



UK COMMISSION FOR  
EMPLOYMENT AND SKILLS

# UK Commission's Employer Perspectives Survey 2012

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## **UK Commission's Employer Perspectives Survey 2012**

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### **Introduction**

This summary presents headline findings of the UK Commission's Employer Perspectives Survey 2012, the second in a series of biennial, large scale surveys of employers designed to provide a UK-wide picture of employer perspectives of, and experiences in, the recruitment and skills landscape.

The UK Commission runs two large-scale employer surveys in alternate years: the UK Commission's Employer Skills Survey (UKCESS), and the UK Commission's Employer Perspectives Survey (UKCEPS).

The overall aim of the two surveys is to provide robust and reliable information from UK employers on skills issues and workforce development activities. This information provides a strong basis on which to develop skills policy and practice, and to ensure that the skills investment approach in the UK is effective, driving enterprise, jobs and growth. The two surveys cover complementary topics. The UKCESS seeks to understand changing skills requirements and the degree to which they are shaped internally by different employment practices and investment approaches within the workplace. The UKCEPS focuses more on the external interface between employers and the skills system and on how they go about meeting their skills needs.

The UK Commission's Employer Perspectives Survey 2012 was conducted between May and August 2012 against a backdrop of longstanding economic uncertainty. At the time of the 2012 survey the UK was officially back in recession as the economy struggled to return to sustained growth with the on-going problems in the Eurozone continuing to affect market confidence and adding to the economic uncertainty being experienced by employers. The first Employer Perspectives Survey was carried out in 2010 shortly after the election of the Coalition Government and the official emergence from the 2008-09 recession although again with a backdrop of economic uncertainty, for example with reductions in government spending widely anticipated.

## Methodology

The UKCEPS 2012 was a large-scale, representative, UK-wide employer survey, involving 15,004 telephone interviews with employers. The sample was designed and weighted to be representative of the UK employer population as a whole<sup>1</sup>. Interviews were conducted at an establishment level, with the most senior person at the site with responsibility for human resources. In smaller establishments this was typically the owner or managing director or the branch manager, and in large establishments this was typically the human resources manager.

## Coverage

The core areas covered by UKCEPS 2012 are the extent to which employers engage with external skills and recruitment services and their broader approaches to people development, including their engagement with training providers and other sources of information, advice and help. In addition the survey covers the usage and perceptions of vocational qualifications and of Apprenticeships in particular. New questions were introduced to the 2012 survey on the offering of work placements and the recruitment of young people, as areas of key policy interest. The report also highlights that young, growing businesses demonstrate some different behaviours to all establishments. These businesses have been set-up in the last three years, have seen their workforce grow over the last 12 months and predict that their business will grow in the next 12 months. Findings related to this group are shown in summary boxes.

## Employer Perspectives on Recruitment

Around half of employers (48 per cent) engaged with the labour market in the 12 months prior to the survey in terms of looking to recruit new staff, with most of these looking to replace staff who had left (55 per cent of recruiting employers retained the same size of workforce over the year and 12 per cent decreased their headcount). Almost three-in-ten recruiting employers (27 per cent, equating to 13 per cent of **all** employers) recruited for growth in 2011-12.

The survey does not look at the numbers of vacancies that employers were looking to fill, and so does not purport to give an indication of employment opportunities / the health of the employment market, but it is noticeable that a slightly larger proportion of employers recruited in the period summer 2011 to summer 2012 (48 per cent) than did in the period summer 2009 to summer 2010 (44 per cent).

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<sup>1</sup> The survey population was all establishments in the UK with at least two people working at them (either as employees or working proprietors).

Employers in Scotland (50 per cent) and in England (48 per cent) were more likely to have had any vacancies to fill than those in Wales (43 per cent) or Northern Ireland (40 per cent). Most employers in the Primary and Construction sectors did not engage with the recruitment market: respectively 30 per cent and 33 per cent posted any vacancies; by contrast, two-thirds of employers in the Non-Market Services sector did.

Employers typically use a range of channels when they are looking to recruit. Reflecting our challenged economic times, they tend to make most use of private recruitment services which they do not have to pay for (including their organisation's own resources and networks). Indeed, the single most common channel employers used to find candidates to fill vacant posts was 'word of mouth' (29 per cent of recruiting employers); and they used this more commonly than they did in 2010 (24 per cent of recruiting employers). Around a half of employers who used word of mouth to spread the word about vacancies did not use any other recruitment channel (seven per cent of all employers).

Although the emphasis on free-to-use (internal and external) private recruitment services seems in line with a tighter economic context, on the other hand paid-for private recruitment services are more commonly used than free public services: 42 per cent of employers with vacancies used private paid-for services and only 31 per cent used free to use public services.

That said, Jobcentre Plus (JCP) is almost on a par with word of mouth as the most common single channel used, with 28 per cent of recruiting employers having looked to bring in staff through JCP in the 12 months prior to the survey. This suggests a decrease in take-up of the JCP offer: in 2010, 31 per cent of employers stated spontaneously that they had used JCP (more than any other single channel). JCP services were more likely to be taken up by employers in the Non-market Services, Manufacturing and Trade, Accommodation and Transport sectors, and in medium sized establishments with 25 to 99 employees.

Employers across the UK have quite high levels of awareness of (some of) the initiatives that government and its partners have put in place to connect young people, unemployed people and other groups who are vulnerable in the labour market with any vacancies that employers might have or might be able to create, but only one in ten establishments across the UK made use of any of them. Establishments in the Trade, Accommodation and Transport sector and in the Non-Market Services sector (which is dominated by the public sector) were most likely to have used any of them, and larger establishments were much more likely to have used any than smaller ones were.

Candidates' qualifications play a role in most employers' recruitment processes and decisions, and a significant role for more than two in five. Academic qualifications continue to be better regarded than vocational qualifications. There are clearly factors at play other than qualification levels when employers look to bring in new recruits, however. Indeed, when employers are looking to recruit new employees to key occupational roles, they usually anticipate that they will need to develop these new recruits' skills, at least to some extent.

### **Young growth businesses and recruitment**

By definition, young growth businesses have seen their headcount grow in the last 12 months (some of them will have grown from scratch, being new start-ups) and so they are recruiting employees.

Like other employers, young growth businesses tend to need to develop the skills of new recruits whom they bring in to key roles: three-quarters identified a need to develop new recruits (76 per cent) in line with the UK average (71 per cent). A significantly higher proportion of young growth businesses hired people with few or none of the skills their role requires them to have (19 per cent), a significantly higher proportion than the average (12 per cent), indicating these businesses are prepared to develop new recruits.

In terms of the channels they use, young growth businesses were more likely than other employers to use private free channels (78 per cent, compared to 67 per cent) and less likely to use private paid for channels of recruitment (30 per cent compared to 42 per cent). More specifically, young growth businesses were far more likely to have used informal recruitment through word of mouth or personal recommendations (52 per cent mentioned this compared to 29 per cent overall) and to use social media as a recruitment channel (seven per cent compared to three per cent).

### **Employer Perspectives on People Development**

The majority of employers provide some form of development opportunity for (at least some of) their staff; 73 per cent did so in the 12 months prior to the survey. This holds true across all sub-groups of employers – including the smaller employers.

Employers are more likely to provide training internally (63 per cent did so) than to access the external workforce development market, although overall around half of employers do use external channels to deliver workforce development for their staff (47 per cent). Around a third of employers (36 per cent) provide training both internally and through external providers.

There is a wide sectoral variation in the provision of external training, ranging from 86 per cent in the Non-Market Services to 49 per cent in Trade, Accommodation and Transport sector.

Employers most commonly look to private providers (private sector training firms or third sector providers) when they are looking outside of their own organisation to deliver training: two fifths of all employers (40 per cent, or 85 per cent of employers who train externally) engage the services of private providers, while only one in seven (14 per cent of all employers, 30 per cent of those who train externally) look to the public learning landscape, in the form of FE Colleges and HEIs.

Establishments in Wales (14 per cent) and Scotland (14 per cent) were slightly more likely to use FE Colleges than those in England (12 per cent) and Northern Ireland (11 per cent). Establishments in England were slightly less likely to use universities/HEIs (six per cent of all establishments, compared to seven per cent in Northern Ireland and Wales and eight per cent in Scotland). There is wide variation between the sectors, with Non-Market Services the most likely to be using public provision (29 per cent use FE Colleges and 21 per cent universities/HEIs).

Around half of establishments who are using public training providers report that they are funding this training entirely themselves (45 per cent of those using FE Colleges and 52 per cent of those using Universities), although it may be the case that they are unaware of other funding streams that are contributing to the funding of their training.

Employers who chose private providers and those who chose public providers gave very similar reasons for their choices, with the relevance of course prime among them (60 per cent of those choosing private providers and 67 per cent of those choosing public providers). But a lack of relevant courses was also the key barrier to employers choosing providers in either the public or private spheres, and here more employers found that public providers did not have an offer relevant to their needs, than found private provision to be lacking in relevance (49 per cent versus 26 per cent of those not choosing either market). On the other hand, a greater proportion report cost as a barrier to private provision as a barrier to using FE colleges (14 per cent compared to six per cent).

Beyond the provision of training, employers can look outside of themselves for advice and information on available sources and resources on training issues. A third of employers did so (31 per cent) and they most commonly referred to private training providers (12 per cent), professional bodies (12 per cent) or colleges (11 per cent). Only six per cent of employers sought advice from other employers.

The survey explored awareness and use of a range of government schemes and initiatives designed to support businesses in the four nations in general terms, and in their workforce development activity in particular. Few of these schemes and initiatives were in common use.

Business Link was used by around one in seven employers **in England**, a considerable decrease on 2010 (from 25 per cent to 14 per cent). A similar proportion of larger employers (with more than 250 employees) had a Time to Train request, and this represented a slight increase on 2010 (from 12 per cent to 15 per cent)

In **Northern Ireland**, six per cent of employers used NI Business Information, in line with 2010.

A similar proportion of employers **in Scotland** used Business Gateway as used Business Link in England (13 per cent) and this also represented a decrease from 2010, although only a slight one (from 16 per cent). Among the larger employers, there was considerable growth in the proportion of employers who had had a Time to Train request in Scotland (from five per cent to 18 per cent).

Similar patterns were apparent **in Wales** with decreased use of Business Link (from 11 per cent to eight per cent) and a heightened incidence among larger employers of Time to Train requests (from seven per cent to sixteen per cent).

None of the other schemes which the survey explored across these countries was used by more than a very small percentage of employers.

### **Young growth businesses and people development**

Nearly all young growth businesses provide training for their staff (90 per cent, compared to 73 per cent overall). They were more likely than employers in general to source training through private commercial and not for profit organisations (50 per cent compared to 40 per cent).

There is a degree of openness in young growth businesses approach to training and workforce development: they were more likely to have sought or received advice or help on skills and training issues in general (42 per cent had done so, compared to 31 per cent overall), and specifically to have discussed these issues with other employers in their industry (10 per cent compared to six per cent).

## **Employer Perspectives on Vocational Qualifications**

Overall take up of vocational qualifications remains around the same level as it was at the time of the 2010 survey (28 per cent of all employers, equating to 38 per cent of those who provide any training). This figure was higher in Wales (29 per cent), England (28 per cent) and Scotland (26 per cent) than it was in Northern Ireland (22 per cent).

Establishments in the Non-Market Services sector were the most likely to offer vocational qualifications (56 per cent). This sector covers establishments in industries such as childcare and health and social work, where a certain level of vocational qualification may be a statutory requirement for many employees. Large establishments were more likely to offer vocational qualifications than smaller ones, indeed 72 per cent of establishments with 100 or more staff did so.

Whilst take-up levels have remained broadly the same, overall perceptions of vocational qualifications appear slightly more positive since the survey was run in 2010. There have been small increases among the proportion of establishments which offer vocational qualifications in the proportion who agree that VQs bring benefits to the business and to the employee, and are easy to work with. This suggests employers are finding vocational qualifications easier to work with since they have been reformed and that they are seeing better outcomes. This might be reflected in the increased proportion saying achievement of a vocational qualification by a member of staff 'always' leads to a pay increase (from 10 to 17 per cent) or to improved job status (from three to eight per cent).

The main barrier to employers offering vocational qualifications is the perception that employees do not want to do them. A lack of knowledge of what is available is another barrier. Elements to do with funding (too expensive, grants not available, cutbacks in training budget) were also commonly mentioned, as were perceptions that they are too bureaucratic, too complicated and take too long.

## **Employer Perspectives on Young People**

Most employers don't recruit young people aged between 16 and 24 but the main reason they are not doing so is because they are not recruiting at all rather than actively choosing not to. Amongst those that have recruited in the last 12 months, 62 per cent have recruited young people (27 per cent of all establishments).



Most commonly the recruits were 19-24 year olds (23 per cent of employers had taken on someone from this age group); just 10 per cent had taken on 16-18 year-olds, reflecting the relative number of young people leaving full-time education and entering the job market at different ages.

Amongst those active in the labour market in the last 12 months, the recruitment of young people was highest in the Trade, Accommodation and Transport sector at 71 per cent falling to between 55 and 59 per cent in all other sectors. This reflects the roles they are recruited to: 21 per cent of all employers recruiting young people reported that their most recent recruit was to a Sales and Customer Service role and 20 per cent to an Elementary occupation.

### **Young growth businesses and young people**

Young people seem to be quite important to the recruitment ambitions of young growth businesses: almost half of all young growth businesses had hired any young people (under 25 years old) in the last 12 months (47 per cent), compared to just over a quarter of all establishments overall (27 per cent).

Similar channels are being used to reach young people as anyone else. This means most employers found new recruits via light touch methods with the majority not paying for recruitment. Word of Mouth was again the most popular channel used by 26 per cent of employers who had recruited a young person in the last 12 months, followed by Jobcentre Plus at 15 per cent.

The most common reason for not recruiting a young person amongst employers who had recruited, but who had not recruited any young people was because no young people had applied. So again, not because they are choosing to actively avoid recruiting young people. However, many employers do have conflicting visions of the value of young people in the labour market, and this vision seems to polarise in line with direct experience; sometimes what one employer sees as a benefit another sees as a drawback. The main benefits reported by employers who have recruited young people were an ability to be moulded (32 per cent), their enthusiasm (30 per cent) and willingness to learn (20 per cent). This compares to the main barriers to recruiting young people, namely a lack experience (29 per cent), skills (23 per cent) or qualifications (15 per cent). Issues related to the attitude, motivation or personality were also a barrier for 18 per cent of employers who had recruited but in the last 12 months but not any young people. Only six per cent specified they needed someone older.

Those who recruited young people were more likely to train and to plan their training provision than either those that haven't recruited or those who have but not specifically young people. So whilst the survey does not have the ability to definitively say that young people receive sufficient training when they start a new job, it suggests that, on the whole, young people are joining the sorts of organisations that are more likely to invest in their skills. However, there are still nine per cent of establishments who had recruited a young person but who had not trained anyone in the previous year. These tended to be smaller (21 per cent of those with 2-4 staff who had taken on young people and not provided training) and/or in the Construction industry (14 per cent).

## **Employer Perspectives on Apprenticeships**

Only a minority of all UK establishments offer apprenticeships (15 per cent). Nine per cent had an apprentice at the time of interviewing and six per cent reported that they offer them, but did not have one currently.

Of those that were offering apprenticeships, the majority were offering formal Apprenticeships, i.e. those that follow a formal framework and lead to a nationally recognised qualification (13 per cent of all establishments; nine per cent have and five per cent offer but don't have currently). Eleven per cent of establishments offering apprenticeships were running their own private or 'informal' in-house schemes (two per cent of all establishments).

There was considerable variation in the types of employers that were offering formal Apprenticeships from around one-in-five employers in Non-Market services, Construction and Manufacturing to six per cent in the Primary sector. Larger establishments were much more likely than smaller establishments to be offering formal Apprenticeships, from eight per cent of establishments with 2-4 staff to almost half (46 per cent) of establishments with 100 or more staff.

The vast majority of employers with formal Apprenticeships report that these involve some form of training; only two per cent of establishments said they run formal Apprenticeship schemes that do not.

### **Young growth businesses and Apprenticeships**

Young growth businesses are particularly engaged with Apprenticeships. A quarter (24 per cent) offered formal Apprenticeships (compared to 13 per cent overall). And young growth businesses which did not offer Apprenticeships were more likely than other employers to say that they did not do so because they did not know enough about them (10 per cent compared to three per cent).

Around half of establishments offering formal Apprenticeships offered them only to new recruits (49 per cent), just under four-in-ten offered them to both new and existing staff (39 per cent) and just under one-in-ten offered them only to existing staff. Employers offering formal Apprenticeships only to existing staff were more prevalent in Trade, Accommodation and Transport sector (16 per cent), especially the larger establishments in that sector (32 per cent of large establishments in this sector compared to 13 per cent across all large establishments).

Approaching a third of those who offer formal Apprenticeships (31 per cent) offer Apprenticeships that take 12 months or less to complete, and five per cent offer Apprenticeships with a duration of six months or less. There is large variation by sector with eight per cent of employers in the Trade, Accommodation and Transport sector reporting a typical length of six months or less compared to no Manufacturing employers and only one per cent of Construction employers. There is also some variation in the duration of formal Apprenticeships by country, with employers offering formal Apprenticeships in Scotland and Northern Ireland much less likely to report shorter duration Apprenticeships and those in Scotland much more likely to report their formal Apprenticeship is more than three years (40 per cent compared to 13 per cent across all UK).

Most of those currently offering formal Apprenticeships agreed that they were a cost-effective way to train staff (88 per cent), although those offering Apprenticeships to the over 25s were less likely to strongly agree (48 per cent compared to 54 per cent that did not offer them to this age group) perhaps reflecting the availability of subsidy.

Awareness of agencies that can support Apprenticeships varies considerably, to some extent reflecting the varying roles of these agencies. Half of all employers in Scotland were aware of Skills Development Scotland while in England a quarter of employers (24 per cent) were aware of the National Apprenticeship Services. Awareness of more employer led organisations was lower, Group Training Associations for example being recognised by eight per cent of all UK employers. Usage was much lower across the board and for the examples given were six per cent for Skills Development Scotland, four per cent for National Apprenticeship Service and one per cent for Group Training Associations.

A quarter (24 per cent) of those not currently offering formal Apprenticeships expected to do so in the future with growth anticipated across all sectors. Whether this growth is realised will, to some extent, depend on over-coming barriers. For those who anticipate offering formal Apprenticeships in the future, what they claim to be stopping them now is that their staff are fully skilled (this raises questions about the perceived role of Apprenticeships among employers and about whether the level of demand for skills is ambitious enough), cost and the fact that they are not currently recruiting (all 16 per cent of those expecting to offer Apprenticeships in the future). For those not intending to offer Apprenticeships in the future, other common barriers included low awareness and knowledge and structural barriers such as lack of an Apprenticeship framework for their business/sector and concerns or suitability.

## **Employer Perspectives on Work Placements**

Overall just over a quarter (27 per cent) of establishments offered any type of paid or unpaid work experience placement or internship in the 12 months preceding the survey. Around a quarter (24 per cent) of establishments had offered placements to school, college or university students, seven per cent had offered work experience placements covering work trials for potential new recruits and placements targeting the unemployed and four per cent had offered internships.

Work placements for those at school are the type of work placement most commonly offered (18 per cent of all establishments).

Again there was considerable variation in those offering placements by size and sector. Establishments in the Non-Market Services sector were most likely to have offered any type of placement (51 per cent), and larger employers were much more likely to have done so than smaller: two-thirds of those with over 100 employees (67 per cent) had offered some kind of work placement in the previous 12 months compared to 27 per cent of all employers.

Employers offering work placements were most likely to be motivated by social responsibility and altruism such as wanting to give people the opportunity to gain experience and to support disadvantaged people. A fifth reported that it did also help with recruitment.

The most commonly cited reasons for not offering such opportunities among the 73 per cent of employers that had not done so were that they did not have any suitable roles as well as concerns over the time and resource it would take to administer.

Just under one-in-ten of all establishments had offered a work placement which had resulted in long-term or permanent employment for the individual involved (nine per cent); this represents about a third (32 per cent) of those who had offered any form of work placement.

## **Conclusions**

The UKCEPS series provides valuable evidence on the interface between employers and the recruitment and skills systems, and on how they go about meeting their skills needs. The survey presents evidence of a continuing lack of alignment between the private and public skills and recruitment markets, raising questions concerning the efficiency of public and private investment in people development. That employers invest significantly in training provides a challenge to training providers to ensure the delivery and organisation of training yields the greatest value.

The survey also points to areas for optimism in these challenging economic times:

- There are perhaps unexpected signs of business confidence amongst private sector employers: almost half of establishments (47 per cent) expect their business to grow in the coming year, and there is also greater confidence among younger businesses than older ones (71 per cent of those who had been in business for fewer than three years).
- Young growing business are more likely to train, offer Apprenticeships and recruit young people than all establishments and are as willing to develop new staff: perhaps more so than would be expected of young businesses. These businesses were started during the recession and suggest a positive and dynamic outlook.
- There has been qualitative improvement in satisfaction with vocational qualifications amongst those employers that offer them. This suggests that there is scope to encourage and widen uptake, but also a need to maintain a focus on relevance and quality to a wider group of employers.

- Almost a quarter of those who don't currently offer Apprenticeships expect to in the coming two to three years.
- Employers are open to the recruitment of, or providing opportunities to, young people. Just over a quarter of all establishments, or 62 per cent of those who had recruited, had recruited a young person in the previous 12 months. A quarter of all establishments had offered a placement to school, college or university students.

The report provides the first analysis of the survey data and there is more that can be explored to inform policy and practice across a range of employment and skills areas.

Executive Summaries present the key findings of the research produced by the UK Commission for Employment and Skills. More detailed analytical results are presented in Evidence Reports.

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