



UK COMMISSION FOR
EMPLOYMENT AND SKILLS

Employer engagement in design and development of skills solutions

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Intelligence > Investment > Impact

1 Employer engagement in the design and development of skills solutions

This paper sets out the key lessons from the ‘*Qualitative Evaluation of Demand-led Skill Solutions*’ in relation to employer investment and engagement in the design and development of skills solutions.

Summary

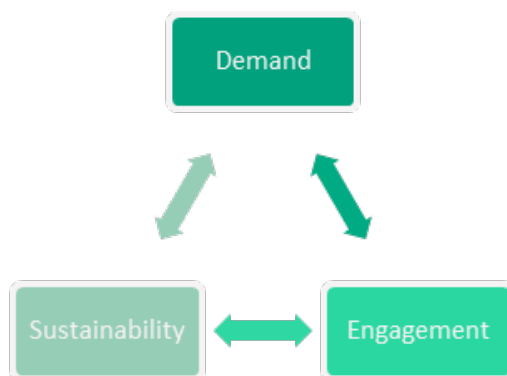
- There has been a shift from employer engagement being about asking key employers ‘*what do you want?*’ to asking them ‘*what can you contribute to helping make this idea a success?*’; and, not just asking employers ‘*will this work?*’, but, asking ‘*how can we jointly make this work?*’
- Employer engagement, relationship management and maintained engagement take more planning, time and resources than even the most cautious delivery partners expect.
- Working with a core of known employers is to be expected (and pragmatic). It is where the engagement and contribution of these employers is ACTIVE (rather than passive) that it has most potential to influence the extent to which the solution is ‘fit for purpose’ and its value, and appeal, to employers.
- More important than the type of employer contribution in financial terms is the nature of support during the project delivery phase and its potential to bring substantial and long-lasting value to the skills solution.
- The ability to more directly influence the on-going design and development of the skills solution is a key motivating factor for some employers. Approaches to access and use that expertise need to be flexible and efficient.
- The role and value of (early) market testing with a cross-section of employers cannot be underestimated. There is a need for a credible view of the wider market of employers for any given skills solution (indicating that it could be scalable) and a plan of how reach and generated interest from this wider group of employers. The shape or delivery of the solution, its value and how it is communicated may need to be tailored to different sections of the audience.

1.1 The context

The UK Commission investment funds (GIF and EIF) and its standards and frameworks programme (funding the development of NOS, VQs and apprenticeship frameworks) link to a wider employer leadership agenda, in which public investment is directed to the areas in which there is a clear commitment from employers to support skills solutions that are anticipated to deliver wider benefits to sectors, employees.

Fig. 1 below shows that employer engagement is at the centre of successful skills solutions. As a 'process' it builds on having an effective, upfront articulation of employer demand. Effective employer engagement during the development of skills solutions also supports the sustainability of tools and products by employers after the investment period. Separate thematic papers look at the demand and sustainability elements of the equation.

Figure 1: Key themes for successful skills solutions



The evaluation of demand-led skills solutions undertaken by ICF GHK was based around ten investment fund project case studies (five EIF Round 2 projects and five GIF Round 1 and 2 projects) and ten case studies looking at standards and frameworks products developed during 2012/13 (National Occupational Standards, apprenticeship frameworks and vocational qualifications). The case studies were conducted from January to April 2013. The aim of the evaluation was to:

- *‘develop a greater understanding and insight of the development and commissioning of the individual funds;*
- *draw insights about delivery and potential improvements; and*
- *to enable the continuous improvement and capacity building to develop sustainable solutions¹ .*

¹ Invitation to tender, September 2012 UK Commission

1.2 How the investment model reduces risk in employer engagement

There are clear risks associated with programmes that depend so much on sustained employer support to achieve successful outcomes. However, the evaluation evidence suggests that the investment model itself minimises some of these risks:

- The programmes require an upfront commitment from employers that signifies a level of demand that is similar to the demand required to sustain the activity long-term. It can also create a psychology of ownership among committed employers, who have invested upfront and are therefore less likely to walk away during a long development period – when the direct benefits to them may be some distance away.
- The programmes allow considerable flexibility in the design of skills solutions, so that bids for investment can be framed by an upfront assessment of employer needs/demand and can be flexible to adapt and evolve in order to maintain support as learning emerges (what will work?, what will be valued?, what will employers buy?).

1.3 The employer contribution

The mix between cash and in-kind investment from employers varies considerably depending on the sector and type of solution. There is evidence that the investment approach has encouraged delivery partners to set ambitious targets for employer engagement in order to ensure bids are successful. There is a need to balance employer commitments that are achievable, yet ambitious enough to ensure the bid is successful.

There is an assumption among some bidders that cash is seen as the ‘gold standard’ while in-kind commitment is somehow secondary. The reality, in terms of generating long-term employer buy-in, is more complex. Some of the projects define cash investments from employers that are, in effect, the purchasing of a future product or service. This is something of a sales forecast in practice – which may or may not demonstrate employer support for the skills solution.

In contrast, in-kind investments that take the form of employers spending time to shape, test and trial new solutions can be a significant commitment in itself and mean that these employers are more likely to maintain support in the future.

In any event, sector constraints, such as a fragmented employer base of preponderance of SMEs, can mean that projects are not always in a position to draw significant cash investments from employers in advance of investment. However, there are alternative signals that can indicate that the project has the support of the sector and may likely to draw significant employer contributions in the future, including:

- Employers committing staff time to support specific strands of work and develop technical products. In many instances, this demonstrates substantial buy-in and ownership of a product, which means that they are more likely to continue to support the product at the end of the investment phase.
- Bid proposals demonstrate that the project has support from all key sector stakeholders. In many projects, there are a wide range of interested parties (such as professional bodies, national skills academies) who all have competing interests. In order for a project to gain traction in the sector it often has to have the support of these organisations at the onset.

1.4 'Active' and 'passive' employer involvement

More important than the type of employer contribution in financial terms is the nature of support during the project delivery phase. In the investment fund examples featuring in the evaluation, employers were commonly a 'sounding board' and offered feedback on different products. This provides a relatively efficient opportunity to check that emerging products are in tune with a cross-section of employers. However, the level of feedback can be quite variable and this approach can lend itself to a sometimes superficial engagement after many of the key product decisions have been taken.

The evaluation case studies also identified examples of employers playing a more active role in developing new tools and standards. Examples of this more active type of engagement include:

- Participating in technical working groups to develop standards for particular occupations.
- Participating in discussions with education and training providers and providing information on the training needs of the employer.

This constitutes an employer contribution of ideas and good practice that can be extremely valuable to the quality and design of the tool / product. For example, in one project, employers shared their in-house tools for professional development with the Sector Skills Council, which then used this information to develop a guide. In this case, employers are sharing best practice, which for that sector reportedly marks a significant cultural shift. In another example, an employer developed specifications of the business skills they would require from graduates, which were used by universities to adapt their programmes.

In terms of cash contributions, the purchasing of a product can be a relatively passive level of support for a project, when compared to contributing funding to support the development and marketing of a product. The latter also indicates a greater level of employer ownership and willingness to 'champion' the product.

There is evidence that in some cases the need to leverage high employer contributions is influencing the design of projects. Some investees appear to have plans for achieving a high level of in-kind contributions, for example by holding conferences and workshops, and these are often built into the project design. This was perceived to be a more straightforward method for leveraging employer support than, for example, asking an employer to release a member of staff to work on the project. However, employer time provided through more passive mediums (such as attending a workshop) is unlikely to provide the same value to a project as employers provide technical assistance or detailed feedback on new products or services.

1.5 Employer reach

Projects that could leverage the required level of support from their existing network of employers were generally successful in achieving their targets for employer contributions. These organisations could draw on employers that already had a positive experience of working with the sector body and were easier to recruit to support the skills solution.

Sector bodies found it took longer than expected to engage with new employers. This reflects that it is challenging to promote widely a product or tool which is yet to be established in the sector and where the benefits are not yet apparent. Some sector bodies had perhaps been a little ambitious in their initial targets for employer engagement, particularly in the earlier funding rounds. These projects were likely to require longer than the investment period to gain significant traction in the sector.

Even where an employer contribution has been agreed, it can take time for an employer, once informed that the bid was successful, to make resources available to support the project. This includes identifying the member of staff that would support the project, clearing time for that staff member to do the work and then agreeing meeting dates and the timetable for work. This can take up to three months, even though the employer is notionally committed to supporting the project. This highlights the complexities in mobilising the employer contribution, which must be built into project timetables.

Engaging employers in developing standards and frameworks can be particularly challenging. There are also some long-standing difficulties in making the somewhat archaic world of standards and frameworks meaningful to employers (its technical nature and inaccessible language). This creates a dependency on existing employer relationships and, in relation to NOS specifically, a focus on working with NOS advocates. This point was fairly widely acknowledged by sector bodies themselves, although it has not translated into new approaches to marketing or promoting the products to employers (i.e. to emphasise the wider applicability and practical use of NOS, for example, to inform HR practices at employer level by incorporating them in job role specifications, competency frameworks or training and development strategies).

1.6 Employer leadership in practice under the investment fund model

Employer leadership in the context of the UK Commission investment programmes means different things in different project contexts. However, the evaluation evidence suggests some common themes across the piece. Employers need to have sufficient capacity to engage in a leadership role in the first place, although there are clear opportunities for sector bodies to structure their approach in such a way as to facilitate that engagement.

There are also common drivers for employers to take on more of a leadership role - with the additional time and effort that this inevitably involves. The ability to more directly influence the on-going design and development of the skills solution is a key motivating factor for some employers. The opportunity for employers to position themselves as making a wider Corporate Social Responsibility contribution to addressing sector skill issues can also be attractive (working for the good of the sector and society, in addition to providing benefits to their own businesses).

Employer leadership does not however often translate into managing the day-to-day management of a skills solution. Most employers do not have the resources or expertise to do this work and often require a broker to co-ordinate and undertake some of the leg-work (bid writing, project management, dealing with investors) in order that time-limited employers can focus on providing value-added inputs. There is a delicate balance to be sought here to ensure employer commitment and ownership over the skills solution.

Employers are also unlikely to offer unconditional support for a project that may require years to become established. Employer commitment and ownership has to be grown, renewed and maintained over time. How this is done depends on the initial drivers for engagement and what employers perceive to be the benefits of their involvement – and crucially, the timescale within which benefits will be realised.

Employer support for skills solutions is therefore quite organic and complex in nature. In the context of the UK Commission investment programme, there is a clear need for investees to develop effective conditions for employers to generate early ownership of ideas and then to work to widen support – while maintaining initial interest – over a period of time.

1.7 Lessons for effective employer engagement and investment

One of the key shifts as a consequence of the UK Commission investment model has been the impact on early stage discussions between employers and sector/industry bodies. For sector skills councils, in particular, there is a reported shift in the tenor of scoping discussions with employers. This can be characterised in terms of shift from employer engagement being about asking key employers *‘what do you want?’* to asking them *‘what can you contribute to helping make this idea a success?’*; and, not just asking employers *‘will this work?’*, but, asking *‘how can we jointly make this work?’*

This has been an area of considerable learning in the early rounds of the investment programme. Some general lessons have emerged in terms of understanding how employer leadership can work in practice and providing an indication of what is required for effective employer engagement:

- **Approaches** – Investees are often taking a pragmatic approach to employer engagement, focusing in the first instance on employers with a strategic overview, who are already converts to the importance of skills investment. These are typically larger employers, which are more likely to have the capacity to engage and which are already connected to sector skills debates. This is the most straightforward way to gain initial momentum. Indeed, the design of the investment model almost necessitates this approach, given that employers are expected to be at the forefront of generating new ideas.

However, there are relatively few investments that do not presume a scaling up of use and support for the new skills product over time. There is therefore a need for a credible upfront view of the wider market of employers for any given skills solution (indicating that it could be scalable). There is also a need to plan how and when momentum will be generated among this wider group of employers.

- **Pinning down the employer contribution** – The approach to negotiating employer contributions has become more sophisticated in later investment rounds. Bidders increasingly make sure that they gain a firm commitment from employers at the bid development stage. Some sector bodies reported that in earlier funding rounds they had been content to receive a general indication of support. However, now they aimed to gain from employers a written statement of the amount of time and cash they would invest in supporting the project. There is also evidence that this is less a product of a one-off or blanket exercise, but something that is negotiated and re-negotiated over time and can involve a fairly detailed ‘back and forth’ discussion to pin down the right investment for the employer and for the project.
- **Making effective use of limited employer time during bid development and project delivery** – Employers are generally content to allow sector bodies to lead on the mechanics of bid writing, given that they have the sector and policy overview (i.e. the sense of what commissioners are likely to be looking for). It also eases the burden of engagement on individual employers. However, a ‘testing phase’ is increasingly built into the development timetable. It gives sector bodies the opportunity to explore whether assumptions on employer demand was realistic and achievable. The effectiveness of this internal testing is a crucial dimension to developing employer ‘buy in’ and ownership over the skills solution. During the investment period, employers typically act a ‘sounding board’, offering feedback on different products that are being developed. Providing employers with the opportunity to contribute to strategic direction is a critical part of the design of the projects, as well as shaping the development of new tools and standards.
- **Drawing effective plans for engaging different groups of employers** – For most skills solutions it is clear that different types of employers participate in the project for different reasons. Larger employers may invest in a project because they believe it will help improve quality in their supply chain, or because of Corporate Social Responsibility considerations. SMEs may require a different set of levers to encourage them to participate, which may relate to the direct economic impact the solution will have on their organisation. Projects need to understand the characteristics of different groups of employers and identify key ‘selling points’ to promote the project to different groups of employers.

Evidence Reports present detailed findings of the research produced by the UK Commission for Employment and Skills. The reports contribute to the accumulation of knowledge and intelligence on skills and employment issues through the review of existing evidence or through primary research.

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