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UK Commission's Employer Skills Survey 2011: Scotland Results

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UK Commission's Employer Skills Survey 2011: Scotland Results

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Foreword

Paul McKelvie

Paul McKelvie is a Commissioner of the UK Commission for Employment and Skills. He has held senior positions within the private sector since serving as Director of ScottishPower Learning and Corporate Responsibility between 2000 and 2007. He is a board member of both Skills Development Scotland and the Scottish Funding Council.



Achieving economic growth is a significant challenge facing governments across the globe. Businesses, key to this achievement, continue to face the impacts of the global economic climate, technological advancements, funding challenges, and the squeeze on consumption as business and domestic customers continue to tighten their belts.

The ability of businesses to adapt, respond and even thrive in such challenging times relies upon developing and harnessing the talents and skills of their people. There is a significant body of evidence pointing to the value of skills and training investment to individuals, businesses and the economy. For example, individuals with qualifications are more likely to be in employment and to earn more than those without; businesses that don't train are twice as likely to close down as those that do; and skills contributed to 20 per cent of the productivity gap between the UK and Germany in the early part of this century. The stock of skills in the UK is not keeping up with international competitors and some of our businesses do not adopt strategies which require, use and apply skills.

As a Commissioner at the UK Commission for Employment and Skills, I recognise that understanding these issues within economic and labour market contexts can help us collectively anticipate skill needs, identify the best means of addressing them, monitor trends and benchmark and shape the supply of, and demand for, skills from business and individuals.

The UK Commission's Employer Skills Survey provides a vital piece in the evidence jigsaw, from the all-important perspective of employers, and for the first time, we can compare this experience of employers across the UK, as well as comparing the results to earlier Scottish Employer Skills Surveys.

This report provides analysis of the skills businesses in Scotland need; the pressures they face in effectively managing their businesses and accessing or developing those skills; how they respond to such difficulties; the extent to which they train and why some of them don't. The evidence that this report provides is useful for policy makers, businesses and those involved in the design and delivery of education and skills programmes, and we are grateful to the 2,500 businesses in Scotland who participated in the research.

Training levels in Scotland are above those in the rest of the UK but some businesses in Scotland report skills deficiencies. Whilst those skills deficiencies are not large in number, they tend to be concentrated in specific sectors and geographies where they can have a significant impact on the business, through loss of business or increased workload of other staff. Indeed, the latter may impact on staff turnover and reflect the persistence of skills gaps in certain occupations, caused by staff being new in role. Thus the survey raises challenges for businesses, individuals, government, training providers and other partners about how to tackle the qualitative issues raised in the survey to ensure Scotland's prosperity is not held back in any way by a shortage of skills or by an inefficient use of skills in the workplace.

We hope you find this report informative. We are also keen to get feedback on how we could make our research even more relevant. If you have any feedback or queries, or would like to know more about the Commission's other research, please e-mail info@ukces.org.uk, quoting the report title.

Acknowledgements

Many individuals and organisations have been involved in the design and execution of the UK Commission's Employer Skills Survey 2011 and the Scotland Results. Particular thanks are given to the 2,500 businesses in Scotland who gave their time to speak to us. As the lead contractor, we have been supported by the research agencies who conducted much of the fieldwork: BMG Research and Ipsos MORI.

The project was sponsored by the four UK governments who came together to ensure the delivery of this first UK employer skills survey was possible. A steering group was established to guide the direction of the project.

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Special thanks are due to the UK Commission project managers throughout the course of the survey, Dr Susannah Constable and Simon Fathers.

Jan Shury

Joint Managing Director, IFF Research Ltd.

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Glossary

This glossary gives a short guide to the key terms used in this report:

Employment	The overall number of people employed
Establishment <i>(also referred to as workplace, business, employer, site)</i>	A single location of an organisation with people working at it.
Vacancy density	The number of vacancies as a proportion of all employment.
Hard-to-fill vacancies	Vacancies which are proving difficult to fill, as defined by the establishment (from question: "Are any of these vacancies proving hard to fill?").
Hard-to-fill vacancy density	The number of hard-to-fill vacancies as a proportion of all vacancies.
Skill-shortage vacancies (SSVs)	Vacancies which are proving difficult to fill due to the establishment not being able to find applicants with the appropriate skills, qualifications or experience.
Skill-shortage vacancy density	The number of skill-shortage vacancies as a proportion of all vacancies
Skills gaps	A "skills gap" is where an employee is not fully proficient, i.e. is not able to do their job to the required level. See Appendix A.
Sector	For definitions of the different sector groupings used in this report please refer to Appendix C.
Occupations	For definitions of the occupational groups used in this report please refer to Appendix D.

Executive Summary

The UK Commission's Employer Skills Survey 2011¹ is the key UK data source on employer demand for and investment in skills. This report focuses on the findings from the 2,500 interviews in Scotland which covered topics such as skill related recruitment difficulties, skills gaps, employer investment in training, product market strategy and the work-readiness of education leavers. Results are presented where possible by size and by sector.

Work-readiness of those leaving education

In the last two to three years **27 per cent** of establishments have recruited a leaver of Scottish education. Establishments that had recruited education leavers generally found them well prepared for work; this perceived level of work-readiness increases with the amount of time recruits have spent in education with those recruited from university best prepared.

Among those who felt education leavers were poorly prepared, a lack of working life experience or maturity was the most commonly cited reason.

Recruitment and skill shortages

At the time of fieldwork (March to July 2011) **13 per cent** of establishments had a total of **45,800** vacancies between them. This is consistent with the level seen in the 2010 Scottish Employer Skills Survey.

The labour market is largely able to meet the requirements of most establishments. **Four per cent** had a vacancy they considered to be 'hard-to-fill'; a total of **10,200** hard-to-fill vacancies equivalent to **22 per cent** of all vacancies.

Three per cent of establishments had a skill-shortage vacancy - that is a vacancy that was hard-to-fill because candidates lacked the skills, qualifications or experience the employer was looking for. Skill shortages represented **17 per cent** of all vacancies. Almost all establishments experiencing hard-to-fill vacancies reported that it had some impact on their establishment, most commonly on the workload of their staff but also on their ability to develop new offerings and meet their current objectives.

¹ The "Scottish Employer Skills Survey" series has been running in Scotland on an approximately biennial basis from 2002 to 2010. This report uses the surveys from 2006 onwards for time series comparison.

Internal Skills Mismatch

Most establishments reported that their entire workforce was fully proficient at doing their job. However **17 per cent** reported at least one of their staff was not fully proficient, that is, they had a “skills gap”; this amounted to **122,400** employees or **five per cent** of the workforce as a whole.

Skills gaps are most commonly caused by transient factors such as staff being new to the role and training not being fully completed. For this reason they can be an inevitable part of bringing in new staff and developing new products, however they can become an issue when they start to impact on the establishment. Half of employers with skills gaps reported the workload of other staff members was impacted, and a quarter said they experienced increased operating costs and delays introducing new working practices.

Employer Investment in Training and Workforce Development

Encouragingly **71 per cent** of employers had provided either on- or off-the-job training to at least one member of staff in the 12 months preceding the survey. A further **18 per cent** had given staff other more informal development such as shadowing those in higher positions or allowing them to go beyond their current job role to develop.

In total **1.4 million staff**, or **61 per cent** of the workforce, had received some training in the 12 months preceding the survey. Staff in Scotland overall had received an average of **4.2** days training each. This however means that **39 per cent** of staff are not receiving training, most commonly in Sales and Customer Services or Elementary occupations.

1 Introduction

The UK Commission's Employer Skills Survey 2011 is the key UK data source on employer demand for and investment in skills. It is the first UK-wide employer skills survey and is also one of the largest employer skills surveys undertaken in the world with over 87,500 achieved interviews among large and small businesses in every sector.

The full UK report is published on the UKCES website.² This report, however, focuses on the findings from the interviews in Scotland in 2011 which enable time series comparisons with the earlier Scottish Employer Skills Surveys (SESS), carried out in Scotland from 2006 to 2010.³

The statistics contained in this report have been constructed on a consistent basis to be comparable with the population of establishments in Scotland surveyed in the previous SESS surveys from 2006 to 2010. The population previously surveyed varies slightly across the different nation states that comprise the UK and, therefore, the results contained in the present report are **not directly comparable** with those contained in the UK reports or those of the other individual nations.⁴

1.1 Methodological overview

The UK Commission's Employer Skills Survey 2011 was a telephone-based survey. It was conducted in three parts: a core population survey of UK workplaces, and two (smaller) follow-up surveys of workplaces which had provided training for some of their employees in the 12 months preceding the survey, one looking at employers' investment in training ("Investment in Training Survey"), the other at whether employers that had trained their staff would have liked to have provided more workforce development ("Skills Equilibrium Survey").⁵

Below we briefly summarise the key features of the methodology adopted for the core survey. Further details can be found in Appendix B and the separate technical report.

² <http://www.ukces.org.uk/publications/employer-skills-survey-2011>

³ The "Scottish Employer Skills Survey" series ran in Scotland on an approximately biennial basis from 2002 to 2010. This report uses the surveys from 2006 onwards for time series comparison. Most recent report: 'Skills in Scotland' <http://www.scotland.gov.uk/Publications/2011/03/07124359/0>

⁴ The UK report and the four nation data analysed within it are based on all establishments with at least one employee excluding working proprietors, while the individual nation reports are based on sample which allows time series comparability. This Scotland report is sampled from the population of all establishments with 1 or more employees, excluding those who owned any part of the organisation, in common with the Northern Ireland report; the England and Wales reports by contrast cover all establishments with at least 2 people working there regardless of whether they own all or part of the organisation.

⁵ Results from the Investment in Training and Skills Equilibrium Surveys can be found in the UK Report and are not discussed here.

1.1.1 Sampling

The sample analysed for Scotland in this report comprises establishments (i.e. individual sites of an organisation) where at least one person is employed. It encompasses establishments across the full geographical spread of Scotland, in all sectors of the economy (across the commercial, public and charitable spheres). It should be noted that the presence of establishments from multi-site organisations in the survey means that in some instances interviews will have been completed with more than one site of the same organisation.

A stratified random approach was taken to sampling the core UK survey, using population statistics from ONS's Inter-Departmental Business Register (IDBR), and setting quotas for establishment size crossed by sector. All of the employers interviewed for the follow-up surveys had previously been interviewed as part of the core survey (and had given their permission to be contacted for further research).

1.1.2 Questionnaire

The core survey questionnaire was designed in several stages, with the co-operation of the four constituent nations of the UK. There were considerable pressures on the questionnaire both in terms of balancing the need for consistency across the UK with the need for continuity with legacy questionnaires; and also in terms of the drive to cover a wide range of issues without over-burdening employers and creating a lengthy questionnaire. The questionnaire was extensively piloted in May 2010 and again in February 2011, an exercise which included 10 follow-up cognitive interviews.

1.1.3 Fieldwork

Fieldwork for the core UK survey was undertaken between March and July 2011, involving interviews averaging around 24 minutes in length.

Table 1.1 illustrates the difference in sample size when the establishments with no employees are excluded to give the establishments on which the data in this report is based. The response rate for Scotland in the core survey was 39%.

Table 1.1 Sample size and response rates

	Total interviews	Interviews in comparable population	Response rate
Core survey	2,503	2,453	39%

1.1.4 Data weighting

Findings from the core survey for this report have been weighted and grossed up to reflect the total population of establishments in Scotland with at least one person employed there. The weighting was designed and undertaken within Scotland on an interlocking size and sector basis.

1.2 Comparability with previous surveys

It should be noted that the sample size for Scotland in 2011 is considerably smaller than the sample size used in previous SESS surveys (which tended to be around 6,000 interviews). This means that whilst the data for Scotland as a whole is robust, there are limitations on the sub-group analysis that can be conducted. As such, sub-group time series analyses are largely excluded from this report and it is recommended that such comparisons are treated with caution. Where differences are mentioned they are on sufficiently large base sizes to be robust, however some sectors and sizebands will be excluded from this analysis due to small base sizes.

The survey questionnaire was designed to allow as much time series analysis as possible across the four nations, however inevitably some compromise was needed by each nation to allow for this. As a result, questions in the survey relating to on- and off-the-job training were asked in a different way in SESS to in UKCESS 2011.

In SESS10 whether the establishments has trained or not is asked as one question; in UKCESS 2011 it is asked as two separate questions, once for off-the-job training and once for on-the-job. The act of asking it as two questions may lead to more "yes" responses than when it is asked as one, therefore caution must be exercised when comparing the two surveys to account for this difference.

1.3 Reporting conventions

The survey was carried out at an establishment level; the terms "establishment", "employer", "workplace" and "business unit" are used for this interchangeably throughout this report to avoid excessive repetition and to aid reading.

The scale and scope of data collected by the UK Commission's Employer Skills Survey 2011 means that it is a valuable research resource supporting detailed and complex statistical analysis of the inter-relationships between employer characteristics, and their practices and experiences. The findings presented in this report have been produced through a more descriptive exploration of the data. The large base sizes on which the all-Scotland findings are based mean that we can have a good degree of confidence in the patterns that we describe; however as mentioned above subgroup analysis is limited due to smaller sample sizes and this document should not be read as a statistical report. A table showing confidence intervals is shown in Appendix E to give some indicative guidance as to what can be considered a "significant" difference at sub-group level. Throughout the report unweighted base figures are shown on tables and charts to give an indication of the statistical reliability of the figures. These figures are always based on the number of *establishments* answering a question, as this is the information required to determine statistical reliability. Therefore, where percentages are based on "all vacancies", the base figure quoted is the number of establishments with vacancies.

As a general convention throughout the report, figures with a base size of fewer than 50 establishments are not reported (with a double asterisk, "**", displayed instead), and figures with a base size of 50 to 99 are italicised with a note of caution.

In tables, "zero" is denoted as a dash "-" and an asterisk "*" is used if the figure is larger than zero but smaller than 0.5.

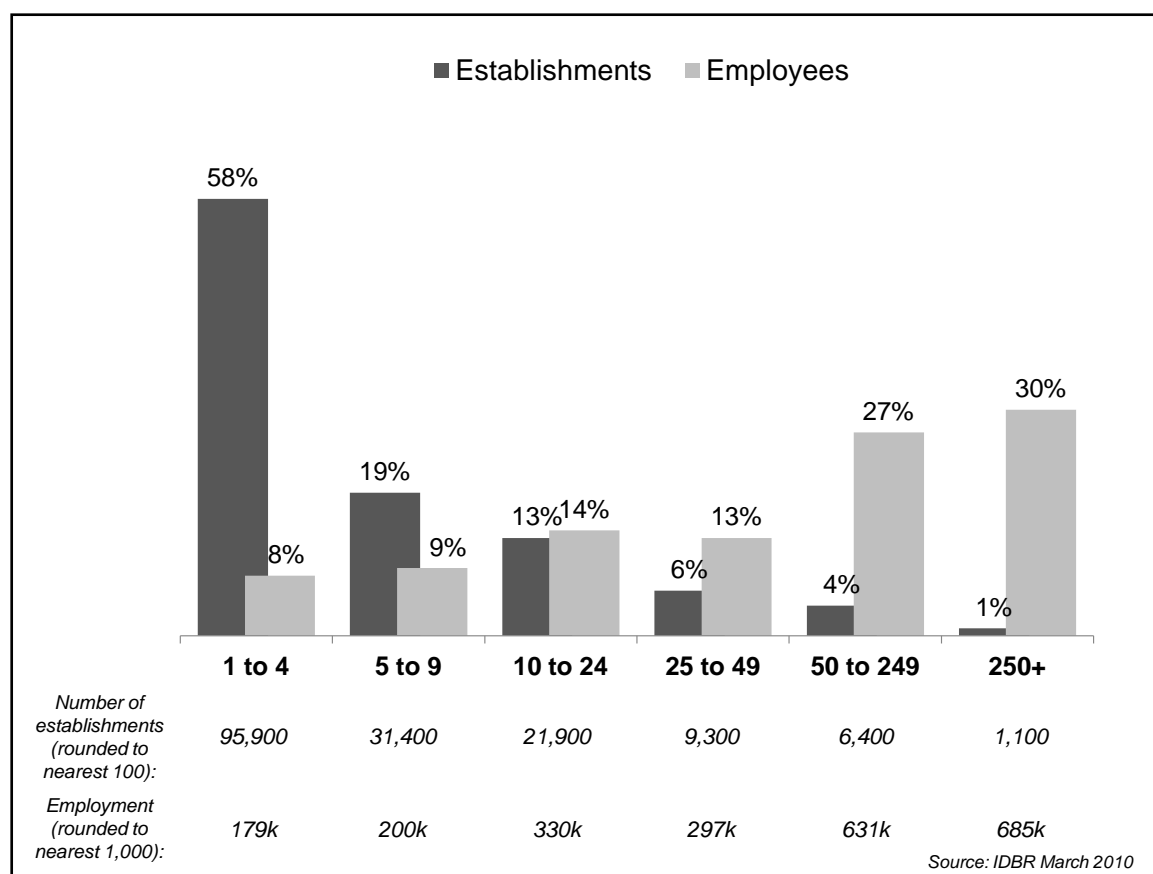
2 Nature of establishments in Scotland

In order to give some context to the findings that are presented in this report, and to facilitate understanding of the differences in employers' experiences and practices, this section describes some of the key characteristics of the employer population in Scotland in terms of their size and sector distribution.

2.1 Size

IDBR⁶ data shows us that the majority of establishments (58 per cent) were small, employing fewer than five people. Sites employing 50 or more staff represent only five per cent of all establishments but account for the majority (57 per cent) of overall employment (see Figure 2.1).

Figure 2.1 Size distribution of establishments and employees



This picture is consistent with that seen in the previous Scottish Employer Skills Survey (SESS) in 2010 in terms of the number of establishments, and there is minimal variation in the distribution by size in the period since 2006.

⁶ Inter-Departmental Business Register <http://www.ons.gov.uk/ons/about-ons/who-we-are/services/idbr/about-the-idbr/index.html>

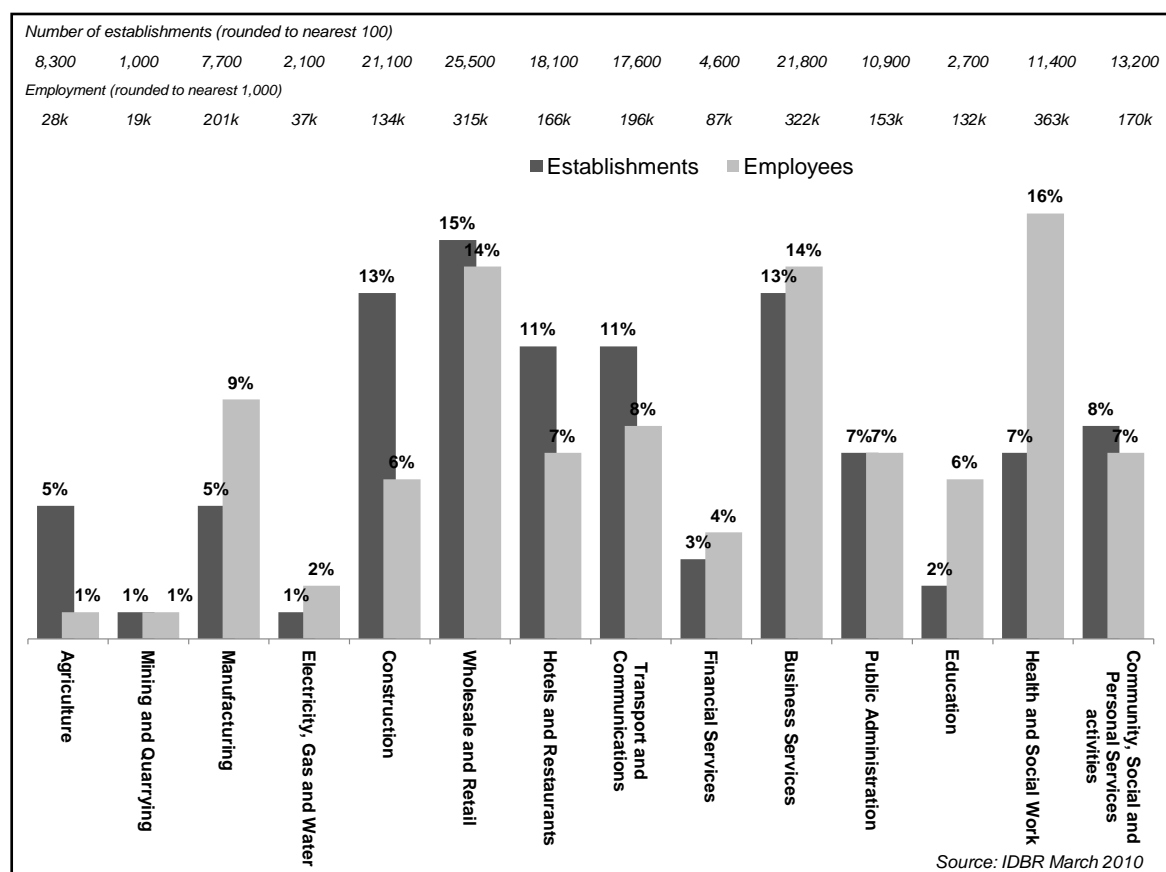
2.2 Sector

Sectoral analysis in this report is based on a 14 sector split, based on the establishment's Standard Industrial Classification (SIC) code.⁷

IDBR statistics show that Health and Social Work is the sector employing the highest proportion of workers (16 per cent) and that there is a higher concentration of both establishments and workers in the Wholesale and Retail (15 per cent and 14 per cent respectively) and Real Estate Renting and Business Activities (13 per cent and 14 per cent respectively) sectors. A similar proportion of establishments are also to be found within the Construction industry (13 per cent).

Commentary on the sectoral distribution concentrates only on the 2011 picture as the previous 2006, 2008 and 2010 SESS surveys used Sector Skills Council classification for sectoral breakdowns (as opposed to SIC codes) thus time series comparison is not possible.

Figure 2.2 Sectoral distribution of establishments and employment



⁷ Full details of the SIC codes associated with each sector are presented in Appendix C to this report.

The differences seen in Figure 2.2 in the proportion of employers and employment in some sectors is a product of the typical size of establishment in these sectors. Sectors such as Health and Social Work and Manufacturing have a higher concentration of large establishments, hence their share of employment is far higher than their share of establishments. Conversely the Construction, Hotels and Restaurants and Transport and Communications sectors are characterised by smaller establishments, hence the opposite is true. Table 2.1 shows the size profile for each sector.

Table 2.1 Sector Size profiles

		1-4	5-9	10-24	25-49	50-249	250+
<i>Row %</i>							
Scotland	%	58	19	13	6	4	1
Agriculture	%	82	15	3	*	*	*
Mining and Quarrying	%	36	28	26	4	4	2
Manufacturing	%	44	16	13	15	9	2
Electricity, Gas and Water	%	71	13	6	4	5	1
Construction	%	77	11	8	2	1	*
Wholesale and Retail	%	47	28	16	5	3	1
Hotels and Restaurants	%	51	26	15	6	2	*
Transport and Communications	%	68	13	11	5	3	*
Financial Services	%	56	24	14	4	1	2
Business Services	%	57	12	15	10	5	*
Public Administration	%	65	13	13	3	4	1
Education	%	22	18	28	12	17	2
Health and Social Work	%	27	32	22	8	9	1
Community, Social and Personal Services activities	%	64	20	10	2	3	1

Source: IDBR March 2010

“*” denotes figure larger than zero but smaller than 0.5.

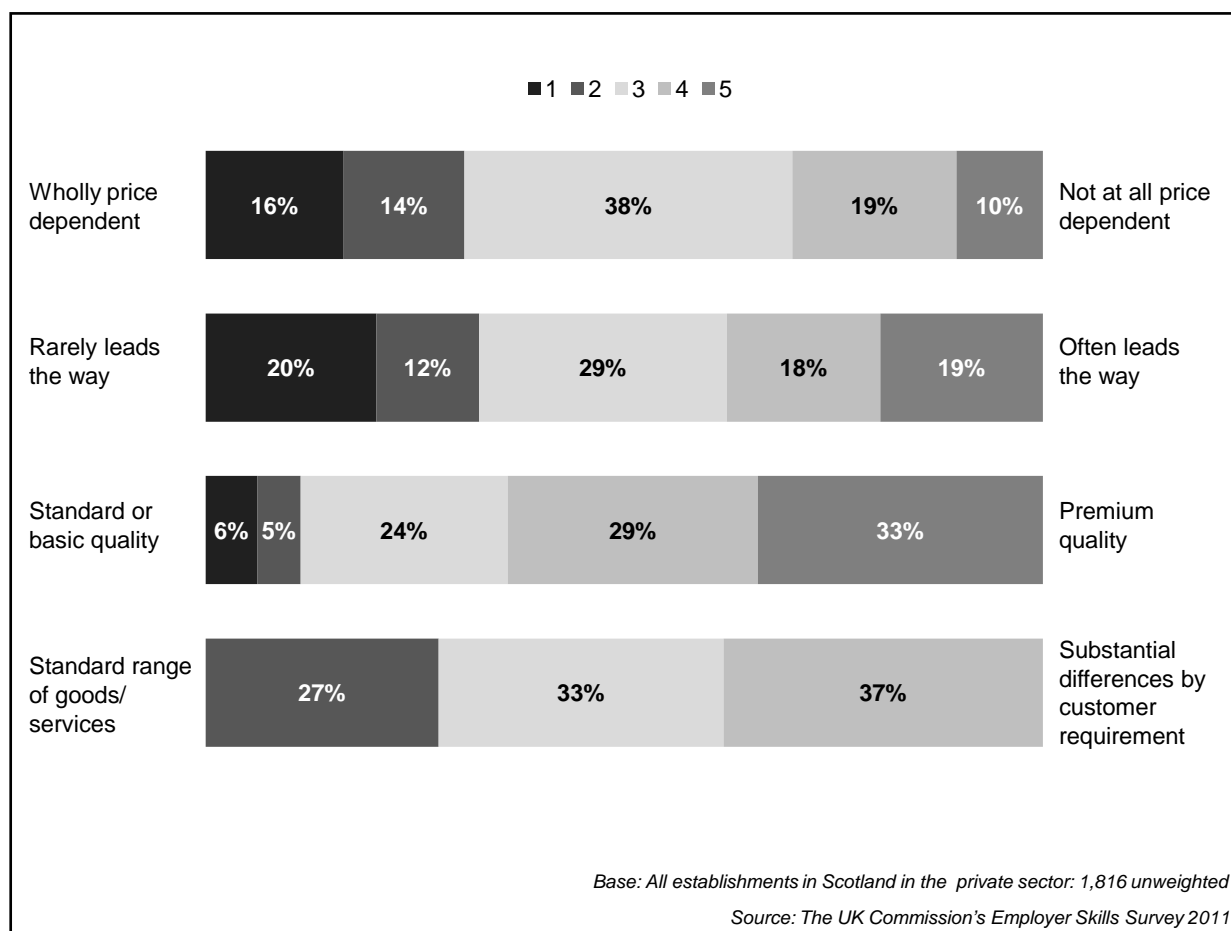
2.3 Product market strategy

In order to enable further exploration of business strategy, the UK Commission's Employer Skills Survey 2011 included a series of questions designed to locate establishments' product market strategies (PMS). Private sector employers were asked to rate their establishments on a scale of one to five, compared to others in their industry, in terms of:

- the extent to which success of products/services was dependent on price;
- the extent to which they perceive their establishment to lead the way in their sector in terms of developing new products, services or techniques;
- whether they compete in a market for standard/basic or premium quality products or services;
- and whether they offered a standard range of goods or services, or customised products/services with substantial differences according to customer requirements.

Figure 2.3 (on the next page) shows overall responses to each of these individual position statements. This shows, for example, that establishments are positioned fairly evenly, with a concentration in the mid-range on price dependency. Establishments are also much more likely to report competing in a premium quality market than a standard or basic market.

Figure 2.3 Product Market Strategy positions



3 Work-readiness of education leavers

Chapter Summary

- In the last two to three years 27 per cent of establishments have recruited a leaver of Scottish education. This is similar to proportions seen in 2010, however recruitment of those from FE College and University has seen a slight decrease.
- As in previous surveys, establishments that had recruited education leavers generally found them well prepared for work; this perceived level of work-readiness increases with the amount of time recruits have spent in education with those recruited from university best prepared.
- Among those who felt education leavers were poorly prepared, a lack of working world/life experience or maturity was the most commonly cited reason.

3.1 Introduction

Before considering recruitment activity and skills levels more broadly (in Chapters Four and Five), this chapter looks at the recruitment and skill levels of education leavers. More specifically, it looks at the proportion of employers that have recruited anybody into their first job on leaving education in the past two to three years, before then exploring employers' perceptions of these recruits in terms of their readiness for work and their skills.

Employers in Scotland were asked about three groups of leavers: those recruited straight from a Scottish secondary school, a Scottish FE College and a Scottish university.

3.2 Incidence of recruitment of school, college and university leavers

In the two to three years preceding the survey 27 per cent had recruited at least one leaver from Scottish education to their first job, most commonly from a Scottish secondary school: 18 per cent had recruited a school leaver compared to nine per cent recruiting from Scottish FE Colleges and from Scottish universities. For the latter two this is slightly down on the proportions seen in 2010 (see Table 3.1 on page 13).

Table 3.1 Recruitment of leavers from Scottish education

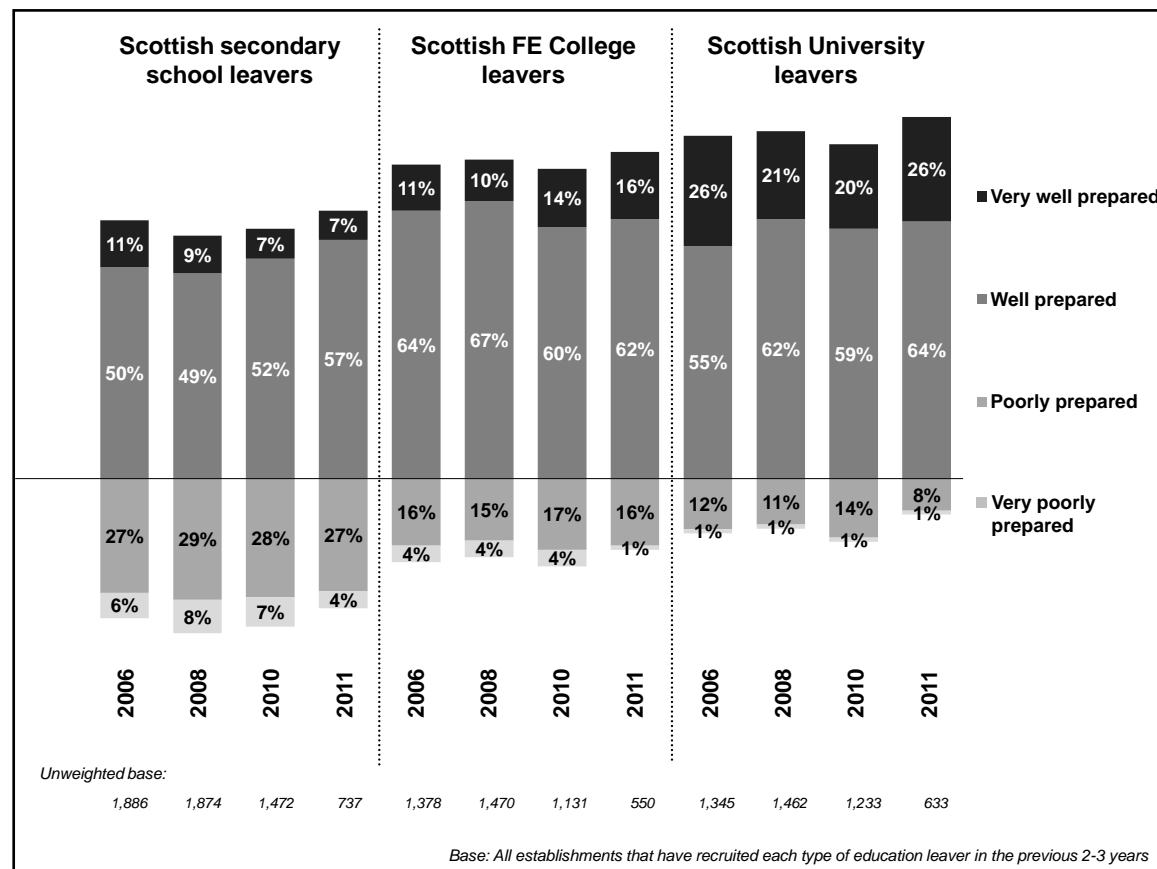
	2006	2008	2010	2011
<i>Unweighted Base</i>	6,276	6,274	6,001	2,453
<i>Column %</i>	%	%	%	%
Any	30	31	29	27
From a Scottish secondary school	17	18	17	18
From a Scottish FE College	12	13	12	9
From a Scottish university	15	14	13	9

Base: All establishments

3.3 Perceived work-readiness of education leavers

Most establishments recruiting leavers from Scottish education find them to be well prepared for work, and this perceived level of work-readiness increases with the amount of time spent in education. Figure 3.1 shows that this has been fairly consistent over time, and that among secondary school leavers there has been a slight upward trend over the last three surveys towards being more prepared.

Figure 3.1 Perceived work-readiness of education leavers in the last 2-3 years



3.4 Skills and attributes lacking among education leavers

Those employers in Scotland who reported that the education leavers they had recruited were poorly prepared for work were asked to indicate what skills or attributes they were lacking.

A lack of working world or life experience or maturity was the most commonly cited reason for school leavers not being well prepared, cited by 18 per cent of all those who had recruited from this group. Poor attitude or personality or a lack of motivation was also commonly cited among those recruiting school leavers (13 per cent); poor education (six per cent) and poor literacy or numeracy (one per cent) were less commonly mentioned.

A lack of required skills or competencies was the most common reason for FE College leavers (12 per cent, although the base size here is low and thus the figures should be viewed with caution). The base size for those recruiting from Scottish Universities is too low to report robust data on reasons for being poorly prepared.

3.5 Conclusions

Employers who have recruited new staff directly from the Scottish education system in the past two to three years have generally found them well prepared for work. This perceived preparedness increases with the time spent in education, with university leavers seen as better prepared than school leavers.

The small minority of employers who find education leavers poorly prepared for work most commonly cite 'lack of experience' as the main reason for this. In contrast, poor literacy and numeracy is very rarely cited as a cause of an education leaver's unpreparedness.

4 Employers, recruitment and skills shortages

Chapter Summary

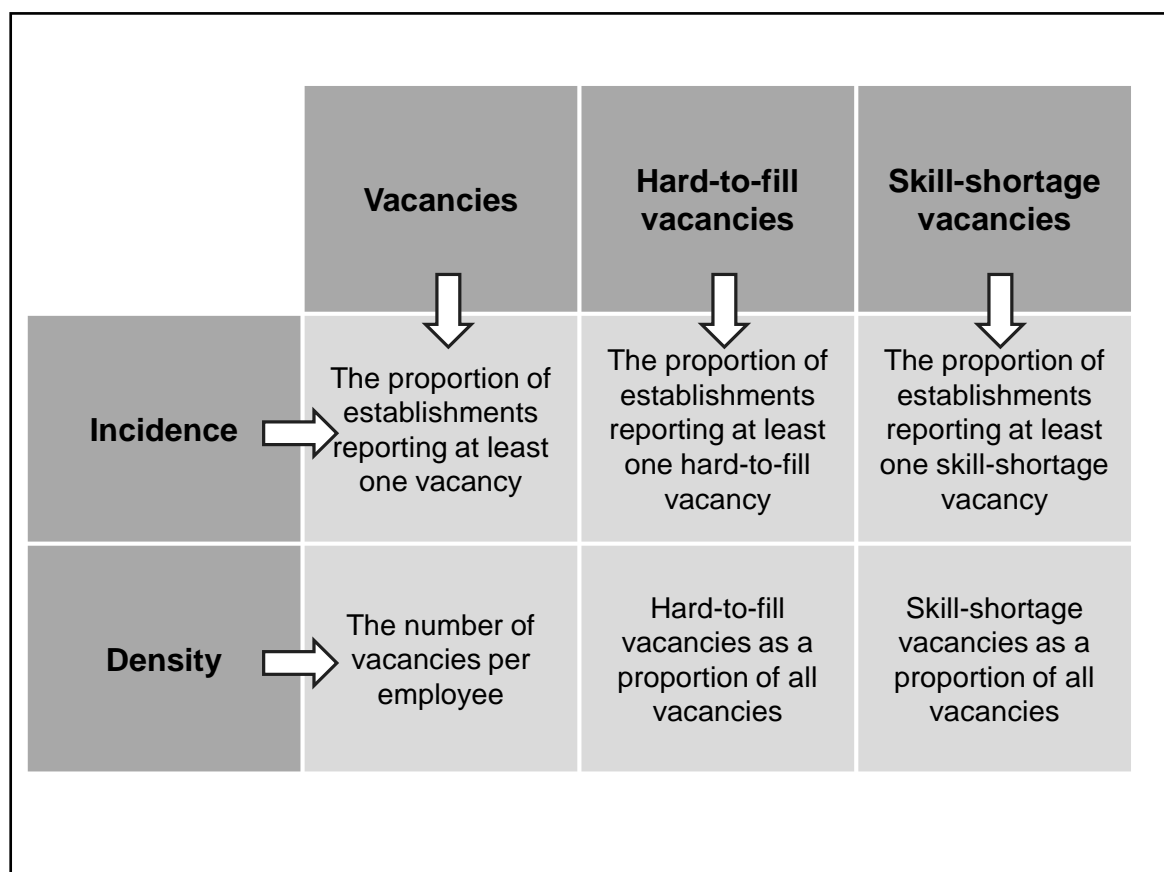
- Overall 13 per cent of establishments in Scotland had a current vacancy at the time of the 2011 fieldwork, consistent with the level recorded at the 2010 Scottish Employer Skills Survey.
- The number of establishments experiencing hard-to-fill vacancies decreased from five per cent in 2010 to four per cent in 2011; there was also a marked drop in the proportion of all vacancies that are hard-to-fill from 35 per cent to 22 per cent, continuing a trend seen since 2006.
- Despite the fall in hard-to-fill vacancies the proportion of establishments with skill-shortage vacancies and the proportion of vacancies that are classed as skill-shortage vacancies has remained consistent with 2010 levels suggesting that the drop in hard-to-fill vacancies is not due to an increase in the skills level, qualifications or experience of applicants.
- Hard-to-fill and skill-shortage vacancies are more prevalent among larger establishments, and the increase in skill-shortage vacancies since 2010 was most marked among establishments with a workforce of 25 or more.

4.1 Introduction

This chapter looks at the demand for and availability of new staff. Specifically it explores current vacancies across Scotland at the time of research; the ability of the market to meet employer demand for new staff and the level of hard-to-fill vacancies; causes of recruitment difficulties focusing particularly on those vacancies that are hard-to-fill specifically as a result of a lack of skills, qualifications or experience (skill-shortage vacancies); and the impact of hard-to-fill vacancies on establishments experiencing them.

The measures covered by this chapter are summarised in Figure 4.1 on page 16.

Figure 4.1 Summary of vacancy measures

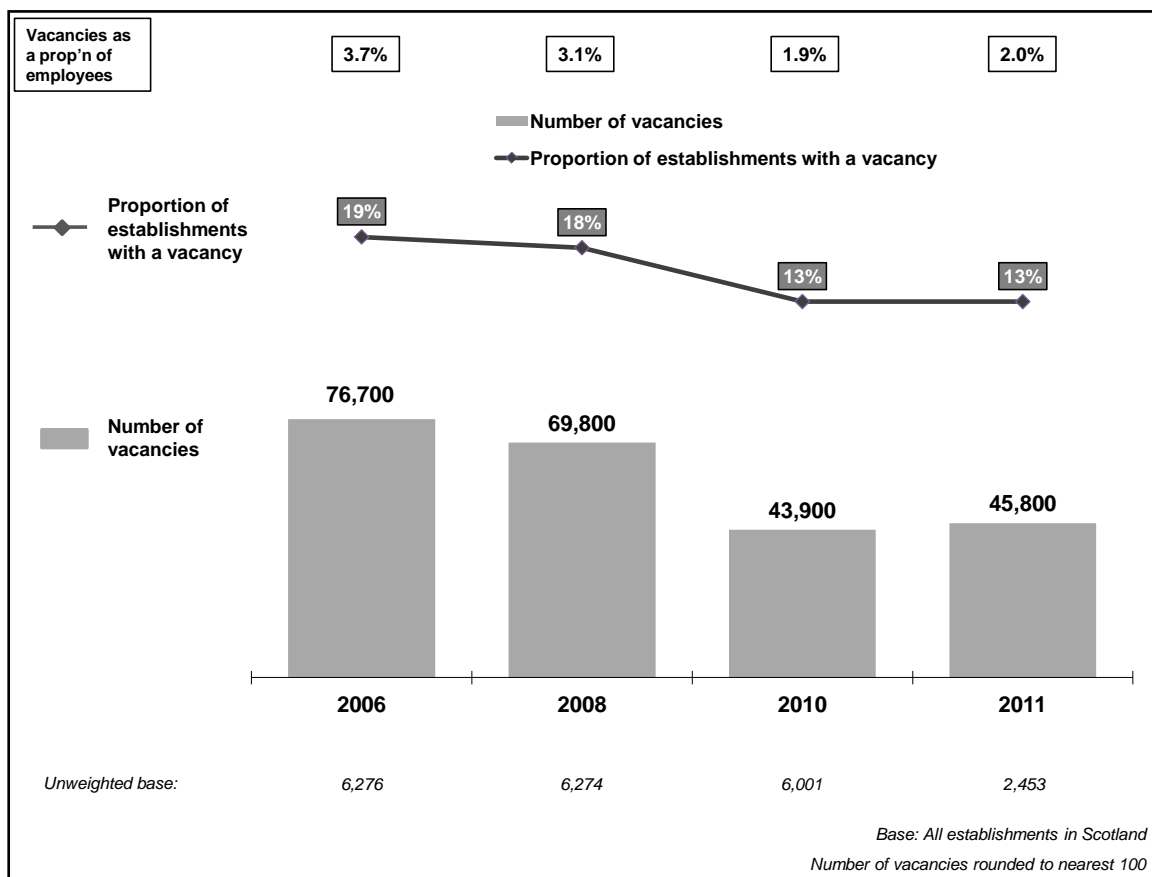


4.2 What is the level of demand for new staff?

Overall, around one in eight establishments (13 per cent) in Scotland had a current vacancy at the time of the UK Commission's Employer Skills Survey fieldwork. Whilst this marks a decrease from the level recorded in the 2006 and 2008 Scottish Employers Skills Surveys it remains consistent with that recorded in the 2010 SESS survey.

In total there were 45,800 vacancies across Scotland at the time of the survey equating to two vacancies per employee (Figure 4.2 on page 17).

Figure 4.2 Incidence, volume and density of vacancies: time series overall



“Vacancies as a proportion of employees” percentages are based on all employees, rather than all establishments; figures therefore show the number of vacancies as a proportion of all employment.

There is however some variation in the proportion of establishments with a vacancy by size and sector. Larger establishments were more likely to have a vacancy, however vacancy density (that is, vacancies as a proportion of current staff) was highest for the very smallest establishments. Education and Community, Social and Personal Services were the sectors where establishments were most likely to have a vacancy at the time of the survey; the latter of these also had a higher than average vacancy density measure with 2.7 vacancies per employee (see Table 4.1 on page 18). Comparing this to the findings of the 2010 survey suggests that the Business Services and Health and Social Work sectors, and to a lesser extent Construction, have seen a fall in vacancy levels.

Table 4.1 Incidence, volume and density of vacancies: 2011

	<i>Unwtd base</i>	% of establishments with a vacancy	Number of vacancies	Vacancy density
		%	Rounded to nearest 100	%
Total	<i>2,453</i>	13	45,800	2.0
Size				
1-4	<i>328</i>	8	7,800	4.3
5-9	<i>317</i>	11	4,100	2.0
10-24	<i>537</i>	19	6,400	1.9
25-49	<i>388</i>	38	7,000	2.4
50-249	<i>727</i>	46	12,400	2.0
250+	<i>156</i>	56	8,100	1.2
Sector				
Agriculture	<i>85</i>	13	<i>1,400</i>	<i>4.9</i>
Mining and Quarrying	<i>24</i>	**	**	**
Manufacturing	<i>176</i>	18	2,900	1.4
Electricity, Gas and Water	<i>79</i>	7	<i>600</i>	1.6
Construction	<i>223</i>	8	2,700	2.0
Wholesale and Retail	<i>311</i>	13	6,000	1.9
Hotels and Restaurants	<i>218</i>	15	5,600	3.3
Transport and Communications	<i>221</i>	14	4,800	2.5
Financial Services	<i>83</i>	9	<i>2,000</i>	2.2
Business Services	<i>338</i>	10	6,100	1.9
Public Administration	<i>136</i>	11	2,600	1.7
Education	<i>164</i>	26	1,900	1.5
Health and Social Work	<i>208</i>	15	3,500	1.0
Community, Social and Personal Services activities	<i>187</i>	24	4,500	2.7

Base: All establishments in Scotland.

Percentages in Column 3 are based on all employment, percentages therefore represent the number of vacancies as a proportion of all employment.

Number of vacancies rounded to nearest 100.

**** denotes base size <25: too small to report. Figures in italics denote base size <100: treat figures with caution*

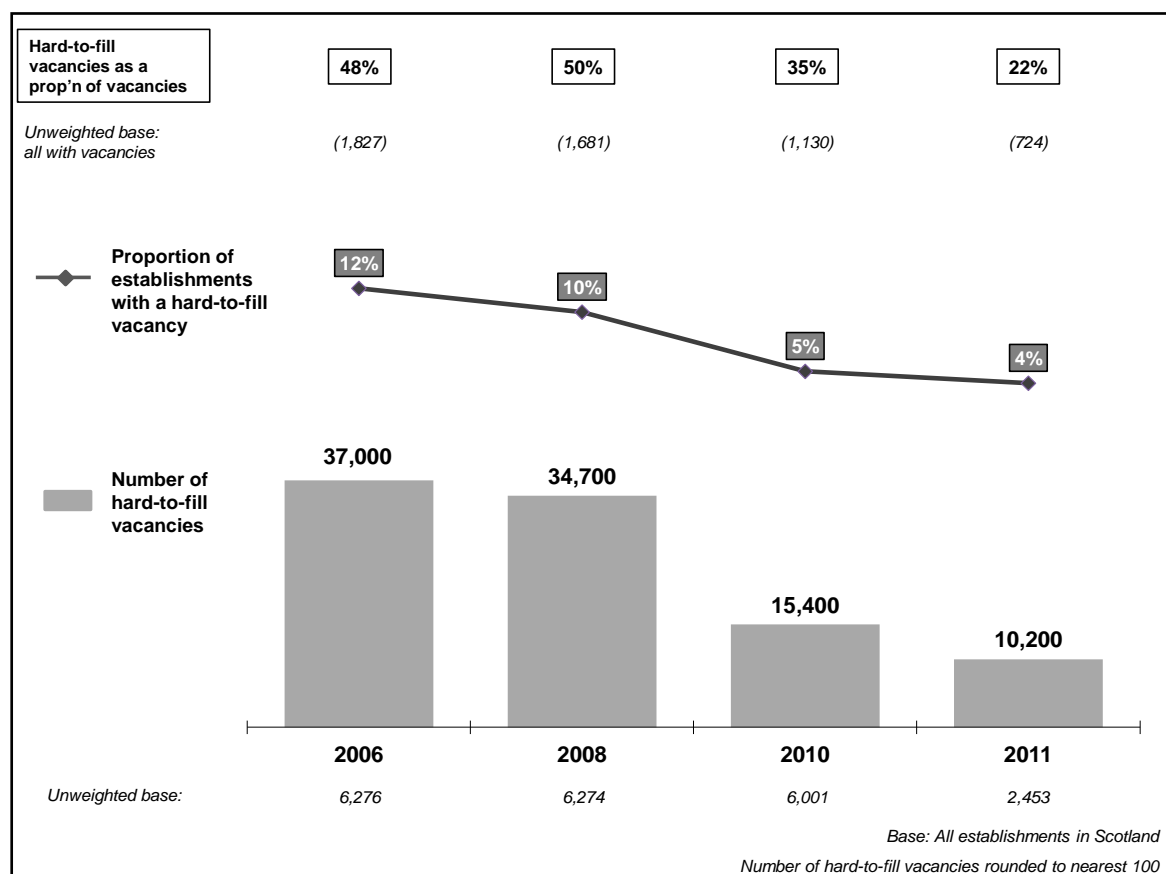
4.3 The ability of the market to meet employer demand for new staff

Just four per cent of Scottish establishments reported having at least one hard-to-fill vacancy at the time of research, equating to a total of 10,200 hard-to-fill vacancies across Scotland (see Figure 4.3 on page 19). The incidence of hard-to-fill vacancies is slightly higher than that reported in 2010 but marks a drastic decrease since 2006 and 2008 when there were over three-times as many hard-to-fill vacancies reported.

The proportion of vacancies reported as hard-to-fill (density) decreased to around one-in-five (22 per cent) continuing the downward trend seen since 2008.

Overall it would appear that whilst the proportion of establishments reporting a current vacancy has remained relatively consistent, it has become less difficult to fill these vacancies.

Figure 4.3 Incidence, volume and density of hard-to-fill vacancies: time series



“Hard to fill vacancies as a proportion of vacancies” percentages are based on all vacancies, rather than all establishments with vacancies; proportions therefore show the percentage of vacancies which are hard-to-fill.

Whilst larger establishments were more likely to have a hard-to-fill vacancy (by virtue of being more likely to have a vacancy in the first place), the proportion of vacancies considered hard-to-fill decreased with size of establishment. This means that although smaller establishments were least likely to have a hard-to-fill vacancy in the first instance, a higher proportion of vacancies in smaller establishments were hard-to-fill. This continues a trend seen across previous surveys.

Vacancies in the Manufacturing sector were the most likely to be reported as hard-to-fill, with a third of all vacancies in that sector classified as such. Conversely vacancies in Education were least likely to be classed hard-to-fill (see Table 4.2). Comparing this to the findings from the survey in 2010 suggests that the overall fall in the number of hard-to-fill vacancies is driven primarily by the Construction, Wholesale and Retail, Business Services, Education and Health and Social Work sectors, which have seen the largest falls in both incidence and density of hard-to-fill vacancies.

Table 4.2 Incidence, volume and density of hard-to-fill vacancies: 2011

	% of establishments with a hard-to-fill vacancy		Number of hard-to-fill vacancies	% of vacancies that are hard to fill	
	<i>Unwtd base</i>	%		Rounded to nearest 100	<i>Unwtd base</i>
Total	2,453	4	10,200	724	22
Size					
1-4	328	2	2,600	23	**
5-9	317	4	1,100	39	**
10-24	537	6	1,600	104	25
25-49	388	10	1,800	132	25
50-249	727	13	1,900	342	16
250+	156	21	1,300	84	16
Sector					
Agriculture	85	8	700	15	**
Mining and Quarrying	24	**	**	6	**
Manufacturing	176	7	900	66	33
Electricity, Gas and Water	79	3	100	15	**
Construction	223	1	500	37	**
Wholesale and Retail	311	3	1,000	74	17
Hotels and Restaurants	218	6	1,700	90	30
Transport and Communications	221	7	1,500	63	32
Financial Services	83	1	*	13	**
Business Services	338	3	1,100	97	17
Public Administration	136	2	400	37	**
Education	164	3	100	77	7
Health and Social Work	208	3	600	75	18
Community, Social and Personal Services activities	187	7	1,100	59	24

Base: Columns 1 and 2: All establishments in Scotland; Column 3: All establishments with vacancies

Percentages in Column 3 are based on all vacancies, percentages therefore represent the number of hard-to-fill vacancies as a proportion of all vacancies.

Number of hard-to-fill vacancies rounded to nearest 100.

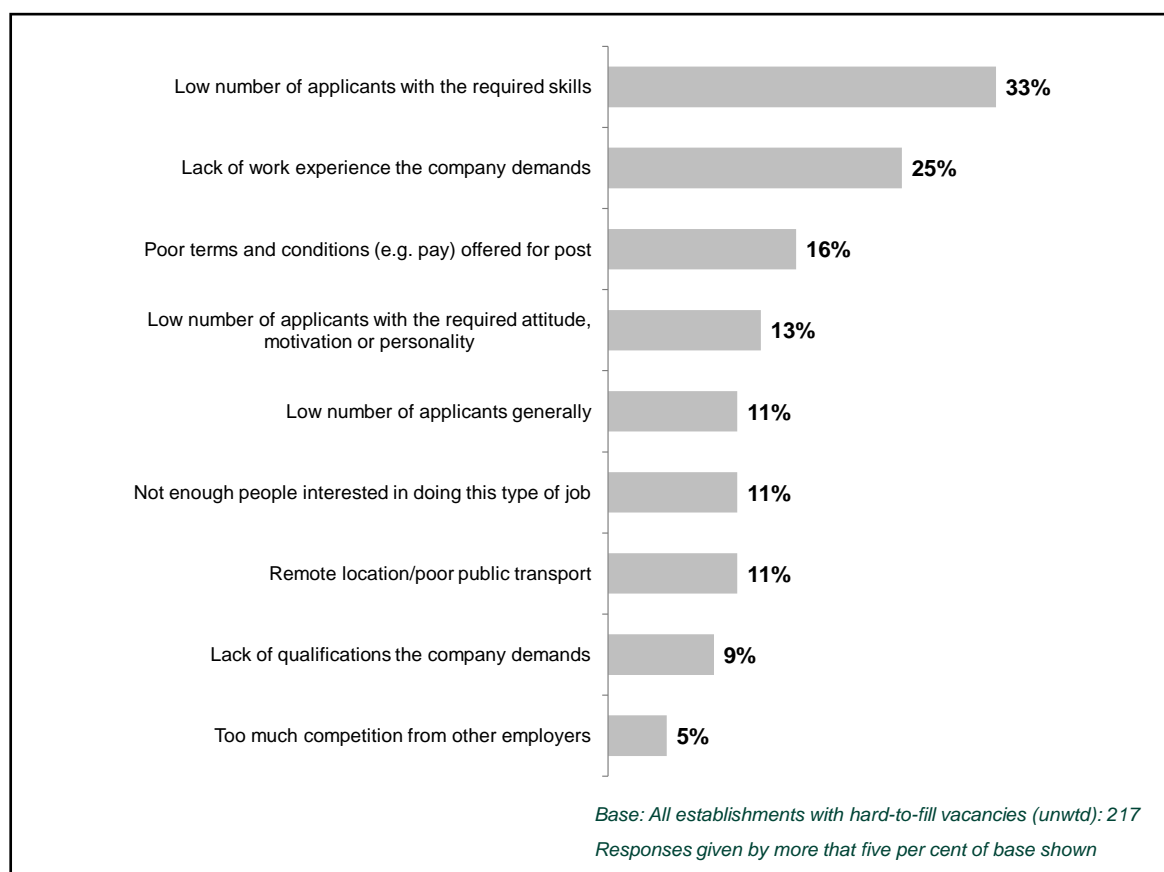
**** denotes base size <50: too small to report; figures in italics denote base under 100: treat figures with caution. ** denotes a figure larger than zero but that rounding to the nearest 100 would round to zero.*

4.4 Causes of hard-to-fill vacancies

Understanding the causes of hard-to-fill vacancies is clearly a prerequisite to introducing effective measures aimed at easing recruitment difficulties and improving the effectiveness of the labour market. Most importantly, it can identify where there are issues finding applicants with the requisite skills to fill the role.

One third (33 per cent) of hard-to-fill vacancies are caused by a low number of applicants with the skills required for the role. A quarter (25 per cent) are caused by a lack of work experience the company demands and one in six (16 per cent), poor terms and conditions offered for the post. (Figure 4.4).

Figure 4.4 Causes of hard-to-fill vacancies



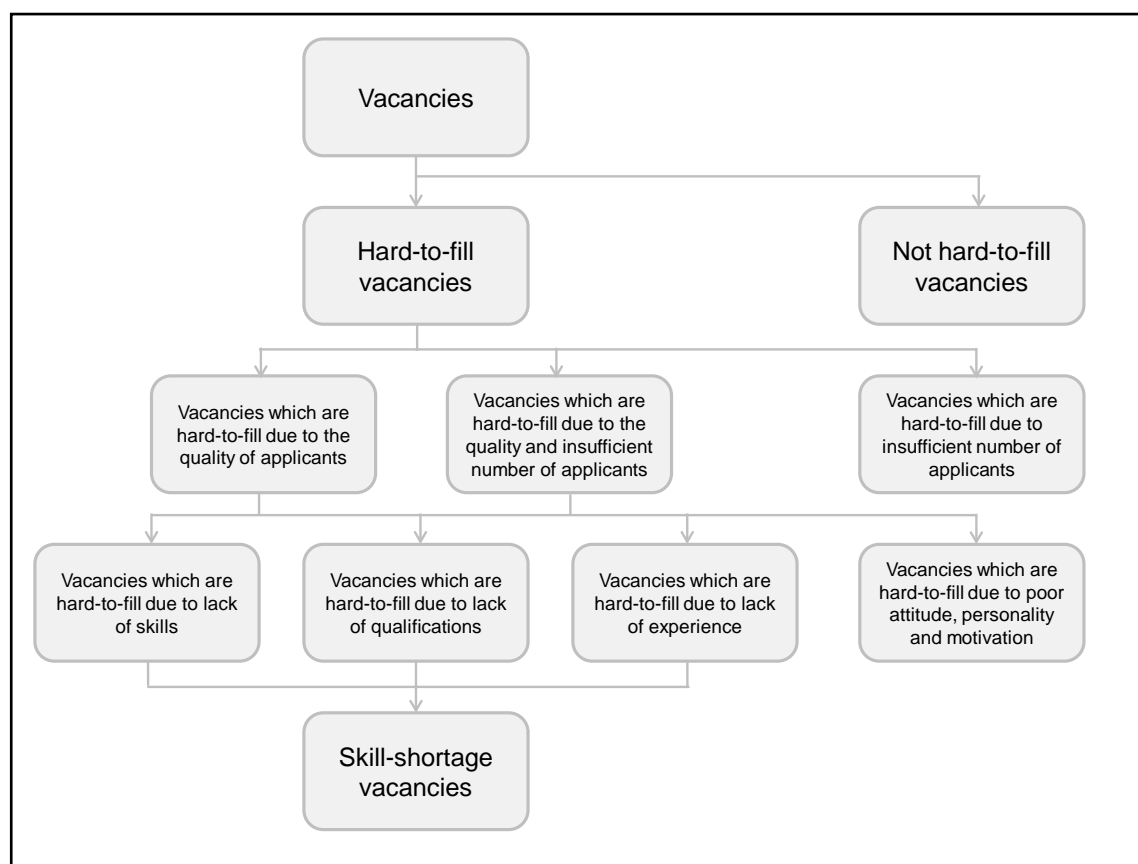
Results are based on hard-to-fill vacancies rather than establishments with hard-to-fill vacancies; the figures therefore show the proportion of hard-to-fill vacancies caused by each factor reported by employers.

Note: Summed percentages exceed 100 per cent because of multiple responses

4.5 Skill-shortage vacancies

As discussed above, recruitment difficulties are commonly caused by issues with either the quality or quantity of applicants. Hard-to-fill vacancies caused specifically by a lack of **skills**, **qualifications** or **experience** among applicants are known as “skill-shortage vacancies”⁸. Where there is an issue with the attitude, personality or motivation of applicants, these are not skill-shortage vacancies. Figure 4.5 shows a “map” of how skill-shortage vacancies are defined.

Figure 4.5 Skill-shortage vacancies route map



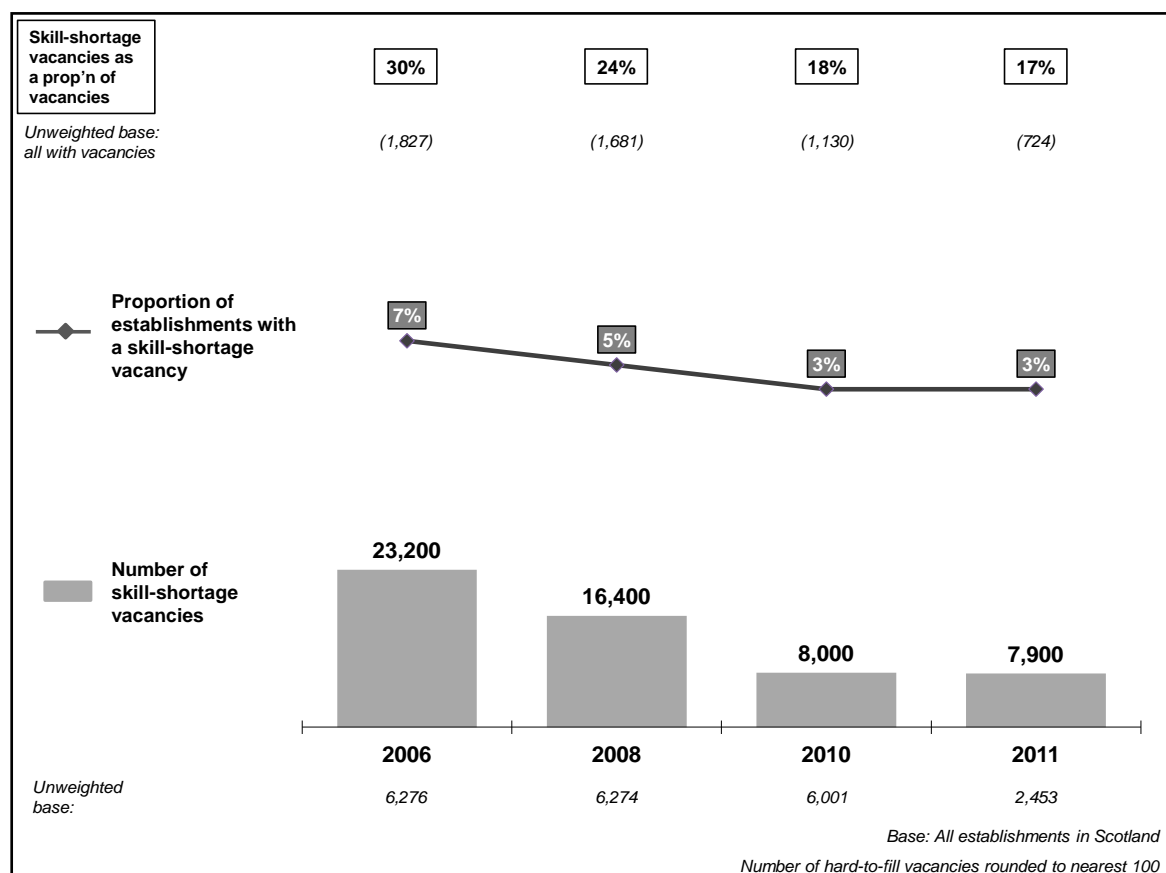
⁸ In the 2011 survey, employers were first asked to give their reasons for not being able to fill vacancies spontaneously (i.e. without being presented with a list of possible reasons). Any employers not reporting skills-related issues were then prompted as to whether any of their hard-to-fill vacancies were proving hard-to-fill due to a lack of skills, experience or qualifications among applicants, and these responses combined to give an overall picture of the incidence and volume of skill-shortage vacancies in the market. In the surveys prior to 2011 the spontaneous data was not collected and all skill-shortage vacancy data was collected on a prompted basis.

4.5.1 The incidence, volume, density and distribution of skill-shortage vacancies

For the vast majority of establishments, demand for skills is met through successful recruitment (or through their current workforce, as will be explored in the next chapter). Three per cent of establishments reported having vacancies at the time of the survey that they were having difficulties filling due to a lack of skills, qualifications or experience in applicants for the role (a “skill-shortage vacancy”). This is consistent with the level measured in 2011 and in absolute terms equates to 7,900 vacancies resulting from skill-shortages, again consistent with 2010 figures (see Figure 4.5). So although there was a drop in hard-to-fill vacancies in the 12 months leading up to the survey, this did not necessarily result in a drop in skill-shortage vacancies, suggesting the drop in hard-to-fill vacancies was not due to an increase in the skill level, quality or experience of applicants.

Similarly, there has been little change in the proportion of all vacancies in Scotland since 2010 that are caused by skill shortages (17 per cent at the time of the 2011 survey).

Figure 4.6 Incidence, volume and density skill-shortage vacancies



“Skill-shortage vacancies as a proportion of vacancies” percentages are based on all vacancies, rather than all establishments with vacancies; proportions therefore show the percentage of vacancies which are hard-to-fill due to skill shortages.

As seen at previous Scottish Employers Skills Surveys the proportion of establishments with skill-shortage vacancies increases with size of establishment.

Establishments in the Manufacturing (seven per cent) and Community, Social and Personal Services activities (six per cent) sectors were most likely to report any skill-shortage vacancies. Although base sizes are small when breaking down skill-shortage vacancy density by sector, the data suggests that as with hard-to-fill vacancies Manufacturing is the sector where vacancies are most likely to be skill-shortage vacancies (see Table 4.3). The Construction, Wholesale and Retail, Business Services, Education and Health and Social Work sectors had seen the largest falls in skill-shortage vacancies. Conversely however some sectors have seen a rise, most notably Hotels and Restaurants and Manufacturing.

Table 4.3 Incidence, volume and density of skill-shortage vacancies: 2011

	% of establishments with an SSV		Number of SSVs	% of vacancies that are SSVs	
	<i>Unwtd base</i>	%		<i>Unwtd base</i>	%
Total	2,453	3	7,900	724	17
Size					
1-4	328	2	2,100	23	**
5-9	317	3	1,000	39	**
10-24	537	4	1,100	104	17
25-49	388	8	1,500	132	21
50-249	727	10	1,300	342	10
250+	156	16	1,000	84	12
Sector					
Agriculture	85	5	400	15	**
Mining and Quarrying	24	**	**	6	**
Manufacturing	176	7	900	66	30
Electricity, Gas and Water	79	2	100	15	**
Construction	223	1	400	37	**
Wholesale and Retail	311	2	600	74	11
Hotels and Restaurants	218	4	1,300	90	23
Transport and Communications	221	5	1,200	63	25
Financial Services	83	*	*	13	**
Business Services	338	3	900	97	15
Public Administration	136	2	300	37	**
Education	164	1	100	77	3
Health and Social Work	208	2	400	75	12
Community, Social and Personal Services activities	187	6	1,000	59	23

Base: Columns 1 and 2: All establishments in Scotland; Column 3: All establishments with vacancies.

Percentages in Column 3 are based on all vacancies, percentages therefore represent the number of skill-shortage vacancies as a proportion of all vacancies.

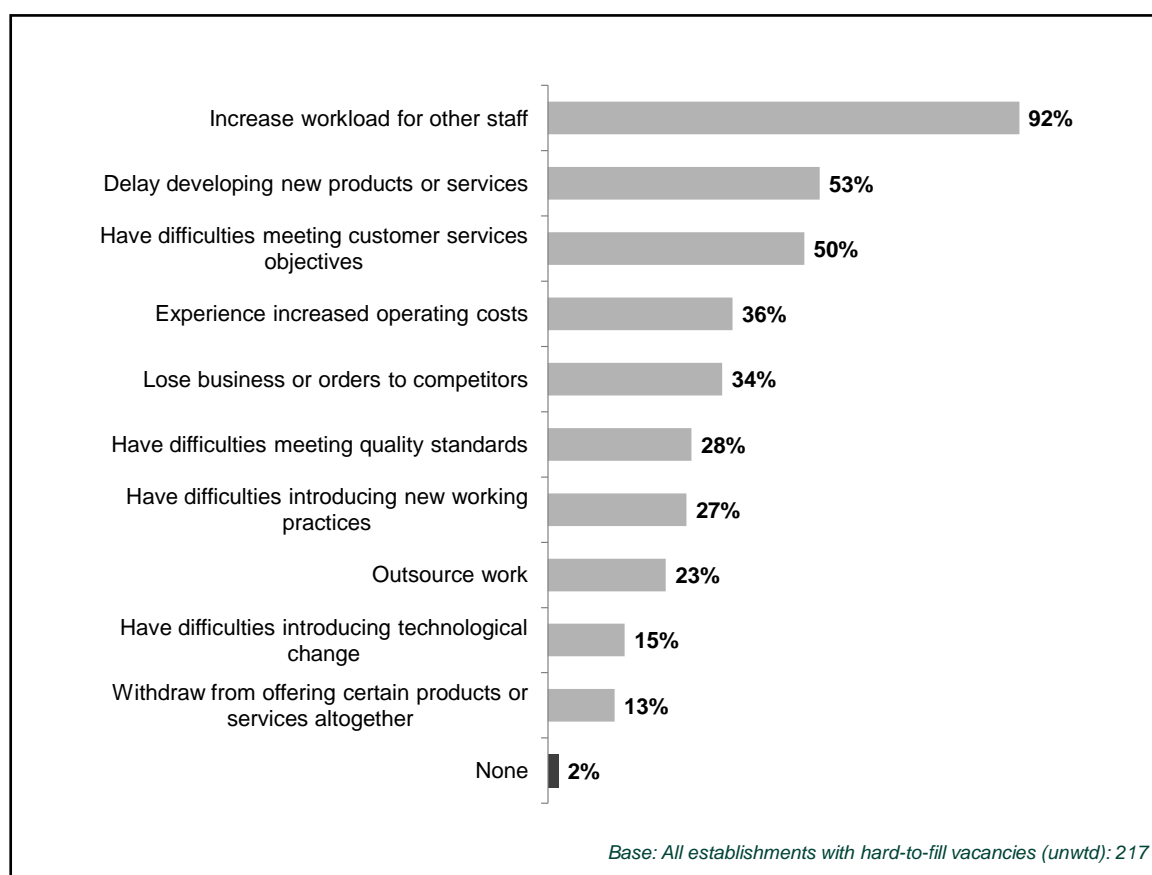
Number of skill-shortage vacancies rounded to nearest 100.

‘***’ denotes base size <50: too small to report; figures in italics denote base under 100: treat figures with caution. ‘*’ denotes a figure larger than zero but that rounding to the nearest 100 or nearest integer would round to zero.

4.6 Impact of hard-to-fill vacancies

Having established the perceived causes of hard-to-fill vacancies, in particular where this cause relates to skill shortages in the labour market, this section focuses on the impact of all hard-to-fill vacancies on employers. Just two per cent of establishments with hard-to-fill vacancies said they had no impact on the establishment, leaving 98 per cent that have seen an impact.

Figure 4.7 Impact of hard-to-fill vacancies



In the vast majority (92 per cent) of establishments with hard-to-fill vacancies, one reported impact is to increase the workload and demand on existing staff. Over half (53 per cent) of establishments with hard-to-fill vacancies reported that they caused a delay in developing new products or services and half (50 per cent) stated they have difficulties meeting customer service objectives. Hard-to-fill vacancies were less likely to cause difficulties in introducing technological change (15 per cent) or lead to the withdrawal from offering certain products or services altogether (13 per cent).

4.7 Conclusion

The demand for staff is largely being met with just 22 per cent of vacancies being hard-to-fill vacancies, reflecting a steady fall since 2008 when it stood at 50 per cent and 35 per cent in 2010. This might be expected as fewer establishments recruiting will lead to fewer jobs available, so there will likely be more applicants per vacancy and as such more chance of finding a suitable applicant.

The proportion of vacancies that are hard-to-fill due to skills shortages however has remained relatively constant since 2010, suggesting the fall in hard-to-fill vacancies can be attributed to an increased availability of applicants rather than any increase in the skills, qualifications or experience of applicants.

Where hard-to-fill vacancies exist they can have a substantial impact on the establishment in question, with nearly all establishments experiencing a hard-to-fill vacancy saying it has had some impact. This was most commonly an increased workload for other staff, which in itself can lead to morale and retention issues, but also more tangible impacts such as delays in developing new products and services and difficulties meeting service objectives.

5 Internal Skills Gaps

Chapter Summary

- Most establishments report all their workforce to be fully proficient at doing their job, but 17 per cent report that at least one of their staff is not fully proficient, that is, they have a “skills gap”. More than 120,000, or five per cent of the total workforce in Scotland, are reported to have a skills gap.
- Although the proportion of establishments with skill gaps increased slightly between 2010 and 2011, the overall proportion of the workforce with a skills gap continued the downward trend seen since 2008.
- Skills gaps are most commonly caused by transient factors, such as staff being new to the role and training only being partially completed.
- Where skills gaps exist they can have a significant impact on the establishment. The most common impact was an increase in workload for other staff, but others report increased operating costs and difficulties in meeting quality standards.

5.1 Introduction

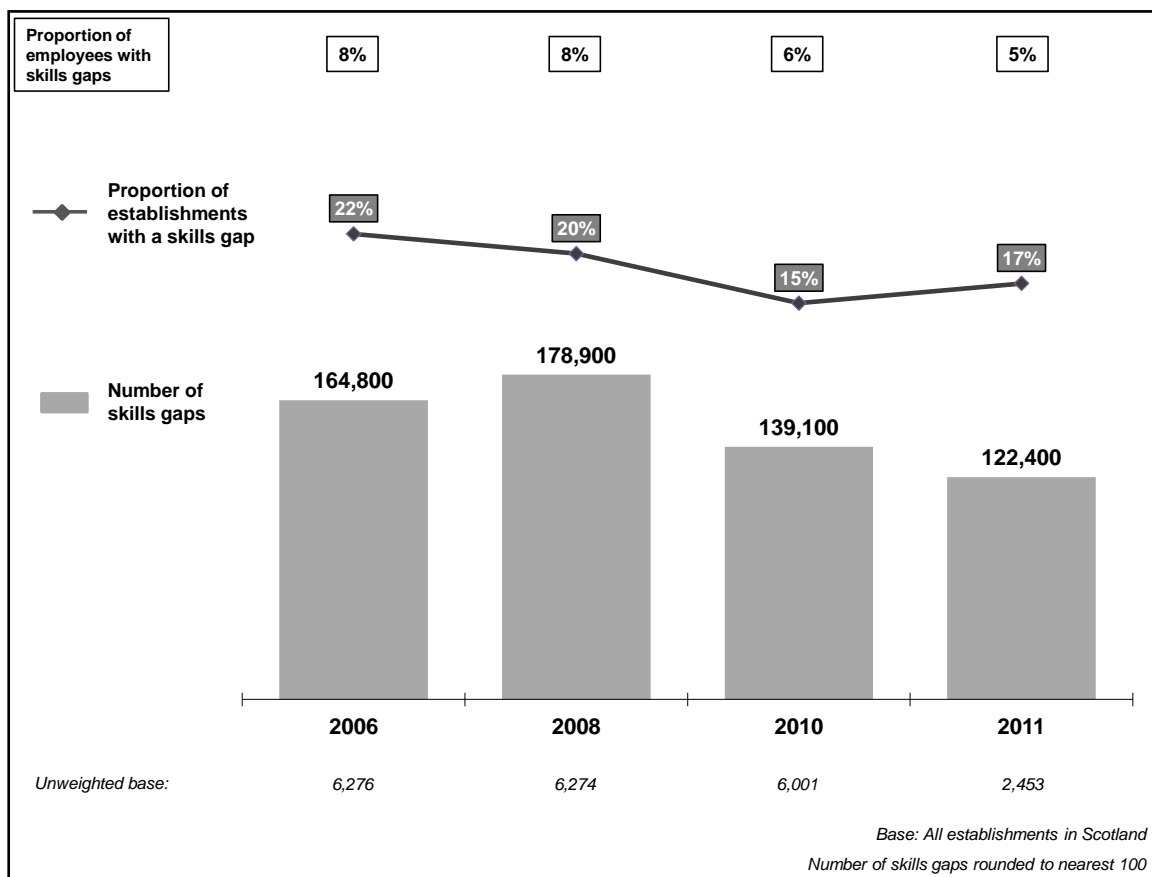
Skills gaps occur when the skills of staff are not adequate to perform their job role, and can have an impact on the efficient functioning of establishments. This chapter will explore their incidence and volume over time, before reviewing the causes and the impact they are having on establishments.

5.2 The incidence, volume, density and distribution of skills gaps

For the majority of establishments (83 per cent) in Scotland, the entire workforce is regarded as being fully proficient at their job roles; however almost one-fifth (17 per cent) of establishments report having at least one member of staff that is not fully proficient (a ‘skills gap’). In total 122,400 workers were considered to have skills gaps, equivalent to five per cent of the total workforce in Scotland.

After a decrease in the proportion of *establishments* experiencing skills gaps in 2008 and 2010, the 2011 figures show that this figure has risen slightly. The proportion of the workforce considered to have a skill gap however continues to decrease, continuing the trend seen since the 2008 Scottish Employer Skills Survey (see Table 5.1).

Figure 5.1 Incidence, volume and density of skill gaps



Larger establishments were more likely to report having skill gaps, however this appears to be simply a product of having more staff as the proportion of the workforce with skills gaps is larger for small-to-medium sized establishments. By sector it is the Hotels and Restaurants sector where skills gaps are most prevalent: establishments in this sector were one of the most likely to report having skills gaps, and staff working in Hotels and Restaurants were most likely to be reported as not being fully proficient (with 11 per cent of the workforce in this sector deemed not proficient to do their job to the required level). This is an increase on the levels of skills gaps reported for this sector in 2010.

Table 5.1 Incidence, volume and density of skill gaps

	<i>Unwtd base</i>	% of establishments with a skills gap	Number of skill gaps	% of workforce that have skill gaps
		%	Rounded to nearest 100	%
Total	<i>2,453</i>	17	122,400	5
Size				
1-4	<i>328</i>	7	8,300	5
5-9	<i>317</i>	22	12,700	6
10-24	<i>537</i>	31	22,400	7
25-49	<i>388</i>	39	16,500	6
50-249	<i>727</i>	40	33,400	5
250+	<i>156</i>	52	29,100	4
Sector				
Agriculture	<i>85</i>	17	1,900	7
Mining and Quarrying	<i>24</i>	**	**	**
Manufacturing	<i>176</i>	21	13,300	7
Electricity, Gas and Water	<i>79</i>	8	800	2
Construction	<i>223</i>	12	7,000	5
Wholesale and Retail	<i>311</i>	21	22,400	7
Hotels and Restaurants	<i>218</i>	27	18,400	11
Transport and Communications	<i>221</i>	13	7,100	4
Financial Services	<i>83</i>	31	3,300	4
Business Services	<i>338</i>	12	11,400	4
Public Administration	<i>136</i>	11	5,600	4
Education	<i>164</i>	25	4,000	3
Health and Social Work	<i>208</i>	17	20,300	6
Community, Social and Personal Services activities	<i>187</i>	12	6,300	4

Base: All establishments in Scotland.

Percentages in Column 3 are based on all employment, percentages therefore represent the proportion of the workforce with a skills gap.

Number of skills gaps rounded to nearest 100.

**** denotes base size <50: too small to report. Figures in italics denote base size <100: treat figures with caution*

Skills gaps tend to be most concentrated among the lower skilled occupations, specifically, Sales and Customer services staff and those in Elementary occupations. In both these cases, one-in-fourteen (seven per cent) staff are considered to be lacking in the necessary skills (see Table 5.2).

Table 5.2 Incidence, volume and density of skills gaps: profile by occupation

<i>Column %</i>	<i>Base</i>	Number of skills gaps	% of workforce with skills gaps
Managers	2,079	11,000	4
Professionals	645	8,700	3
Associate Professionals	612	9,700	6
Admin / Clerical	1,769	14,800	5
Skilled Trades	790	11,900	6
Caring, Leisure and Other services	475	11,100	5
Sales / Customer services	803	19,000	7
Machine Operatives	599	9,100	5
Elementary	1,214	27,100	7

Base: All establishments with staff in each occupation

5.3 Causes of skill gaps

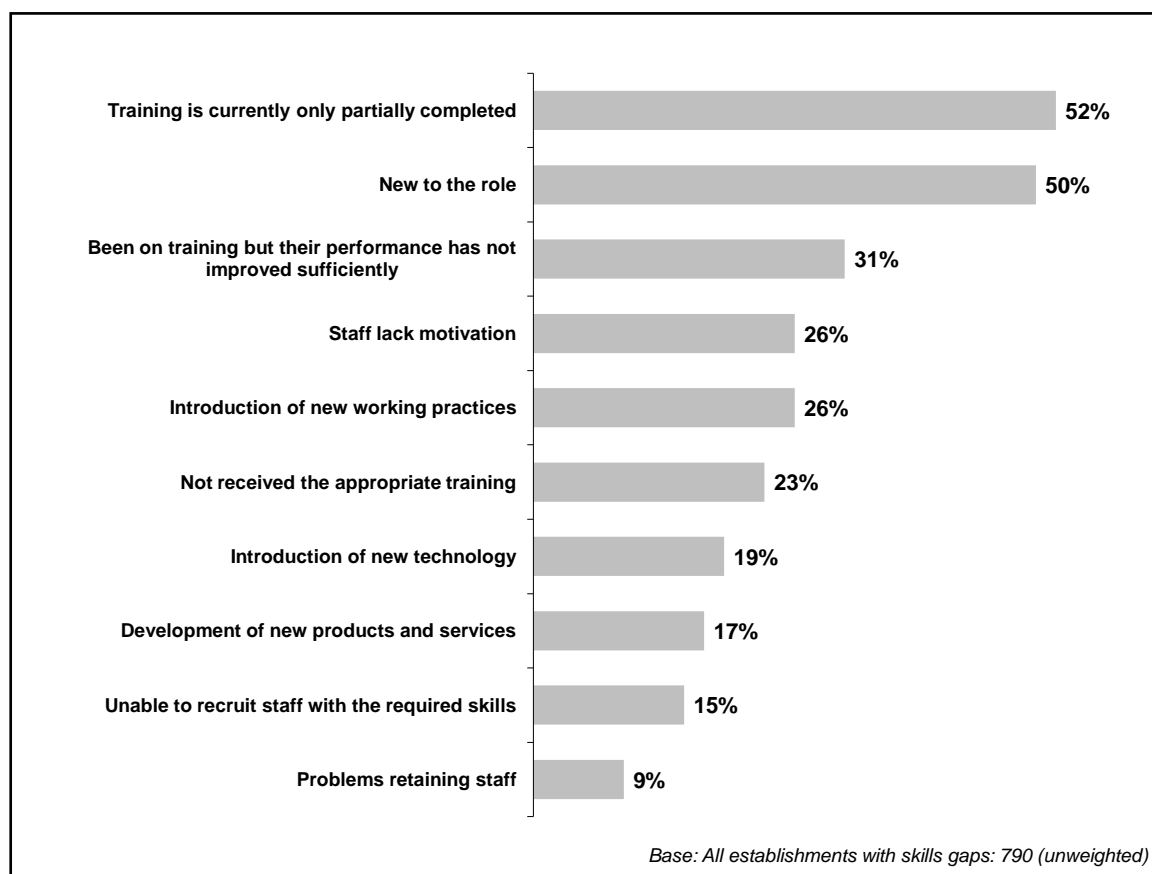
The main causes of staff not being fully proficient are presented in Figure 5.2. Results are based on skills gaps rather than establishments with gaps; the figure shows what proportions of skills gaps are caused by the various factors reported by employers. Establishments could give more than one cause for skills gaps within each occupation.

Training only being partially completed and staff being new to the role are by far the most common causes of skills gaps, with 52 per cent and 50 per cent of all skills gaps respectively being attributed, at least in part, to these reasons.

Training proving ineffective (31 per cent), a lack of staff motivation and the introduction of new working practices (both 26 per cent) were also quite common causes of skills gaps.

The recruitment and retention of staff are less likely to be cited with around one-in-seven (15 per cent) of employers stating that they are unable to recruit staff with the required skills and fewer than one-in-ten (nine per cent) mentioning problems retaining staff.

Figure 5.2 Causes of skill gaps



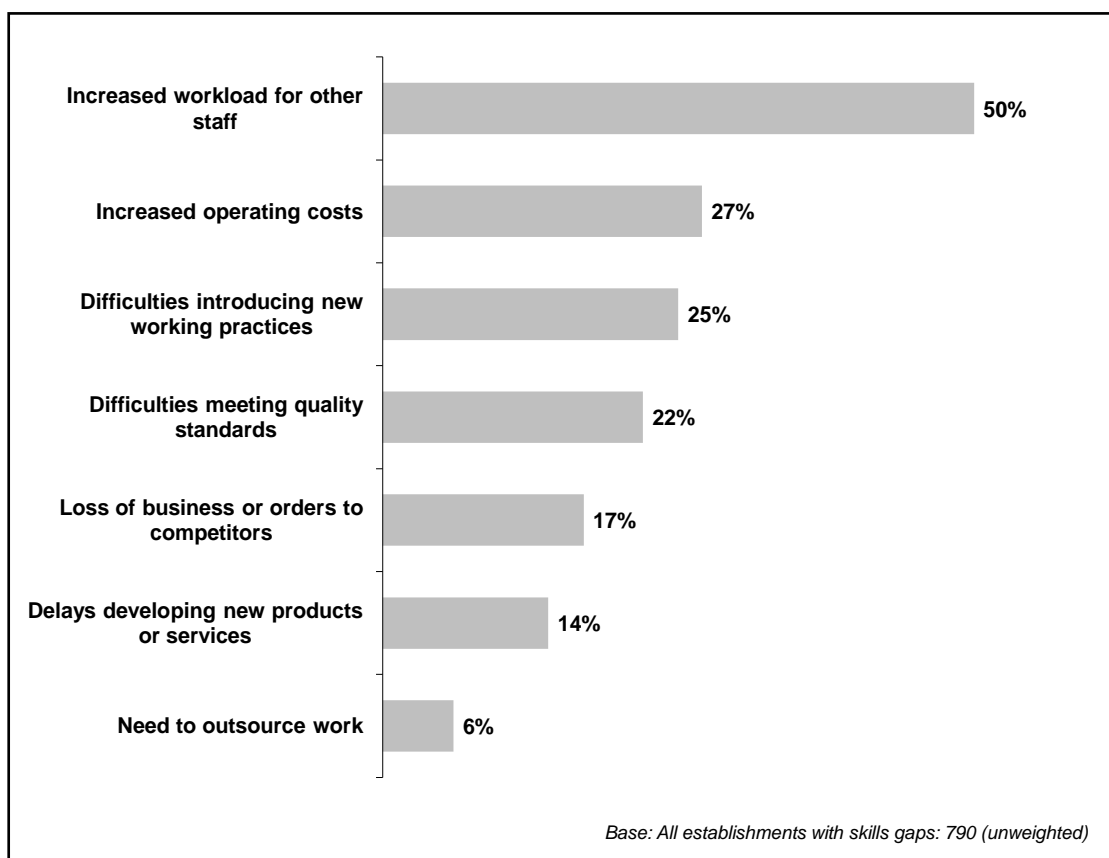
Percentages are based on all skills gaps followed up rather than all establishments with skills gaps, figures therefore show the proportion of skills gaps caused by each stated reason.

5.4 Impact of skill gaps

Overall, 59 per cent of establishments with skills gaps said they had an impact on the establishment. Half of establishments with skill gaps (50 per cent) said they had seen an increased workload for other staff; around one quarter (27 per cent) believe that their skill gaps lead to increased operating costs and a similar proportion (25 per cent) find they encounter difficulties introducing new working practices (see Figure 5.3).

More than one-in-five (22 per cent) find that skills gaps create difficulties in meeting quality standards and fewer, although a sizeable number, report that skills gaps prohibit their business developing or growing specifically in terms of: losing business to competitors (17 per cent); or lead to delays in developing new services or products (14 per cent).

Figure 5.3 Impact of skill gaps



5.5 Conclusion

The proportion of staff in the Scottish workforce that have skills gaps is at five per cent, a decrease that follows a pattern seen since 2008 when eight per cent of the workforce was deemed not proficient. The proportion of establishments experiencing these gaps has not decreased from the level seen in 2010, but the skills gaps they do have appear less severe: in 2010 around eight-in-ten reported the skills gaps they were experiencing were having an impact on the establishment, this was down to six-in-ten in the 2011 survey. Most commonly the impact was on other staff experiencing an increase in workload, but other practical impacts such as increased operating costs and difficulties in introducing new working practices were also cited as problems.

The biggest causes of skills gaps are transient ones, that is, staff being new to the role or their training only being partially completed, or the introduction of new technology, products and working practices. Training is often a solution to these problems and a lack of training, or a time-lag in seeing the impact of training, can be a cause of these problems. The next chapter explores employer investment in training and in the skills of their staff.

6 Workforce Development

Chapter summary

- Seven in ten establishments (71 per cent) had funded or arranged on- or off-the-job training for at least one of their employees over the 12 months preceding the survey.
- A further 18 per cent had given staff other, more informal development such as supervision, shadowing those in higher positions or allowing them to go beyond their current job role.
- In the 12 months preceding the survey employers in Scotland had provided training to approximately 1.4 million staff, 61 per cent of the current workforce, and provided 9.7 million training days.

6.1 Introduction

This chapter reports on the quantity of training and development activity undertaken by employers in Scotland. More specifically the chapter discusses the proportion of establishments that engage in training or informal workforce development activities and how this varies by establishment size and sector. It also examines the quantity of training provided in terms of training days and the proportion of workers trained.

Throughout the chapter, unless otherwise stated, an employer is described as providing training if in the previous 12 months they had funded or arranged one or both of the following for any of their employees based at their site:

- off-the-job training or development: training away from the individual's immediate work position, whether on their premises or elsewhere;
- on-the-job or informal training or development: activities which take place at the individual's immediate work position which would be recognised as training by recipients.

Training as defined in this way is intended to capture all activity which employers and employees would recognise as training. However, broader activity can take place which leads to skill development but which may not be classified as training. For this reason the UK Commission's Employer Skills Survey 2011 also asked employers whether they had engaged in any broader development activities, specifically: supervision to ensure that employees are guided through their job role over time; opportunities for staff to spend time learning through watching others perform their job roles; and allowing staff to perform tasks that go beyond their strict job role and providing feedback on how well they had done. As we see later in this chapter, a significant number of employers did not provide on- or off-the-job training but did engage in some of these broader development activities. However, unless otherwise stated it is on- and off-the-job training activity which is described in this chapter.

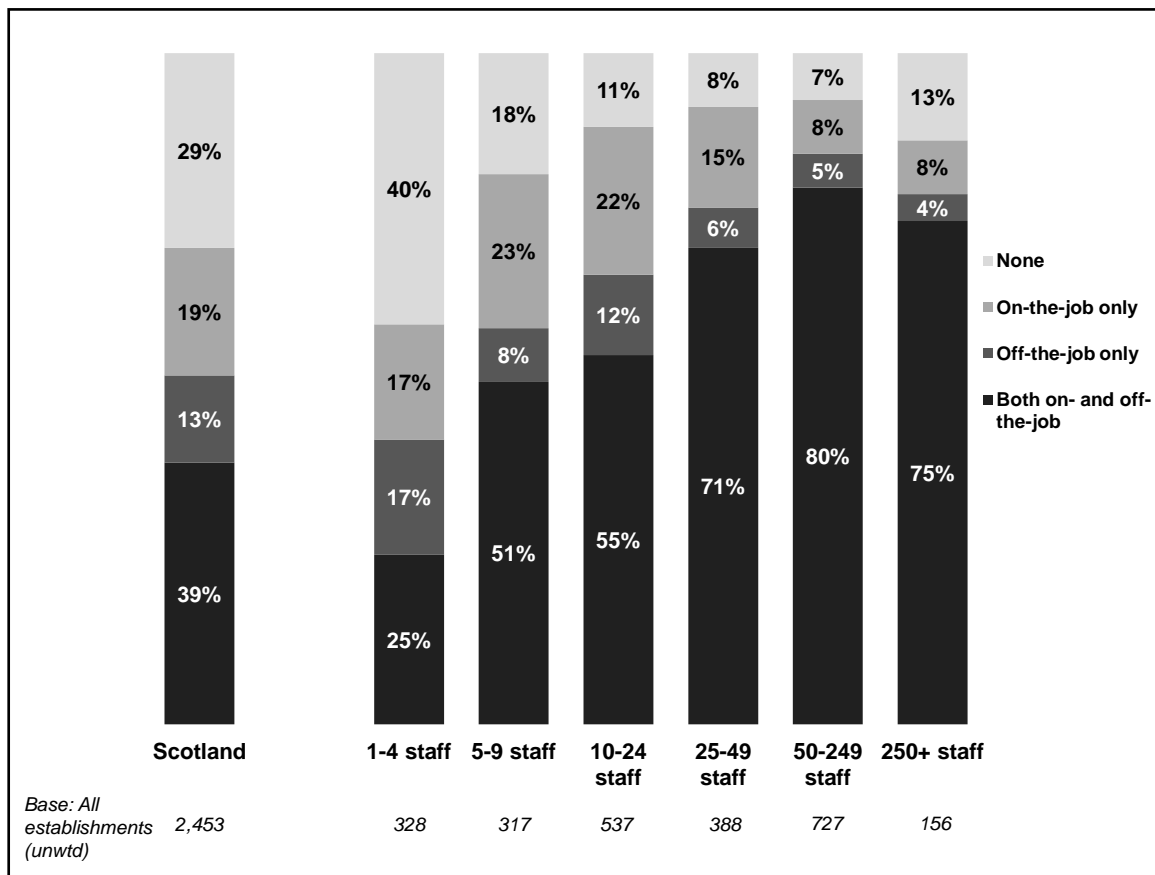
The way in which the training questions were asked in the previous Scottish Employer Skills Surveys differed slightly to the way it has been asked in the 2011 survey (see section 1.2 of this report). As such the data is not directly comparable for this measure and so time series data is only referred to in a qualitative manner as being indicative of a change rather than as being evidence for a change in levels of training.

6.2 The extent of training and workforce development activity

The majority of establishments (71 per cent) had funded or arranged on-the-job or off-the-job training for at least one of their employees in the 12 months preceding the survey (see Table 6.1). Slightly more had provided on-the-job training (58 per cent of all workplaces) than had provided off-the-job training (52 per cent); two-fifths (39 per cent) had provided both types of training (see the first column in Figure 6.1).

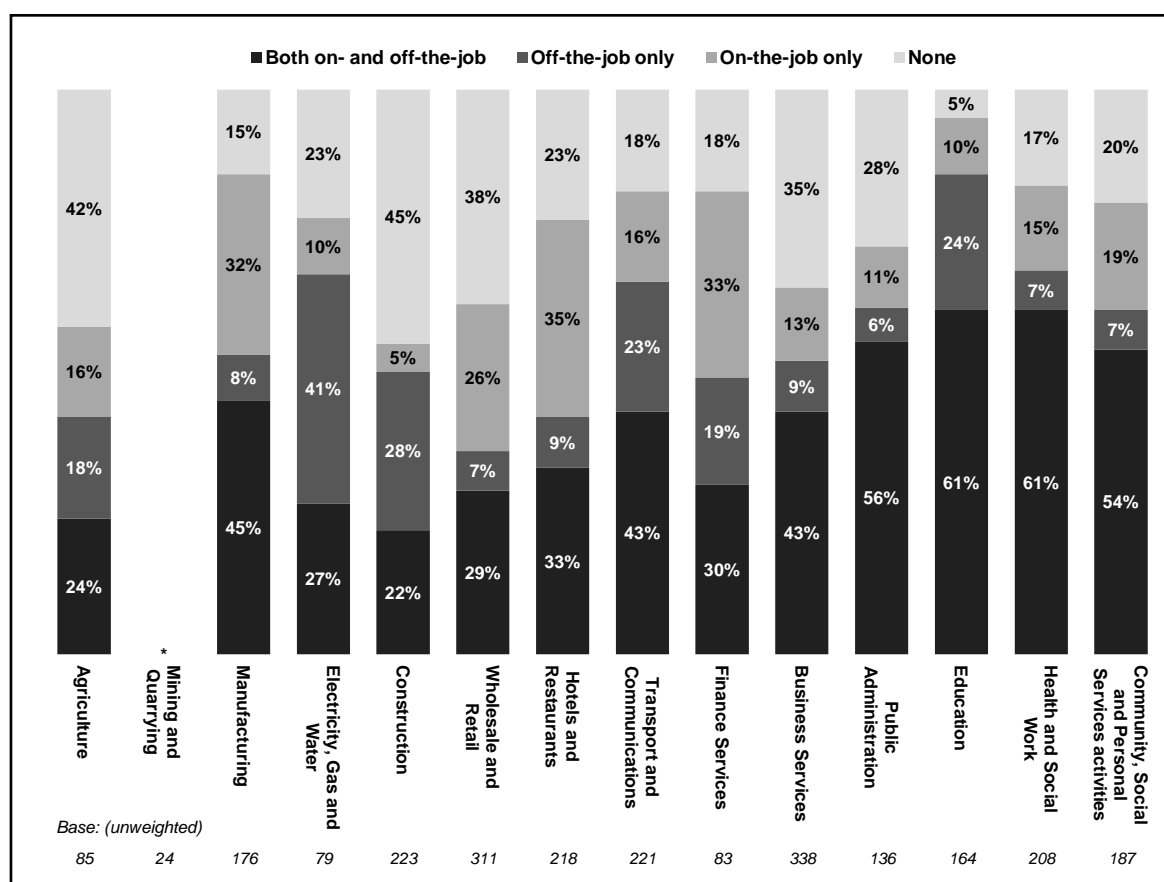
The likelihood that training is provided in a workplace is closely related to the number of staff working at the establishment; with the exception of the largest establishment size, incidence of training rises with size of establishment (see Figure 6.1). Whilst three-fifths (60 per cent) of workplaces with fewer than five staff members provided any training in the previous 12 months, more than four-fifths (82 per cent) of establishments with five to nine workers had provided any training, rising to more than nine-in-ten (93 per cent) of employers with 50-249 staff.

Figure 6.1 Incidence of training activity by size



The incidence of training varies widely by sector, as shown in Figure 6.2. Incidence of training is less common in the Construction (55 per cent) and Agriculture (58 per cent) sectors and highest in the Education (95 per cent) and Manufacturing (85 per cent) sectors. Differences in the type of training provided by sector was also apparent: on-the-job training was most likely to be provided by the Manufacturing (77 per cent) and Health and Social work (76 per cent) sectors, whilst off-the-job training was most commonly provided in the Education sector (85 per cent).

Figure 6.2 Incidence of training activity by sector



Note base sizes for Agriculture, Electricity, Gas and Water and Financial Services are below 100: treat figures with caution

6.3 Incidence of training and workforce development activity

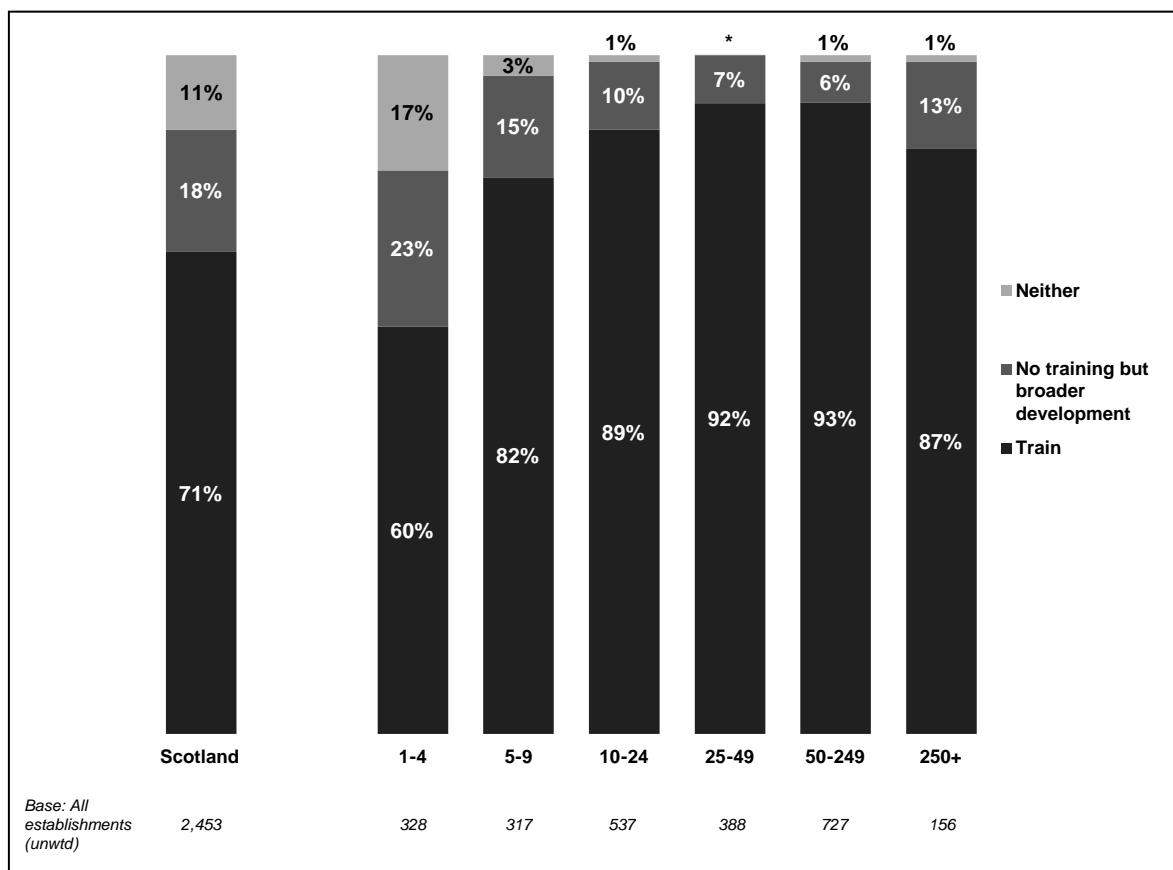
Broader activity can take place in establishments which leads to skill development but which may not be classified as training. For this reason the UK Commission's Employer Skills Survey 2011 also asked employers whether they had engaged in any broader development activities, specifically:

- supervision to ensure that employees are guided through their job role over time;
- opportunities for staff to spend time learning through watching others perform their job roles;
- allowing staff to perform tasks that go beyond their strict job role and providing feedback on how well they had done.

This section explores the proportion of workplaces that have funded or arranged training or further development for their staff over the previous 12 months.

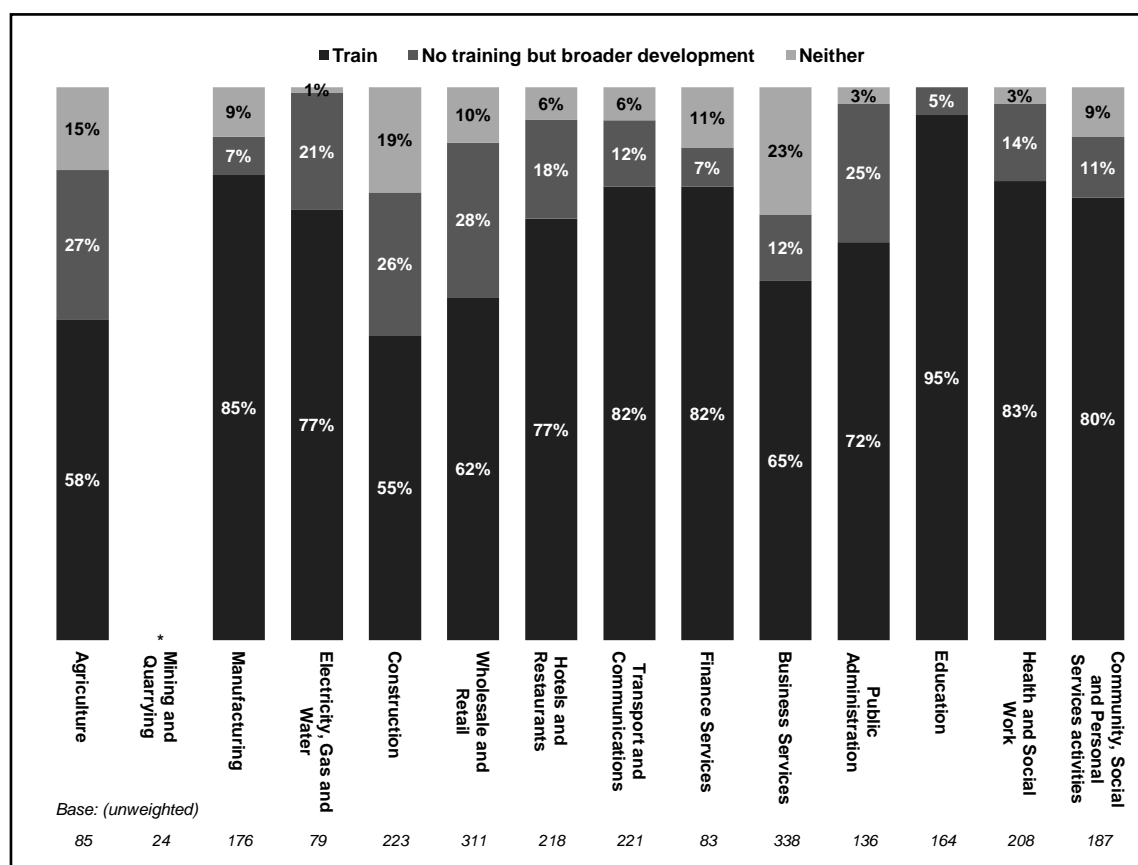
In addition to the 71 per cent of establishments in Scotland who train staff, a further one-in-five (18 per cent) have provided more informal development activity for their staff. The total proportion of establishments in Scotland that provide any form of staff development is 89 per cent; however 11 per cent of establishments offer no development at all for staff. Larger establishments are more likely to offer any form of development (Figure 6.3).

Figure 6.3 Incidence of training and further development by establishment size



The incidence of staff development varies by sector, as Figure 6.4 shows. The Business Services and Construction industries were least likely to offer staff any form of development, with approaching a quarter and a fifth of establishments respectively offering no development for staff. Education and Electricity, Gas and Water were most likely to offer staff development.

Figure 6.4 Incidence of training and further development by establishment sector



Note base sizes for Agriculture, Electricity, Gas and Water and Financial Services are below 100: treat figures with caution

6.4 The proportion of the workforce receiving training

Having briefly considered broader development activities, the remainder of this section deals with on- and off-the job training.

In the previous 12 months employers in Scotland had provided training to approximately 1.4 million staff. Notwithstanding possible double counting (staff being trained by two or more different employers in a 12 month period), this is equivalent to 61 per cent of the total workforce and a total of 9.6 million training days and averages to 4.2 training days per employee (see Table 6.3).

Volume of training (proportion of workforce trained) by size of establishment was relatively consistent in the 12 months preceding the UK Commission's Employer Skills Survey with the exception of the smallest establishments in which around four-fifths (79 per cent) of the workforce were trained. Employees in the establishments with a workforce of 5-9 workers received the most number of days training (5.9 per employee).

Volume of training was highest in the Financial Services sector, where 93 per cent of the workforce received training in the 12 months preceding the UK Commission's Employer Skills Survey; it was also within this sector that employees received the most amount of training (7.0 days per employee) although the low base size means figures for this sector need to be treated with some caution.

Table 6.3 Volume of training

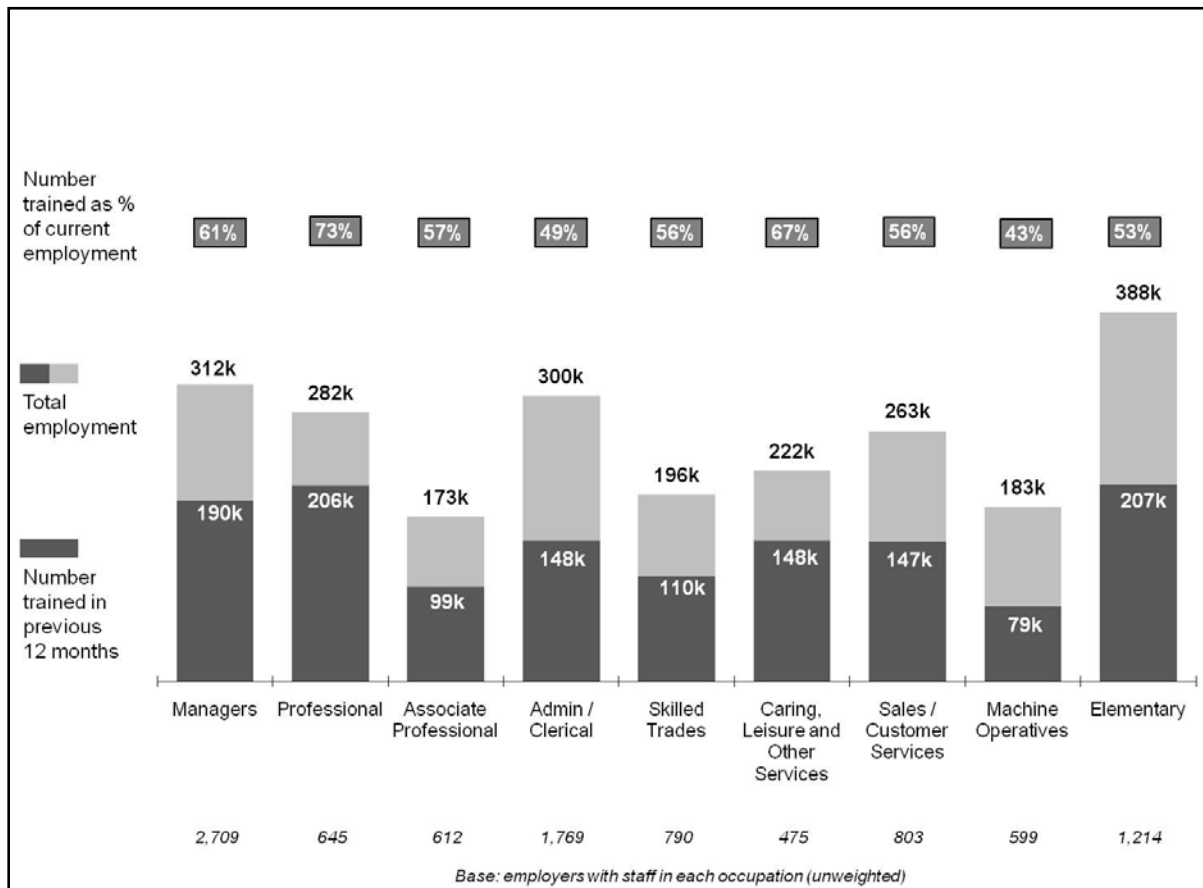
	<i>Unwtd base</i>	% of workforce trained %	Number of days training	Days per employee	Days per trainee
Total	2,453	61	9.7m	4.2	6.8
Size					
1-4	328	79	0.8m	4.5	5.7
5-9	317	61	1.2m	5.9	9.7
10-24	537	59	1.6m	4.8	8.1
25-49	388	57	1.5m	5.1	9.0
50-249	727	59	2.8m	4.4	7.5
250+	156	59	1.8m	2.6	4.4
Sector					
Agriculture	85	49	<i>0.1m</i>	2.5	5.1
Mining and Quarrying	24	**	**	**	**
Manufacturing	176	52	0.5m	2.7	5.2
Electricity, Gas and Water	79	63	<i>0.1m</i>	3.9	6.2
Construction	223	67	0.5m	3.9	5.9
Wholesale and Retail	311	59	1.8m	5.7	9.6
Hotels and Restaurants	218	63	0.9m	5.5	8.7
Transport and Communications	221	53	0.5m	2.8	5.2
Financial Services	83	93	<i>0.6m</i>	7.0	7.5
Business Services	338	54	1.3m	4.2	7.7
Public Administration	136	52	0.7m	4.5	8.7
Education	164	58	0.4m	2.9	5.1
Health and Social Work	208	78	1.5m	4.2	5.4
Community, Social and Personal Services activities	187	48	0.5m	3.1	6.5

Base: All establishments.

**** denotes base <50: too small to report. Figures in italics denote base size <100: treat figures with caution*

Training was not evenly distributed across the workforce, with Machine Operatives least likely to have received training (43 per cent) and those in Professional occupations most likely to have done (73 per cent, see Figure 6.5).

Figure 6.5 Incidence of training by occupation



6.5 Conclusions

The majority of employers (71 per cent) had funded or arranged on- or off-the-job training for at least one of their employees over the 12 months preceding the survey. Informal development such as supervision, shadowing those in higher positions or allowing them to go beyond their current job role was provided by a further 18 per cent of employers. Scottish employers provided training to approximately 1.4 million staff, 61 per cent of the current workforce, and provided 9.7 million training days.

As seen in previous surveys, training is not evenly distributed across the workforce. For example, Machine Operatives are less likely to be trained than other occupations (just 43 per cent are compared to 61 per cent of the workforce as a whole), as are staff in the Agriculture or Community, Social and Personal Services sectors.

7 Conclusions

The UK Commission's Employer Skills Survey 2011 is a large scale employer survey covering an extensive range of topics, including recruitment, internal skills gaps, investment in training and product market strategies. This concluding chapter summarises the key messages coming out of the project for Scotland, and, in drawing comparisons with the previous Scottish Employer Skills Survey (SESS) series (carried out in Scotland most recently in 2010), discusses the ways employers are reacting to the economic climate.

The extent of skill deficiencies

Skills deficiencies measured by this project cover both internal skills gaps, where staff are not fully proficient to perform their job role, and external skills shortages where establishments are having difficulties finding people with the appropriate skills to fill vacancies ('skill-shortage vacancies').

The survey data shows that by and large the labour market is meeting employers' demand for skills, with just three per cent of employers experiencing a skill-shortage vacancy and 17 per cent having staff who are not proficient to do their job to the required level.

Skill deficiencies are uncommon in Scotland but where they do occur they can impact on business performance. The most commonly reported impact of skill deficiencies is on the workload of other staff; also commonly mentioned were delays developing new products and increased operating costs. This suggests that skill deficiencies could be, for pockets of the economy, proving a barrier to growth and profitability.

It needs to be borne in mind that having a skills gap can be caused by transient factors where some employees may be new to the role and developing proficiency, or where the nature of the role is changing to meet new business opportunities. In such cases skills gaps would be expected to decrease over time, and are not necessarily a negative thing as they may reflect a business that is innovating and evolving its offer to remain competitive.

The skill deficiencies which do exist are represented unevenly across the economy in different sectors and occupations. Those sectors with higher than average rates of skill shortages include the Manufacturing sector and the Community, Social and Personal Services sector, while skills gaps are most common in the Hotels and Restaurants sector. Across all sectors skills gaps were most commonly seen in traditionally “lower skilled” roles of Sales and Customer Services and Elementary occupations.

Training activity

The majority of employers (71 per cent) had funded or arranged on- or off-the-job training for at least one of their employees over the 12 months preceding the survey. Informal development such as supervision, shadowing those in higher positions or allowing them to go beyond their current job role was provided by a further 18 per cent of employers. Scottish employers provided training to approximately 1.4 million staff, 61 per cent of the current workforce, and provided 9.7 million training days.

As seen in previous surveys, training is not evenly distributed across the workforce. For example, Machine Operatives are less likely to be trained than other occupations (just 43 per cent are compared to 61 per cent of the workforce as a whole), as are staff in the Agriculture or Community, Social and Personal Services sectors.

Work-readiness of education leavers

Employers who have recruited new staff directly from education in the past two to three years have generally found them well prepared for work. This perceived preparedness increases with the time spent in education, with university leavers seen as better prepared than school leavers.

The small minority of employers who find education leavers poorly prepared for work most commonly cite ‘lack of experience’ as the main reason for this. In contrast, poor literacy and numeracy is very rarely cited as a cause of an education leaver’s unpreparedness.

Appendix A: A Note on Proficiency and Skills Gaps

To ascertain the number of staff with skills gaps, respondents were asked, for each major (one-digit SOC 2010) occupation where they employed staff, how many of those they employed were fully proficient. If respondents asked for clarification, then a proficient employee was described as 'someone who is able to do their job to the required level'. 'Proficient employee', however, is clearly a subjective and relative term to the extent that:

- different managers in an organisation may have different views on whether an individual member of staff is able to do the job to the required level. Indeed they may have different views on what the required level is that the organisation is looking for within an occupational category
- an employee could be regarded as fully proficient but if the requirements of the job change (for example, some new machinery or technology is introduced) then they could be regarded as not being able to do their job to the required level, despite the fact that their skills were unchanged
- the same is true if a person were to be promoted to a more demanding position – the company might go from having no skills gaps to saying that this newly promoted member of staff was not fully proficient in the new job, despite having the same proficiency as before
- different companies may be more demanding and 'critical' of their staff than others: an individual considered fully proficient by one company might be seen as having a skills gap if performing the same role to the same standard in another company.

A final point to note is that the survey categorises all staff as either fully proficient or not: it takes no account of the range that can clearly exist between those who are very nearly proficient and those who significantly lack the skills that employers require. While from a policy perspective, therefore, there is clearly interest in raising the skill levels of the workforce, survey data can only identify changes year on year in the proportion of staff reported as fully proficient, not cases where skills levels have been raised but where staff still remain below full proficiency.

Appendix B: Technical Appendix

A full Technical Report accompanies the main UK Commission's Employer Skills Survey report and can be downloaded from the UKCES website or obtained by contacting UKCES directly. This appendix provides brief details on the key areas of sampling, fieldwork and analysis.

The data reported in this document came from the core survey in the UK Commission's Employer Skills Survey.

Sampling

This report uses a sample comparable to that used in SESS10, with all establishments with one or more people employed at them eligible. Quotas were set on a size by SSC within region basis, proportioned to give a robust base size in each subgroup of the overall sample.

Sample was drawn from Experian's business database.

Fieldwork

A total of 2,503 interviews were completed in Scotland, by telephone using computer-assisted telephone interviewing (CATI) technology, of which 2,473 had 1+ employees (records with 0 employees 2+ working proprietors were not in the SESS10 survey, so were excluded from the 2011 legacy analysis). Interviews were conducted with the most senior person at the site with responsibility for recruitment, human resources and workplace skills.

Scotland fieldwork was undertaken by Ipsos MORI, and took place from March to July 2011.

Response rate

The response rate for the survey in Scotland was 39%, calculated as a proportion of all completed contacts. A detailed breakdown of survey outcomes is shown below:

Outcome	Number of contacts	% of all sample	% of complete contacts
<i>Total sample</i>	19140	100%	
Ineligible	1123	6%	
'Live' / not available during fieldwork / out of quota	9589	50%	
Unobtainable number	1951	10%	
<i>Total complete contacts</i>	6477	34%	100%
Achieved interviews	2503	13%	39%

Respondent refusal	3114	16%	48%
Quits during interview	154	1%	2%
Company policy refusal	706	4%	11%

Questionnaire Design

The questionnaire design harmonised previous questionnaires used by the four nations of the UK in their own skills surveys. This included the National Employer Skills Survey series in England, the Scottish Employer Skills Surveys, the Northern Ireland Skills Monitoring Surveys and Future Skills Wales.

A task and finish group chaired by the UK Commission and including IFF Research, and representatives from each of the four nations, was set up to drive this process.

The group's aim was to develop a questionnaire that answered the Employer Skills Survey objectives, whilst maintaining time series data for each nation as far as was feasible in the framework of the ESS. The questionnaire is available on the UK Commission's website at: <http://employersurveys.ukces.org.uk/ess/ess11/default.aspx>.

Weighting / Grossing up

Data for the survey was weighted and grossed up to population estimates of establishments and to the population of employees, as derived from the 2010 Inter-Departmental Business Register (IDBR).

The data for Scotland in this report was weighted using interlocking grids of SSC by sizeband in each region of Scotland. Target weights were used to gross up the survey data to the population:

- **Population:** 1+ employees (all establishments with one or more people employed, records with 0 employees / 2+ working proprietors were not in the SESS10 survey, so were excluded from the 2011 legacy analysis)
- **Strategy:** Size by SSC within region – size bandings matched SESS10.

Appendix C: Industry Coding

Each establishment was allocated to one of 14 sectors, based on their Standard Industrial Classification (SIC). SIC 2007 was used to classify establishments using the following method. Using the four-digit Standard Industrial Classification (SIC) supplied for each record from the Experian database, a description of business activity was read out to each respondent. If they agreed that this description matched the main activity undertaken at the establishment, then the SIC on Experian's database was assumed to be correct. If however the respondent felt the description did not correspond to their main business activity at the site, a verbatim response was collected to find out what they do (see question A7 on the survey; questionnaire available at www.ukces.org.uk). At the analysis stage this was coded to a four-digit SIC which was then used as the basis for allocation into sector.

The table below shows the 14 sectors and their corresponding SIC 2007 definitions.

Sector	SIC 2007
1. Agriculture	A - Agriculture, forestry and fishing (01-03) Including farming, hunting and other related service activities, forestry and logging, fishing and aquaculture
2. Mining & Quarrying	B - Mining and quarrying (05-09) Including mining of coal, metals, sand/stone/clay, and extraction of crude petroleum and natural gas
3. Manufacturing	C - Manufacturing (10-33) Including manufacture of food and beverage, textiles, chemicals and chemical products, basic pharmaceutical products, other mineral products, manufacture of metals and metal products, machinery, computer and electronic products and equipment, motor vehicles and other transport equipment, furniture, and repair and installation of machinery and equipment
4. Electricity, Gas and Water	D - Electricity, gas, steam and air conditioning supply (35) E - Water supply, sewerage, waste management and remediation activities (36-39) Including electric power generation, transmission and distribution, manufacture of gas and distribution of gaseous fuels, steam and air conditioning supply, water collection, treatment and

Sector	SIC 2007
	supply, sewerage and waste collection, treatment and disposal activities and materials recovery
5. Construction	<p>F - Construction (41-43)</p> <p>Including the construction of buildings, civil engineering (constructing roads, railways and other utility projects), demolition, and specialised activities such as electrical installation, roofing and scaffold erection</p>
6. Wholesale and Retail	<p>G - Wholesale and retail trade; repair of motor vehicles and motor cycles (45-47)</p> <p>Including sale, maintenance and repair of motor vehicles, parts and accessories, non-vehicle wholesale (for example agriculture, food, household goods), and the retail trade of all products whether in stores, stalls, markets, mail order or online</p>
7. Hotels and Restaurants	<p>I - Accommodation and food service activities (55-56)</p> <p>Including hotels, campsites, youth hostels, holiday centres, villages and other short stay accommodation, restaurants and takeaways, event catering and licensed clubs, pubs and bars</p>
8. Transport and Communications	<p>H - Transport and storage (49-53)</p> <p>J - Information and communication (58-63)</p> <p>Including land, water and air transport (passenger and freight), warehousing and support activities for transportation, postal and courier activities, publishing (books, journals, newspapers etc and software/computer games), television, film and music production, broadcasting, telecommunications, computer programming and consultancy, information service activities (e.g. data processing and hosting)</p>
9. Financial Services	<p>K - Financial and insurance activities (64-66)</p> <p>Including banks and building societies, activities of holding companies, trusts, funds and similar financial entities, credit granting, pensions, insurance and reinsurance</p>

Sector	SIC 2007
10. Business services	<p>L - Real estate activities (68)</p> <p>M - Professional, scientific and technical activities (69-75)</p> <p>N - Administrative and support service activities (77-82)</p> <p>Including the buying, selling and renting of real estate, legal activities, accounting, bookkeeping and auditing, management consultancy, architectural and engineering activities, scientific research and development, advertising and market research, specialist design, photographic activities, translation and interpretation, veterinary activities, renting and leasing of tangible goods (motors, household, machinery), employment agencies, travel agencies and tour operations, security and investigation activities, office administration and business support</p>
11. Public Administration	<p>O - Public administration and defence; compulsory social security (84)</p> <p>Including administration of the State and economic and social policy of the community, provision of services to the community as a whole such as defence activities, foreign affairs, justice and judicial activities, fire service and compulsory social security activities</p>
12. Education	<p>P - Education (85)</p> <p>Including pre-primary, primary, secondary and higher education, other education (such as sports, driving schools, cultural education), educational support activities</p>
13. Health and Social work	<p>Q - Human health and social work activities (86-88)</p> <p>Including Hospitals, medical and dental practices, residential care, social work activities</p>
14. Other Community, Social and Personal Services	<p>R - Arts, entertainment and recreation (90-93)</p> <p>S - Other service activities (94-96)</p> <p>Including performing arts, libraries and museums, gambling and betting, sports facilities, amusement and recreation activities, activities of membership organisations (religious, political, trade union, professional), personal services (hairdressing,</p>

Sector	SIC 2007
	beauty, textile cleaning, well-being activities, funeral activities)
	T - Activities of households as employers; undifferentiated goods and services producing activities of households for own use (97-98)
<i>NOT COVERED IN SURVEY</i>	U - Activities of extraterritorial organisations and bodies (99) Including households as employers of domestic personnel, private households producing goods for own use

Appendix D: Occupational Coding

The occupational data collected in the survey were collected both pre-coded and verbatim. The former included the occupational breakdown of employment (question D5 to D8) where respondents were asked how many of their workforce fell into each of the nine major (one-digit) Standard Occupation Classification (SOC) 2010 categories (Managers, Directors and Senior Officials through to Elementary Occupations). However, on vacancy measures (for example the occupations in which vacancies exist – question C2) this information was collected verbatim. This was then coded at the analysis stage, where possible to a four-digit level SOC, if not three, two- or one-digit level.

Examples of what might fall into each occupational band are as follows:

Occupational group	Primary sectors (Agriculture, manufacturing, construction etc)	Service sectors (retail, business, finance, transport etc)	Public sector (Public Admin, Health, Education etc)
Managers, Directors and Senior Officials	Site managers, Department Heads, Shift Managers (not supervisors)	Directors, Managers / Branch/site managers, shift managers (not supervisors)	Police inspectors and above, department heads, Head teachers, Senior Officials
Professionals	Professional engineers, software and IT professionals, accountants, chemists, scientific researchers	Solicitors, lawyers, accountants, IT professionals, economists, architects, actuaries	Doctors, nurses, midwives, teachers, social workers, librarians
Associate Professionals	Science and engineering technicians, lab technicians, IT technicians, accounting technicians	Insurance underwriters, finance/investment analysts and advisers, writers/journalists, buyers, estate agents	Junior police/fire/prison officers, therapists, paramedics, community workers, H&S officers, housing officers
Administrative staff	Secretaries, receptionists, PAs, telephonists, bookkeepers	Secretaries, receptionists, PAs, communication operators, market research interviewers, clerks	Secretaries, receptionists, PAs, local government officers and assistants, office assistants, library and database assistants
Skilled Trades	Farmers, electricians, machine setters / tool makers, carpenters, plasterers	Motor mechanics, printers, TV engineers, butchers	Chefs
Caring, Leisure and Other Service Occupations	Care assistants, nursery nurses	Travel agents, travel assistants, hairdressers, housekeepers	Care assistants, home carers, nursery nurses, ambulance staff, pest control, dental nurses, caretakers

Sales and customer service occupations	Customer facing roles: sales staff and call centre agents	Sales assistants and retail cashiers, telesales, call centre agents	Customer care operations
Process, plant and machine operatives	Routine operatives, drivers, machine operators, sorters and assemblers	HGV, van, fork-lift, bus and taxi drivers	Drivers, vehicle inspectors
Elementary occupations	Labourers, packers, goods handling and storage staff	Bar staff, shelf fillers, catering assistants, waiters/waitresses, cleaners	Labourers, cleaners, road sweepers, traffic wardens, security guards

Appendix E: Sampling Error and Statistical Confidence

Sampling error for the survey results overall and for different sub-groups by which analysis is presented in the report is shown in Table F.1. Figures have been based on a survey result of 50 per cent (the 'worst' case in terms of statistical reliability), and have used a 95 per cent confidence level. Where the table indicates that a survey result based on all respondents has a sampling error of +/- 0.32 per cent, this should be interpreted as follows: 'for a question asked of all respondents where the survey result is 50 per cent, we are 95 per cent confident that the true figure lies within the range 49.68 per cent to 50.32 per cent'. These confidence intervals are based on the assumption of a normal distribution of responses.

Sampling error (at the confidence 95 per cent level) associated with findings of 50 per cent

	Number of interviews	(Maximum) Sampling Error
Scotland	2,453	+/-1.98
By size of establishment		
1-4	328	+/-5.41
5-9	317	+/-5.50
10-24	537	+/-4.23
25-49	388	+/-4.98
50-249	727	+/-3.63
250+	156	+/-7.85
By sector		
Agriculture	85	+/-10.63
Mining & Quarrying*	24	+/-20.00
Manufacturing	176	+/-7.39
Electricity, Gas and Water	79	+/-11.03
Construction	223	+/-6.56
Wholesale and Retail	311	+/-5.56
Hotels & Restaurants	218	+/-6.64
Transport and Communications	221	+/-6.59
Financial Services	83	+/-10.76
Business Services	338	+/-5.33
Public Administration	136	+/-8.40
Education	164	+/-7.65
Health and Social Work	208	+/-6.80
Community, Social and Personal Services	187	+/-7.17

* Mining and Quarrying base size falls below the reporting threshold

Appendix F: Weighted base sizes

Throughout this report figures have been reported next to their unweighted base sizes to demonstrate statistical reliability. For reference, the following table shows the weighted number of employers this represents for the key measures in the report.

	Weighted base
Scotland	165,910
Chapter 3: Work-readiness of those leaving education	
Taking on leavers from education in the last 2-3 years	44,176
From Scottish Secondary School	30,370
From Scottish FE College	14,623
From Scottish University	15,233
Chapter 4: Employers, Recruitment and Skills shortages	
With a vacancy	22,196
With a hard-to-fill vacancy	6,669
With a skill-shortage vacancy	5,235
Chapter 5: Internal Skills Mismatch	
With at least one skills gap	27,664
Chapter 6: Employer Investment in Training and Skills	
Providing any training	117,807
On-the-job training only	30,724
Off-the-job training only	22,179
Both on- and off-the-job training	64,904
Providing no training for staff	48,103

Appendix G: Unweighted base sizes

This annex shows a reference table of the key unweighted base sizes used in this report. Note that throughout the report, figures are not reported where the base is under 25 and are highlighted in italics where the base is 25 to 49.

	Overall	Vacancies	Establishments with...		Estab's that train
			Hard-to-fill vacancies	Skills gaps	
Scotland	2,453	724	217	790	2114
Size					
1-4	328	23	9	35	203
5-9	317	39	13	79	261
10-24	537	104	32	158	474
25-49	388	132	41	154	360
50-249	727	342	93	295	680
250+	156	84	29	69	136
Sector					
Agriculture	85	15	8	20	55
Mining and Quarrying	24	6	4	5	21
Manufacturing	176	66	27	76	153
Electricity, Gas and Water	79	15	5	18	66
Construction	223	37	13	62	188
Wholesale and Retail	311	74	25	117	262
Hotels and Restaurants	218	90	31	104	190
Transport and Communications	221	63	18	50	184
Financial Services	83	13	1	28	75
Business Services	338	97	34	95	287
Public Administration	136	37	9	41	119
Education	164	77	11	48	156
Health and Social Work	208	75	18	68	198
Community, Social and Personal Service activities	187	59	13	58	160

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List of previous publications

Executive summaries and full versions of all these reports are available from www.ukces.org.uk

Evidence Report 1

Skills for the Workplace: Employer Perspectives

Evidence Report 2

Working Futures 2007-2017

Evidence Report 3

Employee Demand for Skills: A Review of Evidence & Policy

Evidence Report 4

High Performance Working: A Synthesis of Key Literature

Evidence Report 5

High Performance Working: Developing a Survey Tool

Evidence Report 6

Review of Employer Collective Measures: A Conceptual Review from a Public Policy Perspective

Evidence Report 7

Review of Employer Collective Measures: Empirical Review

Evidence Report 8

Review of Employer Collective Measures: Policy Review

Evidence Report 9

Review of Employer Collective Measures: Policy Prioritisation

Evidence Report 10

Review of Employer Collective Measures: Final Report

Evidence Report 11

The Economic Value of Intermediate Vocational Education and Qualifications

Evidence Report 12

UK Employment and Skills Almanac 2009

Evidence Report 13

National Employer Skills Survey 2009: Key Findings

Evidence Report 14

Strategic Skills Needs in the Biomedical Sector: A Report for the National Strategic Skills Audit for England, 2010

Evidence Report 15

Strategic Skills Needs in the Financial Services Sector: A Report for the National Strategic Skills Audit for England, 2010

Evidence Report 16

Strategic Skills Needs in the Low carbon Energy generation Sector: A Report for the National Strategic Skills Audit for England, 2010

Evidence Report 17

Horizon Scanning and Scenario Building: Scenarios for Skills 2020

Evidence Report 18

High Performance Working: A Policy Review

Evidence Report 19

High Performance Working: Employer Case Studies

Evidence Report 20

A Theoretical Review of Skill Shortages and Skill Needs

Evidence Report 21

High Performance Working: Case Studies Analytical Report

Evidence Report 22

The Value of Skills: An Evidence Review

Evidence Report 23

National Employer Skills Survey for England 2009: Main Report

Evidence Report 24

Perspectives and Performance of Investors in People: A Literature Review

Evidence Report 25

UK Employer Perspectives Survey 2010

Evidence Report 26

UK Employment and Skills Almanac 2010

Evidence Report 27

Exploring Employer Behaviour in relation to Investors in People

Evidence Report 28

Investors in People - Research on the New Choices Approach

Evidence Report 29

Defining and Measuring Training Activity

Evidence Report 30

Product strategies, skills shortages and skill updating needs in England: New evidence from the National Employer Skills Survey, 2009

Evidence Report 31

Skills for Self-employment

Evidence Report 32

The impact of student and migrant employment on opportunities for low skilled people

Evidence Report 33

Rebalancing the Economy Sectorally and Spatially: An Evidence Review

Evidence Report 34

Maximising Employment and Skills in the Offshore Wind Supply Chain

Evidence Report 35

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

All of the outputs of the UK Commission can be accessed on our website at www.ukces.org.uk

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