

# Employer Skills Survey 2015

## Scotland Slide Pack

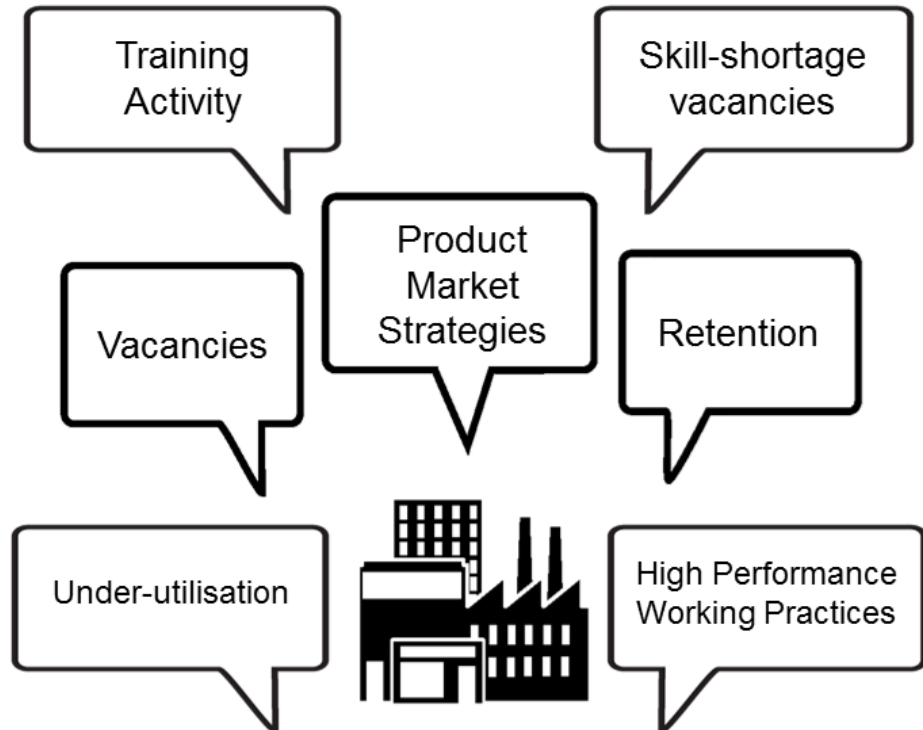
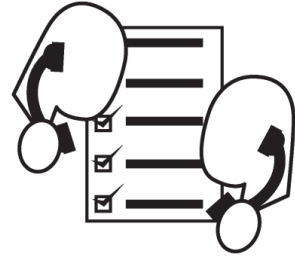
May 2016

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# ESS 2015 – overview

**6,035 telephone interviews with establishments in Scotland**  
**1,429 follow up interviews on training spend**



- ESS 2015 is the third time the survey has been run at UK-level
- The 2015 survey covers establishments with 2 or more people working at them
- The 2011 survey included establishments with one employee – these were not covered in 2013 or 2015.
- Where comparisons are made with 2011 or 2013 findings, these are based on re-weighted 2011 data (configured to represent the 2+ employment business population used in 2013 and 2015).

# Achieved interviews / confidence intervals

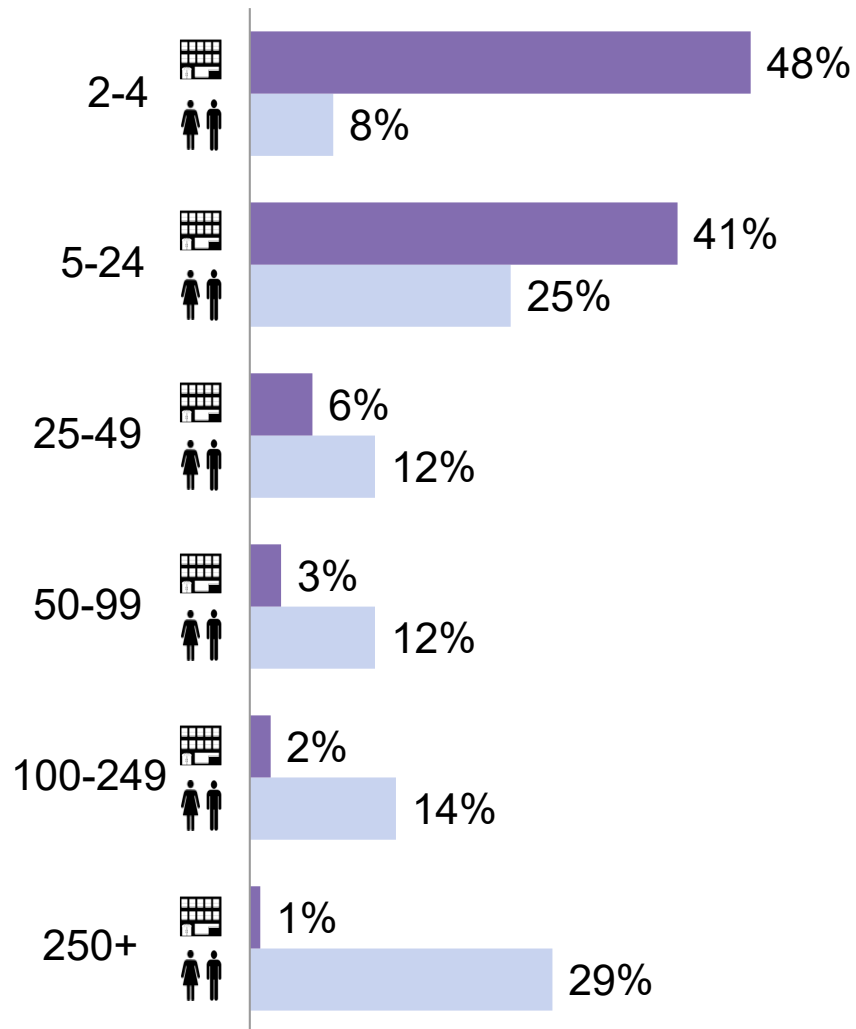
**‘For a question asked of all respondents where the survey result is 50%, we are 95% confident that the true figure lies within the range 48.74% to 51.26%’**

	Population	Number of interviews	(Maximum) Sampling Error
Scotland	142,947	6,035	+/-1.26
<b>By region</b>			
Aberdeen and Aberdeenshire	17,216	698	+/-3.71
Ayrshire	8,834	388	+/-4.98
Borders	4,198	186	+/-7.19
Dumfries and Galloway	5,765	247	+/-6.24
Edinburgh and Lothians	17,856	757	+/-3.56
Fife	7,705	335	+/-5.35
Forth Valley	7,103	299	+/-5.67
Glasgow	19,412	829	+/-3.40
Highlands and Islands	18,452	779	+/-3.51
Lanarkshire	16,088	608	+/-3.97
Tayside	11,561	498	+/-4.39
West	8,562	387	+/-4.98
West Lothian	3,827	154	+/-7.90
<b>By size of establishment</b>			
2-4	68,741	1,264	+/-2.76
5-24	58,442	3,019	+/-1.78
25-49	8,388	929	+/-3.22
50-99	4,094	490	+/-4.43
100-249	2,222	249	+/-6.21
250+	1,060	84	+/-10.69

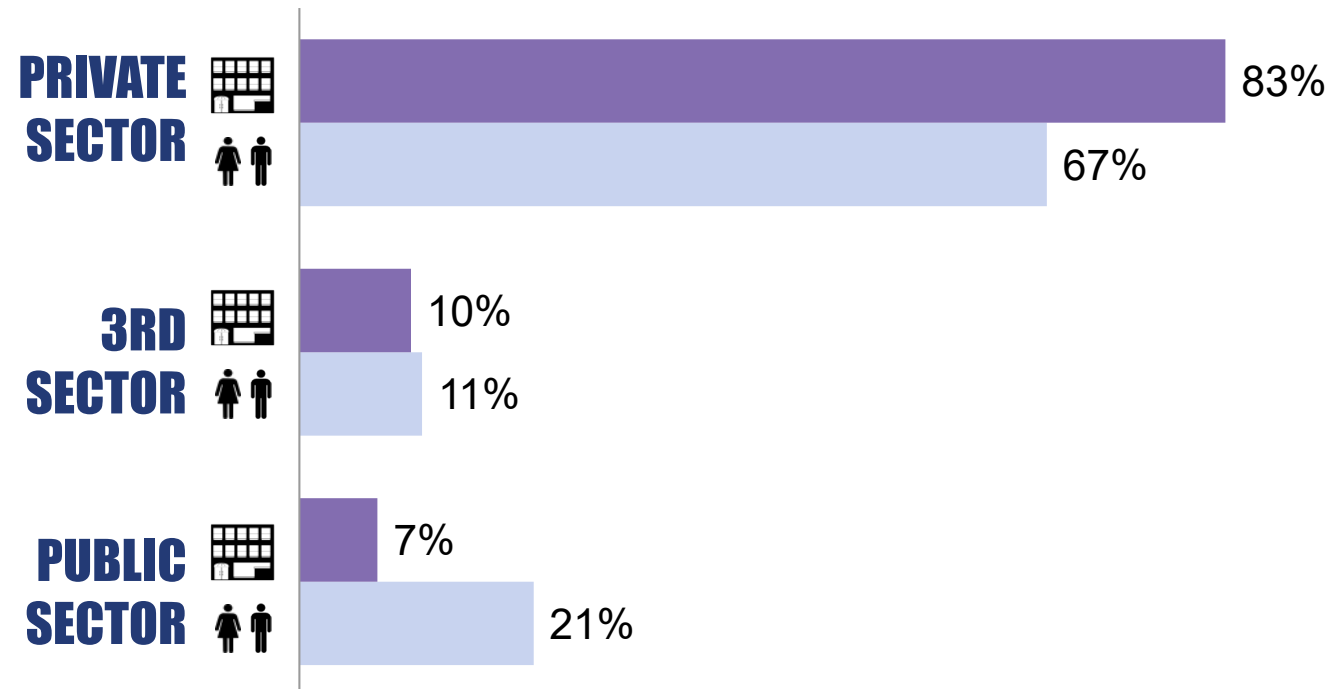
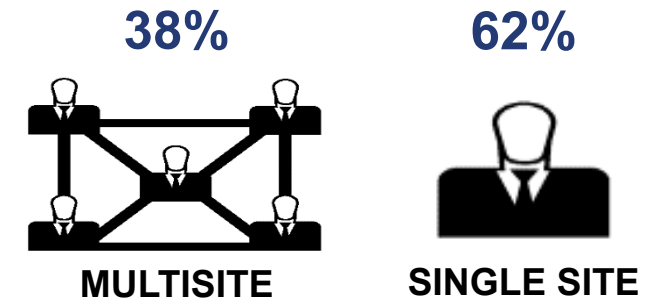
	Population	Number of interviews	(Maximum) Sampling Error
<b>By sector</b>			
Agriculture	12,022	492	+/-4.42
Manufacturing	7,017	411	+/-4.83
Electricity, Gas and Water	918	70	+/-11.71
Construction	12,142	489	+/-4.43
Wholesale and Retail	29,109	938	+/-3.20
Hotels & Restaurants	14,436	582	+/-4.06
Transport and Communications	8,435	583	+/-4.06
Financial Services	2,836	227	+/-6.50
Business Services	26,454	763	+/-3.55
Public Administration	2,615	102	+/-9.70
Education	4,737	338	+/-5.33
Health and Social Work	11,051	594	+/-4.02
Arts and Other Services	11,175	446	+/-4.64

# Profile of survey population

## Establishments vs. Employment – Scotland



Data based on IDBR March 2014 counts



Data taken from ESS 2015  
Base: All establishments(6,035)

# Key definitions

## Establishment base

Proportions are based on the number of establishments, defined here as a single location of an organisation, where at least two people work.

## Employment base

Proportions are based on the total number of employees and working proprietors across establishments.

## Vacancies

## Skill-shortage vacancies

## Skills gaps

## Under-utilisation

## Incidence

Proportion of establishments reporting at least one vacancy

Proportion of establishments reporting at least one skill-shortage vacancy

Proportion of establishments with at least one employee deemed by their employer to be not fully proficient in their role

Proportion of establishments with at least one employee with skills **and** qualifications more advanced than required for their current job role

## Density

Vacancies as a proportion of all employment

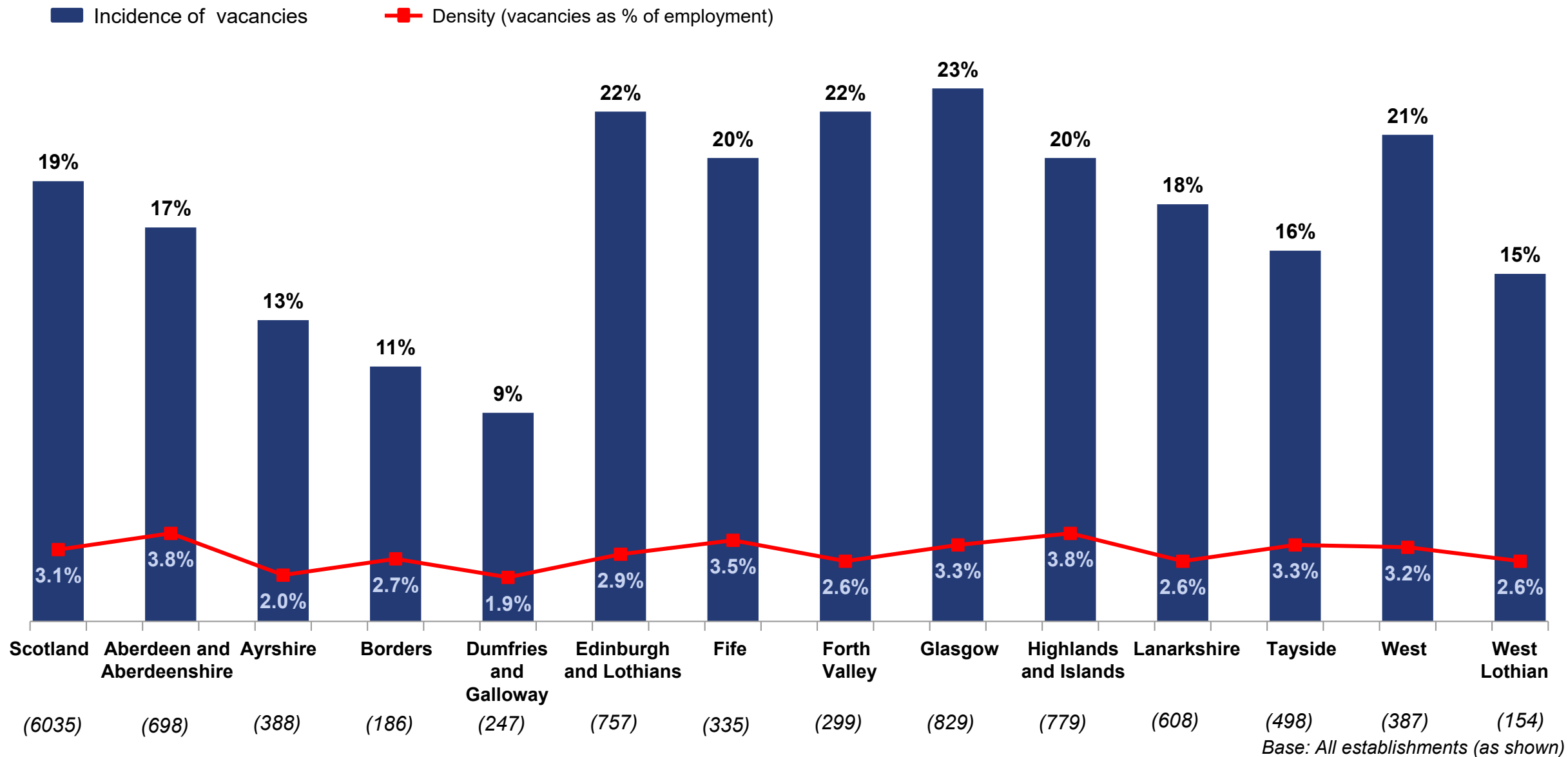
Skill-shortage vacancies as a proportion of all vacancies

The number of staff reported as not fully proficient as a proportion of all employment

The proportion of all staff with skills **and** qualifications more advanced than required for their current job role

# Section 1: Employers' experiences of skill shortages

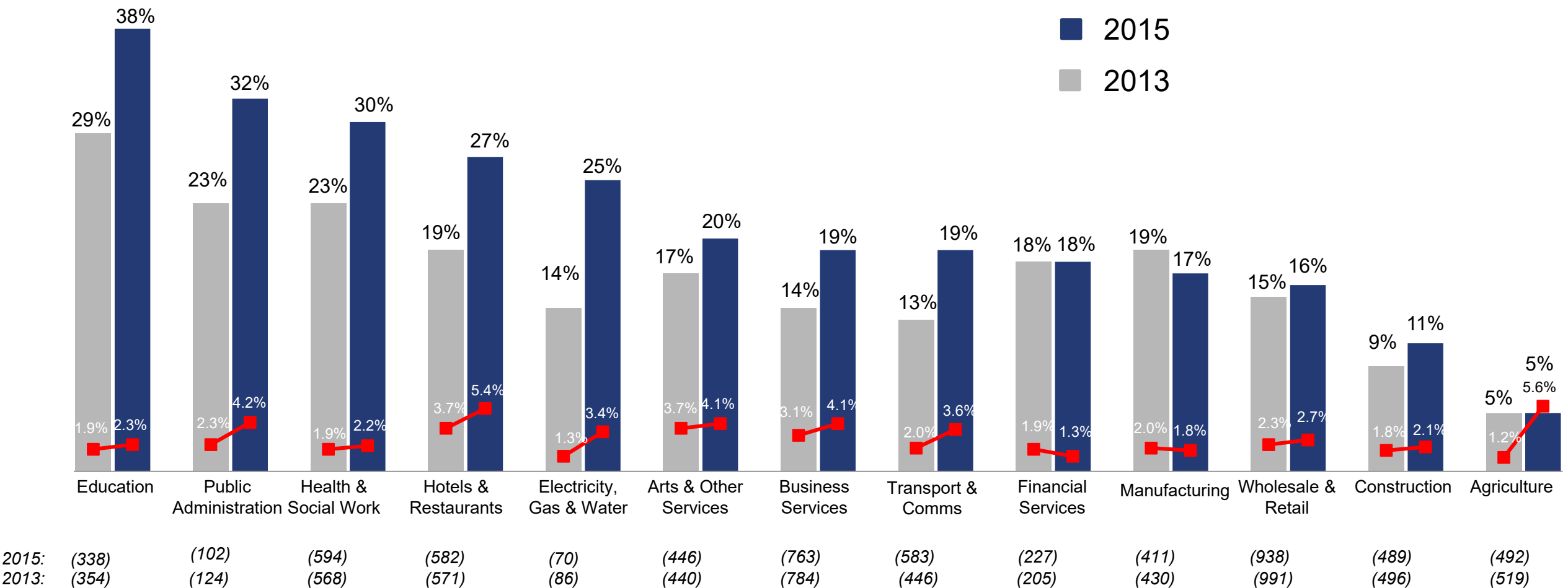
# Incidence and density of vacancies by region





# Incidence and density of vacancies by sector

■ Incidence of vacancies	■ Density (vacancies as % of employment)	□ Employers with at least one vacancy (2015)										
1,382	637	2,522	2,685	120	1,863	3,538	1,017	518	1,370	4,307	1,153	621



Base: All establishments (as shown)

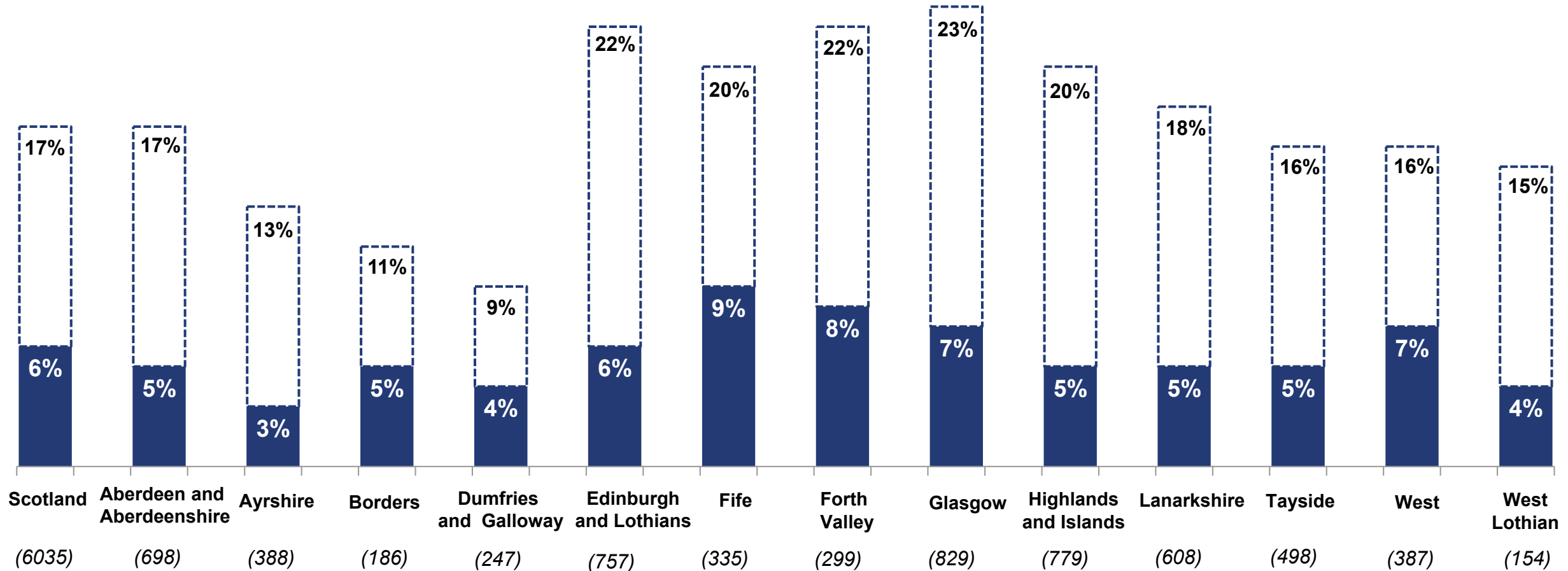
# Incidence and density of skill-shortage vacancies by region

## SSV Density (SSVs as % of Vacs)



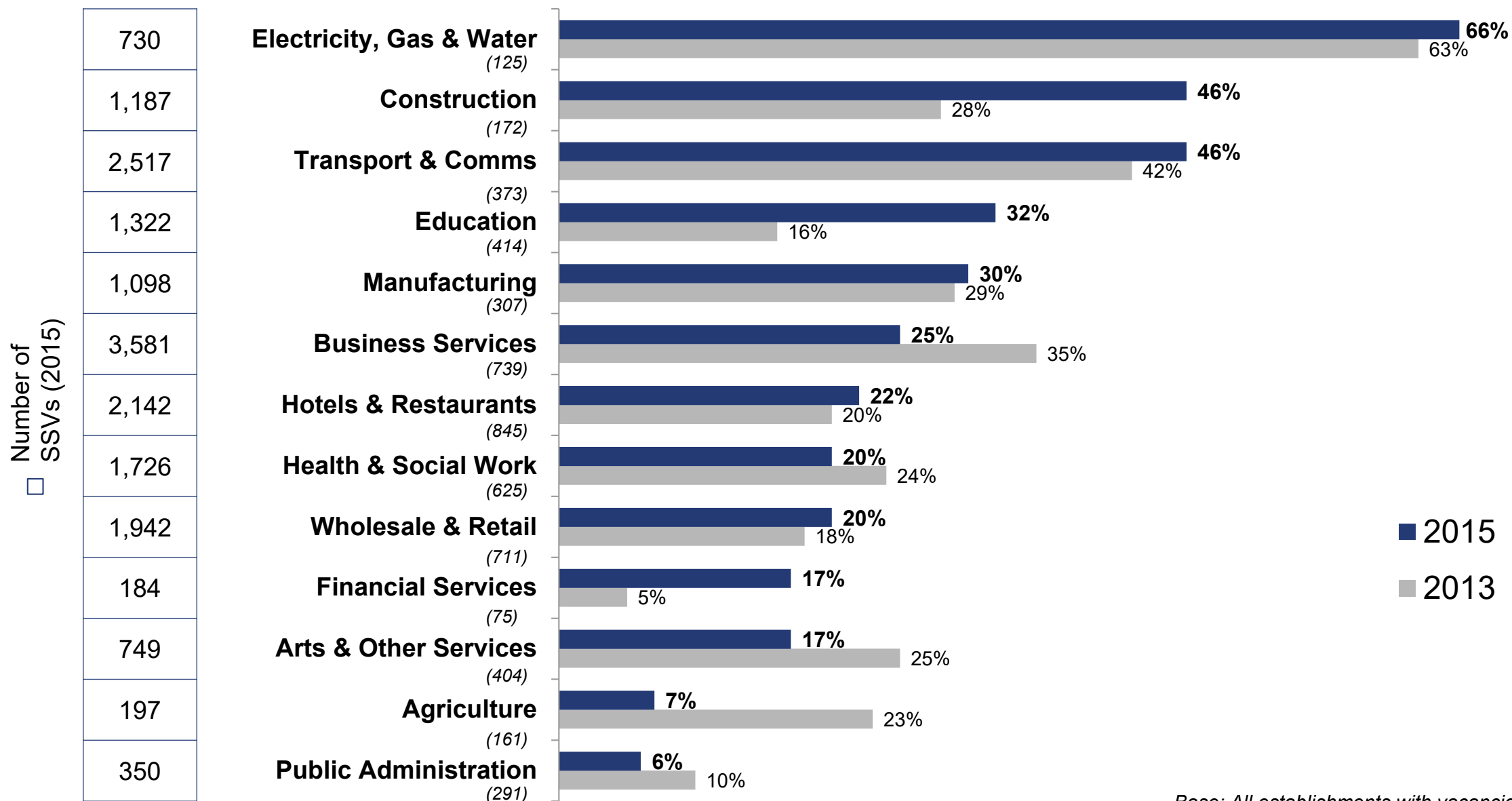
▨ Incidence of establishments with vacancies

■ Incidence of establishments with skill-shortage vacancies



Base: All establishments (as shown)

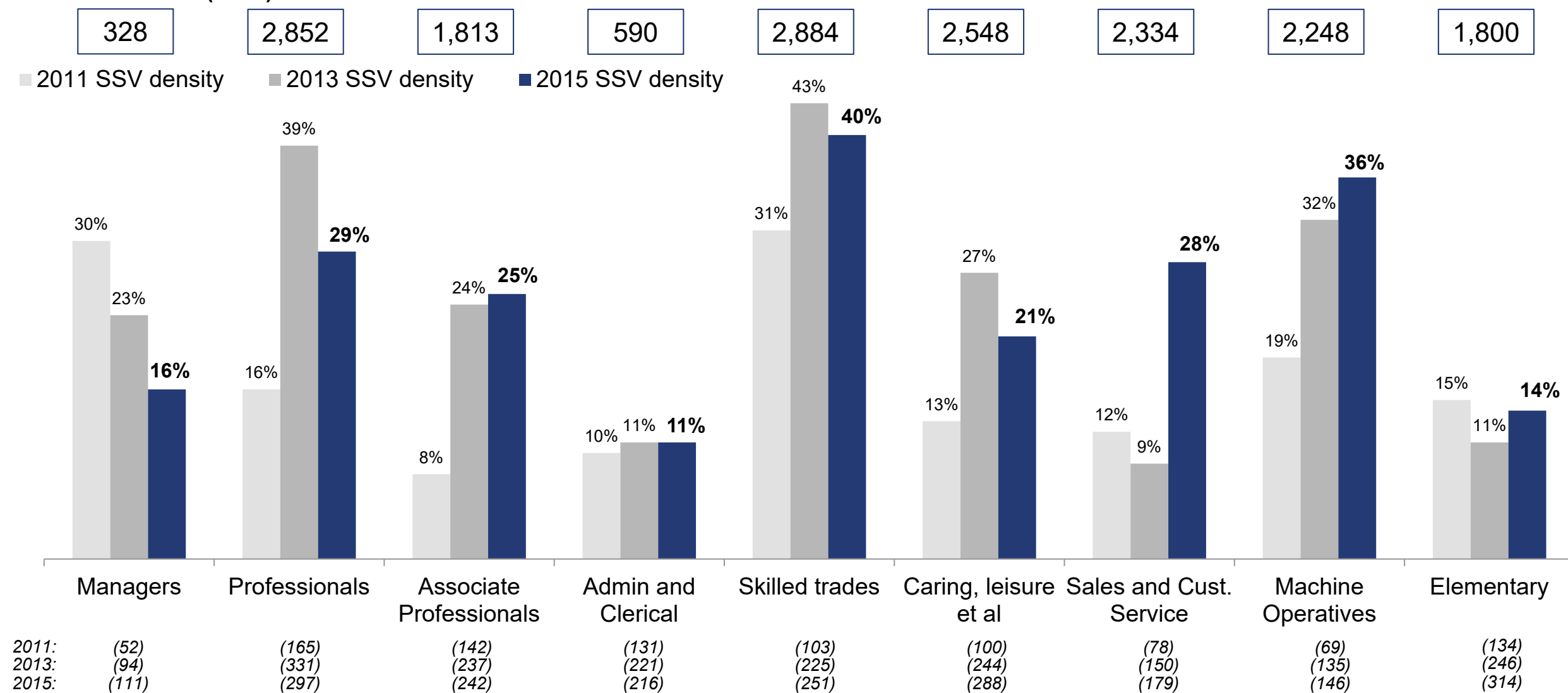
# Density of skill-shortage vacancies by sector



Base: All establishments with vacancies (only 2015 shown)

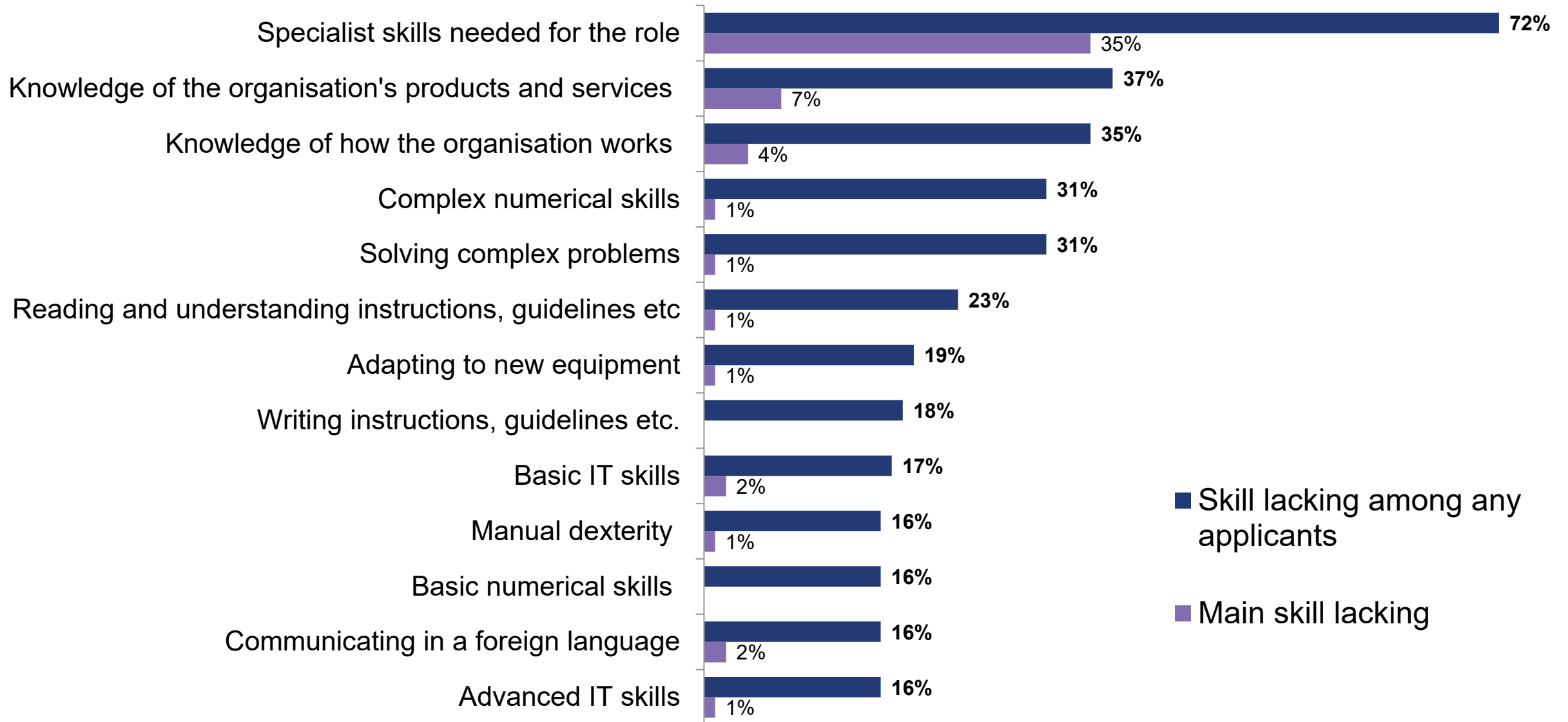
# Density of skill-shortage vacancies by occupation

## Number of SSVs (2015)



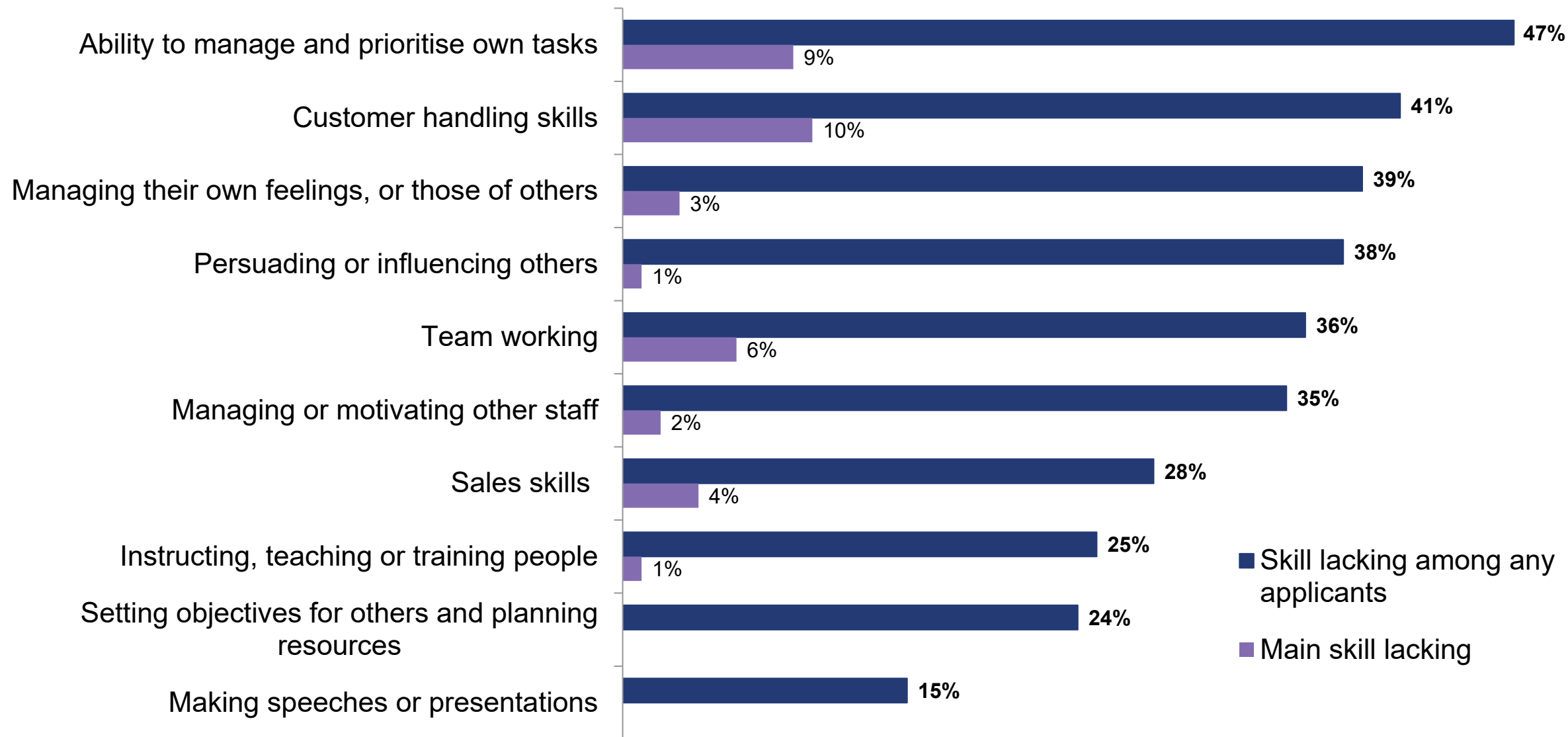
Base: All establishments with vacancies in each occupation (as shown)

# Technical and practical skills lacking among applicants



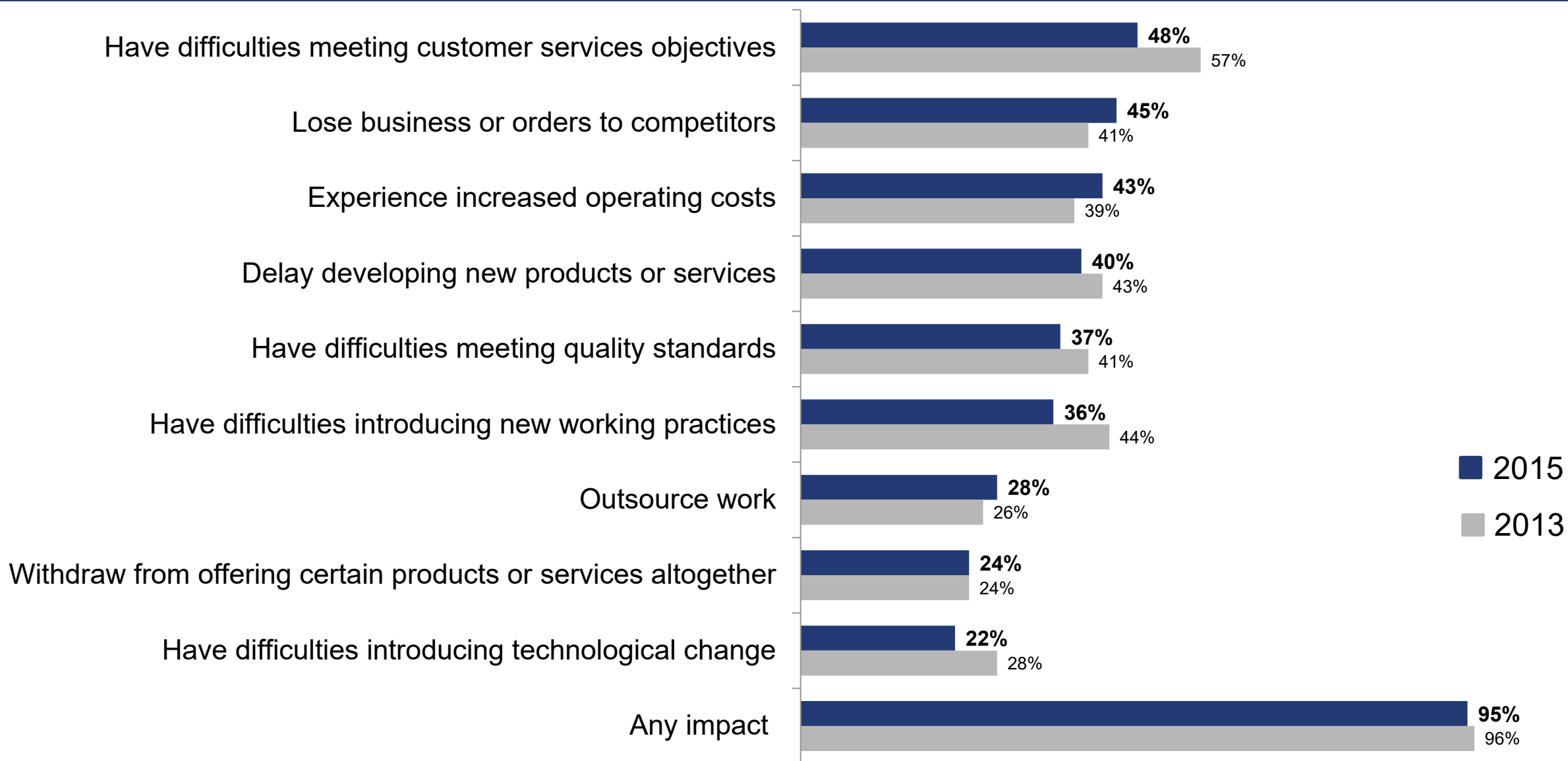
Base: All with skill-shortage vacancies that received the new lists of skills descriptors (426)

# People skills lacking among applicants



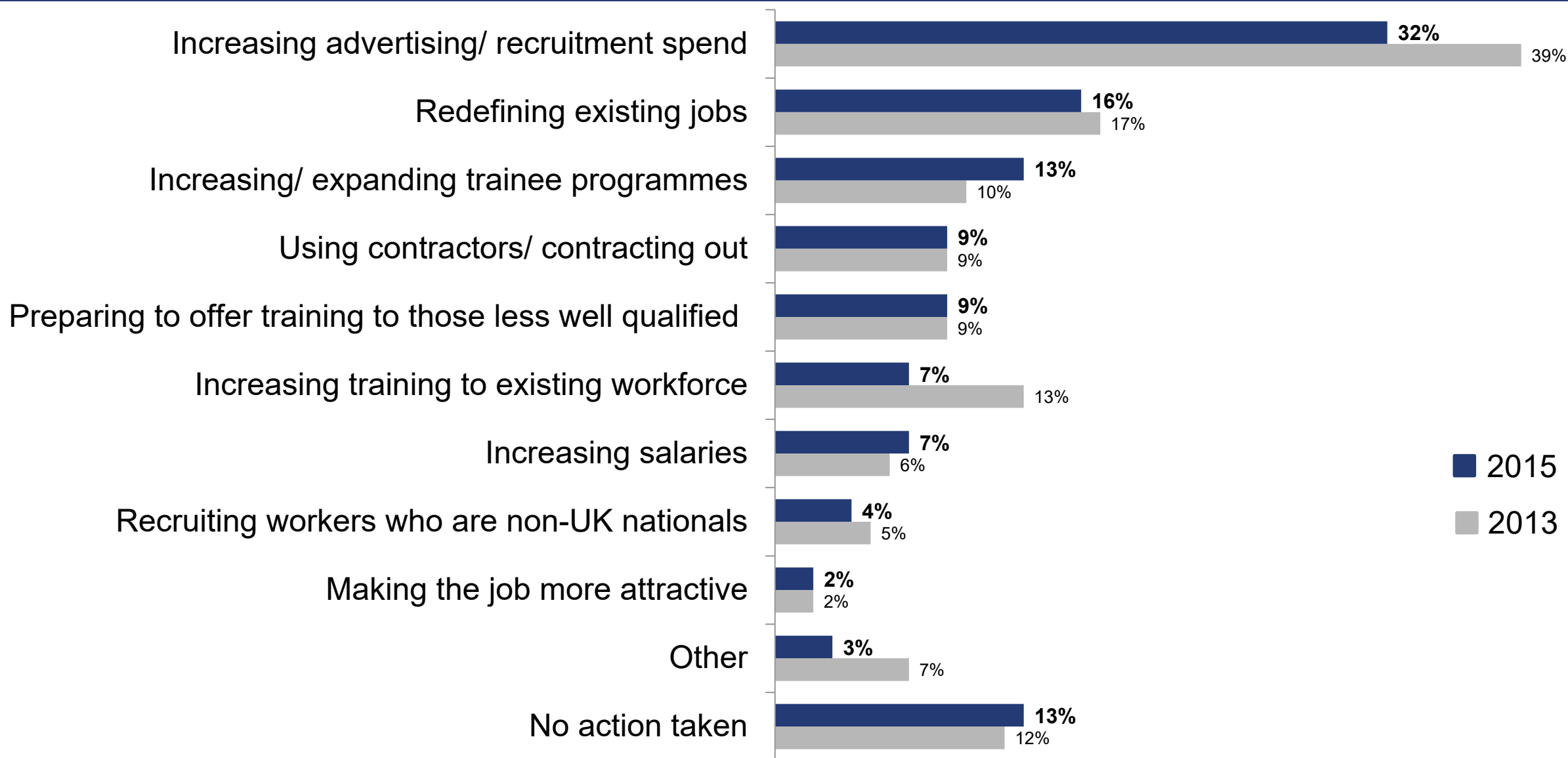
Base: All with skill-shortage vacancies that received the new lists of skills descriptors (426)

# Impact of skill-shortage vacancies



Base (2013 / 2015): All with hard-to-fill vacancies (538 / 612))

# Action taken to fill skill-shortage vacancies

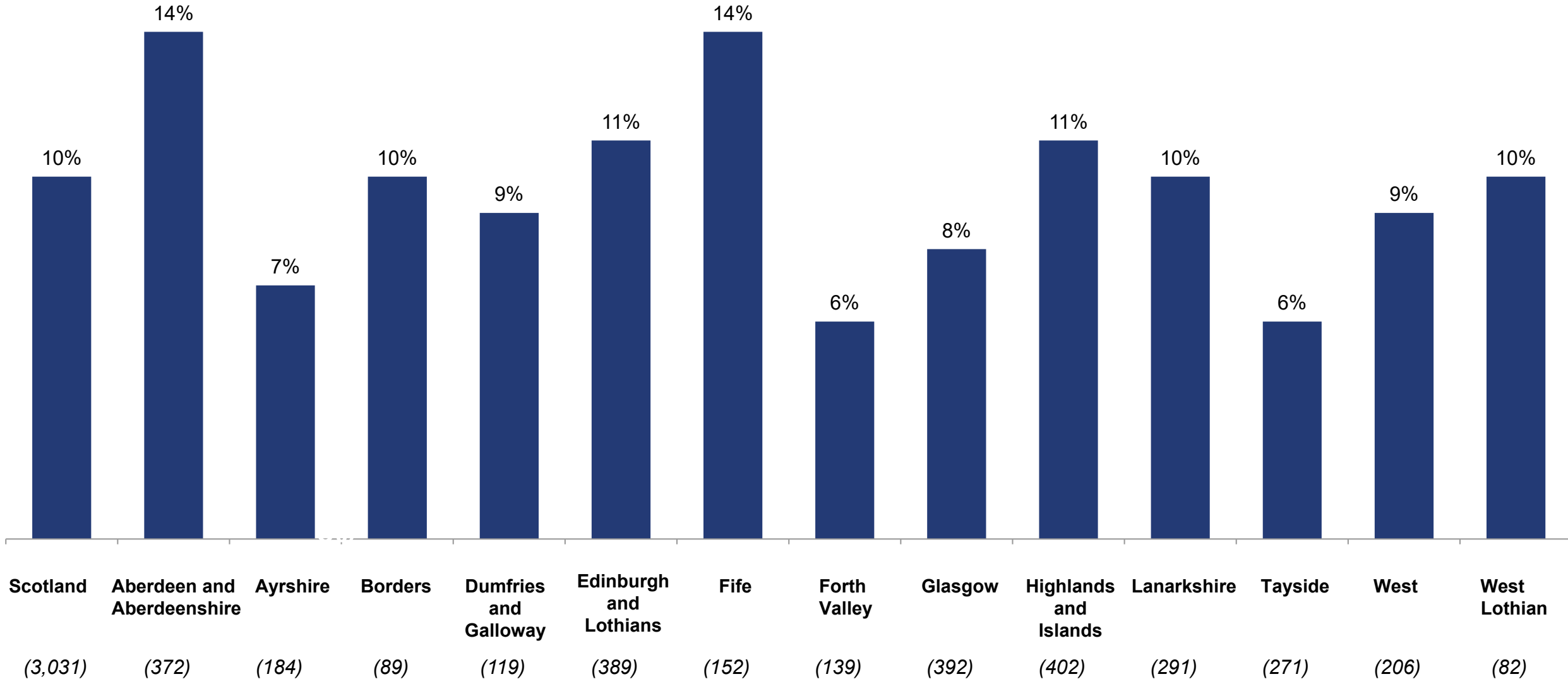


Base (2013 / 2015): All with hard-to-fill vacancies (538 / 612))



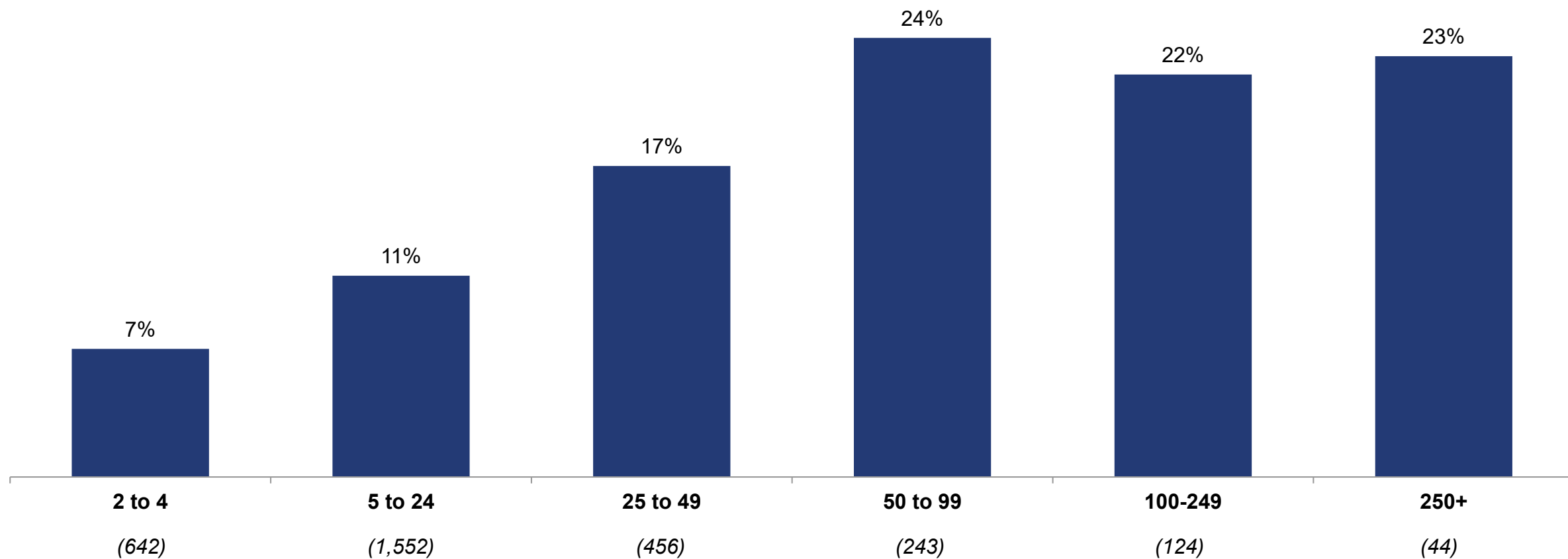
## Section 2: Retention difficulties

# Incidence of retention difficulties - by region



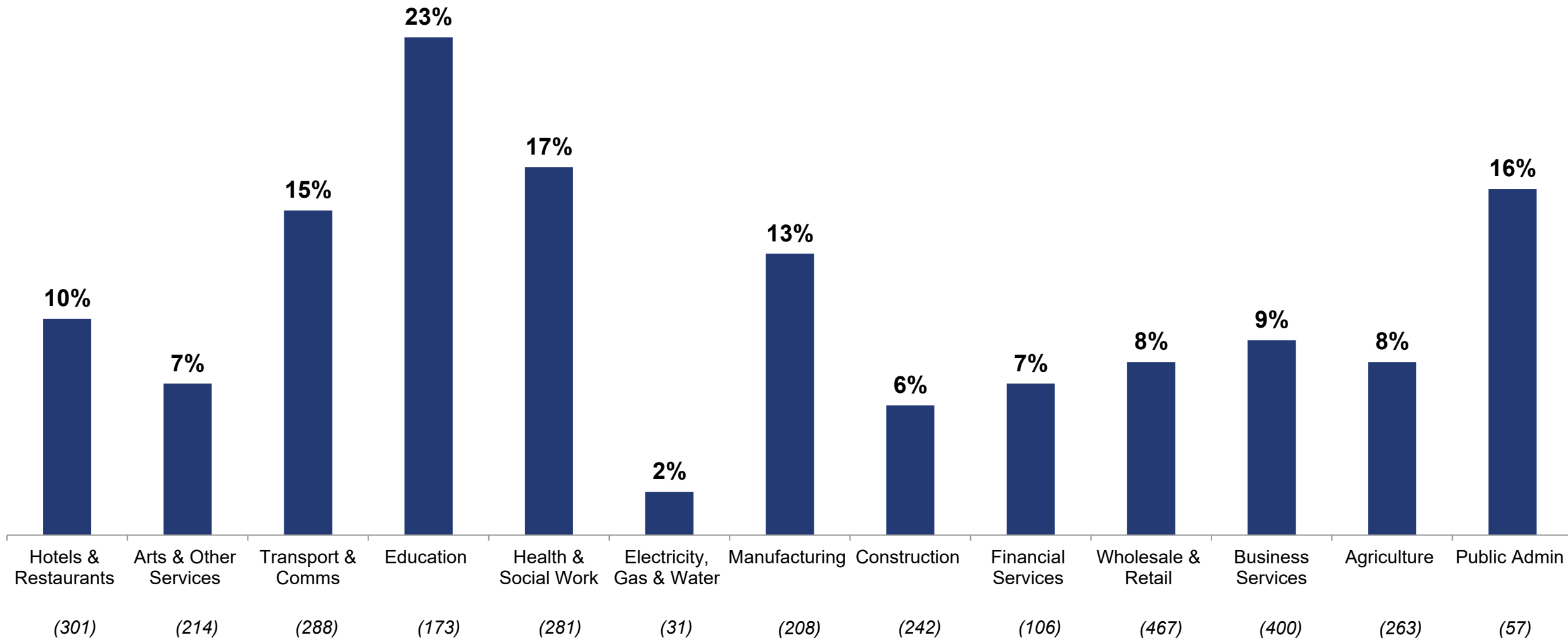
*Base: All establishments in Module 2 (as shown)*

# Incidence of retention difficulties - by establishment size



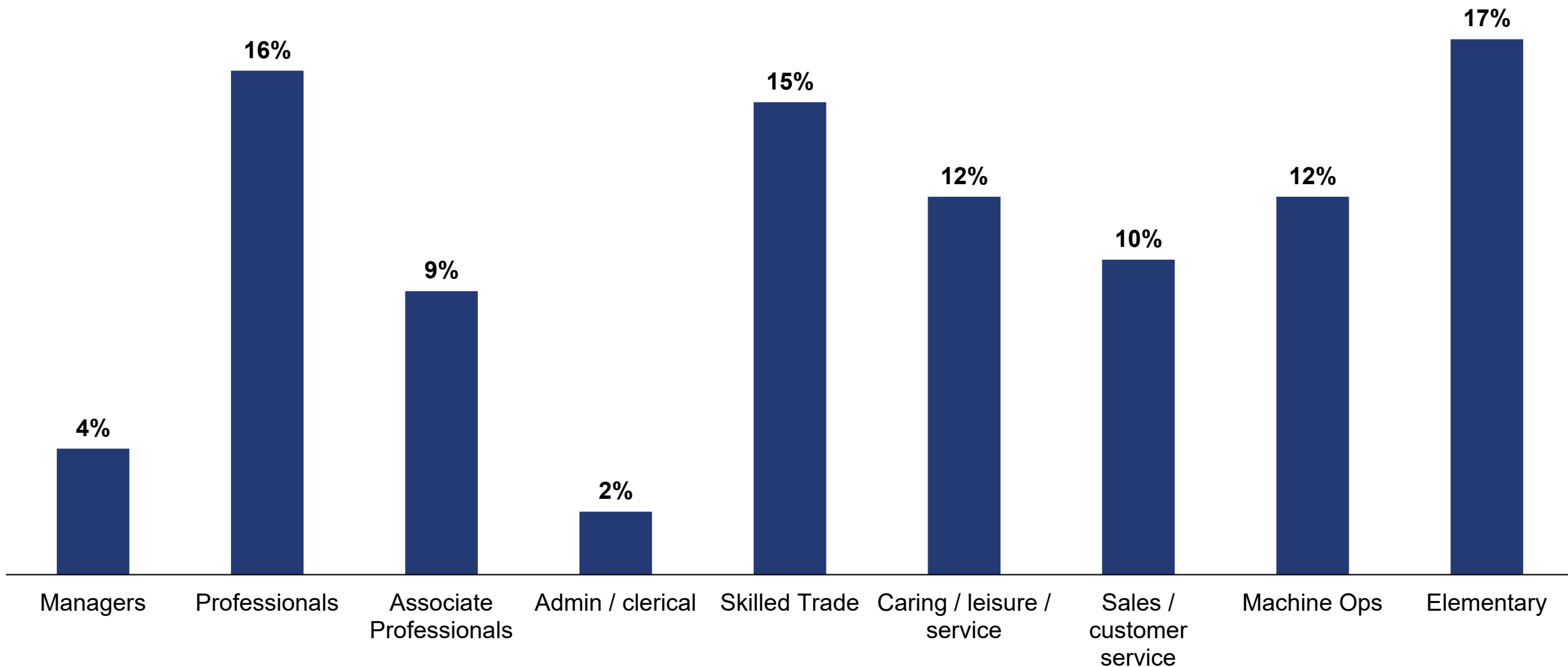
*Base: All establishments in Module 2 (as shown)*

# Incidence of retention difficulties by sector

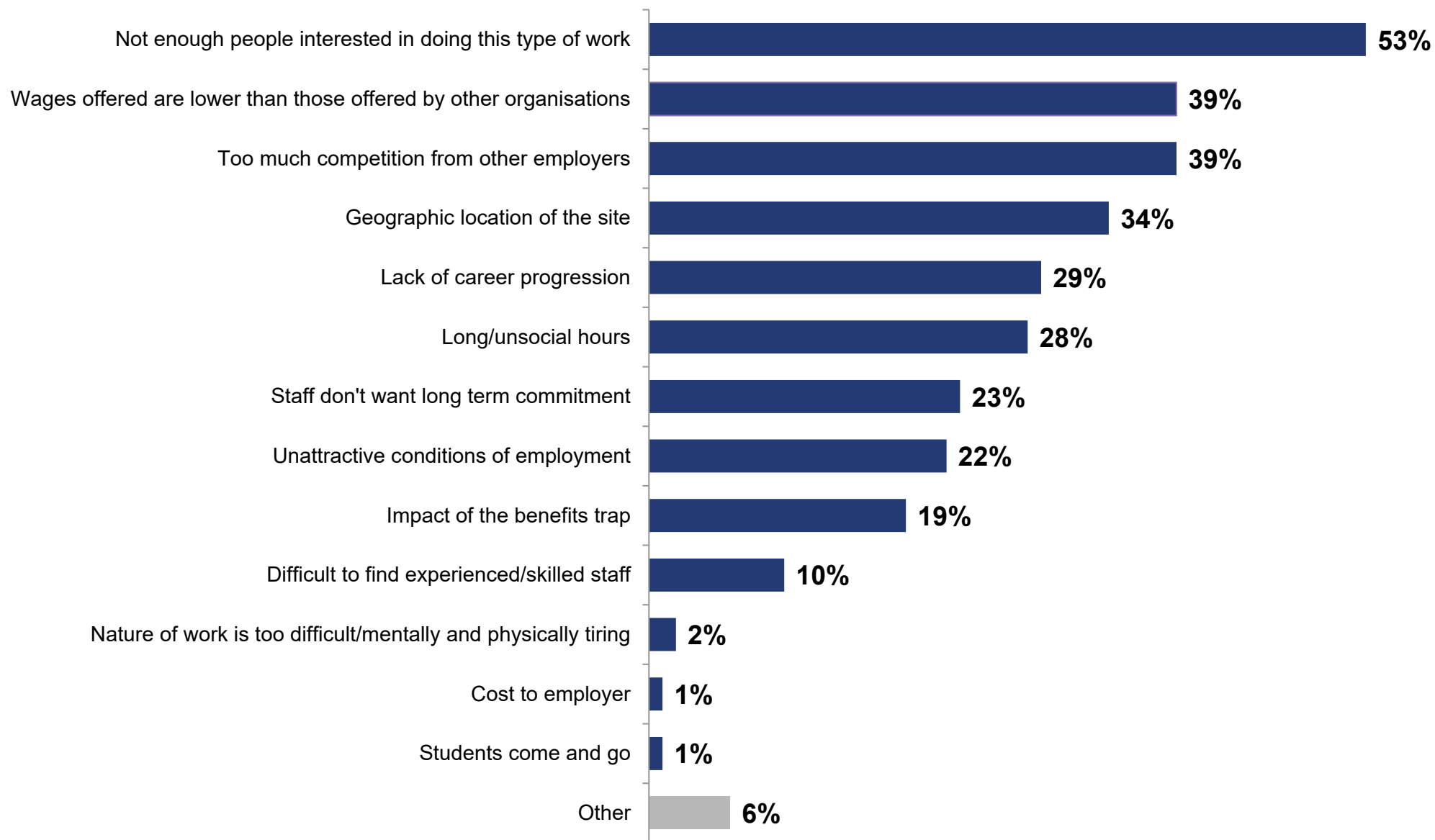


Base: All establishments in Module 2 (as shown)

# Occupation most affected by retention difficulties



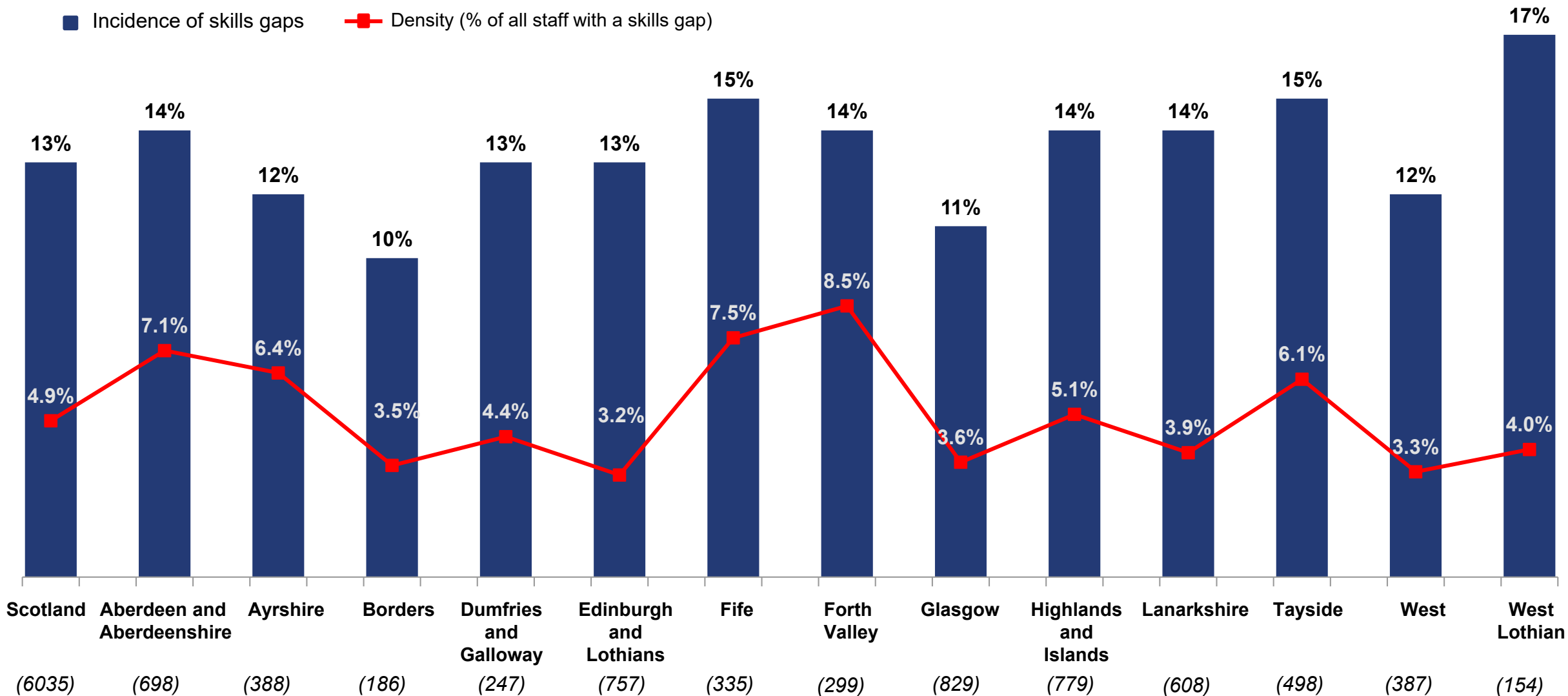
# Reasons why it is difficult to retain staff



Base: All establishments experiencing retention difficulties (Module 2: 391)

## Section 3: The internal skills challenge

# Incidence and density of skills gaps by region



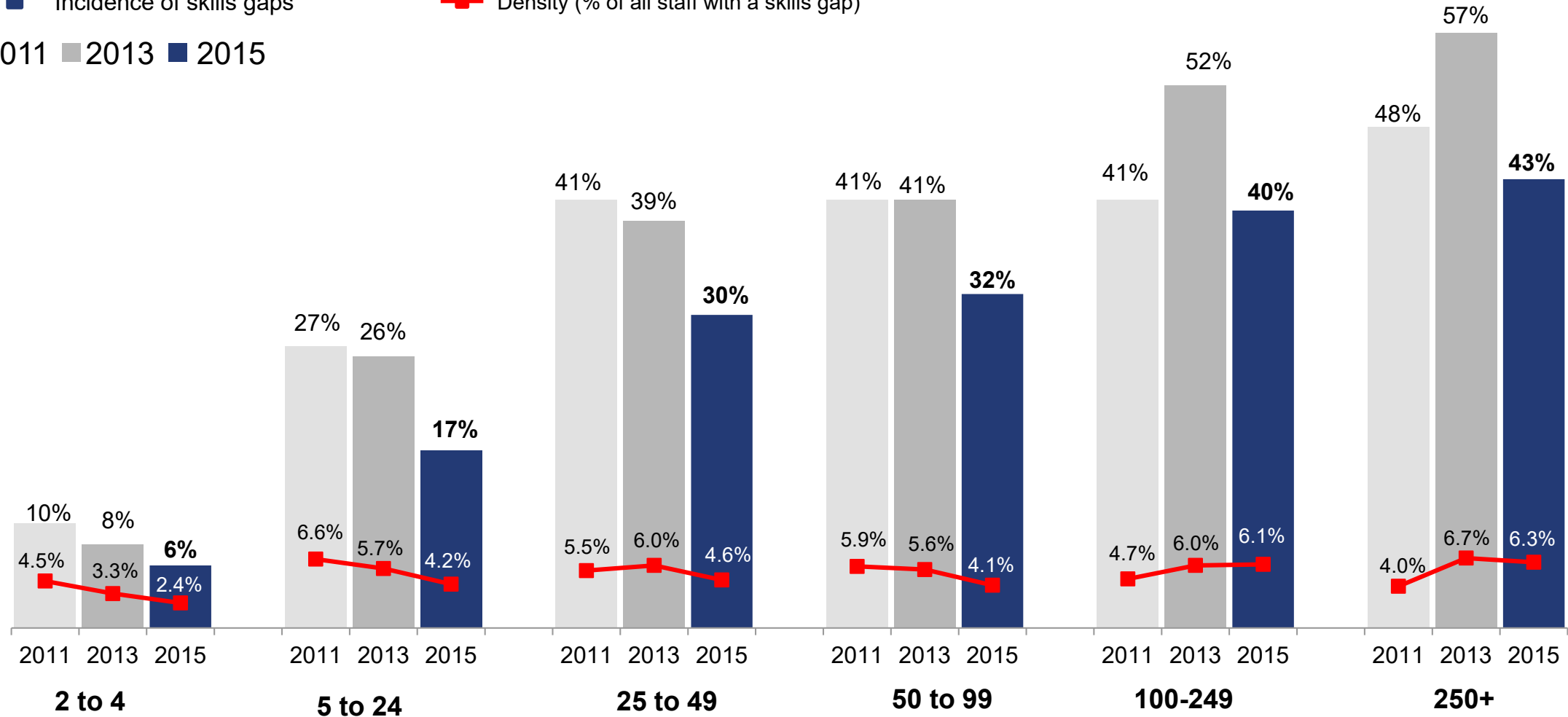
Base: All establishments (as shown)



# Incidence and density of skills gaps by establishment size

Incidence of skills gaps  
 2011 2013 2015

Density (% of all staff with a skills gap)



2011: (297)  
 2013: (1,109)  
 2015: (1,264)

(895)  
 (3,178)  
 (3,019)

(402)  
 869  
 (929)

(413)  
 (482)  
 (490)

(323)  
 (264)  
 (249)

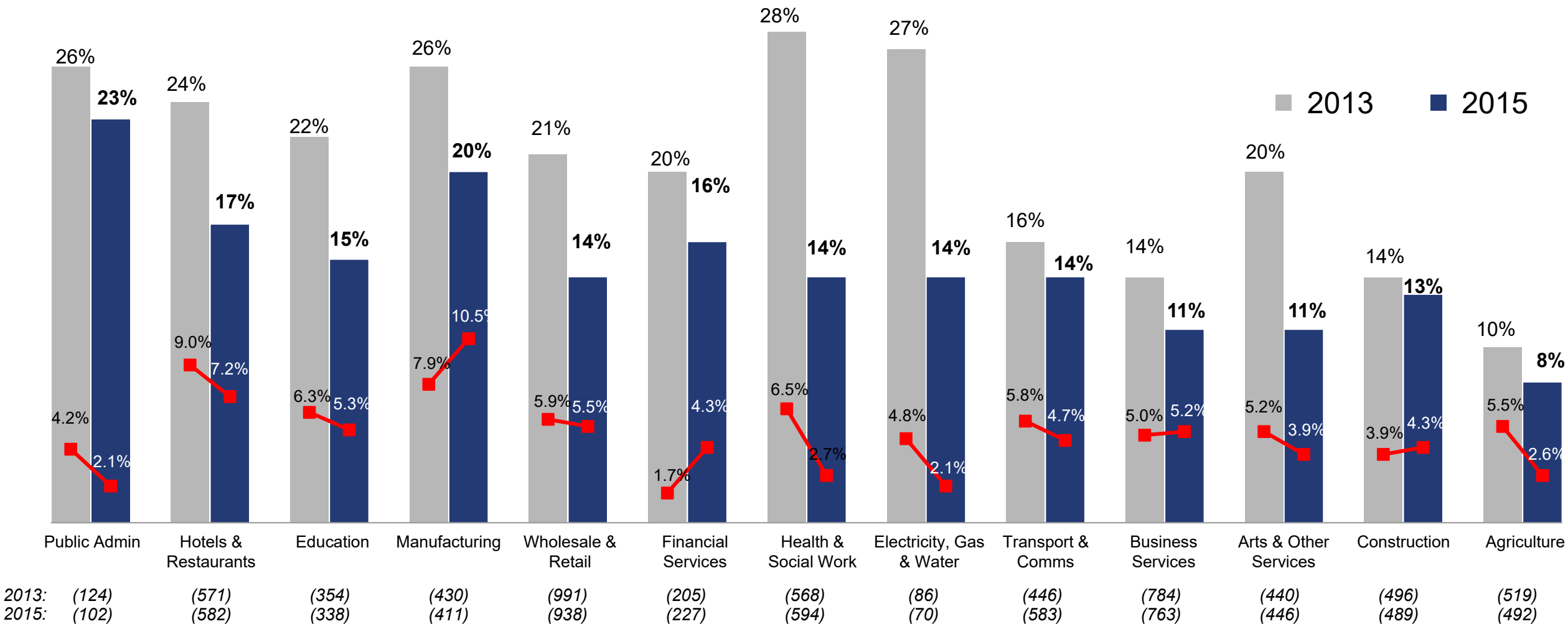
(157)  
 (112)  
 (84)

Base: All establishments (as shown)

# Incidence and density of skills gaps by sector

■ Incidence of skills gaps    
 ■ Density (% of all staff with a skills gap)    
 □ Number of skills gaps (2015)

3,049	12,829	9,626	21,823	19,530	3,654	10,338	690	7,144	18,228	4,118	5,274	1,417
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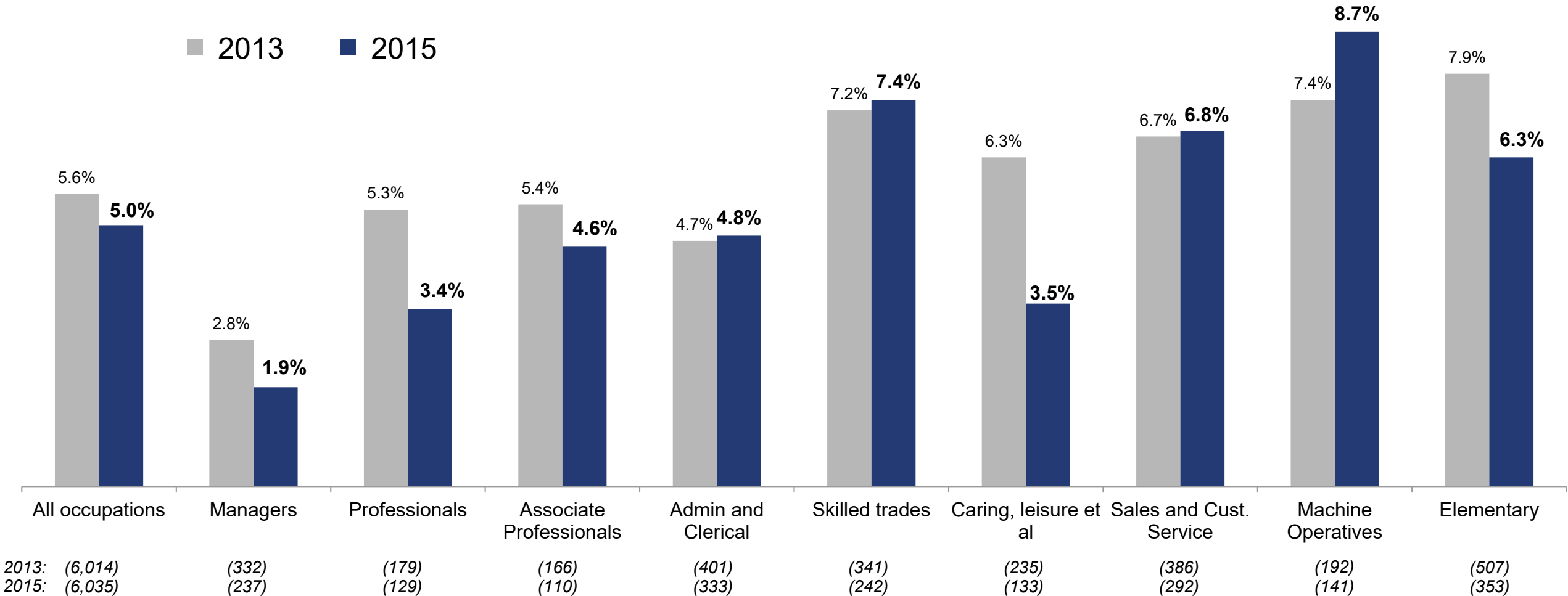
Base: All establishments (as shown)

# Skills gaps density by occupation

□ Number of skills gaps (2015)

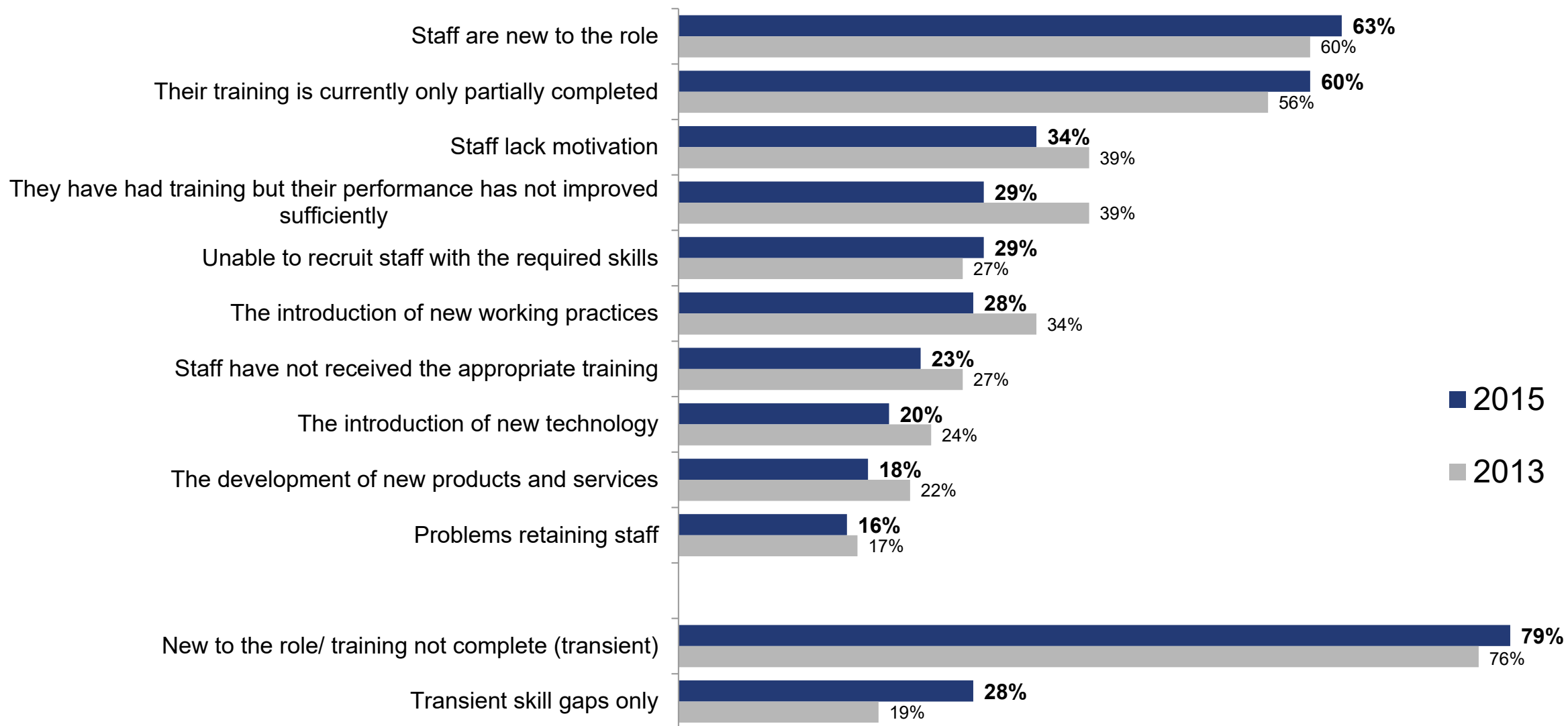
117,718	7,347	10,856	7,240	13,505	16,205	8,484	16,364	16,759	20,957
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■ 2013 ■ 2015



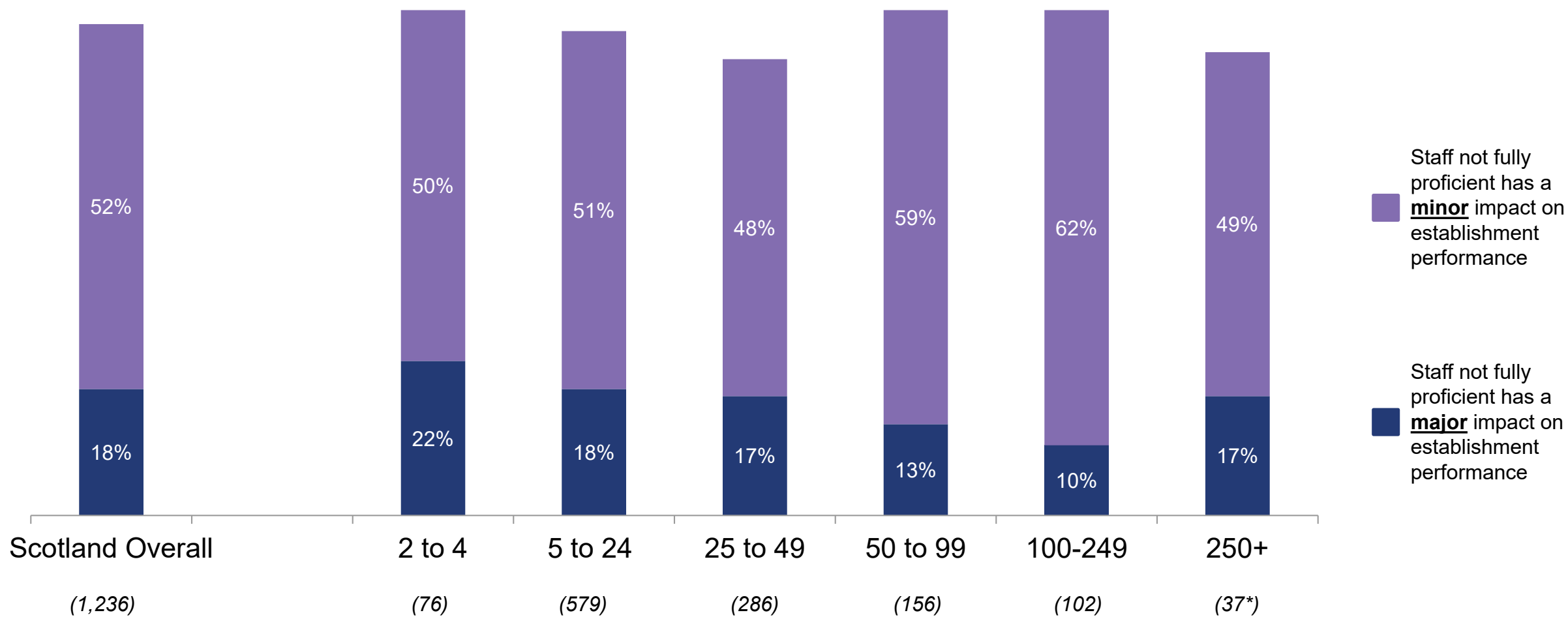
Base: All employment (as shown)

# Main causes of skills gaps



Base (2013/2015) : All establishments with skills gaps - up to 2 occupations followed up (1,713 /1, 236)  
 Figures are shown as a percentage of all gaps (not a percentage of all establishments)

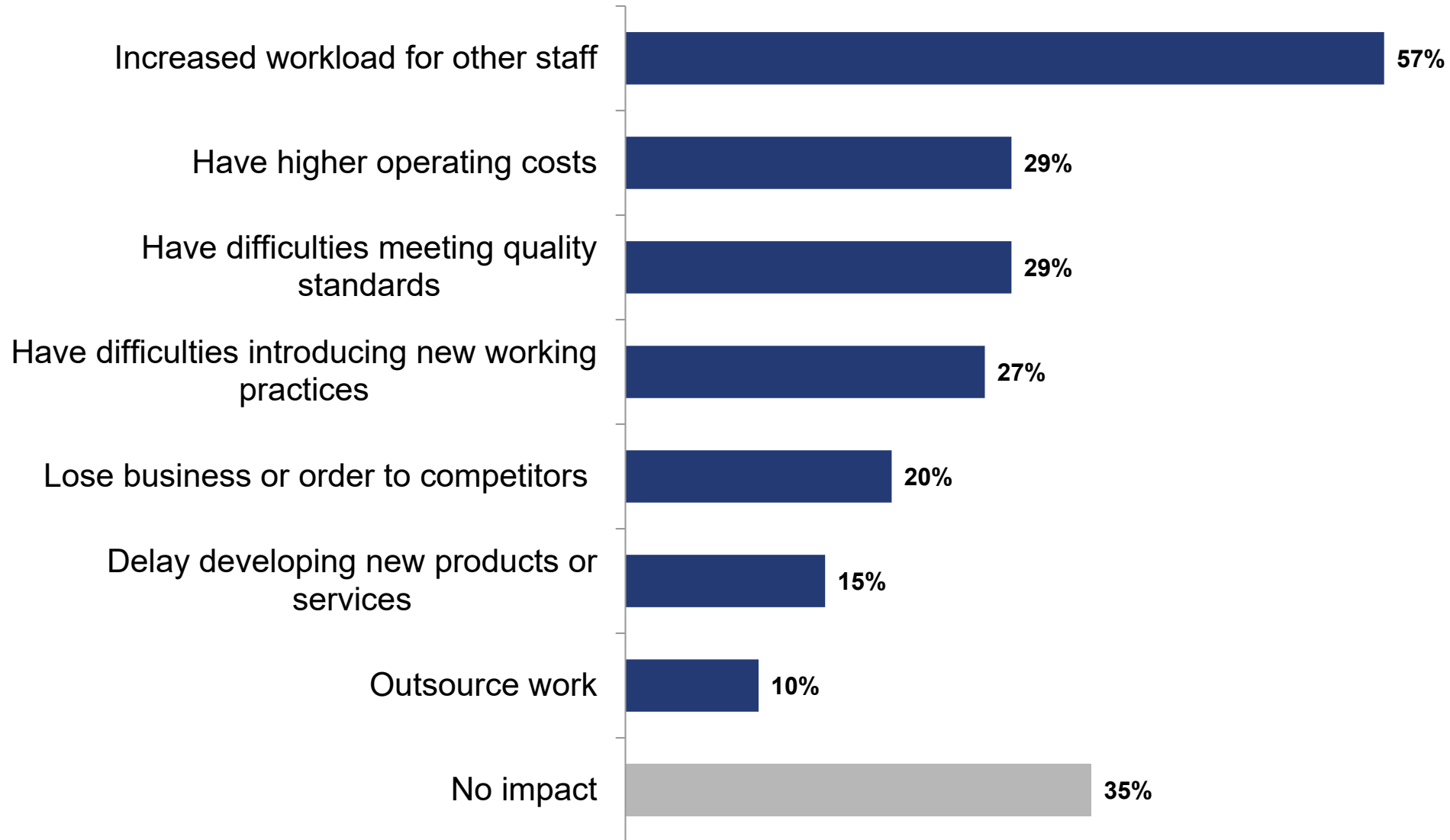
# Impact of skills gaps by establishment size



Base: All with skills gaps (as shown)

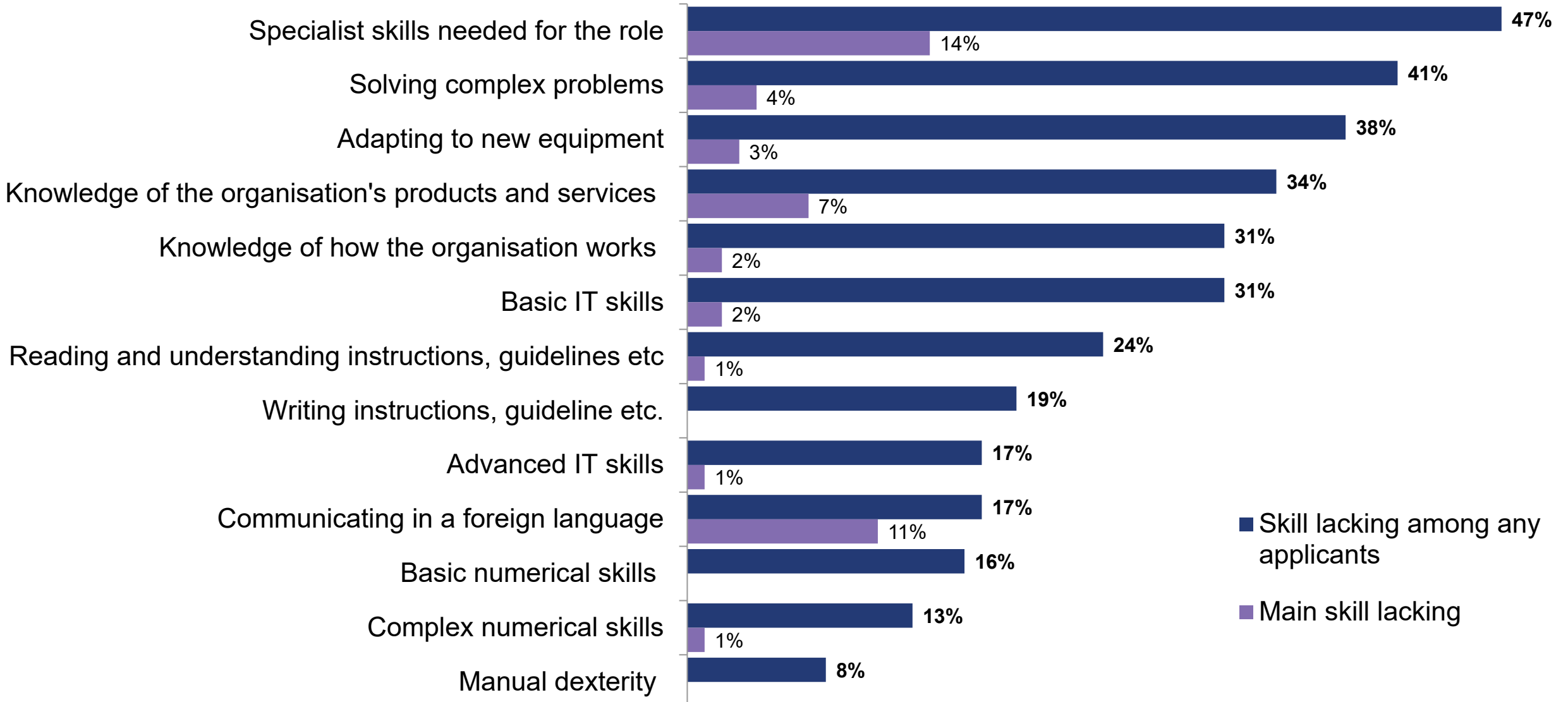
\* Figure should be treated with caution due to low base size (<50)

# Impact of skills gaps



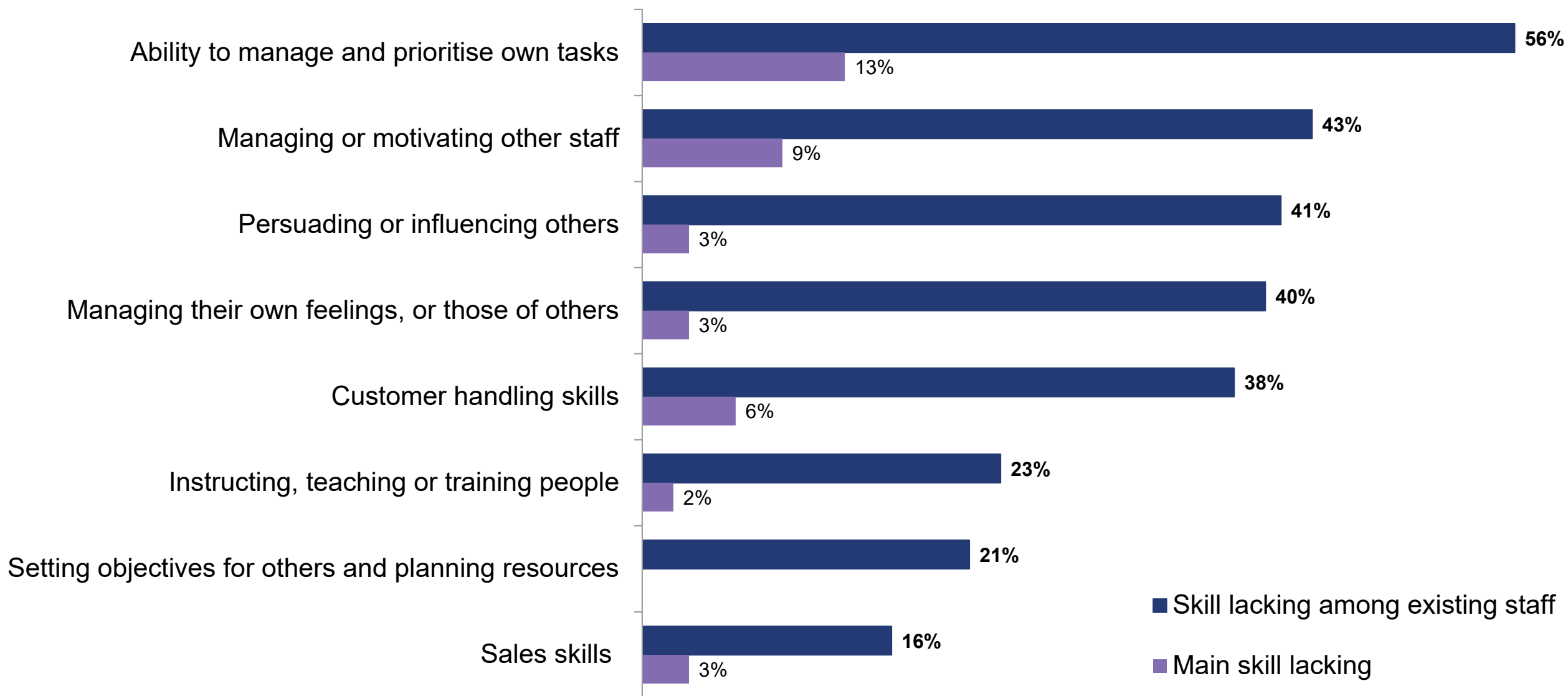
*Base: All establishments with skills gaps (1,236)*

# Technical and practical skills that need improving among staff with skills gaps



Base: All with skills gaps followed up with the new lists of skills descriptors (3,643)

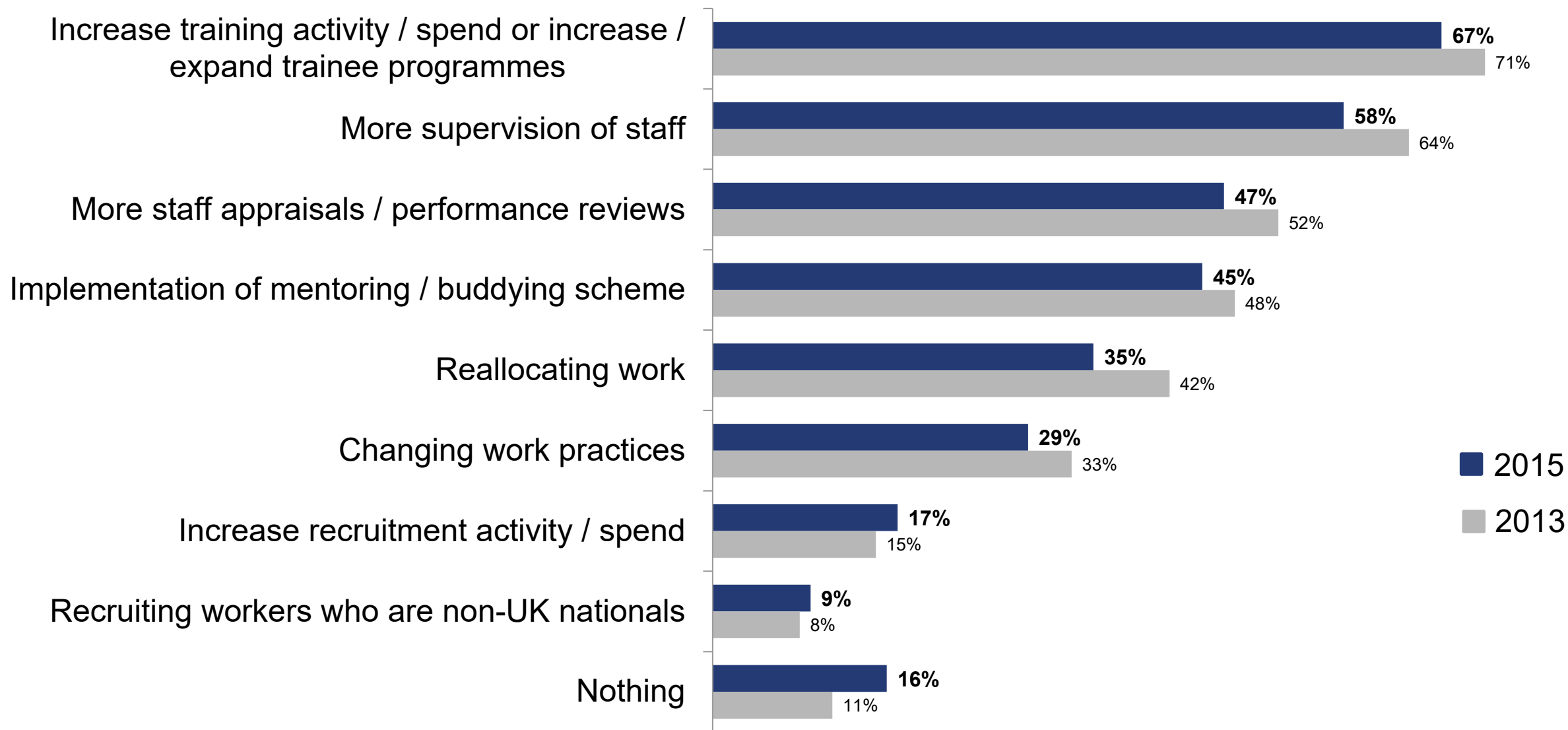
# People and personal skills that need improving among staff with skills gaps



Base: All with skills gaps followed up with the new lists of skills descriptors (3,643)

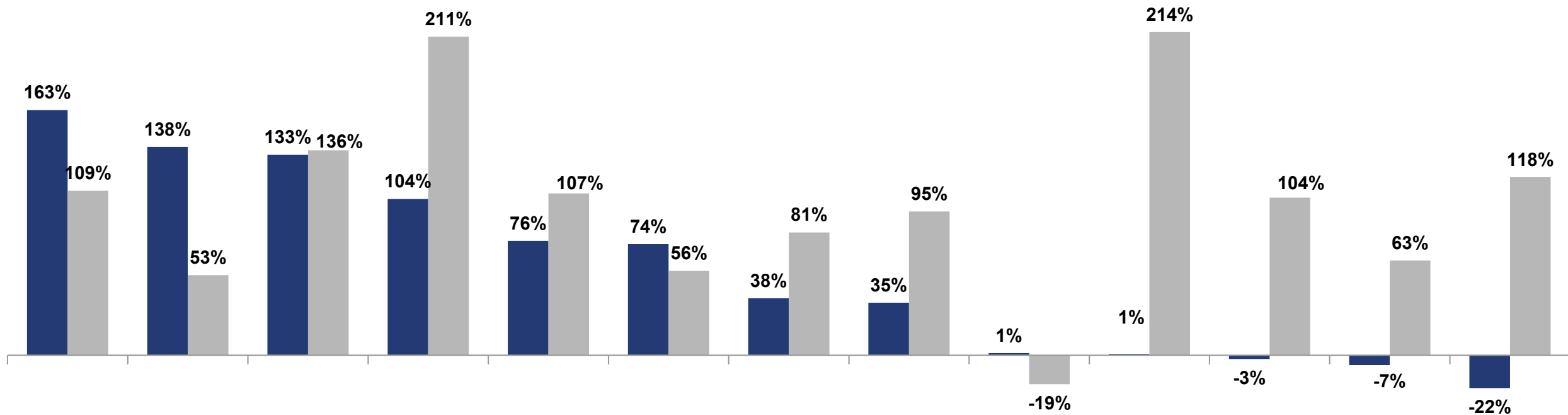


# Action taken to overcome skills gaps



# Changes in the number of SSVs and skills gaps over time

■ % Change in SSVs since 2013    ■ % Change in Skills Gaps since 2013

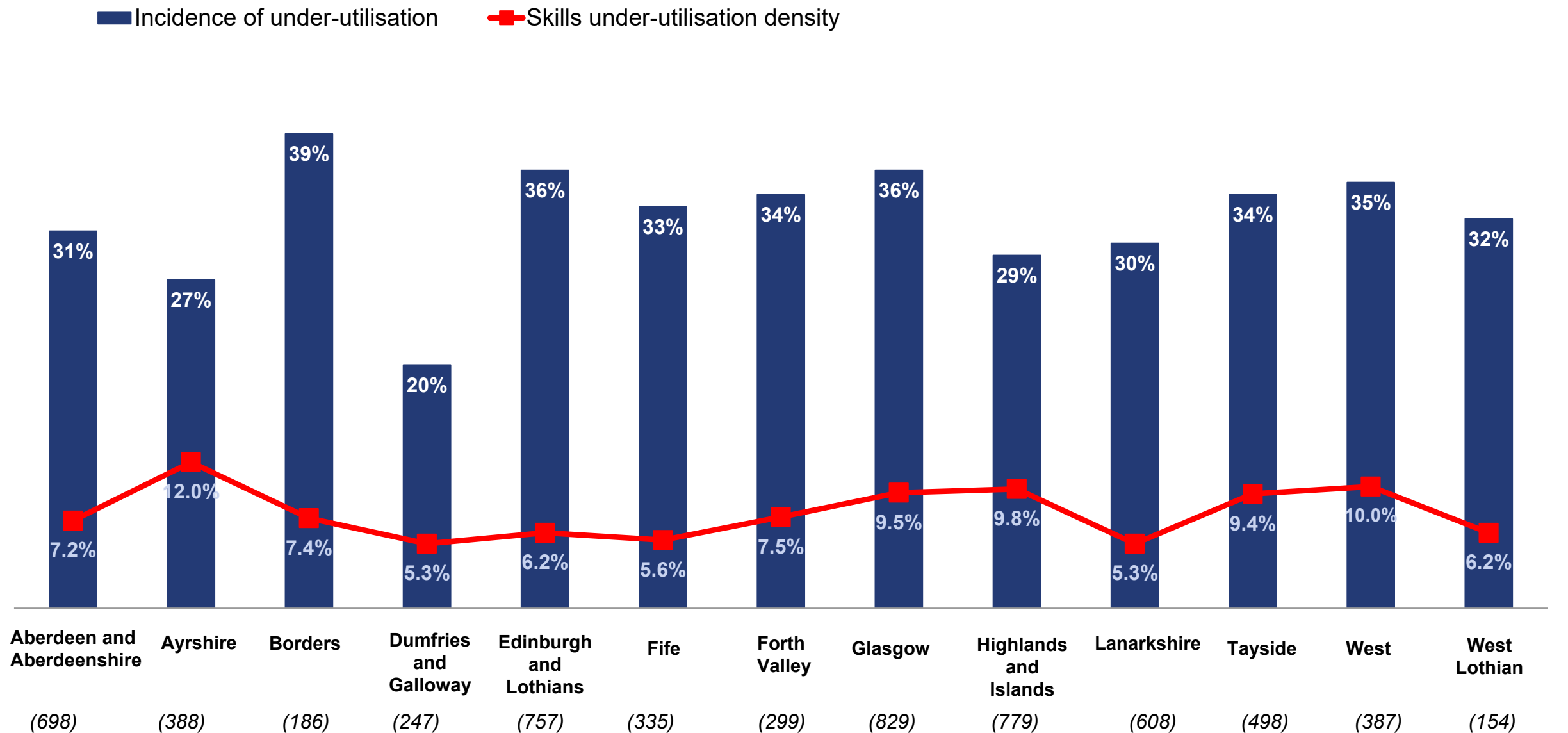


	Electricity, Gas & Water	Education	Financial Services	Transport & Comms	Construction	Hotels & Restaurants	Agriculture	Wholesale & Retail	Health & Social work	Business Services	Public Admin	Manufacturing	Arts & Other Services
2013:	(86)	(354)	(205)	(446)	(496)	(571)	(519)	(991)	(568)	(784)	(124)	(430)	(440)
2015:	(70)	(338)	(227)	(583)	(489)	(582)	(492)	(938)	(594)	(763)	(102)	(411)	(446)

Base: All establishments (as shown)

## Section 4: Under-utilisation

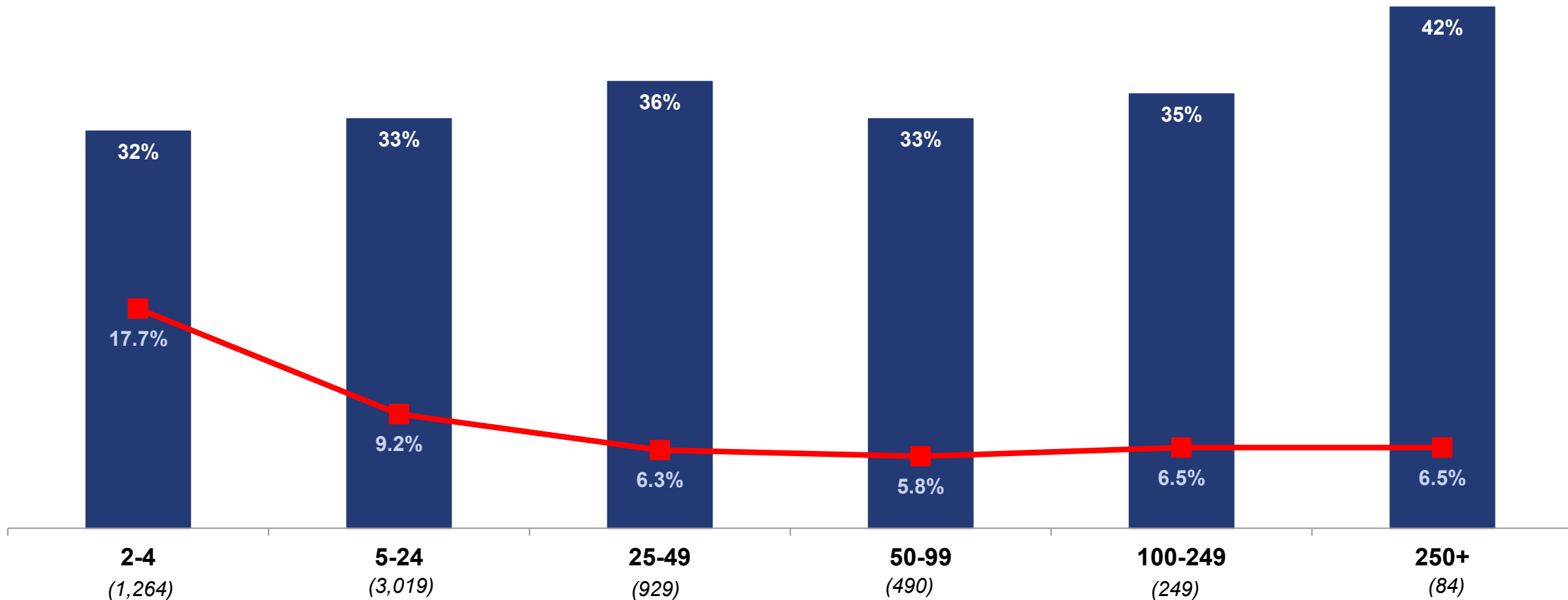
# Incidence and density of skills under-utilisation by region



Base: All establishments (as shown)

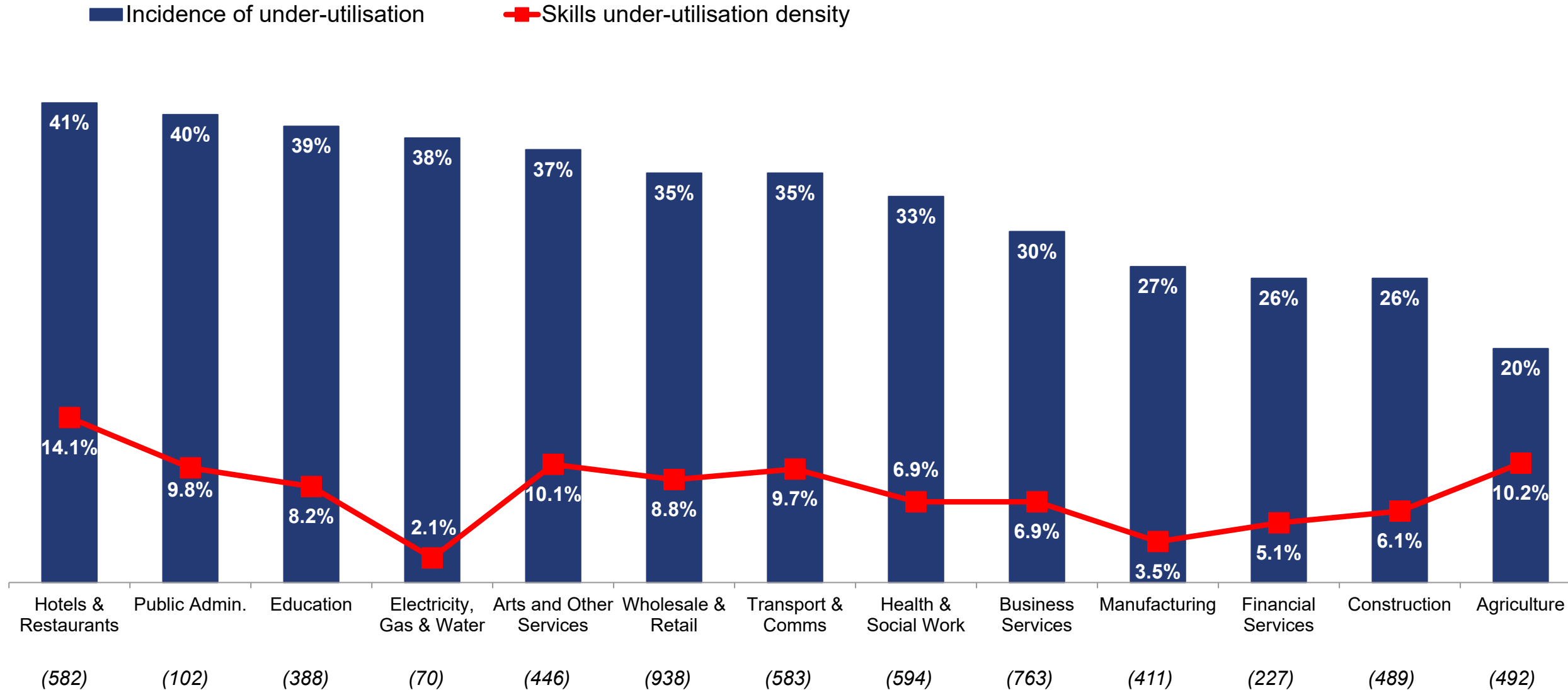
# Incidence and density of skills under-utilisation by establishment size

■ Incidence of under-utilisation    ■ Skills under-utilisation density



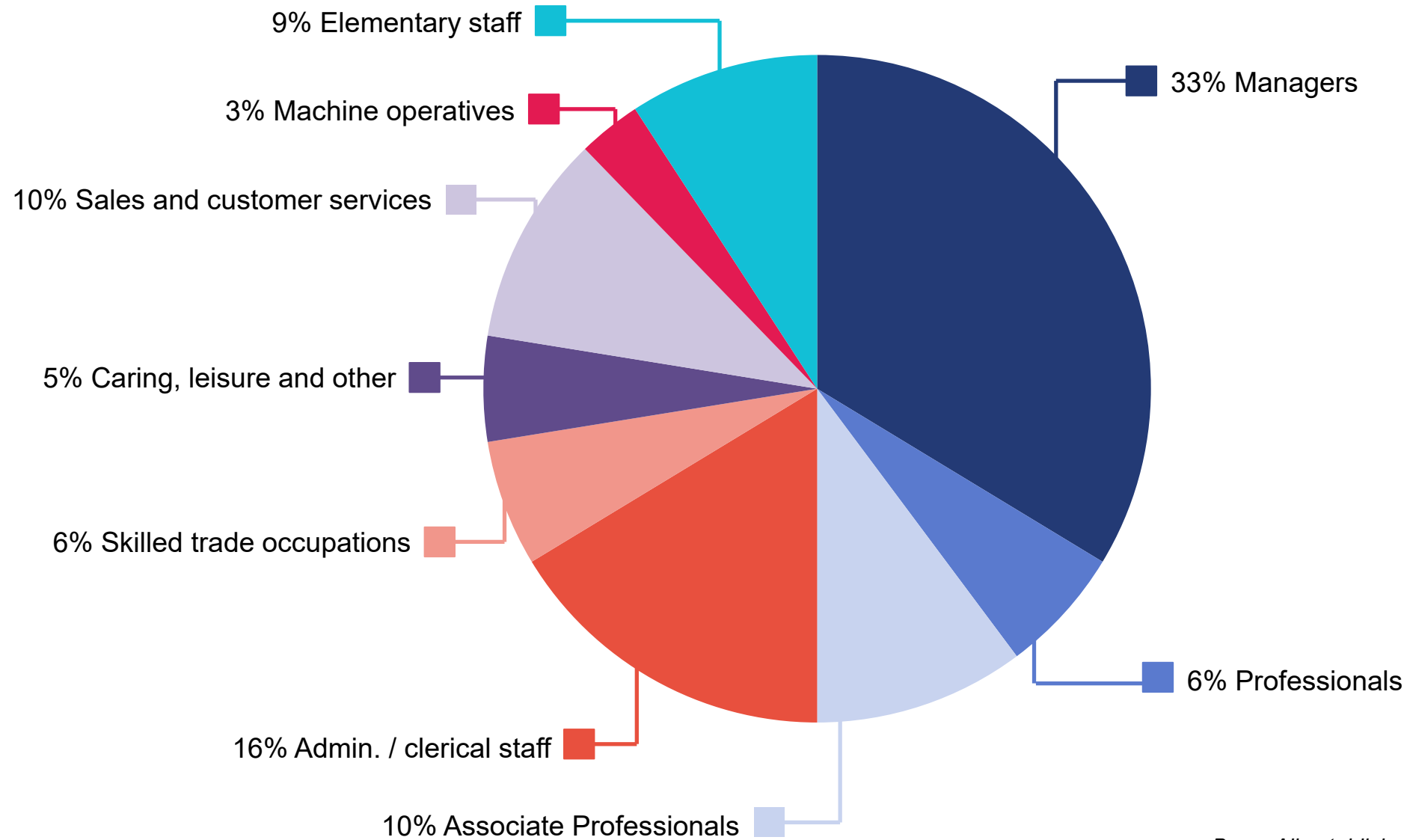
Base: All establishments (as shown)

# Incidence and density of skills under-utilisation by sector



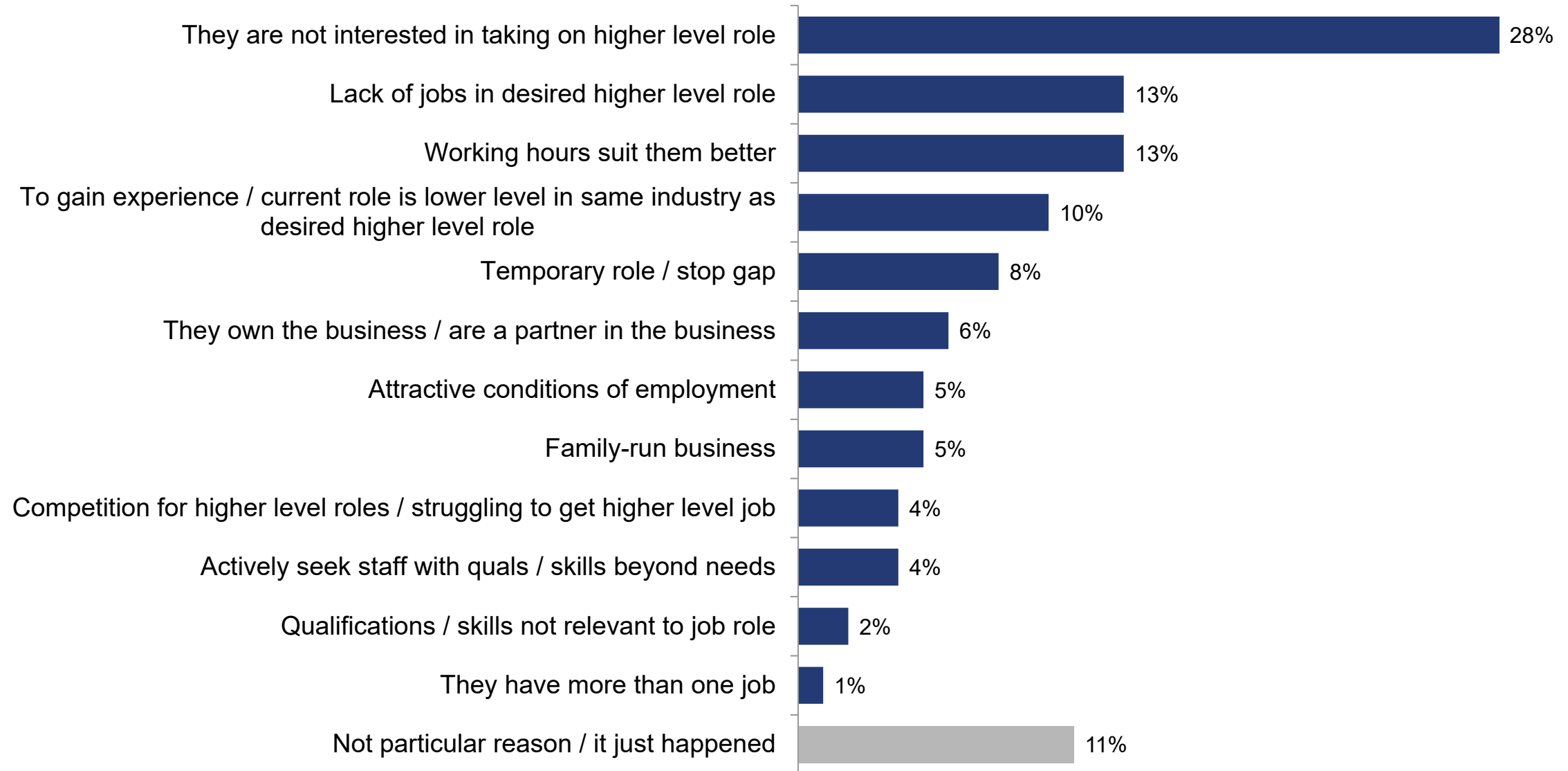
Base: All establishments (as shown)

# Occupations where under-utilisation is most prevalent



Base: All establishments with under-utilised staff (1,968)

# Reasons why staff are working in roles for which they have excess qualifications and skills



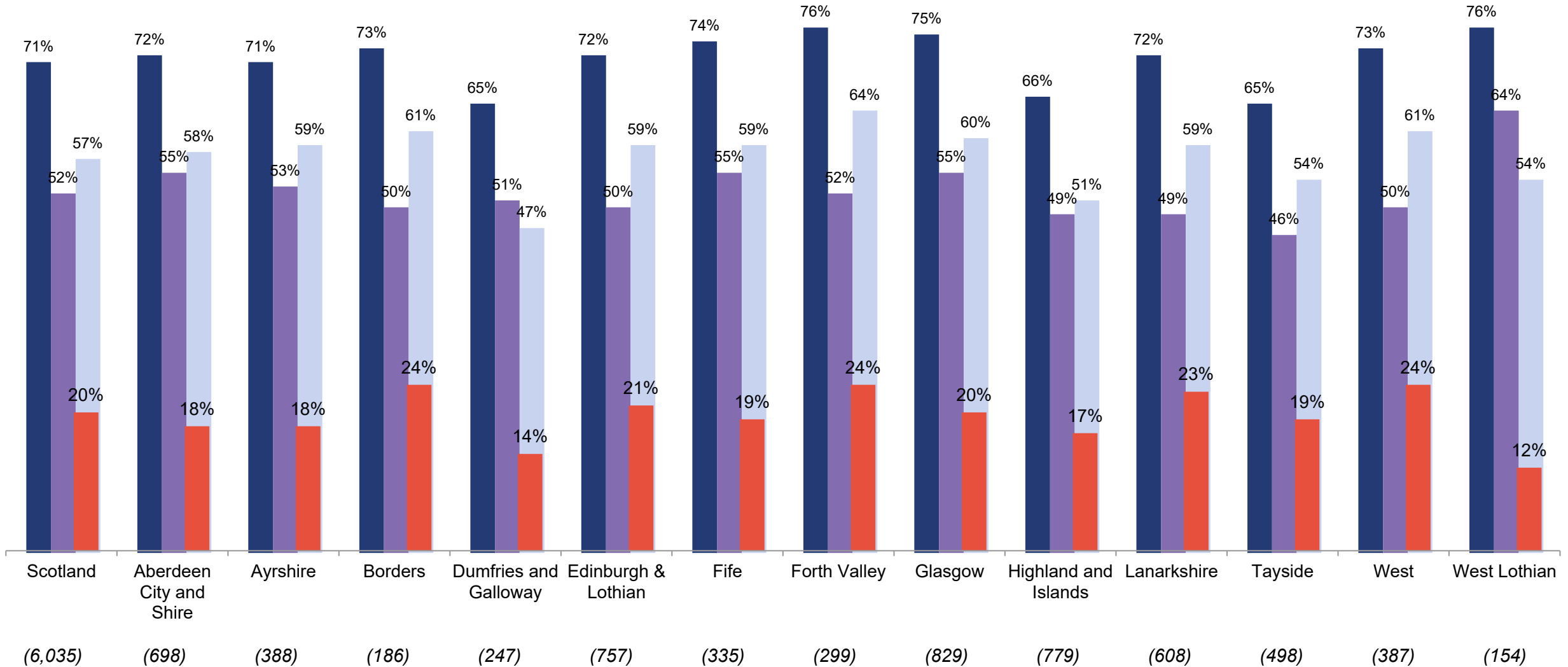
Base: All establishments with under-utilised staff (1,968)



## Section 5: Employer investment in training and skills

# Proportion of employers providing training in the last 12 months by region

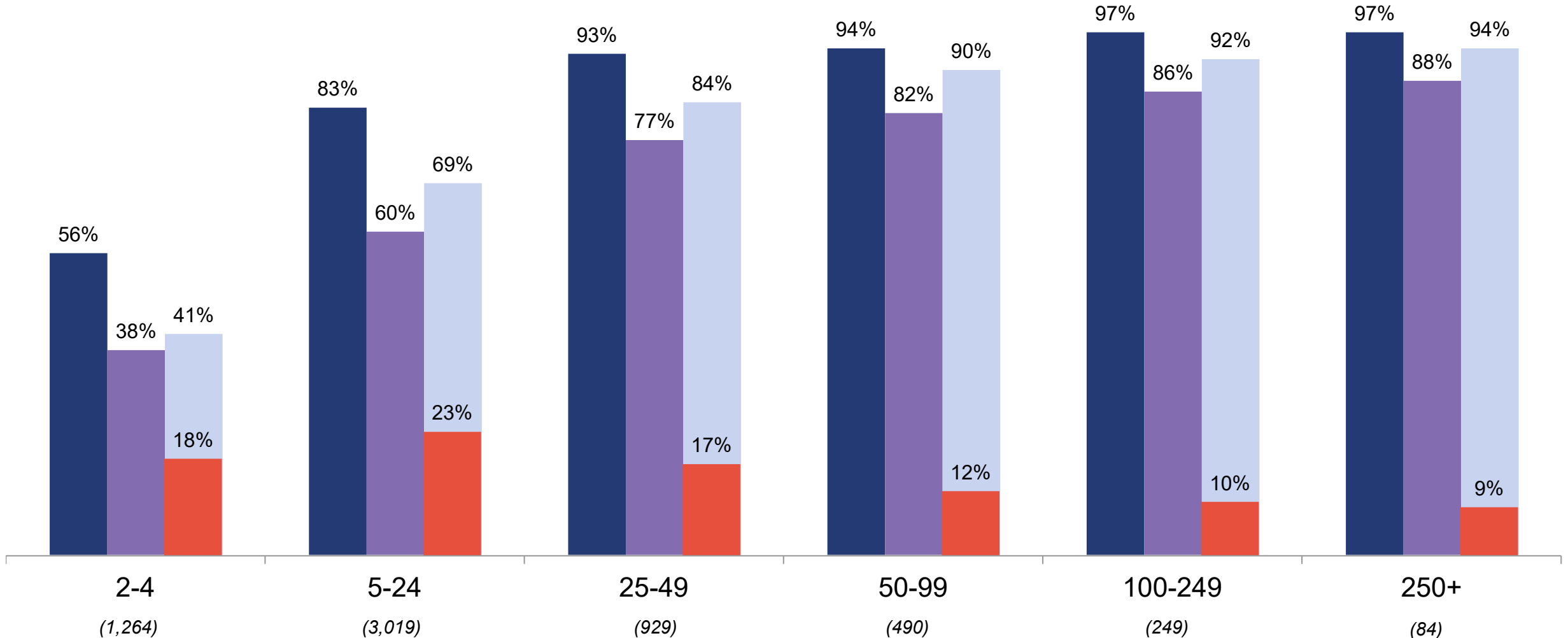
■ Train
 ■ Train off-the-job
 ■ Train on-the-job
 ■ Train on-the-job only



Base: All establishments (as shown)

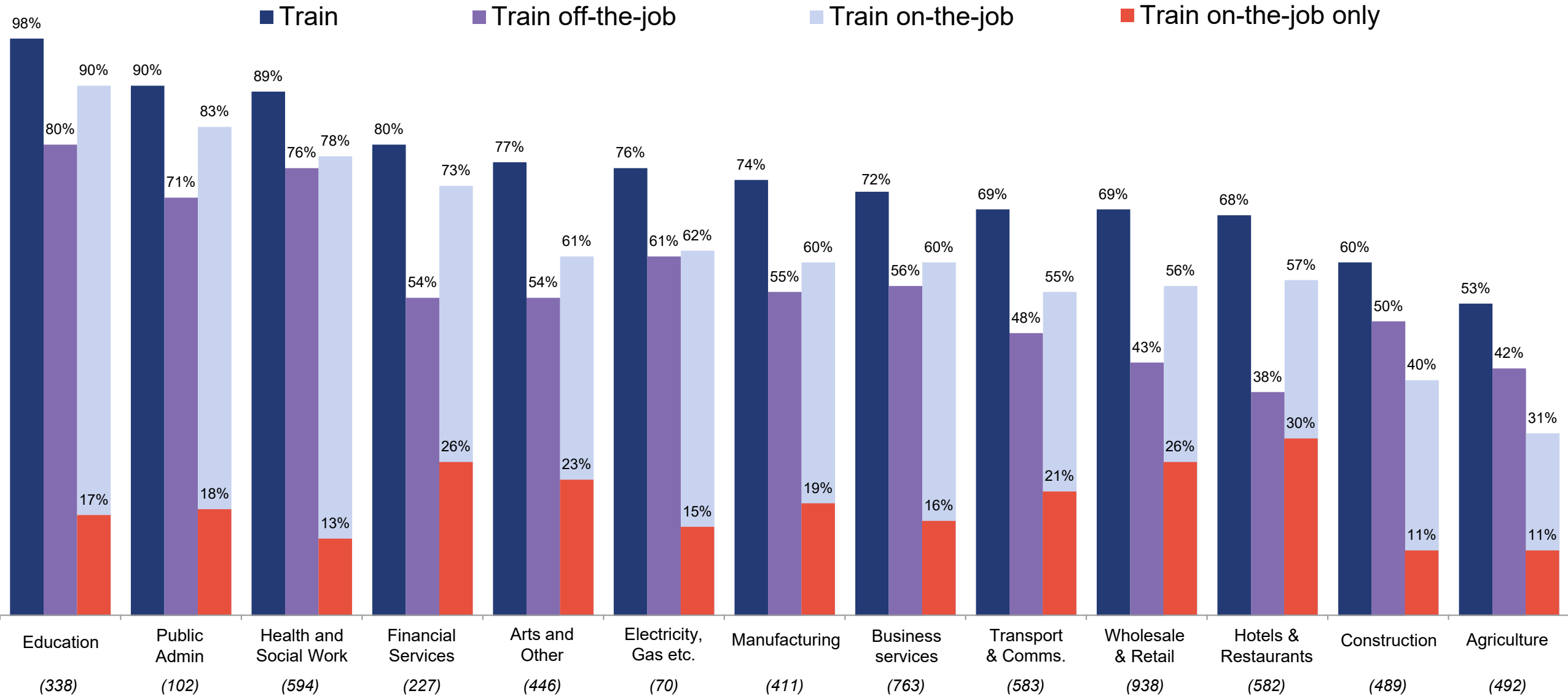
# Proportion of employers providing training in the last 12 months by size

■ Train      ■ Train off-the-job      ■ Train on-the-job      ■ Train on-the-job only



Base: All establishments (as shown)

# Proportion of employers providing training in the last 12 months by sector



Base: All establishments (as shown)

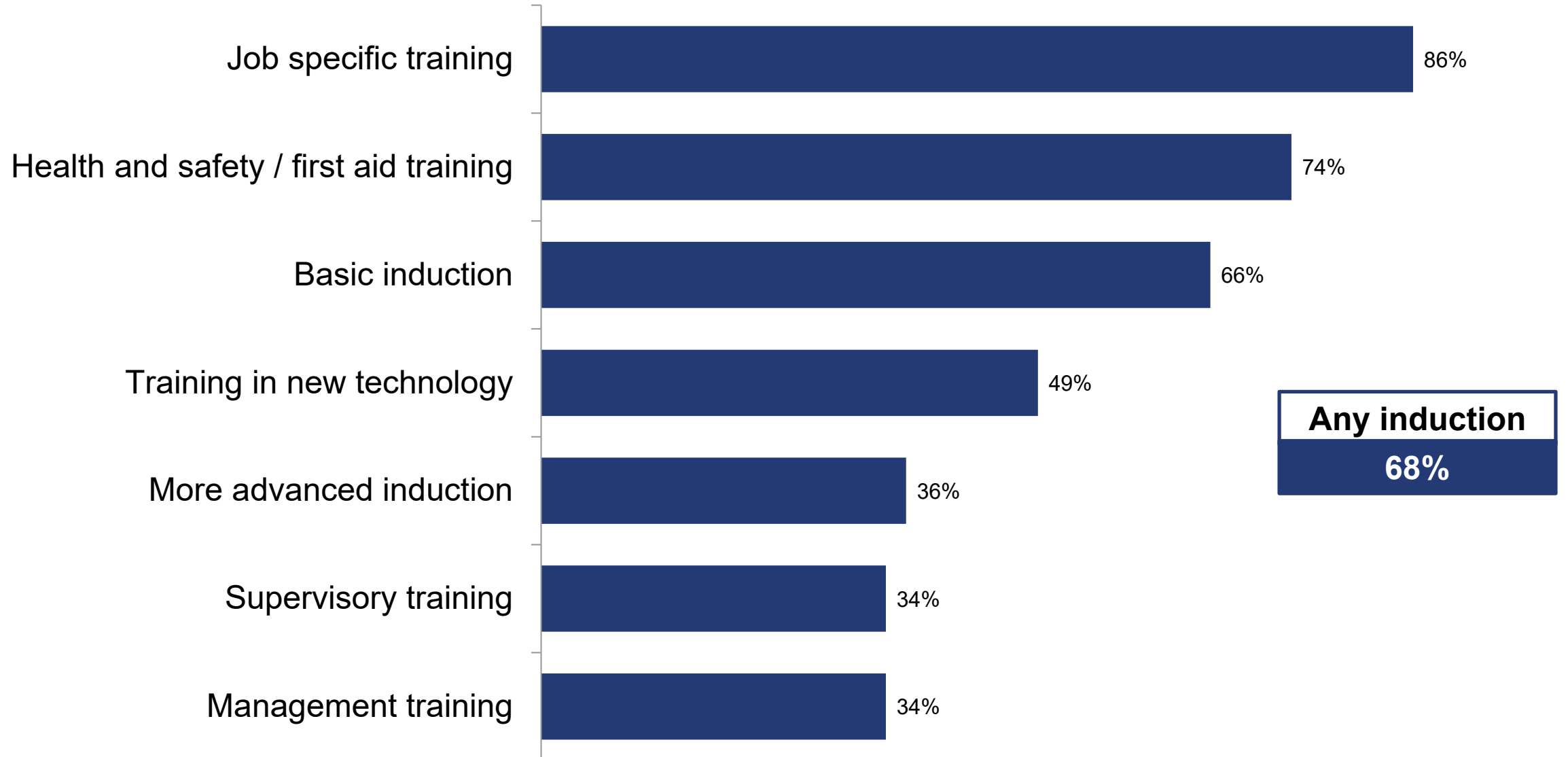
# Training Equilibrium: employers' interest in providing more training than they were able to



\*Note training employers responding 'Don't know' have been included in the group 'Wanted to undertake more training' on final measure

Base: All establishments (6,035)

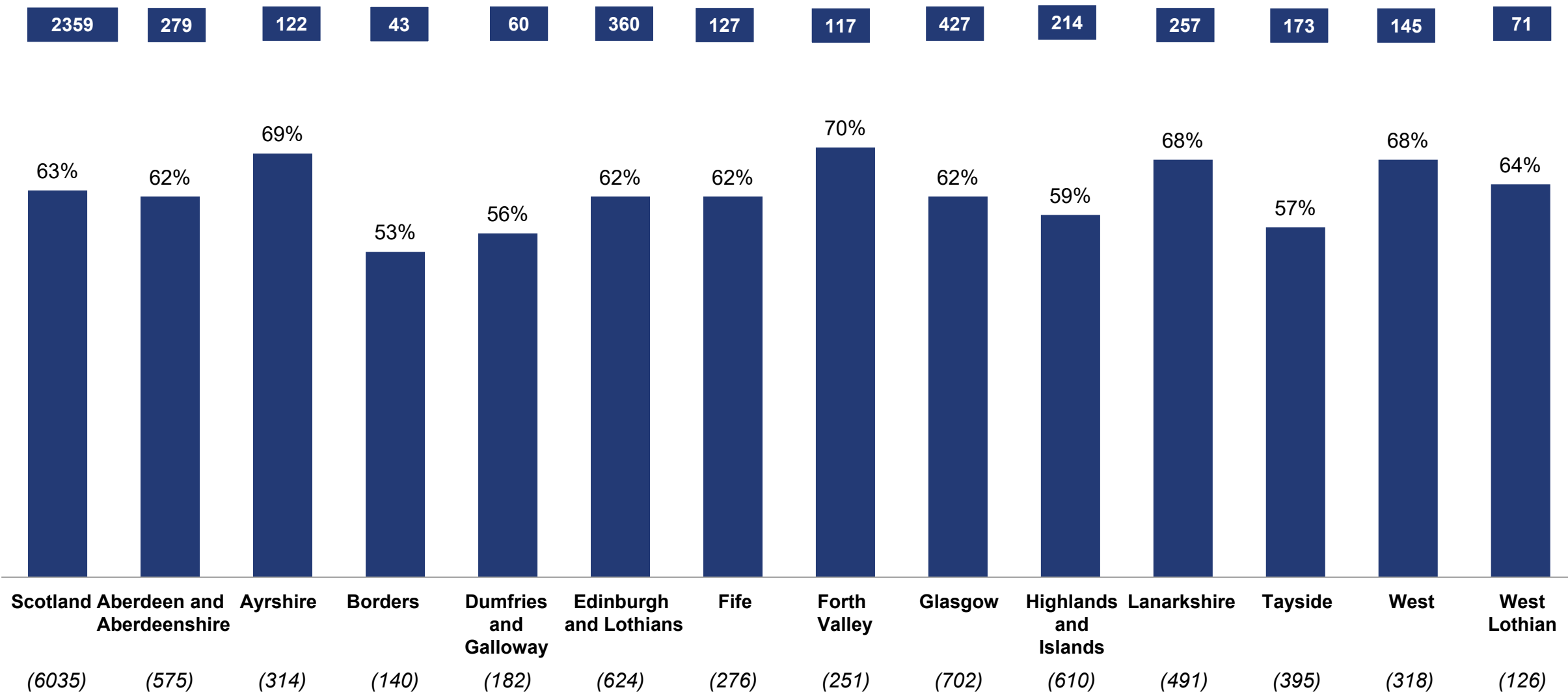
# Types of Training and Workforce Development provided



Base: All establishments that train (4,894)

# Number and proportion of staff trained by region

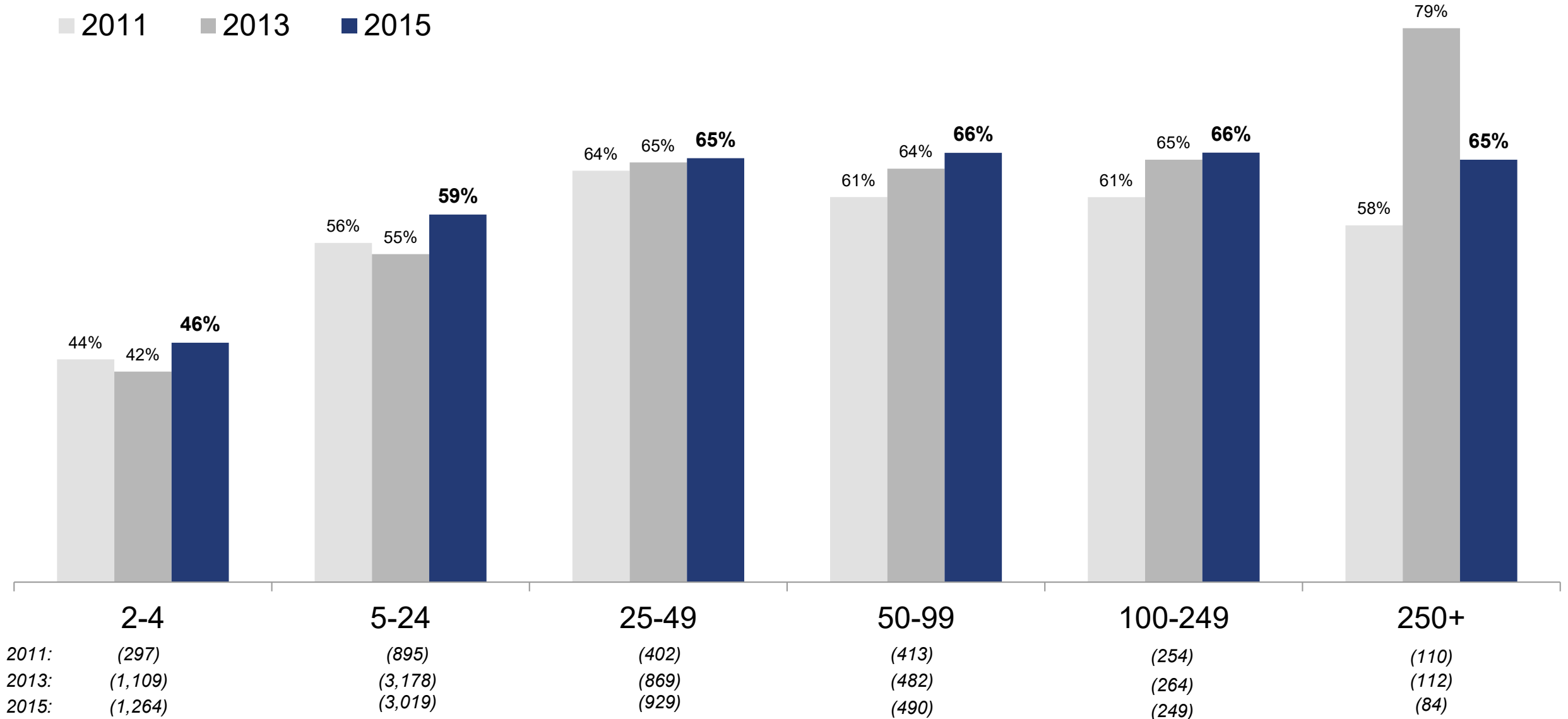
Total number of staff trained (thousands)



Base: All establishments (as shown)

# Proportion of staff trained by size

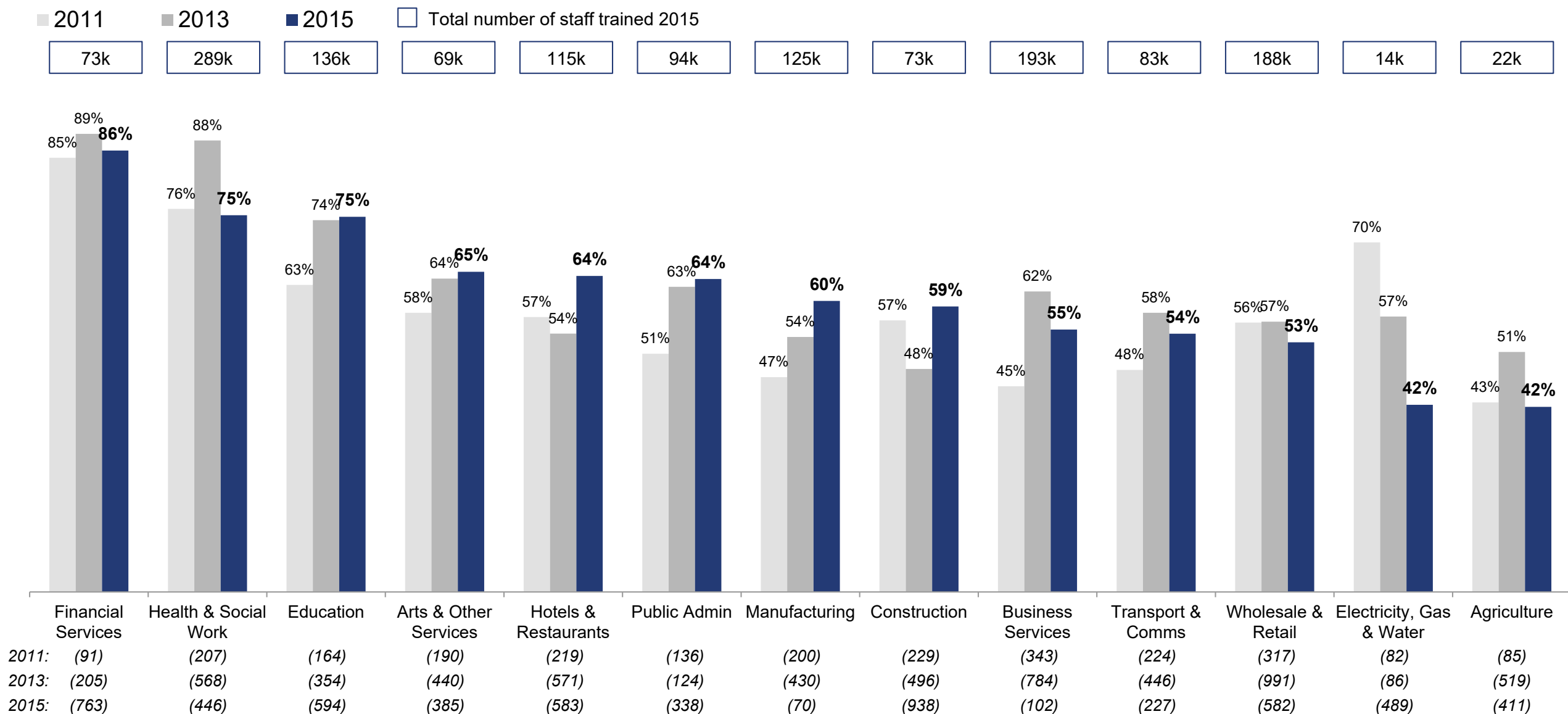
2011 2013 2015



Base: All establishments (as shown)



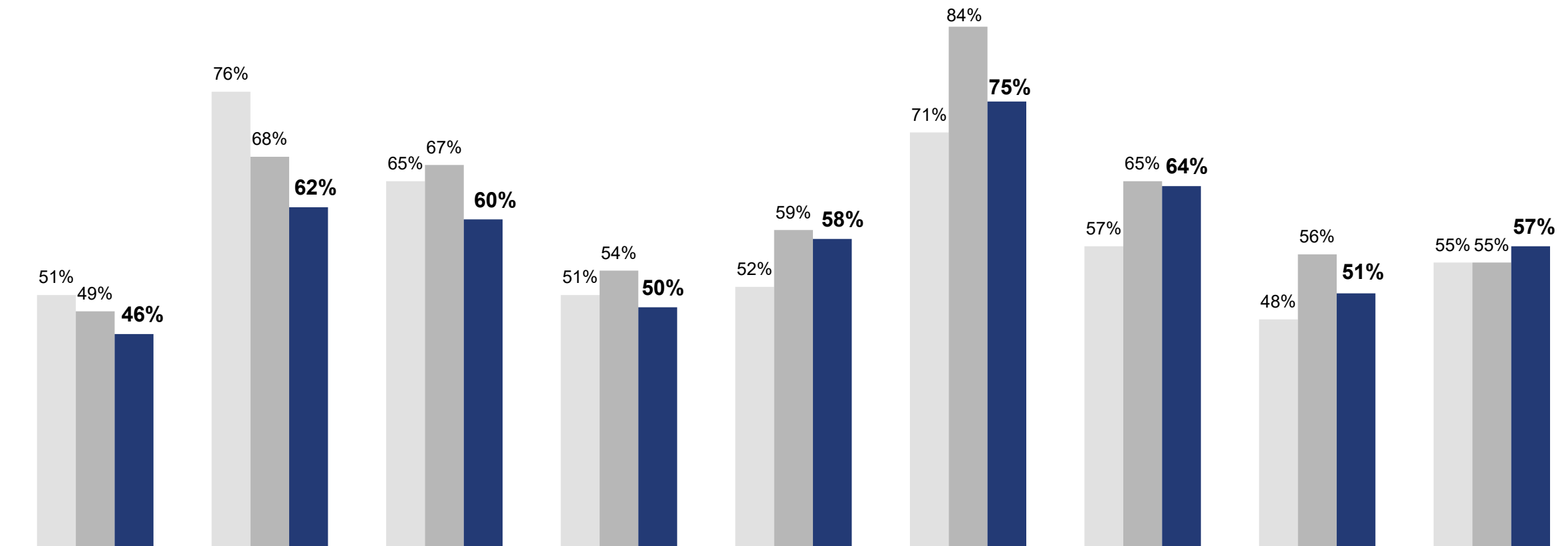
# Number and proportion of staff trained by sector



Base: All establishments (as shown)

# Proportion of staff trained by occupation

■ 2011 ■ 2013 ■ 2015



2011:	(5,658)	(1,161)	(773)	(3,486)	(1,548)	(969)	(1,614)	(950)	(2,238)
2013:	(5,692)	(1,005)	(671)	(3,061)	(1,581)	(831)	(1,587)	(855)	(1,953)
2015:	(5,714)	(961)	(734)	(3,106)	(1,625)	(921)	(1,633)	(903)	(2,001)

Base: All establishments with staff in each occupation (as shown)

# Training Days

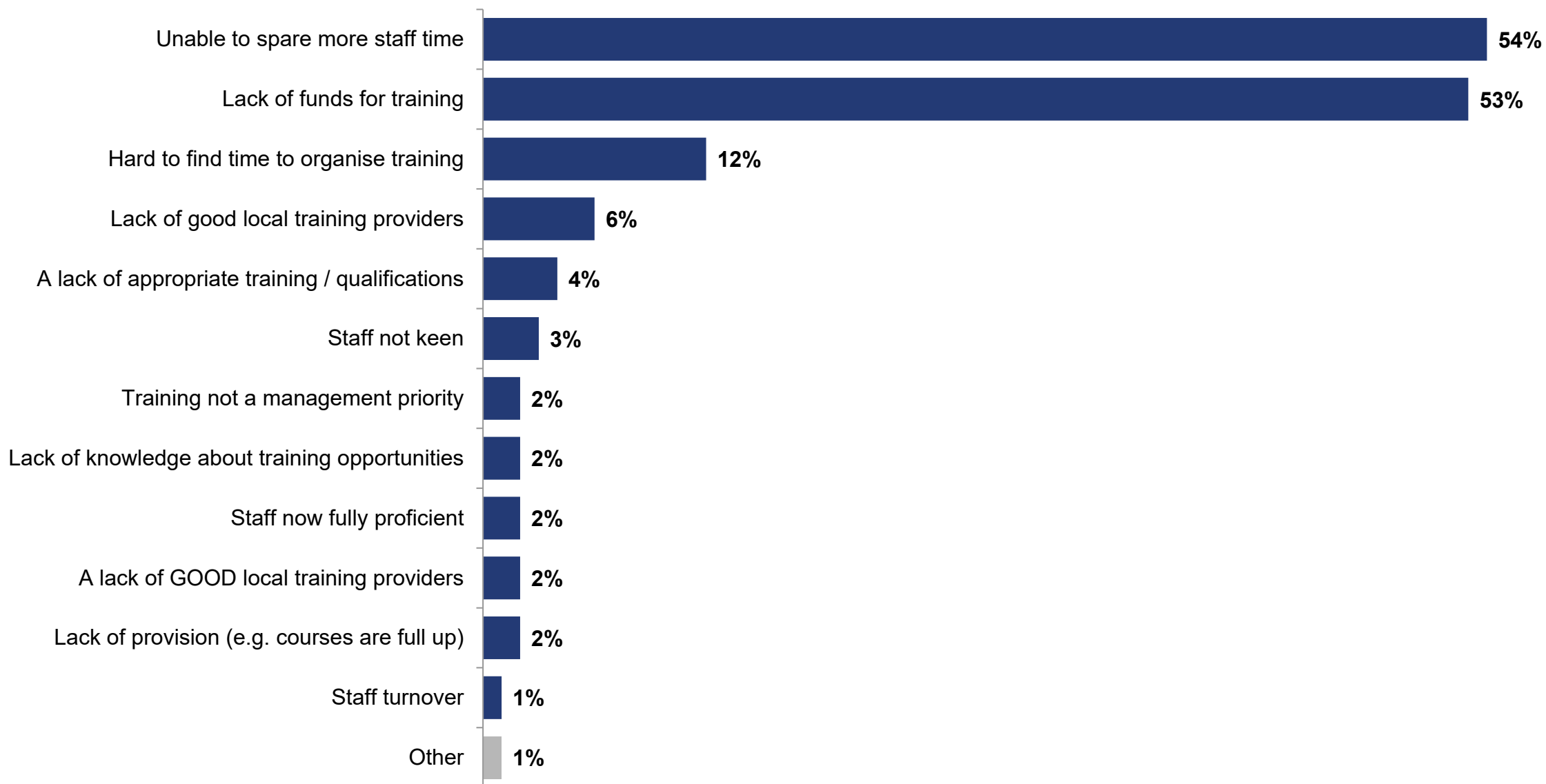
Region		Days per person trained	Total training days
	<i>Base</i>	<b>2015</b>	<b>2015</b>
Scotland	(4,894)	<b>6.6</b>	<b>9.8m</b>
Aberdeen and Aberdeenshire	(575)	<b>6.9</b>	<b>1.2m</b>
Ayrshire	(314)	<b>8.2</b>	<b>0.7m</b>
Borders	(140)	<b>6.8</b>	<b>0.2m</b>
Dumfries and Galloway	(182)	<b>6.3</b>	<b>0.2m</b>
Edinburgh and Lothians	(624)	<b>6.6</b>	<b>1.5m</b>
Fife	(276)	<b>7.2</b>	<b>0.6m</b>
Forth Valley	(251)	<b>6.1</b>	<b>0.5m</b>
Glasgow	(702)	<b>5.4</b>	<b>1.4m</b>
Highlands and Islands	(610)	<b>7.8</b>	<b>0.9m</b>
Lanarkshire	(491)	<b>7.1</b>	<b>1.2m</b>
Tayside	(395)	<b>6.3</b>	<b>0.6m</b>
West	(318)	<b>6.0</b>	<b>0.6m</b>
West Lothian	(126)	<b>7.7</b>	<b>0.4m</b>

*Base: All establishments providing training (as shown)*

# Reasons for not providing any training



# Reasons for not providing further training



Base : All establishments who would have provided more training in the past 12 months if they could (2,210)

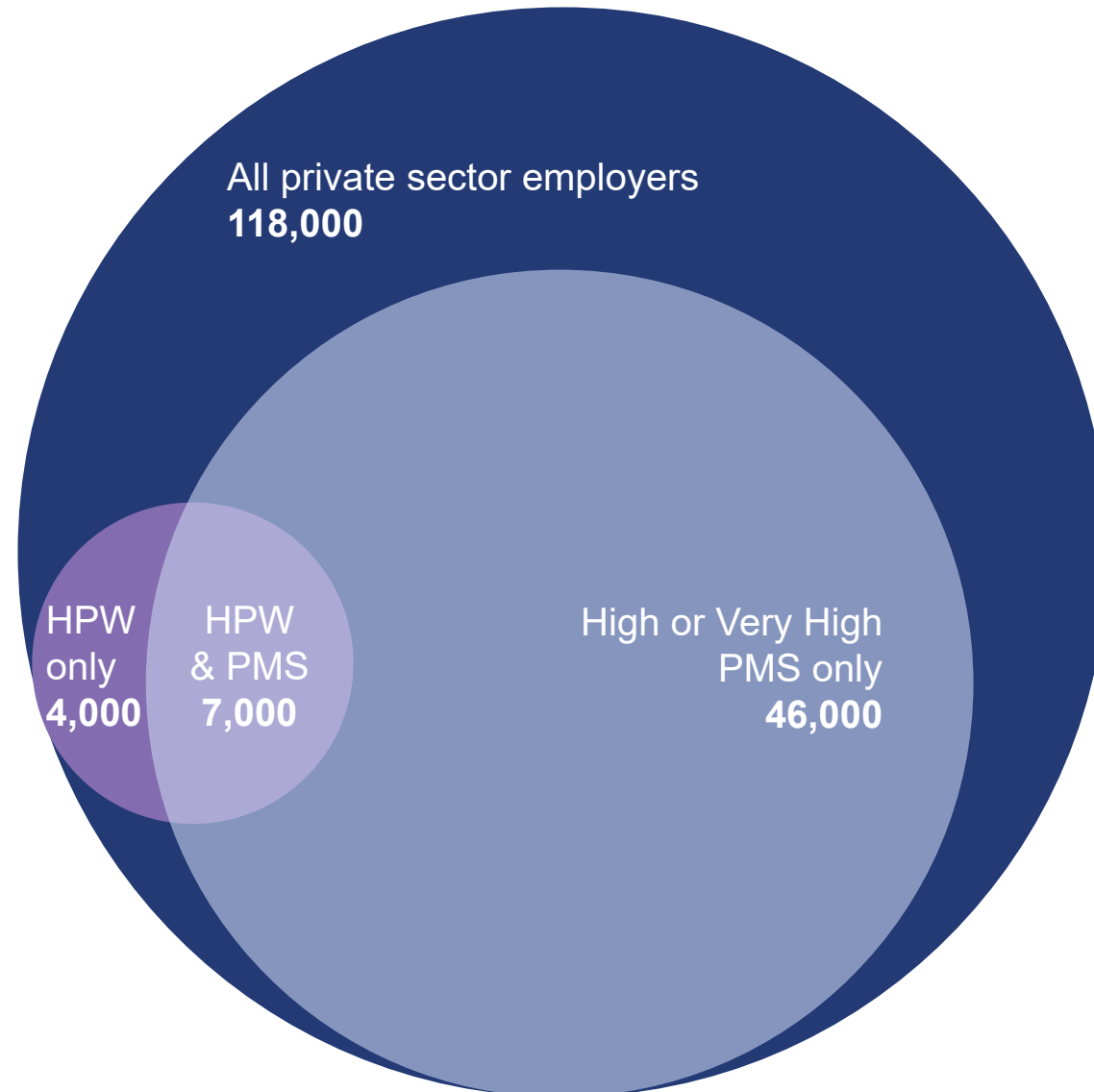
# Training and Workforce Development - Summary

Scotland figures	2011	2013	2015
% of employers that train	73%	70%	<b>71%</b>
% of employers that train off-the-job	53%	47%	<b>52%</b>
% that <i>only</i> train on-the-job	20%	15%	<b>20%</b>
% of staff trained over the last 12 months	59%	65%	<b>62%</b>
Days training per person trained	7.3 days	6.7 days	<b>6.7 days</b>
Total training days provided	9.85m	10.0m	<b>9.86m</b>

Base (2011/2013/2015): All establishments (2,487/ 6,014/ 6,035)

## Section 6: High Performance Working practices and Product Market Strategies

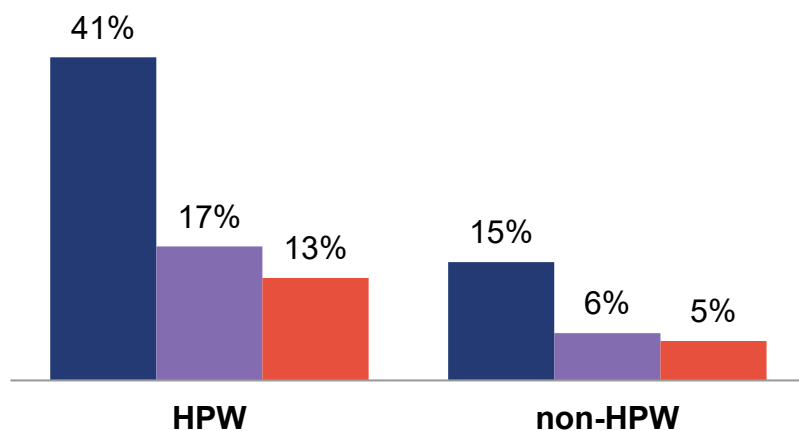
# Overlap between High Performance Working employers and those that adopt High/Very High Product Market Strategies





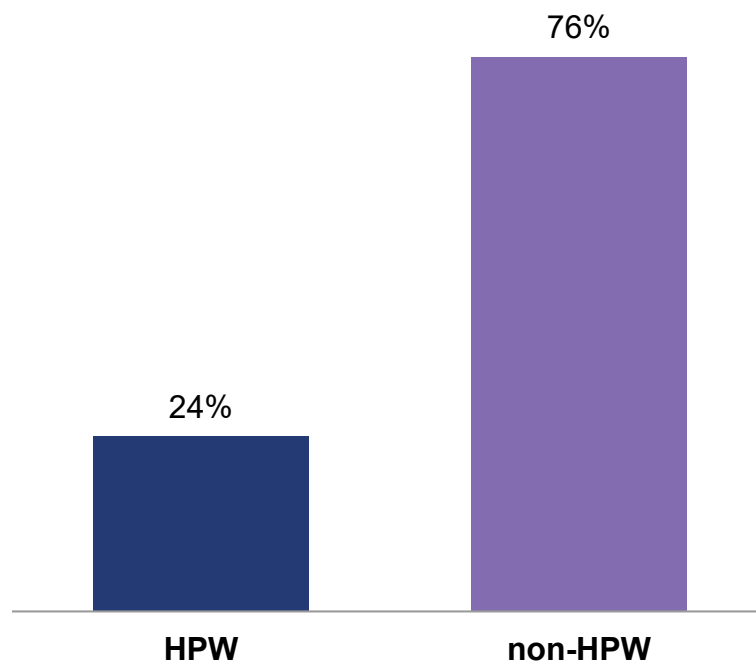
# Characteristics of HPW employers

HPW employers are **more active in the recruitment market** and find it easier to fill their vacancies...



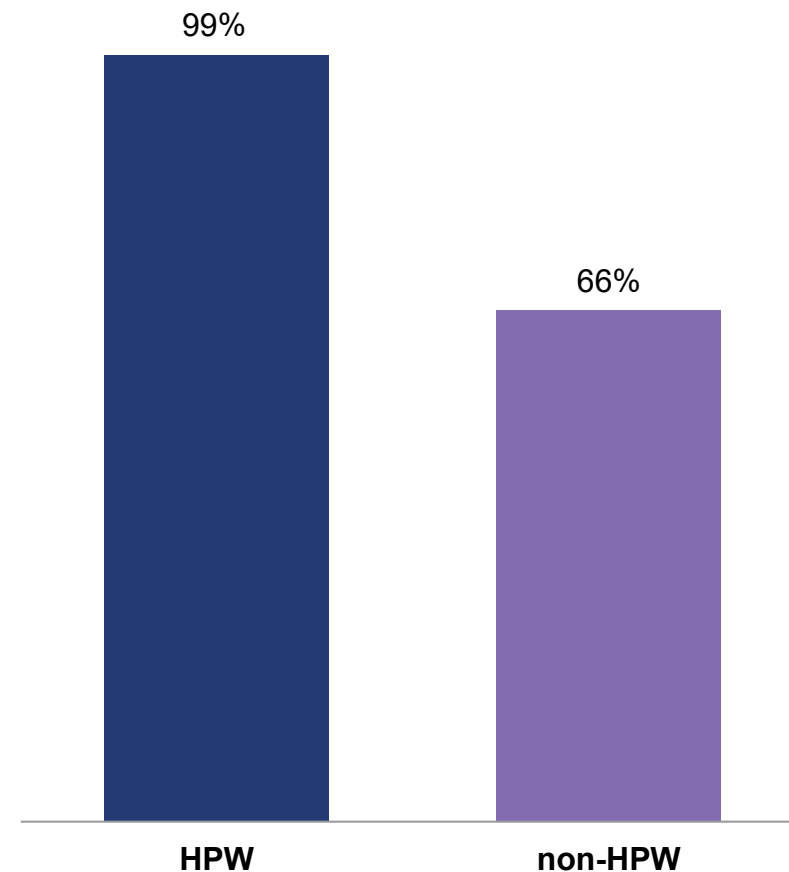
■ Have vacancies ■ Have HtFVs ■ Have SSVs

...yet are **more likely to have skills gaps** among their workforce...



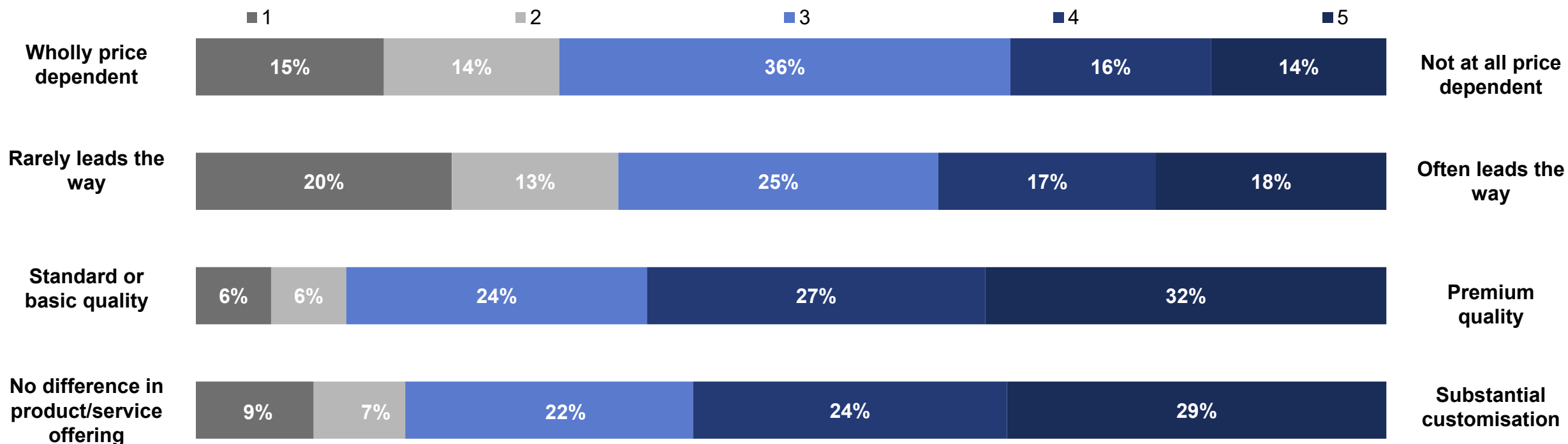
■ Have skills gaps

...and are much **more likely to train** their staff...



■ Train

# Product Market Strategy

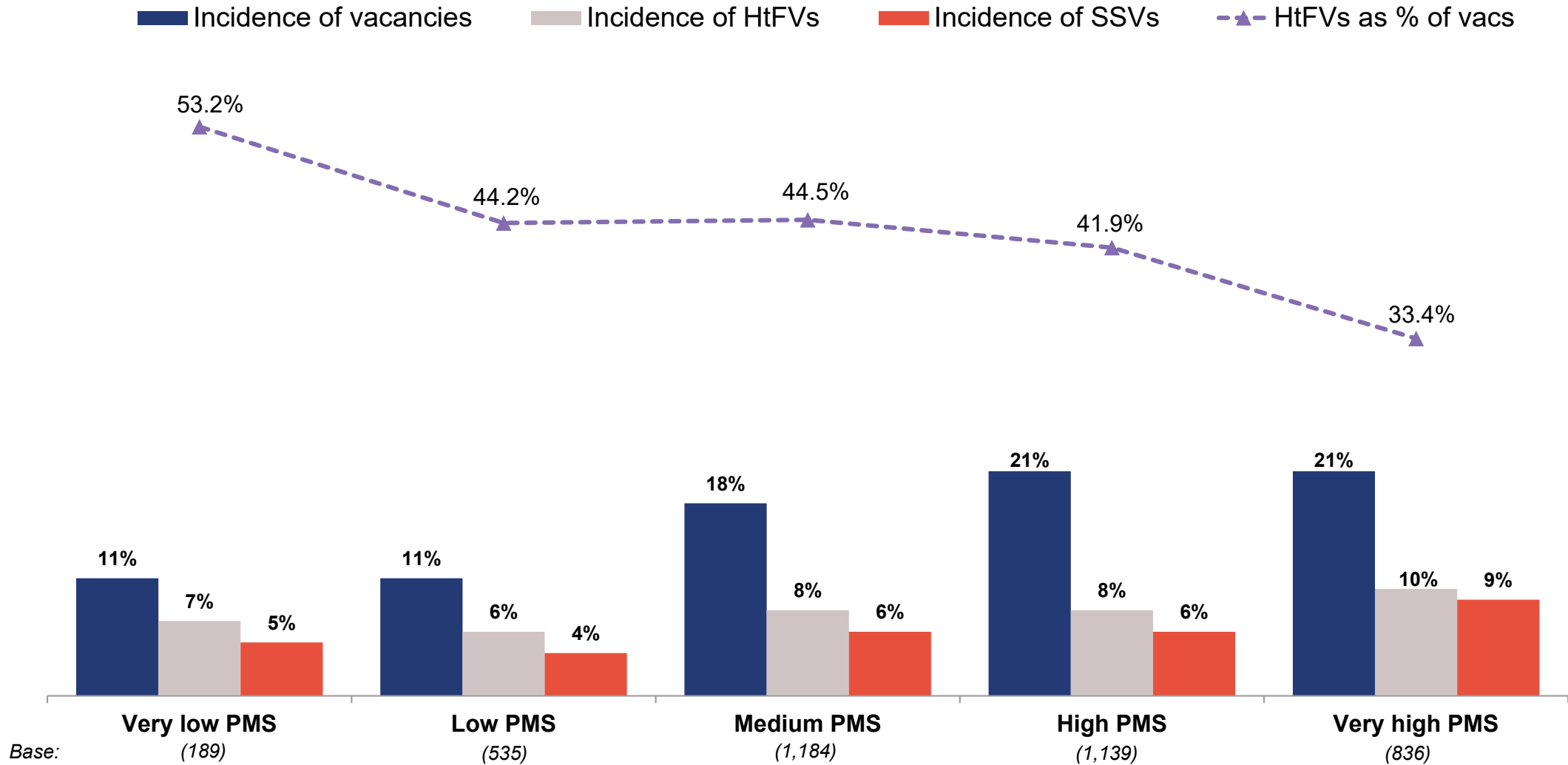


Overall composite Product Market Strategy scores

Aggregate PMS score	% of private sector establishments	% of private sector employment
Very low (1 to 7)	5	3
Low (8 to 10)	13	8
Medium (11 to 13)	23	22
High (14 to 16)	29	29
Very high (17 to 20)	16	23

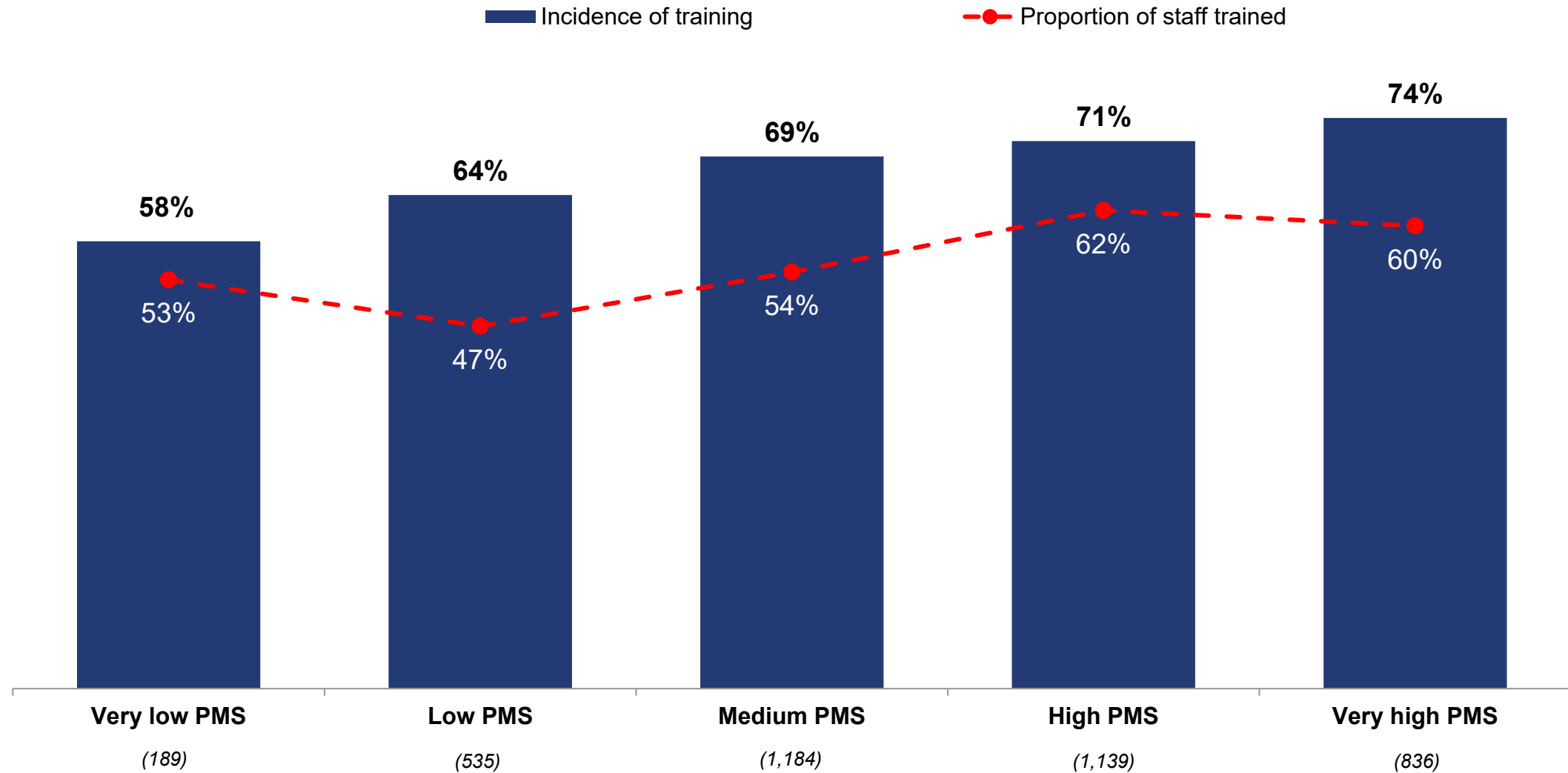
Base: All establishments in the private sector (4,759)

# Characteristics of High PMS employers



Base: All establishments in the private sector, in each PMS group

# Characteristics of High PMS employers



Base:

Base: All establishments in the private sector, in each PMS group

# Section 7: Conclusions

# Current state of skills in Scotland

- There has been a **steep rise in vacancy levels** among employers - from 54,000 vacancies at the time of the survey in 2013 to 74,000 in 2015 – reflecting high demand for labour.
- Approaching around one-third (34%) of these vacancies were due to **applicants lacking the requisite skills**.
- The number of **skills gaps among existing staff has decreased slightly** to 118,000 employees (5.0% of the total workforce).
- **Knowledge related to the organisation and its services** and **specialist skills for the role** were most likely to be viewed as lacking from applicants and among existing staff.
- The demand for **improved people and personal skills** was also apparent, with time management and prioritisation of tasks commonly lacking across the workforce.
- This points to the **growing complexity of job roles**, across all occupations, requiring individuals to juggle multiple strands of work and responsibility.
- Employers are responding through training, with **increased use of e-learning**, but there is clear demand for training that is geared more specifically to the requirements of an evolving workplace.

# Impacts and Response

- Skills challenges impact both the short-term and long-term success of businesses, with notable **implications on businesses' productivity and growth** potential. Most commonly, employers acknowledge the increased workloads and pressure placed on some staff as a result of skills shortages within the market and the workplace (84% and 57%, respectively).
- Innovation is a key factor towards boosting productivity but the skills challenges employers faced, particularly around staff being **unable to solve complex problems** point to limitations here.
- Appropriate training can serve to mitigate such impacts, but **training levels have remained relatively static** since 2013 (71%), despite a more buoyant economy. Employer engagement in the development of future training is fundamental with regards the development of the training offer. Around half of employers already providing training exhibit a desire to offer more (53%), and cite lack of funds as the most prevalent barrier to doing so.
- Around 187,000 employees were deemed to be over qualified and over skilled for their job role; this was most commonly attributed to a lack of jobs in desired higher level roles. **Employers need to capitalise on this available talent.**

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