



Department  
for Education

# **Annex B: Basic skills in workplaces – a behavioural insights perspective**

**Research report (June 2017)**

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**Social Science in Government**

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# Executive Summary

Large portions of the labour force operate at or below Level 1 in maths and English. This has a negative impact on the UK as a whole, lowering growth and productivity. It also has a negative impact on the lives of those with low basic skills by limiting their job opportunities, reducing earning potential, and increasing their risk of redundancy. Although both employers of those with low basic skills and their employees could gain from investment in these skills, both groups are reluctant to invest in them. From a behavioural science perspective, in this paper we explore the reasons why.

**This report outlines the findings on barriers to investment from interviews** with employers, employees, research organisations, industry bodies, local economic partnerships and unions. The interview findings are supplemented with findings from the literature and are used to assess whether behavioural insights could be used to inform approaches to encourage additional investment.

## Barriers to investment

The image below indicates barriers to skills investments with key barriers from interviews highlighted in bold<sup>1</sup>. Overall a variety of barriers influence skills investments.

		Employers	Employees
	<b>Institutional</b>	<ul style="list-style-type: none"> <li>• Access to finance</li> <li>• <b>Economies of scale</b></li> <li>• <b>Tailored training</b></li> <li>• Low skills equilibrium</li> </ul>	<ul style="list-style-type: none"> <li>• Funding</li> <li>• System of training provision</li> </ul>
	<b>Situational</b>	<ul style="list-style-type: none"> <li>• Financial costs</li> <li>• <b>Time off work</b></li> <li>• <b>Knowledge of training</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Time constraints</b></li> <li>• Financial costs</li> <li>• Knowledge of training</li> <li>• <b>Accessibility of training</b></li> <li>• Low basic skills</li> </ul>
	<b>Dispositional</b>	<ul style="list-style-type: none"> <li>• Organisational culture</li> <li>• Business model</li> <li>• <b>Managers' attitudes</b></li> <li>• Fear of poaching</li> </ul>	<ul style="list-style-type: none"> <li>• Value placed on skills</li> <li>• Lack of interest</li> <li>• Learning only for young</li> <li>• <b>Confidence</b></li> <li>• <b>Stigma</b></li> <li>• <b>Fixed mindset</b></li> </ul>
	<b>Cognitive</b>	<ul style="list-style-type: none"> <li>• Present bias</li> <li>• Perceived costs &amp; benefits</li> <li>• <b>Illusion of explanatory depth &amp; confirmation bias</b></li> <li>• <b>Choice overload</b></li> <li>• <b>Scarcity mindset</b></li> </ul>	<ul style="list-style-type: none"> <li>• Present bias</li> <li>• <b>Reference bias</b></li> </ul>

<sup>1</sup> Those that came up less frequently are in black text (not bolded) and those that did not come up shown in grey.

### **Institutional and situational barriers are important barriers to basic skills**

**investments.** Limited access to economies of scale and tailored training, the costs associated with employees taking time off work, and limited knowledge of available training are all important barriers for employers; and employees face barriers in terms of time constraints and accessibility of training. This confirms findings from past research.

**However, we find that dispositional and cognitive barriers are equally – if not more – important.** These barriers are likely to be responsive to behaviourally-informed approaches but have received limited attention in the past. Attempts to increase basic skills investments have focused largely on addressing institutional and situational barriers.

**Dispositional and cognitive barriers interact with and reinforce institutional and situational barriers for employers.** The organisational culture, business model adopted and managers' attitudes to skills investments determines how supportive of learning - or not - an employer is. But even if an employer is broadly supportive of learning, cognitive barriers reduce the likelihood that skills investments will be made in practice. This affects all points in the decision-making process for skills investments, including:

- **Identifying the training need.** The illusion of explanatory depth (the overconfidence people have in how well they understand complex phenomena) coupled with confirmation bias (whereby people favour information that confirms existing beliefs) make identifying poor basic skills as an underlying problem less likely. This is because more tangible causes of business problems are likely to be identified as the underlying problem and information pointing towards skills gaps ignored.
- **Prioritising training.** Several cognitive barriers reduce the likelihood that investing in skills will be prioritised. Many managers face time constraints and experience a scarcity mindset (a mental state which causes people to make poor long term decisions by focussing on the present and on scarce resources) when making decisions about training. This coupled with present bias (the tendency to overweight present and underweight future costs and benefits) generates a mismatch between the perceived and actual benefits and costs of training. This reduces attractiveness of skills investments.
- **Sourcing and setting up training.** The complexity of the skills landscape means that employers are faced with choice overload when trying to make a decision about training which could lead to a decision being delayed – possibly indefinitely.

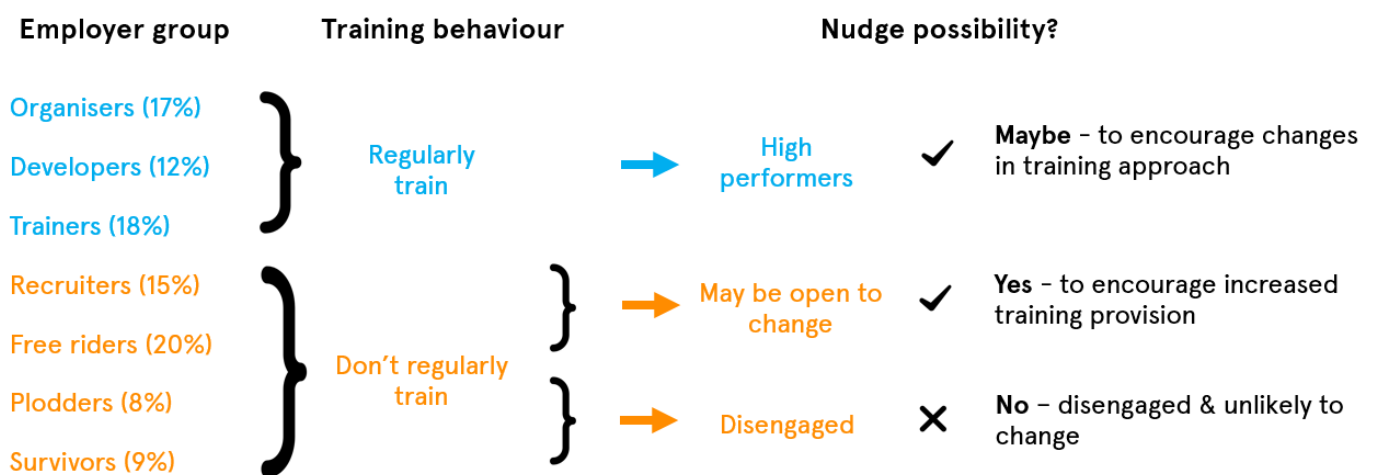
**These problems are further compounded by the many dispositional and cognitive barriers faced by employees.** Reference bias (the tendency people have to use groups around them as reference points) leads some employees with low skills to overestimate their skills. For others, the stigma associated with poor basic skills and low confidence

prevent people from signing up for training, and fixed mindsets (the belief that ability is fixed and unchangeable) reinforce these barriers.

## Applying behavioural insights to address barriers

A behavioural segmentation of employers working practices suggests that of seven groups of employers identified,<sup>2</sup> there are broadly three groupings of employers whose characteristics determine whether behavioural insights could be used to shift training behaviour (see figure below):

- **High performers who are already engaged in and value training** – there may be some room to encourage changes in training approach.
- **Employers who don't currently train but may be open to changing this** – behavioural approaches could encourage investment.
- **Disengaged employers who are not training and are unlikely to shift behaviour** – it is unlikely that behavioural approaches will influence this group.



While the findings on behavioural factors influencing skills investments is only preliminary, they suggest that there are several things worth exploring to try encourage workplace training in the first two groups.

Some general principles can be applied to encourage skills investments:

<sup>2</sup> The employer groups are based on a segmentation analysis carried out on mid-sized employers in the UKCESS13 sample according to their attitudes towards high performance work practices by Brown (2014).

- **To encourage the identification of training as a need** - make underlying skills gaps and their performance implications more visible to managers; and provide benchmarks to those who are below them.
- **To encourage the prioritisation of training** - think about the messenger; provide realistic and relatable information on Return on Investment; increase the sense of ownership that employers have in training; and make use of mental accounting.
- **To simplify the sourcing and setting up of training** - reduce hassle factors; reduce choice overload; and address collaboration and time constraints rather than cost.
- **To encourage employees to take part** - use role models; frame training positively; build trust; remove frictions in delivery; use chunking; and invest in face to face interactions.

**These general principles could be applied in practice** in a number of ways alongside efforts to address more systemic institutional and situational barriers. Options worth considering include:

- **Invest in the development of a training comparison platform** to simplify decision-making by providing objective comparative information on training.
- **Fund the costs of collaboration** rather than funding basic skills training directly. This could be done through sector-specific 'performance' boards or an allocation of money for employer-led consortia.
- **Fund the costs of time off work rather than the cost of training.** This addresses one of the main concerns for employers and makes use of mental accounting by covering the costs of the part of training that feels more costly.
- **Fund an 'UPSKILL-like' programme in priority sectors** to generate a demonstration effect in priority sectors that are difficult to shift.



## Acknowledgements

BIT are very grateful to everyone who gave their time to be interviewed for this report. The report would not have been possible without their shared knowledge, experience and insights. BIT are also very grateful for the excellent research support and guidance offered by Catherine Paulson-Ellis whose thoughtful inputs steered and shaped this report. Thanks to Susannah Hume, Xian-Zhi Soon and Nida Broughton for comments and inputs on earlier drafts.

# 1. Introduction

The Behavioural Research Centre for Adult Skills and Knowledge (ASK) was set up in 2014 to investigate ways to enable adults to sign up to, stick with and benefit from numeracy and literacy training. One sub-stream of this research focused on workplaces as channels for encouraging improvement of these skills. A set of trials was run between 2014 and 2016 to test approaches to encourage the uptake of English and maths courses offered through the workplace.

The trials demonstrated that some approaches are effective in increasing take-up rates. But the low baseline rates meant that overall levels of take-up – even where significantly increased - were still very low. This seems to suggest that employees are reluctant to take up English and maths training offered through the workplace. The process of trying to set up the trials also indicated that many workplaces are disinterested in investing in basic skills for their employees.

This qualitative research has been carried out to help us understand *why* employers and employees are reluctant to invest in English and maths skills in order to understand how these investments can be encouraged. It investigates the institutional, situational, dispositional and cognitive barriers faced by both employers and employees and how these barriers interact with each other. It also aims to investigate how employers can be encouraged to take a more active role in employees' skills development.

## 2. Research question and methodology

### 2.1. Research question

The overarching aim of the research is to explore the barriers that employers and employees face to investing in numeracy and literacy skills in order to understand what could encourage more investment in the future.

Some of the areas explored through this research include:

- How do employers think about skills development and make decisions around training?
- What barriers do employers face to investing in skills development generally and basic skills specifically?
- Is the workplace the right channel to promote basic skills training?
- Can employers be encouraged to view their role in employees' skills development and career progression as being more active and supportive, and if so, how?
- What barriers do employees face to investing in and taking up skills development opportunities through the workplace?
- Are there specific barriers to uptake for employees when it comes to basic skills?

### 2.2. Methodology

The research had two primary elements to it: a literature review and a set of qualitative interviews.

#### 2.2.1. Literature review

The literature review ties together research and evidence from several separate but related areas. The review includes literature on numeracy and literacy in the UK, employment patterns, and trends in training and workplace learning to provide the background context. This was supplemented with research on institutional, situational, dispositional, and cognitive barriers facing employers and employees in skills development and a review of the evidence on employer's attitudes to high performance work practices.<sup>3</sup>

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<sup>3</sup> Including training and development.

## 2.2.2. Qualitative interviews

A total of 38 interviews were carried out. These included:

- Key informant interviews with experts and representatives of employers and employees. 21 interviews were carried out with the following groups:
  - Research organisations (3)
  - Industry bodies (5)
  - Local economic partnerships and local government (7)
  - Unions and Union Learning Representatives (6)
- Semi-structured interviews with employers (10)
- Semi-structured interviews with employees (7)

The 21 key informant interviews with experts and representatives of employers and employees covered a range of different groups that were purposively sampled. These included research organisations focused on literacy and numeracy skills development, industry bodies representing a range of businesses across the UK, a number of Local Economic Partnerships (LEPs) representing different regions, and several unions and Union Learning Representatives representing a mix of employees.

The interviews with employers were semi-structured to ensure that comparable information was collected from different employers. The interviews collected background information on the employer, explored challenges they face as an organisation (including workforce challenges and skills gaps), and explored their decision-making around skills investments and training.

While it is not possible to interview a fully representative sample of employers across the UK, employers were sampled to ensure that a range of different types of employers were interviewed. The focus was on employers likely to employ at least some adults with low skills in their workforce. Those interviewed included a mix of public sector, private for-profit businesses and cooperatives. They also included a mix of sectors including retail, transport, health, housing, social care, construction, hospitality and manufacturing. They ranged in size from microenterprises (employing four people) to large employers with tens of thousands of employees. Two of the employers operate nationwide but others are focused on particular regions of the country. Figure 1 shows the geographic distribution of the employers interviewed.

Figure 1 Map of regions of operation for employers interviewed



Several semi-structured interviews were carried out with employees of one of the larger employers who took place in the ASK trials. These included a mix of employees who chose to opt into training offered by the trial employer and those who chose not to. These were not intended to be a representative mix of employees but rather to explore differences between these two groups in terms of their backgrounds, their perception of their numeracy and literacy skills, their decision-making and their recommendations for workplace training. The findings were used to supplement the findings of the literature review and the representatives and employer interviews.

## 3. Existing literature on skills and uptake of training

### 3.1. Literacy and numeracy in the UK

In 2011, 43 per cent of the adult population had literacy levels at or below Level 1 and 78 per cent had numeracy levels at or below Level 1.<sup>4 5</sup> Numeracy is particularly problematic. Not only are the current levels low, but numeracy rates have declined over time. This has resulted in a labour market with a long tail of poorly skilled people.

**The large proportion of the working population with poor numeracy and literacy is problematic** for several reasons:

- First, the UK suffers. Poor basic skills contribute to poor productivity and low growth. The UK lags behind the U.S., Germany and France<sup>6</sup> in productivity, and basic skills levels have stagnated in the UK relative to other advanced economies.<sup>7</sup>
- Second, businesses suffer. Poor basic skills affect employees' performance at work<sup>8</sup>. This has a negative impact on businesses' performance, profitability and competitiveness.<sup>9</sup>
- Third, people suffer. Demand for unskilled labour has decreased and is likely to continue to decline as some low skilled jobs are automated. The large numbers of people in the labour market with limited skills and flexibility are vulnerable to job losses which is particularly problematic in the context of extended life spans and working lives. Low skills also limits wages and career progression.

**Addressing these problems will require improving the basic skills of those already in employment.** Ensuring that new entrants to the labour market have good basic skills is an important part of the longer term solution. However, this will not address the short term productivity and business performance problems that the UK experiences nor will it address the vulnerability faced by low skilled workers already in the workforce. Improving the skills of the existing workforce will be a necessary part of the solution in the short and medium term. This is particularly important in the context of the UK exiting the European Union which may lead to reduced access to skills from outside of the UK.

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<sup>4</sup> BIS (2011). The 2011 Skills for Life Survey. BIS Research Paper 81, December 2012

<sup>5</sup> Level 1 qualifications roughly correspond to the level of English/maths required for Key Stage 2 (Year 9).

<sup>6</sup> ONS (2017), International Comparisons of Productivity

<sup>7</sup> BIS (2010). Skills for Sustainable Growth: Strategy Document. BIS: London.

<sup>8</sup> CBI (2014). Gateway to Growth: Education and Skills Survey 2014

<sup>9</sup> Kim, Y. & Ployhart, R.E. (2014). The Effects of Staffing and Training on Firm Productivity and Profit Growth Before, During, and After the Great Recession. *Journal of Applied Psychology*, 99(3), 361-389.

## 3.2. Workplace training

**Prevalence of workplace training has been in decline in the UK since 2001.** Over the period 2005 – 2011 employer investment in training in England declined by 14.5 per cent in real terms.<sup>10</sup> This has implications for all working adults but is particularly problematic for the two groups of employees who are least likely to receive training – older workers and unskilled workers. Training for older workers in the UK is low relative to other OECD countries. The proportion of employees receiving job related training steadily declines across age groups.<sup>11</sup> <sup>12</sup> The majority of unskilled workers receive no formal training at work despite the benefits that they and their employers could receive from addressing low skills levels.

**Workplaces are particularly reluctant to carry out training to address basic skills gaps.** The vast majority of employers (85 per cent) do not provide any form of basic skills training. 90 per cent do not believe they have any need for this.<sup>13</sup> This is likely for two main reasons:

- First, poor basic skills are often ‘hidden’ in organisations. Employees adopt workarounds (such as asking colleagues to do tasks they are unable to do) or use ICT or templates to automate functions.<sup>14</sup> This reduces the visibility of poor skills which makes the relationship between these underlying skills gaps to weaknesses in other areas of businesses<sup>15</sup> less well understood.
- Second, some employers deliberately adopt a low-cost business model focused on low wage low skilled employment. Their workforces have limited basic skills but as their focus is on driving down costs, they have no need or incentive to train employees.

**There is no clear relationship between basic skills gaps and basic skills training in workplaces.** The 2014 Education and Skills Survey found that although 53 per cent of employers see weaknesses in numeracy and 54 per cent in literacy skills among their workforce, only 15 per cent provide training in numeracy and 13 per cent in literacy.<sup>16</sup> On the other end of the spectrum – 78 per cent of employers who *are* providing basic skills training state that they do not have gaps in these areas. These tend to be larger

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<sup>10</sup> Green, Francis, et al. (2015). The declining volume of workers’ training in Britain. *British Journal of Industrial Relations*. 52(2) pp.422-488 2. and Vivian, D. et al. (2016) *The UK Commission’s Employer Skills Survey 2015: UK Results*, UK Commission for Employment and Skills

<sup>11</sup> Apart from females who experience a slight increase in the age group of 35 – 39 years.

<sup>12</sup> OECD (2012) *Education at a Glance*, (Table C5.1a).

<sup>13</sup> BIS (2016). *The Impact of Poor Basic Literacy and Numeracy on Employers*. BIS Research Paper Number 266.

<sup>14</sup> *Ibid*.

<sup>15</sup> Where automation or templates are not possible to resolve skills gaps.

<sup>16</sup> *Gateway to Growth: Education and Skills Survey 2014*. SBI/Pearson 2014.

employers with established Human Resource (HR) systems providing a variety of training to staff. This indicates that basic skills training is sometimes provided to close performance gaps due to low skills but this is not always the primary motivator for providing training in basic skills.

**Small businesses employ around half of the working population in the UK and it is these businesses that face the greatest difficulties in providing training.** In 2016, 48 per cent of private sector employment was in small businesses with less than 50 employees.<sup>17</sup> The total business population has experienced sustained growth,<sup>18</sup> but much of the growth is in owner-employee firms or small companies.<sup>19</sup> Increasing employment in small businesses is meaningful for skills development. Ninety six per cent of businesses with over 100 employees provide some form of training but only 51 per cent of businesses with fewer than 5 employees do.<sup>20</sup> Job creation is therefore being driven by small businesses that are likely to train less systematically.

**Employers will have to play a more significant role in skills development.** Public spending on adult learning has decreased and spending overall is likely to remain constrained. Policy in the UK has also moved towards encouraging employers to take greater ownership of the skills system – a recent development is the Apprenticeship Levy which routes apprenticeship funding through employers as opposed to a formerly provider-led model. Given the numbers of poorly literate and numerate adults who are in work, any attempt to significantly improve basic skills must involve employers.

### 3.3. Behavioural segmentation of employers

**Talking about ‘employers’ as if they are one group is misleading – employers differ from each other in a number of ways.** They differ in terms of their organisational objectives (for profit or for a social purpose), their culture, their size, the sector they operate in, the geographic area they focus on and the business model they adopt to achieve their objectives. These factors and their combination can either be supportive of learning and training or not.

**One major determinant of whether training takes place in an organisation is the size of the organisation.** Larger employers are more likely to have established human resource management teams and are more likely to provide training to employees in any one year. For employers with over a 100 employees, provision of some form of training is

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<sup>17</sup> Department for Business, Energy and Industrial Strategy (2016). Business Population Estimates for the UK and Regions 2016. Statistical Release.

<sup>18</sup> 2 per cent increase since 2015 and a 59 per cent increase since 2000.

<sup>19</sup> BIS (2016). Business population estimates, BIS October 2016.

<sup>20</sup> UKCES (2015). Employer Skills Survey 2015: UK Results. Evidence Report 97, May 2016.



almost universal – around 96 per cent provide training. As employers get smaller, the proportion providing training steadily decreases<sup>21</sup> to around 51 per cent of employers with 2 - 4 employees.<sup>22</sup> However, there is still variation across different sized organisations and variation across organisations that do provide training in terms of how far beyond the mandatory training (such as health and safety) their training extends.

### 3.3.1. Behavioural segmentation of employers' working practices

**However, beyond the size of an organisation, attitudes towards training vary considerably across employers.** Employers can be categorised into seven groups based on their working practices.<sup>23</sup> A segmentation analysis carried out on mid-sized employers<sup>24</sup> in the UKCESS13 sample categorised employers according to their attitudes towards high performance work practices<sup>25</sup>, including their approach to training.<sup>26</sup> From those with the highest levels of high performance practices to those with the lowest, the groups include:

- **Organisers** (17 per cent of employers<sup>27</sup>) – organisers perform best in terms of adoption of high-performance work practices and tend to invest in training for employees.
- **Developers** (12 per cent) – developers perform very well in terms of adoption of high-performance work practices and tend to invest in training for employees.
- **Recruiters** (15 per cent) – recruiters adopt most high performance work practices but are less likely to train employees.
- **Trainers** (18 per cent) – trainers adopt most high performance work practices particularly excelling in training employees.
- **Free-riders** (20 per cent) – free-riders adopt some high performance work practices but tend not to invest in training and development.

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<sup>21</sup> From to 93 per cent of employers with 25 – 99 employees, 78 per cent of employers with 5 – 24 employees and 51 per cent of employers with 2 - 4 employees.

<sup>22</sup> UKCES (2015). Employer Skills Survey 2015: UK Results. Evidence Report 97, May 2016.

<sup>23</sup> Brown, D. (2014). High Performance Working: a new segmentation of smaller workplaces. Growth through People: Evidence and Analysis. Research Briefing, 25 February 2014. UKCES.

<sup>24</sup> Employers with 0 – 99 employees. Large employers were removed from the sample as they predominantly adopt high performance work practices as a standard.

<sup>25</sup> These include working practices related to planning, organisation, skills, rewards and autonomy.

<sup>26</sup> Including training, performance reviews, talent management, employee rewards, autonomy and flexible working.

<sup>27</sup> The percentages here are based on the number of mid-sized employers categorised into each group.

- **Plodders** (8 per cent) – plodders adopt very few high-performance practices and tend not to train or invest in employees. They score particularly low in terms of rewarding employees.
- **Survivors** (9 per cent) - survivors adopt very few high-performance practices and tend not to train or invest in employees. They score particularly low for planning.

**Consistent with other studies, this segmentation analysis finds no clear relationship between skills gaps and training across these groups.** Both trainers and survivors report few difficulties with skills gaps but choose to adopt very different approaches to training and development.

**Two relationships are clear in relation to which employers are disproportionately represented in high and low performing groups** – the size of an employer and the sector in which it operates:

- Larger employers (with 50 – 99 employees) are more likely to be ‘Organisers’ (i.e. high performers). Small employers (with 5 – 9 employees) are more likely to be ‘Survivors’ (i.e. low performers).
- Lower value sectors such as retail, hospitality, construction and manufacturing are disproportionately represented in the last two groups – the ‘plodders’ and ‘survivors’. Higher value sectors such as financial services and healthcare are disproportionately represented in the top five groups.

### 3.3.2. Relationship to training

Three of the seven groups regularly train their employees: the organisers, developers and trainers. These groups view training as their responsibility or see this as a key part of their business strategy. These three groups represent around 47 per cent of small to medium sized employers.

The other four groups who do not regularly train employees represent 53 per cent of small to medium-sized employers. The likelihood of them implementing more training in future differs across the groups:

- Those in the bottom two groups (‘survivors’ and ‘plodders’) have adopted business models that do not rely on skills. They adopt few high performance work practices and are unlikely to shift behaviour in relation to training. The research suggests that only a dramatic change in market circumstances could shift training behaviour and even then they may not change practices. They represent around 17 per cent of small to medium-sized employers.
- The other two groups that don’t regularly train (‘recruiters’ and ‘free-riders’) adopt some high performance work practices. They are more likely to be persuaded to

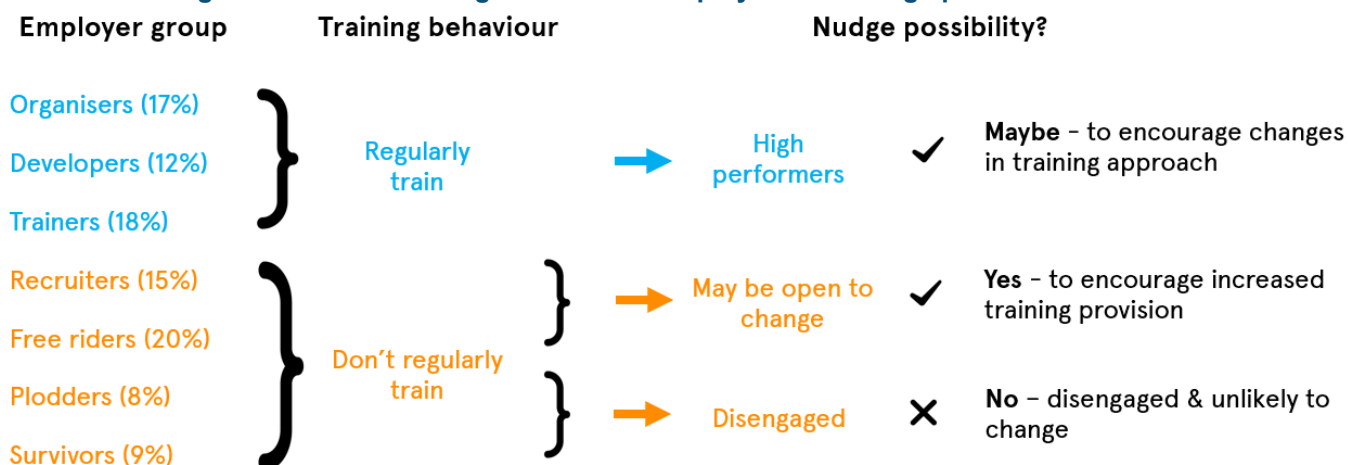
change training practices. They represent around 35 per cent of small to medium-sized employers.

### 3.3.3. Possibility of behaviour change

This suggests that there are broadly three groupings of employers whose characteristics determine whether behavioural insights could be used to shift training behaviour (see Figure 2). These include:

- **High performers who are already engaged in and value training.** This group represents around 47 per cent of small to medium-sized employers and also includes many larger employers who were not included in the UKCES sample. While little needs to be done to encourage this group to increase training overall, there may still be some room to encourage changes in the approach to training. For example improving the quality of training, who training is offered to or changing the type of training offered to include basic skills.
- **Employers who don't currently train but may be open to changing this.** This group represents around 35 per cent of small to medium-sized employers and represents a mix of employers of different sizes. This is likely to include a mix of employers facing various barriers to the adoption of training. It includes those who don't realise that they have a need for training, those who are aware of the need but are faced with barriers to doing so and those who actively want to train but have not yet managed to do so. This seems to be the group where disproportionate gains could be made from small changes to increase adoption of training.
- **Disengaged employers who are not training and are unlikely to shift behaviour.** This group represents around 17 per cent of small and mid-sized employers and includes many of the smaller employers. Only external market forces may shift behaviour so it is unlikely that any nudges or behavioural insights will be effective in influencing training behaviour.

Figure 2 Behavioural segmentation of employers and nudge possibilities



### 3.4. Potential barriers to skills investments

Investing in basic skills through the workplace requires motivation and action from both the employer (who instigates, funds and/or provides access to training) and the employee (who takes part in training). Both employers and employees potentially face a variety of barriers that influence the likelihood that investments in skills – and particularly in basic skills – takes place. These barriers can interact with each other in ways that further discourage investment.

The potential barriers facing employers and employees in relation to skills investment<sup>28</sup> are outlined below to provide a framework within which to think about different types of barriers. Barriers facing employers and employees are discussed separately as they differ slightly. They have, however, been grouped according to the same categories.<sup>29</sup> These include:

- **Institutional barriers.** These relate to the wider factors beyond an individual's (or individual organisation's) control, for example as the economy or the institutional environment that an individual is operating in.
- **Situational barriers.** These are the practical difficulties related to delivering or participating in skills development.
- **Dispositional barriers.** These relate to attitudes, perceptions and expectations that prevent individuals from investing in skills.

<sup>28</sup> This covers general skills investments rather than those relating to basic skills specifically. The findings for basic skills are outlined in the following section.

<sup>29</sup> The first three are derived from Cross, K.P. (1981). *Adults as learners*. San Francisco: Jossey-Bass.

- **Cognitive barriers.** These are the barriers created as a result of the way in which people perceive the world around them, make decisions and respond to options.

We provide a brief overview of the potential institutional, situational, dispositional and cognitive barriers that may discourage skills investments in general. Institutional and situational barriers have been outlined in numerous studies so these are only listed below. The dispositional and cognitive barriers are outlined in more detail as they have received less attention in the past and are the barriers that behavioural insights have scope to address.

### 3.4.1. Potential barriers for employers

Employers are faced with a number of potential barriers to investment in training for their employees. These are summarised in Figure 3.

Figure 3 Potential barriers facing employers



#### Institutional

- Access to finance
- Economies of scale
- Tailored training
- Low skills equilibrium



#### Situational

- Financial costs
- Time off work
- Knowledge of training



#### Dispositional

- Organisational culture
- Business model
- Managers' attitudes
- Fear of poaching



#### Cognitive

- Present bias
- Perceived costs & benefits
- Illusion of explanatory depth & confirmation bias
- Choice overload
- Scarcity mindset

Institutional barriers are those related to the wider factors beyond an individual employer's control, such as the economy and institutional environment that an employer operates within. Some of the potential institutional barriers that could prevent investment in skills include: access to finance, access to economies of scale, access to tailored

training and a low-skills equilibrium<sup>30</sup> in the local area. Situational barriers, meanwhile, relate to the practical difficulties of delivering and implemented training. Some of the potential situational barriers that could prevent skills investments include the financial costs of providing training, time off work arrangements, and lack of knowledge of available training.

Institutional and situational barriers facing employers are important, but are covered extensively elsewhere in the literature.<sup>31</sup> In this report we focus on the final two barriers – dispositional and situational – which behavioural insights are more applicable to. Dispositional barriers relate to employers’ beliefs about the value of skills investments. Some of the potential dispositional barriers that have been raised in past research include:

- **Organisational culture** – The culture of an organisation can either be one that is supportive of learning and skills investment or not. Elements of an organisational culture may indirectly discourage skills investments even if not explicitly set up to do so. For example a strong focus on the bottom line in the short term is likely to act as a barrier to skills investments.
- **Business model** - Business models focused on low quality, low cost products and services are a barrier to training. This is because profitability relies on minimal investment, including in people.
- **Managers’ attitudes to training** - A negative attitude to training or skills investment by either senior management (which influences organisational culture) or by line managers (who control access to training) can act as a barrier to training.
- **Fear of poaching** - A concern with training is the fear that employees who receive training are more likely to leave for better jobs or be ‘poached’ by other employers.

In addition to the institutional, situational and dispositional barriers to training, a number of cognitive barriers are likely to influence the likelihood of training being undertaken.

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<sup>30</sup> This refers to areas with low existing skills levels where employers adopt business models that do not rely on higher skills levels. This strategy is profitable, particularly if it becomes a norm within a particular geographic area or within a particular industry.

<sup>31</sup> For examples see: Stanfield, C., Sloan, J., Cox, A. & Stone, I. (2009). *Review of Employer Collective Measures: Final Report*. UKCES. UK Commission for Employment and Skills.  
Pukkinen, T., Romijn, C. & Elson-Rogers, S. (2001). *Funding continuing training in small and medium-sized enterprises. Discussion and case studies from across the EU*. Cedefop Panorama Series 17.  
Vivian, D. et al. (2016). *The UK Commission’s Employer Skills Survey 2015: UK Results*. Evidence Report 97. UKCES. UK commission for Employment and Skills.  
Stone, I. (2010). *Praxis. Encouraging small firms to invest in training: learning from overseas*. UKCES. UK commission for Employment and Skills  
Shury, J., Davies, B. & Riley, T. (2008). *Skills for the Workplace: Employer Perspectives*. UKCES. UK commission for Employment and Skills.

This can interact with the other barriers in ways that further discourage skills investments from taking place. Even if the other barriers are not preventing training and employers actively want to invest in the skills of their employees, cognitive barriers may prevent skill investments. Based on a review of the literature from the behavioural sciences, the following cognitive barriers could prevent skills investments:

- **Present bias** - People tend to systematically overweight present costs and benefits and underweight future ones.<sup>32</sup> This is important for decisions around skills investments. The costs of these are immediate and concrete while the benefits only accrue in the future and are often uncertain.
- **Perceived versus actual costs and benefits** – The perceived costs and benefits of skills investments may differ from actual costs and benefits. Costs of training are clear – the financial cost and time involved are known up front and are concrete and easy to measure. The benefits, however, only accrue in the future, are intangible and are difficult to measure. Perceived benefits are therefore unlikely to align with real benefits.
- **Illusion of explanatory depth and confirmation bias** – These two cognitive biases may interact with each other to create a barrier to skills investments. The illusion of explanatory depth relates to the overconfidence that people have of how well they understand complex phenomena.<sup>33</sup> More concrete or tangible causes of business problems may be identified as an underlying problem rather than a lack of skills. Confirmation bias causes people to favour information that confirms existing beliefs which can prevent alternative explanations from being considered if a decision has been reached about how to address an underlying problem.
- **Choice overload** - Choice overload occurs where the demands optimising across a particular choice set exceeds the ability of the 'reflective' system of the brain. Where this occurs, one either reverts to using the 'intuitive' system to make decisions or avoiding the decision altogether. Even if a decision to train is made, the choice overload created by a complex skills environment may result in the decision being delayed and pushed out indefinitely to the future.
- **Scarcity mindset** – Managers who are under pressure to deliver in the short term are faced with a scarcity of time. Scarcity generates a 'scarcity mindset', a mental state which causes people to make poor long term decisions by focussing on the

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<sup>32</sup> Kahneman, D. (2012). *Thinking Fast and Slow*. MacMillian.

<sup>33</sup> Rozenblit, L., and Keil, F. (2002). The misunderstood limits of folk science: an illusion of explanatory depth. *Cognitive Science*. 2002 Sep 1; 26(5): 521–562.

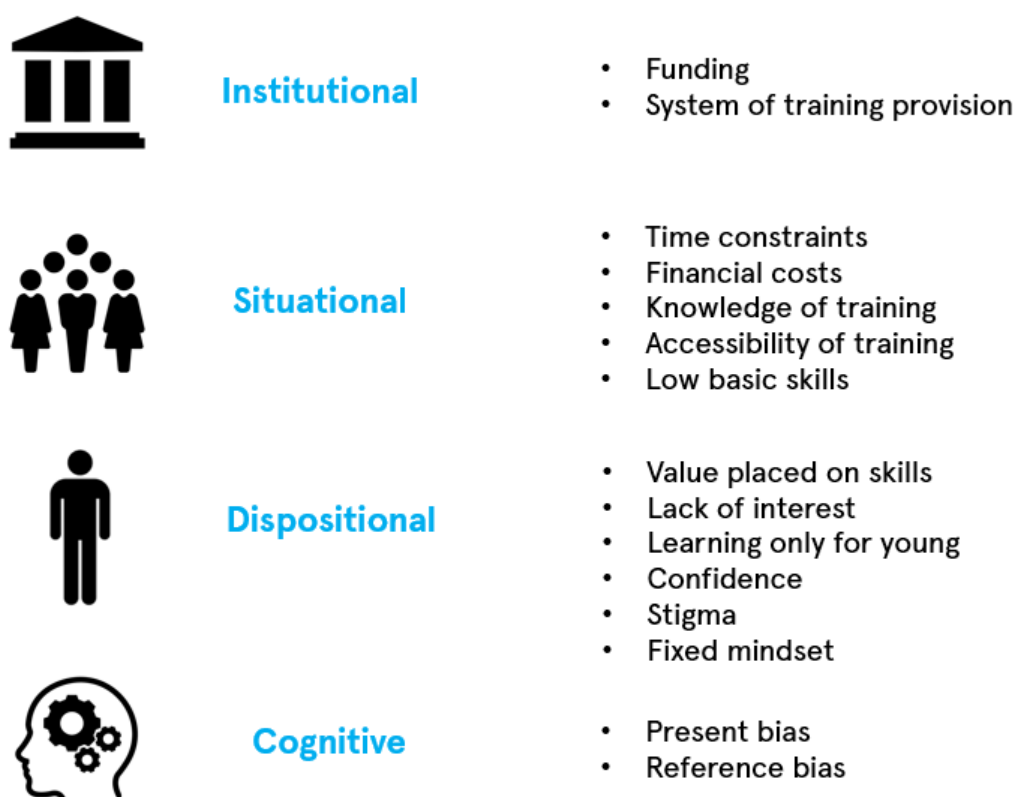
present and on scarce resources (in this case time).<sup>34</sup> This can act as a barrier to skills investments that create additional time shortages in the present.

These barriers can interact with and reinforce each other in ways that make skills investments less likely. The role that these barriers play in decision-making for skills investments, how important each one is, and the way in which these interact are explored further in Section V.

### 3.4.2. Potential barriers for employees

Employees are also faced with barriers to taking up training. These have also been grouped into four types of barrier: institutional, situational, dispositional<sup>35</sup> and cognitive.

Figure 4 Potential barriers facing employees



Institutional barriers relate to the wider factors beyond an individual employees' control. Some of the institutional barriers preventing investment in skills include: funding for adult education, and the system of training provision. Situational barriers relate to the practical difficulties of participating in training. Potential situational barriers include: time

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<sup>34</sup> Mullainathan, S., and Shafir, E. (2013). *Scarcity: Why Having Too Little Means So Much*.

<sup>35</sup> Cross, K.P. (1981). *Adults as learners*. San Francisco: Jossey-Bass.



constraints, financial costs, knowledge of available training, accessibility of training, and low basic skills.

As with barriers for employers, institutional and situational barriers facing employees are important but are covered elsewhere in the literature<sup>36</sup>. We again focus on the final two barriers – dispositional and cognitive – which behavioural insights have scope to influence.

Dispositional barriers relate to the attitudes, perceptions and expectations that prevent people from undertaking learning. Some of the potential dispositional barriers that have been raised in past research and from a review of the behavioural science literature include:

- **Lack of belief in value of skills investments** – Individuals that believe that skills investments have little practical or financial value are unlikely to invest in skills development.
- **Lack of interest** – Individuals may have no interest in learning or feel that learning is ‘not for them’.
- **Belief that learning is only for young people** - A belief that learning is only for young people acts as a barrier for older adults who feel that they are ‘too old to learn’.
- **Confidence** - A lack of confidence in an ones’ learning abilities acts as a hurdle to signing up for learning. A negative learner self-concept can become self-fulfilling as those with poor confidence in their abilities never encounter situations to disprove this belief or build their confidence and ability as a learner.
- **Stigma** - The stigma attached to having a lack of skills (particularly in areas such as maths and English) can lead to embarrassment and fear of exposing a deficiency in these skills. This fear can prevent people from admitting to gaps and or seeking training to address these gaps and others from providing appropriate help.
- **Fixed mindset** - People either believe that their abilities are fixed and unchangeable (in which case they have a ‘fixed mindset’) or that their abilities can

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<sup>36</sup> For examples see: Pocock et al (2011). *Juggling work, home and learning in low-paid occupations: a qualitative study*. Adelaide: National Centre for Vocational Research  
European Commission/ECES/Eurydice (2015a). *Adult Education and Training in Europe: Widening Access to Learning Opportunities*. Luxembourg: Publications Office of the European Union, Eurydice Report.  
OECD (2005). *Promoting adult learning*. Paris: OECD Publishing Education and Training Policy  
Benseman, J., Sutton, A. and Lander, J. (2005). *Working in the light of evidence as well as aspiration: A Literature Review of the best available evidence about effective adult literacy, numeracy and language teaching*. Auckland: Ministry of Education

be cultivated through effort (a 'growth mindset').<sup>37</sup> Individuals with a fixed mindset are less likely to challenge themselves through learning as they perceive their level of ability as fixed which can act as a barrier to learning.

In addition to the institutional, situational and dispositional barriers to training, a number of cognitive barriers are likely to influence the likelihood of employees opting in to training. Based on a review of the literature from the behavioural sciences, the following cognitive barriers could prevent skills investments:

- **Present bias** - As with employers making decisions around training, skills investments may be unappealing due to present bias. The costs of training (particularly in terms of the time given up) occur in the short term while the benefits only accrue in the future.
- **Reference bias** – Different groups of people have different reference points that they compare themselves to.<sup>38</sup> People surrounded by others with low skills levels assess their abilities relative to others with low skills levels and may overestimate their own skills, reducing their inclination to invest in training as a result.

As with the employer barriers, the barriers affecting employees can interact with and reinforce each other in ways that make signing up for skills investments less likely. The role that these barriers play in decision-making, how important each one is, and the way in which these interact are explored further in Section V.

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<sup>37</sup> Dweck, C. (2006). *Mindset. The New Psychology of Success.*

<sup>38</sup> Heine, S.J., Lehman, D.R., Peng, K., & Greenholtz, J. (2002). What's wrong with cross-cultural comparisons of subjective Likert scales?: The reference-group effect. *Journal of Personality and Social Psychology*, 82, 903–918

## 4. Themes from interviews

Having drawn out the main barriers from the literature, we sought to understand these barriers through interviews carried out with employers, employees, experts and representatives of employers and employees. Thirteen themes were prominent in discussions around decision-making on training, factors contributing to successful workplace training environments, and which barriers prevent skills investments from taking place.

The key barriers that employers and employees face in making basic skills investments (and skills investments more generally) are outlined in Section V. The themes informing these barriers are discussed below – they are sub-divided into those that are relevant to both employers and employees, or only to employers or to employees. These are summarised below.

### 4.1. Themes relevant to both employers and employees

Four themes relating to skills investments are important for both employers and employees - the important of contextualisation and relevance of training; the importance of trust; linking training to progression; and delivery and flexibility.

#### 4.1.1. Theme 1: Contextualisation and relevance of training

This was the most important theme from interviews and was mentioned by all groups interviewed. Ensuring that training is relevant is a key component for engaging employers and for motivating employees to take part in training.

Contextualising training to a particular workplace and to job roles and tasks ensures that training translates into benefits at work. Employers have very specific training needs that can't be met through generic courses. This is true even for more 'generic' training needs (such as literacy training) - content still needs to relate to the needs of a particular sector, organisation, department and job role.

*'We had a good response because we brought in trainers that understood the industry and problems we faced. If it had been generic, it would have fallen flat' (Quote from employer)*

Connecting skills to their daily use means that these skills are used and do not atrophy. All examples of good practice mentioned in interviews outlined contextualisation as a key

factor for success. The need for contextualisation is one of the main reasons<sup>39</sup> why large employers tend to set up in-house training provision. Smaller employers are not able to do this but good examples of externally provided – but also contextualised - training do exist. The below box outlines one such example, a successful literacy training programme in Canada called ‘UPSKILL’.<sup>40</sup>

### **The UPSKILL programme**

UPSKILL was set up to address literacy problems in the hospitality sector in Canada. Literacy training on offer at the time was devoid of occupational content and not relevant to workplaces. This discouraged workplaces from investing in basic skills training. The UPSKILL programme addressed this by engaging with hospitality sector bodies and individual firms to assess the sector’s needs. Training was then built around these needs. It specifically focused on addressing performance gaps and on skills that were used on a daily basis at work. The programme had impressive results – it improved business performance for firms; and literacy skills, job performance and wellbeing for employees. The literacy skills of employees continued to improve over time as these skills were applied at work.<sup>41</sup> The programme has also had a strong demonstration effect and has generated additional interest in the sector for literacy training.

Contextualisation and relevance of training is also important for employee engagement and motivation as this generates a purpose for learning. Courses that operate in isolation from job roles are more difficult to engage with, particularly for low skilled employees<sup>42</sup>.

*‘If people had other courses that were focussed on their roles... They would go for it, so it could be report writing, fact finding, structure, grammar’ (Quote from an employee)*

However, training needs to be framed in a positive way as something that enhances employees’ skills rather than addresses gaps. Courses with generic names such as ‘improving English’ are unappealing because they do not seem relevant and come across

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<sup>39</sup> The other main reason relates to the reduction in cost that this brings.

<sup>40</sup> SRDC (2014). UPSKILL: A Credible Test of Workplace Literacy and Essential Skills Training.

<sup>41</sup> Gyarmati et al. (2014). UPSKILL: A credible test of workplace literacy and essential skills training. Technical report. Social Research and Demonstration Corporation (SRDC).

<sup>42</sup> As research suggests that low skilled learners are more motivated by extrinsic motivators like career progression, better pay and external pressure. See Daehlen, M. and Ure, B. (2009). *Low-skilled adults in formal continuing education: does their motivation differ from other learners?* International Journal of Lifelong Learning, Vol 28(5) pp 661-674

as focused on addressing gaps or deficiencies in basic skills that few want to admit to. Courses such as ‘improving report writing’ are more positively framed and focused on current job tasks.

*‘Because (generic) training is suggesting to him that he is really not that bright.... firstly it is admitting I have an issue, and by doing that I am admitting that I have a problem, and I think that is the challenge. The challenge is saying that it has a benefit.’ (Quote from an employee)*

Relevance for employees can, however, extend beyond work to other areas of life, particularly if they relate to current life priorities such as helping children with their maths homework.

#### **4.1.2. Theme 2: Importance of trust**

Trust plays a key role in engaging employers in training. Employers need to trust the messenger providing them with information about training. The most effective messengers are those who are authoritative (respected within an industry, speak the industry’s language and with whom employers already have an established relationship) and relatable (such as employers that operate in a similar sector or operating environment). Employers also need to trust training providers and feel that they understand the industry and their particular needs.

Trust is also important for reducing the fear that employees with low skills experience when asking for help or signing up for training. This is influenced by the how supportive of learning the organisational culture is. But line managers play a particularly important role in creating trust and facilitating access to learning. Interviews with employers indicate that line manager attitudes and support for training can be highly variable within organisations.

*‘Some middle managers are more engaged and get the learning centre. Not all though... (this has a) knock on effect of who attends. Those with supportive managers are less apprehensive of signing up.’ (Quote from ULR)*

Attitudes to training are influenced by a variety of things but one important determinant is the education level of managers. However, even supportive line managers are faced with time constraints that make training difficult. When asked if there are any negatives associated with training, the most common response was that it takes people away from work and that this creates problems for those with responsibilities for managing work.

*'If you speak to the managers, and they will turn around and say it's a hidden cost and it's not just the cost of attending the course. It's the timescale' (Quote from employer)*

Trust also influences how effective training is. Results from the UPSKILL programme showed that literacy training improved the skills of all participants. However, this only translated into improved job performance in high trust environments where the greatest returns on performance were found. In low trust environments, training had no impact on performance.<sup>43</sup>

### **4.1.3. Theme 3: Training linked to progression**

Many of the examples of successful training environments are those where training is linked to progression within an organisation.<sup>44</sup> Linking training to progression is important both for employers and employees. For employers, it improves retention and performance. For employees, it improves motivation for learning. Training linked to progression provides a signal that investing in skills and learning is something that is valued in an organisation and that putting the effort in provides a tangible benefit to those who take part in training.

*'It might sound a bit stupid, what stops people is that I will give up on my time to go to this course and get nothing out of it, or get a certificate that doesn't mean anything.'* (Quote from an employee)

Another important aspect of linking training to progression is that it ensures that training is framed in a positive way. Badging training as addressing gaps or deficiencies is very demotivating – this was found in ASK trials carried out with a hospital trust and mentioned in several interviews. But badging training as an investment in individuals or as a way to make people who are good even better removes stigma attached to training,<sup>45</sup> particularly basic skills training.

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<sup>43</sup> SRDC (2014). UPSKILL: A Credible Test of Workplace Literacy and Essential Skills Training. Summary Report August 2014.

<sup>44</sup> This is more applicable to larger employers where a whole of organisation approach to training with structured learning linked to career progression can be set up.

<sup>45</sup> Examples of positive framing include a supplier development programme set up by Woodhead Group called 'Good to Gold', an extension of the UPSKILL programme has been reframed as one focused on 'skills gains' and McDonald's house their training at their own 'University'.

*'If you badge it as development and progression in work ... we want to invest in you and build on your skills ... If you can make a tangible benefit for them, you will get them to participate.'* (Quote from a local government representative)

#### 4.1.4. Theme 4: Delivery and flexibility

Where, when and how training is delivered matters for take up and success of training. Delivery needs to work with the constraints faced by employees. This is particularly important for low skilled employees whose motivation for learning can already be low – even small frictions can reduce take up and completion of training.

Location is important – training delivered in or near the workplace is most attractive. Many of the successful training examples either delivered training at the workplace or as close to it as possible. Learning that takes place outside of work or that involves travel reduces the likelihood that people will take up training on offer. These additional hassles discourage even those who are most motivated to take part in learning. They disproportionately impact those who are less motivated or under time constraints – for example parents with young children.

*'The courses offered are at the library and it's not really relevant to where the majority of people are'* (Quote from an employee)

Timing is important too - when training takes place and how flexible this is influences take up of learning opportunities. Delivery of training during work hours or immediately before or after shifts facilitates access.

*'They don't match with the shifts, and if you have got an early shift you might be able to get somewhere. But if you have got a later shift you aren't necessarily going to get to it.'* (Quote from an employee)

Timing and location of delivery that works around individuals' constraints is important for facilitating access to training for small employers. Training needs to work around times that are least disruptive for work<sup>46</sup>. The time commitment attached to training is also

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<sup>46</sup> A good example of this is the 'Good to Gold' programme that was put in place by Woodhead Group. The training focused on suppliers in their construction supply chain. Training took place in January when

important. Courses that require a shorter time commitment and those delivered over short time periods are viewed as more attractive.

## 4.2. Themes relevant to employers

Five themes relating to skills investments are important for employers specifically: the hidden nature of poor literacy and numeracy; the complexity of the skills landscape; return on investment; the need for collaboration; and the compounding of problems for SMEs.

### 4.2.1. Theme 5: Hidden nature of poor literacy and numeracy

Poor literacy and numeracy is often hidden in organisations. The hidden nature of poor basic skills is important as this acts as a barrier to addressing these skills – employers are unlikely to provide training to address gaps that they are not aware exist unless they have a strong learning culture that provides training even without evidence of gaps. Members of industry bodies do not highlight basic skills as a concern, although they may sometimes refer to related skills such as communications as an issue. For small businesses, literacy and numeracy tend to feature near the bottom of their list of priorities.

*‘I’ve never really heard about literacy and numeracy, unless it’s in the context of young people, and even then it’s downplayed.’  
(Quote from an industry body)*

This seems to stem from a genuine lack of awareness of gaps by employers due to limited visibility of these gaps<sup>47</sup>.

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weather conditions often prevented construction workers from working anyway. This reduced disruptions to work and improved attendance.

<sup>47</sup> The experience of one of the larger employers interviewed illustrates this hidden nature well. A large employer discovered the extent of their underlying literacy and numeracy problems when an annual written test was established to ensure operational staff were up to date with rules and regulations. Many of the staff failed the tests not because they lacked knowledge, but rather due to poor literacy and numeracy skills. Prior to this, they were unaware of the extent of the problem. They subsequently set up maths and English courses for staff to address the gap.



*'(They had) to do a written test, they found a lot of staff were failing the tests. When they looked into it, it wasn't because they lacked the knowledge, it was because they lacked the literacy skills and numeracy skills.'* (Employer)

Even where clear links between poor numeracy and literacy skills are acknowledged by senior management, line managers may not necessarily see the link between job performance and the skills underpinning this.

#### **4.2.2. Theme 6: Complexity of the skills landscape**

The complexity of the skills landscape and the lack of objective information for assessing training options create barriers for skills investments. Even if an employer is able to identify numeracy or literacy as an underlying problem, they often do not know what to do to address this or where to get advice or information. There is no obvious place where employers can go for objective advice on addressing skills gaps.

*'Once the business has got that information (about basic skills gaps), where do they go and what do they do with it? ... people don't know where to go for training'* (Quote from a LEP)

Large and small employers respond to this in different ways. Large employers bypass this complexity by setting up in-house training. Smaller employers rely on word-of-mouth recommendations from firms similar to them. Some sectors have simplified this by setting up sector-specific training boards. For example the Construction Industry Training Board (CITB) provides support and funding to those looking for training in the construction industry.

*'It totally simplifies it, and that's why the training group was set up... we will source and organise training for our group members and other people. So it is very simple for us.'* (Quote from an employer)

There is also little objective information available to assess the value for money and relevance of training currently on offer. Time needed to navigate the skills landscape - rather than cost - may be one of the key barriers preventing more investment in training.

#### **4.2.3. Theme 7: Return on investment**

Employers have limited information on the return on investment (ROI) that they will gain from skills investments. Many employers invest in training for reasons other than return

on investment. However, other employers will only invest in skills if they know what return they will receive from it. The link between skills investments and ROI are not clear for most employers, and training providers and government are not good at articulating the link between training and ROI in a way that is relatable for employers.

*'I don't think the link is well made for your average businessperson to realise that investment in training can lead to increased productivity can lead to increased bottom line. I don't think that is widely available or articulated, published, or shared.'* (Quote from a LEP)

Figures at the macro-economic level show that skills investments improve productivity but little research has investigated this link at a firm level. One exception is the 'UPSKILL' programme.<sup>48</sup> There are limited examples where the ROI is measured and articulated this clearly and for the average employer, the link between skills investments, productivity and their bottom line remains unclear. This is problematic for firms that do invest largely for return as they only have accurate information about the costs of training and little information on returns.

#### **4.2.4. Theme 8: The need for collaboration**

The need for collaboration is important for skills investments for small employers. Collaboration among similar employers is necessary if smaller organisations want to achieve economies of scale (and therefore reduced costs) in training and ensure that they have access to relevant, contextualised training. Training providers tend to concentrate their efforts on larger employers as they do not have the resources to access small businesses.

*'If you are small, and even small to medium, the first problem is scale. So how do you build something at a level that a provider will be willing to provide it for you, and at a cost that you can bear.'* (Quote from an industry body)

Many of the good practice examples of successful training set-ups for smaller organisations involved collaboration between groups of employers and training providers. However, collaboration is difficult as it requires someone at the centre acting as a catalyst, translator and coordinator and few organisations have an incentive to play this

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<sup>48</sup> See box.

role. Many LEPs are aware of the need for collaboration and some have taken on the coordination role themselves. Although cost is often cited in surveys as the greatest barrier to skills investment, many felt that the difficulty associated with setting up collaborative efforts may be more important.

*'The cost is often put forward as a barrier, although when you unpick that, that's not usually true, the barrier is often something else for example the business is time poor.'* (LEP)

#### **4.2.5. Theme 9: Compounding of problems for SMEs**

SMEs face particularly large obstacles to training. This is because they do not have large human resource management systems with formalised learning and development management systems in place to track and manage training needs. They are also more constrained in terms of money and time. They have fewer financial resources to spend on training and fewer staff to cover for those who are out on external training. They are unable to access the economies of scale that large employers can for training and do not have the resources to set up in-house provision. Many small businesses are focused on immediate issues and on growing the business and have limited ability to focus on the medium or long term.

### **4.3. Themes relevant to employees**

Four themes are important for employees: the fear of exposing deficiency; the perception that there is no need for improved skills; the importance of face to face interactions; and the first sign up as the biggest hurdle.

#### **4.3.1. Theme 10: Fear of exposing deficiency**

A lack of confidence and a fear of exposure of deficiencies was a common theme in discussions on why individual employees are reluctant to sign up for basic skills training. Employees who are aware of low skills are sometimes willing to seek help but are reluctant to admit deficiencies to their line managers. This is due to job security concerns. ULRs found that they are often approached by people expressing a willingness to address skills gaps but who are unwilling to share this information with their superiors.<sup>49</sup>

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<sup>49</sup> Interview with several ULRs

*In response to whether people are reluctant to speak to line managers: ‘Oh god yeah, all the time. There’s a lot of fear attached, there’s a lot of doubts, there’s a lot of suspicion.’ (Quote from a ULR)*

This reinforces two of the earlier themes in the report – the importance of trust (in creating a safe space in which individuals can raise issues) and linking training to progression (which changes the signal that investing in training sends).

Fear of being judged by peers also prevents people from admitting to gaps. People are embarrassed to admit that they have problems with basic skills and worry about others’ perceptions of them if they do admit to them.

*‘Sometimes it takes a long time, because you are working with people’s perception of themselves, and they are worried about what other people think about them.’ (Quote from an employee)*

Those with the lowest skills levels have the largest dispositional barriers and are the most reluctant to seek help.<sup>50</sup> This seems to resonate with the experience of some of the employers interviewed. For example, a large social care provider outlined how those in problem areas with the lowest skills were also those least likely to ask for help with basic skills.

*‘That is the area (we have struggled most with numeracy and literacy skills) that we find that we cannot get people to actually own up or come and have a conversation with. The other part of the organisation, where it isn’t such a huge issue, people have come across to us and said no, I want to improve my maths and I would like to do more. So it’s quite interesting, that the people that need it seem to not want it.’ (Quote from an employer)*

#### **4.3.2. Theme 11: No need for improved skills**

Low skilled employees (and older employees) are more likely to feel that they have no need to improve their skills levels. Those with lower levels of skills are more likely to state

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<sup>50</sup> Parsons, S. and Bynner, J. (2007). Illuminating disadvantage: Profiling the experiences of adults with Entry level literacy or numeracy over the lifecourse. National Research and Development Centre for adult literacy and numeracy. Institute of Education, University of London.

that they don't need to improve their skills. By contrast, employees with higher skill levels are more likely to feel that they need to continue building their skills.

*'I actually never think I actually need improving on any of it.'* (Quote from an employee – no education beyond school)

*My problem is coming to the position of an engineer ... when I'm writing my report I felt as if it was something that needed improvement. Now I'm really happy with that, but I still want to continue.'* (Quote from an employee – Masters' level education)

Reference bias may play a part in this. Individuals have different reference points that they compare themselves to. Those surrounded by others with low skills levels are likely to compare themselves to this group and either overestimate their own skills levels or feel that their skills are adequate.

However, this may also be a defensive response by those who know that their skills are lacking but state otherwise. What people say and what people believe sometimes differ. The level of fear, embarrassment and stigma attached to poor skills may mean that people are aware that they have poor skills but do not want to admit this to others.

#### 4.3.3. Theme 12: Importance of face to face interactions

Face to face interactions play an important role in building trust and confidence for employees with low skill levels. This seems to be particularly important for employees with high levels of fear or embarrassment in relation to poor skills. They are the most difficult to convince through less resource-intensive means and are likely to need the additional support that someone they know and trust can provide. Encouraging those who are particularly reluctant to invest in training requires sustained face-to-face interaction. Some employers mentioned the importance of having 'people champions' within teams to encourage people to train. Others mentioned that 'drop-in' sessions they have with business units are more successful in encouraging people to sign up than other means that they have tried.

*'Drop in sessions actually go down quite well because it is on a one-to-one basis. It's taken a long time to build up a rapport... They are more likely to come and have that conversation with us than they are with their manager ... drop-in sessions become really important for staff members.'* (Quote from an employer)

Face-to-face interactions can also be important for those who are interested but need additional encouragement. As training is likely to be lower on an individual's list of priorities, additional encouragement and reminders in person may be needed.

*'I said that I should find out about it because my maths is so terrible, but it just chose not to follow up.... I was a little bit busy at the time and must have just slipped over it.'* (Employee)

Word-of-mouth recommendations are important for getting people into training. Positive referrals from people 'similar' to individuals who have been through training themselves plays an important role in encouraging people to sign up.

Face to face interactions are also important for the delivery of training for some learners. Digital skills and computer access among older employees is lacking and training for these workers needs to involve in-person training.

#### **4.3.4. Theme 13: First sign up as the biggest hurdle**

For those with low skills levels and limited experience in a learning environment, the hurdle of getting people to sign up for training the first time seems to be the biggest one. It is very difficult to convince people to sign up but once they have signed up, they tend to enjoy courses and are more inclined to sign up for further learning in future. This is important as it suggests that convincing those with low skills and limited past education to sign up initially is the most resource-intensive component of getting people on-board but can lead to a self-sustaining positive trend.

This came out clearly in the employee interviews. Those who had opted into basic skills training all had previous educational experience beyond school while those who did not tended to have disengaged from training after school and expressed a dislike of it.

*'Unfortunately I hated school, so I hate studying. It literally put me off everything.'* (Quote from an employee)

Hearing the story of someone similar who had taken up and succeeded in training can be successful in convincing people to sign up. Knowing that someone similar to themselves was able to do it seems to help people overcome the fear they have of signing up – but the messenger needs to be someone who is relatable for the group of employees that are being convinced.

## 5. Barriers emerging from the themes

Figure 5 indicates the types of barriers that emerged as important for employers and employees through the interview themes and the literature review. Those in bold came up frequently in discussions and those in black came up but less often. The grey ones did not come up (or came up very infrequently) in discussions.

Figure 5 Key barriers for employers and employees based on interview findings

	Employers	Employees
 <p><b>Institutional</b></p>	<ul style="list-style-type: none"> <li>• Access to finance</li> <li>• <b>Economies of scale</b></li> <li>• <b>Tailored training</b></li> <li>• Low skills equilibrium</li> </ul>	<ul style="list-style-type: none"> <li>• Funding</li> <li>• System of training provision</li> </ul>
 <p><b>Situational</b></p>	<ul style="list-style-type: none"> <li>• Financial costs</li> <li>• <b>Time off work</b></li> <li>• <b>Knowledge of training</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Time constraints</b></li> <li>• Financial costs</li> <li>• Knowledge of training</li> <li>• <b>Accessibility of training</b></li> <li>• Low basic skills</li> </ul>
 <p><b>Dispositional</b></p>	<ul style="list-style-type: none"> <li>• Organisational culture</li> <li>• Business model</li> <li>• <b>Managers' attitudes</b></li> <li>• Fear of poaching</li> </ul>	<ul style="list-style-type: none"> <li>• Value placed on skills</li> <li>• Lack of interest</li> <li>• Learning only for young</li> <li>• <b>Confidence</b></li> <li>• <b>Stigma</b></li> <li>• <b>Fixed mindset</b></li> </ul>
 <p><b>Cognitive</b></p>	<ul style="list-style-type: none"> <li>• Present bias</li> <li>• Perceived costs &amp; benefits</li> <li>• <b>Illusion of explanatory depth &amp; confirmation bias</b></li> <li>• Choice overload</li> <li>• Scarcity mindset</li> </ul>	<ul style="list-style-type: none"> <li>• Present bias</li> <li>• <b>Reference bias</b></li> </ul>

Overall, the findings indicate that employers and employees are both faced with a variety of barriers to skills investments (although no institutional barriers were mentioned for employees). These barriers interact in ways that reinforce each other. Institutional and situational barriers are important and need to be addressed. However, although these barriers are frequently cited in surveys as the main barriers to investment, more in-depth conversations indicate that dispositional and cognitive barriers are equally – if not more – important for skills investments.

### 5.1. Barriers faced by employers

**Employers are faced with a wide variety of barriers to skills investments.** These include all four types of barrier – including institutional, situational, dispositional and cognitive. The barriers faced by individual organisations will differ, for example large and small employers encounter slightly different challenges. However, many will be faced by a mix of similar barriers.

### 5.1.1. Institutional and situational barriers

**Two institutional barriers are important – access to economies of scale and access to tailored training.** These are closely related to each other. The theme of contextualisation and relevance of training highlighted the importance of access to tailored training. Training providers are not well equipped to provide training tailored to individual employers' needs. Many of the large employers set up their own in-house training to deal with this problem. Smaller employers do not have this option and instead need to collaborate with other organisations to access economies of scale in training. However, collaboration can be difficult. Economies of scale matter because cost is an important consideration in investment decisions.

**Situational barriers are also important – time constraints and a lack of knowledge of training featured prominently, but cost is also a barrier.** Like employees, employers (and their management teams) are faced with time constraints. Their priority will be producing the products or delivering the services they supply. This can leave little excess time to identify skills gaps, source appropriate training and make time for employees to attend training. Knowledge of training is also a problem. It is not easy to find relevant, objective information about training. Cost is also a problem. Cost does feature as a barrier for employers, particularly for those unable to access economies of scale. However, how important cost is as a barrier is partly determined by which additional dispositional and cognitive barriers employers are faced with.

### 5.1.2. Dispositional and cognitive barriers

**Several dispositional barriers are important – the organisational culture and business model are important but manager's attitudes are particularly important.** Dispositional barriers play a key role in determining whether or not training and learning are valued, prioritised and invested in within an organisation. Many of the employers who do provide skills training do so not necessarily because they have gaps in those areas, but rather because the business model and organisational culture are supportive of learning in general. This is important for any attempts to encourage investments in skills as the drive to invest in skills is not always linked to skills gaps. However, where an employer's culture and business model are more focused on business performance, investing in skills will be driven by a desire to close gaps that affect performance. In all organisations, line managers' attitudes to training have an important influence, either facilitating or strongly discouraging training. A line manager with a negative attitude to training is more likely to block access to training for employees, even if this is in an environment that is broadly supportive of learning.

**All of the cognitive barriers were referenced in conversations.** These act as barriers at various points in the decision-making process for skills investments:



- **The illusion of explanatory depth<sup>51</sup> coupled with confirmation bias<sup>52</sup> make identifying poor basic skills as an underlying problem less likely.** This is problematic given that poor basic skills are often hidden in organisations and more tangible causes of poor performance may be misidentified as the underlying issue.
- **Even if poor skills are identified, several barriers reduce the likelihood that basic skills training will be prioritised.** As outlined earlier, line managers are faced with time constraints. This can lead to a scarcity mindset.<sup>53</sup> Scarcity causes people to focus their attention on the scarce resource (time) and prioritise more immediate issues over those that provide benefits in the long run. This can act as a barrier to skills investments that create additional time shortages in the present, especially if a manager already has negative attitudes to training. Coupled with present bias<sup>54</sup> - which causes people to systematically overweight present costs and benefits and underweight future ones - training becomes even less attractive. This can generate a mismatch in the perceived and actual costs and benefits of training. The cost is known upfront and is clear, whereas the benefits only accrue later and are often unclear, intangible and seldom guaranteed. This is one of the reasons why accessing economies of scale is important as this reduces the upfront costs of training.
- **Even if basic skills are identified as a problem and training is prioritised, the complexity of the skills landscape means that employers are faced with choice overload<sup>55</sup> when trying to make a decision about what training to go for.** They are faced with numerous options and little objective information on which to base decisions. This can lead to delays in decisions on training or the use of suboptimal rules of thumb for making training decisions.

## 5.2. Barriers faced by employees

Employees are faced with a variety of barriers. Institutional barriers did not come up in interviews but a variety of situational, dispositional and cognitive barriers did.

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<sup>51</sup> The overconfidence that people have of how well they understand complex phenomena.

<sup>52</sup> The tendency people have to favour information that confirms existing beliefs.

<sup>53</sup> A mental state which causes people to make poor long term decisions by focussing on the present and on scarce resources.

<sup>54</sup> The tendency people have to systematically overweight present costs and benefits and underweight future ones.

<sup>55</sup> Where the demands optimising across a particular choice set exceeds the ability of the 'reflective' system of the brain.

### 5.2.1. Situational barriers

**Employees are faced with two situational barriers that are particularly important for thinking about how to encourage take up of training – time constraints and accessibility.** Time constraints are an important issue for employees, particularly for those in full time work, those with care responsibilities or those working shifts who have little excess time outside of work to dedicate to training or to travel to get to training. Training that does not take into account the very real time constraints that individuals are faced with immediately puts up a large barrier to take-up. Accessibility is also important and ties to the time constraints faced by employees – training that is far away or in inconvenient locations limits take up. This is why delivery and flexibility emerged as a key theme in discussions.

**However, beyond these two situational barriers, most of the barriers that came out strongly in discussions were dispositional and cognitive in nature.** Although situational barriers are likely to affect employees of all skills levels equally, dispositional and cognitive barriers are larger for employees with low skills levels and consequently for those with low basic skills.

### 5.2.2. Dispositional and cognitive barriers

**All of the dispositional barriers were referenced in conversations.** Employees may not believe that investing in basic skills has value, they may have no interest in investing in these skills and older workers may believe that learning is only for the young.

But three of the dispositional barriers came across as particularly large barriers – stigma attached to poor basic skills, a lack of confidence, and fixed mindsets.

- **The stigma associated with poor basic skills makes it less likely that individuals will volunteer information that they lack these skills.** This contributes to the hidden nature of skills in organisations and the fear that employees experience in exposing these skills. It also provides an indication as to why trust within an organisation is important – stigma makes asking for help feel threatening and is less likely in an environment that is not supportive. Linking training to progression and contextualising training helps address the problems of the stigma attached to low skills by reframing the reason for training as progression and work-focused rather than as remedial.
- **Low confidence prevents people from signing up for training in the first place.** This is why face to face interactions came up as a key theme – the relationship built over time helps those with low confidence overcome this.

- **Fixed mindsets<sup>56</sup> are also a problem, particularly when coupled with low confidence and stigma.** Employees who do recognise that their skills levels are low may still be unwilling to do anything about this because they believe that their underlying abilities are fixed and therefore unlikely to improve through training.

**One of the two cognitive barriers also emerged as important – reference bias.<sup>57</sup>**

Employees with low basic skills who are surrounded by people with similar skills levels are likely to overestimate their own skills. This is because they use the low skilled group as a reference point and do not reference themselves to more highly skilled groups. This can happen in job roles or occupations that only require low skills or in areas with low skills levels. This makes it more difficult for people to identify that they have low basic skills and can act as a major barrier to skills investments.

**These barriers interact with each in important ways that reinforce each other.**

Firstly, training that does not take into account the time constraints faced by employees puts up an immediate barrier that can be difficult to overcome. This also makes it easier for those who lack confidence or fear the stigma attached to basic skills training to use the inaccessibility of training as an excuse for not taking part. Fixed mindsets reinforce many of the other dispositional barriers such as the belief that training has little value and the belief that training is only for the young. Reference bias can reinforce a lack of interest in training.

### **5.3. Relative importance of various barriers**

Overall, the findings indicate that employers and employees are both faced with a variety of barriers and these interact in ways that reinforce each other. For example, employees with low confidence and a fixed mindset are far less likely to take up training in a workplace where their manager has a negative attitude to training, even if organisational culture as a whole is supportive of training.

Past initiatives to address barriers to skills investments have focused almost exclusively on addressing institutional and situational barriers. Little attention has been paid in the past to dispositional and cognitive barriers – even though these may play an important role in facilitating increased investment in skills.

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<sup>56</sup> A mindset where people believe that their abilities are fixed and unchangeable.

<sup>57</sup> The bias created through different reference points that people use to compare themselves to.

## 6. Applying behavioural insights to encourage employers and employees to invest in training

The overarching aim of the research is to explore the barriers that employers and employees face to investing in numeracy and literacy skills in order to understand what might encourage more investment in the future. Having explored what may drive low training levels at present, and particularly the dispositional and cognitive barriers to training, we now turn to what the behavioural science literature can tell us about how to address these barriers.

Based on BIT's work and the wider academic literature, BIT has found that if you wish to encourage a behaviour, you should make it Easy, Attractive, Social and Timely (EAST).

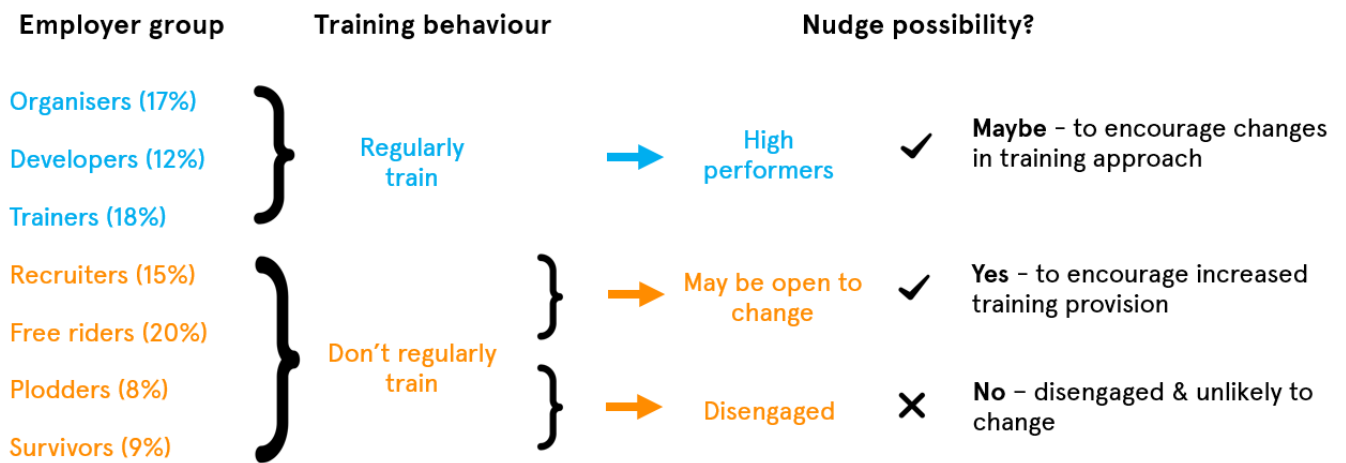
- **EASY:** make a behaviour easier by making it the default, reducing the hassle factor of taking the action, and by simplifying messages.
- **ATTRACTIVE:** attract attention to the message or behaviour through use of images, colour, personalisation and salient messages; and design rewards and sanctions for maximum effect.
- **SOCIAL:** show that the majority perform the desired behaviour, and tap into social identity, networks and commitments.
- **TIMELY:** prompt people when they are most likely to be receptive, consider immediate costs and benefits, and help people plan their response to barriers to the behaviour.

We have had this framework in mind in conceptualising both potential barriers (where action is not easy, attractive, social or timely), and in recommending solutions. This framework is useful for thinking about ways to address dispositional and cognitive barriers.

### 6.1. Principles for encouraging employers to shift training behaviour

While the research on behavioural factors influencing skills investments is only preliminary, the findings suggest that there are a number of things worth exploring to try encourage increases in or changes to training in workplaces but this differs for different groups of employers (see Figure 6).

**Figure 6 Behavioural segmentation of employers and nudge possibilities**



It is unlikely that much can be done to shift training behaviour among the disengaged employers who are not training. They are not connected to any trusted contact points and their business models are not supportive of skills investments. However, a variety of things can be done to shift behaviour in the other two groups of employers – either to encourage changes to the training approach of those who regularly train or to encourage training by those who don't currently regularly train.

In order for training to take place and be successful, four things need to happen:

- Training needs have to be identified
- Training has to be prioritised over other activities
- Training has to be sourced and set up, and
- Employees need to be encouraged to take part in training

The group of employers that are high performers and already engaged in and value training don't need additional encouragement to increase training. There may be scope, however, to influence the type and quality of training provided. The group of employers who don't currently train may be encouraged to do so by addressing the dispositional and cognitive barriers they face. Different types of employers in this group are likely to be faced by different barriers and some tailoring in approaches may be needed.

However, there are some general principles that can be applied to encourage skills investments among this group at each of the four steps outlined above.

### 6.1.1. Identifying training as a need

To help employers identify training as a need:

- **Make underlying skills gaps – and their performance implications - more visible to managers.** The hidden nature of underlying basic skills gaps reduces investments in these skills even though investing in these improves performance.
- **Provide benchmarks to those who are below them.** Provision of comparative information on performance relative to competitors should be considered. This information is salient and useful to employers, particularly if the actions to address poor performance (such as investing in skills of employees) are signposted. However, this may backfire if employers who are training more than the norm are made aware of this.

### 6.1.2. Prioritising training

To help encourage the prioritisation of training:

- **Think about the messenger.** Those providing information about training need to be trusted by employers. This is facilitated through messengers who are authoritative (respected in the industry and preferably not government) and/or relatable (such as similar employers who have similar needs).
- **Provide realistic and relatable information on return on investment.** This is important to address present bias and the mismatch in perceived and actual costs and benefits. The information needs to be provided in a form that employers understand and can relate to.
- **Increase the sense of ownership that employers have in training.** Process is important for engagement in training. Employers are more interested in training that they have contributed to designing and have a sense of ownership in.
- **Make use of mental accounting.** One of the key mental hurdles for smaller employers is the cost associated with an employee being off from work. Rather than directly funding the costs of training itself, funding could be packaged as covering the costs of the absent employee which puts funding towards the part of training that feels more expensive.

### 6.1.3. Sourcing and setting up training

To help employers source and set up training:

- **Address collaboration and time constraints rather than cost.** The time and effort required for collaboration and coordination in setting up training is likely to be a larger barrier for smaller employers than financial costs. Rather than funding training directly, support could focus on supporting the coordination role needed for collaborative efforts.

- **Reduce hassle factors.** Finding and signing up for quality training needs to be as administratively simple as possible. This is important both for employers to sign up for training and for the employees to sign up themselves. Even small frictions can prevent employers who are interested in investing in training from doing so.
- **Reduce choice overload.** Anything done to reduce the complexity of decision-making around training is beneficial, particularly for smaller employers who currently navigate this by relying on word-of-mouth recommendations. This could be done in a variety of ways from simpler initiatives (such as providing clear comparative information on the training quality of course providers) to broader systemic changes (such as setting up training boards for particular sectors). Small employers in particular need some infrastructure to support decision-making in a complex system.

#### 6.1.4. Encouraging employees to take part

It is important to be conscious of the signals that are indirectly communicated by the environment people are operating in. To create environments that allow employees to engage in and be motivated by training:

- **Use role models** – success stories from relatable role models encourage take up among employees who lack the confidence to invest in skills or have a negative learner self-concept.
- **Frame training positively.** Repackage training as focused on progression and improvement rather than addressing underlying gaps or poor performance.
- **Build trust** – line managers' attitudes to training vary dramatically and can act as a block for those who need training.
- **Remove frictions in delivery**– make training as accessible as possible for employees. Delivery during or immediately before or after work, and either in or very near the workplace is important for engagement.
- **Chunking** – smaller bite-sized courses are less intimidating, particularly for low skilled employees.
- **Invest in face to face interactions** – those with the lowest skills and limited prior education require more support to encourage them to sign up for training initially. But experience indicates that the investment is worthwhile as this gets employees over the biggest initial hurdle and can generate self-sustaining benefits.

## 6.2. Implications for policy

There are a number of ways that these general principles could be applied in practice to encourage basic skills investments by workplaces. Several options that may be worth considering include:

- **Invest in the development of a training comparison platform** – the market for skills provision could be simplified and improved through the creation of a comparison platform. A platform providing clear objective comparative information on the quality and value for money of training courses would be beneficial for employers who want to invest in skills training, but don't know how to source or choose between training options. This will reduce the choice overload faced by many employers who are unable to set up in-house training and would be particularly beneficial for smaller businesses who do not have the time and resources to navigate a complex system. It addresses the need for trust in providers by generating clear market signals of quality, particularly if peer reviews are by employers similar to those sourcing training. It will also provide stronger incentives for providers to focus more on the needs of the employers who will be the ultimate 'customers' for training courses. This could help towards addressing the lack of contextualisation and occupational content in existing courses.
- **Fund the costs of collaboration** – rather than funding basic skills training directly, funding could be better used to cover the costs (including time costs) associated with setting up collaborative efforts between employers and training providers. This helps address a number of barriers facing employers including economies of scale, access to tailored training, time constraints, cost, and scarcity mindsets. The funding could cover a number of things. For example, it could cover the costs of an organisation designated to carry out the coordination role (such as industry bodies or LEPs), the upfront 'start up' costs of carrying out needs analyses and developing content for training courses in collaboration with employers, or the costs associated with the time inputs needed from employers. Two possible approaches include:
  - **Set up sector-specific 'performance' boards** – training boards similar to the CITB could be set up in priority sectors where basic skills levels are low. A sector-based approach can be an efficient way to align training with employer needs in a cost-effective way. It also makes it clear who employers in a particular sector can go to for information and advice. It may be worth framing the offerings of the training board as focused on improving business performance rather than simply a 'skills' or 'training board' offering training courses.
  - **Allocate a pot of money for employer-led consortia** – an alternative to sector-based approaches would be a more flexible system whereby a pot of



money could be made available to employers to use to build their own consortium for training, with appropriate external quality controls put in place to ensure the quality of training.

- **Fund the costs of time off work rather than the cost of training** – Funds available for subsidising basic skills provision could be repackaged and reframed as covering the costs associated with an employee taking time off work for training rather than paying for the training course itself. This makes use of mental accounting by making a more direct link to one of the main concerns facing employers, and small employers in particular may be more responsive to this. Funding could either be in the form of a lump sum payment for the time taken out of work or could be used to cover the costs of hiring in someone to cover the work usually carried out by the employee who is taking time off for training.
- **Fund an ‘UPSKILL-like’ programme in priority sectors** – funding a programme similar to the UPSKILL programme in Canada<sup>58</sup> is worth considering for priority sectors that employ a large number of people with low basic skills.<sup>59</sup> The UPSKILL programme was successful on a couple of fronts. It demonstrated a clear return on investment (in terms of improved performance and profitability) for literacy skills investments for the sector. This, in turn, generated interest from employers in the rest of the industry to invest in these skills whose impact on performance had previously been hidden. A similar programme targeted at key sectors could provide for a similar demonstration effect in the UK and catalyse basic skills investments by employers.

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<sup>58</sup> Which was set up to provide literacy and essential skills training for employees in the hospitality industry in Canada.

<sup>59</sup> Low value sectors that employ large numbers of employees with low basic skills are disproportionately represented in the ‘plodders’ and ‘survivors’ groups of employers and it is employers in these sectors that may need additional encouragement.

## 7. Concluding Comments

Any solution to improving literacy and numeracy skills must involve employers on some level. Work plays a central role in people's lives and workplaces are an important contact point for many people with low basic skills. The research findings support the idea that workplaces are an important and appropriate channel through which basic skills investments can be delivered and employees are receptive to skills investments delivered through work.

This does present some challenges for basic skills investments as a whole though:

- **Employers are only receptive to skills training that is highly contextualised** to current roles. This creates challenges for ensuring that skills investments are relevant and transferable to other industries and to future skills needs.
- The link between **gaps and investments in skills by employers is not straightforward**. Some of the employers who invest in training do so to address skills gaps. However, many of the employers who invest the most in skills training do not do so with the primary aim of closing specific skills gaps. Larger organisations and those with organisational cultures that are supportive of learning invest in skills not to close gaps but often due to other motives (such as a belief in the value of learning in general). At least for a proportion of the training provided through workplaces, training may not always map to the skills gaps that need to be addressed in the labour market.
- **Some employers do not invest in skills and are unlikely to do so in the future** and many of these are likely to employ those with low basic skills.

Employers and employees face a variety of barriers to investing in basic skills which need to be addressed to encourage investment. Behavioural insights could be used to address some of dispositional and cognitive barriers that block skills investments. However, these need to be used alongside measures that address the institutional and situational barriers that employers face.



Department  
for Education

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**Reference: DFE-RR756B**

**ISBN: 978-1-78105-877-0**

This research was commissioned under the 2010 to 2015 Conservative and Liberal Democrat coalition government. As a result the content may not reflect current Government policy. The views expressed in this report are the authors' and do not necessarily reflect those of the Department for Education.

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