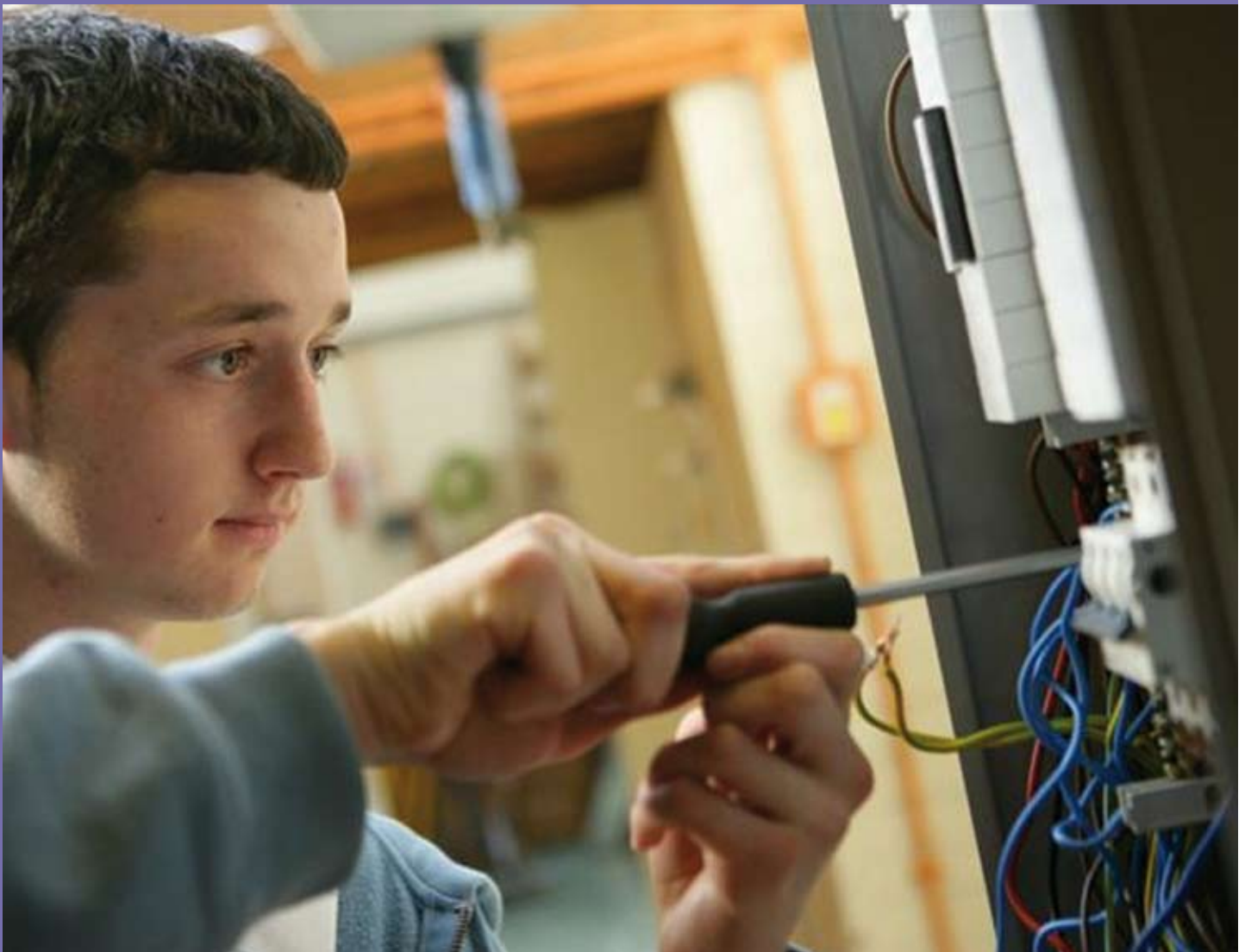




Employers Panel 2006

Summary Report
Customer Research - Report 9



Research

Research document No: 008-07
Date of issue: 29 June 2007

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.
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- 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.

Standard Industry Classifications

The table below details the naming conventions used in this report with regard to Standard Industry Classifications. Industry groups were merged to ensure that a robust sample was achieved in each group.

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

Training activity

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 in the public administration sector, those employing 10 or more people and those that were part of a multiple site organisation (but not head office).

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 training in customer handling skills, team working skills and problem solving skills than was the case in 2005.

Table 2: Types of training provided in the last year

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

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

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

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 training¹. In contrast, lower proportions offered management skills, communication skills, team working skills and problem solving skills than was the case in 2005.

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 response was most likely to be given 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 to provide 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.

Administration of training

Investment in training

Establishments in the public sector were more likely than those in the private sector to be investing in training in 2006. By specific industry sector, those most likely to be investing in training were in the public administration and finance/business services sectors (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 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 turnover band; 55% of establishments invested this proportion of their financial turnover/budget in 2006 compared with 47% in 2005.

¹ 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.

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.*

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 establishments were asked about the influence of head office on training decisions (this was a new question). *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.*

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; a tenth of establishments (10%) had experienced problems when trying to find an appropriate training provider external to their organisation).

The most commonly cited problems in terms of sourcing a provider were: local training in general, training at the right price/lack of funds for training, job related/specific training, IT/computing. *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 in finding an appropriate training provider were to not undertake the training, to seek training outside the area, or to manage/administer the training in house. Notably, 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).

Financial support

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. Linked with this, establishments in the public sector were more likely than those in the private sector to have received financial support.

The main forms of support (cited by over a tenth of establishments in 2006) were: government/council funding, funding/grants from other sources, support/funding from ELWa.

Attitudes to training

Priority, provision and planning of training

In line with the results from 2005, employers were generally positive in their attitudes towards the priority, provision and planning of training. Agreement was highest with 'our staff get about the right amount of training for their roles' (83% in agreement) and this was a significant increase on the 79% recorded in 2005. Other attitudinal shifts were noted for the following:

- 'we actively seek advice or information about training that is relevant to our industry/profession' (80% agreement up from 73% in 2005)
- agreement with the statement '*we formally assess people's skills on a regular basis*' remained static at an overall level when compared with the result in 2005, but there was an increasing tendency for establishments in the public administration, utility and agriculture/mining/quarrying sectors to agree with the statement
- levels of *disagreement* with the statement '*time pressures make it difficult to accommodate training for staff*' were slightly higher in 2006, indicating a more positive overall picture
- agreement with the statement '*it is difficult to arrange cover whilst staff are undertaking training*' remained static at an overall level (58%), but cover was an increasing problem for establishments in the public administration and manufacturing/construction sectors
- for the new statement '*cost is an important factor in deciding whether to train our staff*', six in ten establishments (58%) agreed. Establishments in the finance/business services sector were significantly less likely than average to strongly agree, indicating that cost was less of a barrier when making training related decisions than in some other sectors
- agreement with '*we tend to work with providers to develop our own training programmes*' was largely static year on year (48% in 2006), the utility and the wholesale/retail/hotels/restaurant sectors were significantly more likely to tend to agree with the statement in 2006 than in 2005
- overall levels of *disagreement* had risen since 2005 with the statement '*not much changes in our organisation so apart from training new staff there is not much need for training*', indicating an improving picture particularly in finance/business services and public administration sectors
- levels of *disagreement* were slightly higher with the statement '*most of our training budget is spent on mandatory training*', and the pattern of increasing disagreement was followed in the utility, finance/business services and public administration sectors
- as observed in 2005, the statement '*training is not one of our priorities*' had the highest level of disagreement and this remained broadly stable, but there was a tendency towards lower agreement in the manufacturing/construction, utility and public administration sectors.

Training and the development of the business/organisation

From the battery of statements relating to the training and the development of the business/organisation, *agreement was highest for 'our staff are the most valuable asset of this organisation' (96%, similar to the level recorded in 2005), and there was little significant change in terms of agreement levels between subgroups year on year.* Other attitudinal shifts were noted for the following:

- over six in ten establishments (62%) disagreed with the statement *'some of our staff do not see themselves as training material and there is not much we can do about it'*, and this was significantly higher than the level recorded in 2005 (57%) indicating a positive shift in attitudes
- half of establishments (51%) strongly agreed with the statement *'training which leads to qualifications helps increase staff confidence'* (no change since 2005), and establishments in the agriculture/mining/quarrying were significantly more likely to strongly agree with this statement in 2006 than they were in 2005
- amongst establishments that said they belonged to the private sector, eight in ten (81%) agreed that *'training and development of our staff is crucial to keep us competitive'* (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 in 2006 than they were in 2005.

Overview of establishments interviewed

The panel at wave II was very similar to that at wave I, as employers that were replaced within the panel were matched in terms of size and sector. Thus, around three quarters (76%) of establishments were small, with between 2 and 9 employees, and around two thirds (66%) were single site. The majority (77%) of establishments were private sector. Around six in ten (62%) of private sector establishments were Welsh owned.

In line with the results from 2005, many establishments in the panel were growing year on year, either in terms of financial turnover or employee numbers). *Four in ten (41%) establishments had witnessed some increase in turnover/financial budget in the last year* (summarised in table 3), and this was the same percentage as registered in 2005.

Almost a quarter of establishments (23%) said that the number of employees at the site had increased year on year, and again, this was a similar proportion to that recorded in 2005.

Amongst private sector establishments, 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* (this was also the case at wave I). However, in line with the results from 2005, establishments which provided goods or services for 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 for consumers only).

Table 3: Growth in turnover/financial budget last year by size within sector

	Size within sector	Base:		% stating growth in turnover/financial budget in last year
		Unweighted/	Weighted	
		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

Segmentation

At wave I, the data from the employer panel was segmented into five clusters. At wave II, the clusters were updated in terms of changes to their characteristics year on year, by examining the views of the longitudinal panellists (i.e. those who took part in both survey waves, 1,313 respondents).

1. *Structured and ordered*

Overview from wave I: This was the largest group in the sample. They had good training arrangements and had not experienced difficulties finding training providers. They provided slightly higher than average on-the-job training and off-the-job training in the last year, and agreed that training was crucial for the company. However, they were less likely than average to develop their own training programmes and had sought less advice than average about it.

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

- significantly lower proportions of establishments were 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).

2. *Not relevant for us*

Overview from wave I: 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 have made it difficult to accommodate training. They were much less likely to believe that training was crucial for the strength of their company than the others in the sample. Along with the cluster 'Bare minimum' they had one of the highest proportions of establishments employing 2 – 9 employees.

Reviewing the findings year on year, amongst longitudinal members the proportion who said that they had provided some off-the-job training to their employees had risen from 18% in 2005 to 28% in 2006. Longitudinal members of the cluster were also more positive year on year with regard to the following statements:

- 'training which leads to qualifications helped increase staff confidence'
- 'we actively encourage staff to keep up to date with developments in our industry or profession'
- 'we actively seek advice or information about training that is relevant to our industry or profession'

3. Pursuit of excellence

Overview from wave I: They provided the most training in the last year, 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 large establishments (over 100 employees) compared with other clusters. This was the cluster where the highest proportion of establishments were classed as public sector (42%).

In terms of changes year on year (and 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. In general whilst their attitudes and behaviour in relation to training remained very positive, there were some shifts amongst the longitudinal panellists; notably:

- 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)
- whilst levels of off-the-job training remained stable, on-the-job training provision had fallen from 91% in 2005 to 78% in 2006

4. The bare minimum

Overview from wave I: This group had provided lower than average training in the last year and had fewer than average training programmes planned. Although training was not a priority, they strongly 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, whilst accommodating training, experienced some difficulties with time pressures and staff cover. They were more likely than average to agree that some staff did not see themselves as training material. Along with 'Not relevant for us' this group contained the highest number of establishments with 2 – 9 employees. Over half (52%) of this cluster were identified as wholesale/retail/hotels and restaurants.

Amongst longitudinal members of the cluster, there were few changes year on year, although the proportion of this group that agreed with the statement 'training is not one of our priorities' had *decreased* from 47% in 2005 to 37% in 2006.

5. Struggling to find the 'fit'

Overview from wave I: This was the smallest group in the sample. They had provided higher than average amounts of training in the last year, and had more than the average planned for next 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 more than the average number of sources. This group had a higher proportion of establishments classed as 'voluntary sector' than other clusters.

The key changes amongst longitudinal members of this cluster were:

- the proportion that had difficulty in finding an appropriate training provider; this proportion had dropped from 100% to 41%. However, the cluster remained the most likely to have had problems in this area
- a smaller proportion were investing more than they had been three years before (this dropped from 58% in 2005 to 35% in 2006)

Reapplying the segmentation model

The segmentation was re-run on the longitudinal panellists in order to assess whether there had been any major shifts in the sizes or the membership of each of the clusters. 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 whilst the relative sizes of the clusters were stable, when the model was reapplied that 52% of longitudinal panel members moved clusters wave on wave.

However, the model classification level was not 100%, so 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.

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.