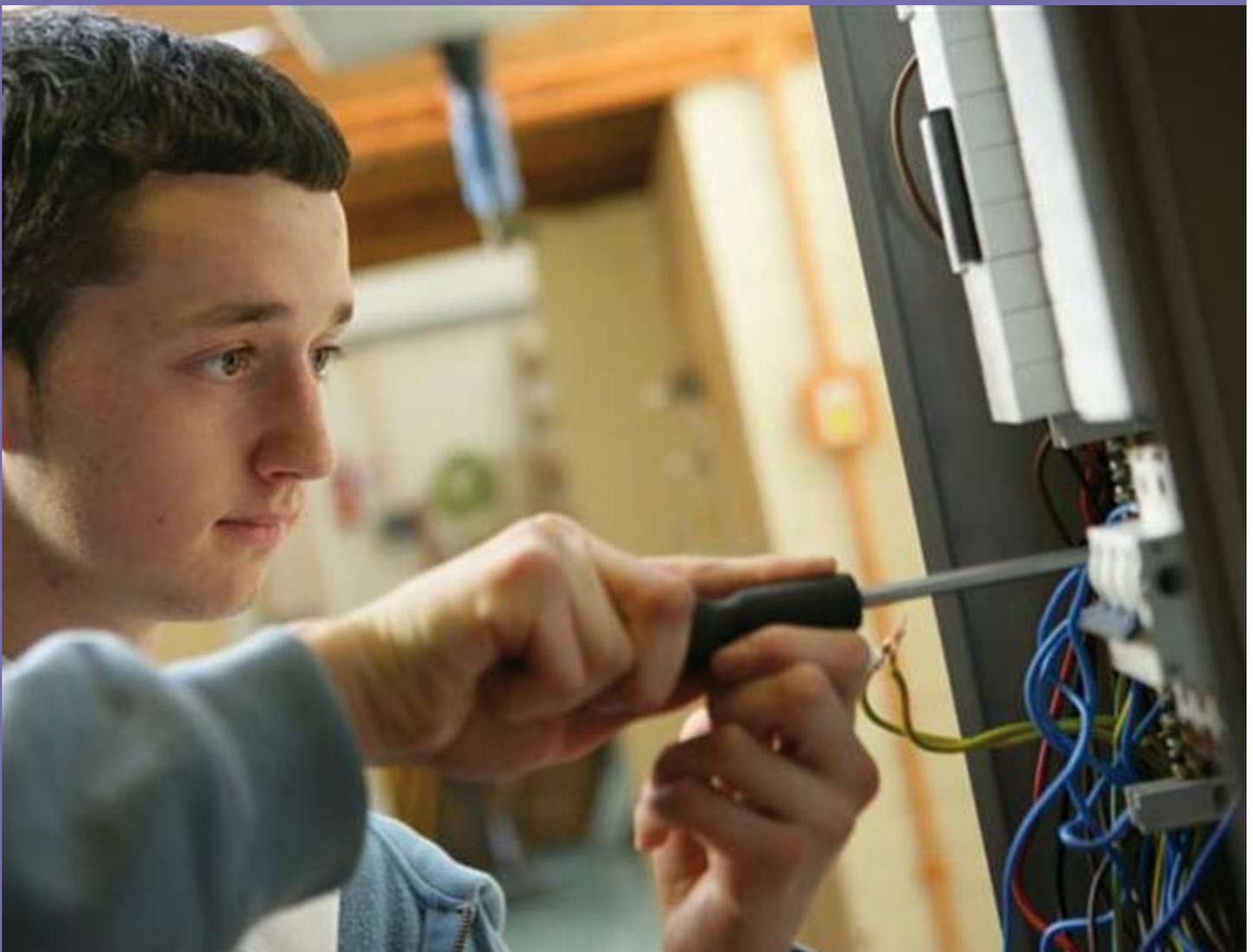




Employers Panel 2006

Main Report

Customer Research - Report 9



Research

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Employers Panel 2006

Audience	National and local bodies in Wales concerned with education, training and skills in Wales. Employers.
Overview	A representative panel of over 2,000 employers was set up in 2005. This report presents the findings from 2006 survey. It includes findings on employer's provision of learning for employees and their attitudes towards learning.
Action required	None - for information.
Further information	Intelligence and Marketing Team, Welsh Assembly Government, Ty'r Afon, Bedwas, Caerphilly, CF83 8WT Tel: 01443 663738 E-mail: Intelligenceandmarketing@wales.gsi.gov.uk
Additional copies	Further copies may be obtained at the above address. This document can also be accessed from the Welsh Assembly Government website at: http://new.wales.gov.uk/topics/educationandskills
Related documents	Employers Panel 2005 Employer Case Studies 2004

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Summary

This report explores the data collected as part of the Department for Education Lifelong Learning and Skills (DELLS) Employer Panel Survey Wave II (2006).

Between late February 2006 and mid April 2006 a total of 2,009 establishments were interviewed about their provision of learning for employees and their attitudes towards training and learning. The final sample was divided as follows:

- 1,313 interviews with longitudinal panel members (i.e. employers that had taken part in both waves of the survey)
- 696 interviews with newly recruited employers

This report provides a narrative of the data, highlighting differences that were evident between different groups of employers and making comparisons with the findings from the first wave of the survey (February to early April, 2005). The two survey waves are referred to as wave I (2005) and wave II (2006) respectively.

At an overall level, there was little change year on year on key measures relating to training amongst the panel. Thus, similar proportions of employers were providing on and off-the-job training for their staff, and there was a similar level of investment in, and financial support for, training. This was despite evidence of net growth in terms of financial turnover/budget and employee numbers.

However, a number of employers' attitudes relating to the role of training within their business appeared to be shifting in a positive direction, for example, employers were more likely to agree that they actively sought out advice regarding training options. Furthermore, there was a small increase in the proportion planning training in the next year.

Significant differences were observed when the analysis of subgroups was performed (such as sector, size, turnover and headcount) and these are detailed in the main report.

1 Introduction, Background and Methodology

Over the last three years, ELWa (which became part of the Department for Education, Lifelong Learning and Skills – DELLS on 1st April 2006) has undertaken a comprehensive Customer Research Strategy. This encompassed three main strands of activity:

- understanding what motivates customers to learn in order to widen and deepen participation in learning
- understanding what customers think of the education and learning services they receive
- tracking and understanding participation within the customer groups (individuals, businesses and communities)

The second wave of the Employer Panel survey follows a year after the first wave, which took place in March 2005. Both surveys formed part of the Customer Research Strategy to:

- encourage evidence based policy and demand led planning
- bring the customer centre stage

The data from wave II of the Employer Panel offer the opportunity to gain a picture of training activity and attitudes towards training amongst employers in Wales in 2006, whilst also providing the chance to track changes year on year. A separate standalone report analyses the longitudinal element of the panel, i.e. an analysis of those panellists who took part in both waves of the survey.

1.1 Aims

The key aims of the Employer Panel in Wave II were:

- to gain a view of training provision and attitudes towards training from those working at a local level by surveying businesses at an establishment level (i.e. any site where employees are based, including head office of multi-site establishments, local/regional sites and sites of single unit enterprises)
- to track attitudes/behaviours over time, by asking employers core questions relating to
- changes in financial status (e.g. growth) over time and similarly changes in relation to employee numbers
- on and off-the-job training activity in the past year, including types of training delivered and which occupations received training
- training plans for the year to come
- attitudes towards training priorities, planning and investment
- to reflect areas of new interest to the project group by including a set of modular questions

1.2 Reporting conventions

Throughout the report, the following conventions are used within charts and tables:

* denotes a figure less than 0.5% but greater than zero

** denotes a small base (unweighted base less than 100)

- denotes a value of zero

The report makes a number of references to the industry sectors that the establishments operated within. The sectors have been grouped together to ensure that the data for each group were robust enough to allow sub-group analysis to be carried out. These groupings were based on the Standard Industry Classification and similar industries were combined. The group headings in Standard Industry Classification have been abbreviated throughout this report for ease of use. Table 1 displays the SIC 2003 classification set against the name the sector was given throughout this report.

Table 1: SIC Classification versus naming conventions in this report

SIC 2003 classification	Summary name
Agriculture, Hunting and Forestry, Fishing and Mining and Quarrying	Agriculture/mining/quarrying
Manufacturing and construction	Manufacturing/construction
Electricity, Gas and Water Supply, Transport, Storage and Communication	Utility
Wholesale and Retail Trade, Repair of Motor Vehicles, Motorcycles and Personal and Household Goods, Hotels and Restaurants	Wholesale/retail/hotels/restaurants
Financial Intermediation, Real Estate, Renting and Business Activities	Finance/businesses services
Public Administration and Defence, Compulsory Social Security, Education and Health and Social Work, Other services	Public administration

1.3 Methodology and sampling

1.3.1 Methodology

In order to remain consistent with wave I, the survey was undertaken by means of a telephone interview. Telephone interviewing was initially chosen in preference to other data collection methods on the following grounds:

- telephone interviewing avoids the need to cluster sample geographically
- it is generally much quicker than face-to-face interviewing or self completion methods, and therefore suitable for 'time poor' individuals. It is also common practice to use a telephone methodology for surveys of employers
- the subject matter lent itself well to questioning over the telephone

By way of background information, for Wave I of the survey interlocking quotas were agreed with the ELWa (now DELLS, and referred to as DELLS from hereon in) project team relating to size and sector (i.e. within an industry sector, quotas were

set for achieving interviews by different sizes of establishment, in terms of the numbers employed at that site). The quotas were arranged according to the sample available from Experian¹ (the sample frame used for the survey). There were no quotas set for regional representation across Wales. The Technical Note in Appendix A provides further explanation about the quota sampling method.

The survey was carried out with 2,009 respondents at their place of work. In terms of eligibility, establishments had to be sited in Wales (they could either be single site, a head office or one site of a multi site organisation) and also had to have two or more employees (including the respondent). All newly recruited employers agreed to become a member of the panel before the interview was conducted. Main stage interviewing took place between 21st February and 4th April 2006. Welsh interviews started on the 5th April and finished on the 19th April 2006.

Fieldwork was managed in such a way as to maximise response amongst existing panel members from Wave I (i.e. the bulk of the fieldwork period was given over to pursuing Wave I respondents). If a Wave I respondent did not wish to participate in the second wave of the survey, a new employer was recruited as a replacement so that their profile matched the size band and sector of the lapsed panel member, with the aim of maintaining a panel of 2,000 employers. Sample for the new recruits was purchased from Experian.

64% of the panellists interviewed at Wave I agreed to be interviewed again at Wave II. The final sample was divided as follows:

- 1,313 interviews with longitudinal panel members
- 696 interviews with newly recruited employers

All findings quoted throughout this report are based on a combination of longitudinal and new panel members (i.e. 2,009 establishments). All significant findings quoted are based on where there are significant differences at the 95 per cent confidence level.

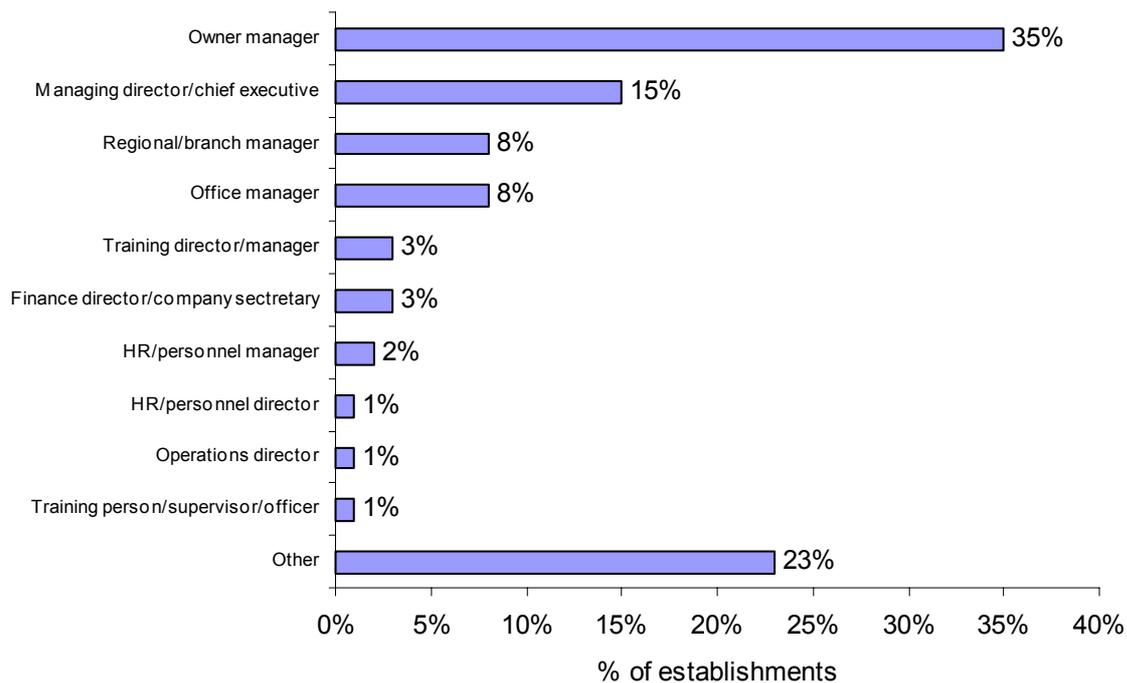
1.3.2 Interview length and respondent type

Given that a great deal of information was already held on panel members that took part in Wave I, they undertook a shorter interview than newly recruited employers. On average, the interview for newly recruited employers was 20 minutes (to allow time for the collection of profiling information), whilst for the longitudinal panellist, the average interview length was 13 minutes.

Interviews were conducted with a middle- to senior-level manager/director with responsibility for training all staff at that particular site. Chart 1 gives the full breakdown of respondents:

¹ Experian. Global information solutions company and provider of sample for the survey. The Experian database incorporates what was the Yellow Pages database (now Yell.co.uk)

Chart 1: Job title of respondent



Base: All respondents (unweighted 2,009, weighted 2,009). Single response question. Overall responses of 3% plus shown.

As observed in 2005, a much higher proportion of respondents were owner/managers in the agriculture/mining/quarrying sector (65%) and also in the wholesale/retail/hotels/restaurants sector (49%) than in other sectors (27% or less). In terms of size, owner/managers were most likely to have been interviewed in the smallest establishments with 2-9 employees (41% versus 21% or less in larger establishments).

Table 2: Job title of respondent by sector and size of establishment

		Sector						Size of establishment (number of employees)		
		Agriculture/mining /quarrying	Manufacturing/ construction	Utility	Wholesale/retail/ hotels/restaurants	Finance/business services	Public administration	2 - 9	10 - 24	25 plus
Base: All respondents	Total									
Unweighted	2,009	192	394	254	414	351	404	952	549	508
Weighted	2,009	64	299	85	691	384	486	1,516	296	197
	%	%	%	%	%	%	%	%	%	%
Owner/manager	35	65	27	32	49	24	25	41	21	7
MD/Chief Executive	15	6	22	16	10	25	10	15	16	11
Office manager	8	2	12	8	6	11	5	7	9	7
Regional/branch Manager	8	2	2	10	13	5	9	7	14	14
Finance director/company secretary	3	2	8	3	3	3	2	3	4	4
Training director/manager	3	-	1	2	4	4	3	2	4	6
HR/personnel manager	2	-	3	3	1	1	2	1	2	11

Note: Single response question. Overall responses of 2% plus shown. 'Don't know' and 'Other' not included. * denotes less than 0.5 but greater than zero. - denotes zero.

1.3.3 Weighting the data

Data were weighted to the Inter Departmental Business Register (IDBR)² count of business population 2005. The following table details the number of interviews by size and sector based on weighted figures (i.e. the data were adjusted to ensure the profile of the establishments was representative of Wales).

Table 3: Weighted data: size within sector

Base: All respondents	Total	Sector					
		Agriculture/ mining/quar rying	Manufacturi ng/construc tion	Utility	Wholesaler/ retail/ hotels/resta urants	Finance/bu siness services	Public administrati on
Unweighted	2,009	192	394	254	414	351	404
Weighted	2,009	64	299	85	691	384	486
	%	%	%	%	%	%	%
2-4 employees	37	78	39	41	38	42	24
5-9 employees	39	13	34	32	41	42	40
10-24 employees	15	7	13	14	14	10	22
24-49 employees	5	1	6	6	4	3	7
50 plus employees	4	1	7	7	2	2	6

By region, interviews were achieved as follows:

- North Wales (473 unweighted, 453 weighted)
- Mid Wales (265 unweighted, 266 weighted)
- South East Wales (804 unweighted, 815 weighted)
- SW Wales (467 unweighted, 475 weighted)

[Note: 'unweighted' means that no adjustment has been made to data in order to ensure they are representative of the profile of establishments in Wales.]

² IDBR (Inter Departmental Business Register) is a list of UK businesses maintained by National Statistics (NS) which combines the former Central Statistical Office (CSO) VAT based business register and the former Employment Department (ED) employment statistics system

1.4 Pilot Survey

A pilot survey was conducted to test the questionnaire for clarity, flow and length. Overall 20 pilot interviews were conducted. Comments were fed back to the project team at DELLS, and minor changes agreed before proceeding to the main stage of data collection.

1.5 Welsh language interviews

At the beginning of the interview, respondents were given the option of being interviewed in Welsh. In total 4 interviews were completed in Welsh.

1.6 New recruits: sample outcomes

The top up requirement on the panel was some 700 interviews, therefore interviewing stopped when this figure was achieved in the relevant quota groups. The response rate on the valid sample used for the top up exercise was 19%; this masks the fact that more interviews could have been achieved using the sample provided had this been necessary and had a longer time period been available (the bulk of the fieldwork period was used to maximise response amongst existing panel members).

2 Overview of Establishments Interviewed

This section provides an overview of the types of establishments included in the survey. A few comparisons are provided with the 2005 data, but in terms of establishment size and industry sector, this remained broadly the same given that where a panellist from Wave I opted not to take part in Wave II, they were replaced by an establishment of a similar size and industry sector.

2.1 Size and sector of establishments

Respondents were asked how many employees (both full time and part time) they had at that particular site. A three way split emerged with approximately a third (37%) employing 2-4 people, more than a third (39%) employing 5-9 individuals and a remaining quarter (24%) employing over 10 people. Overall, just over three quarters (76%) of the entire sample employed less than 10 employees.

Establishments in Mid Wales and South West Wales had the lowest mean number of employees per establishment (11 and 13 respectively), whereas North Wales and South East Wales had the highest (32 and 29 respectively).

Within the different sectors, agriculture/mining/quarrying was dominated by establishments employing 2-4 people (78%) and had the lowest mean number of employees (5). In contrast, public administration/other services had the lowest proportion of establishments employing 2-4 individuals (24%) and a high mean number of employees (54). As could be expected from this sector analysis, the public sector had a significantly higher mean number of employees per establishment (74) than the private sector (15).

2.2 Nature and type of establishment

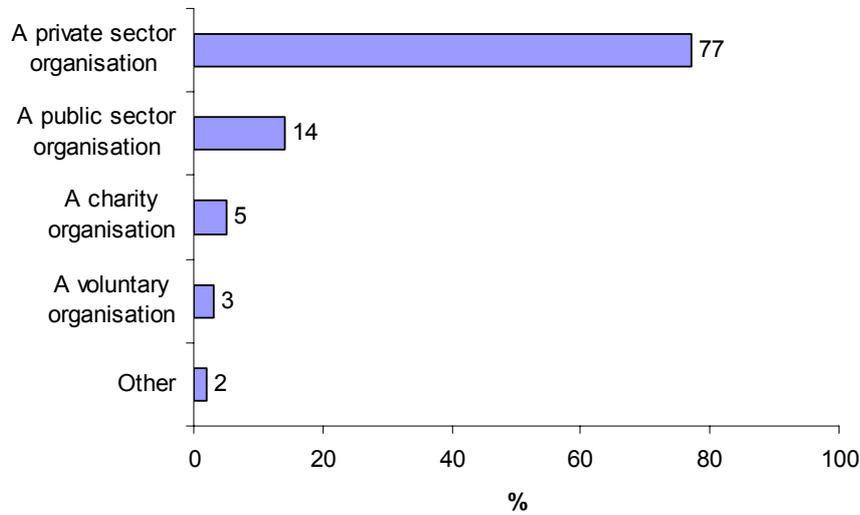
Approximately two thirds (66%) of establishments were a single site organisation, while a quarter (26%) were one site of a multiple site organisation – but not the head office. 8% described themselves as the head office of a multi-site organisation. In terms of analysis by sub group:

- establishments in Mid Wales were significantly more likely to be single sites (76%) than those in South East Wales (65%) and those in North Wales (60%). North Wales also had significantly more head office establishments than South West Wales (11% versus 5%).
- overall, private establishments were significantly more likely to be single site (71%) than public sector organisations (52%).
- there was a reduced likelihood of being a single site as number of employees increased. Hence, while just under three quarters (73%) of establishments employing 2-9 people were single site, this decreased to just under half (49%) among those employing 10-24, 39% among those employing 25-99 individuals and only 19% among employers of 100 or more employees.

More than three quarters (77%) of establishments interviewed were private sector organisations, and just over a tenth (14%) were public sector establishments. The

remainder of establishments included voluntary and charity organisations.

Chart 2: Type of organisation



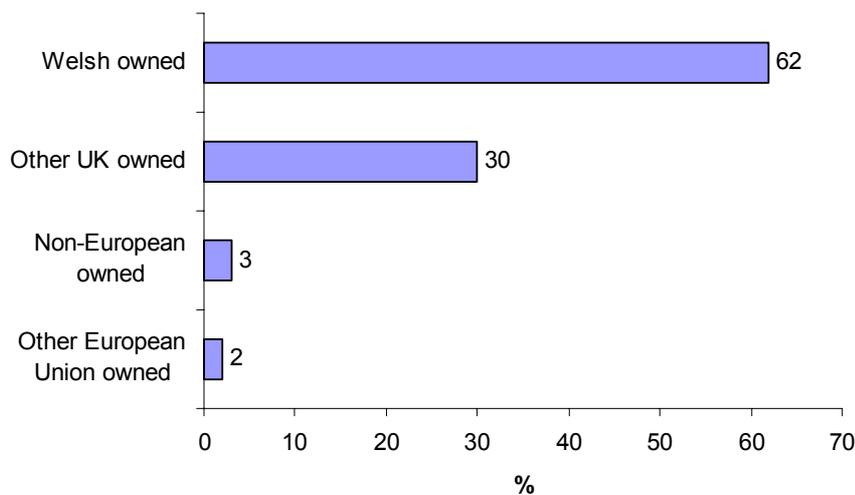
Base: All respondents (unweighted/weighted 2,009). Single response question. 'Don't know' not shown.

2.3 Ownership

Around six in ten establishments (62%) were Welsh owned, compared to 30% of companies that were other UK owned. Within the sectors, agriculture/mining/quarrying businesses were most likely to be Welsh owned (87%). Around two thirds of manufacturing/construction, public administration and financial service sector businesses classed themselves as Welsh owned (68%, 68% and 66% respectively).

A similar proportion of companies in each area said they were 'other UK owned'.

Chart 3: Ownership of organisation



Base: All private sector establishments (unweighted 1,543, weighted 1,556). Single response question. 'Don't know' not shown.

2.4 Activities undertaken at establishment

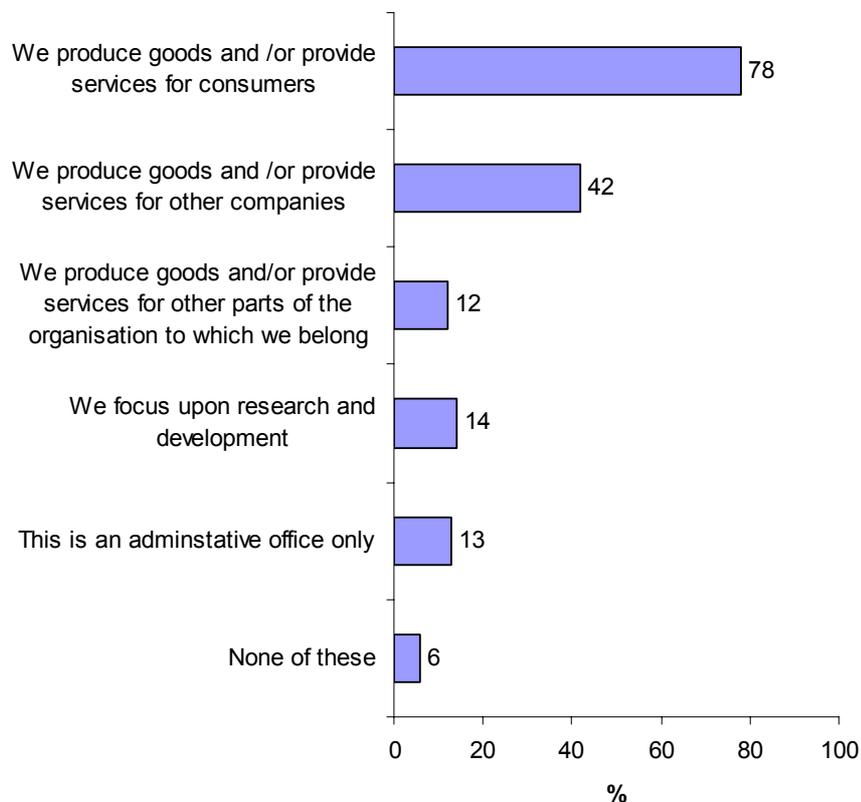
All private sector establishments were asked what activities were undertaken at that site. Just over three quarters (78%) produced goods and/or provided services for consumers. Meanwhile, just over two out of five (42%) said they produced goods and /or services for other companies. 14% claimed they focused on research and development, while just over one in ten (12%) said that they produced goods/services for other parts of their organisation, while a similar proportion (13%) said they were an administration office only.

Mid Wales and, to a lesser extent, South West Wales were both more likely to produce goods/services for consumers (86% and 82% respectively) than establishments in South East Wales (72%).

Notably, establishments in the utility sector were significantly more likely than all other sectors, with the exception of manufacturing/construction, to state that their site was an administration office only (25% versus 17% or less).

A comparison with 2005 data showed little significant difference in terms of the profile of activity at an overall level, although a slightly higher proportion of establishments stated that they focused on research and development than in 2005 (14% versus 12% respectively).

Chart 4: Activity undertaken at establishment



Base: All private sector establishments (unweighted 1,543, weighted 1,556). Multiple response question.

2.5 Geographic source of business

The majority of private sector establishments that *produced goods and/or provided services solely for consumers* indicated that the majority of their customers came from within Wales. On average 79% of establishments indicated that their customers came from within a 25 mile radius, with a further 11% stating customers were from elsewhere in Wales. A further 7% said that customers came from within the UK, while only an average of just less than 1% indicated that customers came from outside the UK. Those in the agriculture/mining/quarrying sector were significantly more likely than other sectors to say that their customers came from elsewhere in Wales (33% versus 13% or less).

When this profile was compared with the results for 2005, the picture was broadly similar. However, there had been a slight but significant increase in the proportion of establishments in North, Mid and South East Wales who stated that their customers came from elsewhere in the world (typically an increase of around 1% in each region).

Among private sector establishments that *produced goods/services for other companies only*, an average of just over two out of five (43%) said their business came from within a 25 mile radius, while a further fifth (22%) said their business came from elsewhere in Wales. Contrary to those businesses which served consumers, rather more business from other companies came from elsewhere in the UK (28% for business from companies as compared to 7% for business from consumers). The remaining business from companies came from elsewhere in the EU (5%) and elsewhere in the world (4%). There was little variation by region, and small base sizes prevented robust analysis by sector. Furthermore, a comparison with the 2005 data showed no significant changes in the profile at an all Wales level.

Establishments which gained business from both consumers and other businesses had a profile of sources in between those solely servicing either consumers or businesses. Consequently, just under two thirds (64%) of their business emanated from within a 25 mile radius, with a further 18% from elsewhere in Wales. Just under a sixth (15%) of these establishments got their business from elsewhere in the UK, with small average percentages for business from elsewhere in the EU (2%) and the world (2%). There were no significant changes to the profile at an overall level when the data was compared to that collected in 2005.

2.6 Growing establishments: growth in turnover/financial budget

All private sector establishments interviewed were asked for an estimate of their turnover. Meanwhile public sector establishments were asked to estimate their financial budget for that particular location for the last financial year (April 2004 to April 2005).

Six in ten (57%) establishments estimated their turnover/financial budget to be less than £1 million. Meanwhile, 8% of establishments indicated that it was more than £1 million. One quarter (25%) claimed that they didn't know, while a further tenth (9%) refused.

Across the different sectors, a significantly higher proportion (24%) of agriculture/mining/quarrying had establishments with a turnover of up to £50,000 than was the case for other sectors (11% or less). This contributed to the relatively high 51% of establishments in this sector having a turnover of less than £250,000. The sector most likely to include establishments with over £1 million turnover was manufacturing/construction, with 18% of this sector in this category, followed by the utility sector with 14% of establishments having a turnover of over £1 million.

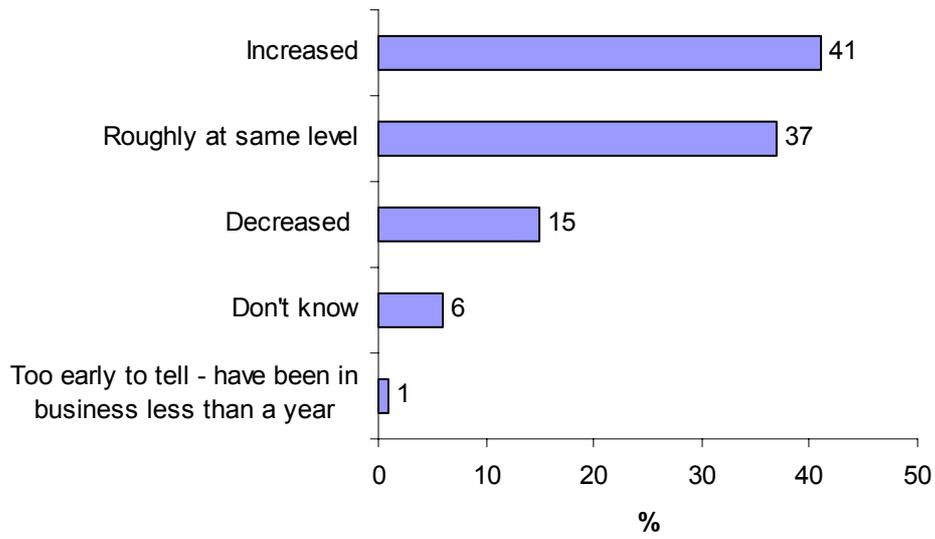
As expected there was a correlation between turnover/financial budget and number of employees. Thus, 37% of establishments with 25 plus employees had a turnover/financial budget of over £1 million, compared with 15% or less amongst establishments with fewer than 25 employees. Those establishments most likely to have seen an increase in financial turnover/budget, were also most likely to have seen an increase in the number of employees at that location over the same period of time. Thus, 63% of those claiming an increase in turnover also claimed an increase in the number of employees, compared with just 19% amongst those who saw a decrease in the numbers of staff, and 37% who saw their staff numbers remain at roughly the same level.

A comparison with the 2005 data revealed that there had been small but significant increase in turnover/financial budgets up to £1 million (58% versus 49% in 2005). These findings were supported when all respondents were asked whether their turnover/financial budget for this year for that particular site had increased, decreased or stayed the same compared to the previous year (i.e. comparing February 2004-2005 with February 2005-2006). Overall, two fifths (41%) said that their turnover/financial budget had increased, in contrast to a sixth (15%) who believed it had decreased. Meanwhile, just over a third (37%) believed their turnover/financial budget had stayed roughly the same. There was little variation by region.

Private establishments were significantly more likely to estimate an increase in turnover/financial budget over the past year (43%) than public sector establishments (31%).

The sectors most likely to have registered an increase in turnover/financial budget in Wave II were finance/business services, with half (50%) claiming an increase, and manufacturing/construction with 46% saying their turnover/financial budget had increased. In contrast, those sectors most likely to have experienced a decrease in turnover/financial budget were agriculture/mining/quarrying (26%), utility (23%) and wholesale/retail/hotel/restaurant (14%). Public administration/other services were mostly likely to have stayed the same (44%).

Chart 5: Change in financial turnover/budget year on year



Base: All respondents (unweighted 2,009, weighted 2,009). Single response question.

Table 4: Growth in turnover/financial budget last year by size within sector

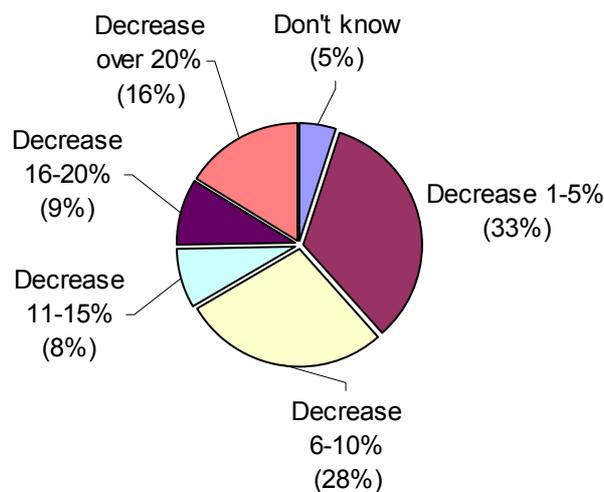
	Size within sector	Base: Unweighted/ Weighted	% stating growth in turnover/financial budget in last year
		No:	%
Above average	Manufacturing/construction (25 plus employees)	(137/43)	54
	Financial services (2-9 employees)	(163/322)	50
	Financial services (10 plus employees)	(188/62)	48
	Utility (10 plus employees)	(103/23)	48
	Wholesale/retail/hotels/restaurants (10-24 employees)	(123/98)	46
	Manufacturing/construction (2-9 employees)	(144/218)	45
	Agriculture/mining/quarrying (5 plus employees)	**(47/14)	45
	Wholesale/retail/hotels/restaurants (25 plus employees)	(123/47)	44
	Manufacturing/construction (10-24 employees)	(113/38)	43
	Average		(2,009/2,009)
Below average	Wholesale/retail/hotels/restaurants (2-9 employees)	(168/546)	38
	Public administration (2-9 employees)	(157/310)	36
	Public administration (10-24 employees)	(126/105)	34
	Public administration (25 plus employees)	(121/71)	33
	Utility (2-9 employees)	(151/62)	32
	Agriculture/mining/quarrying (2-4 employees)	(145/50)	15

Note: ** Low base for agriculture/mining/quarrying size category 5 plus employees

Establishments that reported an increase in their turnover/financial budget compared to the previous year were asked to estimate the percentage growth. Three in ten (31%) estimated a growth of between 1-5 percentage points; a fifth (21%) between 6-10 percentage points; one tenth (12%) 11-15 percentage points and 5% stated a growth of 16-20 percentage points. Meanwhile a sixth (15%) estimated an increase in excess of 20 percentage points.

The 15% of establishments that had estimated a *decrease* in their turnover or financial budget were asked to estimate the percentage decrease. One third (33%) estimated a decrease of between 1-5 percentage points, while about a quarter (28%) believed they had suffered a decrease of between 6-10 percentage points. A notable minority of 16% claimed a marked decrease of over 20 percentage points. Bases within each sub group which experienced a decline in turnover/financial budget, were generally low, preventing further sub group analysis,

Chart 6: What percentage do you estimate this decrease in turnover/financial budget to be



Base: All estimating a turnover/financial budget decrease compared to the previous year (unweighted 315, weighted 302). Single response question.

2.7 Growing establishments: growth in numbers of employees

For nearly two-thirds (65%) of establishments, the number of employees at that location had remained roughly at the same level year on year. Among those experiencing a change, there were roughly twice as many establishments saying they had increased their employee numbers (23%) as saying they had reduced the number of employees (11%). As expected, there was also a broad correlation between whether the number of employees at that location had increased within the last year, and whether financial turnover had increased over the same time period: 35% of establishments which saw an increase in the number of employees also saw an increase in turnover, compared with 7% which saw a decrease in turnover and 16% of establishments where turnover remained the same. The opposite pattern was true: for establishments which saw a decrease in the number of employees, 29% also saw a decrease in turnover, compared with 5% of those where turnover had increased and 12% where turnover had remained the same).

In terms of industry sector, public administration/other services were significantly more likely than other sectors to have increased the number of employees, with just over a third claiming this (34%). Meanwhile, just under a quarter (24%) of manufacturing/construction said they had increased the number of employees at

that site, followed by 22% of utility establishments and 21% of finance/business services. Agriculture/mining/quarrying were least likely to have increased the number of employees, with only 14% registering such a change.

Generally, there was a correlation between size and increases in headcount. Whereas 20% of those establishments who employed 2–9 employees- claimed to have increased their numbers, this rose to 29% among those employing 10-24, 34% among those employing 25-99 and 37% among those employing 100 or more employees.

Establishments in North Wales were significantly more likely to have registered an increase in employees over the past year (27%) than was the case in Mid Wales (17%).

Among those establishments whose headcount had increased, two fifths (40%) estimated that they had increased their employee numbers by 1-5 percentage points. In contrast, a quarter (25%) claimed that their workforce had increased by 20 percentage points or more, significantly higher in Mid Wales (32%) and South East Wales (30%) than in North Wales (17%). Notably these patterns of growth differed to those recorded in 2005, when fewer establishments had seen growth in the order of 1-5 percentage points (29% compared with 40% in 2006), but more had seen a higher rate of growth of 20 percentage points or more (32% versus 25% in 2006).

Among the establishments recording an increase in employee numbers, the sector that displayed the greatest increase over the past year was the finance/business services, with 43% of this sector recording an increase in employee numbers of over 20 percentage points.

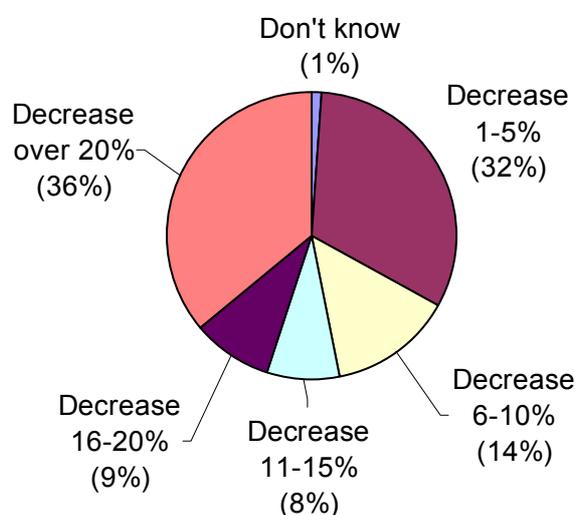
Table 5: Growth in number of employees in last year by size within sector

	Size within sector	Base: Unweighted/ Weighted	% stating growth in number of employees last year
		No:	%
Above average	Public administration (25 plus employees)	(121/71)	38
	Financial/business services (10 plus employees)	(188/62)	37
	Public administration (10-24 employees)	(126/105)	37
	Manufacturing/construction (25 plus employees)	(137/43)	37
	Public administration (2-9 employees)	(157/310)	32
	Agriculture/mining/quarrying (5 plus employees)	(47/14) **	31
	Utility (10 plus employees)	(103/23)	30
	Manufacturing/construction (10-24 employees)	(113/38)	26
	Wholesale/retail/hotels/restaurants (25 plus employees)	(123/47)	24
	Average	(2,009/2,009)	23
Below average	Wholesale/retail/hotels/restaurants (10-24 employees)	(123/98)	22
	Manufacturing/construction (2-9 employees)	(144/218)	21
	Utility (2-9 employees)	(151/62)	19
	Financial/business services (2-9 employees)	(163/322)	18
	Wholesale/retail/hotels/restaurants (2-9 employees)	(168/546)	15
	Agriculture/mining/quarrying (2-4 employees)	(145/50)	10

Note: **Low base for agriculture/mining/quarrying size category 5 plus employees

Almost half (46%) of those establishments that recorded a *decrease* in employee numbers year on year were registering a decrease of 10 percentage points or less. Meanwhile, just over a third (36%) claimed a decrease of over 20 percentage points year on year. Generally base sizes for the different sub groups of establishments experiencing falling employee numbers were too small to make robust conclusions.

Chart 7: Estimated percentage decrease in employee numbers



Base: All estimating a decrease in numbers of employees compared to the previous year (unweighted 245, weighted 229). Single response question.

2.8 Summary

The profile of establishments in the panel mirrored that of Wales, since the data was weighted to match the business profile for 2005 by size of establishment and industry sector. Thus, around three quarters (76%) of establishments were small, with between 2 and 9 employees.

Around two thirds (66%) of establishments were single site establishments, and the majority (77%) were private sector establishments. Around six in ten (62%) of private sector establishments were Welsh owned.

All private sector establishments were asked about the activities undertaken at the site. The majority (78%) produced goods and/or provided services for consumers, with a smaller number indicating they produced goods and/or services for other companies (42%). A substantial number of establishments said that they were administrative only (13%) or served other parts of a wider organisation in other ways (12%). This profile was broadly similar to that recorded in 2005, although a slightly higher proportion of establishments stated that they focused on research and development (14% compared to 12% in 2005).

In terms of where their business or customers came from, regardless of whether they produced goods and/or services for customers or companies (or indeed both), the largest proportion of respondents' business came from within a 25 mile radius of them. However, in line with the results from 2005, establishments which provided goods or services to other companies were less dependent on a local (25 mile radius) customer base (43% compared to 79% of those who produce goods and/or services to consumers only).

In line with the results from 2005, many establishments in the panel were growing year on year (either in terms of turnover or number of employees). Four in ten (41%) establishments had witnessed some increase in turnover/financial budget in the last year, and this was the same percentage as registered in 2005. For about half (52%) this had been in the order of a 1-10 percentage point increase (again, similar to the level of increase registered in 2005).

Almost a quarter of establishments (23%) said that the number of employees at the site had increased year on year, and this was a similar proportion to that recorded in 2005. Of these, four in ten (40%) said that headcount had increased by 1-5 percentage points (a significantly higher proportion than in 2005), and 17% said it had increased by 6-10 percentage points.

A correlation was observed between an increase in employee numbers and growth in financial turnover/budget,

3 Training Activity

3.1 Introduction

This section explores training activity undertaken in the previous 12 months, the types of training that were offered and which occupational groups received each type. Finally, we consider whether and what types of training were planned for the 12 months *following* the survey. The results for these topics are also contrasted with those collected in 2005.

Two definitions of training activity were used: on-the-job and off-the-job training. These were defined as follows:

On-the-job training	Training that takes place <i>at</i> an employee's work position
Off-the-job training	Training delivered <i>away</i> from an employee's immediate work position. It can be given on the work premises or elsewhere. It includes full and part time training; correspondence or distance learning; health and safety training, etc, as long as it is funded or arranged by the employing organisation for employees working at that site.

3.2 On-the-job training provided in the last year

Two thirds of establishments (66%) had arranged on-the-job training for their employees in the 12 months preceding the survey. The following differences were observed by subgroup:

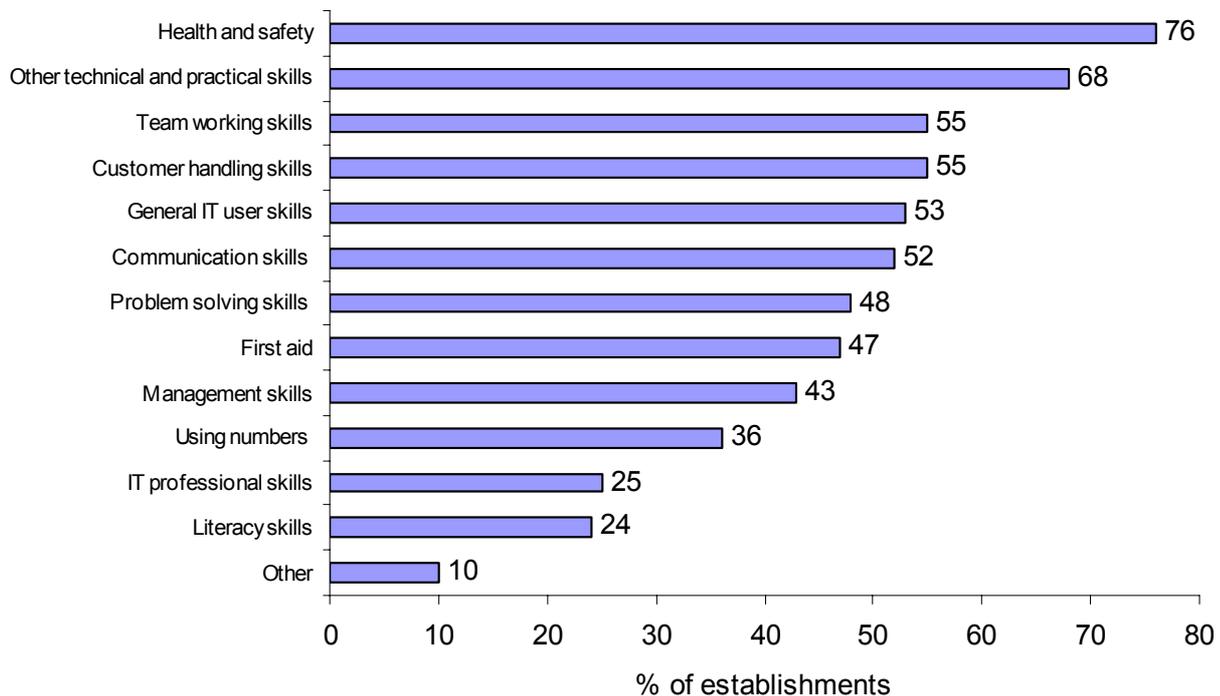
- establishments in North Wales were significantly more likely to have provided on-the-job training to their employees than their counterparts in the South West and Mid Wales (72% versus 63% and 61%, respectively)
- public administration sector establishments were also significantly more likely to report on-the-job training taking place in their establishment than other industry sectors (80% versus 67% or less). Notably, the agriculture/mining/quarrying sector was least likely to have provided such training (35%).
- by size of establishment, those employing 10 plus employees were significantly more likely than those with 2–9 employees to report on-the-job training taking place (85% or more versus 59%)
- establishments that were part of a multiple site organisation but not head office were more likely to have provided on-the-job training than other site types (80% versus 69% of head offices and 60% of single site establishments)
- establishments which saw an increase in financial turnover over the previous year were significantly more likely to have offered on-the-job training in the same time period compared to those which saw their turnover remain the same (71% versus 56%)

- similarly, establishments which saw an increase in the number of employees over the last year were also more likely to have offered on-the-job training in the same time period (83%, compared with 65% of firms which experienced a decrease in the number of employees and 60% where employee numbers didn't change)
- establishments which delivered a mixture of mandatory and non-mandatory training, were more likely to have offered on-the-job training within the last year, compared with establishments which offered either only mandatory or business needs training. For example, 88% of establishments which offered mostly business need-driven training plus some mandatory training, offered on-the-job training, compared with 71% of establishments which offered solely mandatory training
- establishments were not significantly more likely to have offered on-the-job training in the last year even if they received any advice from Head Office regarding the type or supply of training (83%, compared with 76% of firms that received no such advice)

3.2.1 Types of on-the-job training provided in the last year

In terms of the types of training provided, the following chart reveals that the most common type of on-the-job training was health and safety training, provided by three quarters of establishments (76%). This was followed by other technical and practical skills (68%), customer handling skills (55%), team working skills (55%), general IT user skills (53%) and communication skills (52%).

Chart 8: Types of on-the-job training provided in the last year (2006)



Base: All respondents providing on-the-job training (unweighted 1,440, weighted 1,327). Multiple response question. 'Don't know' not shown.

Analysis by sector revealed the following:

- wholesale/retail/hotels/restaurants: this sector was significantly more likely than others to have arranged
- health and safety training (86% versus 76% or less)
- customer handling skills (79% versus 62% or less)
- communication skills (68% versus 51% or less)
- problem solving skills (59% versus 48% or less)
- using numbers (46% versus 34% or less)
- public administration; this sector was significantly more likely than others to have arranged
- first aid training (64% versus 43% or less)
- literacy skills (33% versus 24% or less)
- finance/business services; this sector was significantly more likely than others to have arranged
- general IT user skills (73% versus 56% or less)

Establishments with 2-9 employees were *less* likely to have provided several types of on-the-job training when compared with the results for larger establishments, namely:

- health and safety (72% versus 81% or more)

- first aid (40% versus 55% or more)
- management skills (36% versus 51% or more)

At the other end of the scale, the largest establishments (i.e. with 100 plus employees) were significantly more likely than establishments with fewer employees to have provided the following:

- management skills (86% versus 57% or less)
- first aid (82% versus 68% or less)
- general IT user skills (82% versus 58% or less)
- team working skills (73% versus 52% or less)
- customer handling skills (68% versus 55% or less)
- communication skills (68% versus 53% or less)
- IT professional skills (44% versus 25% or less)

Subsidiary offices of multi-site establishments were notably more likely to have provided the following types of on-the-job training than either single site or head office establishments:

- general IT user skills (66% versus 49% or less)
- team working skills (64% versus 51% or less)
- communication skills (62% versus 47% or less)
- management skills (56% versus 41% or less)

Further analysis by region revealed few differences, but showed that establishments in Mid Wales were significantly *less* likely to have provided management skills (30% versus 42% or more)

The length of time established was an important factor for some training courses. Notably, as part of their set up procedure, sites that had been established for less than a year were more likely to have provided the following types of training than older establishments:

- customer handling skills (79% versus 59% or less)
- team working skills (74% versus 55%)

Establishments which had experienced an *increase* in number of employees over the past year were significantly more likely to have offered the following types of on-the-job training over the same time frame, compared with those firms which saw headcount: remain the same.

- general IT user skills (61% versus 49%)
- health and safety (83% versus 73%)

Having Head Office in control of the training budget also had some influence on the delivery of on-the-job training; establishments under such control were significantly more likely to offer the following types of training:

- customer handling skills (68% versus 55%)

- problem solving skills (58% versus 45%)

Establishments where Head Office gave advice about which training and suppliers were available locally or about new types of training being offered, were more likely to offer on-the-job training for the following skills than those establishments who did not receive this advice.

- other technical and practical skills (72% versus 59%)
- team working skills (69% versus 54%)
- first aid (60% versus 39%)

3.2.2 Types of on-the-job training provided in the last year by occupation

In order to better understand on-the-job training provision, the survey asked respondents who had provided on-the-job training to state which occupations within their business had received each type of training.

Due to restrictions on questionnaire length, the interview combined all categories of occupation at each site and then randomly selected two occupations for the respondent to comment on. The results of these questions are contained in sub sections (A to G), which follow.

A) On-the-job training provided for managers and senior officials in the past 12 months

Around a fifth of establishments (22%) that provided on-the-job training and said that they had Managers and Senior Officials on site were not providing any form of on-the-job training to this occupational group. This was more likely to be the case amongst establishments with fewer than 25 employees (25% of those with 2-9 employees and 19% of those with 10-24 employees).

Over half (55%) were providing health and safety training to this group, and the chart below gives the full breakdown.

By sector, the finance/business services sector was more likely to be providing the following training to this occupational group:

- IT professional skills training (27% versus 15% or less in other sectors)
- other technical and practical skills (50% versus 33% or less)
-

Wholesale/retail/hotel/restaurant establishments, however, were more likely than other industry sectors to be providing Managers and Senior Officials with training in:

- problem solving skills (44% versus 31% or less)
- using numbers (29% versus 17% or less)

Size of establishment influenced the likelihood of offering certain training on-the-job. For example, establishments with 100 plus employees were more likely than smaller establishments to have provided Managers and Senior Officials with the following:

- management skills (74% versus 46% or less)

- team working skills (69% versus 43% or less)
- general IT user skills (52% versus 31% or less)
- problem solving skills (52% versus 34% or less)
- IT professional skills (32% versus 14% or less)

B) On-the-job training provided for professional occupations in the past 12 months

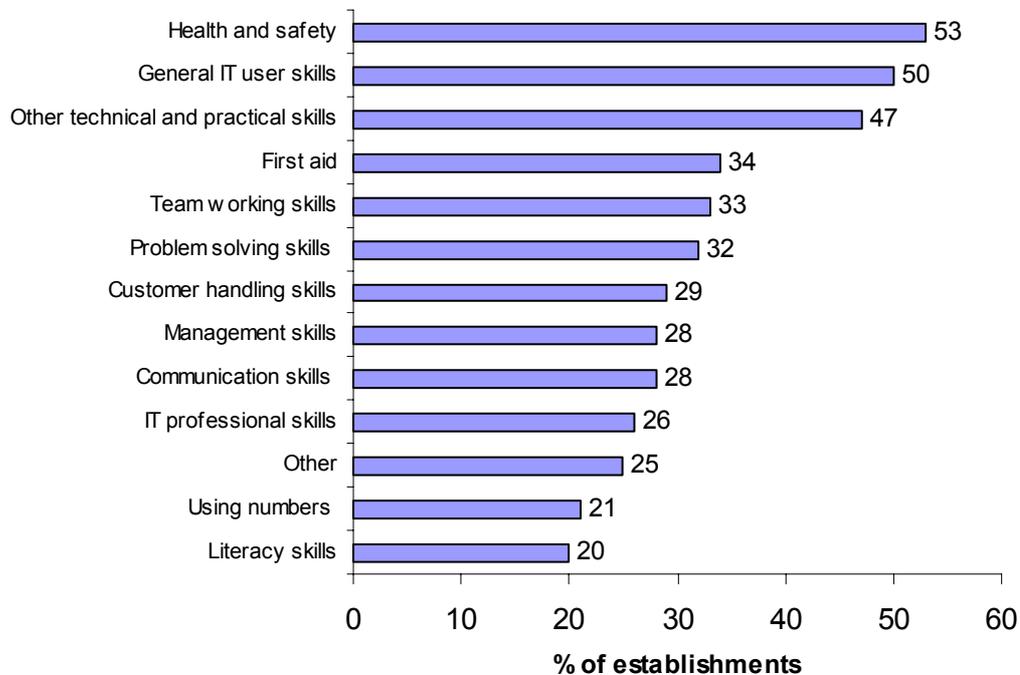
The most common types of on-the-job training offered to this group, mentioned by over three in ten establishments, were:

- health and safety training (53%)
- general IT user skills (50%)
- other technical and practical skills (47%)
- first aid (34%)
- team working skills (34%)
- problem solving skills (32%)

Just under a fifth of establishments (18%) that provided on-the-job training and said that they had professional occupations on site were not providing any form of on-the-job training to this group.

The base sizes were too small for differences between sub-groups to be statistically significant thereby limiting further analysis.

Chart 9: Types of on-the-job training provided in the last year to professional occupations (2006)



Base: All respondents providing on-the-job training to professional occupations and selected to answer the question (unweighted 314, weighted 300). Multiple response question. 'Don't know' not shown.

C) On-the-job training provided for associate professional occupations in the past 12 months

The most common types of on-the-job training provided to this group were health and safety (62%), other technical and practical skills (50%), general IT user skills (45%), team working skills (37%) and first aid (37%).

Just over a tenth of establishments (13%) that provided on-the-job training and said that they had associate professional occupations on site were not providing any form of on-the-job training to this group.

Again, the base sizes were too small for differences between sub-groups to be statistically significant thereby limiting further analysis.

D) On-the-job training provided for administrative and secretarial occupations in the past 12 months

The main areas in which on-the-job training was provided to this staff group were: general IT user skills (52%) and health and safety training (49%). Other types of training offered by more than three in ten establishments included:

- customer handling skills (34%)
- other technical and practical skills (33%)
- team working skills (30%)

A fifth of establishments (20%) were not providing any form of on-the-job training to this group.

Size of establishment again had an impact; establishments with 100 plus employees were significantly more likely to have offered this group of staff the following training:

- health and safety (84% versus 58% or less)
- communication skills (49% versus 31% or less)

E) On-the-job training provided for skilled trades occupations in the past 12 months

The types of training provided to skilled trades occupations were predictable given the nature of their work, with the most common relating to practical and safety related training:

- health and safety training (69%)
- other technical and practical skills (52%)
- team working (44%)
- problem solving (38%)
- customer handling (35%)
- first aid (32%)

F) On-the-job training provided for service occupations in the past 12 months

Personal service occupations

The nature of the training provided to Personal Service occupations was characterised by mandatory training (health and safety 65%, first aid 59%), practical skill and soft skills such as team working (48%) and communication (43%).

Sales and customer service occupations

Predictably, some of the most commonly cited on-the-job training provided to sales and customer service occupations were customer handling skills (74%), communication skills (61%), team working skills (61%) and problem solving skills (53%). Health and safety training was provided to three quarters (75%) of this group.

Small base sizes prevented further analysis by subgroup for both service occupation types.

G) On-the-job training provided for process/plant/machine operatives and elementary occupations in the past 12 months

Process/plant/machine operatives

Two thirds of establishments with this occupational group had provided health and safety training (67%), whilst just over half (54%) had arranged other technical and practical skills training. Other types of on-the-job training mentioned by at least three in ten establishments were team working skills (44%), first aid (44%), problem solving skills (32%) and customer handling skills (31%).

Elementary occupations

Whilst seven in ten (70%) of establishments with elementary occupations provided health and safety training to this group, the next most common type of on-the-job training was mentioned by fewer than four in ten establishments. The training types most commonly mentioned (by over 20% of establishments) included:

- team working (36%)
- other technical and practical skills (34%)
- customer handling skills (33%)
- first aid (29%)
- communication skills (26%)
- problem solving skills (24%)
- other (23%)

Small base sizes prevented further analysis by subgroup for both operatives and elementary occupations.

3.2.3 Comparison of data: 2005 and 2006

The proportion of establishments providing on-the-job training in 2006 was not significantly different to that recorded in 2005 (66% and 67% respectively), and there were also no significant differences at a regional level. At sector level, however, there had been some significant shifts, namely:

- establishments in the agriculture/mining/quarrying sector were more likely to be providing this type of training in 2006 than in 2005 (35% versus 23% respectively)

In terms of the types of on-the-job training provided, there had also been some shifts since 2005, as follows:

- most notably there had been large increases in the proportions of establishments saying they provided health and safety (76% versus just 13% in 2005) and first aid training (47% versus 6% in 2005), and this was observed across all regions, industry sectors and sizes of establishment. However, it should be noted that in the first wave of the survey, these two types of training were not read out as options for the respondent and therefore any mentions were entirely unprompted. However, given the

sizeable proportions of establishments that mentioned these types of training in 2005, the decision was taken to add these to the precoded list. In effect, 'prompting' the respondent in 2006 with these types of training resulted in far higher proportions of mentions, suggesting that the 2005 survey under recorded levels of training in first aid and health and safety (possibly because they may have formed part of a standard induction process)

In contrast, the proportions of establishments providing the following types of training had decreased between 2005 and 2006:

- customer handling skills (55% versus 60% in 2005)
- team working skills (55% versus 59% in 2005)
- problem solving skills (48% versus 51% in 2005)

Analysis of the types of training by region, sector and size also revealed some significant shifts between 2005 and 2006:

- in Mid Wales, despite a similar proportion of establishments providing on-the-job training at an overall level, there had been reductions in the proportions providing training in customer handling skills, team working skills, communication skills, problem solving skills, management skills and using numbers
- in South West Wales, the proportion of establishments providing management skills had increased (47% compared to 36% in 2005), whilst a decrease was seen in relation to general IT user skills and IT professional skills training
- in North and South East Wales, the only significant shift was in relation to general IT user skills; this had increased in South East Wales (57% compared with 49% in 2005) but decreased in North Wales (53% compared with 58% in 2005)
- the agriculture/mining/quarrying sector was less likely to have provided customer handling skills, team working skills, problem solving skills and management skills in 2006 when compared with the results for 2005
- in manufacturing/construction, fewer establishments were providing other technical/practical skills and customer handling skills training in 2006 compared with 2005
- in the utility sector, fewer establishments were providing other technical and practical skills and management skills training in 2006 compared to 2005
- in finance/business services, a higher proportion of establishments were providing management skills in 2006 (39% versus 32% in 2005), but lower proportions mentioned using numbers, literacy skills and IT professional skills training in 2006
- the public administration sector, on the other hand, was more likely to be providing on-the-job training in using numbers (34% versus 27% in 2005), but less likely to say that customer handling skills, team working skills, communication skills and problem solving skills training were taking place
- by size of establishment, the smallest establishments with 2-9 employers were more likely to have provided literacy skills training in 2006 (24% versus 19% in 2005) but the provision of other types of training was at broadly the

same levels as in 2005. In contrast, for establishments with 25 plus employees, the proportions that had provided all types of training (with the exception of health and safety and first aid) had decreased when compared with the picture in 2005

Excluding the shifts in the proportions of employees receiving health and safety and first aid training, analysis by occupation revealed some significant shifts between 2005 and 2006:

- managers and senior officials were less likely to have received training in communication skills and using numbers in 2006, whereas in the case of professional occupations, the only decrease was seen in team working skills (fallen from 40% to 33% in 2006)
- amongst associate professional occupations, there were significant decreases in the proportions receiving customer handling skills, problem solving skills and communication skills. However, there had been a slight but significant increase in the proportion receiving training relating to using numbers (25% versus 21% in 2005)
- for administrative/secretarial occupations, there had been significant decreases in the proportions receiving training in team working skills, communication skills and management skills. However, the proportion receiving literacy skills training had increased from 10% to 14% in 2006
- in the case of skilled trade occupations, whilst there had been a decrease in the proportion receiving team working skills, there had been significant increases in the proportions receiving training in customer handling skills (35% versus 27% in 2005), management skills (20% versus 12% in 2005) and literacy skills (14% versus 8% in 2005)
- personal service occupations were less likely to have received team working skills and customer handling skills training, but more likely to have received training in other technical and practical skills (49% versus 39% in 2005) and using numbers (30% versus 21% in 2005)
- the picture for sales/customer service occupations was similar to that in 2005, although a higher proportion were receiving training in communication skills in 2006 than in 2005 (61% versus 52%)
- process/plant/machine operatives were more likely to have received team working skills (44% versus 33% in 2005) and customer handling skills (31% versus 17%), but less likely to have received IT professional skills training (4% versus 13% in 2005)
- smaller proportions of elementary occupations received training relating to team working skills, customer handling skills, problem solving skills and communication skills when the data were compared with the picture in 2005

3.3 Off-the-job training provided in the last year

Just over half of establishments (54%) had arranged off-the-job training for their employees in the 12 months preceding the survey; this was a lower proportion than that providing on-the-job training (66%).

Further analysis revealed the following:

- there was little significant regional variation in terms of the proportions of establishments providing off-the-job training
- by industry sector, the public administration sector was more likely to have provided off-the-job training than any other sector (82% versus 61% or less)
- larger establishments were more likely to offer training than smaller sites. Thus, 92% of establishments with 100 plus employees provided off-the-job training compared with 47% of those with 2-9 employees.
- establishments that were single site were significantly less likely to have provided off-the-job training than those that were part of a multiple site organisation (but not head office) or head office establishments (48% versus 68% and 58% respectively)
- establishments which offered a mixture of mandatory and non-mandatory training were also more likely to have provided off-the-job training in the last year (71% - 77% depending on the balance between the two types of training), compared with those which offered mandatory training only (52%) or non-mandatory training only (60%)
- off-the-job training was also more prevalent amongst establishments which received any advice from Head Office on training matters (74% versus 57% of those firms which did not receive any such advice)

A similar correlation to that of on-the-job training also existed between the incidence of off-the-job training and growth in turnover and employee numbers, as follows:

- 58% of establishments that saw an increase in the last year's financial turnover had provided some form of off-the-job training in the same time period, compared with 47% of firms that saw a decrease in turnover, and 51% that saw turnover remain roughly the same
- 72% of firms with an increase in headcount offered off-the-job training, compared with 47% of firms with decreases in staff numbers and 49% of those with no change

3.3.1 Types of off-the-job training provided in the last year

The chart below reveals that the most common type of off-the-job training was health and safety training, provided by half of establishments (51%). This was followed by other technical and practical skills (49%), first aid (43%) and management skills training (39%).

Analysis by sector revealed the following:

- public administration; this sector was significantly more likely than others to have arranged off-the-job training in:
- first aid (58% versus 41% or less)
- childcare/protection (11% versus less than 1%)

Notably, establishments in agriculture/mining/quarrying were significantly less likely than all other sectors to have provided training in team working (12% versus 23% or more).

In line with the results for on-the-job training activity, establishments with 2-9 employees were *less* likely to have provided several types of off-the-job training when compared with the results for larger establishments, namely:

- health and safety (46% versus 57% or more)
- first aid (35% versus 52% or more)
- management skills (33% versus 45% or more)

At the other end of the scale, the largest establishments (i.e. with 100 plus employees) were significantly more likely than establishments with fewer employees to have provided all the precoded types of off-the-job training, with the exception of training in literacy skills and using numbers skills.

The length of time established linked with the likelihood of provision of some forms of off-the-job training. For example:

- those that had been established for 10 years or more were significantly more likely to have provided literacy skills training (25% versus 15% or less)
- those established less than a year were more likely to have provided job specific off-the-job training (15%) than their counterparts that had been established over 2 years, over 4 years and over 10 years (2% or less)

Perhaps surprisingly the following types of off-the-job training were more prevalent amongst firms which saw a *decrease* in financial turnover across the previous 12 months, rather than those which saw an increase:

- first aid (52% compared with 40%)
- management skills (50% versus 35%)
- team working skills (38% versus 28%)
- problem solving skills (34% versus 24%)

The following table provides an overview of the types of training in terms of their delivery mode: on or off-the-job. As observed in 2005, training was generally more likely to have been delivered on-the-job.

Table 6: Types of training provided in the last year

Base: All respondents providing particular type of training in last 12 months	Total all those providing off-the-job	Total all those providing on-the-job
Unweighted	1,237	1,440
Weighted	1,088	1,327
	%	%
Other technical/practical skills	49	68
Management skills	39	43
Communication skills	29	52
Team working skills	31	55
General IT user skills	33	53
Customer handling skills	26	55
Problem solving skills	27	48
Using numbers	21	36
IT professional skills	24	25
Health and safety	51	76
Literacy skills	19	24
First Aid	43	47
Hygiene/food hygiene	4	5
NVQ	4	4
Childcare/protection	4	3

Note: Multiple response question. Overall responses of 3% plus shown. 'Don't know' and 'Other' not shown.

3.3.2 Types of off-the-job training provided in the last year by occupation

Again, in order to gain a fuller picture of the nature of off-the-job training, the survey asked about which occupations were provided with different types of training at each site.

Due to restrictions on questionnaire length, the interview combined all categories of occupation at each site and then randomly selected two occupations for the

respondent to comment on. The results of these questions are contained in sub sections (A to G), which follow.

A) Off-the-job training provided for managers and senior officials in the past 12 months

As with on-the-job training, the most frequently cited type of training provided to this group was health and safety training (37%). Other types of off-the-job training mentioned by 20% or more included:

- management skills (27%)
- other technical and practical skills (24%)
- first aid (26%)
- team working skills (20%)
- Size of establishment influenced the likelihood of offering certain kinds of training off-the-job. For example, in line with the pattern observed for on-the-job training, establishments with 100 plus employees were more likely than smaller establishments to have provided Managers and Senior Officials with the following:
 - management skills (70% versus 43% or less)
 - team working skills (55% versus 30% or less)
 - problem solving skills (45% versus 24% or less)
 - communication skills (43% versus 25% or less)
 - general IT user skills (40% versus 17% or less)
 - IT professional skills (31% versus 11% or less)

B) Off-the-job training provided for professional occupations in the past 12 months

The most common types of off-the-job training, mentioned by over three in ten establishments were:

- other technical and practical skills (38%)
- health and safety training (34%)

Further analysis by subgroup was not possible due to small base sizes.

C) Off-the-job training provided for associate professional occupations in the past 12 months

Around a third of establishments (31%) that provided off-the-job training and said that they had associate professional occupations on site were not providing any form of on-the-job training to this group.

The most common forms of training (cited by 20% or more) provided to this staff group were:

- other technical and practical skills (43%)
- health and safety (30%)
- first aid (21%)
- general IT user skills (20%)

- communication skills (20%)

Base sizes were too small for differences between sub-groups to be statistically significant thereby limiting further analysis.

D) Off-the-job training provided for administrative and secretarial occupations in the past 12 months

Four in ten (40%) of establishments providing off-the-job training who said they employed administrative and secretarial staff reported that they did not provide any form of off-the-job training to this group.

The main forms of training provided (by 20% or more) included:

- general IT user skills (23%)
- health and safety (21%)

Base sizes were generally too small for differences between sub-groups to be statistically significant thereby limiting further analysis.

E) Off-the-job training provided for skilled trades occupations in the past 12 months

Three in ten establishments (30%) providing off-the-job training and employing skilled trades staff did not provide such training to this group. The types of training most commonly provided to skilled trades occupations were:

- health and safety training (38%)
- other technical and practical skills (32%)
- first aid (21%)

Base sizes were too small for differences between sub-groups to be statistically significant thereby limiting further analysis.

F) Off-the-job training provided for service occupations in the past 12 months

Personal service occupations

As with on-the-job training, the nature of the training provided to personal service occupations was characterised by mandatory training (49% mentioned health and safety, while 61% mentioned first aid), practical skills and soft skills such as team working skills 27% and communication skills 23%.

Sales and customer service occupations

Predictably, and in line with the types of on-the-job training, some of the most commonly cited off-the-job training provided to sales and customer service occupations were customer handling skills (26%), communication skills (23%) and team working skills (23%). Health and safety training was provided to a third (33%) of this group, whilst a fifth received first aid training (22%).

Small base sizes prevented further analysis by subgroup for both service occupation types.

G) Off-the-job training provided for process/plant/machine operatives and elementary occupations in the past 12 months

Process/plant/machine operatives

Of those establishments that provided off-the-job training and employed process/plant/machine operatives, about four in ten (39%) had not provided such training to this particular staff group in the 12 months preceding the survey.

The most common types of training provided to this group were:

- health and safety (41%)
- first aid (29%)
- other technical and practical (19%)

Elementary occupations

Four in ten establishments (40%) that could potentially have provided off-the-job training did not do so for this staff group. The types of off-the-job training most commonly provided were:

- health and safety (35%)
- first aid (27%)

Small base sizes prevented further analysis by subgroup for both operatives and elementary occupations.

3.3.3 Comparison of data: 2005 and 2006

The proportion of establishments providing off-the-job training in 2006 was not significantly different from that recorded in 2005 (54% and 55% respectively), and, as with on-the-job training, there were no significant differences at a regional level. At sector level, however, the following was observed:

- establishments in the utility sector were more likely to be providing off-the-job training in 2006 than in 2005 (50% versus 41% respectively).

In terms of the types of on-the-job training provided, there had also been some shifts since 2005, as follows:

- in a similar fashion to on-the-job training, there had been increases in the proportions of establishments who reported providing health and safety (51% versus 19% in 2005) and first aid training (43% versus 9% in 2005), and this was observed across all regions, industry sectors and sizes of establishment. However, it should again be noted that in 2006 these types of training were offered as possibilities to the respondent, rather than being unprompted answers. Again this suggests that the 2005 survey under recorded levels of training in first aid and health and safety

- notably, the proportion of establishments providing IT professional skills training in an off-the-job form had increased since the last wave of the survey (24% versus 20% in 2005)
- In contrast, the proportions of establishments providing the following types of off-the-job training had decreased between 2005 and 2006:
 - management skills (39% versus 44% in 2005)
 - communication skills (29% versus 35%)
 - customer handling skills (26% versus 32% in 2005)
 - team working skills (31% versus 34% in 2005)
 - problem solving skills (27% versus 31% in 2005)

Analysis of the types of training by region and sector also revealed some significant shifts between 2005 and 2006:

- in North Wales, there had been a reduction in the proportion of establishments providing training in management skills, but an increase in the proportion providing general IT user skills (38% versus 31% in 2005) and IT professional skills (28% versus 15% in 2005)
- in South West Wales, the proportions of establishments providing training in other technical and practical skills, team working skills and general IT user skills had all decreased
- in South East Wales, significantly fewer establishments had provided management skills, communication skills, general IT user skills, team working, customer handling skills and problem solving
- the agriculture/mining/quarrying sector was less likely to have provided training in other technical and practical skills, using numbers and IT professional skills off-the-job in 2006 when compared with the results for 2005
- in manufacturing/construction, fewer establishments were providing other technical/practical skills and management skills training off-the-job in 2006 compared with 2005
- in the utility sector, fewer establishments were providing management skills and communication skills training. However, a larger proportion were providing IT professional skills training in 2006 (16% versus 11% in 2005)
- wholesale/retail/hotels/restaurants – lower proportions of establishments were providing communication skills, team working skills, and customer handling skills training when compared to the picture in 2005
- finance/business services - lower proportions mentioned customer handling skills, problem solving skills and using numbers in 2006. However, a higher proportion mentioned IT professional skills in 2006 (28% versus 22% in 2005)
- the public administration sector was more likely to be providing off-the-job training in IT professional skills (29% versus 24% in 2005), but less likely to say that management skills and communication skills training was taking place

Analysis by occupation revealed some significant shifts between 2005 and 2006 (changes in the proportions providing health and safety training and first aid training are not discussed for the reasons already mentioned):

- managers and senior officials were slightly but significantly less likely to have received customer handling skills, problem solving skills and using numbers training in 2006 than in 2005. By way of contrast, professional occupations were more likely to have received general IT user skills (28% versus 19% in 2005), other technical and practical skills (38% versus 30% in 2005), and IT professional skills training (24% versus 16% in 2005).
- the picture for associate professional occupations was similar to that in 2005, with no significant shifts in the pattern of provision
- for administrative/secretarial occupations, there had been significant decreases in the proportions receiving team working skills, problem solving skills and communication skills training.
- in the case of skilled trade occupations, whilst there had been a decrease in the proportion receiving general IT user skills and communication skills training, there had been a significant increase in the proportion receiving management skills training (11% versus 6% in 2005)
- for personal service occupations, there had been a decrease in the proportion that had received customer handling skills training, but a larger proportion had received general IT user skills (26% versus 14% in 2005) and other technical and practical skills (33% versus 16% in 2005) and management skills training (17% versus 12% in 2005)
- as with on-the-job training, the picture for sales/customer service occupations was similar to that in 2005, although a smaller proportion were receiving problem solving skills training in 2006 than in 2005
- for process/plant/machine operatives and elementary occupations, there was little change overall in terms of the pattern of provision of off-the-job training

3.4 Nature of training provided (2006 only)

In 2006 a question was added to ascertain the nature of the training provided. Establishments were asked to state which of four statements most closely matched their situation with regard to the training that they had provided, on- or off-the-job, in the previous 12 months. The statements were:

- we've delivered only training which is required by law (i.e. mandatory)
- the majority of our training is mandatory but we've also delivered some additional training to meet our business needs
- the majority of our training is driven by business need but we deliver mandatory training as necessary
- all our training is driven by business needs (i.e. not required by law)

The most common response was that the majority of training was driven by business need, with mandatory training delivered as necessary (39%), followed by the opposite position: the majority of training being mandatory, with additional training dependent on business need (33%).

Around a fifth of establishments (19%) said that all their training was driven by business need, whilst just 7% said that all their training was mandatory.

Further analysis revealed the following patterns in the data:

- establishments in North Wales were significantly more likely to report that the majority of their training was mandatory, but that some additional training was delivered to meet business needs (40% versus 31% or less elsewhere)
- by industry sector, public administration establishments were significantly more likely to agree that the majority of training was mandatory than other industry groups (43% versus 35% or less).
- Size analysis revealed two interesting points:
- establishments with 2-9 employees were significantly more likely than those with a greater number of employees to say that all their training was driven by business need (22% versus 14% or less). This was also echoed in the analysis by nature of organisation; single site establishments were more likely to say that their training was driven by business need (23% versus 16% or less for other establishment types)
- establishments with 100 plus employees were significantly more likely to say that the majority of their training was delivered on the basis of business need, with mandatory training provided as needed (57% versus 46% or less)
- analysis by ownership of establishment showed that Welsh owned sites were significantly more likely than other establishments to say that all their training was driven by business need (25% versus 17% or less).
- changes in financial turnover/budget and employee numbers did not offer distinct patterns in terms of the drivers for training

3.5 Types of training planned in the next 12 months

All establishments were asked about the types of training that they planned to provide for their employees in the coming year. About one sixth (15%) were not planning on providing training of any sort in the next 12 months. This was more likely to have been the case amongst the smallest establishments with 2-9 employees (19% versus 5% or less amongst larger establishments).

The most common types of training mentioned (by four in ten or more establishments) were:

- health and safety (54%)
- first aid (44%)
- other technical and practical skills (40%)

Further analysis of the data revealed the following:

- establishments in North Wales were significantly more likely than those in other areas to be planning to provide the following types of training for their staff:
- health and safety (61% versus 53% or less in South East and Mid Wales)
- team working skills (44% versus 36% or less)
- establishments in the public sector were more likely to be planning to provide most of the most commonly mentioned types of training than establishments in the private sector
- large establishments with 100 plus employees were also more likely than their smaller counterparts to be planning most of the most commonly mentioned type of training, with the exception of health and safety training. This links with

the previous point, as there is an overlap between the public sector and large establishments with over 100 employees.

Establishments which had experienced an increase in financial turnover over in the previous 12 months were significantly more likely than those where turnover had remained the same to be planning to provide the following types of training in the next year:

- other technical and practical skills (46% versus 35%)
- communication skills (34% versus 27%)
- management skills (36% versus 26%)
- IT professional skills (24% versus 17%)

Establishments which reported an increase in employee numbers were more likely to be planning to provide the following training courses in the next year (compared with those which saw a decrease in staff numbers):

- other technical and practical skills (51% versus 38%)
- general IT user skills (44% versus 31%)
- management skills (46% versus 35%)
- communication skills (43% versus 29%)
- IT professional skills (27% versus 17%)

As one might expect, establishments that only offered mandatory training were generally less likely to be planning to offer any of the aforementioned training courses in the forthcoming year, compared to firms which offer a mixture of some mandatory and some business needs training

Where there was Head office advice relating to training, establishments tended to be more likely to be planning to offer the following training courses over the next year (as opposed to those that received no such advice):

- other technical and practical skills (56% versus 39%)
- general IT user skills (52% versus 38%)

3.5.1 Comparison of data: 2005 and 2006

There was a slight increase in terms of the proportion of establishments that were planning training (85% in 2006 compared with 83% in 2005), which is a positive development. There were also some notable differences in the types of training that were in the pipeline for the coming year. As seen with training delivered in the previous 12 months, employers were much more likely to quote health and safety and first aid training as something that was planned in the coming year in 2006 than in 2005. However, this apparent change was due to the fact that respondents were prompted with these options in the second wave of the survey (a change from the way the question was presented in 2005). We have therefore not discussed differences in the percentages reporting health and safety and first aid training wave on wave in this report.

For all other types of training with which respondents were prompted, significantly lower proportions of establishments were planning to deliver them in the forthcoming

12 months than had been planning to do so in 2005. The only exceptions were IT professional skills and literacy skills training, which were being planned by similar proportions of establishments year on year.

- this pattern was repeated amongst establishments with 2-9 employees. However, similar proportions of establishments with 25 plus employees were planning to provide training in customer handling skills, management skills, general IT user skills and using numbers as had been planning to do so in 2005.

Looking at the analysis by sector:

- in agriculture/mining/quarrying, significantly fewer establishments were planning to provide management training in the coming year (10% versus 16% in 2005)
- manufacturing/construction, a smaller proportion of establishments were planning to provide IT skills training (15% versus 18% in 2005)
- wholesale/retail/hotels/restaurants, a smaller proportion of establishments were planning to provide communication skills training (31% versus 41% in 2005)
- finance/business services, fewer establishments were planning to provide training in customer handling skills (29% versus 39% in 2005), general IT skills (41% versus 52% in 2005), problem solving skills (25% versus 36% in 2005)
- public administration, a smaller proportion of establishments were planning to provide team working skills training (50% versus 61% in 2005)

3.6 Summary

3.6.1 *On-the-job training*

Two thirds of establishments (66%) had provided some form of on-the-job training in the 12 months prior to the survey, and this was most likely to be the case amongst establishments that were:

- in the public administration sector
- employing 10 or more people
- part of a multiple site organisation (but not head office)
- delivering a mixture of mandatory and non-mandatory training

The proportion of establishments providing on-the-job training had not changed significantly since 2005 (67%), however those in the agriculture/mining/quarrying sector were more likely to be providing this type of training than in 2005 (35% compared with 23%).

The most common types of on-the-job training were health and safety training, other technical and practical skills, customer handling skills, team working skills and general IT user skills. This differed from the picture in 2005 in several ways; lower proportions offered customer handling skills, team working skills and problem solving skills training than was the case in 2005.

Other key changes in terms of on-the-job training provision were that in Mid Wales, smaller proportions of establishments were providing training in customer handling skills, team working skills, communication skills, problem solving skills, management skills and using numbers. In South West Wales, management skills training had increased but provision of general IT user skills and IT professional skills training had decreased. In North and South East Wales, there were changes noted in the provision of general IT user skills; provision had increased in the latter region but decreased in the former.

By sector, increases in training provision were noted in the finance/business services sector (in relation to management skills) and in the public administration sector (using numbers). Across other sectors, the trend was for stability or relatively lower proportions of establishments providing the various training types.

By occupational group, increases in training provision were noted as follows: associate professional occupations (using numbers); administrative/secretarial (literacy skills); skilled trades (customer handling skills, management skills and literacy skills); personal service occupations (other technical and practical skills and using numbers); sales/customer service (communication skills); process/plant/machine operatives (team working and customer handling skills).

3.6.2 Off-the-job training

In the case of off-the-job training, just over half (54%) of establishments had provided this to their staff, and this did not differ significantly from the results in 2005 (when 55% provided this form of training). There was little regional variation, but the public administration sector was more likely than other sectors to be providing training in this way, as were establishments with 100 plus employees, and those that were part of a multiple site organisation or a head office (rather than single site). Similar to on-the-job training, establishments which saw growth in turnover or employee numbers were more likely to have provided off-the-job training in the last year, as were establishments which offered a mixture of mandatory and non-mandatory training courses, or received advice or intervention on training matters from Head Office.

When compared with 2005, establishments in the utility sector were more likely to be providing off-the-job training in 2006.

In terms of the types of training provided, the most common type of off-the-job training was health and safety training, provided by half of establishments (51%). This was followed by other technical and practical skills (49%), first aid (43%) and management skills training (39%). Again, this differed to the picture in 2005; higher proportions of establishments offered IT professional skills training³. In contrast, lower proportions offered management skills, communication skills, team working skills and problem solving skills than was the case in 2005.

³ We cannot assess whether there was a change in the percentage offering health and safety or first aid training as the information was collected differently in 2005.

Other shifts at a regional level were noted; in North Wales an increased proportion of establishments were providing general IT user skills and IT professional skills. By sector, increases in provision were noted in the provision of IT professional skills in the utility, finance/business services and public administration sectors.

By occupational group, increases in off-the-job training provision were noted for: professional occupations (general IT user skills, other technical and practical skills, and IT professional skills); skilled trades (management skills); personal service occupations (general IT user skills, other technical and practical skills and management skills).

Asked about the form of training offered, establishments most commonly said that training was driven by business need with mandatory training delivered as necessary (39% gave this response). A third (33%) took the opposite position (i.e. the majority of their training was mandatory, with additional training dependent on business need). This latter statement was most likely to be held by those in North Wales and those in the public administration sector.

In terms of the types of training planned for the next 12 months, about one sixth (15%) did not plan any training for this next year, and this was most likely to be the case amongst establishments with 2-9 employees. The overall proportion of establishments *not* planning on providing training on or off-the-job had dropped slightly since 2005 (17%), indicating a slight but significant positive shift.

The types of training most commonly mentioned for the coming year were health and safety, first aid, and other technical and practical skills

4 Administration of Training

4.1 Introduction

The survey explored a number of issues associated with the administration of training in the year prior to the interview. The specific issues covered were:

- amount spent on training in the past year
- change in level of investment compared with three years previously
- influence of head office on training decisions
- whether any difficulties were experienced in finding an appropriate trainer in the past year
- types of training found difficult to satisfy through providers outside the organisation
- outcomes of difficulties encountered in finding an appropriate training provider

4.2 Percentage of turnover/financial budget invested in on and off-the-job training in the last year

4.2.1 Findings for 2006

Establishments that provided either on or off-the-job training were asked what percentage of their turnover/financial budget they estimated was spent on training in the last year. Seventeen percent said they spent none of their turnover/financial budget on training, more than half (55%) said they spent between 1-5 per cent, whilst one in fourteen (7%) claimed to spend between 6-10 per cent. Just under one fifth (19%) did not know what percentage was spent.

A significantly higher percentage of establishments in the public sector did not know what percentage of their turnover/financial budget was spent on training (25%) than among the private sector (17%). Meanwhile, the proportion of private establishments who spent nothing on their training (19%) was significantly higher than that recorded amongst public sector establishments (11%).

The proportion of establishments spending between 1-10 per cent of their turnover/financial budget on training was broadly similar across industry sectors.

Predictably, establishments which experienced a fall in financial turnover over the last year were significantly more likely to have spent *none* of their financial budget on training during the same time period (24%), compared with those which saw an increase in their turnover (16%).

A similar pattern was seen with regard to employee numbers; 22% of establishments which saw a decrease in staff numbers spent nothing on training in the last year, compared with 9% of firms which saw staff numbers go up. However it is also interesting to note that 20% of firms which saw staff numbers remain stable also spent none of their financial budget on training in the previous year.

In terms of the type of training delivered, establishments which offered either solely mandatory training or solely business needs training were significantly more likely to

have not spent any money on training over the past year (44% and 25% respectively), compared with just 11-12% of those which offered a mixture of mandatory and business needs training.

Head Office control over training budgets appeared to have had a negative impact on training spend, with 13% of establishments with controls having not spent any money on training last year, compared with 5% of those with no such constraints.

4.2.2 Comparison of data: 2005 and 2006

The proportion of establishments investing in training had not changed (i.e. year on year, the change in the proportion of establishments that reported that they spent *none* of their financial turnover/budget on training was not significant).

The only significant change in the level of investment at a total sample level was observed in the 1-5 per cent band; 55% of establishments invested this proportion of their financial turnover/budget in 2006 compared with 47% in 2005.

This increase was observed in all regions with the exception of South West Wales. The increase was particularly noticeable in North Wales, where 57% of establishments were investing 1-5 per cent of their turnover/financial budget in training compared with 44% in 2005. Correspondingly, a significantly lower proportion said they were investing 'none' of their turnover in training (10% versus 14% in 2005), although a lower proportion was investing 6-10 per cent of their turnover (5% compared to 9% in 2005).

By sector, significant movements were observed for the following:

- public administration, a significantly lower proportion of establishments were investing 'none' of their financial turnover in training (8% compared with 11% in 2005), and a greater proportion were investing 1-5 per cent of their financial budget (39% in 2005 versus 54% in 2006)
- wholesale/retail/hotels/restaurants, the proportion investing 'none' of their budget in training had not changed significantly year on year, and whilst investment had increased at the 1-5 per cent level (50% compared with 41% in 2005), the proportions investing 6-10 per cent or over 11 per cent had decreased overall.
- utility, a significantly greater proportion of establishments were investing in training (19% said they invested 'none' of their budget in training in 2006 compared with 26% in 2005). The only other significant change was observed in the proportion of establishments investing 1-5 per cent of their budget (55% versus 46% in 2005)

4.3 Changes in investment in training over the last three years

4.3.1 Findings for 2006

Establishments that provided on or off-the-job training were also asked whether they invested more, less or about the same per employee as they did three years earlier. Forty-two percent said they were spending about the same proportion, as they were

three years earlier. Meanwhile, 37% said they were investing more, with only 7% saying they were spending less.

Significantly higher proportions of the finance/business services, public administration and manufacturing/construction sectors claimed to invest more than three years ago (43%, 43% and 41%) than was the case for the wholesale/retail/hotel/restaurant and utility sectors (28% for each).

By size of employer, there were significant differences in the proportions investing more of their turnover/financial budget on training than three years earlier. Those employing 25-99 and 100 plus employees were significantly more likely to say they were investing more in training (56% and 60% respectively) than those employing 2-9 (32%) and 10-24 employees (42%). These latter two groups were significantly more likely to say they were investing about the same amount as three years ago (46% and 36% respectively) than those employing 100 or more employees (21%).

As one would expect, establishments which reported an increase in their previous year's financial turnover/budget were significantly more likely to have invested more per employee in training than three years ago (43%), compared with those which reported a decrease in turnover (25%). Notably, establishments that reported a fall in turnover were just as likely to have invested about the same amount in training over the last three years as those that had seen turnover remain stable (49% and 47% respectively).

A similar pattern was true for changes in the number of employees, for example establishments which reported an increase in staff numbers in the previous 12 months were significantly more likely to have also invested more in training over the past three years (51% versus 32% of those who saw either a decrease or no change in staff numbers).

In terms of the type of training delivered, establishments which offered a mixture of mandatory and non-mandatory training were significantly more likely to have invested more in training (42% each) compared with those which offered mandatory training only (23%), and those which offered business needs training only (26%).

4.3.2 Comparison of data: 2005 and 2006

Regional differences were evident in terms of changes in levels of investment over a three year period when the 2005 and 2006 data were compared, as follows:

- establishments in Mid Wales and South West Wales were more likely to report higher levels of investment in 2006 than in 2005 (Mid Wales 37% versus 28% in 2005; South West Wales 37% versus 30% in 2005)
- similar levels of investment; this outcome was increasingly reported by establishments in all regions with the exception of South West Wales.
- by size of establishment, those with 2-9 employees and 10-24 employees were more likely to report that investment levels were about the same as three years ago in 2006 than in 2005 (46% versus 37% and 36% versus 31% respectively).

4.4 Influence of head office of multi site establishments on decision making about training (2006 data only)

Establishments classified as subsidiary offices of multi-site establishments (i.e. not head offices) were asked about the function of their head office regarding the arrangement or supply of training for staff at that particular site. The extent to which head offices influenced training varied along a spectrum of high to low intervention, and respondents were given the following options to choose from (they were allowed to choose all that applied to that site):

- head office controls the amount of training budget available
- they produce a list of training suppliers that they recommend we use
- they produce a list of training suppliers that we have to use
- they give advice on what training/suppliers are available locally
- they give advice on new types of training being offered

The most common means of influencing subsidiary training was through budgets. Approximately two thirds of subsidiary offices (67%) claimed that their head office controlled the amount of training budget available. By sector, subsidiaries within finance/business services and the wholesale/retail/hotel/restaurant sectors displayed significantly higher head office budget control of training (76% and 73% respectively) than was the case for the manufacturing/construction sector.

Just over a third (36%) of subsidiary establishments reported that they were given a list of training suppliers that they had to use. Subsidiaries in North Wales and South West Wales were significantly more likely to be tied to a list of agreed training suppliers (45% and 44% respectively), than those in South East (30%) and Mid Wales (17%). Overall, public sector subsidiaries were significantly more likely to be restricted to training suppliers to an agreed list (48%) than private sector subsidiaries (33%). Nevertheless, subsidiaries in the wholesale/retail/hotel/restaurant sector were significantly more limited in their choice of training suppliers (51%) than those in any other sector.

A slightly less prescriptive approach was experienced by about two fifths (42%) of subsidiaries whose head offices produced a list of training suppliers which they were *recommended* to use. Once again, this approach was significantly less apparent in Mid Wales (23%) than in South West (49%) and North (45%).

At the least prescriptive end of the spectrum, three fifths (61%) of subsidiaries said that their head office gave advice on new types of training being offered. Public administration (70%), finance/other business services (61%) and wholesale/retail/hotels/restaurants (61%) were the sectors most likely to receive such advice from their head offices.

Just over two fifths (43%) of subsidiaries were given advice on what training/suppliers were available locally. Variations by region and sector were not significant.

One in six (15%) said none of the options applied. This included subsidiaries that were given no advice or guidance from their head offices regarding the arrangement

or supply of training, but would have also included those whose head offices may have intervened in a different way to those detailed in the question.

Predictably where Head Office controlled training spend, establishments were more likely to have much closer involvement with Head Office in other aspects of the arrangement and supply of training compared with those which had no Head Office budgetary control, as follows:

- Head Office produced a list of suppliers for recommended use (49% versus 26%)
- Head Office produced a list of suppliers that had to be used (47% versus 13%)
- Head Office gave advice on what suppliers were locally available (51% versus 26%)
- Head Office gave advice on new types of training being offered (69% versus 46%)

4.5 Difficulties in finding an appropriate training provider

4.5.1 Findings for 2006

All respondents were asked if they had experienced any difficulty over the past year in finding an appropriate training provider to meet their needs. One in ten (10%) establishments had encountered this problem, whilst three quarters (74%) claimed they had not experienced such a difficulty. A further 16% said that they hadn't planned any training in the past year that required an outside training provider.

There was a correlation between experiencing difficulty in finding an appropriate training provider and number of employees at the establishment. For example, among those with 100 plus employees, approximately one in six (16%) had encountered this problem, falling to 11% among those employing 25-99 staff, 12% with 10-24 employees, and 9% of those with 2-9 employees. Indeed, smaller establishments were less likely to have needed an outside agency or provider; about a fifth (19%) claimed not to have planned any training in the past year, significantly higher than the 5% of those employing 10-24, 3% employing 25-99 and 1% employing 100 plus staff.

Within the different sectors public administration, finance/business services and manufacturing/construction were significantly more likely to have faced difficulties in finding an appropriate provider (14%, 12% and 12% respectively), than was the case for establishments in utility (4%) and wholesale/retail/hotel/restaurant (5%).

Head office sites were significantly more likely to have encountered this problem (16%) than multiple site organisations (7%).

The minority (10%) of establishments which had encountered some difficulty over the past year in finding an appropriate training provider were asked what type of training needs they had found difficult to satisfy. The most frequently cited difficulties were to do with the provision of local training (16%), training at the right price/lack of funds for training generally (13%), job related/specific training (10%) and IT/computing (9%).

Robust sub group analysis was not feasible due to low base sizes.

These same respondents were asked what happened as a result of their difficulties in finding an appropriate training provider. The three principal outcomes were:

- did not undertake that type of training, mentioned by about a third (32%)
- sought another training provider outside the area, volunteered by a quarter (25%)
- managed and administered the training in house, mentioned by about a fifth (18%).

Base sizes were too small for any sub group differences across the various regions, sectors and sizes of employers to be analysed.

4.5.2 Comparison of data: 2005 and 2006

A comparison of the findings year on year paints a generally positive picture; establishments were more likely to say that they hadn't experienced any difficulties in finding an appropriate training provider (74% versus 68% in 2005), and *less* likely to say that they had not planned any training in the 12 months prior to the survey (16% versus 22% in 2005).

By size, the most marked shifts were amongst establishments with 2-9 employees. This group were less likely to say they had not planned training in the previous year (19% versus 27% in 2005), and more likely to say that they had not encountered difficulties in securing a suitable provider (72% versus 64% in 2005).

Further analysis revealed that several industry sectors exhibited improvements in terms of their situation, as follows:

- agriculture/mining/quarrying – there had been a drop in the proportion of establishments that had not planned training (31% versus 48% in 2005) and an increase in the proportion that had not encountered any difficulties in finding a training provider (60% versus 47% in 2005)
- utility – a drop was observed in the proportion of establishments that had not planned training (22% versus 30% in 2005) and an increase in the proportion that had not encountered any difficulties in finding a training provider (73% versus 64% in 2005)
- wholesale/retail/hotels/restaurants – again, there had been a drop in the proportion of establishments that had not planned training (19% versus 29% in 2005) and an increase in the proportion that had not encountered any difficulties in finding a training provider (76% versus 65% in 2005)

In terms of the types of training that were proving difficult to arrange, some types (for example, job specific training, health and safety, first aid training) registered similar levels of mentions in 2006 as in 2005. However, there were some notable differences in the overall profile of mentions, as follows:

- local training was more of an issue in 2006 than in 2005 (16% cited this issue in 2006 compared to 4% in 2005)

- similarly, training at the right price/lack of funds for training was cited by 13% in 2006, but just 4% in 2005

In terms of their reactions to difficulties, a smaller proportion of establishments in 2006 reported that the outcome was that they 'did not undertake that type of training' (32% versus 43% in 2005).

4.6 Summary

There had been little change at an overall level year on year in terms of levels of investment in training and the difficulties encountered in finding appropriate training providers. However, some positive shifts were observed and the detail is summarised below:

4.6.1 Investment in training

Public sector establishments were more likely than those in the private sector to be investing in training in 2006. By industry sector, those establishments most likely to be investing in training were in public administration and finance/business services (92% and 89% respectively); this mirrored the picture in 2005.

The proportion of establishments investing in training had not changed (i.e. year on year, the change in the proportion of establishments that reported that they spent *none* of their financial turnover/budget on training was not significant). The only significant change in the level of investment at a total sample level was observed in the 1-5 per cent band; 55% of establishments invested this proportion of their financial turnover/budget in 2006 compared with 47% in 2005.

Establishments which experienced a fall in financial turnover or headcount in the previous 12 months were more likely to have not spent any money on training during the same time period than establishments which had experienced an increase in financial turnover or employee numbers. Establishments that offered either mandatory or business needs training only were also more likely to have not spent any money on training in the last 12 months compared with those who offered a mixture of both mandatory and business training. Similarly, establishments which had to deal with budgetary constraints from Head Office were also more likely to have not spent any money on training than establishments with no such control.

When compared with three years previously, just over a third of establishments (37%) reported that they had increased their spending on training per employee, whilst four in ten (42%) were spending roughly the same amount. The sectors most likely to have increased their spending were finance/business services, public administration and manufacturing/construction (43%, 43% and 41% respectively). In addition, the larger establishments (with 25 or more employees) were more likely to cite an increase in their training spend.

Establishments which saw growth in financial turnover or employee numbers in the 12 months previously were more likely to have increased their training spend per employee within the last three years compared to those who had experienced a decrease.

4.6.2 Head office influence on training

To gain an insight into the decision making process in relation to training, in 2006 subsidiary offices of multi-site establishment were asked about the influence of head office on training decisions (this question was not asked in 2005). The most commonly cited relationship was that head office controlled the size of the training budget (67% of mentions), followed by head office offering advice on new types of training being offered (61%). Only around a third of establishments (36%) reported that head office took an entirely prescriptive approach and provided a list of training suppliers that *had* to be used. In general, public sector establishments were more likely than their private sector counterparts to have had to use suppliers from a list drawn up by head office (48% versus 33%).

Where Head Office was in control of an establishment's training budget, it was unsurprising to see closer involvement from Head Office in all aspects of the supply/arrangement of training courses, such as producing a list of suppliers to use, advising on local suppliers and advising on new types of training being offered.

4.6.3 Difficulties encountered in finding a training provider

There was little change overall in terms of whether establishments had encountered difficulties in finding an appropriate training provider. Thus, a tenth of establishments (10%) had experienced problems when trying to find an appropriate training provider external to their organisation (compared to 9% in 2005). However, significantly more establishments said that they *hadn't* experienced any difficulties in finding the right training provider (74% versus 68% in 2005). Meanwhile, 16% of establishments had not actually planned any training in the last year (compared with 22% in 2005).

Larger establishments were more likely to report difficulties than their smaller counterparts. For example, 16% of those with 100 plus employees reported difficulties, significantly higher than the 9% amongst those with 2-9 employees. In contrast, those with 2-9 employees were significantly more likely than larger establishments to say that they had not planned training – 19% versus 5% or less (encouragingly, the proportion of establishments with 2-9 employees who said that they had not planned training in the past year had fallen from 27% in 2005).

The most commonly cited types of training that were problematic in terms of sourcing a provider were:

- local training in general (16%; and more of a problem in Mid Wales than other regions)
- training at the right price/lack of funds for training (13%)
- job related/specific training (10%; more of an issue in South West Wales than in other areas)
- IT/computing (9%; a particular issue for establishments in the finance/business services sector and those in South East Wales)

In comparison to the 2005 findings, the problems of finding local training and finding training at the right price were more prevalent in 2006.

The most common responses to difficulties were not to undertake the training (cited by 32% of establishments that had encountered problems), to seek training outside the area (25% of mentions), or to manage/administer the training in house (18% of mentions).

Notably (and again, encouragingly) the proportion of establishments that decided not to undertake training as a result of encountering difficulties had fallen (from 43% in 2005 to 32% in 2006).

5 Financial Support

5.1 Introduction

The survey explored different types of financial support that establishments had received for training. The issues covered were:

- whether establishments had received financial support for training, and the sources and nature of that support
- types of financial support for training received in the last 12 months

5.2 Financial support received for training and the sources and nature of that support

This section discusses financial support received for any types of training that establishments had delivered in the past year. Financial support here included any finance from outside the organisation including sponsorship, subsidised training, or grants from the government delivered through a government agency. Only those establishments which provided on or off-the-job training were asked this section of questions.

5.2.1 Findings for 2006

Three in ten (29%) of establishments had received financial support for training they had delivered in the last year. Two thirds (67%) had not received such support (4% reported that they did not know).

There was a strong correlation between receipt of financial assistance for training and number of employees at the site; those employing 2-9 employees were significantly less likely to have received any support (25%) than those with 10-24 employees (34%). Meanwhile, both these categories were significantly less likely to have received financial help than establishments with either 25-99 (46%) or with 100 plus employees (49%).

By region, North Wales' establishments were significantly more likely to have received financial support for training (34%) than those in South East Wales (26%).

Receipt of financial support was significantly higher among public sector establishments (43%) and voluntary sector, charity or other organisations (40%)

than was the case among private sector establishments (25%). More specifically, establishments within the public administration sector were significantly more likely to have received some type of financial support for training (52%) than those in any other sector. Those sectors least likely to have received financial assistance were wholesale/retail/hotels/restaurants (13%), utilities (17%) and finance/business services (19%), all significantly lower than manufacturing /construction (36%) and agriculture/mining/quarrying (38%).

Those establishments which provided off-the-job training (either solely 36%, or in combination with on-the-job training 38%), were significantly more likely to have received financial support for training than those who solely offered on-the-job training (30%).

In terms of growth, establishments which saw an increase in employee numbers were significantly more likely to have received financial support for training (38%, compared with 23% of establishments which saw employee numbers fall, and 27% which saw them remain stable).

Financial support for training was also more prevalent amongst establishments which offered a mixture of mandatory and non-mandatory training; around a third of those offering a mixture of business needs driven and mandatory training received financial support last year, compared with 22% of firms which offered solely business needs training and 15% which offered only mandatory training.

5.2.2 Comparison of data: 2005 and 2006

Overall there was no significant difference in the proportion of establishments that had received financial support for training in 2006 (29%) as compared to in 2005 (27%).

Nevertheless, the public administration sector exhibited an increase in financial support for training in 2006 (52% compared to 46% in 2005). Establishments with 25 plus employees were also more likely to have received financial help (47% compared to 41% in 2005).

5.3 Types of financial support for training gained in the last year

Establishments that had received financial support were asked what help they recalled receiving in the past year (this was an open response and verbatim comments were used to create a code frame for the chart below).

5.3.1 Findings for 2006

The three most commonly cited types of financial assistance in 2006 for training were from the Government/council (18%), funding and grants from unspecified sources (15%) and from ELWa (14%).

In the case of Government/council funding, there were no significant variations by region and bases were too small for further analysis.

Recipients of funding and grants from unspecified sources were significantly more likely to be in South East Wales (19%) than in North Wales (8%). Base sizes were too small for further analysis by subgroup.

There was a relationship between size of establishment and receipt of help from ELWa; those employing 100 plus employees were significantly more likely to mention this source of help (33%) than those employing 2-9 (9%) and 10-24 employees (19%). Similarly, establishments that were single sites were significantly less likely to have received help from ELWa (10%) than either head offices (22%) or subsidiary sites which were not head offices (20%).

Other sources of help with training which were cited by 4% or more of establishments included:

- receipt of a Construction Industry Training Board grant mentioned by 9% and, as expected, was particularly confined to the manufacturing/construction sector (56%).
- training courses/free/subsidised training 9% overall. This was significantly higher among private than public establishments (12% versus 4%). Mid Wales establishments recorded higher mentions (19%) than South West Wales (6%). Similarly those employing 25-99 employees were particularly likely to mention this source of assistance (16%) than those with 2-9 employees (7%) and those with 100+ employees (4%).
- support/training from Local Education Authority/Social Services/Health Authority, 7% total mentions. This source of help was more prevalent among public than private enterprises (17% versus 4%), and more specifically by industry sector, was cited by 11% of public administration and 7% of wholesale/retail/hotel/restaurant establishments, but was not mentioned by any of the other sectors.
- training/funding through local college/university, 7% of mentions. Establishments claiming this source of help were most likely to be a head office site (15%) and more likely to have 100 plus employees (12%) than those with 10-24 employees (2%).
- support/funding from Welsh Assembly Government, 7% overall. This support tended to be concentrated in the public sector (17%) rather than in the private sector (4%).
- support/funding from General Teaching Council, 5% of mentions. This assistance tended to be mentioned by public sector establishments (18%) and those with only a single site (8%). The suggestion being that it was mainly schools and colleges that were receiving such funding.
- European funding (4% mentions in total) tended to be the preserve of the larger establishments, with 16% mentions among those with 100 plus employees. Those receiving this type of support were also more likely to be head offices (9%) or subsidiaries (8%).
- By financial turnover, the only significant difference was:
- government/council funding (25% of establishments which reported that their turnover remained the same cited this type of help, compared with 13% of those who said turnover had increased)

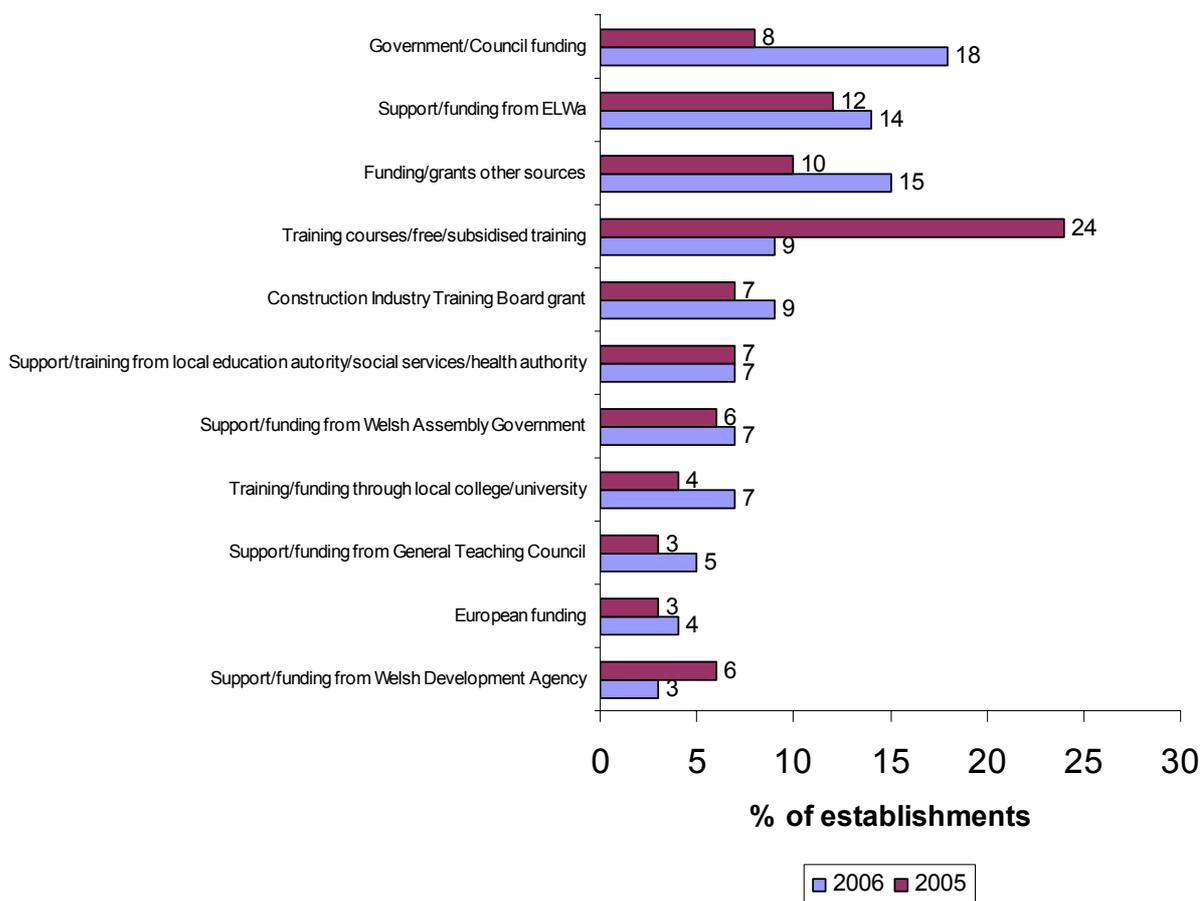
5.3.2 Comparison of data: 2005 and 2006

Establishments in 2006 were slightly more likely to say they were receiving financial support/funding from ELWa than in 2005 (12% in 2005 to 14% in 2006). There was a significant increase in the number of establishments in South West Wales saying that they had received this support/funding (12% in 2005 to 20% 2006) and a decrease in the number of establishments in North Wales mentioning receiving this (16% in 2006 to 12% in 2005). By size of establishment there was a significant increase in the number of establishments with 10-24 employees saying they had received support/funding from ELWa (10% in 2005 to 19% in 2006) and a decrease in the number of establishments with 25+ employees (30% in 2005 to 26% in 2006). There was also a significant increase in the number of 'other' establishments such as charities and voluntary sector establishments saying they had received this help (7% in 2005 to 12% in 2006).

The other principal differences between 2005 and 2006 in sources of financial support were:

- government/council funding – there was a significant increase in the proportions of establishments citing this type of financial support (from 8% in 2005 to 18% in 2006). Within this, there was an increase in the number of private sector (7% in 2005 to 18% in 2006) and charity and voluntary sector establishments (6% in 2006 to 27% in 2006) who said they received this. There was also a significant increase in the number of single-site establishments mentioning they had received this assistance (7% in 2005 to 20% in 2006). The number of establishments saying they had received Government/council funding in North Wales (9% in 2005 to 15% in 2006), South East Wales (7% to 21% in 2006) and South West Wales (9% in 2006 to 18% in 2006) had increased significantly but there was no significant increase in Mid Wales (11% 2005 to 14% 2006).
- training courses/free/subsidised – the number of mentions decreased significantly between 2005 and 2006 (24% down to 9% in 2006). There was a significant decrease in North Wales (22% 2005 to 10% 2006), South East Wales (23% 2005 to 9% 2006) and South West Wales (25% 2005 to 6% 2006) but not in Mid Wales (a decrease from 25% in 2005 to 19% in 2006 which was not statistically significant). By size of establishment, there was a significant decrease from 2005 to 2006 of those establishments with 2-9 employees (27% in 2005 to 7% in 2006) and those with 10-24 employees (23% in 2005 to 12% in 2006) mentioning they had received help from training courses/free/subsidised training.
- other less marked but still significant differences included the upward movement of those saying they were in receipt of funding from 'other sources' (up from 10% in 2005 to 15% in 2006), and/or in receipt of training/funding through their local college/University (4% in 2005 to 7% in 2006), and in receipt of support/funding from the General Teaching Council (3% in 2005 to 5% in 2006).
- there had been a downward movement in the numbers mentioning funding/grants (unspecified) (down from 9% to 2% in 2006) and support/funding from the WDA (6% in 2005 to 3% in 2006.)

Chart 10: Differences in financial support for training between 2005 and 2006



Base: All who have received financial support for any types of training they have delivered in the last year (2005: unweighted 517, weighted 442; 2006: unweighted 553, weighted 458). Multiple response question. Mentions of 4% plus in 2006 shown. 'Don't know' not shown.

Summary

There was little change year on year in terms of the findings relating to financial support for training. Amongst establishments that had undertaken any form of training, on or off-the-job, in the year prior to the survey, three in ten (29%) had received some form of financial support for training delivered, and this was in line with the proportion recorded in 2005 (27%).

The larger the establishment, the more likely it was to have received financial support for training, with half (49%) of those with 100 plus employees reporting that they received financial support compared with a quarter (25%) of those with 2-9 employees. Establishments in the public sector were more likely than those in the private sector to have received financial support (43% versus 25% respectively). More specifically by industry, the public administration sector was the most likely to have received support (52%).

Establishments which saw an increase in headcount, were more likely to have received some form of financial support for training. Such financial support was also more prevalent amongst firms which offered a mixture of mandatory and non-mandatory training

The main forms of support (cited by over a tenth of establishments in 2006) were:

- funding/grants from other sources (15%, a rise from 10% in 2005). This was also more common amongst establishments which saw a decrease in turnover last year than those which saw it remain stable.
- support/funding from ELWa (14%; a slight increase on the proportion recorded in 2005, 12%). Those employing 100 plus employees were also more likely to be in receipt of ELWa funding (33%) than smaller establishments which have 2-9 employees (9%) and 10-24 employees (19%).

6 Attitudes to training

6.1 Introduction

Employers were asked for their levels of agreement with a series of statements exploring attitudes towards training. Levels of agreement or disagreement were recorded on a five point scale, ranging from strongly agree to strongly disagree.

This chapter is split into three sections, each discussing attitudes towards a different theme of training; the statements relating to each theme are listed at the start of each section for reference.

6.2 The priority/provision of training

The statements used to examine this aspect of training were:

- our staff get about the right amount of training for their roles
- time pressures make it difficult to accommodate training for staff
- cost is an important factor in deciding whether to train our staff
- not much changes in our organisation, so apart from training new staff there is not much need for training
- most of our training budget is spent on mandatory training
- training is not one of our priorities

6.2.1 Findings for 2006

Employers were overwhelmingly in agreement with the statement 'our staff get about the right amount of training for their roles' (83% tended to agree or strongly agreed with this statement) and just a quarter (25%) were in agreement that 'training is not one of our priorities'. Cost and time, however, were key considerations for sizeable majorities of employers when making decisions about training; two thirds (66%) thought that time pressures made arranging training difficult, whilst nearly six in ten (58%) agreed that cost was an important factor when deciding whether to train.

Just under half of employers (45%) agreed that not much changed in their organisation so there was not much need for training other than training new staff, and for four in ten establishments (40%) the majority of their budget was spent on training that was dictated by legal requirement.

Looking at this set of statements in more detail, particularly in terms of 'strongly agree' ratings, the following points were observed:

- the agriculture/mining/quarrying sector was the most likely to agree strongly that 'training is not one of our priorities' (24%). Other statements which this sector was also particularly likely to agree with (although not significantly more than other sectors) included: 'not much changes in our organisation so apart from training new staff there is not much need for training (38%)', 'time pressures make it difficult to accommodate training staff' (42%) and 'cost is an important factor in deciding whether to train staff' (38%).

- manufacture/construction sector respondents were particularly likely to strongly agree (although not significantly more than the other sectors) that 'time pressures make it difficult to accommodate training of staff' (41%), 'most of our training budget is spent on mandatory training' (25%) and 'not much changes in organisation so apart from training new staff there is not much need for training' (38%). In contrast, they displayed a relatively low level of agreement with 'our staff get about the right amount of training for their roles' (40% strongly agreed).
- the wholesale/retail/hotel/restaurant sector displayed relatively high levels of strong agreement with the statements: 'our staff get about the right amount of training for their roles' (50%) and 'not much changes in our organisation so apart from training new staff there is not much need for training' (36%)
- establishments in the public administration sector were joint least likely (with finance/business services) to strongly agree with the statement 'most of our training budget is spent on mandatory training' (13%). This sector was also significantly less likely to strongly agree with the statement 'not much changes in our organisation so apart from training new staff there is not much need for training' (7%)
- finance/business services shared some similarities with the public administration sector in that establishments showed a relatively low level of strong agreement with the statements 'not much changes in our organisation so apart from training new staff there is not much need for training' (13%) and 'most of training budget spent on mandatory training' (13%).
- although not significantly different to the results for other regions, establishments in North Wales showed high levels of strong agreement with 'our staff get about the right amount of training for their roles' (51%). In contrast, those in Mid Wales and South West Wales were particularly likely to strongly agree that 'training is not one of our priorities' (16% and 15% respectively) but displayed a relatively low agreement with 'our staff get about the right amount of training for their roles' (37% and 41% respectively).
- turning to size of organisation, those establishments with 2-9 employees were significantly more likely to strongly agree that 'not much changes in our organisation so apart from training new staff there is not much need for training' (31%), compared with 4% of establishments with 100 plus employees
- employers with 100 plus employees also displayed a significantly lower level of strong agreement (than employers with fewer than 100 employees) with the following statement: 'time pressures make it difficult to accommodate training staff' (20% versus 34% or more in other size categories)
- establishments which reported a decrease in financial turnover were more likely to strongly agree with the statement 'not much changes in our organisation so apart from training new staff there is not much need for training' (35% versus 24% of firms which saw turnover increase). A similar pattern was also true for changes in employee numbers (22% versus 14% where numbers increased). Not surprisingly, establishments which only provided mandatory training were also most likely to agree strongly with this statement (58%, versus 42% or less of establishments providing business needs and/or a mixture of mandatory and non-mandatory training)
- a similar pattern of results was seen for the statement 'most of our training budget is spent on mandatory training', for example 22% of establishments

with a decrease in turnover strongly agreed, compared with 15% which reported an increase

- establishments which reported a decrease in financial turnover in the previous 12 months were significantly more likely to strongly agree with the statement, 'our staff get about the right amount of training for their roles' (53% versus 44% of those for whom turnover either increased or remained the same)
- establishments receiving Head Office intervention were also significantly more likely to strongly agree with this statement 'our staff get about the right amount of training for their roles' (47% versus 33% of those with no such intervention)
- establishments that reported changes in the number of staff (up or down), were significantly more likely to agree strongly with the statement, 'time pressures make it difficult to accommodate training for staff', 39% for each, compared with 32% of those which saw staff numbers remain stable
- amongst establishments that saw an increase in financial turnover, 28% agreed with the statement 'cost is an important factor in deciding whether to train our staff', compared to 36% of firms which saw turnover fall and 35% which saw it remain fairly stable. Establishments offering only mandatory or only business needs training were also most likely to agree strongly with the statement (59% and 37% respectively), as were those firms without Head Office intervention (28% versus 17% of those with intervention)

Table 7: Priority /provision of training by region, sector and size of establishment (groups expressing significantly higher or lower levels of strong agreement than average)

	Significantly more likely than average to agree strongly	Significantly less likely than average to agree strongly
Our staff get about the right amount of training for their roles	Region: North Wales	Region: Mid Wales Sector: public administration Size: 25-99 Size: 100+
Time pressures make it difficult to accommodate training of staff [^]	Sector: agriculture/mining/quarrying Sector: manufacture/construction	Size: 100+
Cost is an important factor in deciding whether to train our staff	Sector: agriculture/mining/quarrying	Sector: finance/business services Size: 25-99 Size: 100+
Not much changes in our organisation so apart from training new staff there is not much need for training [^]	Sector: agriculture/mining/quarrying Sector: manufacture/construction Sector: wholesale/retail/hotel/restaurant Size: 2-9 employees	Region: North Wales Sector: finance/business services Sector: public administration Size: 10-24 Size: 25-99 Size 100+
Most of training budget is spent on mandatory training	Sector: manufacture/construction	Sector: finance/business services Sector: public administration Size: 100+
Training is not one of our priorities [^]	Region: Mid Wales Region: South West Wales Sector: agriculture/mining/quarrying Sector: wholesale/retail/hotels/restaurants Size: 2-9	Region: South East Wales Sector: public administration Size: 10-24 Size: 25-99 Size: 100+

Note: [^] denotes a negative statement, therefore higher levels of strong *disagreement* shows a relatively more positive outcome.

6.2.2 Comparison of data: 2005 and 2006

Overall there was some slight movement in a positive direction when the data from 2005 and 2006 were compared, as follows:

- just over eight in ten (83%) agreed that '**staff get about the right amount of training for their roles**', a significant increase on 79% in 2005.
- there was a particularly marked shift in the agriculture/mining/quarrying sector, with 33% strongly agreeing with this statement in 2005, rising to 44% in 2006.
- establishments in North Wales were notably more likely to strongly agree in 2006 than in 2005 (51% versus 45%)
- in the case of '**time pressures make it difficult to accommodate training for staff**', levels of *disagreement* were slightly higher in 2006 compared with 2005 (26% versus 22% respectively), indicating an overall shift in a positive direction given that this is a negative statement
- there were shifts at a regional level, such that levels of strong agreement in Mid Wales had fallen from 44% in 2005 to 33% in 2006 and in South East Wales from 39% in 2005 to 34% in 2006, showing that time pressures were more of a problem year on year in these regions.
- By sector, establishments in wholesale/retail/hotels and restaurants and finance / business services were less likely to strongly agree with this statement in 2006 than they were in 2005 (39% and 35% in 2005 to 33% and 30% in 2006 respectively). However, there was an increase in the number of establishments within the public administration sector from 2005 to 2006 who tend to agree with this statement (29% in 2005 to 33% in 2006).
- in the case of '**not much changes in our organisation, so apart from training new staff, there is not much need for training**', levels of *disagreement* were significantly higher in 2006 compared with 2005 (52% versus 45% respectively), indicating an overall shift in a positive direction given that this is a negative statement
- this pattern was broadly repeated in all regions
- by sector, this pattern was observed in the utility, finance/business services and public administration sectors. However, establishments in the agriculture/mining/quarrying sector were significantly more likely to agree with the statement, revealing a tendency to increasingly feel that little was changing in their industry
- for the statement '**most of our training budget is spent on mandatory training**', levels of disagreement were slightly higher in 2006 compared with 2005 (40% versus 36% respectively)
- whilst this pattern was broadly repeated in North and South West Wales, in Mid Wales and South East Wales employers were generally more likely to agree with the statement overall
- by sector, the pattern of increasing disagreement was followed in the utility, finance/business services and public administration sectors. However, in the agriculture/mining/quarrying sector, increasing levels of agreement with the statement were observed year on year, indicating that mandatory training was taking a greater share of the training budget for this group
- considering the statement '**training is not one of our priorities**', there was a slight (but significant) decrease in the proportion of establishments in strong

agreement (11% in 2006 versus 14% in 2005) suggesting that attitudes were generally moving in a positive direction

- broadly speaking this general trend was repeated in Mid Wales and South East Wales, with no significant changes observed in other regions
- by sector, those in the manufacturing/construction, utility and public administration sectors followed the trend of decreasing agreement with this statement (in other sectors, no significant changes were observed)

6.3 The planning of training

The statements relating to the planning of training were:

- we actively seek advice or information about training that is relevant to our industry/profession
- we formally assess people's skills on a regular basis
- it is difficult to arrange cover whilst staff are undertaking training
- we tend to work with providers to develop our own training programmes

Encouragingly, over seven in ten establishments agreed that they actively sought advice or information about training that was relevant to their industry or profession (80%) or that they formally assessed people's skills on a regular basis (73%). Further, about a half (48%) were working with providers to develop bespoke training programmes. However, six in ten (59%) conceded that it was difficult to arrange cover whilst staff were undertaking training.

Further analysis on the sub groups which displayed relatively high or low levels of strong agreement showed the following:

- 'we actively seek advice or information about training that is relevant to our industry/profession'
- establishments in the public administration sector were significantly more likely to strongly agree with the statement (64% compared to 42% or less in the agriculture/mining/quarrying, manufacturing/construction, utility and wholesale/retail/hotel/restaurant sectors)
- by turnover, only establishments which saw this remain stable last year had differing opinions, with 44% strongly agreeing, compared with 50% of those which reported an increase in turnover and 52% reporting a decrease.
- establishments that reported increased staff numbers were significantly more likely to agree strongly (58% versus 43% whose numbers decreased)
- establishments which offered business needs training only were least likely to agree strongly (45%, compared with 54% each of those offering either mandatory only or a mixture of business needs and mandatory training)
- Head Office intervention clearly had an influence ; 50% of those receiving any such intervention agreed strongly, compared with 38% that had no Head Office involvement
- 'we formally assess people's skills on a regular basis'
- establishments in the Mid Wales and South West Wales displayed relatively lower levels of strong agreement with the statement (37% and 36% respectively compared to 44% of establishments in South East Wales and 45% of establishments in North Wales).

- notably, establishments employing 10 plus employees were significantly more likely to strongly agree with the statement (at least 51% compared with 37% of those employing 2-9 people)
- establishments with growing numbers of staff were also more likely to agree strongly with this statement (47% compared with 36% of those with declining numbers, and 40% of firms where staff levels remained the same over the previous year)
- establishments offering mainly business needs training with some mandatory training, mainly mandatory training and some business needs training and those who offered only mandatory training were most likely to agree strongly (54% compared with only 45% of firms offering *just* business needs training)
- those establishments that had any Head Office intervention were significantly more likely to agree strongly (50% versus 38% of those without this intervention)
- 'it is difficult to arrange cover whilst staff are undertaking training'
- finance/business services showed significantly lower levels of strong agreement than the public administration and utility sectors with the statement (31% compared to 43% and 42% respectively).
- establishments with 2-9 employees were significantly more likely than those with 10-24 or 100 plus employees, to strongly agree that arranging cover was difficult (40% versus 33% and 26% respectively)
- establishments most likely to show strong levels of agreement also tended to have no Head Office intervention (40% versus 27% of those with some form of intervention)
- for the statement '**we tend to work with providers to develop our own training programmes**', there was little significant variation by region, sector or size.
- notably, establishments which saw turnover fall in the last year were significantly more likely to strongly agree with this statement, 29% versus 20% of those which saw turnover increase.
- there tended to be closer involvement with training providers when Head Office did not manage the training budget (27% strong agreement versus 20% of those where Head Office did have control)
- the opposite was true in terms of Head Office advice (25% of those receiving any advice strongly agreed, compared with 16% of those getting no advice)

Table 8: Planning of training overview by region/sector and size of establishment (groups expressing significantly higher or lower levels of strong agreement than average)

	Significantly more likely than average to agree strongly	Significantly less likely than average to agree strongly
We actively seek advice or information about training that is relevant to our industry/profession	Sector: Public administration Size: 25-99	Sector: agriculture/mining/quarrying Sector: manufacture/construction Sector: utility
We formally assess people's skills on a regular basis	Sector: Public administration Size: 10+	Sector: agriculture/mining/quarrying Sector: manufacture/construction Size: 2-9
It is difficult to arrange cover whilst staff are undertaking training [^]	Sector: Public administration	Sector: finance/business services Size: 10-24 Size: 100+
We tend to work with providers to develop our own training programmes	Sector: public administration Size: 25-99	Sector: Finance/business services

Note: [^] denotes a negative statement, therefore higher levels of strong *disagreement* shows a relatively more positive outcome.

6.3.1 Comparison of data: 2005 and 2006

With the exception of the statement relating to seeking advice or information, there was no significant movement in attitude at an overall level between 2005 and 2006. There were, however, some significant shifts by sub group, as follows:

- strong agreement with the statement 'we actively seek advice or information about training that is relevant to our industry/profession' increased significantly, from 42% in 2005 to 47% in 2006
- this trend was observed across all regions
- this pattern was repeated in the wholesale/retail/hotels/restaurants, finance/business services and public administration sectors (other sectors showed no significant changes)
- levels of agreement with the statement '*we formally assess people's skills on a regular basis*' remained static at an overall net level, but the following differences were observed by subgroup:
 - by region, establishments in South East and South West Wales were more likely to 'tend to agree' with the statement in 2006 than in 2005, whilst in North Wales there was a slight but significant movement towards greater disagreement
 - an increasing tendency to agree with the statement year on year was observed in the agriculture/mining/quarrying, utility and public administration sectors
- Again, levels of agreement with the statement '*it is difficult to arrange cover whilst staff are undertaking training*' remained static at an overall net level, but the following differences were observed by subgroup:
 - establishments in South East and South West Wales were more likely to tend to disagree with this statement, revealing a generally positive trend in this aspect of training. In contrast, establishments in North Wales were slightly (but significantly) more likely to tend to agree with the statement, showing cover to be an increasing problem in this region
 - by sector, establishments in utility and wholesale/retail/hotels/restaurants showed higher levels of disagreement suggesting that cover was less of a problem in 2006. However, those in manufacturing/construction and public administration tended to show either greater agreement or lower disagreement with the statement, indicating that cover was more of a problem in 2006 than in 2005
- levels of agreement with the statement '*we tend to work with providers to develop our own training programmes*' were also static at a net level, but the following differences were observed by subgroup:
 - by region, establishments in North Wales were more likely to tend to agree with this statement, however, those in Mid and South East Wales were more likely to tend to disagree with the statement in 2006 compared with 2005
 - by sector, whilst the utility and wholesale/retail/hotels/restaurants sectors were more likely to tend to agree with the statement in 2006 than in 2005, establishments in finance/business services and public administration were more likely to tend to disagree overall

6.4 Relationship between training/investment and developing the business

A further series of attitude statements investigated levels of agreement or disagreement regarding how investment in training impacted on the development of the business. These statements were:

- training which leads to qualifications helps increase staff confidence
- we actively encourage staff to keep up to date with development in our industry/profession
- some of our staff do not see themselves as training material and there is not much we can do about that
- our staff are the most valuable asset of this organisation
- training and development of our staff is crucial to keep us competitive

6.4.1 Findings for 2006

The statement which generated the highest and almost unanimous agreement was that **'our staff are the most valuable asset of this organisation'** with 96% agreeing (80% strongly, 16% tending to agree).

- in terms of region, establishments in Mid Wales tended to have slightly lower levels of strong agreement (74%), significantly lower than in South East Wales (82%)
- the sectors with highest levels of strong agreement included public administration and finance/business (88% and 86% strongly agreed respectively). In contrast, there were significantly lower levels of strong agreement among the manufacture/construction and agriculture/mining/quarrying sectors (69% and 74% strongly agreed respectively)
- overall, public sector establishments were significantly more likely to agree with the statement than their private sector counterparts (87% strongly agreed with the statement in contrast to 78% among private establishments)
- establishments which had experienced either an increase or decrease in staff numbers revealed similar opinions (83% and 84% respectively agreeing strongly), whereas those with stable employee numbers were less inclined to agree (78%)

Around nine in ten (91%) respondents agreed that they **actively encouraged their staff to keep up to date with developments in their industry/profession**, with six in ten (61%) expressing strong agreement.

- establishments in the public sector were significantly more likely to encourage their staff to keep up to date (78% strong agreement), than their counterparts in the private sector (57%)
- this was reflected in the sector breakdown, with the public administration sector significantly more likely to strongly agree with this view (79%) than those in any of the other sectors (66% or less)
- establishments with growing numbers of employees were more likely to agree strongly (66%), compared with 56% of those which saw a fall in staff numbers
- establishments offering only mandatory training were least likely to agree strongly (47%), compared with 63% or more of those offering either business needs only training or a mixture of the two

- Head Office intervention also had an effect; 67% agreed strongly, compared with 57% of establishments with no such intervention

Agreement with the view that **'training which leads to qualifications helps increase staff confidence'** was 83% overall, with just over half (51%) in strong agreement.

- in terms of regional differences, those in North Wales were significantly more likely to strongly agree with this sentiment (56%) than those in Mid Wales (44%)
- once again, the public sector was more sympathetic to this view than the private sector (64% versus 47% respectively in strong agreement). This was supported by the sector analysis, where two thirds (67%) of public administration respondents strongly agreed that training which leads to qualifications increased staff confidence, significantly greater in comparison than 52% or less recorded in other sectors
- establishments employing 10 plus employees were significantly more likely to strongly agree with this statement (59% of those with 10-24 employees, 61% of those with 25 plus employees), than those employing 2-9 individuals (48%)
- establishments which saw employee numbers grow last year were significantly more likely to strongly agree (59%) than those which saw numbers decline (50%) or remain stable (48%)
- those with Head Office intervention were more likely to strongly agree; 68% versus 47% of those without intervention

One statement included in the battery, **'some of our staff do not see themselves as training material and there is not much we can do about that'**, elicited very different reactions to the previous statements. Just under three in ten (29%) agreed with this statement, one in ten (11%) strongly so.

- establishments within the private sector were significantly more likely to strongly agree with this view (13%) than those in the public sector (5%). Specific sectors which strongly agreed included agriculture/mining/quarrying (17%), manufacture/construction (15%), and wholesale/retail/hotel/restaurant (14%). This was in contrast to lower levels of strong agreement for finance/business services (9%) and public administration (5%).
- those which reported a decrease in financial turnover were significantly more likely to agree strongly (14%) compared with 10% of those which saw an increase in turnover. The same pattern was true with regard to decreasing staff numbers
- a lack of any Head Office intervention in training also impacted on levels of agreement, with 14% of such establishments agreeing strongly compared with 7% of those which did have Head Office involvement

The statement **'training and development of our staff is crucial to keep us competitive'** was posed to private sector respondents only. Around eight in ten (81%) private sector respondents agreed with this view, with 52% strongly agreeing.

- establishments based in North Wales and South East Wales were significantly more likely to strongly agree with this view of training enhancing

competitive performance (57% and 56%) than those in South West Wales and Mid Wales (46% and 45% respectively).

- there appeared to be a correlation between maintaining competitiveness through staff training and number of employees, such that strong agreement increased with number of employees. Hence, while only just under half (49%) of those employing 2-9 employees strongly agreed with the view, this rose to 61% among those employing 10-24, 70% among those employing 25-99 and 79% among those with 100 plus employees. The difference in levels of strong agreement between the 100 plus and 10-24 employee groups (79% and 61%) was significant
- the sectors least likely to see staff training as crucial to competitiveness included manufacturing/construction (41% strongly agreed) and agriculture/mining/quarrying (43%). These scores were significantly lower than for the finance/business services and public administration sectors (58% and 71% strongly agreed respectively)
- establishments experiencing either increases or decreases in financial turnover were significantly more likely to strongly agree with this statement (56% and 58% respectively), compared with 46% of those which saw turnover stay stable in the previous 12 months
- establishments that reported an increase in staff numbers over the same period were most likely to strongly agree (62% versus 47% of those which saw a fall in numbers, and 50% reported staff numbers remaining the same)
- establishments which received any advice from Head Office were also more likely to strongly agree; 78% versus 60% of those receiving no such advice

6.4.2 Comparison of data: 2005 and 2006

Overall, there were some slight but significant changes between 2005 and 2006 in levels of agreement with some of the statements relating to training/investment and developing the business, as summarised below together with any subgroup differences:

- Six in ten (61%) strongly agreed that 'we actively encourage staff to keep up to date with developments in our industry/profession'. This was a similar level to that recorded in 2005 (60%) but there was a higher indication of a tendency to agree (30% versus 26% in 2005).
- by region, a similar significant increase in the proportions of establishments that tended to agree with the statement were observed in North Wales and South East Wales (in other regions, increases were not significant).
- by sector, a similar pattern was observed for the finance/business services and wholesale/retail/hotels/restaurants sectors. In addition, establishments in the agriculture/mining/quarrying sector were significantly more likely to strongly agree that they actively encouraged staff to keep up to date professionally (55% in 2006 compared with 46% in 2005).
- In relation to the statement '**training and development of staff is crucial to keep us competitive**' there was no significant net change in levels of agreement at an overall level, however, analysis by sector revealed that:
- establishments in the agriculture/mining/quarrying and utility sectors were significantly more likely to strongly agree with this statement in 2006 than they were in 2005 (45% versus 36%)

- For the statement **‘training which leads to qualifications helps increase staff confidence’** there was no significant net change in levels of agreement at an overall level, however, further analysis revealed that:
 - levels of agreement increased slightly, but significantly, at a net level across all regions, with the exception of North Wales where any changes observed were not significant.
 - establishments in the agriculture/mining/quarrying were significantly more likely to strongly agree with this statement in 2006 than they were in 2005 (45% versus 36% respectively). Amongst establishments in the Wholesale/retail/hotels and restaurants sector, the proportion that tended to agree with this statement had also increased (35% versus 25% in 2005).
- Levels of *disagreement* with the statement **‘some of our staff do not see themselves as training material, and there is not much we can do about that’** increased significantly (57% disagreed in 2005 compared with 62% in 2006), showing an improving situation given that this was a negative statement. Analysis by subgroup revealed that:
 - this pattern was repeated across all regions
 - by sector, a similar pattern was observed for the finance/business services and public administration sectors

6.5 Summary

There were relatively few changes year on year at the total sample level in terms of employers’ attitudes towards training, although more changes were observed when sub group analysis was performed. The results for each statement are summarised below.

6.5.1 Priority, provision and planning of training

- *our staff get about the right amount of training for their roles* - agreement was 83%, and this was a significant increase on the 79% recorded in 2005. For agriculture/mining/quarrying establishments there had been a positive shift such that 44% strongly agreed with the statement compared with 33% in 2005.
- *we actively seek advice or information about training that is relevant to our industry/profession* – agreement was up from 73% in 2005 to 80% in 2006. In comparison with 2005, establishments in the public administration, wholesale/retail/hotel/restaurant and finance/business services sector showed small but significant increases in strong agreement.
- *we formally assess people’s skills on a regular basis* – 73% agreed and this remained static at an overall level when compared with the result in 2005 (72%). However, in comparison with 2005 data, there was an increasing tendency for establishments in the public administration, utility and agriculture/mining/quarrying sectors to agree.
- *time pressures make it difficult to accommodate training for staff* - levels of *disagreement* were slightly higher in 2006 (26% versus 22% in 2005), indicating a more positive overall picture. The sector experiencing time pressures most acutely was agriculture/mining/quarrying (42% in strong agreement which was significantly higher than average).

- *it is difficult to arrange cover whilst staff are undertaking training* - six in ten (59%) agreed and this proportion was similar to that recorded in 2005 (58%). Compared to 2005, cover was an increasing problem for establishments in the public administration and manufacturing/construction sectors.
- *we tend to work with providers to develop our own training programmes* - just under half of respondents agreed (48%, similar to the level recorded in 2005), but there were significantly higher than average levels of strong agreement in the public administration sector (24%). Finance/business services establishments were significantly less likely than average to strongly agree with the statement overall (15%).
- *not much changes in our organisation so apart from training new staff there is not much need for training* - overall levels of *disagreement* had risen since 2005 (from 45% to 52%). Comparison with the 2005 results showed that establishments in finance/business services and public administration were more likely to disagree in 2006, whilst those in agriculture/mining/quarrying were significantly more likely to agree (38% strongly agreed) indicating an increasing tendency to feel that little was changing in their industry.
- *most of our training budget is spent on mandatory training* - levels of disagreement were slightly higher in 2006 (40% versus 36% in 2005). This pattern of increasing disagreement was followed in the utility, finance/business services and public administration sectors. However, in the agriculture/mining/quarrying sector there was a higher level of agreement, suggesting that mandatory training was taking a greater share of the training budget for this group.
- *training is not one of our priorities* – this statement had the highest level of disagreement (68%, similar to that recorded in 2005). Comparison with the 2005 data indicated that there was a tendency towards lower agreement amongst establishments in the manufacturing/construction, utility and public administration sectors.
- *cost is an important factor in deciding whether to train our staff* (new statement in 2006) - six in ten establishments agreed (58%), but there were lower levels of agreement amongst those that reported an increased financial turnover in the previous year.

6.5.2 Training and the development of the business/organisation

- *our staff are the most valuable asset of this organisation* – agreement stood at 96% (similar to 2005). Levels of *strong agreement* were higher amongst those in finance/business services and public administration sectors (88% and 86% respectively).
- *some of our staff do not see themselves as training material and there is not much we can do about it* - over six in ten establishments (62%) *disagreed* with the statement and this was significantly higher than the level recorded in 2005 (57%) indicating a positive shift in attitudes. This shift was observed across all regions and in the finance/business services and public administration sectors.
- *we actively encourage staff to keep up to date with developments in our industry/profession* - six in ten (61%) strongly agreed (similar to the level recorded in 2005, 60%), but there was a higher tendency to agree (30%

versus 26% in 2005). Those in the public administration sector were more likely to strongly agree (79% versus 66% or less in other sectors), whilst those in finance/business services and wholesale/retail/hotels/restaurants sectors were more likely to tend to agree.

- *training which leads to qualifications helps increase staff confidence* – in line with 2005 results, half of establishments (51%) strongly agreed and this was most likely amongst the public administration establishments (67%). Establishments in the agriculture/mining/quarrying were significantly more likely to strongly (45% versus 36% in 2005), whilst establishments in the wholesale/retail/hotel/restaurant sector had a greater tendency to agree in 2006 (35% versus 25% in 2005).
- *training and development of our staff is crucial to keep us competitive* (private sector only) - eight in ten (81%) agreed which was a similar proportion to that recorded in 2005. Establishments in the agriculture/mining/quarrying and utility sectors were significantly more likely to strongly agree with this statement than they were in 2005 (43% versus 36%).

7 Employer Panel Segmentation

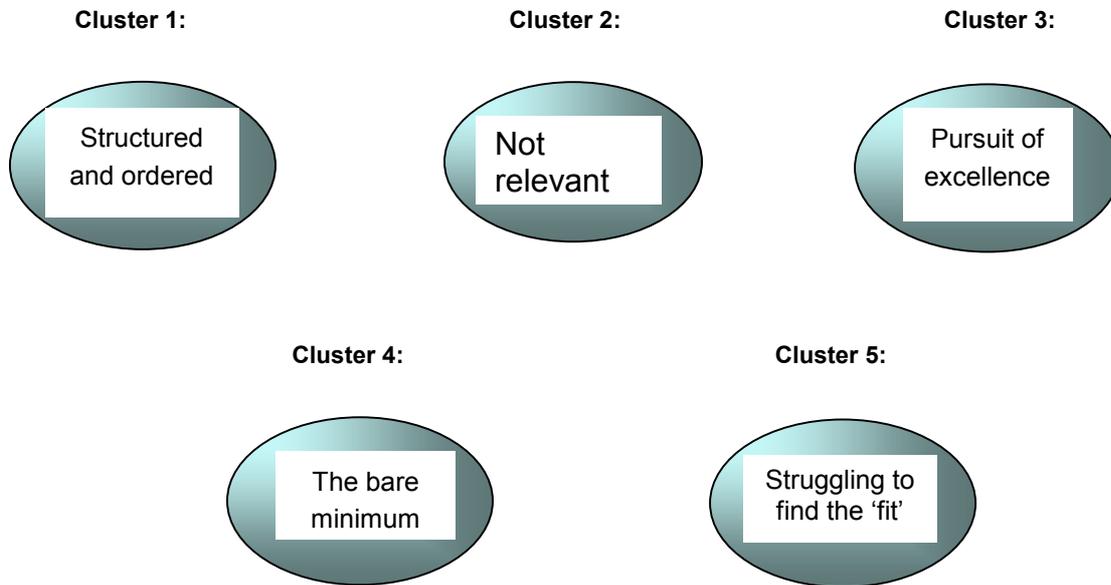
7.1 Creating and using a segmentation

Segmentation analysis examines a dataset to establish where attitudinal differences exist between different groups within a population. We run segmentation analysis because it is a simple and extremely effective way of understanding a population. The power of segmentation is that users of the data can create a holistic view of their population and from there they can target marketing for current initiatives, amend existing provision and/or create new initiatives or incentives.

We seek to find groupings of respondents who exhibit similar patterns in terms of the variables measured. The decision as to which variables to use and how many, will affect the results of the clustering. The principle of good clustering is that the clusters should have large distances between them, but that the members of each cluster should be close together. In the case of the Employer Panel, the segmentation was based around employers' attitudes to learning and training at work and was performed after the first wave of data collection in 2005.

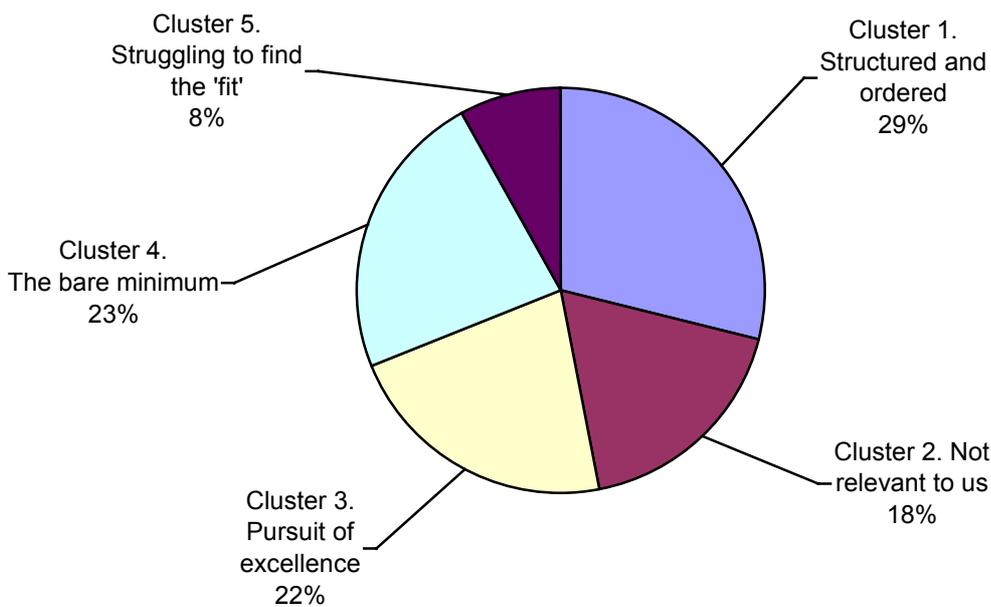
Producing a segmentation starts with factor analysis. This is an exploration of what variables 'work' with each other for respondents. Once all the variables have been concentrated through factor analysis, the process moves on to the cluster analysis. Cluster analysis produces various scenarios and the rule is that we agree the number of clusters that simply 'make sense'. Too many clusters will produce a confusing profile of the population. Too few will not account for all the differences between groups.

In this case, after wave I, the employer segmentation resulted in five clusters (or groups), as follows:



The breakdown of the full panel at wave I (2,059 respondents) by cluster is shown in the following chart.

Chart 11: Cluster Breakdown (at wave I)



Base: all respondents (2,059; wave I data)

The following sections provide a description of each cluster. The basic descriptions are based on Wave I data (i.e. all 2,059 respondents) and provide profiling information as well as information relating to specific questions about training.

At Wave II, change can only be measured amongst the longitudinal panel members (i.e. 1,313 respondents that were in both survey waves). Therefore, changes year on year refer to this smaller group of employers. These employers were allocated to a cluster at Wave I and the 2006 data is used to assess what has happened in the intervening year, i.e. more depth of information about changes in attitude and behaviour year on year is provided for the longitudinal members of each cluster. The commentary acknowledges where the smaller sample size has been used.

7.2 Cluster characteristics: 2005 and 2006

7.2.1 Cluster 1 - Structured and ordered

Overview: This was the largest group in the panel and consisted mainly of private sector, medium sized establishments (around 15 employees on average). They had good training arrangements and had not experienced difficulties finding training providers. They provided slightly higher than average on- and off-the-job training, and agreed that training was crucial for competitiveness. However, they were less likely than average to agree that they developed their own training programmes or that they sought advice or information concerning training that was relevant to them. This overall picture had changed little between 2005 and 2006, and there had been little growth in terms of turnover/financial budget or in the number of employees.

Comparing panellists that stayed in both waves of the survey only, the key differences between 2005 and 2006 were:

- a significantly lower proportions of this group was providing off-the-job training in 2006 compared with 2005 (76% in 2005 versus 67% in 2006)
- a significantly larger proportion strongly agreed that they actively sought advice or information about training that was relevant to them (33% in 2005 versus 48% in 2006).

Establishment profile: Half were single site, whilst around four in ten were part of a multiple site organisation but were not the head office. Three quarters of this group was made up of private sector establishments, however it also encompassed a significant number of public sector establishments (17%). The majority were consumer-focused establishments. This profile remained largely stable year on year.

In terms of financial or employee growth, the picture also remained stable year on year. Thus around four in ten establishments (44%) reported an increase in their financial budget/turnover and 11% reported a decrease. These were similar findings to that of 'Pursuit of excellence'

In terms of number of employees, the majority said that the number of employees was at roughly the same level as 12 months previously (63%), whilst around a quarter reported some growth (26%). This differed from 'Pursuit of excellence' where levels of growth were higher (33% in 2006).

Attitudes to training: This group of establishments had a very positive attitude towards their staff and training, and this was stable between waves, as follows:

- their staff were the most valuable asset of their organisation (96% agreed in 2005 and 2006)
- training and development of their staff was crucial to keep competitive (private sector only; 94% agreed in 2005, 86% in 2006)
- they actively encouraged staff to keep up to date with developments in their industry/profession (93% agreed in 2005, 92% in 2006)
- training which leads to qualifications helped increase staff confidence (81% agreed in 2005, 84% in 2006)

The majority in both years (71% in 2005, 73% in 2006) *disagreed* that some of their staff did not see themselves as training material and there was not much they could do about that.

Decision making: In 2006, a new question was added to the survey in which employers were asked whether their training was mainly mandatory or driven by business need. Employers in 'Structured and ordered' were split; over four in ten said that training was driven by business need but with mandatory training delivered as necessary (45%); a further third (33%) stated the opposite, i.e. that the majority of their training was mandatory but that some additional training was delivered to meet business needs.

In addition to this, in 2006 employers that were part of a multiple site operation but were not themselves located at the head office were asked about the function of their head office in training decisions. Six in ten or more agreed that:

- head office controls the amount of training budget available (69%)
- they give advice on new types of training being offered (60%)

Lower proportions, however, agreed that head office provided lists of suppliers that were either recommended for use (34%) or that were compulsory suppliers (33%).

Provision of training: The vast majority of establishments in this cluster provided on-the-job and off-the-job training for their employees. In 2006, the picture was similar.

Based on longitudinal members of the panel only, the proportion providing on-the-job training had not changed significantly (80%), but there had been a statistically significant decrease in the number of establishments providing off-the-job (67%) training.

In general, these establishments had not experienced any difficulty in finding an appropriate trainer to meet their needs in the year prior to the survey, and they tended to have a positive attitude towards the provision of training. This situation was, on the whole, constant year on year. Considering the longitudinal panellists, the majority:

- formally assessed people's skills on a regular basis (72% in 2005; 77% in 2006)
- actively sought advice or information about training that is relevant (75% in 2005 and 81% in 2006; notably the proportion that strongly agreed had risen significantly from 33% to 48%)
- agreed that 'our staff get about the right amount of training for their roles' (78% in 2005; 84% in 2006)
- disagreed that 'training is not one of our priorities' (86% in 2005; 81% in 2006)

Future plans: In 2005 only a minority of establishments reported that they did not plan to provide any training to their employees in the next year, and this remained broadly stable in 2006 (7% did not intend to provide any training in 2006).

7.2.2 Cluster 2 - Not relevant to us

Overview: With 'The bare minimum' this cluster had the highest proportion of establishments with up to 9 employees. This group had provided the least amount of training in the last year and tended to agree that training was not a priority. They had not necessarily experienced difficulties finding trainers; however, time pressures could make it difficult to accommodate training. They were less likely to believe that training was crucial for competitive strength than the other clusters in the segmentation. Establishments in this cluster were fairly static in terms of growth both in terms of financial turnover/ budget and in terms of the numbers employed

However, there had been some shifts in attitudes and behaviour year on year amongst longitudinal members of the cluster. Notably, there had been an increase in the proportion of this group that said they had provided some off-the-job training to their employees in the past year, rising from 18% in 2005 to 28% in 2006. Attitudinally, this group were also more positive regarding the benefits of qualifications and regarding advice seeking about training and encouraging staff to keep up to date.

Establishment profile: This cluster was made up of smaller establishments with an average of around 6 employees. The establishments were predominantly single site and private sector. Establishments in this cluster were fairly static in terms of growth both in terms of financial budget/turnover and in terms of employee numbers.

Attitudes to training: The establishments in this cluster tended to be less likely to see the relevance of training to their business. However, as stated earlier, based on an analysis of the longitudinal members of the cluster, employers' views had altered significantly over the course of the year for the following statements:

- training which leads to qualifications helped increase staff confidence - 41% agreed with this statement in 2005, but this had increased to 60% by 2006.
- we actively encourage staff to keep up to date with developments, whilst 53% agreed with this statement in 2005, 84% were in agreement in 2006.

Decision Making: With respect to the new questions asked in 2006, employers were asked whether their training was mainly mandatory or driven by business need. Four in ten employers in 'Not relevant to us' (39%) said that all their training was driven by business need, whilst around a quarter (24%) stated their training was mainly mandatory with some additional training driven by business need, and 22% taking the reverse position.

Employers that were part of a multiple site operation but were not the head office were also asked about the function of their head office in training decisions. However, for this cluster the base was too small for robust analysis.

Provision of training: In this type of establishment training did not appear to be taken seriously with the majority of employees not receiving any training, either on or off-the-job.

In 2006 the majority of establishments in this cluster continued to give a low priority to the training; 61% of establishments said that none of their staff had received on-the-job training and 72% had received no off-the-job training.

However, as mentioned earlier, considering just the longitudinal panellists in the cluster, between 2005 and 2006 there was an increase in the number of establishments who said that they had given *some* off-the-job training to their employees, from 18% to 28% in 2006.

Of the establishments in the cluster who had provided training, over four in ten in 2005 (42%) indicated that they did not spend any of their turnover on training and over half (52%) were spending the same on training per employee as they did three years ago. Amongst longitudinal panellists the situation had not significantly altered year on year.

The vast majority who had provided training had not received any financial support for any types that they had delivered in the last year (84%), and this continued to be the case in 2006.

This group of establishments continued to be generally apathetic towards training. For example, amongst longitudinal panellists:

- three quarters agreed that 'not much changes in our establishment so apart from training new staff there is not a need for training' (75% in 2005 and 73% in 2006)
- two thirds agreed that 'training is not one of our priorities' (61% in 2005 and 64% in 2006)

They tended to be less proactive in terms of developing their own training programmes. Half of the establishments in this cluster (50%) disagreed with the statement 'we tend to work with providers to develop our own training programmes' and this had not altered significantly in 2006. However, in response to the statement 'we actively seek advice or information about training that is relevant to our industry or profession', amongst the longitudinal panellists, whilst 30% agreed with this statement in 2005, 55% agreed in 2006 which indicated a significant increase.

Help and advice: In 2005, this group of establishments were more likely than those in 'Structured and ordered', 'Pursuit of excellence' and 'Struggling to find the 'fit'' to report that they had not used any of the suggested sources of help and advice on how to access training for their staff (43% versus 29% or less). They were also more likely than these same clusters to report that they had not had any contact with any of the training providers in their area. (This question was not asked in 2006 so no update can be provided).

Future plans: A third of establishments in this cluster (35%) reported that they were not planning on providing any training in the next year, and this situation had not altered in 2006.

7.2.3 Cluster 3 - Pursuit of excellence

Overview: This group had provided the most training and had excellent training structures in place. They were the most likely to develop training and had also sought advice from the most sources. They had the largest number of types of training planned for the next year. This group had the highest proportion of

establishments with 25 plus employees compared with other clusters. This was the cluster where the highest proportion was classed as public sector (27%).

In terms of changes year on year, based on the data for longitudinal panellists only, in 2006 33% reported an increase in the number of employees and this remained one of the highest proportions across all clusters. Turnover/financial budget, however, had stabilised or slowed down amongst this group..

In general whilst their attitudes and behaviour in relation to training remained very positive, there were some shifts amongst the longitudinal panellists. Most notably, whilst levels of off-the-job training remained stable, on-the-job training provision had fallen from 91% in 2005 to 78% in 2006 for this group.

Establishment profile: Based on the data from Wave I, this group tended to be made up of larger establishments with an average of 26 employees. The establishments were either single site (56%) or one of a multiple of sites (34%). The cluster predominantly contained private sector establishments (63%) but also contained a substantial proportion of public sector establishments (27%). This profile had altered little year on year.

By 2006, based on longitudinal respondents only, employee growth was on a par with 'Struggling to find the 'fit'', and these two clusters were the most likely to report growth in employee numbers (33% and 31% in 'Struggling to find the 'fit'').

This was one of the 'growth' clusters in 2005 in terms of turnover/financial budget. However, by 2006 the picture was more flat across the clusters and a significantly larger proportion of longitudinal panellists in the cluster said that their turnover/financial budget had decreased (15% versus 8% in 2005) or remained at roughly the same level (39% versus 29% in 2005).

Attitudes to training: This group had very positive attitudes towards training. They understood that by encouraging and training their staff that their business would grow as a consequence. Based on longitudinal panellists only, this cluster exhibited high levels of strong agreement for the following:

- our staff are the most valuable asset of this organisation (94% in 2005 and 88% in 2006 which was a significant decrease)
- training and development of our staff is crucial to keep us competitive (86% in 2005 and 73% in 2006; this drop was significant but despite this, longitudinal members of this cluster remained the most likely across all the clusters to be in strong agreement with this statement)
- we actively encourage staff to keep up to date with developments in our industry/profession (84% in 2005 and 78% in 2006)
- training which leads to qualifications helps increase staff confidence (79% in 2005 and 71% in 2006 which was a significant decrease although longitudinal panellists in this cluster were still significantly more likely to strongly agree with this statement than in any other cluster.)

Decision making: Asked (in 2006 only) whether their training was mainly mandatory or driven by business need, four in ten employers in this cluster stated that their training was driven by business need but with mandatory training delivered as necessary (41%), whilst 36% stated the opposite, i.e. that the majority of their

training was mandatory but that some additional training was delivered to meet business needs.

In addition to this, in 2006 employers that were part of a multiple site operation but were not themselves located at the head office were asked about the function of their head office in training decisions. The Pursuit of excellence cluster was similar to Structured and ordered in that around seven in ten agreed that:

- head office controls the amount of training budget available (70%)
- they give advice on new types of training being offered (68%)

A higher proportion than Structured and ordered, however, agreed that head office provided lists of suppliers that were either recommended for use (50% versus 34%). In addition, 51% agreed that head office gave advice on what training/suppliers were available locally (compared to 40% in Structured and ordered).

Provision of learning: This cluster took training more seriously than most of the other clusters. Thus, the vast majority of establishments said some of their employees had received either on-the-job training and/or off-the-job training in 2005. In 2006, amongst longitudinal panellists, the proportion of staff that had received on-the-job training had decreased significantly from 91% to 78% (although this remained one of the highest proportions across all the clusters).

The proportion of employers providing off-the job training had not changed significantly in 2006 with 76% of establishments saying some of their staff had received this type of training.

These establishments tended to be focused on the way forward, with objectives set in order to achieve future aims and goals. For example, in 2005 the group was more likely than 'Structured and ordered', 'Not relevant to us' and 'The bare minimum' to want to:

- improve the quality of service (including customer service) (94% versus 87% or less)
- address skills levels of workforce (88% versus 70% or less)
- introduce new working practices (81% versus 59% or less)
- introduce new technology in the next year (68% versus 52% or less)
- secure additional funding sources (54% versus 34% or less)
- reduce staff turnover (46% versus 29% or less)

(This question was not repeated in 2006, therefore no update is possible).

In terms of finding an appropriate training provider, this wasn't generally a problem for this cluster.

As was the case in 2005, employers in this cluster were amongst the most likely to have invested more per employee in training than they did three years previously (51%) and to have received financial support for training (41%).

These establishments tended to take an active role in the development of their staff and the organisation of appropriate training. For example, based on the data for longitudinal panellists within the cluster:

- not much changed in their establishment so apart from training new staff there was not much need for training (73% disagreed in 2005 and 76% disagreed in 2006)
- they actively sought advice or information that was relevant to them (93% agreed in 2005 and 95% in 2006)
- they formally assessed their staff skills on a regular basis (94% agreed in 2005 and 93% in 2006)
- in response to the statement 'training is not one of our priorities' the overwhelming majority of employers disagreed (although the proportion that strongly disagreed had decreased significantly from 81% in 2005 to 65% in 2006)
- they tended to work with providers to devise training programmes (78% agreed in 2005 but this had decreased to 62% in 2006, although it remained one of the highest levels of agreement across the five clusters)

Help and advice: In 2005, these establishments (and those in Struggling to find the fit) were the most likely to have had contact with the training providers in their local area in 2005. For example they had:

- provided feedback on training/course content (61%)
- received visits from representatives (61%)
- sent staff on training courses at the provider (58%)
- arranged placements in their establishments for students from local colleges (57%)
- attended networking events arranged by the provider (55%)
- sat on the Board of a local college (17%)

(These questions were not asked in 2006).

Future plans: The overwhelming majority of establishments were planning on providing training in the next year.

7.2.4 Cluster 4 - The bare minimum

Overview: Along with 'Not relevant to us' this group contained the highest number of establishments with up to 9 employees. Over half (52%) of this cluster were identified as wholesale/retail/hotels/restaurants. This group provided lower than average training, both on and off-the-job, and had fewer training programmes planned. Although training was not a priority, they believed that staff got the right amount of training for their roles and that their training budget was spent on mandatory training. They did have training structures in place, but experienced some time pressure and staff cover difficulties whilst accommodating training.

In terms of the changes year on year, these were few. The patterns of growth both financial and in terms of employee numbers had not altered significantly. However, examination of the longitudinal panellists revealed a positive attitudinal shift, in that the proportion of establishments that agreed with the statement 'training is not one of our priorities' had decreased from 47% in 2005 to 37% in 2006.

Establishment profile: These establishments tended to be smaller than average, with an average of around 7 employees. They were predominantly private sector (88%) and single site establishments (77%). Their main business activity was described as producing goods/providing services for consumers (85%). This profile remained largely static year on year.

In terms of growth, there was an even split between the number of establishments who had increased their turnover/financial budget (35%) and those who had remained roughly the same level (34%), with no significant changes year on year. Similarly, in terms of the number of employees remained at roughly the same level year on year (74%) and this remained the case in 2006.

Attitudes to training: Overall, in line with all the other clusters the majority of establishments in this cluster in 2005 strongly agreed that their staff were the most valuable asset of their organisation (83%) but less so than in 'Pursuit of excellence' and 'Struggling to find the 'fit'', and the picture was similar in 2006. This cluster, along with 'Not relevant to us', were the most likely to agree with the statement 'some of our staff do not see themselves as training material and there is not much we can do about that' (52%), and this was also the case in 2006.

Decision making: Asked whether their training was mainly mandatory or driven by business need, 36% of employers said that the majority of their training was mandatory but that some additional training was delivered to meet business needs, whilst 29% said that training was driven by business need but with mandatory training delivered as necessary. 11% said all their training was mandatory (the same proportion to that reported in 'Not relevant to us' and higher than all other clusters).

In addition to this, in 2006, employers that were part of a multiple site operation but were not themselves located at the head office were asked about the function of their head office in training decisions. However, the base size for this question was too small for robust analysis.

Provision of learning: This cluster was similar to 'Not relevant to us' in terms of training provision, i.e. it was one of the highest proportions providing neither on-the-job training nor off-the-job training. In 2006 the picture remained the same; based on longitudinal panellists, 56% had not provided on-the-job training and 66% had not provided off-the-job training.

In line with the picture in 2005, they had generally not experienced any difficulties in terms of finding an appropriate provider to meet their needs.

This cluster was one of the most likely to indicate that they spent about the same per employee on training than they did 3 years ago, but one of the least likely to have received financial support for any of the training they had delivered (alongside 'Not relevant to us'). This picture remained static in 2006.

This group provided training to their staff but they did not view it as essential and, whilst they worked with providers, they did so in order to provide mainly mandatory training. For example, the following details the proportions of longitudinal panellists in the cluster agreeing with key statements about training activity and shows that the picture was largely stable year on year:

- our staff get about the right amount of training for their roles (89% in 2005 and 88% in 2006)
- not much changes in our organisation so apart from training new staff there is not much need for training (75% in 2005 and 78% in 2006)
- we formally assess people's skills on a regular basis (73% in 2005 and 67% in 2006)
- training is not one of our priorities (47% in 2005 and 37% in 2006; a significant decrease between the two years)
- we tend to work with providers to develop our own training programmes (59% in 2005 and 52%)
- we actively seek advice or information about training that is relevant to us (81% in both 2005 and 2006)
- most of our training budget is spent on mandatory training (35% strongly agreed in 2005 and 29% in 2006; in both years these proportions were higher than for any other cluster)
- it is difficult to arrange cover whilst staff are undertaking training (48% strongly agreed in 2005 and 42% in 2006).

Help and advice: Alongside those in 'Not relevant to us', in 2005 the establishments in this cluster were the least likely to have used advice and help regarding how to access training for their staff, and were also the least likely to have had contact with training providers in their local area. (These questions were not asked in 2006 and so it is not possible to provide an update).

Future plans: A wide range of training was planned in the next year for the majority of companies. However, this group of establishments was the second most likely (after 'Not relevant to us') to indicate that they did not intend to provide their employees with any training in the next year (29%), and this picture had not altered significantly in 2006.

7.2.5 Cluster 5 - Struggling to find the 'fit'

Overview: This was the smallest group in the sample. This group had a higher proportion of establishments classed as 'voluntary sector' than other clusters. Just under half reported financial growth and just over half said that the number of employees in their workforce remained roughly the same as the year before. These characteristics remained broadly static year on year.

They were the group that had experienced the most difficulties finding an appropriate trainer, and had also experienced more than average difficulties with time pressures and staff cover whilst training. They had sought advice about training from a more than average number of sources. Nonetheless, they had provided higher than average amounts of training in the last year, and had more than average planned for next year.

Amongst longitudinal panellists only, the key change for this cluster was that a much lower proportion reported having encountered difficulties in finding an appropriate training provider:

Establishment profile: This group contained establishments larger than the average (around 22 employees). Around six in ten establishments (58%) were

single site, with around a quarter (24%) being part of a multiple site organisation. A tenth of this group were charity establishments (12%). This profile had not changed significantly in 2006.

In 2005 just under half (47%) of establishments reported an increase in their turnover/financial budget over the last year, and in 2006 the picture had not altered significantly. Similarly, in terms of employee numbers, half of establishments in the cluster (53%) reported that this remained at roughly the same level compared to the year before, and this was also the case in 2006.

Attitudes to training: In line with 'Pursuit of excellence' and 'Structure and ordered', this group had very positive attitudes towards training. For example, around six in ten strongly disagreed that training was not one of their priorities. They valued their staff and recognised the value that training could add to their organisation. Based on the longitudinal panellists, the following proportions agreed that:

- our staff are the most valuable asset of this organisation (100% in both years)
- training and development of our staff is crucial to keep us competitive (95% in 2005 and 82% in 2006 and this drop was a significant decrease)
- we actively encourage staff to keep up to date with developments in our industry/profession (97% in 2005 and 93% in 2006)
- training which leads to qualifications helps increase staff confidence (93% in 2005 and 89% in 2006)

Decision making: In 2006, when asked whether their training was mainly mandatory or driven by business need, nearly half of employers in this cluster (48%) said that training was driven by business need but with mandatory training delivered as necessary; whilst 27% stated the opposite, i.e. that the majority of their training was mandatory but that some additional training was delivered to meet business needs.

In addition, employers that were part of a multiple site operation but were not themselves located at the head office were asked about the function of their head office in training decisions. For 'Struggling to find the fit' the base size for this question was too small for robust analysis.

Provision of learning: As already stated, this group was very conscious of the importance of training. They were positive about the benefits that it could bring them and were attempting to provide training to staff, and this situation remained largely stable year on year.

Based on longitudinal panellists in the cluster, this group agreed that they:

- formally assessed people's skill levels on a regular basis (78% in 2005 and 2006)
- actively sought advice or information about training that was relevant to them (91% in 2005 and 85% in 2006)
- tended to work with providers to develop their own training programmes (52% in 2005 and 55% in 2006)

They disagreed that:

- not much changed in their organisation so apart from training new staff there was not much else required (65% in 2005 and 79% in 2006; this increase was significant)
- most of the budget was spent on mandatory training (51% in 2005 and 45% in 2006)

Notably, the longitudinal panellists in this cluster remained amongst those most likely to report that they found it difficult to arrange cover when staff were training (78% in 2005 and 75% in 2006) and that time pressures made it difficult to accommodate training (77% in 2005 and 76% in 2006).

In terms of objectives that had been set in 2005 this group was similar to the 'Pursuit of excellence' cluster; over six in ten wished to:

- improve the quality of service (including customer service) (93%)
- address the skills levels of their workforce (91%)
- introduce new working practices (75%)
- raise profits (73%)
- introduce new technology (67%)

(This question was not asked in 2006 and so no update is given).

In 2005, this group was characterised by the fact that 100% had encountered difficulties in finding an appropriate training provider to meet their needs. Positively, however, by 2006 amongst longitudinal panellists, this proportion had reduced to 41% (although this cluster remained the most likely to say that they had experienced difficulties).

Of those that had experienced difficulties, approximately half (49%) said that they did not undertake the training as a result, and this remained the case in 2006.

Overall, however, the majority of establishments in this cluster provided both on and off-the-job training and this picture had not altered significantly in 2006 (based on longitudinal respondents, 77% provided on-the-job training and 69% provided off-the-job training in 2006).

They were, alongside the cluster 'Pursuit of excellence', the most likely to have received financial support for training that they had delivered in the last year (around half had received such support in both years). In terms of the amount spent per employee on training, there had been a shift; looking at longitudinal panellists, 58% reported that they had increased the amount they invested per employee on training in the last three years in 2005; however, by 2006 this proportion had dropped to approximately a third (35%).

Help and advice: In 2005, the vast majority of establishments (95%) in this cluster in 2005 had used advice on how to access training for staff, and this cluster had had the following types of contact with training providers in their local area (note that this question was not repeated in 2006 and therefore there is no comparison provided):

- received information in the post/via phone (82%)
- sent staff on training courses at the provider (56%)
- provided feedback on training/course content (49%)

- arranged placements in the organisation for students from local colleges (47%)
- attended networking events arranged by the provider (44%)
- received visits from representatives (42%)

Future plans: The overwhelming majority of establishments in planned to provide their employees with a wide range of training in the next year, and this situation remained stable year on year.

7.2.6 Using the segmentation information

As stated at the beginning of the chapter, segmentation analysis assists us in understanding a population, in this case employers in Wales.

We can assume that the cluster to which an employer belongs has a bearing on the product or service that they need, and in turn, how they will react to different incentives and initiatives. Therefore, by studying the different characteristics and behaviours of the clusters, users of the data may employ the segmentation in their specific field, e.g. to inform policy decisions, assist in the design of training/learning programmes and in the design of marketing initiatives.

7.3 Reapplying the segmentation model

As a secondary element of the segmentation analysis, we considered, based on the responses given at Wave II of the survey, to which cluster would the longitudinal panel members be assigned if the segmentation model were reapplied.

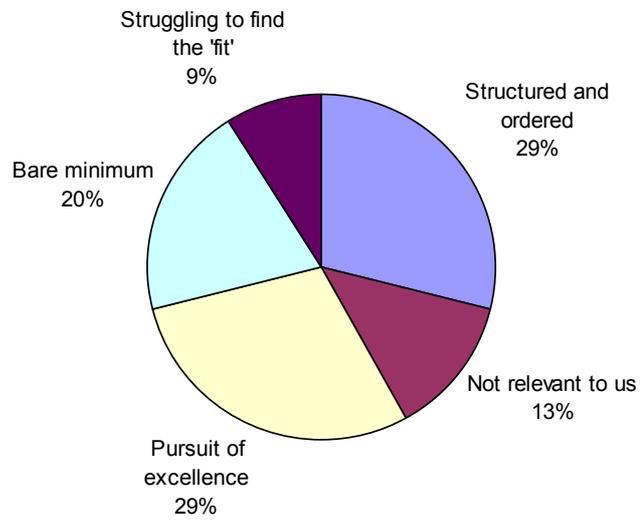
Discriminant analysis is a statistical model which attempts to allocate respondents to clusters based on their responses to variables which were used to segment them in the first place. Using this method, it was observed that 52% of longitudinal panel members moved clusters wave on wave.

As a parallel part of this process, we also ran some statistical tests to find out how consistently our segmentation model allocated employers to the same cluster based on a given set of answers. The result of the test was that the model classification level was 88% which is considered to be a very good level of consistency. However, because the model classification level was not 100% we must be aware that these findings are not as reliable as other findings based on the longitudinal data and should be treated as indicative.

7.3.1 Cluster sizes

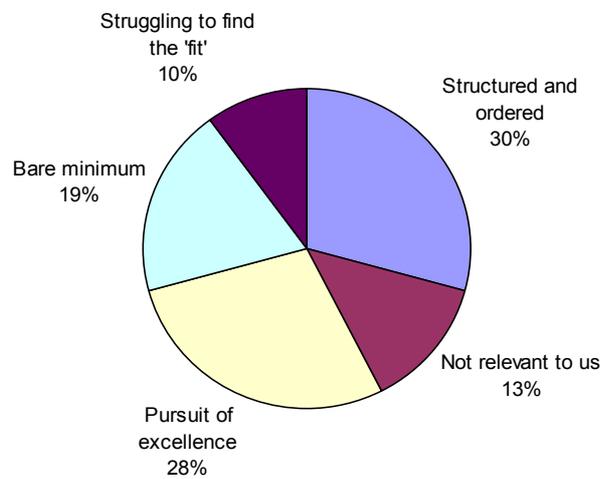
The following charts show the relative sizes of the clusters year on year, revealing that, at an overall level, the sizes of the clusters were stable for the longitudinal panellists.

Chart 12: Distribution of longitudinal panellists by cluster at Wave I



Base: all longitudinal respondents (1,313)

Chart 13: Distribution of longitudinal panellists by cluster at wave II



Base: all longitudinal respondents (1,313)

7.3.2 Level of movement between clusters

Whilst the overall sizes of the clusters were stable, when the model was reapplied, around half (48%) of employers stayed in the same cluster at Wave II. Therefore, the remainder moved to a different cluster as a result of their Wave II answers. Due to the nature of discriminant analysis, it is not unusual to observe a large number of respondents switching clusters mainly because they were on the 'borderline' of other clusters in the first place. As such, examining these changes should be done with caution.

The most stable clusters were 'Not relevant for us' and 'Pursuit of excellence'; 53% and 51% respectively of employers allocated to these clusters in Wave I, remained in the same cluster. Relatively less stable was 'Struggling to find the fit', with four in ten employers remaining in the same cluster, year on year. The table below shows the churn of employers between clusters.

Table 9: Level of movement between clusters – Wave I to Wave II

	All longitudinal respondents	Cluster allocated at Wave I				
		Structured and ordered	Not relevant for us	Pursuit of excellence	Bare minimum	Struggling to find the 'fit'
Unweighted base	1,313	383	175	375	259	121
	%	%	%	%	%	%
Cluster allocation based on Wave II responses						
Structured and ordered	29	47	14	29	18	21
Not relevant for us	13	6	53	2	18	5
Pursuit of excellence	28	27	6	51	14	26
Bare minimum	19	14	22	9	47	7
Struggling to find the 'fit'	10	6	5	10	3	41

Note: highlight identifies the proportion of respondents who have remained in the same cluster/group between Wave I and Wave II.

Further discussion on the movement between clusters is provided below, in terms of the characteristics of those that moved.

Structured and ordered

Almost half (47%) of employers allocated to this cluster in Wave I, remained in the same cluster based on their responses at Wave II when the model was reapplied. Those that moved, however, were most likely to be allocated to 'Pursuit of excellence' (27%), followed by 'Bare minimum' (14%).

The demographic profile of those that moved out of 'Structured and ordered' was very similar to that of all those that were originally in the cluster, for example:

- three quarters (76%) had 2-9 employees
- they were single site establishments (49%) or multiple site but not the head office (40%)
- by sector, 34% were in wholesale/retail/hotels/restaurants, whilst 22% were in financial/business services and a similar proportion (21%) were in the public administration sector. (In the original cluster, there were rather fewer

establishments in the wholesale/retail/hotels/restaurants sector, and rather more in both the finance/business services and public administration sectors)

In terms of their training activity the following was observed amongst the movers:

- 78% had provided on-the-job training (compared to 80% of all those originally in the cluster)
- 58% had provided off-the-job training (compared to 67% of all those originally in the cluster)

Thus, the movers were characterised as being slightly more likely than all those originally assigned to 'Structured and ordered' to belong to the wholesale/retail/hotel/restaurants sector and to have been slightly less likely to provide off-the-job training.

Not relevant for us

Over half (53%) of employers allocated to this cluster in Wave I remained in the same cluster at Wave II. A fifth (22%) however were allocated to the 'Bare minimum' cluster at the second wave, whilst 14% were allocated to 'Structured and ordered'.

The demographic profile of those that moved out of 'Not relevant for us' was again very similar to that of all those that were originally in the cluster, for example:

- nine in ten (88%) had 2-9 employees
- they were overwhelmingly single site establishments (92%)
- by sector, 30% were in wholesale/retail/hotels/restaurants, whilst 21% were in financial/business services and a similar proportion (20%) were in the public administration sector. (In the original cluster, there were rather more establishments in the wholesale/retail/hotels/restaurants sector, and fewer in the public administration sector)

In terms of their training activity the following was observed amongst the movers:

- 50% had provided on-the-job training (compared to 38% of all those originally in the cluster)
- 51% had provided off-the-job training (compared to 28% of all those originally in the cluster)

So, in summary, the movers were characterised as being slightly less likely than all those originally assigned to 'Not relevant for us' to belong to the wholesale/retail/hotel/restaurants sector but slightly more likely to belong to the public administration sector. They were also more likely to have provided on and/or off-the-job training in the past year.

Pursuit of excellence

Half (51%) of employers allocated to this cluster in Wave I remained in the same cluster at Wave II. The largest movement, however, was to the 'Structured and ordered' cluster. 29% of those deemed to be in 'Pursuit of excellence' at Wave I

shifted to this cluster a year later. A minority of employers (10%), however, moved to 'Struggling to find the fit', whilst a similar proportion moved to 'Bare minimum'.

As with other cluster movers, the profile of those that moved out of 'Pursuit of excellence' cluster largely mirrored that of all those that were originally assigned to the cluster, as follows:

- six in ten (63%) had 2-9 employees
- they were single site establishments (58%) or multiple site but not the head office (31%)
- by sector, 41% were in the public administration sector, whilst 19% were in financial/business services and a further 19% were in the wholesale/retail/hotels/restaurants sector.

In terms of their training activity the following was observed amongst the movers:

- 69% had provided on-the-job training (compared to 78% of all those originally in the cluster)
- 63% had provided off-the-job training (compared to 76% of all those originally in the cluster)

To summarise, the movers from 'Pursuit of excellence' were similar in terms of their sector profile to all those originally assigned to the cluster, but they were marginally less likely to have been providing on or off-the-job training.

Bare minimum

Just under half (47%) of employers allocated to this cluster in Wave I, remained in the same cluster at Wave II. In terms of movement, this was split between 'Structured and ordered' and 'Not relevant to us' (18% were allocated to each group in Wave II). A further 14% were allocated to 'Pursuit of excellence'.

The profile of those that moved out of 'Bare minimum' was very similar to that of all those that were originally in the cluster, as follows:

- eight in ten (81%) had 2-9 employees
- they were generally single site establishments (75%)
- by sector, 46% were in wholesale/retail/hotels/restaurants, whilst 20% were in financial/business services and 15% were in the manufacturing/construction sector. (In the original cluster, there were slightly more establishments in the wholesale/retail/hotels/restaurants sector, and slightly fewer in the finance/business services sector)

In terms of their training activity the following was observed amongst the movers:

- 58% had provided on-the-job training (compared to 44% of all those originally in the cluster)
- 51% had provided off-the-job training (compared to 33% of all those originally in the cluster)

Thus, the movers were characterised as being slightly less likely than all those originally assigned to 'Bare minimum' to belong to the

wholesale/retail/hotel/restaurants sector but slightly more likely to belong to the finance/business services sector. They were also more likely to have provided on and/or off-the-job training in the past year.

Struggling to find the 'fit'

As already mentioned, this was the least stable cluster; 41% of those allocated to the cluster at Wave I received the same allocation at Wave II. Positively, most movement was towards clusters that had structured training and fewer problems with finding appropriate providers, namely 'Structured and ordered' (21%) and 'Pursuit of excellence' (26%).

The profile of those that moved out of the cluster almost mirrored that of all those that were originally assigned to 'Struggling to find the 'fit'', as follows:

- just over half (56%) had 2-9 employees, whilst three in ten (27%) had 10-24 employees
- 64% were single site establishments, whilst 28% were part of a multiple site organisation but were not themselves head office
- by sector, 49% were in the public administration sector, whilst 25% were in financial/business services

In terms of their training activity the following was observed amongst the movers:

- 74% had provided on-the-job training (compared to 77% of all those originally in the cluster)
- 64% had provided off-the-job training (compared to 69% of all those originally in the cluster)

Thus, the movers could be said to be characterised as being typical of the original cluster, both in terms of their company profile and the provision of both types of training.

Appendix A: Technical Note

Quota sampling

Quota sampling is a method of sampling commonly used in market research, both for business and consumer surveys. Although the ideal method will always be a probability based approach, this is not always practical and becomes impossible when a complete universe listing of elements, in this case establishments in Wales, is not available for sampling.

Quotas are set in pre-defined proportions, either using known information about the universe profile or according to a fixed requirement, for instance if minimum numbers are required in certain sub-groups. Quotas set may be either independent or inter-locking. Independent controls mean that quotas set on different dimensions (e.g. employee size, industry type) can be filled irrespective of the marginal distributions of the other dimensions within each category. Inter-locking quotas are much stricter in that they specify required distributions of all the dimensions within each other and are theoretically preferable from a sampling point of view. Inter-locking quotas were used on the Employer Panel.

Quotas are typically set in order to replicate proportions in the whole population under study in order to replicate a random probability design as much as possible. There are, however, some deficiencies with this approach. It opens the possibility of selection bias by interviewers, although this is largely eliminated in CATI by using an approach which ensures a random allocation of sampling elements. If call-backs are not used, then this may introduce a further bias and, in general, it is likely that sampling errors would be under-estimated (although, by definition, it is difficult to estimate by how much). On the Employer Panel survey, a minimum of five call backs at different times of day and on different days of the week were made before an establishment was deemed to be non-contactable.

The use of statistical significance testing is not, in theory, considered valid when the sample has been drawn using quotas as it is not, in the strictest sense, a probability sample (which is a normally a requirement for these tests to be valid). However, in practice, much market research does make use of significance testing and the calculation of confidence intervals for data elicited using this method. In practice, one would be unlucky if a carefully controlled quota sample produced estimates that were far removed from a random probability sample. However, given that sampling theory was used to calculate confidence intervals or statistical significance on the Panel data, there is a possibility the sampling errors will have been underestimated and this should be borne in mind by the reader.