of Apprenticeships in England (also two per cent; IFF Research and IER, 2012a). This suggests that despite measures and policies to ensure minimum levels of training and to improve quality there remain a small number of employers who continue to use the programme purely as means to certify existing skills rather than as vehicle for skills acquisition and development. However, it should be recognised some of these policies are very recent and there will be a lead time for the minimum hours to take effect in new and revised frameworks (see [Appendix A12](#)).

Employers offering formal Apprenticeships in England relied more heavily on providers to deliver their Apprenticeship training (92 per cent compared to 82 per cent in Scotland, 83 per cent in Northern Ireland and 87 per cent in Wales). As reported earlier, employers in Northern Ireland are less likely to offer formal Apprenticeships. Where they were engaged they were also less likely to themselves provide formal training sessions (63 per cent compared to around four-fifths of employers in other countries) or indeed to include any training as part of the formal Apprenticeship (eight per cent reported no training).

Employers offering formal Apprenticeships in the Business and Other Services sector were most likely to train their apprentices themselves (85 per cent) whilst those in Non Market Services were most reliant on training providers (97 per cent and 96 per cent respectively). Perhaps surprisingly, employers offering formal Apprenticeships in the Construction and Manufacturing sectors were more likely to report that it came with no training (seven per cent and four per cent respectively).

Amongst those employers offering formal Apprenticeships, this was also more commonly reported as being run without training amongst:

- Smaller establishments (three per cent of establishments with less than 10 employees offering formal Apprenticeships reported that they came with no training compared to two per cent among larger sites and one per cent amongst those with 100 or more staff);
- Those who felt that their new employees came fully equipped with the skills required (five per cent compared to two per cent of those who thought they did not).

A full breakdown of training provision by country, size and sector amongst employers offering formal Apprenticeships is provided in the appendices <[APPENDIX A, TABLE A.11](#)>.

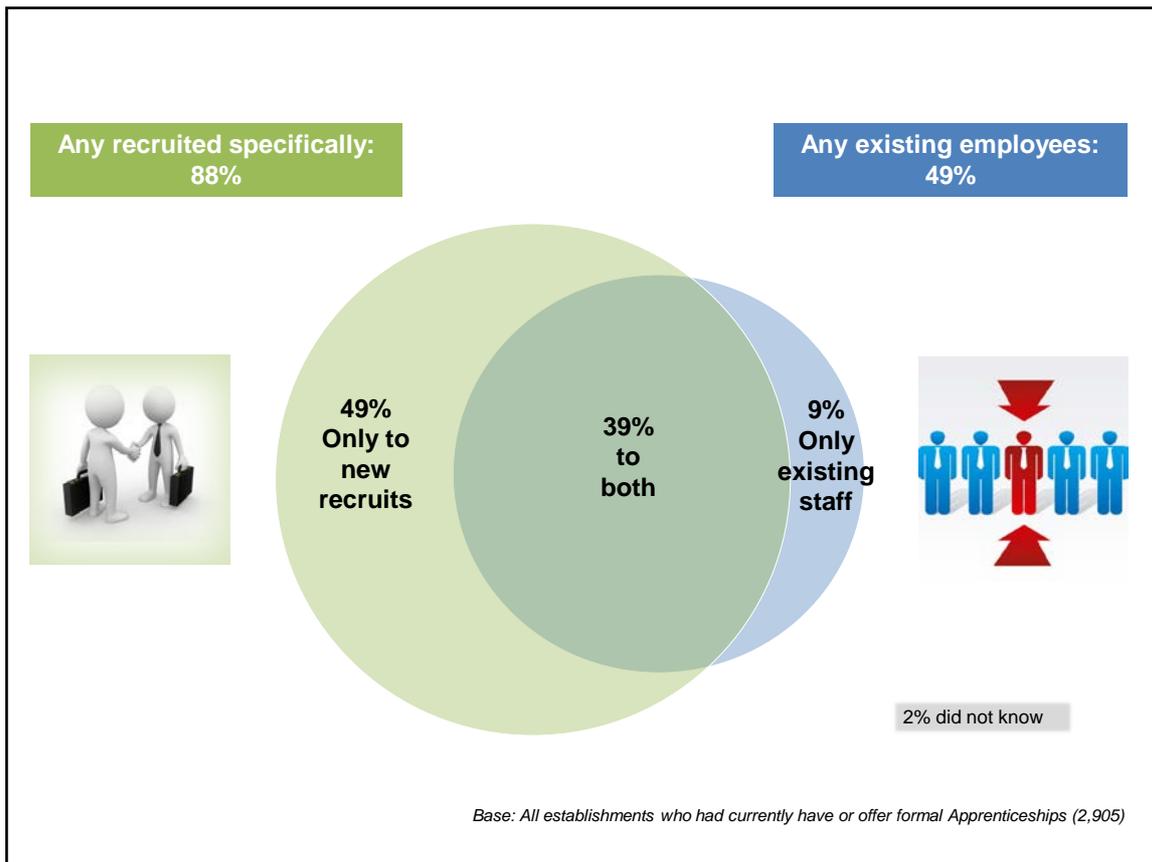
Amongst those offering informal apprenticeships, 14 per cent of employers reported that they came with no training. This raises further questions as to the quality and integrity of some of this informal, in-house provision. However, as this equates to relatively few employers, unfortunately it is not possible to disaggregate further and explore what types of employers are involved with this seemingly low quality apprenticeship provision.

7.4 Who Apprenticeships are offered to

Establishments offering formal Apprenticeships were asked whether these were offered to existing employees, whether they recruited people specifically as Apprentices, or whether they did both. To some extent, this provides employer perspectives on whether formal Apprenticeships are seen within the context of a broader recruitment strategy as opposed to a means of providing training to existing staff. However, offering formal Apprenticeships to new recruits can also be associated with investment in the future skills of the workplace and shouldn't therefore be seen solely as a recruitment tool.

The majority of establishments involved in formal Apprenticeships, offered them to new recruits (88 per cent) with significantly fewer establishments offering them to existing employees (49 per cent). Two-fifths of all employers offering formal Apprenticeships (39 per cent) offered them *both* to existing employees and recruited people specifically as Apprentices.

Figure 7.3 Whether recruit apprentices or offer to existing employees



It is again important to note that these figures relate to the proportion of survey employers that used each method for sourcing their apprentices, not the proportion of apprentices sourced in each way. Evidence from a recent BIS evaluation conducted amongst apprentices shows that most (around two-thirds) were existing staff when they started their training, while only around a third were recruited specifically as apprentices (BIS, 2012b). That UKCEPS 2012 shows most employers to be recruiting their apprentices while the BIS evaluation indicates that most apprentices are existing staff rather than new recruits is not as contradictory as it may first appear since large employers who account for such a large volume of apprentices are more likely to provide Apprenticeships for their existing staff.

Approaching one-in-ten employers involved with formal Apprenticeships (nine per cent) *only* offered them to their existing employees. Some of these could have been staff that were taken on with the intention of starting an Apprenticeship but for whom there have been difficulties or delays in finding suitable providers, or staff that were deliberately taken on a trial basis, pending entry to Apprenticeship. However, with the Richard Review calling for Apprenticeships to *target only those who are new to a job or a role that requires significant and sustained training*, it is important to better understand those employers who utilise the Apprenticeship programme to train and accredit existing staff.

Those in the Manufacturing sector who offer formal Apprenticeships were most likely to only offer them to new recruits (61 per cent compared to 49 per cent on average). Establishments offering formal Apprenticeships in the Trade, Accommodation and Transport sector, on the other hand, were more likely than those in other sectors to offer them solely to existing employees (16 per cent, compared to nine per cent overall).

A full breakdown by country, size and sector is provided in the appendices <[APPENDIX A, TABLE A.12](#)>.

The proportion of employers offering formal Apprenticeship programmes without either internal or external training varies a little by entry route. Amongst those recruiting Apprentices only from the existing workforce, five per cent provided no internal or external training, significantly more than the two per cent found among all other groups.

7.5 Typical length of formal Apprenticeships

As discussed earlier, following concerns over short duration training and as part of a wider drive to improve the quality of Apprenticeships, a standard was recently introduced in England and Wales that stipulated that formal Apprenticeships must be a minimum duration of 12 months.

Although the question was asked in general sense (so not reflecting different frameworks or levels that may be offered) evidence from UKCEPS 2012 supports the notion that a sizeable minority of employers have been involved with shorter duration and, potentially lower quality, Apprenticeships. Five per cent of all employers who offered formal Apprenticeships reported that they typically lasted 6 months or less with a further 27 per cent of employers stating that they typically lasted up to 12 months (but more than six months).

Amongst those employers with current apprentices the proportion of employers who reported formal Apprenticeships lasting up to and including 12 months was 29 per cent (compared to 37 per cent amongst those who offered formal Apprenticeship but didn't have any apprentices at the time of the interview).

There were some differences by country outlined in Table 7.1.

Table 7.1 Length of a typical formal Apprenticeship by country

	UK	England	Northern Ireland	Scotland	Wales
Length of time	%	%	%	%	%
<i>Base (unwtd)</i>	2,985	2,126	146	367	346
6 months or less	5	5	2	4	2
Over 6 months up to and including 12 months	27	29	13	11	21
Over 12 months up to and including 2 years	27	27	27	24	23
Over 2 years and up to and including 3 years	24	24	29	18	32
Over 3 years	13	10	25	40	21

Base: All employers who offered formal Apprenticeships

Exploring those employers who reported a typical Apprenticeship length of 6 months or less provides insight on where there are potentially key quality questions. Differences are most apparent by sector with eight per cent of employers in the Trade, Accommodation and Transport sector reporting a typical length of six months or less compared to no Manufacturing employers and only one per cent of Construction employers.

One group particularly likely to have short formal Apprenticeships (typically lasting six months or less) were the non-head office sites of multi-site organisations (nine per cent). Only three per cent of other sites reported this type of Apprenticeship.

Amongst those offering informal apprenticeships, one-fifth of employers reported a duration of 6 months or less, again raising concerns over potential quality.

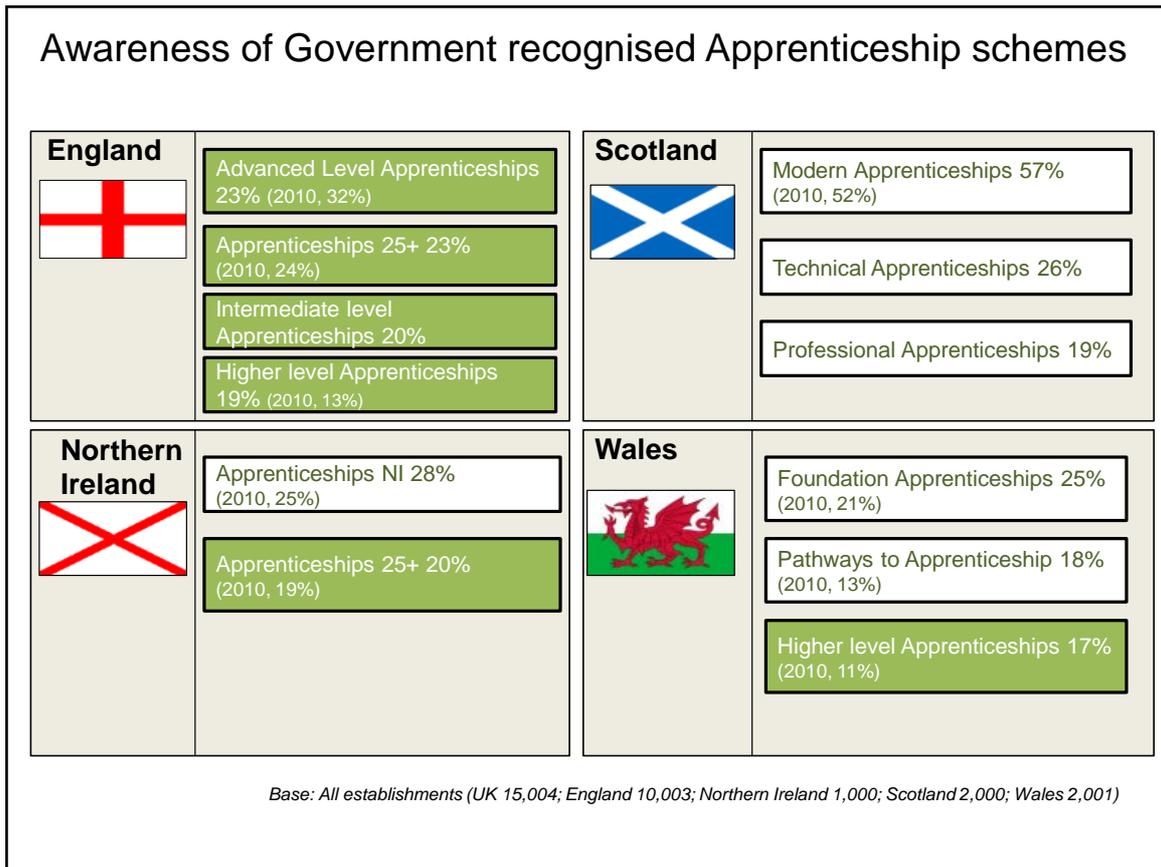
7.6 Extent of awareness of different types of Apprenticeship

Establishments were asked their awareness of different types of formal Apprenticeship programmes. In order to more effectively gauge their reach, awareness of schemes only offered in certain countries were only asked of establishments from that relevant country.

A similar question was asked previously in the 2010 Employer Perspectives Survey, however, the government schemes listed for 2012 were updated, therefore schemes which were no longer running were removed and three schemes were added; Intermediate Level Apprenticeships (all countries), Technical Apprenticeships (Scotland only) and Professional Apprenticeships (Scotland only).

Figure 7.4 details the proportion of all employers in each country who are aware of each initiative and service (as well as comparable figures from UKCEPS 2010 where asked in brackets). Initiatives and services available in more than one country have been highlighted in the filled boxes.

Figure 7.4 Awareness of Apprenticeship types



Amongst employers in England, awareness of Higher Apprenticeships has increased, Advanced Apprenticeships has decreased, and Apprenticeships for 25 and over remained around the same level.

At the time of UKCEPS 2010, however, it should be noted that Higher Apprenticeships were only offered for five occupational frameworks. Over the last two years there has been considerable expansion in the number of these frameworks, and as such the jump in awareness of Higher Apprenticeships in by establishments in England from 13 per cent in UKCEPS 2010 to 19 per cent in 2012 is likely to reflect this. Furthermore, Higher Apprenticeships have also been given large amount of attention in terms of policy and in the media in England over the past two years, for example the Higher Apprenticeship Fund of £25m was made available in May 2011 in order to develop new Higher Apprenticeship frameworks in areas deemed most critical to economic growth.

Despite a lower reported level of awareness of Advanced Level Apprenticeships by establishments in England, statistics published by the Department for Business, Innovation and Skills show that in England the take up of Advanced Level Apprenticeships continues to grow; in 2011/12 there were 180,400 Advanced Level Apprenticeship starts, a 17 per cent increase on the 153,900 Advanced Level Apprenticeship starts in 2010/11. The reduction of awareness of Advanced Level Apprenticeships in England is therefore somewhat surprising and may be more indicative that employers are unaware of the specific terminology. Apprenticeships are commonly referred to in terms of Levels 2 and 3 and so perhaps the phrase Advanced Level does not resonate as much with employers. Additionally whilst the concept of Apprenticeships generally has been promoted through policy changes and talked about in the media it is possible that further details of the levels and specific schemes that are offered, may not be something that is top of mind for employers.

In Scotland, 57 per cent of establishments were aware of Modern Apprenticeships, up from 52 per cent in 2010. Skills Development Scotland (SDS) is the national skills body which supports businesses in Scotland, actively advertises and promotes Modern Apprenticeships to employers and individuals as a way to bring careers, skills and training together and as such this, along with the long history of Modern Apprenticeships in Scotland, may explain this high level of awareness. In comparison a quarter of all establishments in Scotland had heard of Technical Apprenticeships (26 per cent) and a fifth of establishments in Scotland were aware of Professional Apprenticeships (19 per cent).

Since UKCEPS 2010 the awareness of the specific Apprenticeships offered in Wales have all risen. Foundation Apprenticeships remain the most commonly recognised Apprenticeship, with a quarter of establishments in Wales reporting awareness (25 per cent up from 21 per cent). Around one-in-eight establishments in Wales are now aware of Pathways to Apprenticeships (18 per cent up from 13 per cent) and Higher level Apprenticeships (17 per cent up from 11 per cent).

In Northern Ireland awareness levels have remained slightly more constant, with 28 per cent establishments reporting that they were aware of Apprenticeships NI (25 per cent in 2010) and 20 per cent reporting awareness of Apprenticeships 25+ (19 per cent in 2010).

7.7 Awareness and use of Apprenticeship Services and Organisations

As well as awareness of various Apprenticeship programmes, UKCEPS 2012 also explored awareness of a number of specific services and organisations in place to support those taking part in Apprenticeships. Again, awareness of each service or organisation has only been asked of establishments from the relevant country where the service or organisation operates. A brief overview of each of these schemes is outlined in Table 7.2.

Table 7.2 Apprenticeship Services and Organisations covered by the survey

Scheme	Countries covered	Description
Adopt an Apprentice	Scotland	This scheme was introduced to support apprentices made redundant as a result of economic conditions, to allow them to complete their training with another employer. A one-off financial incentive of £2000 is available to employers who take on a redundant apprentice.
Apprenticeship Grant for Employers (16-24)	England	Scheme set up to provide up to 40,000 Apprenticeship grants with a value of £15,000, to employers with up to 1,000 employees recruiting 16 to 24, to encourage employers to develop their business and take on new apprentices.
Apprenticeship Training Agencies	England	The ATA model supports small employers in delivering quality apprenticeships. The ATA acts as the apprentice's employer and places them with a host employer; if the host employer cannot retain the apprentice the ATA will find alternative employment, allowing the Apprenticeship to continue.
Apprenticeship vacancies online	England	Free national online apprenticeship recruitment system
Group Training Associations	All	A Group Training Association (GTA) is a not for profit organisation providing support on accessing and managing training for a group of employers to encourage their involvement in Apprenticeships.
National Apprenticeship Service (NAS)	England	The National Apprenticeship Service (NAS) supports, funds and co-ordinates the delivery of Apprenticeships throughout England.

Scheme	Countries covered	Description
Online Apprenticeship Matching service	Wales	Free online matching service to help Welsh employers find Apprentices, and aspiring Apprentices in Wales to find employment opportunities.
Skills Development Scotland	Scotland	Scottish national skills agency, providing skills, training and funding advice.
Young Recruits Programme	Wales	Welsh programme providing financial support to employers offering apprenticeship programmes to recruit and train additional young apprentices (16-24 years old)

Around half of all establishments (48 per cent) had heard of at least one of the services prompted, and eight per cent had used at least one.

We now turn to examine awareness and usage levels with the specific Apprenticeship services offered within each country. **Comparisons by country should be avoided** as they are a product of the number of services prompted; instead each country is better viewed in isolation specifically in relation to the services covered.

England

In England, half of all establishments (50 per cent) had heard of at least one of the initiatives covered, and nine per cent had used at least one of them. Table 7.3 shows awareness and usage of the individual services.

Overall a larger proportion of establishments in England were aware of the National Apprenticeship Service (24 per cent overall), than in UKCEPS 2010 when awareness was 19 per cent. Awareness was considerably higher amongst those who currently had or offered formal Apprenticeships in England (37 per cent) compared to those who did not (22 per cent). Four per cent of establishments had used the service before.

In a couple of instances, some false recognition of the various services may have been recorded from establishments. Around a quarter of all establishments in England reported awareness of the Apprenticeship Grant for Employers (16-24), however, only two per cent had used the service. Many employers may have received funds for an Apprenticeship, and the offer of a financial incentive is often used in promotional material by training providers (often the Apprenticeship Grant itself although not always by name). Therefore, it seems likely that the awareness of the actual service may be inflated slightly by this general awareness of (additional) funding for Apprenticeships, rather than the Apprenticeship Grant for Employers (16-24) specifically. In addition the Apprenticeship Grant for Employers was formally available from 1 April 2012, therefore due to publicity around the launch we would expect this to have led to increased awareness, before actual take up. There have also been subsequent changes to the eligibility conditions since it was introduced in order to broaden the scope of the Apprenticeship Grant for Employers and so therefore we can expect this to impact on usage in the future.

In a similar way, it could be that the fifth of employers in England (21 per cent) who reported that they were aware of the Apprenticeship Training Agencies, may have been confusing this with training providers more generally, especially as only five per cent of establishments in England reported using the organisation. However compared to other services a larger proportion of those who were aware of this service had actually used it (22 per cent).

Table 7.3 Awareness and usage of Apprenticeship schemes and initiatives in England

	As a % of all establishments			As a % of all establishments who are aware of each initiative	
	<i>Base (unwtd)</i>	% Aware	% Used	<i>Base (unwtd)</i>	% Used
Apprenticeship Grant for Employers (16-24)	10,003	27	2	2,961	8
National Apprenticeship Service (NAS)	10,003	24	4	2,855	15
Apprenticeship Training Agencies	10,003	21	5	2,340	22
Apprenticeship vacancies online	10,003	15	2	1,794	11
Group Training Associations	10,003	8	1	765	9
None	10,003	50	91		

Base: Columns 1 and 2: All establishments in England; Column 3: all establishments in England who had heard of each scheme.

Northern Ireland

Within Northern Ireland establishments were just asked their awareness of one service, Group Training Associations; six per cent of establishments reported awareness. Just one per cent of all establishments had used the service, although amongst those who were aware of it, the usage rose to 11 per cent.

Scotland

Skills Development Scotland (SDS) was particularly well recognised with half of all establishments in Scotland reporting awareness of SDS (51 per cent, see Table 7.4). Again this is likely to reflect the fact that the delivery landscape for Modern Apprenticeships is dominated by SDS as well as the fact that they are the funding body. For those establishments in Scotland who had or offered formal Apprenticeships, awareness rose to over two-thirds reporting that they were aware of the organisation (68 per cent), compared to nearly half of those who had not offered Apprenticeships (48 per cent).

Table 7.4 Awareness and usage of Apprenticeship schemes and initiatives in Scotland

	As a % of all establishments			As a % of all establishments who are aware of each initiative	
	Base (unwtd)	% Aware	% Used	Base (unwtd)	% Used
Skills Development Scotland	2,000	51	6	1,110	13
Adopt an Apprentice	2,000	8	1	174	8
Group Training Associations	2,000	9	1	193	14
None	2,000	45	93		

Base: Columns 1 and 2: All establishments in Scotland; Column 3: all establishments in Scotland who had heard of each scheme.

Wales

Of establishments in Wales 12 per cent reported awareness of the Young Recruits Programme in line with results from UKCEPS 2010 (11 per cent). Awareness of the Online Apprenticeship Matching Service and Group Training Associations among establishments in Wales were relatively low at six and seven per cent respectively (Table 7.5).

Table 7.5 Awareness and usage of Apprenticeship schemes and initiatives in Wales

	As a % of all establishments			As a % of all establishments who are aware of each initiative	
	Base (unwtd)	% Aware	% Used	Base (unwtd)	% Used
Young Recruits Programme	2,001	12	1	245	12
Online Apprenticeship Matching service	2,001	6	1	152	9
Group Training Associations	2,001	7	1	154	12
None	2,001	80	97		

Base: Columns 1 and 2: All establishments in Wales; Column 3: all establishments in Wales who had heard of each scheme.

Trends in awareness

As would be expected the level of awareness of services and organisations in place to support those taking part in Apprenticeships are higher amongst those establishments who currently have, or offer formal Apprenticeships, compared to those who do not.

In the majority of cases general awareness of Apprenticeship services rose in line with the size of the establishment, with the largest establishments of 100 or more staff being most likely to be aware of almost all services. This finding also held true when just considering those establishments who did not offer Apprenticeships. Equally those in the Non-Market Services sector generally indicated higher levels of awareness compared to other sectors among both those offering Apprenticeships and not. Some other sector differences included:

- NAS was most recognised by those establishments in England in the Non-Market Services sector (34 per cent), but also a high proportion of those in the Business and Other Services sectors (24 per cent).
- Primary Sector and Utilities establishments in England were least likely to be aware of a number of services including Apprenticeship Training Agencies, (16 per cent compared to 21 per cent overall) and Apprenticeship Grant for Employers (Age 16-24) (23 per cent, compared to 27 on average).
- The use of Group Training Associations tended to be focused in specific sectors. Establishments in Manufacturing (22 per cent), Primary Sector and Utilities (20 per cent) and Non-Market Services (19 per cent) were far more likely to have used them than average (nine per cent).

7.8 Perceptions of cost effectiveness of formal Apprenticeships

UKCEPS 2012 asks employers with apprenticeships the extent to which they consider them to be a cost effective way of training new or existing staff. Employer perceptions will be influenced by views on the cost of the apprenticeship as well as by associated outputs or benefits, i.e. their cost *effectiveness*. As such employer views will be based on a number of different factors including out of pocket expense, time taken to recoup costs, duration of the apprenticeship, amount of training delivered, completion or drop-out rates and impact on productivity. Cost effectiveness can also be related to the purpose or driver for using apprenticeships, for example if they are being used purely to attract talent or applicants then the benefits are front loaded whereas if they are deemed more as an investment in skills then the change in productivity and recoup of benefits can be over a number of years.

Attitudes to the cost effectiveness of formal Apprenticeships were very positive, with 88 per cent of all UK establishments currently involved in offering formal Apprenticeships agreeing that they were a cost effective way to train new or existing staff, of which 51 per cent strongly agreed. Although there are variations in the amounts that employers are asked to pay towards formal Apprenticeships and full details of the types of Apprenticeships that establishments offered or the level of subsidy received was not collected in UKCEPS 2012, it is still very positive that only three per cent of establishments offering formal Apprenticeships felt that they were not a cost effective way to train.³¹

There were some differences in perceived cost effectiveness of those establishments offering formal Apprenticeships by country, training approaches and by the age of the apprentice and length of Apprenticeship:

- Those establishments in England offering Apprenticeships were most likely to strongly agree that they were cost effective (52 per cent), whilst those in Scotland doing so, although still positive, were slightly less likely to strongly agree (46 per cent).
- Establishments in the Business and Other Services sector offering Apprenticeships were most likely to strongly agree Apprenticeships were cost effective (57 per cent), particularly compared to those offering them in the Trade, Accommodation and Transport sector (46 per cent)..

³¹ A further nine per cent neither agreed or disagreed that they were a cost effective way of training staff or weren't sure.

- A significant proportion of those establishments who offered vocational qualifications and offered Apprenticeships strongly agreed that they were a cost effective method of training staff (59 per cent compared to 42 per cent of those who did not offer vocational qualifications to staff).
- Those who offered Apprenticeships to those aged 25 or more were less likely to strongly agree that Apprenticeships were a cost effective way to train staff (48 per cent) significantly fewer than those who did not offer Apprenticeships to those aged 25+ (54 per cent). This may reflect the fact that government funding for those aged 25+ has been substantially reduced or possibly the different nature of the Apprenticeships offered.
- Only five per cent of employers offered formal Apprenticeships that typically lasted 6 months or less, however these establishments were less likely to strongly agree that Apprenticeships were cost effective when compared to those offering longer duration formal Apprenticeships (47 per cent compared to 59 per cent of those who offered formal Apprenticeships of at least three years duration).

Amongst those offering informal apprenticeships, attitudes to their cost effectiveness were also positive, although less so than employers with formal Apprenticeships. Around three-quarters of all UK establishments currently offering informal Apprenticeships (76 per cent) agreed that they were a cost effective way to train new or existing staff, of which 38 per cent strongly agreed. Six per cent disagreed that informal apprenticeships were a cost effective way of training their staff while the proportion who were unsure or who neither agreed nor disagreed was substantially higher at 18 per cent suggesting a greater degree of disengagement for these employers.

7.9 Future demand for formal Apprenticeships

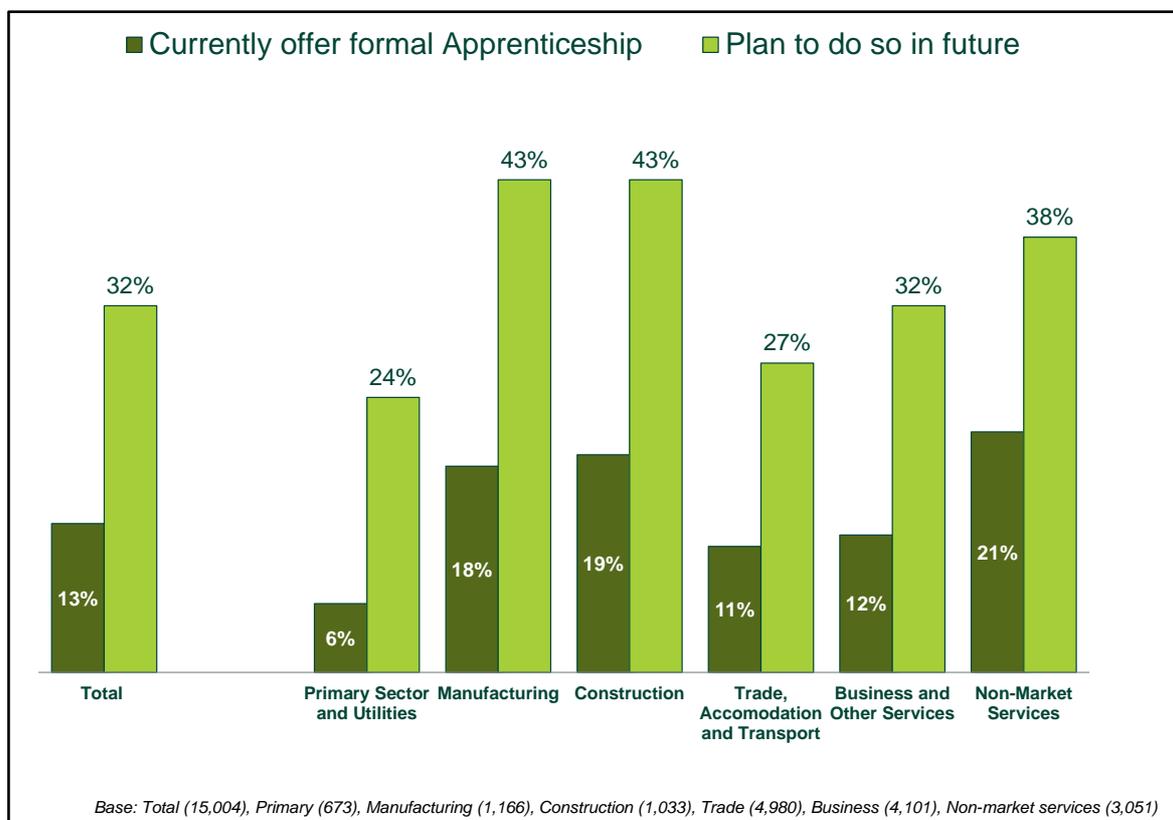
As detailed earlier, not only has the number of Apprenticeship starts risen over the last couple of years, but evidence from the UKCEPS series suggests that the proportion of establishments involved in offering formal Apprenticeships has also substantially increased. In terms of gauging future demand by employers, almost a quarter (24 per cent) of those not offering formal Apprenticeships reported that they were planning to do so in the future. While comparisons should be treated with caution, this is an increase from the proportion who indicated they planned to offer Apprenticeships in the future in UKCEPS 2010 and therefore indicates potential growth in future demand.

Although eight per cent of those in the Construction sector currently offering formal Apprenticeships reported that they were not planning to offer Apprenticeships in the future, this sector, along with Manufacturing, represent the areas of greatest future growth in percentage terms³². A third of those not currently offering formal Apprenticeships in the Construction and Manufacturing sectors reported that they were planning on doing so (33 per cent and 32 per cent).

A quarter of those not currently offering formal Apprenticeships in the Non-Market Services sector and Business and Other Services sector were planning on introducing them (25 per cent in each sector). A fifth of those not offering Apprenticeships in the Primary Sector and Utilities were planning on doing so (20 per cent) and the same proportion of those from the Trade, Accommodation and Transport sector (19 per cent).

The full extent of the potential size of the future market for formal Apprenticeships is depicted in Figure 7.5, where the levels of those who currently have or offer formal Apprenticeships is shown against those who plan to do so in the future.

Figure 7.5 Current level of establishments offering formal Apprenticeships compared with those who say they plan to do so in the future



³² Due to the relative size of each sector, as discussed in Chapter 2, a smaller growth in the Trade, Accommodation and Transport and Business and Other Services would equate to larger absolute growth. Indeed, of all establishments planning to offer formal Apprenticeships in the future (who don't do now), 35 per cent are in the Business and Other Services sector and 27 per cent are in the Trade, Accommodation and Transport sector (with 12 per cent in Construction, 12 per cent in Non Market Services, 8 per cent in Manufacturing and 5 per cent in the Primary Sector and Utilities).

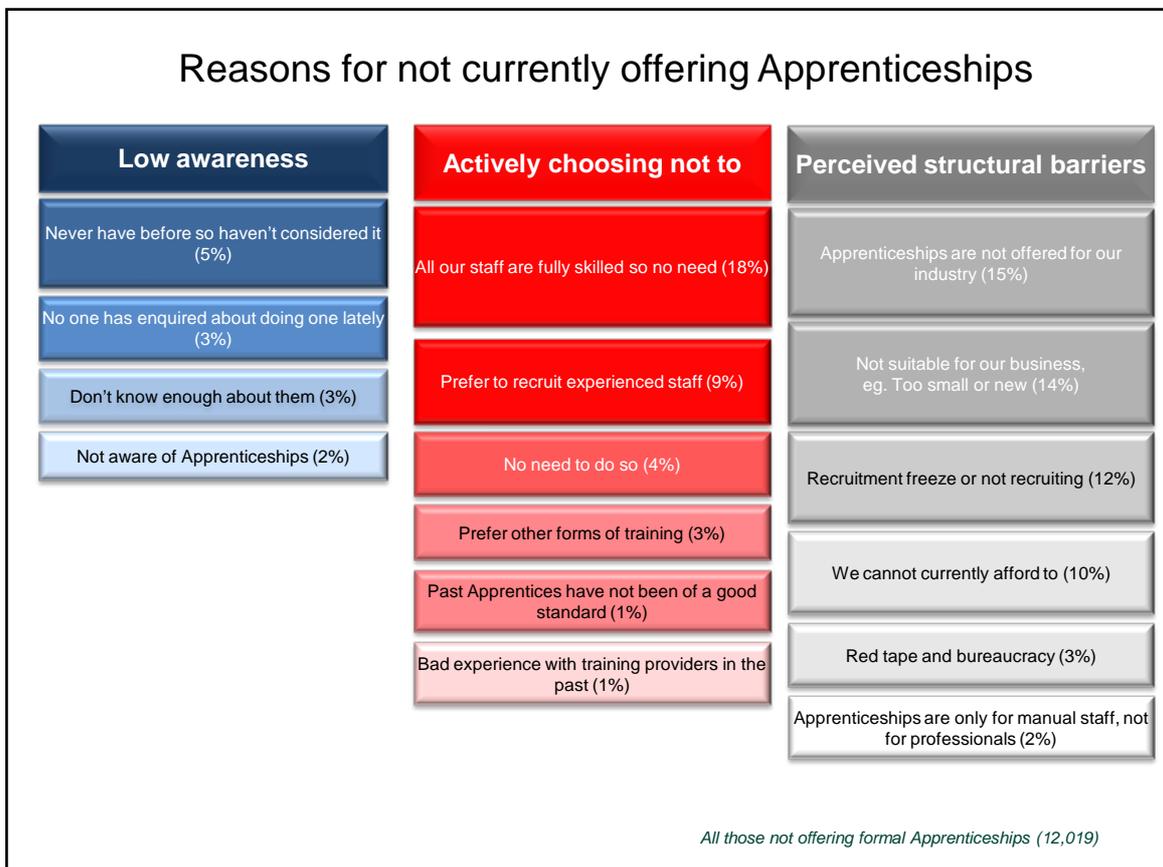
It is hoped that more employers in all areas of business will look to offer Apprenticeships in the future. If this is to be achieved, it is important to understand current barriers to offering Apprenticeship programmes, and in turn how to stimulate demand.

The three main reasons why establishments were not currently offering Apprenticeships are:

- A **lack of awareness** of Apprenticeships generally of what is involved or that they had not been approached by any agency regarding Apprenticeships;
- **Active reasons** that establishments gave for not choosing to offer Apprenticeships included a general feeling that they did not need to do, either because for example, their staff did not need training, or that they preferred to recruit fully trained staff;
- Finally there were some more **structural barriers** that establishments perceived to be preventing them from being able to offer Apprenticeships, such as the fact that Apprenticeships were not available in their sector, or for their size of business or that they are too financially demanding.

A breakdown of these reasons split by theme are outlined in Figure 7.6 below:

Figure 7.6 Reasons for not offering formal Apprenticeships



These results suggest that there are some areas where, with intervention, barriers could be overcome. For those establishments whose reasons were grounded in a lack of awareness, simply more information and more knowledge of the Apprenticeship programmes may boost participation. Similarly there are a number of perceived structural barriers that appear to be based on mis-information and so could be alleviated if reassurances around the cost or value of offering Apprenticeships or the flexibility of the Apprenticeship frameworks to suit a wide range of organisations were promoted. However, there may also be quality issues preventing some employers from engaging. Alternatively, funding changes which send different signals to employers about the Apprenticeship brand could be implemented.

Again as we have seen elsewhere in terms of work placements and in recruitment more generally, larger proportions of establishments in the Construction sector reported they were not recruiting (19 per cent) or could not afford to offer Apprenticeships (21 per cent). This was also the case in UKCEPS 2010 where budget and funding issues were cited for 17 per cent of those in Construction who did not offer Apprenticeships.

As seen earlier, a quarter of those not currently offering formal Apprenticeships expected to do so in the future with growth anticipated across all sectors. For these employers it will be particularly important to address any barriers and thus to ensure this potential growth is realised. For those who anticipate offering formal Apprenticeships in the future, what they claim to be stopping them now is that their staff are fully skilled (this raises questions about the perceived role of Apprenticeships among employers and about whether the level of demand for skills is ambitious enough), cost and the fact that they are not currently recruiting (each 16 per cent of those expecting to offer Apprenticeships in the future who do not currently).

7.10 Conclusions

Although relatively few establishments are involved with apprenticeships, where there is engagement this does tend to be with formal Apprenticeship frameworks that lead to nationally recognised qualifications, our proxies for the formal public system.

And where the public system is used the vast majority of employers are satisfied as evidenced by their perceptions of the cost effectiveness of Apprenticeships as well as their intentions to continue to offer Apprenticeships in the future.

When considering value for money, UKCEPS 2012 suggests that employers are looking beyond costs to consider outcomes and benefits. Employers in the Trade, Accommodation and Transport sector as well as those offering shorter duration are less likely to perceive formal Apprenticeships as particularly cost effective (although the vast majority are still positive).

However, the survey suggests that there are some issues surrounding the quality of Apprenticeships. Two per cent of employers offering formal Apprenticeships report that it comes with no training while five per cent report Apprenticeship durations of six months or less. These employers are less likely to view Apprenticeships as cost effective.

There are also two per cent of employers for whom involvement in apprenticeships is a private affair. For these employers, quality concerns are more acute. These employers are more likely to be report shorter apprenticeships with no training and limited involvement from external providers.

With the Richard Review (Richard, 2012) calling for Apprenticeships to *target only those who are new to a job or a role that requires significant and sustained training*, those employers who report that their Apprenticeships are only provided to existing staff are key to understand. Employers delivering Apprenticeships in this way are concentrated in certain sectors and although most of these still reported Apprenticeships that included training from either a provider or the employer and a typical Apprenticeship duration of over 12 months, it will be important to work with employers to ensure that Apprenticeships delivered in the future are of a high quality and relevant to business need.

It will also be important to address perceptions. Findings from UKCEPS 2012 suggest that many employers perceive the public Apprenticeship programme as a means of training their existing staff. It is clear that substantial work will need to be done to address employer perceptions if there is a significant move away from Apprenticeships being used as a (existing) staff development tool.

It is important to recognise that while Apprenticeships remain at the heart of skills policy across all the nations, there are differences in the policy offer across the 4 nations of the UK and this is reflected in differences of the perception and experience of Apprenticeships within each of the countries. Employers in Northern Ireland are less likely to offer formal Apprenticeships (10 per cent compared to 14 per cent in England and 12 per cent in Scotland and Wales). Where they do offer them they are more likely to come with no training but are less likely to be of a shorter duration. Employers offering formal Apprenticeships in Scotland are also less likely to report shorter duration Apprenticeships and are much more likely to report formal Apprenticeships of more than three years (40 per cent compared to 13 per cent across all UK).

Employer engagement with and perception of apprenticeships also varies significantly by sector and it is important to consider these differences when interpreting findings and considering implications for policy. Employers in the Construction and Manufacturing sectors, where there is longer history of involvement with Apprenticeships, are more likely to be engaged with almost no evidence of short duration Apprenticeships and, with respect to Manufacturing employers very unlikely to only offer to existing employees. Employers in the Non-Market Services sector also have a high level of engagement, perhaps reflecting that a certain level of vocational qualification is a statutory requirement for many in industries such as childcare and health and social work. The Trade, Accommodation and Transport sector stands out for a higher proportion of employers reporting short duration Apprenticeships as well as those offered only to existing employees. Tied to this, employers in this sector were also less likely view Apprenticeships as being cost effective (although most employers still do).

Although current engagement with Apprenticeships is still relatively low, employers are optimistic about their likely future involvement. This will need testing through further research but findings suggest that there is potential growth in employer engagement is potentially significant with almost a quarter of those not offering formal Apprenticeships (24 per cent) reporting that they were planning to do so in the future.

There are a number ways of supporting this growth. Firstly, barriers need to be addressed, whether this is a lack of awareness addressed through the provision of additional / different information or the (mis)perception of structural barriers tackled through marketing materials or channels or through funding changes which could potentially send different signals to employers about the Apprenticeship brand. Second, the quality of Apprenticeships has to be assured; these are the issues which lie at the core of the Richard Review. Third, there is a key role for intermediaries to play. The survey shows that while many employers are aware of various schemes and initiatives, use of most of these is low.

8 Employer Perspectives on Work Placements

Chapter Summary

Overall just over a quarter (27 per cent) of establishments offered any type of paid or unpaid work experience placement or internship in the 12 months preceding the survey. Around a quarter (24 per cent) of establishments had offered placements to school, college or university students, seven per cent had offered work experience placements covering work trials for potential new recruits and placements targeting the unemployed, and four per cent had offered internships.

Employers offering work placements were most likely to be motivated by social responsibility and altruism, such as wanting to give people the opportunity to gain experience or to support disadvantaged people. A fifth reported that it did also help with recruitment.

The most commonly cited reasons for not offering such opportunities among the 73 per cent of employers that had not done so were that they did not have any suitable roles as well as concerns over the time and resource it would take to administer.

Just under one-in-ten of all establishments had offered a work placement which had resulted in long-term or permanent employment for the individual involved (nine per cent); this represents about a third (32 per cent) of those who had offered any form of work placement.

8.1 The role of work placements

In this final chapter we turn to the broad topic of work placements, looking at employers' perspectives on and experiences of engaging people in their workplace on a temporary or short-term basis.

The survey considers a number of different models of work placements:

- **placements offered to people who are pursuing a course of education**, ranging from placements offered to those at school to placements offered to university students, by way of placements offered to those at college;
- **internships**, including internships or graduate schemes whether offered on a paid or an unpaid basis;
- **work experience**, incorporating placements targeted at work experience for the unemployed (such as those offered as part of the Work Programme) and work trials.

These placements involve potential employees being given experience of various aspects of the workplace. They also correspond to different areas of the policy agenda: delivering employability skills through education at all levels, social mobility effectiveness; youth unemployment and measures to combat unemployment and worklessness more generally.

What all the types of placement have in common is that they require the participation / engagement of employers to make them work. In this context, this chapter of the UKCEPS 2012 report establishes what proportion of employers currently offer each of the different types of work placement and to whom they are offered, before exploring employers' motivations for and barriers to involvement. Finally the chapter considers the extent to which work placements lead to offers of permanent employment.

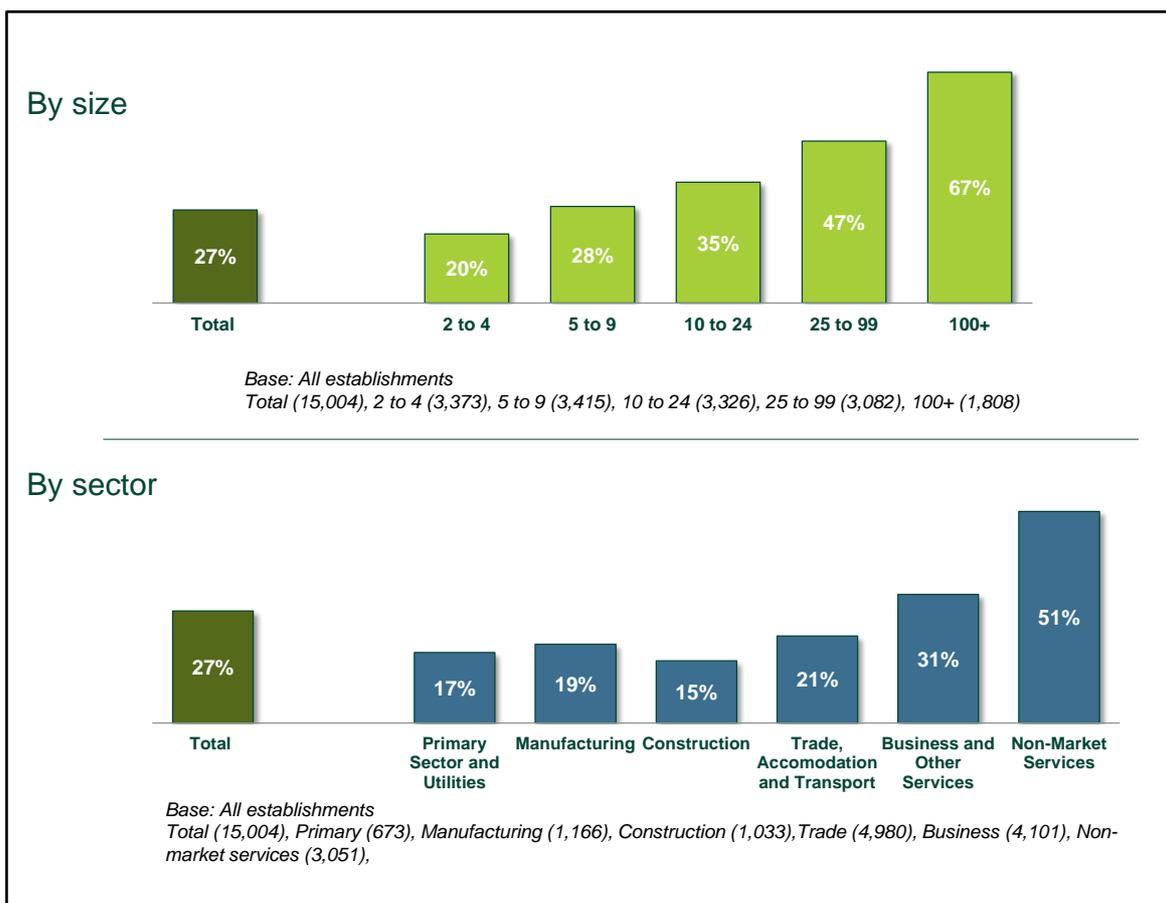
8.2 The extent to which work placements are offered

In order to understand how work experience placements might be more widely promoted to UK employers, we need to establish the extent to which they are offered, the type of placements that are offered and the types of establishments offering them.

Just over a quarter of all establishments offered any type of paid or unpaid work experience placement or internship in the past 12 months (27 per cent). Establishments in Northern Ireland (32 per cent) and Wales (30 per cent) were more likely to have offered these than those in England and Scotland (27 per cent).

The largest establishments were more likely than smaller ones to have had anyone on work placements; two-thirds of those with 100 or more staff had done so (67 per cent), compared to just a fifth of those with under five employees (20 per cent). Approximately half of all establishments in the public and third sector had had someone on a work placement in the last 12 months (50 per cent and 52 per cent), compared to around a quarter (23 per cent) of establishments in the private sector. Reflecting these differences, establishments in the Non-Market Services sector were doing much more than others in this area: half of all establishments in this sector (51 per cent) had offered some kind of work placement in the previous 12 months. A full breakdown of those offering work placements by size and sector is outlined in Figure 8.1, and in [Table A.13](#) in the appendices.

Figure 8.1 The extent to which work placements are offered (by size and sector)



Establishments from the Construction sector and the Primary Sector and Utilities were those least likely to have offered work placements in the previous 12 months (15 per cent and 17 per cent respectively). As seen elsewhere in this report, this seems driven in part by the fact that establishments in these sectors are more likely to be smaller, but also by the more cautious recruitment and training policies that employers in these sectors appear to have been adopting in response to the economic downturn.

Those establishments that appear to be more engaged in staff development were more likely to have people in on placements. Similarly there was a positive relationship between the likelihood of establishments to have had someone on a work placement and having had a vacancy in the last 12 months.

A third of those who had had recruited to fill a vacancy in the last 12 months had had someone on a work placement (34 per cent). This compared to 29 per cent of those who had had a vacancy which they had not filled; and 21 per cent of those who had not had a vacancy. The pattern was even stronger for those who had recruited a young person in the last 12 months: 37 per cent of these establishments had also had work placements, most commonly from education (32 per cent of those who had recruited a young person).

Establishments which were liP accredited were also more likely to have offered work placements (38 per cent) than those who did not hold the standard (25 per cent).

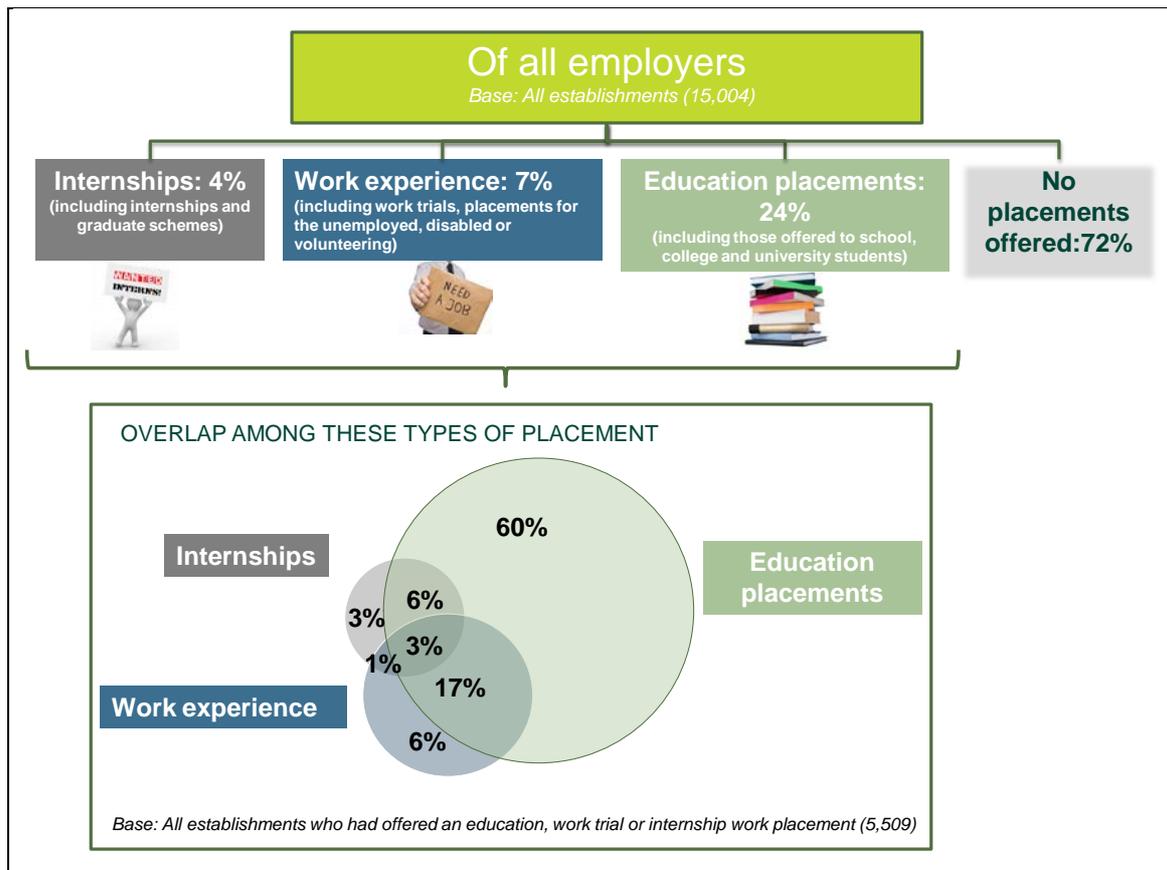
Those offering work placements were also more likely to be offering formal Apprenticeships, with almost a quarter doing so (23 per cent) compared to one-in-ten of those establishments who did not offer work placements (10 per cent). Similarly, as was found when considering those employers most likely to offer Apprenticeships, establishments that offered training to their staff and that had plans in place to evaluate and budget for training were more likely to have offered a work placement over the past 12 months. A third (33 per cent) of all establishments who plan and train had offered work placements, compared to 12 per cent of establishments that do not plan or train. This was not simply driven by the size of establishment: the pattern held among all sizes of establishments, with those who offered training to their staff being more likely to have offered work placements than those who did not. This reflects that employers who are engaged in offering Apprenticeships and/or work placements are more likely to be engaged in staff development in general.

8.3 The types of work placement offered by establishments

The different types of work placements offered by establishments can be classified into three main groups; **education placements**, for those currently in school, university or college, **internships**, including those who offer internships or graduate schemes and **work experience** placements, covering work trials for potential new recruits, placements targeting the unemployed or disabled and volunteering. Of these three types of placement, those offered to students in education were most common (24 per cent). Only seven per cent had offered work experience placements and internships were the least likely to be offered with just four per cent of establishments having done so.

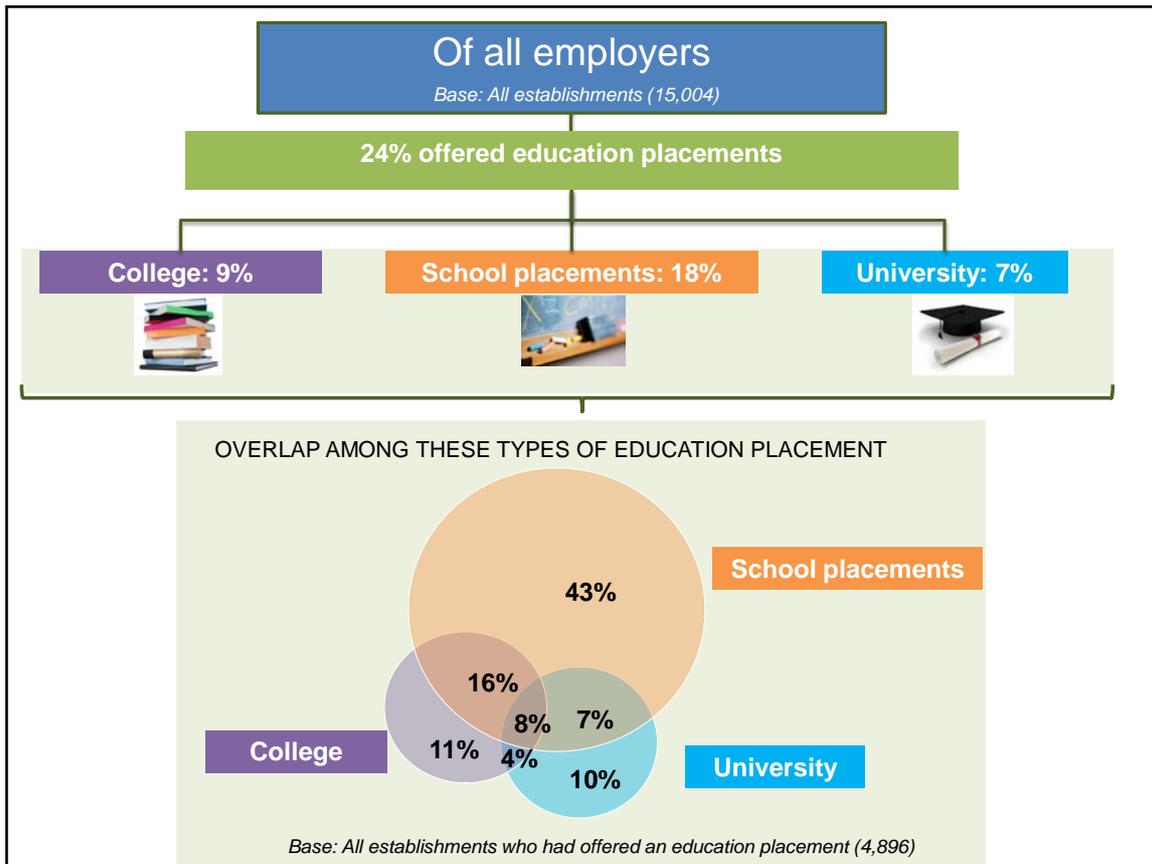
Of those establishments who had work placements in the last 12 months, approaching two-thirds had offered this opportunity solely to those in education (60 per cent, see Figure 8.2).

Figure 8.2 Types of work placement offered



Of the establishments who offered work placements to those in education two-fifths only offered them to pupils from school (43 per cent). Figure 8.3 shows the overlap of the three types of work placement offered by establishments and also highlights the extent to which those establishments offer them to different types of student.

Figure 8.3 Types of education placements offered



Work placements for those at school are the type that is most commonly offered by employers (18 per cent of all establishments). The high proportion of work placements offered to those in school reflects the fact that until recently nearly all school pupils (95 per cent) in year 10 and 11³³ undertook work experience placements (Department for Education, 2010; Hillage *et al.*, 1996; Hillage *et al.*, 2001). This followed the addition of work experience entitlement to the Education Act 1996 and the introduction in 2004 of the statutory requirement for the provision of work-related learning (often involving work experience) at key stage four.

However, in light of the recommendations made in the Wolf report (Wolf, 2011), the statutory requirement for workplace learning at key stage four was removed in March 2011, and from April 2011 the centralised funding for liaison between employers and schools such as this was retracted (Mann, 2012). Therefore it is possible that this change will impact on the future makeup of those on work placements.

³³ Years 10 and 11 are the final two years of compulsory school education, when pupils are aged between 14 and 16 years old and are working towards their GCSE's (also known as Key stage 4)

Whilst it could be argued that the removal of the statutory requirement for workplace learning at key stage four may lead to fewer pupils participating in work experience, on the other hand it could lead to increased variety in the profile of those taking up work experience placements. Initiatives set up by respective governments in the four UK nations designed at connecting young people with employers to help them gain work experience (such as the JCP Work Programme and Graduate Talent Pool across the UK and Get Ready for Work in Scotland) could help to perpetrate this.

Given that until recently nearly all school pupils at key stage four had to undertake work experience placements, but only 18 per cent of establishments offer placements to those in school, the work experience these pupils have been getting has been concentrated amongst a relatively small group of employers. Given the range of careers young people are ultimately destined to embark upon, it could be argued that the experience of work experience placements would be more effective if it were shared across a more diverse range of employers from all sectors and sizebands. Currently it is larger establishments and those from the Non-Market Services sector that are much more likely to offer all types of work placement.

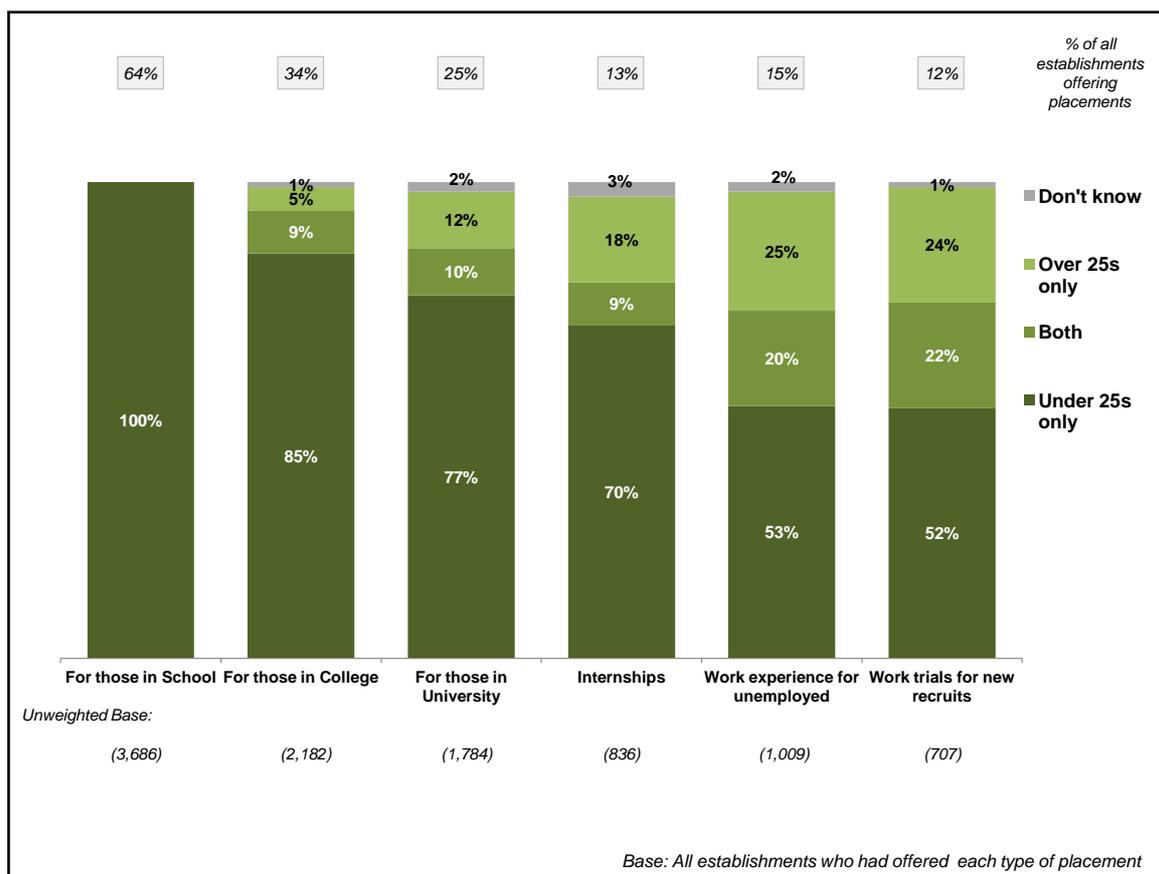
The survey covered usage of some recruitment initiatives that had the aim of pairing potential employees with employers for work placements. Usage of these to aid recruitment correlated strongly with the offering of such placements, suggesting some degree of success with establishments engaging with them:

- Establishments who had used Jobcentre Plus's Work Programme to assist with recruitment were more likely than average to have had people in on work experience placements aimed at the unemployed (15 per cent, compared to seven per cent average).
- Establishments who had used "Graduate Talent Pool", which aims to connect graduates with employers offering internships, were far more likely than average to have had someone in on a work placement (56 per cent compared to 27 per cent average), and in particular an internship (25 per cent compared to four per cent average).
- Similarly those in Scotland who had used the "Get Ready for Work" scheme, aimed at preparing young people for work or training, were far more likely to have had people in on placements with around two-thirds (68 per cent) having done so. This was true for all types of placement but in particular work experience placements aimed at the unemployed: almost half (41 per cent) of establishments who had used Get Ready for Work had had someone in on such a placement.

8.4 Age of those on work placements

Figure 8.4 depicts the ages of those offered work placements by the different types of placement offered. The majority of work placements were offered solely to people under the age of 25. Far fewer establishments solely offered work placements to those aged 25 years or older.

Figure 8.4 Ages of those offered placements, by different placement types



The majority of establishments who had offered work placements to those in education had only taken on those under 25 years old: 85 per cent of establishments who offered placements for those in college and 77 per cent of those who offered work placements to those in university. Similarly, seven in every ten establishments who had offered internships in the past 12 months had taken on only under 25 year-olds (70 per cent), although almost a fifth (18 per cent) of establishments had had internships that were filled only by those 25 or over.

The individuals taken on work experience placements for unemployed people or work trials for new recruits tended to be more diverse in age. Although just over half of these establishments only offered these placements to under 25 year-olds (53 per cent and 52 per cent respectively), in both cases around a quarter of establishments only offered this work experience to those 25 or over (25 and 24 per cent respectively).

Establishments in Northern Ireland and Wales were more likely to focus their work experience offering on those under 25. Establishments who had had people in on work placements in England (74 per cent), Northern Ireland (73 per cent) and Wales (73 per cent) were more likely to have only taken placements only from that age group, compared to 69 per cent in Scotland.

Establishments from the Non-Market Services sector were most likely to have taken on anyone aged 25 or more for a work placement (37 per cent, compared to 23 per cent average)

8.5 Reasons for and barriers to offering work placements

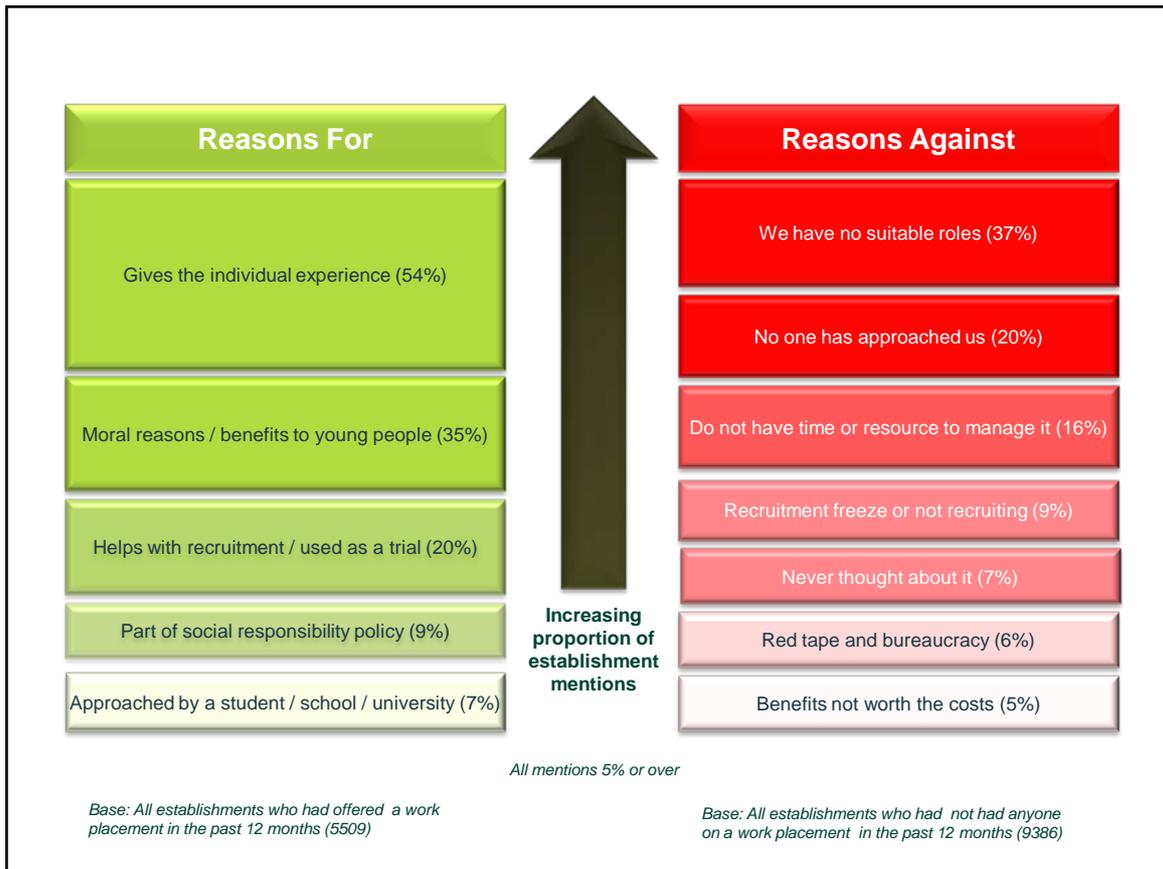
The reasons establishments offer placements are mostly driven by altruistic motives, whereas barriers are primarily concerned with a lack of opportunity or a lack of capability to do so.

Figure 8.5 shows that by far the most common reason mentioned by establishments for offering work placements was to give the individual an experience of working in an organisation (54 per cent). A further third of establishments felt that the experience was a benefit for the young people involved (35 per cent). Alongside these altruistic reasons some establishments also recognised the more corporate benefits of offering work placements, such as the fact that it can help with recruitment or can be used as a trial period (20 per cent) and that it raised their profile in the recruitment market (four per cent).

For those that did not offer work placements, the main reason given for not doing so was the impression that 'suitable' roles were not available in the organisation (37 per cent). There was also a feeling that offering work placements would take more time and resource to administer than was available (16 per cent), or that there was too much 'red tape' involved in doing so (six per cent).

Other reasons given for not offering work placements indicated a lack of awareness of placements in general (seven per cent had never thought about offering them) or that the impetus to arrange work placements was seen to be the responsibility of the individual (a fifth gave the reason that no one had approached them). These particular establishments had not actively chosen *not* to offer work placements and so could be a potential market to target, if awareness can be increased.

Figure 8.5 Reasons for and against offering work placements



The motivations for those who currently do offer work placements do differ by country, sector and size:

- Establishments in Scotland offering work placements were more likely to cite giving people experience as a reason for offering them (57 per cent compared to 53 per cent overall).
- Larger establishments of 100 or more staff who offered placements were more likely to mention that work placements help them with recruitment (29 per cent compared to an average of 20 per cent) and to explain their involvement as part of a wider formal corporate social responsibility programme (15 per cent, compared to nine per cent overall).
- Almost two-thirds of Non-Market Services sector establishments offering work placements gave the reason that work placements offer people experience (63 per cent, compared to 53 per cent overall).

- Establishments in the Primary Sector and Utilities who offered work placements were slightly less likely to mention altruistic reasons or 'doing their bit' as a reason for doing so (27 per cent compared to 35 per cent overall); these employers were more motivated by the benefits a placement could bring to the establishment such as not needing to pay work placements (seven per cent) and the benefits of having an extra pair of hands (six per cent), compared to three per cent overall who mentioned either of these reasons.

There were also differences by country, sector and size among those who did not offer placements, in their reasons:

- Establishments in Wales were less likely to mention that they had no suitable roles (32 per cent compared to 37 overall), but were more likely than average to mention that no one had approached them (26 per cent compared to 20 per cent overall).
- Establishments in England were more likely to mention that they do not have the time or resource to manage them (16 per cent, compared to 13 per cent in Scotland and 11 per cent in Northern Ireland and the same proportion in Wales).
- Establishments in Northern Ireland were most likely to use the fact that they currently have a recruitment freeze or are not hiring as a reason for not offering work placements (13 per cent compared to nine per cent overall).
- Smaller establishments of under five employees were most likely to feel they had no suitable roles available to do so (41 per cent, compared to just 30 per cent of those with 25 employees or more). The smaller establishments were also most likely to not be hiring (10 per cent, compared to five per cent of those with 25 or more staff).
- Smaller organisations were also more likely than larger organisations to say they did not have the time or the resource to manage work placements (17 per cent of those with fewer than ten staff cited this as a reason, compared to 12 per cent of those with ten or more staff).
- The largest establishments were more likely to mention "red tape" or bureaucracy as barriers to offering work placements (12 per cent compared to six per cent overall).

- A fifth of those in the Business and Other Services sector felt they did not have the time or the resource to manage work placements (20 per cent), compared to 16 per cent of all establishments. Just 13 per cent of those in the Trade, Accommodation and Transport sector felt this way.
- As seen elsewhere in the Primary Sector and Utilities and the Construction sector a larger proportion of those establishments gave reasons such as not hiring at present (11 per cent, compared to nine per cent overall).

This indicates that there are a number of perceived barriers that need to be overcome in order to increase the awareness of and participation in work placements among different employers. The benefits of increasing participation has been demonstrated in the UK Commission's Employer Skills Survey 2011 (UKCESS 2011) report, which showed that whilst most employers think that education leavers are well prepared for work, some do not. Among those who thought the education leavers they've recruited have been poorly prepared for work, the most common reason was a lack of work experience. Similarly in the present survey employers who had not taken on young people often said it was because they lacked experience (29 per cent). An increase in work placement participation would be beneficial not only for future employers of those on placements, but also to improve the chances of these individuals gaining long term employment.

8.6 The extent to which work placements end in employment

Around one-in-ten of all establishments had offered a work placement which had resulted in long-term or permanent employment for the individual involved (nine per cent); this represents around a third (32 per cent) of those who had offered any form of work placement.

Twenty-two per cent of all establishments who offered work placements reported that they had taken someone on at the end of their placement, whilst 15 per cent had done so after the individual finished their education or course.

This tends to support the view that placements are not often a direct route to recruitment, but are more often a more altruistic way of giving people work experience, with potentially sector-wide benefits.

Work placements were far more likely to end in employment for those who undertook them with a large company. Establishments with 100 or more staff were more likely to have offered a permanent role to someone who had been on work placement (57 per cent of those who had had people in on placements) compared to a fifth of those with under five employees (21 per cent).

Establishments in the Non-Market Services sector were most likely to offer those on work placements a permanent or long-term role (43 per cent).

8.7 Conclusions

Only a minority of employers offer work placements and where they do they tend to be provided for those in education and for schoolchildren in particular. This relatively limited activity is heavily skewed towards larger establishments and those from the Non-Market Services sector.

Increasing and broadening employer participation in work placements is seen as one of the key means of meeting the *Youth Employment Challenge*. However, findings from UKCEPS demonstrate the scale of challenge ahead, not only in terms of the low number of employers currently involved, but also in how work placements are viewed.

The majority of those who are currently engaged are motivated for altruistic or philanthropic reasons. Only a few employers cite business benefits such as the short-term flexibility that work placements can bring or seeing them as a valuable source of recruits. Given that only a minority of placements ends in employment perhaps this is hardly surprising but is something that will need to change if we are to see a step change in behaviour. And amongst those not engaged, barriers such as employers believing that they have no suitable roles or the time and resource that it takes to administer need to be addressed. It is encouraging, however, that a fifth of employers claim that one of the reasons they are not involved is because no-one has approached them. This does suggest that there will be a significant minority of employers who could be immediately open to the idea of offering work placements.

9 Conclusions

The Employer Perspectives Survey develops our understanding of *how* employers go about meeting their skills needs. It looks at how they bring in new recruits and what they look for from them, and at the tools they use to develop the skills of their existing employees. In doing so it gives insight into employer perspectives on the market that exists to support and assist employers in these activities, exploring in particular how the public sector offer sits within that market.

The UKCEPS 2012 was undertaken on a large-scale, and as such it provides a significant source of research data, particularly when used in conjunction with its 2010 predecessor, and with the UK Commission's Employer Skills Survey series. This report has presented an initial overview of the survey findings, and this final section posits some conclusions based on these.

9.1 Employer engagement with recruitment services

In the 12 months prior to the survey, around half of employers had engaged with the labour market in looking to bring new at least one new recruit in. This recruitment may be focused on replacing people who have left the organisation, or supporting and delivering growth.

The channels that employers use to source new recruits span the public and private domains, with government services and initiatives operating alongside commercial provision and employers' own channels.

Jobcentre Plus (JCP) is among the most common channels that employers use to find new recruits, but it is operating within a busy market. Most employers who are looking to recruit don't use JCP, and those which do tend to use it in combination with other channels, most commonly other free channels, but also paid private recruitment services.

A range of initiatives exist across the UK to connect disadvantaged and vulnerable groups within the labour market to available jobs, and many of these are focused on helping young people into employment. There is quite widespread employer awareness of some of these schemes, but few employers have used or engaged with them.

By contrast, the single most common channel that employers call upon when recruiting is word of mouth and personal recommendation. This has potential to have negative impacts for some groups within the labour market (see UKCES, 2012), as it can exclude those without contacts and links with employers and people in employment. From this perspective, however, it is more positive that most employers who use word of mouth as a source of new recruits do so as part of a wider repertoire of recruitment activity. Nevertheless, there remains a minority of employers whose labour market is relatively closed, relying solely on this recruitment channel.

Just over a quarter of all establishments had recruited a young person in the last 12 months. To get this into context, this equates to just under two thirds of all recruiting establishments. It is important to note, therefore, that the majority of establishments that have recruited, therefore, *have* taken on young people, although recruitment was more likely to be of 19-24 year-olds than 16-18 year-olds (which is likely to reflect availability and applications). In addition, the main reason recruiting employers had not recruited a young person was that no young people had applied. Whilst in some cases this would have been due to the (perceived) suitability of the job, it is also likely that in other cases the recruitment channels being used were not reaching young people to enable them to apply. However, three-in-ten employers who recruited only someone aged 25 or more cited a lack of experience, and just under a quarter said a lack of skills was a key reason they had not recruited a young person.

In *The Youth Employment Challenge* (UKCES, 2012) the UK Commission has identified the need to increase the work experience opportunities young people receive. Here, the UKCEPS 2012 establishes that a quarter of establishments had offered work experience of some kind in the year preceding the survey. They mostly did so for altruistic and philanthropic reasons, but the time and resource needed to manage placements is off-putting for many employers.

9.2 Employer engagement with people development services

Approaching three-quarters of employers provide at least some training for at least some of their staff, and most of them pursue training as a planned business activity. More employers meet their training needs internally than use external training provision.

When they do use external training providers, it is more common for establishments to use private training providers (including commercial and not-for-profit providers), than those in the public sector; and it also more common for (some) employers to say that they could not find relevant courses in the public sphere than in the private.

That said, the public and private markets seem to be serving different constituencies. Employers who *do* use public training provision say that they do so because it is relevant to their needs; and because they don't think that other (private) provision is.

Public provision is more commonly perceived to offer good value for money, and private provision is more commonly perceived to be too expensive. The role of subsidy in establishing these pricing differentials appears to be commonly misunderstood or underestimated: around half of employers accessing training through FE Colleges and/or Universities believe that they fund this training entirely themselves.

Public training provision is more likely to be training which leads to vocational qualifications. Perceptions of these qualifications have improved since the reform programme among those who have already bought into them: a sizeable minority of the employer population. However, employers on the whole are more likely to value academic qualifications than vocational qualifications when recruiting new staff.

Although relatively few establishments are involved with apprenticeships, where there is engagement this does tend to be with formal Apprenticeship frameworks that lead to nationally recognised qualifications. And where the public system is used the vast majority of employers are satisfied as evidenced by their perceptions of the cost effectiveness of Apprenticeships as well as their intentions to continue to offer Apprenticeships in the future.

However, the survey suggests that there are some issues surrounding the quality of Apprenticeships; two per cent of employers offering formal Apprenticeships report that it comes with no training while five per cent report Apprenticeship durations of six months or less. There are also two per cent of employers for whom involvement in apprenticeships is a private affair. For these employers, quality concerns are more acute: they are more likely to be reporting shorter apprenticeships with no training and limited involvement from external providers.

Although current engagement with Apprenticeships is still relatively low, employers are optimistic about their likely future involvement, suggesting that there is significant potential for growth in employer engagement with Apprenticeships. Almost a quarter of those not currently offering formal Apprenticeships (24 per cent) reported that they were planning to do so in the future.

9.3 Sectoral and size patterns

Looking across the areas covered by the survey, some common themes emerge with regards to the types of establishment that are most engaged, and the types which are least engaged with the external recruitment and training spheres.

Large establishments were most likely to have engaged with external services across the board, as these establishments are the most likely to have been recruiting or providing training for staff due to the size and turnover of their workforce. By comparison, just three per cent of establishments with 2-4 staff were highly engaged in this way. Whilst in some cases this will be due to a lack of need in these smaller establishments, often the smallest establishments (particularly those without a head office function) will not have a dedicated HR team or manager. This limits the resource they have to find out about the different initiatives and services available to them to aid them in maximising the effectiveness of their recruitment and training activities.

There were also strong sectoral patterns of engagement. In broad terms, establishments in the public sector or the third sector were far more likely to engage with external services, particularly publicly provided services, than those from the private sector.

Below this broad level, two sectors stand out in their perspectives on and experience of the challenge of building and developing a workforce that meets their employers' needs: the Non-Market Services sector and the Construction sector.

The Non-Market Services sector stands out as being the most likely to provide training for its workforce, and the most likely to use all forms of training to do so: private, public and internal provision. Establishments in the sector were the most likely to recruit young people, to offer Apprenticeships and to offer work placements, particularly to young people in education. They placed the highest value on qualifications, of all types; and they were also the most likely to seek advice from external bodies about skills and training issues.

This is in part due to the size of the establishments in this sector: larger establishments are more likely to engage and the sector is disproportionately comprised of larger establishments. But it also reflects the nature of the sector. Establishments operating in the spheres of education, health and care commonly face legal and professional requirements for employees to be accredited and/or developed (e.g. in care, education etc), creating a market for ongoing training and the acquisition of qualifications. By definition, the sector is rooted in the public sphere, and it is more aware of what that sphere has to offer in terms of recruitment and training services and initiatives.

Employers in the Construction sector attract special mention in a number of places through the report. There is a sector which appears to have suffered more than most in the recession: Construction employers were the most likely of all sectors to report a decrease in the size of their workforce and fewer establishments in the sector than average had increased their headcount. They were considerably less likely to have placed vacancies than employers in most sectors (with the exception of the Primary and Utilities sector).

Those employers in the construction sector who had looked to bring in new recruits were by far and away the most likely group of employers to do so through word of mouth, and were the least likely to use most of the other channels (including Jobcentre Plus). Construction sector employers were the most likely to say that they never brought in *new* people to their key / largest group of employees (recruiting these internally), and those that did recruit externally to key roles were the most likely to say that these new recruits were already fully or close to fully skilled. All of this goes to suggest a sector which is relatively closed market for labour.

In line with this, a greater proportion operate without providing training for any of its employees, although such non-training Construction sector employers are still in the minority in the sector. The sector does have training needs, and values VQs quite highly. The sector is among the most likely to offer formal Apprenticeships. Reflecting this, Construction sector employers which do provide training are more likely than average to use both private providers and FE Colleges.

The two largest sectors are the Business and Other Services sector and the Trade, Accommodation and Transport sector. In some ways, the latter appears to stand in large part outside of the market for skills development. It stands out as the sector with the smallest proportion of employers which provide external training. And it is also the sector where those who do train externally are the least likely to use public provision, and where employers place least value on qualifications. On the other hand, the sector – which is dominated by retail and hospitality employers – is among the most likely to recruit young people.

The Trade, Accommodation and Transport sector is not particularly more or less likely to offer Apprenticeships, but also stands out for a higher proportion of employers reporting short duration Apprenticeships, and for offering them only to existing employees.

9.4 Future directions

The UKCEPS 2012 findings reveal a number of interesting and encouraging findings about the future and opportunities for change.

In particular, the findings on business outlook show a perhaps unexpected degree of confidence in the prospects of future growth. Almost a half of private sector establishments expected their business to grow in the next 12 months, and two-fifths anticipated that their business would remain about the same. One-in-ten businesses felt their business was likely to contract over the upcoming year. Notably, there is also greater confidence among younger employers than among older employers (in terms of the length of time in operation). Three-quarters of employers that had been in operation for less than one year were anticipating growth in the year ahead, and almost a third were anticipating significant growth.

Alongside this optimism about business outlook, there is also evidence of significant investment in training, and of qualitative (if not quantitative) improvements in vocational qualifications. As noted above, it is also encouraging almost a quarter of those employers that currently don't offer Apprenticeships say that they expect to do so in the next two to three years.

It will be important to support these developments and make the most of these opportunities in the future. In particular, the training and development needs of growth businesses need to be met; public provision needs to be better aligned with training investment with clear opportunities here for FE and HEI institutions; and the barriers to engaging with VQs and apprenticeships in particular need to be addressed. The evidence from this survey offers many insights to help inform policy development in these areas.

9.5 Further analysis

This report provides the first analysis of the UKCEPS 2012 survey results. Clearly, the breadth and depth of the survey enables considerably more analysis to be conducted into the interface between employers and the skills system and how employers meet their skills needs than could be covered in this report. Additionally, analysis which draws together evidence from this survey, and from the UKCESS 2011 on skill requirements and how they are shaped, will strengthen the evidence base. The two sources allow for detailed analysis by employer size, sector, geography and other characteristics, and so offer great opportunity to mine the data in more depth to enhance and improve skills investment and to ensure it effectively drives enterprise, jobs and growth.

Appendix A: Supplementary Tables

Table A.1 Change in size of establishment

		% of establishments with increased employment	% of establishments with decreased employment	% of establishments employment remained about the same
	<i>Unwtd base</i>	%	%	%
Total	15,004	15	15	66
Country				
England	10,003	16	15	66
Northern Ireland	1,000	10	18	69
Scotland	2,000	14	15	67
Wales	2,001	14	14	68
Size				
2 to 4	3,373	9	15	71
5 to 9	3,415	19	14	64
10 to 24	3,326	24	14	61
25 to 99	3,082	28	14	56
100+	1,808	31	20	47
Sector				
Primary Sector & Utilities	673	12	14	73
Manufacturing	1,166	20	14	64
Construction	1,033	13	23	60
Trade, Accommodation & Transport	4,980	13	14	69
Business and Other Services	4,101	17	14	65
Non-Market Services	3,051	19	13	66

Base: All establishments.

Table A.2 Recruitment Channels

	<i>Unwtd base</i>	Word of mouth / personal recommendation	Job centre/Job centre plus/Jobs and Benefits Office	Local newspapers (includes paper or online)	Own website	Recruitment agencies	Internal notices (notice boards / intranet) / filled it internally	Notice boards / shop windows	Other free websites	Paid for Recruitment websites	School / college / university job fairs or career services
		%	%	%	%	%	%	%	%	%	%
Total	9,576	29	28	21	17	17	12	10	9	7	5
Country											
England	6,486	31	27	21	17	18	12	10	9	7	5
Northern Ireland	544	18	29	36	13	15	10	6	9	6	3
Scotland	1,312	22	30	24	19	10	14	8	12	8	4
Wales	1,234	28	40	20	17	11	9	10	7	4	5
Size											
2 to 4	995	38	23	17	10	11	9	9	8	5	5
5 to 9	1,840	31	27	20	15	13	11	12	9	6	4
10 to 24	2,365	24	30	24	20	19	13	11	9	8	4
25 to 99	2,656	20	37	28	27	26	16	7	11	9	4
100+	1,720	16	33	31	44	37	19	3	14	16	6
Sector											
Primary Sector & Utilities	308	38	25	21	6	18	5	3	5	4	5
Manufacturing	737	34	32	21	10	29	6	2	7	7	7
Construction	474	51	23	16	5	18	3	1	4	5	2
Trade, Accommodation & Transport	3,142	31	31	16	18	11	16	19	7	4	3
Business and Other Services	2,555	29	23	19	17	23	9	6	11	11	7
Non-Market Services	2,360	16	35	40	27	12	16	6	13	7	4

Base: All establishments who had had vacancies in the past 12 months.

Channels mentioned by less than 5% of all establishments with vacancies not shown.

Table A.3 Factors employers see as critical or significant

			Having a particular level of achievement of academic qualifications		Having a relevant NVQ or SVQ		Having a relevant vocational qualification other than an NVQ or SVQ	
			2012	2010	2012	2010	2012	2010
	<i>Unwtd base 2012</i>	<i>Unwtd base 2010</i>		%	%	%	%	%
Total	15,004	14,390	13	10	9	7	7	5
Country								
England	10,003	9,432	13	10	8	7	7	5
Northern Ireland	1,000	990	16	13	13	9	8	7
Scotland	2,000	1,981	12	11	9	9	7	6
Wales	2,001	1,987	10	9	8	7	7	7
Size								
2 to 4	3,373	2,102	11	9	8	7	7	5
5 to 9	3,415	1,995	13	11	9	8	7	5
10 to 24	3,326	3,077	14	11	10	7	8	5
25 to 99	3,082	4,468	15	15	11	10	9	7
100+	1,808	2,748	23	15	8	5	9	5
Sector								
Primary Sector & Utilities	673	n/a	6	n/a	5	n/a	6	n/a
Manufacturing	1,166	n/a	10	n/a	5	n/a	5	n/a
Construction	1,033	n/a	9	n/a	11	n/a	10	n/a
Trade, Accommodation & Transport	4,980	n/a	7	n/a	5	n/a	4	n/a
Business and Other Services	4,101	n/a	18	n/a	10	n/a	8	n/a
Non-Market Services	3,051	n/a	23	n/a	19	n/a	12	n/a

Base: All establishments.

'n/a' denotes figures not comparable between 2010 and 2012 due to differences in the way the sector definitions were applied to the surveys.

Table A.4 Whether sought or received advice, information or practical help from sources external to organisation in last 12 months

	<i>Unwtd base</i>	Sought advice	Did not seek advice
		%	%
Total	15,004	31	65
Country			
England	10,003	31	65
Northern Ireland	1,000	27	70
Scotland	2,000	28	67
Wales	2,001	31	65
Size			
2 to 4	3,373	24	74
5 to 9	3,415	31	64
10 to 24	3,326	41	53
25 to 99	3,082	50	42
100+	1,808	55	33
Sector			
Primary Sector & Utilities	673	30	67
Manufacturing	1,166	31	66
Construction	1,033	27	70
Trade, Accommodation & Transport	4,980	24	72
Business and Other Services	4,101	32	65
Non-Market Services	3,051	51	42

Base: All establishments.

Table A.5 Incidence of Internal and External Training

	Any internal training		Any external training		Internal or external training		No training	
	<i>Unwtd base</i>	%	%	%	%	%		
Total	15,004	63	47	73	27			
Country								
England	10,003	62	47	73	27			
Northern Ireland	1,000	63	45	74	26			
Scotland	2,000	66	48	75	25			
Wales	2,001	62	45	72	28			
Size								
2 to 4	3,373	48	33	60	40			
5 to 9	3,415	69	50	82	18			
10 to 24	3,326	81	66	91	9			
25 to 99	3,082	91	79	97	3			
100+	1,808	97	88	99	1			
Sector								
Primary Sector & Utilities	673	48	46	64	36			
Manufacturing	1,166	63	43	72	28			
Construction	1,033	46	45	62	38			
Trade, Accommodation & Transport	4,980	63	34	70	30			
Business and Other Services	4,101	63	49	74	26			
Non-Market Services	3,051	83	81	95	5			

Base: All establishments.

Table A.6 Sources of External Training

		Commercial	Not for profit	FE College	University / HEI
	<i>Unwtd base</i>	%	%	%	%
Total	9,085	75	24	25	13
Country					
England	6,054	76	24	25	12
Northern Ireland	614	75	29	23	15
Scotland	1,214	74	29	28	16
Wales	1,203	73	26	31	16
Size					
2 to 4	1,122	72	21	19	7
5 to 9	1,715	74	24	22	11
10 to 24	2,227	77	27	28	12
25 to 99	2,434	81	27	35	21
100+	1,587	86	35	54	43
Sector					
Primary Sector & Utilities	388	89	12	20	8
Manufacturing	728	81	17	28	12
Construction	621	83	11	29	6
Trade, Accommodation & Transport	2,213	73	15	19	6
Business and Other Services	2,522	76	24	23	12
Non-Market Services	2,613	68	47	36	26

Base: All establishments that had arranged or funded external training for staff in the past 12 months.

Table A.7 Funding Training at FE Colleges

		Funded entirely by establishment	Funded partly by establishment	Funded entirely elsewhere
	<i>Unwtd base</i>	%	%	%
Total	3,018	45	33	18
Country				
England	1,930	44	32	19
Northern Ireland	186	52	29	14
Scotland	431	53	30	15
Wales	471	37	41	16
Size				
2 to 4	213	47	28	22
5 to 9	406	44	35	18
10 to 24	636	41	34	19
25 to 99	884	46	33	16
100+	879	48	37	9
Sector				
Primary Sector & Utilities	116	36	52	12
Manufacturing	306	49	35	10
Construction	218	45	34	17
Trade, Accommodation & Transport	500	46	24	24
Business and Other Services	733	50	31	17
Non-Market Services	1,145	39	36	19

Base: All who had used FE colleges.

Table A.8 Funding Training at Universities and other HEIs

		Funded entirely by establishment	Funded partly by establishment	Funded entirely elsewhere
	<i>Unwtd base</i>	%	%	%
Total	1,813	52	29	15
Country				
England	1,126	53	28	15
Northern Ireland	127	44	34	13
Scotland	281	51	29	17
Wales	279	46	34	15
Size				
2 to 4	86	51	31	16
5 to 9	194	49	25	21
10 to 24	303	47	30	18
25 to 99	539	54	28	13
100+	691	60	30	4
Sector				
Primary Sector & Utilities	51	49	28	23
Manufacturing	160	66	27	1
Construction	68	54	36	6
Trade, Accommodation & Transport	188	59	18	14
Business and Other Services	436	62	24	11
Non-Market Services	910	41	35	20

Base: All who had used Universities and other HEIs.

Table A.9 Recruitment of young people

	% of all establishments				% of establishments who had recruited	
		Recruited young people	Only recruited aged 25+	Not recruited		Recruited young people
	<i>Unwtd base</i>	%	%	%	<i>Unwtd base</i>	%
Total	15,004	27	16	57	9,006	62
Country						
England	10,003	27	16	56	6,129	62
Northern Ireland	1,000	21	14	65	498	59
Scotland	2,000	30	15	54	1,236	66
Wales	2,001	25	14	62	1,143	64
Size						
2 to 4	3,373	13	12	75	827	51
5 to 9	3,415	29	21	50	1,681	59
10 to 24	3,326	46	21	32	2,229	68
25 to 99	3,082	64	20	15	2,578	75
100+	1,808	81	10	6	1,691	86
Sector						
Primary Sector & Utilities	673	15	11	74	285	57
Manufacturing	1,166	22	18	59	688	55
Construction	1,033	15	12	72	428	55
Trade, Accommodation & Transport	4,980	33	13	54	2,973	71
Business and Other Services	4,101	25	17	58	2,372	58
Non-Market Services	3,051	37	25	38	2,260	59

Base: Columns 1 to 3: all establishments; Column 4: establishments who had recruited in last 12 months.

Table A.10 Whether have or offer apprenticeships, and whether these are formal Apprenticeships

	Any app's offered		Offer or have formal app's	Have current formal app's	Offer formal but do not currently have	Offer or have informal app's	% of those with app's that offer or have formal app's	
	Unwtd base	%	%	%	%	%	Unwtd base	%
Total	15,004	15	13	9	5	2	3,229	89
Country								
England	10,003	15	14	9	5	2	2,301	89
Northern Ireland	1,000	13	10	6	5	2	162	82
Scotland	2,000	13	12	9	3	1	396	89
Wales	2,001	13	12	8	4	1	370	92
Size								
2 to 4	3,373	10	8	5	3	1	311	86
5 to 9	3,415	15	13	8	5	2	489	86
10 to 24	3,326	23	21	13	7	2	725	91
25 to 99	3,082	29	27	19	8	2	862	94
100+	1,808	48	46	38	8	1	842	97
Sector								
Primary Sector & Utilities	673	8	6	4	3	2	88	77
Manufacturing	1,166	20	18	13	5	2	379	89
Construction	1,033	21	19	12	7	2	328	91
Trade, Accommodation & Transport	4,980	13	11	7	5	2	903	88
Business and Other Services	4,101	14	12	8	4	2	746	87
Non-Market Services	3,051	21	21	14	7	1	785	96

Base: Columns 1 to 5: all establishments; Column 6: establishments that currently have or offer any apprenticeship scheme.

Table A.11 Source of training received by Apprentices

		Only from training provider	From both training provider and employer	Only from employer	No training offered
	<i>Unwtd base</i>	%	%	%	%
Total	2,985	17	73	5	2
Country					
England	2,126	17	74	4	2
Northern Ireland	146	28	55	8	8
Scotland	367	13	69	13	3
Wales	346	14	73	10	1
Size					
2 to 4	265	19	69	6	3
5 to 9	424	17	73	6	3
10 to 24	662	17	74	5	2
25 to 99	814	17	76	3	2
100+	820	13	79	4	1
Sector					
Primary Sector & Utilities	76	31	60	3	-
Manufacturing	352	22	64	7	4
Construction	307	20	62	9	7
Trade, Accommodation & Transport	820	17	72	5	2
Business and Other Services	677	12	79	6	1
Non-Market Services	753	18	77	2	1

Base: All establishments who have or offer formal Apprenticeships.

'-' denotes zero

Table A.12 Apprenticeships – existing staff vs. new recruits

	<i>Unwtd base</i>	Any new recruits %	Any existing employees %	Only offer to existing employees %
Total	2,985	88	49	9
Country				
England	2,126	88	48	9
Northern Ireland	146	93	50	5
Scotland	367	89	50	8
Wales	346	87	54	11
Size				
2 to 4	265	90	38	5
5 to 9	424	88	50	10
10 to 24	662	89	53	10
25 to 99	814	84	57	14
100+	820	86	59	13
Sector				
Primary Sector & Utilities	76	96	54	4
Manufacturing	352	94	35	3
Construction	307	87	43	8
Trade, Accommodation & Transport	820	82	57	16
Business and Other Services	677	94	40	5
Non-Market Services	753	87	59	11

Base: All establishments that offer formal Apprenticeships.

Table A.13 Whether had anyone on a work placement

	<i>Unwtd base</i>	Any placement offered	Placements for people at school	Placements for people at college	Placements for people at university	Internships, either paid or unpaid	Placements targeted at giving work experience to the unemployed	Work trials for potential new recruits
		%	%	%	%	%	%	%
Total	15,004	27	18	9	7	3	4	3
Country								
England	10,003	27	18	9	7	3	4	3
Northern Ireland	1,000	32	17	14	8	4	8	2
Scotland	2,000	27	16	8	8	3	6	3
Wales	2,001	30	20	11	6	3	7	4
Size								
2 to 4	3,373	20	12	5	4	2	3	2
5 to 9	3,415	28	18	9	6	3	4	4
10 to 24	3,326	35	23	13	10	4	4	4
25 to 99	3,082	47	31	21	17	7	7	8
100+	1,808	67	49	29	33	19	15	8
Sector								
Primary Sector & Utilities	673	17	8	6	4	1	3	2
Manufacturing	1,166	19	13	4	4	3	1	3
Construction	1,033	15	9	3	2	1	2	2
Trade, Accommodation & Transport	4,980	21	15	6	3	2	5	3
Business and Other Services	4,101	31	20	9	9	5	3	4
Non-Market Services	3,051	51	34	29	18	7	9	5

Base: All establishments.

Appendix B: Young Growth Businesses

“Young growth businesses”, in this survey's definition, are establishments which have been set-up within the last three years, which have seen their workforce grow over the past 12 months, and which predict that their business will grow over the next 12 months.

Such “young growth businesses” make up a very small part of the employer population – the survey estimates that they constitute around one per cent of all establishments (around 25,000 employers).

As one would expect, the vast majority of these establishments are small: 86 per cent had fewer than 10 employees (compared to 74% across all establishments).

In terms of Sector, the Construction sector was over represented within the young growth businesses group (with 18 per cent of young growth businesses coming operating in Construction, compared to 10 per cent overall) as was the Business and Other Services sector (38 per cent of young growth businesses, compared to 33 per cent of all employers). On the other hand, businesses in the Trade, Accommodation and Transport sector (22 per cent compared to 33 per cent) and non-market sector (9 per cent compared to 12 per cent) were under-represented.

“Young growth businesses” are distributed across the countries of the UK more or less in line with the overall population.

“Young growth businesses” and recruitment

By definition, “young growth businesses” have seen their headcount grow in the last 12 months (some of them will have grown from scratch, being new start-ups) and so they are recruiting employers.

Young people seem to be quite important to their recruitment ambitions: almost half of all young growth businesses had hired any young people (under 25 years old) in the last 12 months (47 per cent), compared to just over a quarter of all establishments overall (27 per cent).

Like other employers, “young growth businesses” tend to need to develop the skills of new recruits whom they bring in to key roles: three-quarters identified a need to develop new recruits (76 per cent) in line with the UK average (71 per cent). A significantly higher proportion of young growth businesses hired people with few or none of the skills their role requires them to have (19 per cent), a significantly higher proportion than the average (12 per cent), indicating these businesses are prepared to develop new recruits.

When looking to recruit new employees, a higher proportion of “young growth businesses” saw having a particular level of achievement of academic qualifications as critical or significant (54 per cent compared to 44 per cent overall). Similarly a higher proportion of “young growth businesses” saw having a relevant NVQ or SVQ (48 per cent), or having another relevant vocational qualification (45 per cent) as critical or significant compared to the average (38 per cent and 36 per cent respectively).

In terms of the channels they use, “young growth businesses” were more likely than other employers to use private free channels (78 per cent, compared to 67 per cent) and less likely to use private paid for channels of recruitment (30 per cent compared to 42 per cent). More specifically, “young growth businesses” were far more likely to have used informal recruitment through word of mouth or personal recommendations (52 per cent mentioned this compared to 29 per cent overall) and to use social media as a recruitment channel (7 per cent compared to 3 per cent). (They were not, though, more likely to use their own website - 11 per cent compared to 17 per cent – reflecting that they are young businesses, with a limited digital footprint.)

Reflecting their greater engagement with Apprenticeships (see below), they were also more likely to mention the National Apprenticeship Service (NAS) vacancy system (6 per cent compared to 1 per cent). These young growth businesses were also.

“Young growth businesses” and people development

Nearly all young growth businesses provide training for their staff (90 per cent, compared to 73 per cent overall). They were also more likely to plan their training: a majority of young growth businesses were actively evaluating their training needs and had some formal training plan in place (86 per cent, compared to 78 per cent overall).

They were more likely than employers in general to source training through private commercial and not for profit organisations (50 per cent compared to 40 per cent).

There is a degree of openness in “young growth businesses” approach to training and workforce development: they were more likely to have sought or received advice or help on skills and training issues in general (42 per cent had done so, compared to 31 per cent overall), and specifically to have discussed these issues with other employers in their industry (10 per cent compared to 6 per cent).

"Young growth businesses" are particularly engaged with Apprenticeships. A quarter (24 per cent) offered formal Apprenticeships (compared to 13 per cent overall). And "young growth businesses" which did not offer Apprenticeships were more likely than other employers to say that they did not do so because they did not know enough about them (10 per cent compared to 3 per cent).

In similar vein, "young growth businesses" were more likely than other employers to train staff to VQs (36 per cent compared to 28 per cent overall); and when their staff achieve VQs, it is more likely that this will lead to a pay rise: a third (34 per cent) of "young growth businesses" who trained staff to VQs said that this they always led to a pay rise, compared to 17 per cent overall. On the other hand, "young growth businesses" who provided training designed to lead to VQs were significantly more likely to disagree that VQs improved staff retention (21 per cent disagreed compared to 10 per cent overall), were less likely to feel that they covered all the skills needed (27 per cent disagreed compared to 19 per cent on average) and 23 per cent did not feel they allowed staff to work flexibly at their own pace (compared to 13 per cent overall).

"Young growth businesses" who trained but did not offer VQs were significantly more likely to say that they did not know enough about them (43 per cent compared to 28 per cent) or that they were restricted by the lack of funding from Government to cover the costs (46 per cent, compared to 25 per cent on average).

Appendix C: Industry Coding

Each establishment was allocated to one of six sectors, based on their Standard Industrial Classification (SIC). SIC 2007 was used to classify establishments using the following method. Using the four-digit Standard Industrial Classification (SIC) supplied for each record from the Experian database, a description of business activity was read out to each respondent. If they agreed that this description matched the main activity undertaken at the establishment, then the SIC on Experian's database was assumed to be correct. If however the respondent felt the description did not correspond to their main business activity at the site, a verbatim response was collected to find out what they do (see question A4 on the survey; questionnaire shown in Appendix C). At the analysis stage this was coded to a four-digit SIC which was then used as the basis for allocation into sector.

The table below shows the six sectors and their corresponding SIC 2007 definitions.

Sector	SIC 2007
1. Primary Sector and Utilities	<p>A - Agriculture, forestry and fishing (01-03) Including farming, hunting and other related service activities, forestry and logging, fishing and aquaculture</p> <p>B - Mining and quarrying (05-09) Including mining of coal, metals, sand/stone/clay, and extraction of crude petroleum and natural gas</p> <p>D - Electricity, gas, steam and air conditioning supply (35)</p> <p>E - Water supply, sewerage, waste management and remediation activities (36-39) Including electric power generation, transmission and distribution, manufacture of gas and distribution of gaseous fuels, steam and air conditioning supply, water collection, treatment and supply, sewerage and waste collection, treatment and disposal activities and materials recovery</p>
2. Manufacturing	<p>C - Manufacturing (10-33) Including manufacture of food and beverage, textiles, chemicals and chemical products, basic pharmaceutical products, other mineral products, manufacture of metals and metal products, machinery, computer and electronic products and equipment, motor vehicles and other transport equipment, furniture, and repair and installation of machinery and equipment</p>

Sector	SIC 2007
3. Construction	<p>F - Construction (41-43)</p> <p>Including the construction of buildings, civil engineering (constructing roads, railways and other utility projects), demolition, and specialised activities such as electrical installation, roofing and scaffold erection</p>
4. Trade, Accommodation and Transport	<p>G - Wholesale and retail trade; repair of motor vehicles and motor cycles (45-47)</p> <p>Including sale, maintenance and repair of motor vehicles, parts and accessories, non-vehicle wholesale (for example agriculture, food, household goods), and the retail trade of all products whether in stores, stalls, markets, mail order or online</p> <p>I - Accommodation and food service activities (55-56)</p> <p>Including hotels, campsites, youth hostels, holiday centres, villages and other short stay accommodation, restaurants and takeaways, event catering and licensed clubs, pubs and bars</p> <p>H - Transport and storage (49-53)</p>
5. Business and Other Services	<p>J - Information and communication (58-63)</p> <p>Including land, water and air transport (passenger and freight), warehousing and support activities for transportation, postal and courier activities, publishing (books, journals, newspapers etc and software/computer games), television, film and music production, broadcasting, telecommunications, computer programming and consultancy, information service activities (e.g. data processing and hosting)</p> <p>K - Financial and insurance activities (64-66)</p> <p>Including banks and building societies, activities of holding companies, trusts, funds and similar financial entities, credit granting, pensions, insurance and reinsurance</p> <p>L - Real estate activities (68)</p> <p>M - Professional, scientific and technical activities (69-75)</p> <p>N - Administrative and support service activities (77-82)</p> <p>Including the buying, selling and renting of real estate, legal activities, accounting, bookkeeping and auditing, management consultancy, architectural and engineering activities, scientific research and development, advertising and market research, specialist design, photographic activities, translation and interpretation, veterinary activities, renting and leasing of tangible goods (motors, household, machinery), employment agencies, travel agencies and tour operations, security</p>

Sector	SIC 2007
	<p>and investigation activities, office administration and business support</p> <p>R - Arts, entertainment and recreation (90-93)</p> <p>S - Other service activities (94-96)</p> <p>Including performing arts, libraries and museums, gambling and betting, sports facilities, amusement and recreation activities, activities of membership organisations (religious, political, trade union, professional), personal services (hairdressing, beauty, textile cleaning, well-being activities, funeral activities)</p>
<p>6. Non-Market Services</p>	<p>O - Public administration and defence; compulsory social security (84)</p> <p>Including administration of the State and economic and social policy of the community, provision of services to the community as a whole such as defence activities, foreign affairs, justice and judicial activities, fire service and compulsory social security activities</p> <p>P - Education (85)</p> <p>Including pre-primary, primary, secondary and higher education, other education (such as sports, driving schools, cultural education), educational support activities</p> <p>Q - Human health and social work activities (86-88)</p> <p>Including Hospitals, medical and dental practices, residential care, social work activities</p>
<p><i>NOT COVERED IN SURVEY</i></p>	<p>T - Activities of households as employers; undifferentiated goods and services producing activities of households for own use (97-98)</p> <p>U - Activities of extraterritorial organisations and bodies (99)</p> <p>Including households as employers of domestic personnel, private households producing goods for own use</p>

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