

Nurturing talent: *building the workforce of the future*

Research report





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1. Foreword

Seven years ago I remember reading Lord Leitch's forensic examination of the UK skills system. The picture he painted was both bleak, in terms of where the UK stood and where it was heading, and optimistic. Optimistic in the sense there was time to do something and to ensure the UK stayed alongside, if not ahead, of its global competitors. With seven years to his watershed year of 2020 much has been done. The skills sector has undergone a series of changes, with many more currently in implementation. However, the current economic climate, together with the budget deficit, mean times are harder than in a generation. Despite this the government has made some welcome and needed changes: the Youth Contract; the introduction of Traineeships and Functional Skills; more funding for Apprenticeships; and a continued commitment to maths and English provision for adults.

This report outlines how times have changed since 2006: the economic downturn; the exponential growth of new technologies; the emergence of new global competitors; and the changes brought about by the coalition government. Change is taking place faster than ever before – change for individuals, change for employers and change for national economies. In such a world it is difficult to forecast what skills might be needed in 2020, a tough enough task for Leitch in 2006. What is clear is we need to provide people with transferable skills, we need to give them the ability to think critically and to analyse massive amounts of information, and we need to give them the opportunities to develop and practise these skills. Undoubtedly this needs to start at school. However it is the case we need to equip adults with these skills too – around 80 per cent of the 2020 workforce are already of working age after all.

Our assessment in this report shows consensus is beginning to emerge, at least on what the main issues are: getting maths and English delivery right in schools; developing a number of routes both into work and into further learning; creating high quality careers advice which takes into account local labour market data; and, somehow, creating a parity between vocational and academic pathways post school. However, we believe more can, and should be done. Our report makes a number of recommendations which we believe could really help to make Leitch's vision a reality.



Sarah Jones,
Chief Executive Officer, **learndirect**

2. Introduction

In 2008, **learndirect** published *Nurturing Talent* (Parry, 2008). In this report, we showed, despite the worsening economic context at the time, organisations still believed in investing in their employees' development and in "growing their own" talent, as well as recruiting skills from the external labour market. We demonstrated not only was the internal development of talent perceived to be cheaper than the recruitment of the required skills and experience, but also this approach had allowed some organisations to survive past economic downturns by creating a skilled, committed and motivated workforce.

In the intervening five years the environment in which organisations operate has continued to change dramatically. The recent economic downturn has led to increased uncertainty, with many organisations freezing or decreasing their HR and talent management budget. Over the past 20 years, a number of factors have influenced the transformation of the business context: macro-economic trends such as economic difficulties, increased global linkages, information technology growth, knowledge based competition and political uncertainty; changes in the way firms are organised, such as the increase in agile and virtual organisational structures; and demographic changes, such as the ageing workforce (Hatum, 2010).

The BRIC countries are becoming more important globally and work itself has shifted to emphasise knowledge intensive work, resulting in a shortage of high quality knowledge workers. We have also seen the need for companies to operate across national borders means the role played by globally competent managers is increasingly critical, and competition for talent has moved from within to across countries. This means the need for managerial talent and the adoption of effective talent management approaches has gone global.

Advances in technology, in particular the internet, have revolutionised both the workplace and home environment by providing easy access to information and connections between people regardless of where they are in the

world and at what time. The internet itself has evolved from a platform to provide information to users (Web1.0) to one promoting two-way communication, collaboration and interaction (Web2.0) through the use of social media tools such as blogs, wikis, social networking sites and RSS feeds. The way people access the internet has also changed with the development of wireless and, more recently, cloud and mobile and "bring your own device" technology. These changes in technology have led to equally dramatic changes in the way talent is managed – from the use of social media for recruitment, to a revolution in the way people learn, with mobile and cloud access to learning materials and the recent development of "MOOCs" (massive online open courses).

We have seen increased diversity within the UK itself through higher immigration (particularly from EU countries), a higher number of women in the labour market and an increasingly ageing workforce. Changing workforce demographics have made identifying, locating and managing talent more problematic. In particular, the ageing workforce means employers are being forced to consider how their talent management practices address the needs of different age groups, particularly those at the oldest and youngest ends of the workforce. By 2050, in the UK alone, there will be around 19 million people aged 65+ (around a quarter of the population) and already life expectancy is an average of 80.17 (Parry, 2012).

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Set against this, and since the 2008 economic downturn, much attention has been paid to the employment and skills of young people. Indeed, in the recent economic crisis, unemployment has been a particular problem for young people: between November 2011 and January 2012 1.04 million (22.5 per cent) 16-24 year olds in the UK were unemployed, a rise of seven per cent on the same quarter in 2011 (ONS, 2012). The situation is even worse in other areas of Europe with more than 50 per cent of young people unemployed in Spain and Greece, and in the USA youth unemployment rates have risen from around 10 per cent in July 2007 to more than 18 per cent in July 2011 (Parry and Tyson, 2013 forthcoming).

The blame, at least in part, has been placed on the educational structures and standards within the country. For example, youth unemployment in the UK has been partly attributed to the failure of the UK educational system to prepare young people to enter the workforce. Indeed, general numeracy and literacy in the UK is poor, with a 2011 government study suggesting 24 per cent of UK adults would struggle to count up to 1,000, meaning they had the number skills of a child aged nine or younger. The study also found 15 per cent of UK adults had a reading and writing age of a child aged 11 or younger (Shepherd, 2011). There has also been some suggestion in the popular media young people lack the communication, interpersonal and self-presentation and self-management skills employers require (Parry and Tyson, 2013, forthcoming).

It is because of the rise in youth unemployment and increasing concerns about the quality of young people entering the labour market that the emphasis in skills development has shifted towards this group. In this report, we will therefore consider the skills and employment of younger people. We will first examine the overall situation with regard to skills within the UK in order to contextualise our later discussion within the broader UK skills context. We will then concentrate on younger workers by addressing the following questions:

- What are the barriers to employing younger workers?
- What is the situation with regard to skills and skills development in younger workers?
- What are employers' attitudes towards Apprenticeships?



Our supporting evidence

To answer these questions, we will draw upon two sources of data: a review of the existing evidence and a YouGov survey of senior decision makers from UK private sector organisations. The 503 respondents to the YouGov survey were drawn from a range of sectors (figure 1) and from across the UK (figure 2).

Figure 1: Responding organisations by industry sector

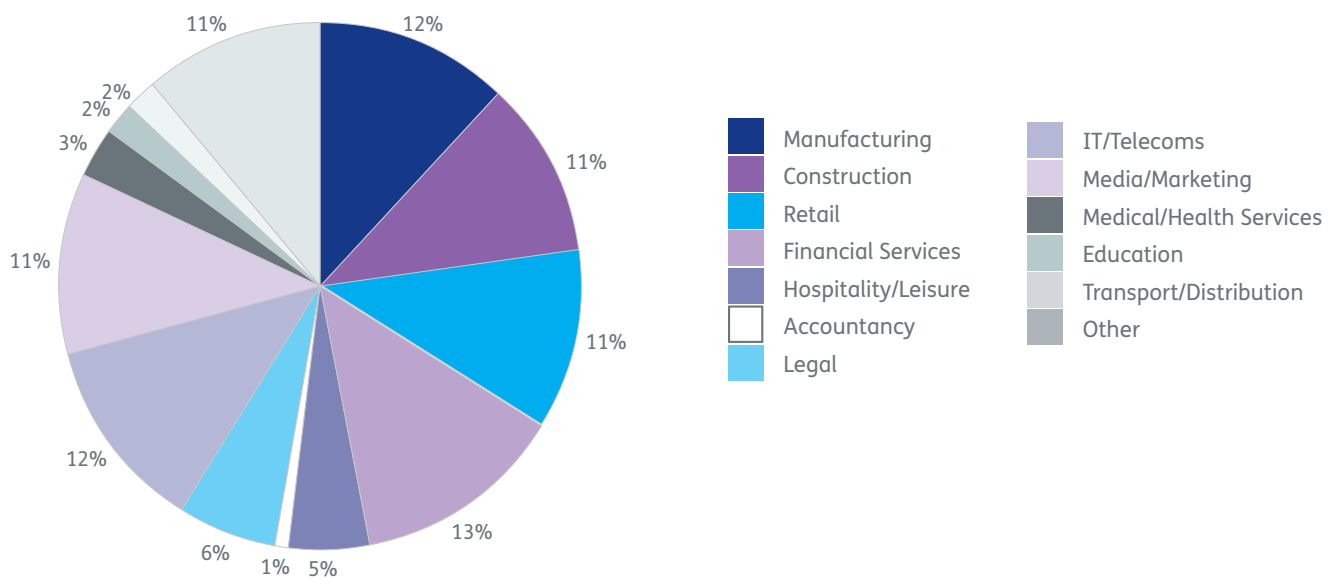
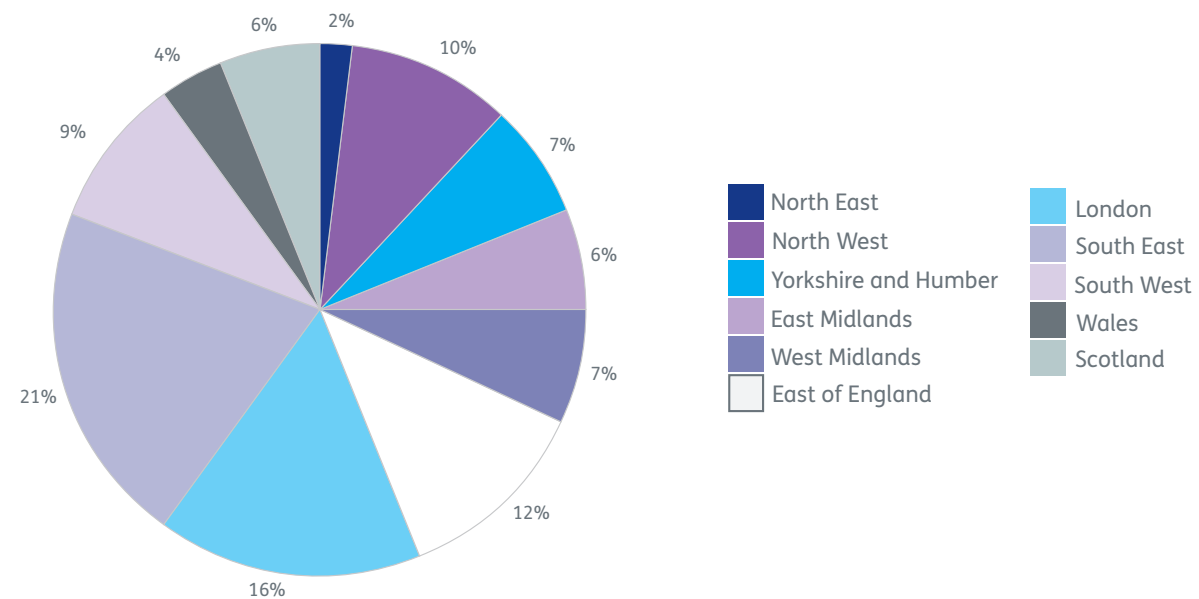


Figure 2: Responding organisations by UK region



3. The UK skills context

According to the UK Commission for Employment and Skills (UKCES, 2010c), UK prosperity is dependent on two things: the number of people employed and the value of what those workers produce. Both of these factors are dependent on the skills levels within the country. OECD data currently places the UK as tenth out of 30 countries for employment rate and eleventh for productivity. These are lower than the USA, Germany, Sweden, Norway and the Netherlands, therefore allowing much room for improvement.

Indeed, there is evidence of the impact of skills on economic performance. National skills levels are important for the adoption of new technologies, as well as for knowledge transfer and innovation. Therefore the potential economic gain from raising skills levels is huge (UKCES, 2010c).

On an individual level, learning can also provide a long list of benefits, including the improvement of mental and physical health and longevity of life. Improved skills at a younger age lead to a greater likelihood of higher achievement, increased stability and the reduced likelihood of chaotic lives, which in turn leads to a strong and stable society.

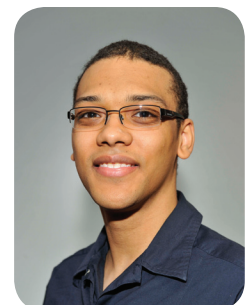
UKCES (2010c) concluded the possession of skills and their quality has a direct relationship with an individual's earning prospects, their likelihood of gaining employment, their job tenure and their propensity for future learning – this leads to a “virtuous circle of learning and earning”. UKCES (2009b) has shown a positive impact on wages of achieving a NVQ2 qualification (four per cent more than those with no qualifications), of intermediate qualifications (the impact differs depending on the qualification) and of Apprenticeships (for men but more recently for women as well).

In addition, keeping people in education can reduce crime and saves community and state money. Improved skills levels can also have a positive intergeneration effect such as reduced poverty and better health.

Lloyd Briggs

Lloyd Briggs, 28, from Newcastle, struggled with dyslexia at school and as a result, left aged 16 with no qualifications. He came to **learndirect** after a period of depression to gain the qualifications he needed to get his dream job. After subsequently getting a job as an IT technician in a school he's now moved on to a position with a big car manufacturer in an industry he's really passionate about. He said:

*“The sense of achievement I felt by actually going out and improving my future with **learndirect** was immense. I found it so rewarding learning new things, it's made learning a hobby for me. Before I went to **learndirect**, I wouldn't learn about anything I wasn't interested in. Now I am far more willing to embrace anything that will help me progress in my career.”*



Despite the accepted importance of skills levels for individual, organisational and economic prosperity, there have long been concerns about the levels of skills within the UK. Wright, Brinkley & Clayton (2010) suggested improving the UK's skills profile was essential to the country's future prosperity, concluding skills shortages, skill gaps and skills under-utilisation caused problems within the UK.

Probably the most well known review of UK skills was by Lord Leitch (undertaken between 2004 and 2006) which investigated the reasons despite economic stability at the time, the UK's skills base was weak by international standards. Leitch (2006) set a number of stretching objectives to be achieved by 2020, including:

- **95%** adults to achieve functional numeracy and literacy skills (increase from 85% literacy and 79% numeracy).
- Exceeding **90%** adults qualified to at least level 2 (increase from 69%), and to 95% as soon as possible.
- Shifting balance of intermediate qualifications to level 3 rather than level 2 resulting in 1.9 million level 3 attainments and apprentices to **500,000** per year.
- Exceeding **40%** adults qualified to level 4 (up from 29% in 2005).

The principles to achieve these objectives centred on: shared responsibility between employers, individuals and the government; a focus on economically valuable skills; demand-led skills; and build on existing structures by improving performance of these.

Leitch's work was undertaken before the 2008 economic downturn, showing the UK's problems with skills levels are not related to the economic context. A later report by the House of Commons Innovation, Universities, Science and

Skills Committee (2009) commented the climate had changed since the Leitch report due to the economic downturn.

However, recent research (Skills for Life survey, 2011) suggested the problems described by Leitch still exist, finding little improvement in lower level literacy and a decline in numeracy skills. Regardless of the actual levels of literacy and numeracy in the UK, the perception held by both employers and job seekers is of a mismatch between the skills and experience required by employers and those available in the labour market.

For example, our own research in 2012 (**learndirect**, 2012) in which we surveyed almost 3,000 jobseekers with fewer than five GCSE equivalents at A-C grade and 462 employers, found the majority of respondents agreed it was unacceptable so many adults in the UK had such poor maths and English skills. The results of this survey also showed 30 per cent of job seekers thought maths and English were the most important thing employers look for: around half of employers reported problems with maths and English in the workforce.

Our results support several other studies suggesting many people struggle to find work because of their low skills levels and employers find it difficult to secure the skills and experience they need within the UK labour market. For example, XpertHR recruitment trends survey (2012) showed 95 per cent of employers with employment problems during the last year cited the low quality of candidates applying for posts as barrier to recruitment. The 2009 National Employer Skills Survey in England (UKCES 2010b) showed 16 per cent of all vacancies in England were hard to fill due to a lack of applicants with the necessary skills, qualifications or experience.

This situation means many job seekers have very negative views of the opportunities available to them in the labour market. It is

important to note the mismatch between employer needs and job seeker skills is not limited to maths and English. UKCES (2009) emphasised the importance of employability skills as well as more technical skills. UKCES suggested without these it will be more challenging for the UK to achieve its productivity goals as individuals will find it harder to get, and progress, in rewarding work.

It is clear it is imperative something is done to address the skills mismatch between employers and potential employees. Leitch (2006) emphasised the key role of employers, as well as the individual themselves and the government, in addressing skills needs. The House of Commons Innovation, Universities, Science and Skills Committee (2009) also questioned the role of training providers (FE, HE and private) which were not considered in Leitch's triangle of employer, individual and government.

UKCES (2010) also emphasised the importance of employer involvement in increasing the skills levels of employees. This can be achieved by: drawing on the employers' expertise; involving them in the learning process to make it real for learners; and empowering employers to insist on the employability skills they need. The pay-off from involving employers in learning is in: understanding the training need; motivating the learner; providing the best learning environment; and improving progression (allowing access to vacancies etc), as well as attracting funding. The coalition's latest skills strategy (BIS, 2013) provides the opportunities and incentives to put employers and individuals in the driving seat for the first time, with public funding targeted at three priority groups where it will have the most impact: young people; the unemployed and those with basic skills needs; and vocational education and training in priority/growth sectors.

Joanne Commons

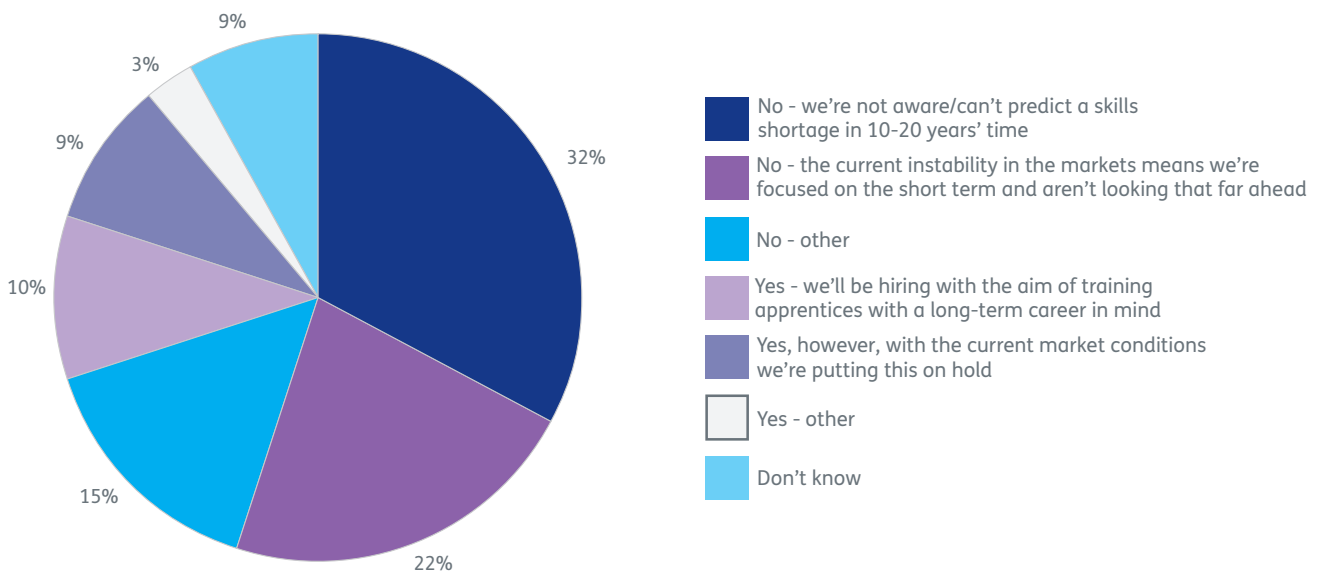
Joanne Commons, 23, from Coalville had been out of work for nearly a year after having her son. After applying for jobs but not getting anywhere she realised she needed to gain some qualifications to help her get back into work. After completing maths and English qualifications with **learndirect** and gaining invaluable advice on how to improve her workplace skills, Joanne is back in employment as a classroom assistant.

*“I've always wanted to have a job where I can help people so I'm really pleased with where I've got to. I'd recommend **learndirect** to anyone with low confidence who wants to gain more qualifications. It really sorted me out and gave me the boost I needed to not only to improve my skills and confidence but also my life as a whole.”*



As part of our research, we asked employers whether they had taken any steps to address potential skills shortages in the labour market in 10-20 years' time. The results (shown in figure 3) showed most employers surveyed had not taken such steps, either because they did not believe they could predict such skills shortages (32 per cent), because the current climate made this difficult (22 per cent) or for other reasons (15 per cent). Of those which had taken such steps, 10 per cent were addressing this by hiring apprentices and nine per cent had put this on hold because of current conditions.

Figure 3: **Have you taken any steps to address skills shortages in the labour market in 10-20 years' time?**



4. Youth skills and employment

While the worries about UK skills levels are not limited to a particular age group, over recent years we have seen particular concern about the skills levels of school leavers and young people – specifically 16-24 year olds. This has been emphasised even more since the rise in youth unemployment resulting from the economic downturn.

The Chartered Institute of Personnel and Development (CIPD, 2012) emphasised the importance of doing something about youth unemployment for three main reasons:

1. Young people's transitions into the labour market are longer and more difficult.
2. There are significant costs and negative consequences of doing nothing: for young people a period of unemployment early in their working life can have a negative scarring effect, influencing future employment prospects, income etc; and for society there is a significant public cost associated with youth unemployment (around £56,000 per individual).
3. For employers it is crucial to invest in their talent pipeline and create their workforce skills and talent for the future.

However, the currently high levels of youth unemployment are not completely due to low skills levels in school leavers. Indeed, recent research has highlighted a number of factors in addition to skills levels which make it more difficult for younger people to find work. For example, a UKCES (2012) report on youth unemployment emphasised the nature of recruitment systems: people find work through contacts which need time to be established therefore meaning younger workers are disadvantaged; recruiters emphasise experience as important in new recruits; there are issues with young people's work readiness – only a minority of recruiters have recruited from

education in the past two or three years; and the labour market for young people is changing dramatically – sales and elementary occupations which typically suit school leavers are in decline and were hit hard by the recession.

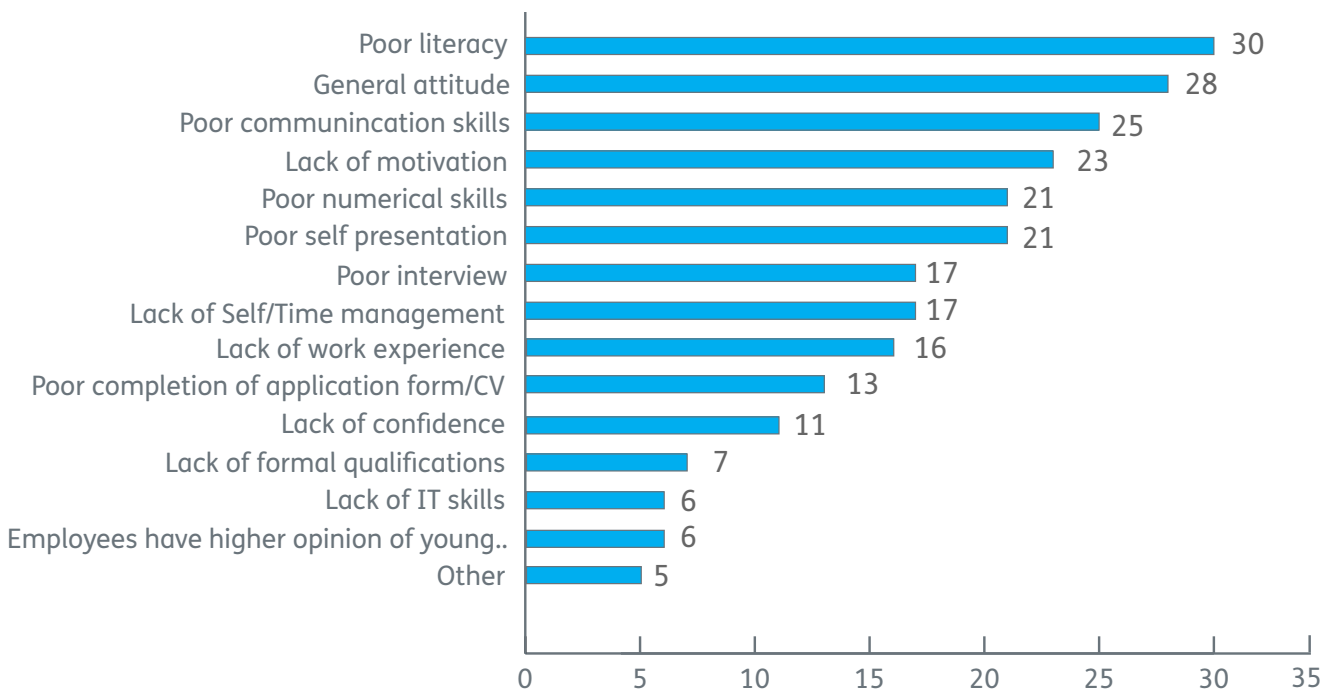
CIPD research (2012) showed most employers said they didn't have jobs suitable for young people, rather than blaming skills issues. This was supported by UKCES (2010b) who showed only a minority of those which found young people poorly prepared for work cited literacy or numeracy as a reason for this. The CIPD (2012) suggested a number of reasons for increasing youth unemployment, generally supporting the suggestions from UKCES (2012):

- The types of jobs in the UK economy are changing to young people's detriment – there are fewer access points, entry level jobs and progression routes for young people.
- The focus has historically been on university education but not on improving alternatives such as vocational education and training (VET). The constant reforms and institutional changes to VET have not helped this.
- The UK has low inter-generational social mobility – success in life is strongly determined by a person's parents, so people tend to have similar jobs to their parents. This is due to a lack of guidance and advice at school, low experience of professional jobs, lack of access to professional networks and low self-confidence.

- Working life has become more complex – traditional jobs and industries have disappeared and been replaced by a varied landscape of occupations which are increasingly globalised and digitalised. Rapid technological change means we have limited insight into the jobs available in the future and what skills are needed.
- Current recruitment trends focus on informal methods which disadvantages young people because of their lack of access to networks.
- Employers also need to learn about today’s digitally skilled youth and how they can be useful - the emphasis should not just be on young people learning about employment.

Despite the variety of reasons for higher youth unemployment, there is undoubtedly some mismatch between the skills and experience of young people without a degree and the requirements of employers. Many business leaders cite poor literacy (30 per cent) and numeracy (21 per cent) as barriers to recruiting younger people, as well as general attitude (28 per cent), poor communication skills (25 per cent) and poor self-presentation (2 per cent) (see figure 4).

Figure 4: Barriers to recruiting young people without a degree



This supports previous research via the 2009 National Employer Skills Survey in England (UKCES 2010b) which found, while most employers who had recruited 16 year old school leavers during past 12 months, 29 per cent felt they were poorly/very poorly prepared for work – mainly due to lack of experience of work or life, a poor attitude, personality or lack of motivation, rather than a lack of technical skills.

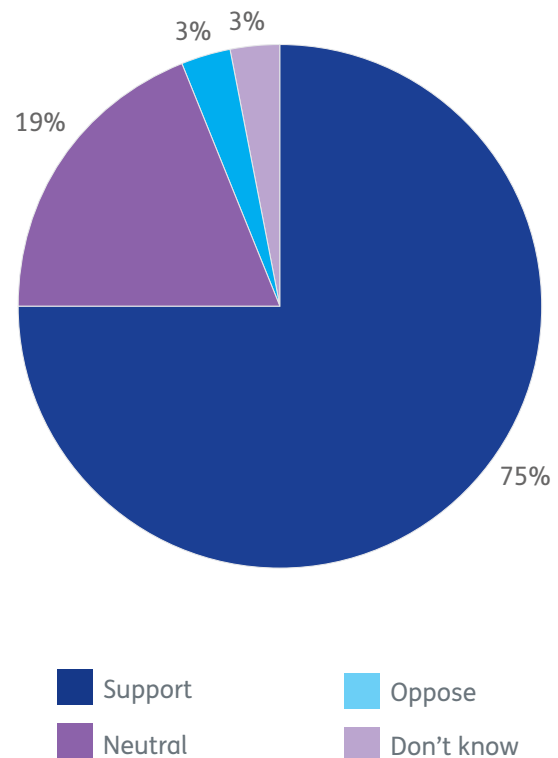
This view might differ with young people themselves (UKCES, 2010). Edge (2010) found 85 per cent of respondents under the age of 17 were confident in their preparedness for employment but only 53 per cent of those over 17 (and under 25) had confidence.

The CIPD (2012b) Learning to Work survey supports these findings, with almost a quarter of survey respondents saying an increase in the quality of job applications from young people would encourage them to recruit them. In addition, the CIPD survey results showed many employers thought young people had unrealistic expectations (59 per cent), lacked insight into the working world (63 per cent) and lacked adequate career guidance (53 per cent).

On a more positive note, of those who recruited young people in last 12 months, 91 per cent were very or fairly satisfied and only nine per cent dissatisfied. Many saw a clear business case for employing younger workers in terms of: improving fresh ideas (40 per cent); bringing in motivation, energy and optimism (42 per cent); cost effectiveness; and improved workforce diversity (over 25 per cent). In addition, 70 per cent believed employers have a duty to help tackle youth unemployment by providing internships, work experience, entry routes for non graduates and school visits. More in-depth research from the CIPD on the business case for investing in young people (2012c) concluded recruiting young people: helps employers to

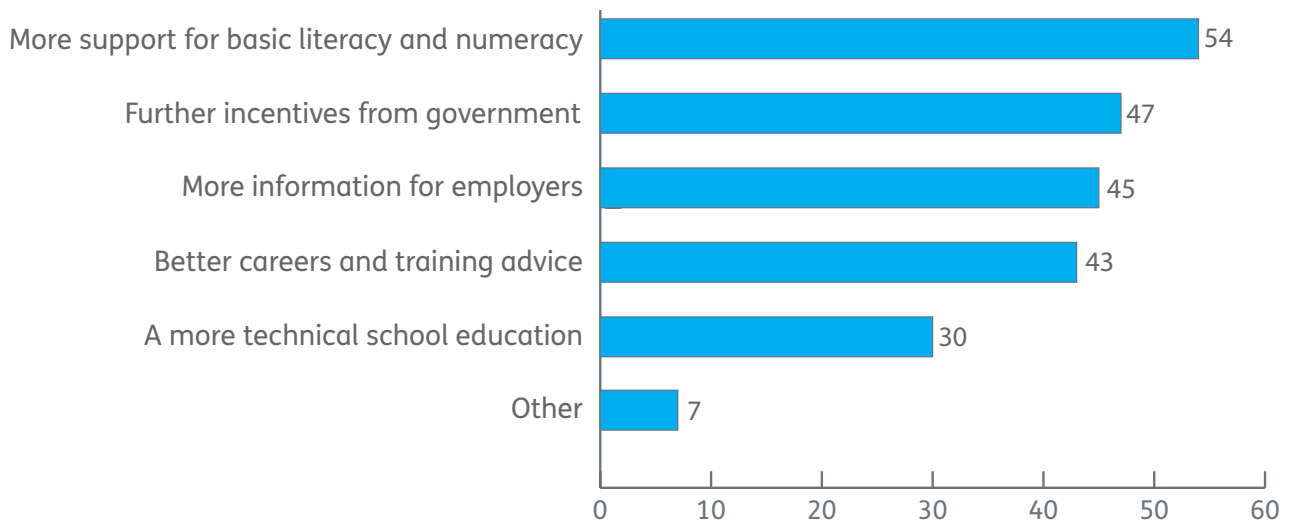
build a talent pipeline and the future workforce; allows them access to the unique skills young people have and their energy, enthusiasm and flexibility; saves the costs of buying in talent; and creates a more diverse workforce. Our research suggested employers were generally supportive of the government's drive to equip young people with the skills they need in a global recruitment market with 75 per cent of our survey respondents stating they supported this idea (see figure 5).

Figure 5: Do you support the government's drive to equip young people with the skills needed to compete in a global market?



We also asked our survey respondents what they thought was needed to support the government's drive to help young people find employment (see figure 6). More than half (54%) said more support for basic literacy and numeracy was needed, while just under half suggested more financial support from government (47%), more information for employers (45%) and better careers and training advice for individuals (43%).

Figure 6: **Support needed to support government's drive to help young people find employment**



The government's main response to the challenge of rising youth unemployment was to launch the Youth Contract in April 2012. The Youth Contract offers cash incentives for businesses which employ young people through Jobcentre Plus or from the Work Programme. Further wage incentives are available to support new Apprenticeship pathways for young people in England and encourage small employers, who have not previously taken on Apprentices to benefit from the programme. While it is too early to see the full impact of this investment, initial feedback from employer bodies, such as the British Chambers of Commerce, is too few employers know about the Youth Contract and its opportunities.

A number of solutions have been suggested in the literature to improve the employment prospects of young people, mostly focusing on skills levels. For example, the Confederation of British Industry (CBI) emphasise the need to make improvements to education (2013), launching a recent campaign to improve primary and secondary education. The importance of education is also emphasised by a recent report from the Department of Business, Innovation and Skills which found a third of men and nearly a third of women who participated in Further Education (FE) got a better job as a result. Research from the Skills Funding Agency (2013) supported the benefits of additional education by showing recruits from FE colleges were more likely to be seen as well-prepared for work than school leavers of the same age. Around eight in ten (86 per cent) companies agreed having staff with vocational qualifications led to better business performance (Skills Funding Agency, 2013).

Apprenticeship schemes have also been shown to help young people to enter the workforce and develop new skills. However, in order to be accepted on an Apprenticeship scheme, young people still need to develop some basic skills such as communication, job application skills and self-presentation skills. Recently the UK government looks to address the lack of employability skills in young people, through the introduction of new "Traineeship" programmes. These provide 16-24 year olds with a tailor made package of support to give them the confidence, skills and experience to compete in the labour market and are seen as a stepping stone to an Apprenticeship.

Past UKCES (2011) research with employers about youth unemployment supports the idea of such employability training. Their research showed that pre-employment training programmes ("routes into work") improved the calibre of candidates, their preparedness for interview and their expectations of a job.



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5. Apprenticeships

The recent focus in the UK for improving young people's skills and employability has moved onto Apprenticeships, with an increase in the government funding in this area.

While Apprenticeships have traditionally been associated with blue collar jobs, over recent years a range of schemes have been developed which focus on other types of roles. For example, a new scheme was launched by the Cabinet Office and Civil Service in 2013 so school leavers could apply to become apprentice civil servants (Kennedy, 2013). Data from the National Apprenticeship Service (NAS) showed almost 127,000 applications for Apprenticeships were submitted and 106,510 advertised in 2012 – these were in business and administration, childcare, customer services and vehicle maintenance and repair.

BIS (2012) conducted research among employers who undertook Apprenticeships and found employers with Apprenticeship schemes were concentrated in a relatively low number of sectors - most commonly health, socialwork and childcare (20%), retail and wholesale (15%),

construction (32%), and hair and beauty (12%). Three quarters of employers were SMEs and half had fewer than 25 staff (50%). Employers were more likely to provide level 2 than level 3 Apprenticeships. This suggests, despite the recent widening of the scope of Apprenticeships, the coverage of these schemes is still limited. Our own research supports this view with only 21 per cent of responding organisations overall employing apprentices (see figure 7). Our results also show the use of Apprenticeships varies by industry, with manufacturing (41%), construction (32%) and transportation and distribution (27%) most commonly using apprentices (see figure 8). The employment of apprentices was also more common in large organisations (38%), compared to medium (27%) or small (8%) organisations (see figure 9).

Figure 7: Does your company currently employ apprentices?

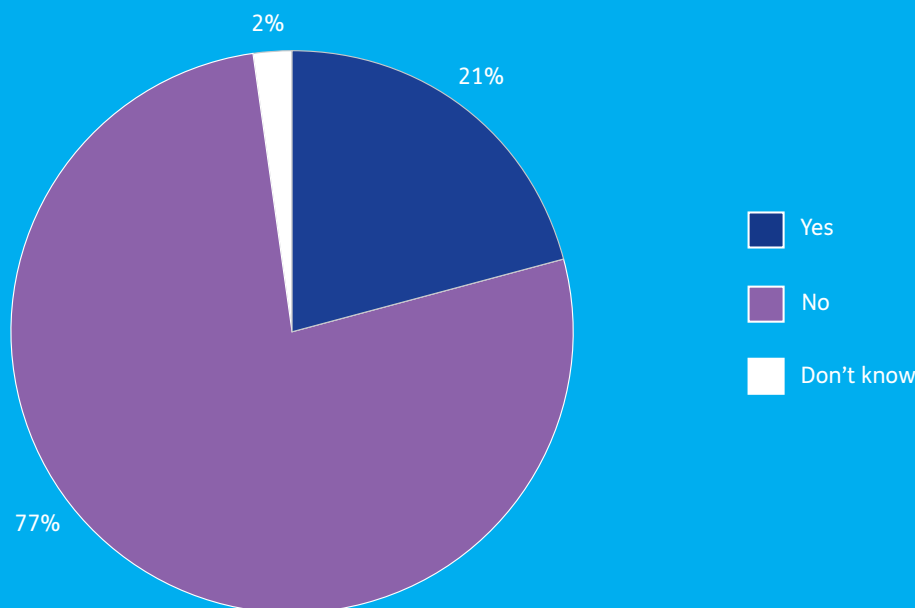


Figure 8: Use of apprentices by industry

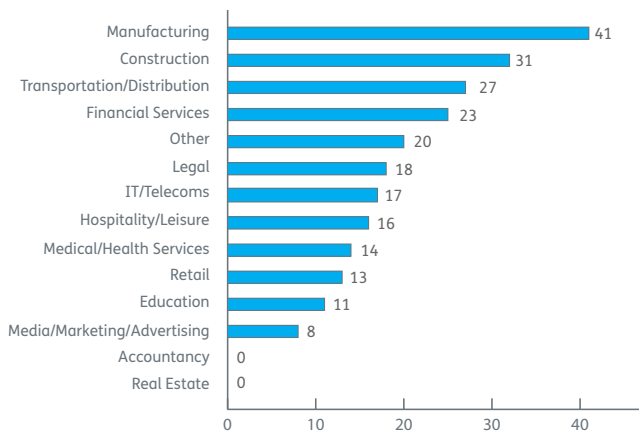
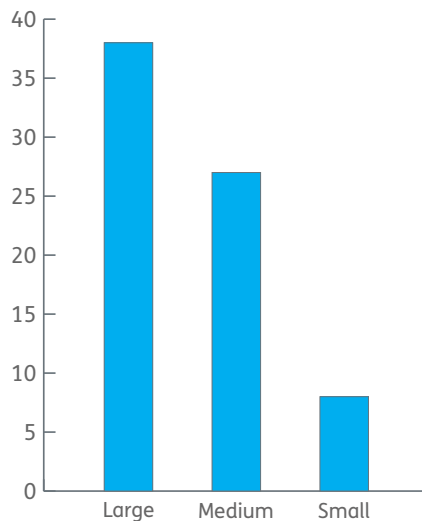


Figure 9: Use of apprentices by organisation size



Apprenticeships have been shown to offer a number of benefits to both employers and individuals. UKCES research (2010c) showed business performance was improved through their contribution to the enhancement of the firm’s competitiveness, profitability, productivity and quality of its products and/or services. This was in addition to the benefit of “strategically investing in the organisation’s future workforce”. This research also suggested apprentices were also often more motivated, more likely to adopt

the values, behaviours and culture of a firm and to be retained.

In addition, offering Apprenticeships sends a signal the company is committed to training, local employment and values its workforce. The net costs of Apprenticeships are often lower than those of training non-apprentices. Hasluck, Hogarth and Adam (2009) found the longer term benefits from Apprenticeships included: a supply of people with the skills and qualities the business needs; a supply of skilled young recruits to help the business grow; more practical and job related learning than other forms of training; lower costs; and increased retention and progression rates compared to non-apprentices. Similarly, research from BIS (2012) found the benefits of Apprenticeship schemes were: improved productivity (72%); improved staff morale; improved product or service; a more positive image in the sector; better staff retention; and introduction of new ideas to the organisation (all around two thirds).

For Apprenticeships the “magnitude of the wage returns relative to other vocational qualifications at the same level suggest they are one of the most valued vocational qualifications and their value in the labour market has been rising” (UKCES, 2010c).

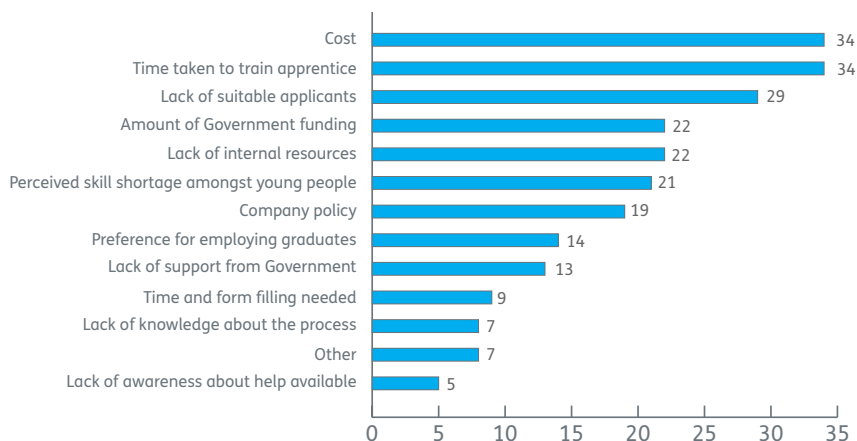
We also investigated the potential benefits of Apprenticeships (see figure 10). Our survey respondents most commonly suggested Apprenticeships schemes: allowed employers to plan to progress apprentices through the business (34%); had a beneficial impact on employee retention (32%); helped to address technical skills shortages (32%); and allowed companies to fill skills shortages more generally (32%). Thirty per cent of respondents also felt Apprenticeships were a way to help the government address youth unemployment.

Figure 10: Benefits of Apprenticeship schemes



We also asked our survey respondents what the issues or difficulties with Apprenticeships were (see figure 11). Most commonly, survey respondents suggested the cost or the time taken to train an apprentice were potential drawbacks (both 34%). In addition, respondents perceived there to be difficulties in relation to a lack of suitable applicants (29%), the amount of government funding available (22%) and a lack of internal resources (22%).

Figure 11: Issues with employing apprentices



BIS (2012) conducted some more detailed research asking employers which employed apprentices for their feedback about Apprenticeship schemes. Most employers felt there was sufficient information, support and guidance when considering Apprenticeships (81%) but 14 per cent thought there was not enough support (5% were not sure). Smaller employers were more critical about the guidance available. Satisfaction with quality of training from external providers was generally high (66% were very satisfied).

Despite this positive response, 43 per cent of respondents said training fewer apprentices would have no impact on their business. The most commonly reported impact of training fewer apprentices were: skills shortages in the future (20%), leading to an older workforce (7%), reductions in quality of products and services (6%), staff shortages (6%) and increased recruitment costs (6%). Around 80 per cent of respondents said they would continue to offer Apprenticeships.

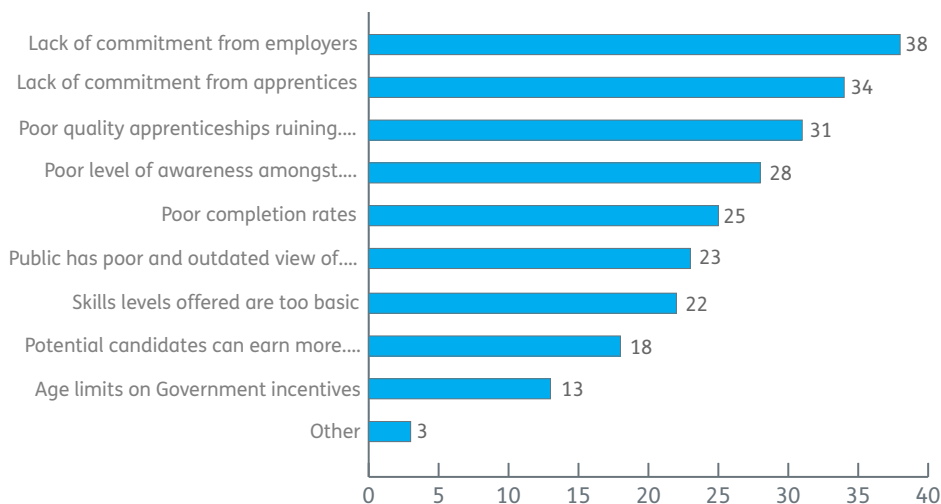
The former LSC (2008) undertook a large scale study including 46 case studies of employers who did and did not undertake Apprenticeships, a survey of employers and interviews with learners. This research confirmed employers get involved in Apprenticeships to develop the workforce of the future, grow their own employees and to support recruitment activity. A recent CIPD (2013) survey took a different approach and asked working parents of children under 18 about their attitudes to Apprenticeships: 47 per cent of working parents with children under 18 agreed Apprenticeships are a route they would recommend for their children and almost two thirds agreed Apprenticeships were a good career option. However, about half of the respondents didn't think Apprenticeships had the same status as a university education but more employers offering Apprenticeships, examples of high flying former apprentices and more information about Apprenticeships and career options would help to improve their standing.

It appears from this research Apprenticeships might be a way of addressing issues with employment and skills in young people and could be beneficial to both individuals and employers as well as to the UK more widely.

It is also clear, however, that the current Apprenticeships system is open to improvement. Indeed, the recent Richard Review (2012) supported the concept of Apprenticeships but suggested a number of improvements to the current UK system. The government responded positively to Richard's report on 14 March 2013 and is now consulting with employers, providers and other interested parties (see Department for Education 2013).

We asked our survey respondents what the barriers were to the successful growth of Apprenticeships. Most commonly, respondents suggested a lack of commitment from employers was the greatest barrier to the growth of Apprenticeships (38%), followed by a lack of commitment from apprentices (34%), poor quality of Apprenticeships ruining the reputation of the initiative (31%) and poor level of awareness among potential apprentices (28%) (see figure 12). However, the fact remains Apprenticeships are an approach many businesses are considering.

Figure 12: Barriers to successful growth of Apprenticeships



6. Conclusions and recommendations

The messages contained in this report are clear. Improving skills is vital to the country's prosperity, as well as contributing to organisational effectiveness and individual success and well being. Despite this, there are concerns about the level of numeracy and literacy skills within the UK workforce, particularly among young people. Employers also suggest today's school leavers do not necessarily have the employability skills needed in order for them to be successful in the labour market. There appears to be a mismatch between employer requirements and the skills and experience offered by young people who are looking for work. This problem almost certainly contributes (but is not the sole cause) of the currently high levels of youth unemployment in the UK.

Although a number of policy initiatives have been developed by the government in the past few years, we believe there is still more to be done to meet the ambitious goals set out by Leitch by 2020. In particular we make the following recommendations:

- 1. The role of schools in equipping young people for the workforce:** We believe there should be a national debate about the role of schools in preparing young people for the workforce. Schools should have a duty to ensure young people leave the school system with the basic employability skills, behaviours and attitudes needed to thrive in work, including maths and English and ICT. The curriculum should be reviewed to include work related learning which will ensure young people are work-ready. Employers can then be free to focus training budgets on job-specific training, such as Apprenticeships, which gives them a greater return on investment.
- 2. Information, Advice and Guidance:** The new duty on schools to provide high quality information, advice and guidance must be impartial and must include the full range of options, including Apprenticeships and Traineeships. Apprenticeship pathways provide a valuable progression route on a par with A-levels and university. The current funding system which incentivises some institutions to keep their students on the A level path – even when it is not always the best option for the individual – need to be removed and the focus placed on a broader set of destination measures. Employers can also play a greater role in promoting the vocational route into a sector or industry by getting more involved with their local schools, offering high quality work experience placements and taking part in job-fairs. In return this will help employers develop a local talent pipeline into the workforce.
- 3. Improving the status of vocational education and training (VET):** If this country is to succeed in achieving Leitch's 2020 ambitions we need a vocational education system which is on a par with the best in the world. There needs to be a government-led campaign to promote the value of VET to parents, teachers, children and employers. All of this will require a period of stability in the vocational education sector achieved through cross-party consensus and everyone playing their part.
- 4. Maximising the use of technology:** Technology has the potential to transform the way education and training is delivered in the classroom and in the workplace, improving quality, efficiency and accessibility. The use of technology should be extended beyond teaching and learning for example providing peer to peer support and mentoring where learners are dispersed. Advances in technology present opportunities to make greater use of Web2.0 technology to give young people better connections into work, especially those from disadvantaged areas who often do not have the physical networks in place. We urge the Ministerial Action Group set up to look at learning technologies in the FE and skills sector, to identify best practice in the use of technology in other industries where they could have a positive impact on the integration of employment and skills.



7. About the author

Dr Emma Parry is a Reader in Human Resource Management at Cranfield School of Management and a Visiting Fellow at Westminster Business School. Emma's research interests focus on the impact of contextual factors on human resource management (HRM) and talent management, specifically the impact of national context and sector in shaping HRM and the impact of demographic and technological change.

Emma leads a number of global research projects. She manages "Cranet" a worldwide network of more than 40 business schools which conducts comparative research into HRM. She is a Director of "5C", a global research project conducted with academics from around 30 institutions around the world, examining cultural differences in attitudes towards careers. Emma is a UK representative on the global team for the Center of Aging and Work at Boston College, USA. Emma has conducted a wide range of research on HRM and talent management for a number of clients, including the Ministry of Defence, Department of Work and Pensions, National Health Service, Chartered Institute of Personnel and Development and several private sector organisations.

Emma is the co-editor of the books "Managing an Age-Diverse Workforce" and "Global Trends in HRM" (both from Palgrave Macmillan). She consistently produces high quality research, which is published in journals of recognised international excellence. She regularly speaks at academic conferences and maintains an extensive network of leading UK and international scholars. She is also Associate Editor for the International Journal of Human Resource Management.



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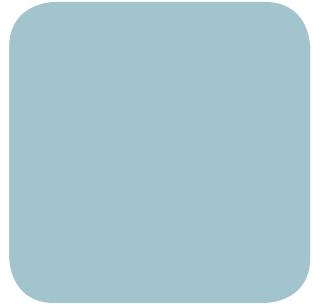
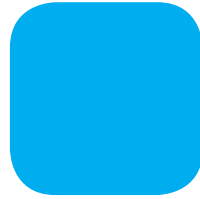
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