UK COMMISSION FOR EMPLOYMENT AND SKILLS

Training in Recession: The impact of the 2008-2009 recession on training at work

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Training in the Recession: The impact of the 2008-2009 recession on training at work

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Foreword

The UK Commission for Employment and Skills is a social partnership, led by Commissioners from large and small employers, trade unions and the voluntary sector. Our mission is to raise skill levels to help drive enterprise, create more and better jobs and promote economic growth. Our strategic objectives are to:

- Provide outstanding labour market intelligence which helps businesses and people make the best choices for them;
- Work with businesses to develop the best market solutions which leverage greater investment in skills;
- Maximise the impact of employment and skills policies and employer behaviour to support jobs and growth and secure an internationally competitive skills base.

These strategic objectives are supported by a research programme that provides a robust evidence base for our insights and actions and which draws on good practice and the most innovative thinking. The research programme is underpinned by a number of core principles including the importance of: ensuring '**relevance'** to our most pressing strategic priorities; '**salience'** and effectively translating and sharing the key insights we find; **international benchmarking** and drawing insights from good practice abroad; **high quality** analysis which is leading edge, robust and action orientated; being **responsive** to immediate needs as well as taking a longer term perspective. We also work closely with key partners to ensure a **co-ordinated** approach to research.

After almost 16 years of continual economic growth, the UK economy entered its deepest post-war recession in 2008. Based on research funded jointly by the UK Commission and Economic and Social Research Council, this Evidence Report updates previous research published by the UK Commission. It utilises the latest survey data to explore how the 2008-2009 recession period has affected work related training activity. Importantly, this work thinks beyond narrower measures of incidence, trying to explore intensity and quality. The report examines not only how workforce training has fared since the recession but also puts it into recent historical context. It points to a deeper rooted challenge, beyond recessional effects, in encouraging employers to invest in workforce skills and training. To return the UK to sustained growth and global competitiveness employers must support and develop their workforces, through investment in skills, to optimise the contribution that people make to their organisations. The UK Commission believes that a long term agenda is required to change the way that we invest in skills and the findings here illustrate the scale of the task ahead.

Sharing the findings of our research and engaging with our audience is important to further develop the evidence on which we base our work. Evidence Reports are our chief means of reporting our detailed analytical work. Each Evidence Report is accompanied by an executive summary. All of our outputs can be accessed on the UK Commission's website at www.ukces.org.uk

But these outputs are only the beginning of the process and we will be continually looking for mechanisms to share our findings, debate the issues they raise and extend their reach and impact.

We hope you find this report useful and informative. If you would like to provide any feedback or comments, or have any queries please e-mail info@ukces.org.uk, quoting the report title or series number.

Lesley Giles

Deputy Director

UK Commission for Employment and Skills

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List of Acronyms

Acronym	**Full title**
BCC	British Chamber of Commerce
BIS	Department for Business, Innovation and Skills
CPD	Continuing professional development
CSCS	Construction Skills Certification Scheme
ESRC	Economic and Social Research Council
GDP	Gross Domestic Product
CBI	Confederation of British Industry
IoD	Institute of Directors
NESS	National Employer Skills Survey
NHS	National Health Service
OECD	Organisation for Economic Co-operation and Development
ONS	Office for National Statistics
PLC	Public limited company
QLFS	Quarterly Labour Force Survey
TUC	Trades Union Congress
UKCES	UK Commission for Employment and Skills
WERS	Workplace Employee Relations Survey

Executive Summary

This Evidence Report focuses on how training activity in the UK has fared in the 2008-09 recession and its aftermath. Using a combination of statistical analysis of large-scale surveys and in-depth telephone interviews with employers, some answers are provided.

The Report's substantive results are presented in four parts, which draw on data collected using a mixture of **quantitative** and **qualitative** methods:

- analysis of employer surveys and, in particular, data collected as part of the National Employer Skills Survey (NESS) 2009, a survey involving over 79,000 employers who were asked directly about the impact of the recession on training;
- analysis of individual-level data as collected by the Quarterly Labour Force Survey (QLFS) over the period 1995-2012, with the contemporary situation compared with the recession of the early 1990s, where data allow;
- in-depth telephone interviews with 60 private sector employers who participated in the 2009 NESS, most of whom we interviewed on two separate occasions (in mid-2010 and then late 2011), as a means of tracking the changing impact of the economic downturn;
- in-depth telephone interviews with 45 public sector employers, many of whom were interviewed twice in order to reveal what impact the deficit reduction programme was having on training as budgets were being squeezed.

National Employer Skills Survey findings

The 2009 NESS allows us to examine the distinctive characteristics of employers who report that they increased, decreased or maintained their training activity (training expenditure per employee and training coverage) as a result of the 2008-09 recession. On this evidence, we find the following.

- The impact of the 2008-09 recession on training was not as severe as many had feared. Around half of establishments reported that training had not changed as a result of the recession and a further third reported that they had not trained anyone in the 12 months before they were interviewed. However, one in twelve (8.2 per cent) establishments reported they had narrowed the coverage of training and around one in eight (12.8 per cent) reported reducing training expenditure per capita ('cutters').
- Some of the greatest contrasts were between non-trainers and trainers. Whereas only around a quarter of the former reported that employees would need to acquire new skills or knowledge over the next 12 months, around half or more of training

employers reported that new skills or knowledge would be required by workers. Among employers who trained the differences between those who cut back (referred to as ‘**cutters**’ in this Report), maintained (referred to as ‘**stickers**’) or increased training (designated ‘**boosters**’) as a result of the recession were modest by comparison.

- Around two-thirds of training cutters reported that their training efforts over the previous 12 months had been constrained compared to a half of those who had boosted their training effort. Furthermore, lack of funds rather than an inability to allow staff time off was the most frequently cited cause of restraint among cutters whereas for stickers and boosters neither restraint was predominant.
- Employers’ responses to the recession appear to be related to the nature of the product markets they face. For example, establishments which operate in ‘very high quality’ or ‘high quality’ product markets make up a growing proportion of establishments as we move from non-trainer and then through training cutters, stickers and boosters. So, those operating in high or very high quality product markets were more likely to be boosters.
- Four-fifths (78.3 per cent) of those who offered no training in the year before interview possessed neither a training budget nor a training plan. Among expenditure cutters this proportion fell to a third (36.8 per cent) and among those who had boosted per capita training expenditure during the recession it was a fifth (19.9 per cent). This is further reinforced by the multivariate analysis which shows that the presence of a training budget and/or a training plan gave some protection to training activity in the 2008-09 recession.
- Around a third (35.2 per cent) of establishments, whose organisation’s main goal is profit maximisation, did not undertake training in the 12 months leading up to interview. This compares to smaller proportions of charities (18.6 per cent) and much smaller proportion of those working in local government-supported bodies (7.2 per cent) or central government-supported bodies (9.4 per cent) such as the NHS, where profit maximisation is given less emphasis. Furthermore, among those who undertook training a greater proportion of private profit-making employers reported that they had cut training compared to private or third sector employers.
- Institutional support for training activity, that is having in place a training plan and/or a training budget, changed little between 2005 and 2011 – a period which spanned the 2008-09 recession. A third of establishments (33.1 per cent) in 2005 reported that they had a training budget and in 2011 it was about the same (32.0 per cent). However, there was much more variation by sector. The institutional supports for

training, although still relatively strong, weakened more in the public sector than in the private sector.

- The published NESS results also show that real training expenditure per worker was on a downward trend even before the 2008-09 recession began. It fell between 2005 and 2011 by 14.5 per cent when inflation and the growing size of the workforce is taken into account. However, in nominal terms, and with increased employment, employers' investment rose from £33.3bn to £40.5bn.

Quarterly Labour Force Survey findings

Depending on what directly comparable data are available our QLFS time series analysis begins in most cases in 1995, but sometimes it begins in 1984 and in others it starts more recently. On this evidence, we find the following.

- Training appears to have held up well in the 2008-09 recession. In fact, training participation has been declining, albeit slowly, over the last decade – the recession has not changed this pattern. The main conclusion from this analysis, therefore, is that the recession is hardly visible on the training map. This suggests, either that the downward and upward pressures have balanced out, or that neither has been of sufficient importance to register on our main indicators of training activity.
- Despite this evidence, it is possible that training may have changed in other ways, such as the form it takes or its intensity. The analysis presented in this Evidence Report suggests that the proportion of training carried out off-the-job has indeed fallen. However, it has been on a downward path since the mid-1990s. So, although the pace of change has accelerated since 2010, the decline is part of a much longer term trend which began well before the 2008-09 recession.
- The intensity of training has also fallen. Looking just at those in receipt of some training, there has been a decline since 2005 from 13.5 hours to 12.4 hours in 2010. However, much of the decline preceded the full onset of the 2008-09 recession, and indeed was halted between 2009 and 2010. Unfortunately, the QLFS question was changed from 2011 onwards, so we have no information from this source as to how training hours changed as the recession and subsequent period of economic stagnation unfolded. It should also be noted that the 2005-2010 decline in training hours was part of a longer-term fall in training duration: back in 1995, average training intensity was as high as 15.8 hours. Thus, the specific fears concerning the effects of the 2008-09 recession have not been born out in this evidence. However, the volume of training has fallen substantially since the mid-1990s – a fact that has largely gone unnoticed until now.

- The same patterns were found in most groups, places, industries and occupations, with some variation in the extent of the changes. Most notably, there were larger falls during the late 2000s in training participation for those living in Northern Ireland, to the extent that there was by 2011 a substantial difference between Northern Ireland and the rest of the UK in this respect.
- Both the recessions of 1991-92 and of 2008-09 appear to have done little to change training activity for those in work. However, the small drop in training participation in the recession of the 1990s occurred after a period of sharply rising participation rates. This is in contrast to the situation today where similar falls have come on the back of a slow decline in participation rates.

Private sector employer interviews

Based on evidence collected by NESS 2009, we approached private sector employers, who participated in the survey, to be involved in follow-up qualitative interviews. Approaches were made to employers of various sizes, operating in different industries and with apparently different experiences of training during the recession. The following themes emerged.

- The general pattern among private employers was for a retrenchment in training expenditure to be accompanied by a commitment, as far as possible, to maintaining training coverage.
- Private sector employers continued to train their workforces because they were faced with a number of '**training floors**'; that is, types of training that are essential, and therefore cannot be abandoned, by functioning businesses or organisations.
- Respondents identified training floors that were generated by: legal regulations; operational processes; skills shortages; market competition; and managerial imperatives.
- As a result, our respondents were actively and consciously seeking new ways to deliver training. The emphasis was upon providing high quality contents but in more cost effective and focused ways, summed up in phrases such as 'training smarter', 'doing more for less' and 'a bigger bang for our buck'.
- Most private sector employers said that the recession had taught them lessons they would not forget. In particular, it was widely argued that focused training, in-house training, training regular employees as trainers, reduced use of external trainers, group training and enhanced e-learning were all here to stay.

Public sector employer interviews

One might expect the reaction of the public sector to be different from the private sector for at least two reasons. First, the public sector has placed greater emphasis on training for some time and it has become more institutionalised than in the private sector. Consequently, public sector training may be more insulated. Secondly, if there are changes they are likely to lag behind the private sector since the government's deficit reduction plan was announced in 2010, well after the 2008-09 recession had come to an end. However, our interviews in mid-2010 and then in late 2011, revealed that public sector organisations were responding to these pressures in similar ways to their counterparts in the private sector.

- As expected, for most of our public sector employers, the recession of 2008-09 was not associated with a perceived crisis in the provision of training. Rather the reductions in public expenditure were of more significance.
- During the 2008-09 recession and its immediate aftermath, most public sector organisations in our sample continued to be characterised by extensive corporate provision of training, in part underpinned by many of the 'training floors' identified by our private sector respondents.
- Public sector employers suggested that in the period following the recession of 2008-09, in-house training increased marginally, and e-learning increased considerably, within the training programmes of public sector organisations. This is a similar pattern to that identified by private sector employers as 'training smarter'.
- Nevertheless, there was widespread concern among public sector respondents about the future of training in the sector.
- Respondents suggested that staffing reductions, recruitment freezes and the growth of a pool of unemployed qualified labour were currently reducing both the need and opportunity for some kinds of training in the public sector.
- However, they also suggested that changes in demand for services, organisational restructuring and increasing use of volunteers were currently generating new needs for some types training in the public sector.
- Even so, a long-standing public sector training ethos remained in place within the public sector but this was coming under increasing pressure as a result of financial constraints.

1 Background

1.1 Aims and objectives

Since the Leitch Review (2006) the UK government has had an ambition that the skills of the British workforce should be at a certain level by 2020 as measured by education and training targets for that year.[1] Dramatic economic events, however, have since unfolded. In the second quarter of 2008, after almost 16 years of unbroken Gross Domestic Product (GDP) growth, the UK economy entered its deepest post-war recession. Over the next year and a half the UK's GDP fell by 6.4 per cent. Since then the economy has remained, at best, flat with a 'double-dip' in output in 2011-12 followed by negligible economic growth in the first quarter of 2013. This project asks whether the recessionary period of 2008-2009 has had an effect on training activity in the UK and hence may threaten the UK's long-term skills ambitions.

The question is highly pertinent because the economic justification for employers and individuals to invest in training has come under the spotlight as the budgets of government, employers and individuals have tightened. When asked by a reader 'Am I mad to invest in a Harvard course in a downturn?', Lucy Kellaway's blunt advice, in her weekly management column for the *Financial Times,* was 'Yes'; she went on to suggest that all management training courses be banned in a downturn (*Financial Times*, 2 July 2009). Business barometer series reveal that this attitude to all types of training has been widespread. Confidence with respect to training expenditure collapsed, the shift being particularly marked in the manufacturing sector. The sentiment was markedly more pessimistic than the responses of businesses in previous recessions. Throughout the 1990-1991 recession, for example, more CBI members reported that they intended to authorise a year-on-year increase in their training expenditure over the next 12 months than those who reported that they were going to spend less (Felstead and Green, 1993). By and large, those intentions were realised and training participation held its own in that recession. Is the same true of the 2008-09 recession and the sluggish recovery which has followed?

This Evidence Report is based on research funded by the ESRC/UKCES Strategic Partnership which has investigated how training has fared in these difficult economic circumstances. The emerging results of the project have been published in a number of outlets (such as Felstead *et al*., 2012a), but most notably in two UKCES Briefing Papers

[1] As a result of the Leitch Review the Labour government introduced education and training targets for the UK workforce to meet by 2020. These were subsequently dropped by the coalition government on its formation in 2010.

(Felstead *et al*, 2012b and 2012c).[2] However, the advantage of this Evidence Report is that it brings all of the material produced for the project together in a single document. Other analyses will undoubtedly follow as other data sources become available. The evidence for this project is drawn from a combination of statistical analysis of large-scale surveys and qualitative interviews with 105 employers (72 of whom were interviewed for a second time some 12-15 months after they were first interviewed). Through these means, the project examined the following research questions:

- How is the current recession affecting training in the UK – its incidence, intensity and quality?
- What explains the diversity of employers' training responses?
- How has the nature of training activity changed?
- How does the pattern of training responses in this recession compare with the 1990-1991 recession?

1.2 Outline of the Evidence Report

The project generated new insights through two means: statistical analyses and in-depth employer interviews. The project's new material comes from:

- securing access to, and reporting on, employer-level surveys carried out over several years – as far back as 1989 – by organisations such as the Confederation of British Industry (CBI) and the British Chambers of Commerce (BCC);
- carrying out analyses of the recession-focused questions asked of respondents to the National Employer Skills Survey (NESS), conducted in England, in 2009 supplemented with some time-series analysis of similar surveys carried out in 2005, 2007, 2009 and 2011 (in England only);
- analysing training and related data from each of the Quarterly Labour Force Surveys (QLFS) carried out UK-wide between the first quarter of 1995 and the last quarter of 2010;
- completing qualitative telephone interviews with a selection of employers, who took part in the NESS 2009, and who reported a variety of experiences concerning the impact of the recession on training at that time. Based on evidence collected then, we approached employers of varying sizes, operating in different industries and with apparently different experiences of training during the recession. These interviews were conducted in two rounds. In mid-2010, representatives of 105 organisations were interviewed over the telephone (60 private sector and 45 public sector).

[2] For further details see: http://www.ukces.org.uk/ourwork/research/raising-ambition/the-impact-of-the-0809-recession

Subsequently, in late 2011 and early 2012, 72 of these were interviewed for a second time by telephone (42 private sector and 30 public sector).

The Evidence Report is structured as follows. Section **2** provides a brief overview of the theoretical and conceptual reasoning which links training to the economic cycle. Sections **3** and **4** outline our substantive quantitative findings. These are based, in turn, on the employer surveys and the long-running QLFS respectively. It is well established that training incidence is higher in the public sector than in other parts of the UK economy. Given this fact, we present our qualitative results for the private sector and public sector separately in Sections **5** and **6**. These are based on a total of 102 and 75 interviews respectively. The Evidence Report ends with section **7**, a conclusion which outlines possible avenues for future research.

2 Literature review

2.1 Does training rise or fall in a recession?

While the impact of the 2008-09 recession on unemployment levels, vacancies, claimant counts and redundancies has been the subject of frequent analyses by a range of stakeholders (e.g. Gregg and Wadsworth, 2010; Jenkins and Leaker, 2010; ONS, 2009; UKCES, 2009; ESRC, 2009), its effect on training has received relatively little serious analytical attention. In the absence of such evidence, it is commonly assumed that in times of economic hardship, training is among one of the first casualties. This assumption is frequently repeated in both general and specialist commentaries on the impact of the recession on training (e.g. Kingston, 2009; Charlton, 2008; Eyre, 2008). In response, the UK Commission for Employment and Skills (UKCES) together with the Confederation of British Industry (CBI), Trades Union Congress (TUC) and some of the UK's senior business leaders published an open letter which called on UK employers not to cut training in the recession (UKCES, 2008). However, the assumption that training moves up and down in line with the economic cycle is questionable (Brunello, 2009). The assumed pro-cyclical nature of training can be questioned on the basis of the theoretical reasoning reviewed in this section and some of the empirical evidence reported in the sections which follow.

2.2 Why training might rise

Contrary to the popular assumption, there are theoretical reasons why in some instances training may increase even in times of recession. Businesses experiencing a mild reduction in activity, for example, may confidently expect to survive the downturn. Given the hiring and firing costs involved, these employers may choose to 'hoard' labour – especially skilled and highly trained staff – rather than make workers redundant, in the expectation they will soon be needed as business picks up. This results in a period of slack, which reduces the opportunity costs (in terms of lost output), of providing productivity enhancing additional training to retained staff who will be more productive when the economy recovers. This scenario applies, in particular, to businesses which experience a relatively short and mild downturn in their activity. It was on this basis that many of the wage and training subsidy schemes were introduced across Europe in the early part of the 2008-2009 recession; the aim was to widen the practice of hoarding by cushioning more businesses from the recession and encouraging them to increase training, thereby enhancing their preparedness for the recovery (Bosch, 2010; TUC, 2009).

A counterpart of this argument applies to individuals who have not yet entered the full-time labour market. Deteriorating economic circumstances may encourage them to stay on longer in school or else seek entry into further or higher education institutions (*The Guardian*, 23 April 2009). It may also encourage individuals to invest in their own training in order to better equip themselves for the recovery. If they have more time on their hands – because of either short-time working or unemployment – the opportunity cost of taking time off work is lowered and the incentives to train are enhanced, provided they can get the necessary funding (Dellas and Sakellaris, 2003).

A further reason why recessions may increase employers' training effort is that the increased competition for sales in slack markets may induce business strategies that require more training. If, for example, firms are obliged to compete more than before on the basis of quality, a certain amount of training for enhanced quality is likely to be required. If, to take another possibility, firms respond to slackness in one market by diversifying and venturing into the production of new products, or into new processes, they are again likely to need more training – such as the diversification into green technology. Hence, since recessions intensify competition, this may itself increase the need for training to keep pace with, or forge ahead of, competitors (Caballero and Hammour, 1994).

The actions of employees themselves may also raise employers' willingness to training. Quit rates are likely to fall in times of recession since alternative employment opportunities are scarce. For employers who train this will provide some protection against the private wastage of workers once trained being poached by other employers. Employers may therefore be more inclined to upgrade the skills of their existing workforce since they have a greater chance of recouping the benefits themselves.

2.3 Why training might fall

However, in a prolonged and deep recession expectations change, and confidence typically dwindles, so that there remains little reason to keep employing workers for whom prospects of productive work are poor. In these circumstances, the benefits of training are much more doubtful and the costs of training can only be reduced so far (they still involve the wages of the trainees net of any severance costs). The costs of training may increasingly begin to outweigh the benefits and hence cuts are more likely the longer the recession. For example, in a deep and prolonged downturn labour hoarding becomes less viable as employers' expectations of future production are scaled back, the current wage (and training) costs of hoarding remain and the future costs of hiring ready-trained workers when needed fall in the context of higher unemployment (Brunello, 2009). In the 2008-2009 recession, therefore, there is a risk that the negative effects on training may be more severe than in the shallower and shorter recessions of the past. Individual businesses may, of course, feel the pressures on training change as an expected shallow and short recession turns into one which is deep and prolonged with full recovery looking further and further away.

There are also further reasons to expect some reduction in training in any recession. First, employers are likely to begin to reduce their workforces simply by freezing or severely reducing recruitment. New recruits are more likely than the average worker to require and receive initial training. Hence firms' training requirements will be lowered (Majumdar, 2007). Second, economic pressure may heighten the need for short-term, quick-fix solutions, hence the decision to cut training budgets, although the means of delivery may change to less expensive alternatives. These may include: taking training in-house; using experienced staff to train others; and increased use of e-learning. Although not new in themselves, increased emphasis on these methods may reflect the need to make more effective use of reduced resources as well as recognising that learning can occur in a variety of ways (IoD, 2009; Sfard, 1998).

2.4 Why training may neither rise nor fall

However, research on the previous recession in the UK suggested that some training is recession-proof since a certain minimum level of training has to be carried out in order for businesses to operate (Felstead and Green, 1994 and 1996). As well as the maintenance of essential production processes, these 'training floors' include meeting the requirements imposed by economy-wide, industry-specific and occupational labour market regulations, such as those covering health and safety at work, food standards and demonstrations of competence.

While the existing literature provides some theoretical insights into the likely impact of recessions on training, there is a dearth of empirical evidence on how training has fared in the most severe and deepest recession the UK has experienced since the Second World War (and arguably since the 1930s). Despite this, 'there is a broad perception that the provision of training is negatively affected by recession' (Brunello, 2009, p. 10). This is a perception that is repeated again and again. The aim of the following sections is to subject this perception to empirical scrutiny. To do so, we draw on data from: employer surveys such as those carried out by the CBI, British Chambers of Commerce (BCC) and the UKCES; individual-level surveys most notably the Quarterly Labour Force Survey (QLFS); and follow-up telephone interviews with employers in England who took part in the National Employer Skills Survey (NESS) 2009.

Specifically, we address the following research questions:

- How has employers' expenditure on training and its distribution changed in the current recession?
- Has the training rate deviated substantially, either below or above, its secular trend in the course of the current recession?
- Can we detect a lowering of training as the recession unfolds after several quarters as its severity became more apparent?
- Have particular groups – young or old, male or female - had their training access differentially changed in the recession?
- Have employers altered the ways in which training is delivered during the recession?

3 What do employer surveys tell us?

3.1 Introduction

In a stark warning to UK employers in the early part of the 2008-09 recession, the UKCES pointed out that ‘firms that don’t train are 2.5 times more likely to fail than those who do!’ (UKCES Open Letter to UK employers, 23 October 2008). This was based on research which showed that while 15 per cent of establishments closed down between 1998 and 2004, the figure rose to 27 per cent of establishments which offered no training to their employees compared to 11 per cent of those which did ceteris paribus (Collier *et al*., 2007). This was put down to poor judgement by managers who had given insufficient thought to the benefits of training and paid the ultimate price by going out of business. The aim of this part of the project is to examine whether the recession has dented employers’ belief in the benefits of training as evidenced by their reported behaviour; and, in particular, to provide insights into the distinctive characteristics of those employers who were cutting back on training in order to make short-term savings (cf. Hutton, 1996; Pendleton and Gospel, 2005).

The analysis presented here also sheds light on a number of important questions of particular relevance for the UKCES, which is charged by government to ‘drive up employer investment in and better use of skills at all levels across the UK to help drive enterprise, sustainable growth and job creation’ (UKCES, 2011). This section of the Report addresses a number of research questions which have relevance to both the academic and policy-making communities. What impact has the recession had on the extent and nature of employers’ training activity? Is their reaction related to their anticipated future skill needs and their recent recruitment patterns? To what extent have their training activities been constrained by tightening budgets and difficulties in releasing staff, and have these constraints tightened in the recession? Do outside pressures such as the nature of the product markets they face serve to heighten or reduce the importance of placed on training and hence protect or expose training to short-term economic change? How important are formal management practices to the resilience or otherwise of training in the recession? Does the sector, governance or main purpose of the establishment modify the impact that the recession has on training activity?

The section begins by examining two of the most well-known barometer surveys of employers carried out by the Confederation of British Industry (CBI) and the British Chambers of Commerce (BCC). The advantage they have for policy-makers is that they provide a quick and up-to-date measure of employer behaviour, although, as we will see, their accuracy is suspect. The section then goes on to consider the National Employer

Skills Survey (NESS) in much more detail with bivariate, multivariate and some time series analysis presented in turn. The section ends with a summary of the findings.

3.2 Barometer surveys of training expenditure

We begin our analysis by examining some of the employer surveys which collect relevant training data over time. One of the longest running series of this type is the CBI Industrial Trends Survey, which was first conducted in 1958 and is now carried out quarterly throughout the UK. It began asking member organisations about their training intentions in October 1989. It asks respondents, who are generally the chief executives or other senior managers: ‘Do you expect to authorise more or less expenditure in the NEXT twelve months than you authorised over the PAST twelve months on training and retraining?’ They are allowed to answer ‘more’, ‘same’, ‘less’ or ‘not applicable’ (although very few use this option). The survey is carried out among manufacturers only who are polled four times a year. A balance is drawn up, giving the difference between the percentage stating an increase and the percentage stating a decrease. The presumed advantage of this approach is that it gives an early indication of trends with the results being used by policy-makers to inform decision-making.

The results are presented in Figure 3.1. These show that training optimism fell in the 1990-91 recession, but steadily rose thereafter as the economy recovered, hitting a high in October 1997. It fell back to zero in October 1998, and remained low before falling into negative territory for the first time ever in October 2001 and January 2002 (a time when GDP slowed down but the economy did not move into recession, Dunnell, 2008). It became strongly positive from January 2004, where it remained for four years. However, it moved into negative territory in October 2008 where it remained for five quarters, reaching a low of -30 in April 2009. In January 2010 it returned to positive territory where it has stayed despite continued economic uncertainty and a sluggish recovery.

The British Chambers of Commerce (BCC) asks its members in the UK a similar question as part of its Quarterly Economic Survey. In contrast with the CBI survey the question asked is retrospective, with employers asked to say what has happened to investment plans for training in the past three months. It also splits the sample into manufacturing and services, whereas the CBI survey focuses on manufacturing only. It is also larger with around 5,000 responses versus the around 2,000 in the CBI sample. However, the training question was first asked in 1997 and so it cannot provide data which extends back to the last recession.[3] The data presented in Figure 3.2 compares the two series for the quarters on which comparable data are available. Both follow a broadly similar path

[3] Headline results from the survey were available on the web until Q2 2010 when access to these results was restricted. For this reason, the series reported here has not been updated.

with the BCC employers, on the whole, being a little more optimistic. However, the BCC data show that service employers are generally more upbeat than manufacturers in that proportionately more have made plans to increase training investment than have made plans to reduce it. Hence, the CBI series is, on the whole, more pessimistic in accordance with its manufacturing focus. With one or two exceptions, the CBI and BCC results move in a similar direction with falling levels of optimism beginning in Q3, 2008, becoming negative in Q4, 2008 for at least two quarters and returning to positive territory towards the end of 2009/beginning of 2010. Furthermore, the CBI data series suggests that employers' training expenditure may have been reduced more dramatically in the 2008-09 recession than in the 1990-91 recession.

3.3 National Employer Skills Survey – bivariate analysis

However, a more important source of employer data is the National Employer Skills Survey (NESS) series. In 2009 over 79,000 employers in England took part in the survey which was carried out during the period March to July of that year (Shury *et al*., 2010b). Our analysis of that survey suggests that the CBI/BCC data series may be overly pessimistic. In 2009, NESS respondents were asked to reflect on the effect of the recession on various aspects of training. In line with the CBI and BCC series they were asked whether the recession was positive (i.e., it had 'increased' the issue under discussion), negative ('decreased') or had made no difference ('stayed the same'). The issues covered included:

- training expenditure per head;
- the distribution of training among the workforce;
- the use of external providers;
- the use of informal learning;
- certified training;
- the recruitment of apprentices and new trainees;
- the recruitment of young people;
- the number of staff employed.

Rather than presenting the data on each question response as an individual optimism index, we present the proportions reporting an increase, decrease and no change. This differs substantially from the way in which both the CBI and BCC series are typically presented. In so doing, we reveal that 'balance' reporting tends to exaggerate mood swings since, on most occasions, the majority of respondents report no change at all. In the case of the NESS 2009, around three-quarters of employers reported that the recession had no impact on either their training expenditure per head or the proportion of employees for whom they provided training. However, there were sizeable minorities who had reduced training spending per head and/or narrowed its focus as well as smaller minorities who had increased one or other or both (see Figure 3.3). So, while pessimism outweighed optimism (hence a negative 'balance') most employers reported that the recession had had no impact on various aspects of their training activity. As a result, the picture presented by these data is less alarming.

In addition, the CBI and BCC data series are based on the presumption that there is a training budget in the first place which may be subject to change. This yields little meaningful data on trends in the take-up of training among all employers since not all training is costed and as many as two-fifths of employers undertake training in the absence of either a training plan or budget (Shury *et al*., 2010a, p. 36). However, the NESS series does collect data on the changing proportion of employers who provided at least some training for their employees. According to this evidence, the proportion has barely moved between 2005 and 2011, hovering at around two-thirds (Davies *et al*., 2012).

According to the NESS evidence, then, around a third of establishments reported that no training was undertaken in the last 12 months and a further half reported that the recession had not changed training expenditure per head or its coverage ('stickers'). However, one in twelve (8.2 per cent) establishments reported they had narrowed the coverage of training as a result of the recession and around one in eight (12.8 per cent) reported reducing training expenditure per capita ('cutters'). On the other hand, around one in twenty reported increasing their training activity ('boosters'). In this Evidence Report, we categorise training employers according to their reported responses to the recession as well as presenting data on the characteristics of employers who did not fund or organise any training in the 12 months prior to interview ('non-trainers').

Not surprisingly, the other recession-focused questions are strongly correlated with our training typology. So, among expenditure cutters, 57.5 per cent reported reducing their use of external providers and 43.0 per cent reported reducing training which led to a qualification (see Table 3.1). These figures are even more pronounced for coverage cutters – with the proportion rising to 64.9 per cent and 53.1 per cent respectively (see Table 3.2). This suggests that changes to the nature of training as measured by the mode of delivery and its outcomes are strongly related to changes in the amount of training activity.

However, with regard to future skill requirements and recent recruitment patterns, the greatest contrasts are between non-trainers and trainers. Whereas only around a quarter of the former reported that employees would need to acquire new skills or knowledge over the next 12 months, around half or more of training employers reported that new skills or knowledge would be required by workers. Among employers who trained, the differences between those who cut back, maintained or increased training as a result of the recession were modest by comparison. For example, one of the largest contrasts was between two-thirds (67.4 per cent) of training expenditure boosters who reported that employees would need to acquire new skills over the next year because of the development of new products and services compared to over half (56.2 per cent) of those who reported cutting training as a result of the recession. A similar pattern of a sharp non-trainer versus trainer contrast applies to the recruitment of young people and apprentices with more muted variation between cutters, stickers and boosters.

Both the recession-related questions and those on training activity are backward looking – one eliciting recall of the impact of the recession, the other recall of training activity over the last year. Both sets of questions therefore map onto one another as expected, and therefore provide construct validity for the three-fold classification used here. For example, around two-thirds of employees (67-68 per cent) who worked for boosters were in receipt of training the year immediately before interview compared to three out of five (61-62 per cent) of those employed by training cutters, with training propensity among stickers in between (64-65 per cent). The average number of days per trainee follows a similar pattern (see Tables 3.3 and 3.4). The propensity to use training providers – colleges, universities or others – also varies as one would expect, with boosters more likely than cutters to report usage in the last 12 months. Similarly, satisfaction levels of users are lower among cutters than either stickers or boosters.

Expenditure and coverage cutters are also distinctive in that around two-thirds reported that their training efforts over the previous 12 months had been constrained compared to a half of those who had boosted training as a result of the recession. Furthermore, lack of funds rather than an inability to allow staff time off was the most frequently cited cause of restraint among cutters whereas for stickers and boosters neither restraint was predominant.

Although the proportion of establishments offering training changed little either side of the recession, there was a sharp rise in the proportion of employers reporting that they wanted to do more – rising from 41.0 per cent in 2007 to 46.5 per cent in 2009 (see Table 3.5) – suggesting that more were facing limitations on their training activities. Furthermore, within this two year period, those citing a lack of funding rose substantially from just under a half (48.7 per cent) to around three-fifths (60.2 per cent) (see Table 3.5).

The foregoing suggests that our four-fold categorisation of employers according to whether they provide training or not and if so whether this activity has been cut, sustained or increased as a result of the recession has construct validity. The more substantive research question is: how can we explain why employers take one of these approaches? Or, more realistically in cross-sectional data, what are the most significant correlates? The first step in the process is to cross-tabulate some of the data.

While recessions are technically defined as a period when the economy shrinks for at least two consecutive quarters, recession dating is open to some debate. For example, the National Bureau for Economic Research (Hall *et al*., 2003) uses a definition which dispenses with the two-quarter rule, takes into account the depth as well as the duration of the decline in economic activity and uses a broader array of indicators than just real gross domestic product (GDP). One of these indicators is the level of unemployment which has also been used to date when recessions start and finish in different parts of the UK (e.g. Artis and Sensier, 2010). The NESS survey carried out in 2009 asked employers a direct question about the effect the recession had had on employment levels. Around a quarter (24.8 per cent) reported that it had caused them to reduce staffing levels, two-thirds (65.6 per cent) reported making no change to their staffing numbers and one in twelve (8.7 per cent) reported that they had increased staffing because of the recession.

There are several reasons one might expect training to fall in recession (see section **2**). First, employers are likely to begin to reduce their workforces by laying off workers, freezing recruitment or reducing numbers of new entrants who require initial training. Firms' training requirements will, therefore, be lowered (Majumdar, 2007), hence reducing training spent per employee and/or narrowing the proportion of employees in receipt of training. Secondly, short-term economic pressures may heighten the need for short-term, quick-fix, financial solutions, resulting in cuts to 'soft targets' such as training budgets leading to reductions in per capita expenditure and a narrowing of its focus. Furthermore, in a deep and prolonged downturn – such as the 2008-09 recession – these reasons are likely to grow in importance. In these circumstances, for example, labour hoarding becomes less and less viable as employers' expectations of future production are scaled back and the future costs of hiring ready-trained workers fall (Brunello, 2009).

The survey evidence bears this out. Among those reporting cuts to their training expenditure per capita almost three-fifths (57.9 per cent) also say that they reduced staffing levels' compared to less than fifth (17.4 per cent) of those who boosted expenditure (see Table 5). In terms of training coverage, the pattern is even stronger with over two-thirds (69.2 per cent) of cutters also reducing staffing compared to around a fifth (20.5 per cent) of boosters (see Table 6). The reverse also applies with increases in staff numbers being closely correlated with boosts to training expenditure and coverage (0.32, $p<0.01$). However, non-trainers and stickers reported that the recession had had a similar impact on staffing levels – around three out of ten such employers and a third to a quarter of training cutters (depending on the training measure) said the economic downturn had had no effect on staffing levels compared to around half of training boosters. Nevertheless, the non-trainers differed slightly from the stickers in that the former were more likely to report that the recession had prompted cuts to the number of staff employed and vice versa.

A strong theme in the literature is the link between product market pressures and skills use and their development. The argument is that in order to operate in some product markets, investment in training is a prerequisite for success and even survival (Collier *et al*., 2007), whereas if the product is simple and barriers to entry are low more emphasis is placed on the cost per unit. The expectation is that training may be more (or less) at risk from the impact of the recession according to the type of market faced. Data on the nature of the product market was collected in the 2009 NESS which allows us to test this hypothesis (similar but not wholly comparable data was also collected in the 2001 Employers Skills Survey, see Mason, 2011).

We therefore examine the extent to which the nature of the product market – measured here by the emphasis placed on volume production, price competitiveness and market leadership – mediates the impact of the recession on training activity. Subjective questions which ask respondents to compare the establishment they represent with the others in the industry tend to produce results skewed towards socially desirable responses. In this case, it is more socially desirable to indicate that the establishment is nearer to the statement that the establishment 'often lead[s] the way' in product, service or technique development than it 'very rarely lead[s] the way'. There is therefore a positive skew in the responses given. Nevertheless, overlaid over this general pattern is a relationship between the 'quality' of the product market and the training outlook of employers. So, for example, establishments which operate in 'very high quality' or 'high quality' product markets make up a growing proportion of establishments as we move from non-trainer and then through cutters, stickers and boosters. Similarly, while a quarter (24.7 per cent) of establishments which did not undertake any training in the last 12 months were operating in low and very low quality product markets, only about one-tenth (11.4 per cent or 10.3 per cent depending on training measure) of boosters were operating in product markets of this type.

There is also a well established literature which links training to management practices (Felstead *et al*., 2010; Whitfield, 2000). While data on many of the features of high involvement or high performance working were not collected in the 2009 NESS (UKCES, 2010), some data on practices of relevance were collected which may serve to protect training from cuts. For example, respondents were asked about the presence or otherwise of a training budget and/or a training plan. Similarly, they were asked about the prevalence of written job descriptions and performance reviews, and whether there were formal assessments of employee skill gaps. The greatest difference on these measures was between trainers and non-trainers. For example, whereas a third (35.0 per cent) of non-trainers did not provide a formal job description to any of their employees, this applied to only around one-tenth of trainers. Variation among trainers according to the impact of the recession on their activity was more modest, but still evident. So, four-fifths (78.3 per cent) of those who offered no training in the year before interview possessed neither a training budget nor a training plan, among expenditure cutters this proportion fell to a third (36.8 per cent) and among those who had boosted per capita training expenditure as a result of the recession it was a fifth (19.9 per cent).

Of course, training may not be required if the existing workforce is considered fully proficient. Employers were asked to provide details on the number of staff they regarded as fully proficient; that is, ‘someone who is able to do the job to the required level’. Around a fifth of employers reported that they employed at least one person who they identified as not meeting the mark. However, non-trainers were far less likely to report such a situation – 8.6 per cent identified such skill gaps. This suggests that lack of proficiency may be one of the factors driving training activity. Moreover, it may also protect training in recession – boosters, for example, were more likely to report skill gaps than either stickers or cutters. However, employers in our training typology were not characterised by workforces that had distinctive educational profiles.

Recent research has begun to examine the connection between corporate governance and nature of employment relations (Konzelmann *et al*., 2006; Edwards and Walsh, 2009). This literature also discusses, in part, the possible connections that corporate governance may have with training. The argument here is that ‘in organisations with a dominant external stakeholder, such as shareholders or the state, the requirement that management prioritises such interests may reduce their ability to give necessary weight to the interests of internal stakeholders’ (Konzelmann *et al*., 2006, p. 543-544). The suggestion is that for the public sector these priorities are the delivery of high quality products and services at as low fiscal cost as possible, while in companies where shareholdings can be bought and sold by the public (public limited companies or PLCs) the shareholder’s continued loyalty to the firm is dependent on the delivery of shareholder value, usually over the short-term. On the other hand, where there are dominant internal stakeholders (the private company) more emphasis will be placed on long-term performance and institutional viability.

However, data sets typically do not collect information on whether a public limited company is listed on the stock market (2009 NESS is no different in this respect). Instead, the PLC is used as a proxy for firm exposure to equity markets, but it is a noisy measure since many PLCs are not listed on the stock market. This is a major drawback since the corporate governance literature suggests that stock market listing disperses ownership widely with institutional investors playing a significant role in the UK context. As a result, short-termism is encouraged which, then, translates into lower levels of firm-provided training (Pendleton and Deakin, 2007). While the theory on the connections is clear, the empirical evidence is mixed. Based on the 1998 Workplace Employee Relations Survey (WERS), Konzelmann *et al*. (2006) found that training varied according to governance structure with public sector employers the most pro-training but with PLCs next, followed by owner-managed firms and absentee privately owned firms, the least likely to provide employee training. Even with appropriate survey questions to identify PLCs listed on the stock market (as asked in the 2004 WERS) and controlling for size and industrial sector, the evidence does 'not support the argument that stock market listed workplaces are less likely to provide training than other private sector workplaces' (Pendleton and Deakin, 2007, p. 348-349).

The size of the establishment is an important mediator in the corporate governance debate. Its importance can also be seen in the cross-tabulations presented in Tables 3.6 and 3.7. Around three-quarters (74.4 per cent) of non-trainers had less than five employees compared to half that proportion of training boosters. Another indicator scale is the number of establishments in the enterprise. Once again, non-trainers are more likely of all the groups to be single establishment enterprises – three-quarters (77.4 per cent) of them fall into this category compared to around half of those who responded to the recession by boosting training expenditure (53.1 per cent) or its coverage (47.2 per cent).

Around a third (35.2 per cent) of establishments whose organisation's main goal is profit maximisation did not undertake training in the 12 months leading up to interview. This compares to smaller proportions of charities (18.6 per cent) and much smaller proportion of those working in local government-supported bodies (7.2 per cent) or central government-supported bodies (9.4 per cent) such as the NHS. Furthermore, among those who undertook training a greater proportion of private profit-making employers reported that they had cut training as a result of the recession. For example, cuts to training coverage as a result of the recession were made by 13.2 per cent of privately run establishments compared to 5-6 per cent of those operating on a not-for-profit basis. Looked at by industrial sector, the sharpest (reportable) cutbacks in training activity were in: ‘manufacturing’, ‘construction’ and ‘real estate and business services’. These cross-tabulations have raised a further issue worthy of consideration. Our typology uses an initial filter based on whether employers report that they have arranged or organised training for any of their employees in the 12 months before interview. These employers (around two-thirds of respondents) are then asked questions about the impact of the recession on training expenditure per head and its coverage across the workforce. From this information, we derive our non-trainer, cutter, sticker and booster categories. However, there is the possibility that among the non-trainers there are cutters i.e. those who were previously trainers but because of the recession cut it back to nil over the 12 months before interview. After all, over a fifth of non-trainers reported having a training budget and/or a training plan, but they apparently did no training (cf. Table 3.6). We therefore re-categorise non-trainers into those who are ‘definite non-trainers’, ‘possible cutters’, ‘definite expenditure cutters’ and ‘definite training coverage cutters’. Definite non-trainers are those who did no training in the last 12 months and they had neither a training budget nor a training plan. Possible training cutters are those are those who did no training in the last 12 months but they had either a training budget and/or a training plan. Definite expenditure (coverage) cutters are those who undertook training in the 12 months before interview and reported cuts to training expenditure per head (coverage) as a result of the recession.

In some respects, the possible cutters are like the definite cutters: for example, as regards performance appraisals, written job descriptions, skills assessments and new skill requirements. However, in other respects, the possible cutters have more in common with the definite non-trainers – for example, the effect of the recession on staffing levels. Yet against other measures, these new categories are quite distinctive (see Table 3.8).

If we assume that all the possible cutters are, in fact, cutters what would happen to our story? First, our assessment of the impact of the recession on training changes; on this evidence, one fifth (as opposed to one eighth) of employers responded to the recession by cutting training expenditure per capita. More dramatically, the definitional change doubles the proportion who reported cutting training by narrowing its coverage. As a result, the balance of evidence is a little more pessimistic. However, set against this around a half of all employers reported no change to their training activity, which equates to around three-quarters of all those who train (see Table 3.9). Secondly, we use this definitional change in the multivariate analysis, which follows, to test of the robustness of our main results to changes in the cutter category.

3.4 National Employer Skills Survey – multivariate analysis

This subsection of the Evidence Report confirms the importance of some of the factors considered above in helping us to understand the impact that the 2008-09 recession had on employers' training activity and why some employers have reacted differently.

The analysis focuses on those employers who undertake or arrange training for their employees and their reaction to the recession. By using an ordered probit, we aim to highlight why employers chose to cut, maintain or boost training activity as a result of the recession (the dependent variable is ordered accordingly). We enter variables which might provide such an explanation as well as a number of controls which are often associated with training activity, such as size of establishment. This helps us identify statistically significant covariates of different employer behaviour holding other things constant.

It is possible, of course, that changes in staffing levels may prompt changes in training activity which cancel out the impact that other factors may have on employers' training responses to the recession. We therefore run models with and without changes in staffing levels as a covariate in order to examine what difference this makes to our findings. Their inclusion (see models 2 and 3, Tables 3.10 and 3.11) shows that employers who cut staffing were more likely to report cutting training expenditure and coverage as well, while those increasing staffing were more likely to be among the training boosters (statistically negative and positive coefficients respectively). However, inclusion or exclusion of the staffing variables, while weakening the strength of association attributed to other covariates, does not overturn many of the findings reported below. As a further check on the findings, we run models which define training cutters more broadly in order to test whether our results are sensitive to definitional change.

All three models produce statistical associations which suggest that the nature of the product market faced by employers played an important role in determining their reaction to the recession. So, employers operating in very low quality product markets were significantly less likely to boost training compared to those in medium quality markets, while they were significantly more likely to cut training as a response to the recession (hence the statistically significant negative coefficients in models 1, 2 and 3, see Tables 3.10 and 3.11). On the other hand, employers operating in high quality product markets were more likely to be boosters and less likely to be cutters compared to the base case of employers trading in medium quality product markets (note the statistically significant positive coefficients in models 1, 2 and 3).

Previous research has suggested that training levels are higher in the public sector (e.g. Murphy *et al*., 2008). This is also backed up by our analysis of the QLFS which shows that by the end of the 2008-09 recession training participation rates in the public sector were around 19 per cent compared to 11 per cent in the private sector. Our qualitative findings also suggest that the effect of the 2008-09 recession has a longer lag in the public sector and may be less dramatic. Results from the 2009 NESS give some support to this suggestion. In all three models, public sector employers were more likely to report that they responded to the recession by increasing training activity as measured by training expenditure per head or training coverage than those in manufacturing (the base case) and less likely to find themselves among the cutters. However, in general, the reverse was the case for those operating in the service sector; employers here were less likely to be among the boosters and more likely to be among the cutters (all coefficients are negative and four out of six are statistically significant).

Although previous research also suggests that training incidence and intensity varies according to the size of the establishment, how employers of different sizes responded to the recession is less clear-cut. In terms of training expenditure per head, larger establishments were less likely to cut training and hence were more likely to be among the boosters. But this effect weakens with establishment size and this finding only applies to two out of the three models presented in Table 3.10. Furthermore, the picture for training coverage is more complicated still, with the relationship between establishment size and the nature of training coverage response varying according to the model chosen. We conclude from this that establishment size had little effect on the impact that the recession had on training activity – one cannot say with any certainty that small employers were more (less) likely to cut training than otherwise identical larger employers.

While it is well-established that the higher educated get more training (Green, 1999; Machin and Wilkinson, 1995), the evidence presented here suggests that establishments with higher qualified staff were less likely to be among those boosting training as a result of the recession. This applies to staff qualified to degree and above as well as those qualified at level 3. By implication, employers with less qualified workers were least likely to cut training in recession. Similarly, there was a statistically significant positive relationship between employers who reported a skills gap in their workforce and their decision to cut, maintain or boost training activity in response to the recession (both expenditure per head and coverage). This suggests that for employers who had an identifiable skills gap cutting training in recessions was not an option.

The presence of a training budget and/or a training plan gave some protection to training activity in the 2008-09 recession. There was a significantly positive relationship between these management devices and whether employers responded to the recession by cutting, maintaining or boosting training activity as measured by training spend per head or employee coverage. However, and not unsurprisingly, when we widened the training cutter category to include non-trainers, who also reported the existence of a training budget and/or a training plan, this relationship became insignificant (see model 3, Tables 3.10 and 3.11).

3.5 National Employer Skills Survey – time series analysis

The latest version of the NESS – now known as the UKCES's Employer Skills Survey – has widened its geographical focus to cover the whole of the UK. However, by focusing on England only it is possible to analyse change over time in a number of key variables. Similar comparisons have been carried out and published by others (e.g. Davies *et al*., 2012a). However, these have not focused on sector comparisons and have instead focused on establishment size, industry and region. It should also be pointed out that this data series provides a unique insight into employer reported changes to the institutional supports for training. Moreover, the last four surveys in the series have each collected the views from over 75,000 employers, providing a robust evidence base. Such insights are not available from data sources such as the Quarterly Labour Force Survey (QLFS), which records worker experiences (see section **4**). Furthermore, while NESS respondents were asked how many staff were trained over the last year, the responses given were estimates and the questions used to derive a training incidence measure were modified over this period. However, the QLFS measure of training incidence has remained unchanged and so we base much of our trend analysis on the QLFS (see section **4**).

Nevertheless, the NESS series does provide some unique insights. By analysing data taken from NESS for 2005, 2007, 2009 and 2011 – restricting the latter to England only – we are able to compare how establishment-level training supports have changed. We examine how these patterns vary by ownership as well as within the public sector itself. This information complements the QLFS trend data reported in section **4**.

Overall, we find little variation in the support for training activity over the six year period which includes the 2008-09 recession. A third of establishments (33.1 per cent) in 2005 reported that they had a training budget and in 2011 it was about the same (32.0 per cent) (see Table 3.12). However, there was much more variation by sector. The institutional supports for training, although still relatively strong, weakened more in the public sector than in the private sector. In 2005 over four-fifths (82.7 per cent) of public sector establishments had training plans for the year ahead, but by 2011 this had fallen to three-quarters (74.6 per cent). Formal training planning also fell in the private sector but at a much slower rate – falling from 41.4 per cent in 2005 to 39.2 per cent in 2011. A similar picture is evident in the data on the existence or otherwise of training budgets at establishment level. Their prevalence declined more rapidly in the public sector over this period. Taken together, these results suggest that while the recession of 2008-09 had relatively little impact on training incidence in either the public or private sector, it weakened the institutional supports for training much more in the public sector.

Further analysis also shows that within the public sector there was considerable variation. Around 90 per cent of public sector establishments can be found in four industrial categories. These are: 'public administration' (which includes the enforcement of state regulations, defence of the realm and the provision of social security); 'education' (i.e. the provision of educational services to different groups in society ranging from pre-primary to higher education as well as to individuals outside formal education settings); 'health' (which includes hospital activities, residential care, and non-residential care for the elderly and the young); and 'other community, social and personal services' (such as arts and entertainment, libraries, museums, and sport and recreational activities). Our qualitative interviews included examples from each of these categories (see section **6**).

Support for training infrastructure appears to have changed in almost all parts of the public sector. While still present (particularly in comparison to the private sector) training plans and budgets were less prevalent after the recession. Establishment-level training budgets, for example, were held by around two-thirds (65.4 per cent) of 'health' establishments in 2005, but by 2011 this had fallen to just over a half (52.0 per cent). A similar step-change can be seen in establishment-level training plans. These were in existence in 87.0 per cent of educational establishments in 2005 compared to 78.1 per cent in 2011.

These results provide contextual background to our qualitative interviews with those working in the private and public sectors. These qualitative results will be presented in sections **5** and **6**.

NESS respondents who reported that they had arranged or funded training for their staff in the previous 12 months were asked if they would be willing to take part in a follow up study on training costs. In 2011, 7,929 employers in England took part; similar numbers participated in previous follow-up surveys which have been a feature of NESS since 2005. Based on this data it is possible track total employer investment in training in England between 2005 and 2011. The results show that it rose from £33.3bn to £40.5bn over that period. However, once inflation is factored in, this represents just a 4 per cent increase, and since the workforce expanded over this period training investment per worker fell by 14.5 per cent (Davies *et al*., 2012, p. 82-86). This was a trend established before the recession began.

3.6 Summary

The 2009 NESS data allows us to provide answers to the questions we posed earlier. It is around these questions that we summarise the results of this section.

What impact has the recession had on the extent and nature of employers' training activity? Around half of establishments reported that training had not changed as a result of the recession and a further third reported that they had not trained anyone in the 12 months before they were interviewed. However, one in twelve (8.2 per cent) establishments reported they had narrowed the coverage of training and around one in eight (12.8 per cent) reported reducing training expenditure per capita ('cutters'). On the other hand, around one in twenty reported increasing their training activity ('boosters') as a result of the recession. This suggests that the impact of the recession on training was not as severe as many had feared. Even using a broader definition of training cutters this picture remains broadly intact. This suggests that one fifth (as opposed to one eighth) of employers responded to the recession by cutting training expenditure per capita. More dramatically, the definitional change doubles the proportion who reported cutting training by narrowing its coverage. On these definitions, the balance of evidence is a little more pessimistic. Overall, then, the NESS evidence suggests that the type of data collected and presented by the CBI and BCC may be over-alarmist and the impact of the current recession training may not be as severe as these data sources tend to suggest.

Are employers' reactions related to their anticipated future skill needs and their recent recruitment patterns? In this respect, the greatest contrasts are between non-trainers and trainers. Whereas only around a quarter of the former reported that employees would need to acquire new skills or knowledge over the next 12 months, around half or more of training employers reported that new skills or knowledge would be required by workers. Among employers who trained the differences between those who cut back, maintained or increased training as a result of the recession were modest by comparison.

To what extent have their training activities been constrained by tightening budgets and difficulties in releasing staff, and have these constraints tightened in the recession? There is clear evidence of these pressures. Around two-thirds of training cutters reported that their training efforts over the previous 12 months had been constrained compared to a half of those who had boosted their training effort. Furthermore, lack of funds rather than an inability to allow staff time off was the most frequently cited cause of restraint among cutters whereas for stickers and boosters neither restraint was predominant. A comparison of NESS in 2007 with NESS in 2009 suggests a rise in the proportion of employers, in England, reporting that they wanted to do more, with a substantial rise in the proportion reporting lack of funding as a constraint – rising from just under a half (48.7 per cent) to around three-fifths (60.2 per cent).

Do outside pressures such as the nature of the product markets they face serve to heighten or reduce the importance placed on training and hence protect or expose training to short-term economic change? The cross tabulations show that establishments which operate in 'very high quality' or 'high quality' product markets make up a growing proportion of establishments as we move from non-trainer and then through cutters, stickers and boosters. Similarly, while a quarter (24.7 per cent) of establishments which did not undertake any training in the last 12 months were operating in low and very low quality product markets, only about one-tenth (11.4 per cent or 10.3 per cent depending on training measure) of boosters were operating in product markets of this type. Furthermore, these results are statistically significant and are robust to different multivariate models.

How important are formal management practices to the resilience or otherwise of training in the recession? Unfortunately, the data collected by the 2009 NESS are relatively light in this regard. Nevertheless, respondents were asked about the presence or otherwise of a training budget and/or a training plan. Similarly, they were asked about the prevalence of written job descriptions and performance reviews, and whether there were formal assessments of employee skill gaps. According to the bivariate analysis, the greatest difference on these measures was between trainers and non-trainers. Variation among trainers according to the impact of the recession on their activity was more modest, but still evident. So, four-fifths (78.3 per cent) of those who offered no training in the year before interview possessed neither a training budget nor a training plan, among expenditure cutters this proportion fell to a third (36.8 per cent) and among those who had boosted per capita training expenditure as a result of the recession it was a fifth (19.9

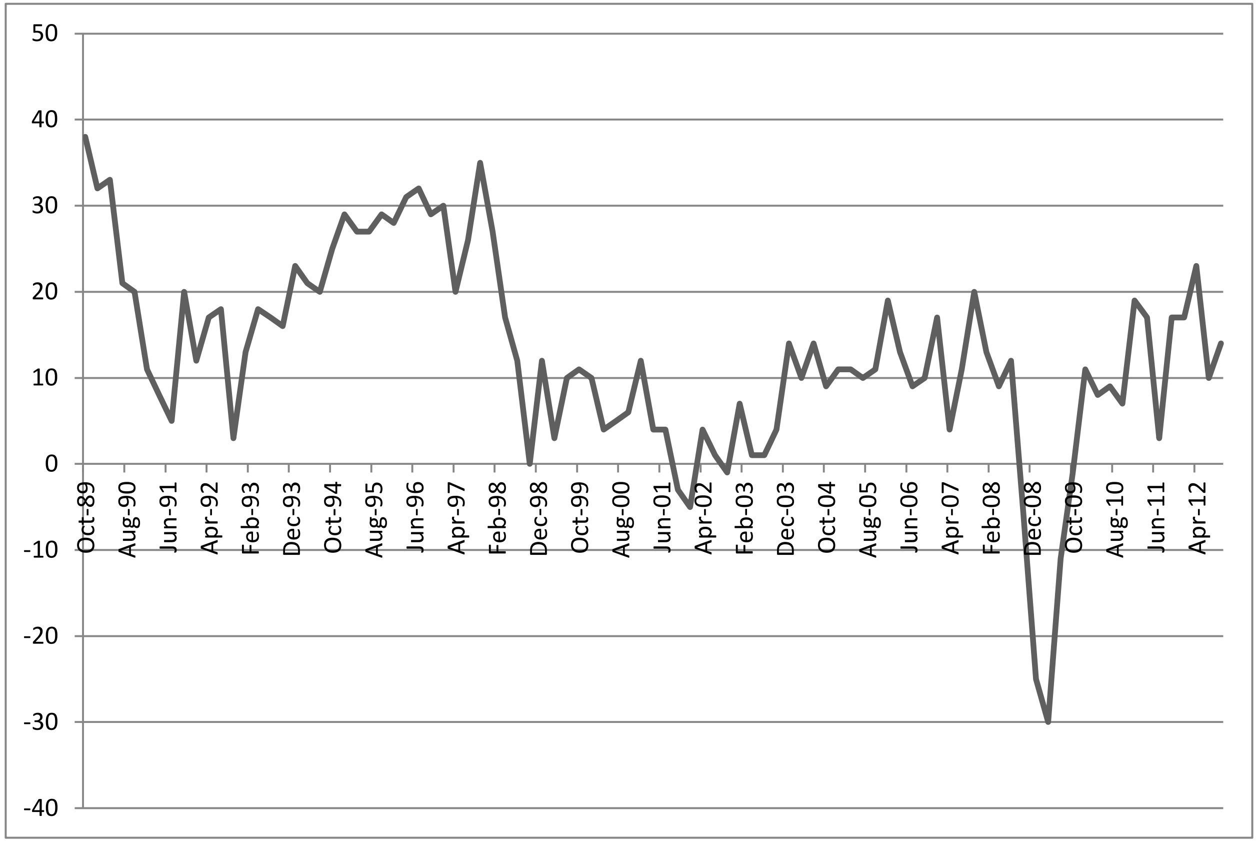
per cent). This is further reinforced by the multivariate analysis which shows that the presence of a training budget and/or a training plan gave some protection to training activity in the 2008-09 recession.

Does the sector, governance or main purpose of the establishment modify the impact that the recession has on training activity? The impact of these issues on employment regimes has occasioned considerable theoretical debate. However, current empirical evidence is limited and the results are rather mixed. Around a third (35.2 per cent) of establishments whose organisation's main goal is profit maximisation did not undertake training in the 12 months leading up to interview. This compares to smaller proportions of charities (18.6 per cent) and much smaller proportion of those working in local government-supported bodies (7.2 per cent) or central government-supported bodies (9.4 per cent) such as the NHS. Furthermore, among those who undertook training a greater proportion of private profit-making employers reported that they had cut training. For example, cuts to training coverage as a result of the recession were made by 13.2 per cent of privately run establishments compared to 5-6 per cent of those operating on a not-for-profit basis. The multivariate analysis also suggests that corporate governance is related to employers' responses to the recession. It shows that public sector employers were more likely to report that they responded to the recession by increasing training activity as measured by training expenditure per head or training coverage than those in manufacturing (the base case) and less likely to find themselves among those cutting training. Nevertheless, comparing the latest NESS results for 2011 with those for 2005 there is evidence that establishment-level control over how training is planned and funded has fallen faster than in the public sector than in the private sector. This theme will be examined further in sections **5** and **6**.

The published NESS results also show that real training expenditure per worker was on a downward trend even before the 2008-09 recession began. It fell between 2005 and 2011 by 14.5 per cent, although in nominal terms employers' investment rose from £33.3bn to £40.5bn.

We now turn to whether these findings are also apparent in the training experiences of workers as reported in responses given to successive waves of the QLFS.

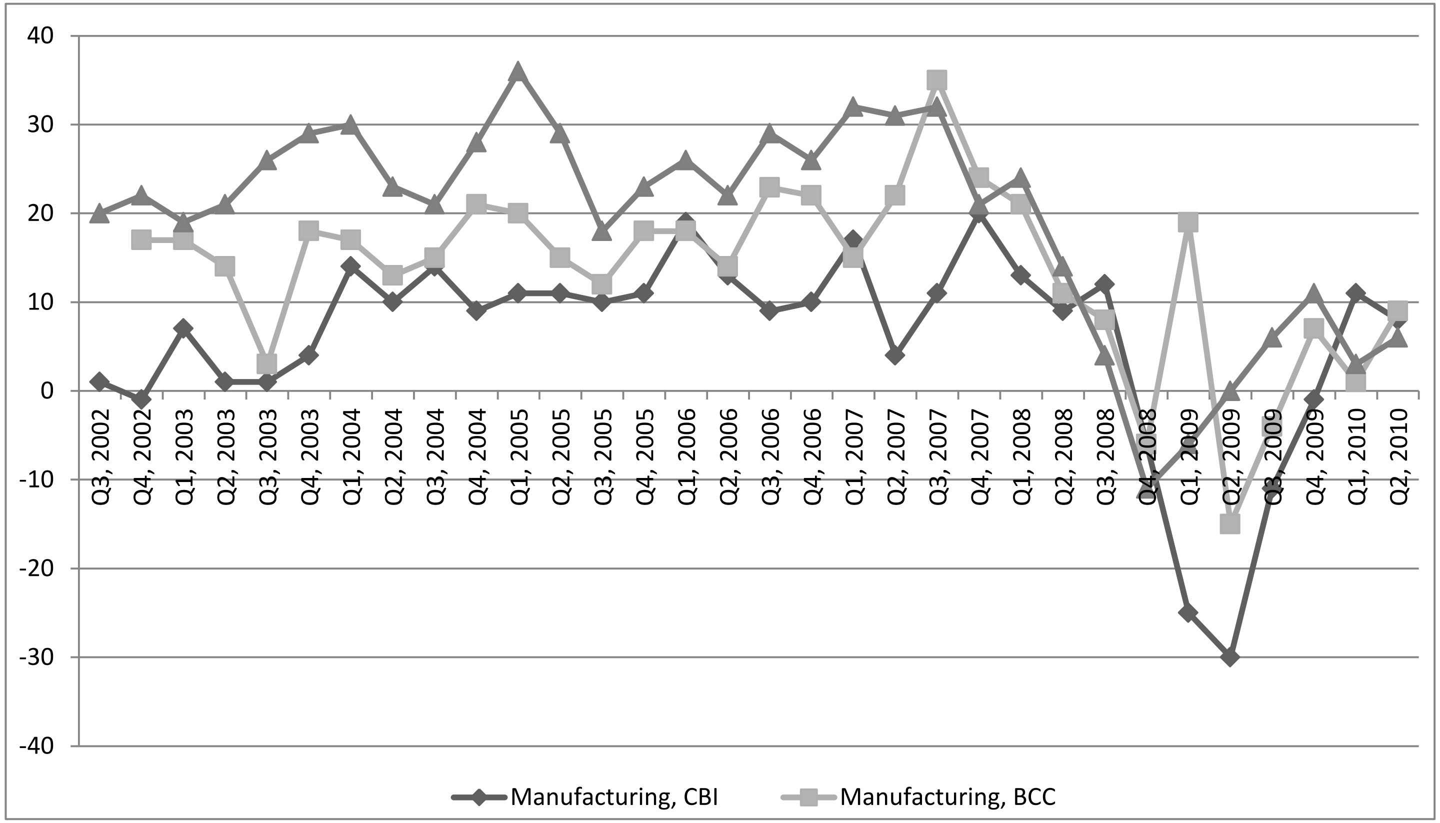
Figure 3.1 CBI training expenditure 'balance index', manufacturing, 1989-2012



Source: supplied to authors by CBI.

The CBI asks a sample of its member companies: 'Do you expect to authorise more or less expenditure in the NEXT twelve months than you authorised over the PAST twelve months on training and retraining?' They are allowed answer 'more', 'same', 'less' or 'not applicable'. The balance column reports difference between the percentage reporting 'more' compared to the percentage reporting 'less'.

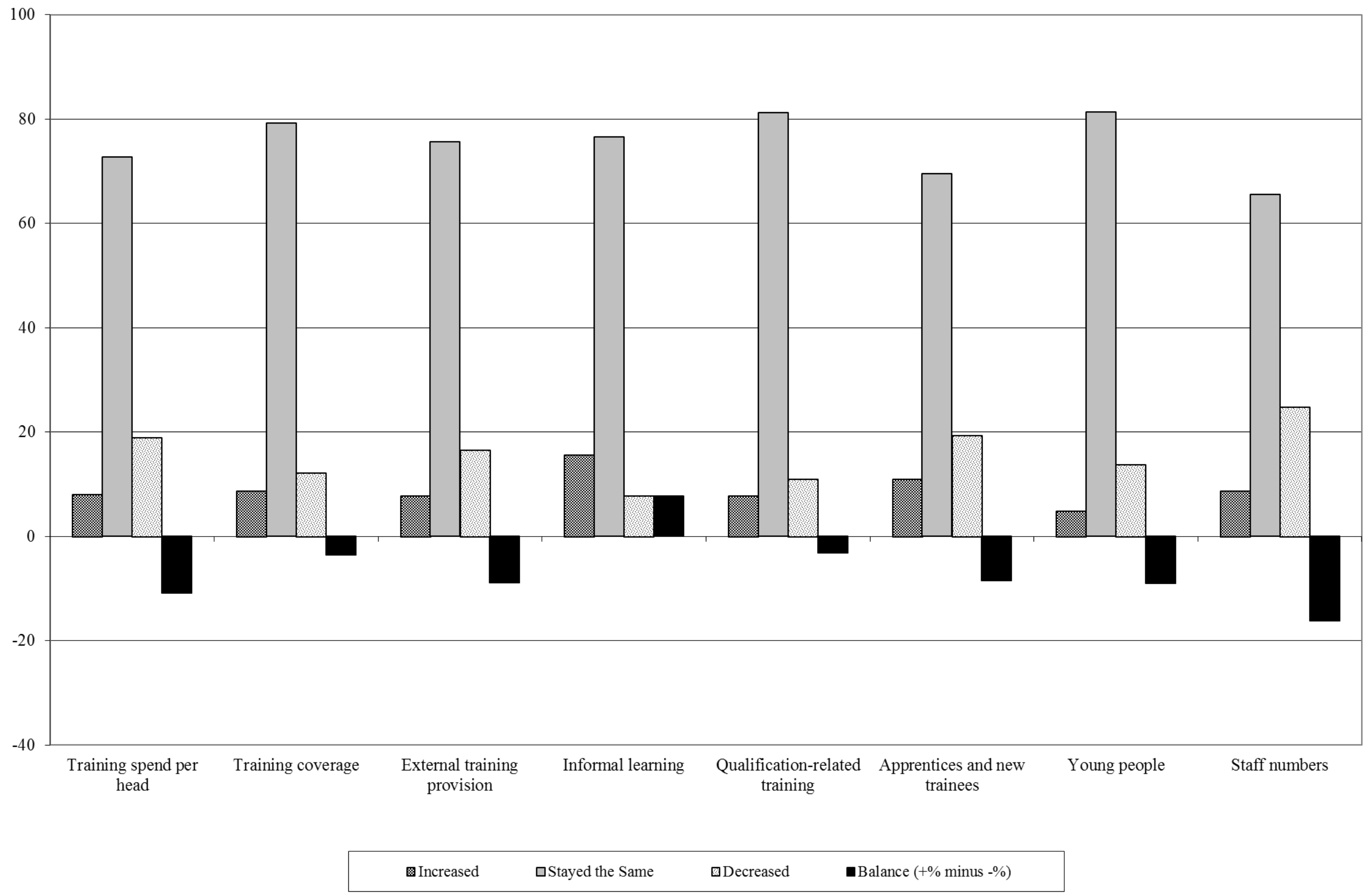
Figure 3.2 CBI and BCC training 'balance index', 2002-2010



Source: British Chambers of Commerce Quarterly Economic Survey, summary reports downloaded from www.britishchambers.org.uk

Every quarter the British Chambers of Commerce asks over 5,000 private sector businesses: 'Over the past 3 months, what changes have you made to your investment plans for training?' The online survey has three answer options: 'Increased', 'Remained constant' and 'Decreased'. It should also be pointed out that the BCC collects its data during the last three weeks of each quarter whereas the CBI survey is carried out in the first few weeks of each quarter; the data collection periods are not coterminous.

Figure 3.3 Reported impact of the recession on training, 2009



Source: own calculations from the National Employer Skills Survey 2009.

Table 3.1 Effects of the recession, short-term skill requirements and recruitment by types of training expenditure employer

	Types of Training Employer[1] (column percentage)			
	Non-trainers	Expenditure 'Cutters'	Expenditure 'Stickers'	Expenditure 'Boosters'
Overall (row per cent)	32.8	12.8	48.9	5.5
Effect of recession on use of external training providers[2]:				
Increased	na	3.5	5.1	41.1
Stayed the same	na	39.0	87.8	51.9
Decreased	na	57.5	7.1	7.1
Effect of recession on qualification-related training[3]:				
Increased	na	4.5	5.4	36.5
Stayed the same	na	52.5	91.1	59.2
Decreased	na	43.0	3.5	4.4
Effect of recession on informal learning[4]:				
Increased	na	19.7	11.7	40.5
Stayed the same	na	51.5	85.3	56.1
Decreased	na	28.8	3.0	3.4
New skills required over the next 12 months because of[5]:				
New products and services	24.5	56.2	50.8	67.4
New working practices	23.6	53.3	47.6	63.2
New technology	26.9	51.5	47.5	60.0
New regulations	29.0	58.3	53.1	64.4
Increased competition	23.9	50.4	36.8	50.3
Recruitment of under 24 year olds to first job in last 12 months[6]:				
School leavers (16 year olds)	2.7	7.2	6.9	9.0
College leavers (17 or 18 year olds)	4.9	13.2	13.3	16.8
University leavers	3.7	12.8	12.4	16.0
Recruitment of apprentices in the next 12 months (very or quite likely)[7]:				
16 to 18 year olds	7.7	14.3	11.5	19.5
19 to 24 year olds	9.2	19.5	14.6	24.2
Over 25 year olds	9.3	15.6	12.7	21.4

Notes:

1. *Non-trainers are defined by those who answered that they had not 'funded or arranged any off-the-job training or development for employees at this site' nor had they 'funded or arranged any on-the-job or informal training and development over the last 12 months'. The remainder were asked: 'As a result of the recession have the following increased, stayed about the same or decreased at this establishment'. The list of statements included: 'expenditure on training per employee' and 'the proportion of employees provided with training'. Those reporting decreases are defined as cutters, those reporting no change are denoted as stickers and those reporting increases are defined as boosters. With the pre-fix indicating whether the designation refers to their training expenditure per head or the proportion of the workforce being trained.*
2. *As part of the 'as a result of the recession' question battery (note 1), respondents were asked about: 'The proportion of your total training delivered by external providers'.*

3. *As part of the 'as a result of the recession' question battery (note 1), respondents were asked about: 'The amount of training that leads to recognised qualifications'.*
4. *As part of the 'as a result of the recession' question battery (note 1), respondents were asked about: 'The emphasis placed on informal learning'.*
5. *Respondents were asked: 'Over the next 12 months do you expect that any of your employees will need to acquire new skills or knowledge as a result of [abbreviations of statements given in column 1]'? Here, we report those who asked in the affirmative.*
6. *Respondents were asked whether, in the last 12 months, they had 'taken on anyone aged under 24 to their first job on leaving school, college or university'. If so, they were asked what type of education these young people had completed. The proportions reported here are of the total numbers of employers in each category.*
7. *Respondents were asked: 'Thinking about the next 12 months, how likely is it that this establishment will have someone undertaking an apprenticeship who is aged …?' Here, we report the proportion of employers saying that it was 'very likely' or 'quite likely'.*

Table 3.2 Effects of the recession, short-term skill requirements and recruitment by types of training coverage employer

	Types of Training Employer[1] (column percentage)			
	Non-trainers	Coverage 'Cutters'	Coverage 'Stickers'	Coverage 'Boosters'
Overall (row per cent)	32.6	8.2	53.4	5.8
Effect of recession on use of external training providers[2]:				
Increased	na	3.4	4.9	40.1
Stayed the same	na	31.7	85.2	49.7
Decreased	na	64.9	9.9	10.3
Effect of recession on qualification-related training[3]:				
Increased	na	3.2	5.0	39.9
Stayed the same	na	43.7	90.0	54.4
Decreased	na	53.1	5.1	5.7
Effect of recession on informal learning[4]:				
Increased	na	17.6	12.1	45.2
Stayed the same	na	45.5	84.1	51.3
Decreased	na	36.9	3.9	3.5
New skills required over the next 12 months because of[5]:				
New products and services	24.5	53.9	51.8	66.2
New working practices	23.6	51.1	48.6	62.6
New technology	26.9	50.1	48.3	58.4
New regulations	29.0	56.8	54.0	64.5
Increased competition	23.9	50.3	37.9	50.6
Recruitment of under 24 year olds to first job in last 12 months[6]:				
School leavers (16 year olds)	2.7	7.0	6.8	10.7
College leavers (17 or 18 year olds)	4.9	12.1	13.2	19.0
University leavers	3.7	11.7	12.4	18.0
Recruitment of apprentices in the next 12 months (very or quite likely)[7]:				
16 to 18 year olds	7.6	15.1	11.6	17.5
19 to 24 year olds	9.2	19.9	14.9	24.1
Over 25 year olds	9.3	16.4	12.6	21.8

Notes:

All the notes in Table 3.1 apply.

Table 3.3 Volumes, modes and training satisfaction levels in the recession by types of training expenditure employer

	Types of Training Employer (column percentages/averages)		
	Expenditure 'Cutters'	Expenditure 'Stickers'	Expenditure 'Boosters'
Training participation rate in establishment[1]	62.1	64.4	68.3
Training intensity (average number of days per trainee) [2]	9.2	9.7	11.6
FE college use over last 12 months[3]	29.5	26.7	36.0
'Very satisfied'	43.1	49.6	49.8
University use over last 12 months[4]	11.8	10.7	12.9
'Very satisfied'	49.9	57.0	57.7
Other training provider use over last 12 months[5]	64.5	60.0	69.9
'Very satisfied'	57.5	63.1	64.4
Would have liked to provide more training	65.6	41.2	51.2
but constrained by:			
Lack of funds	78.4	54.0	53.4
Lack of time[6]	41.8	52.2	52.8

Notes:

1. *This is calculated by dividing the total number of employees on the payroll by the number of staff who received training and development funded or arranged by the employer in the last 12 months.*
2. *Respondents were asked: 'And, over the last 12 months, on average, how many days training and development, whether on- or off-the-job, have you arranged for each member of staff receiving training?'. This is the training intensity figure reported here.*
3. *Those funding or arranging training are asked: 'In the past 12 months has your establishment used further education colleges to provide teaching or training?'. Of those answering in the affirmative, respondents are ask to rate the quality of the teaching and training. Here, we report the proportion who responded that they were 'very satisfied' with the quality of the experience.*
4. *The same questions as above (see note 3) are asked regarding university use and satisfaction levels.*
5. *The same questions as above (see note 3) are asked regarding the use of other providers (defined as by the examples of external consultant or private training provider) and satisfaction levels.*
6. *Trainers are asked: 'If you could have done, would you have provided MORE training for your staff than you were able to cover over the last 12 months?' If yes, they were then asked: 'What barriers, if any, have been preventing your organisation providing more training over the last 12 months for staff at this location? Here, we report the proportions reporting 'lack of funds for training/training expensive' and 'can't spare more staff time (having them away on training'.*

Table 3.4 Volumes, modes and training satisfaction levels in the recession by types of training coverage employer

	Types of Training Employer (column percentages/averages)		
	Coverage 'Cutters'	Coverage 'Stickers'	Coverage 'Boosters'
Training participation rate in establishment[1]	60.5	64.6	67.4
Training intensity (average number of days per trainee) [2]	9.3	9.9	11.9
FE college use over last 12 months[3]	29.2	27.1	34.7
'Very satisfied'	43.1	43.2	48.2
University use over last 12 months[4]	10.5	11.0	12.6
'Very satisfied'	50.4	56.6	54.6
Other training provider use over last 12 months[5]	63.4	60.8	66.3
'Very satisfied'	57.4	62.4	64.9
Would have liked to provide more training	66.2	42.9	52.6
but constrained by:			
Lack of funds	77.8	56.8	55.2
Lack of time[6]	40.3	51.5	51.5

Notes:

All the notes in Table 3.3 apply.

Table 3.5 Training activity and constraints, 2007 and 2009

	2007	2009
Establishments providing training over the last 12 months[1]	67.3	67.8
Establishments wanting to provide more training over last 12 months	41.0	46.5
but constrained by:		
Lack of funds	48.7	60.2
Lack of time[2]	42.0	49.4

Notes:

1. *Trainers are defined by those who answered that they had 'funded or arranged any off-the-job training or development for employees at this site' and/or they had 'funded or arranged any on-the-job or informal training and development over the last 12 months'.*
2. *Note 6 in Table 3.3 applies.*

Table 3.6 Training expenditure in the recession: A training typology of employers and their characteristics

	Types of Training Employer (column percentages, unless otherwise stated)			
	Non-trainers	Expenditure 'Cutters'	Expenditure 'Stickers'	Expenditure 'Boosters'
Effect of recession on staffing[1]:				
Increased	4.6	4.2	10.3	28.8
Stayed the same	72.6	37.9	71.4	53.8
Decreased	22.8	57.9	18.4	17.4
Nature of product market[2]:				
Very high quality	14.9	14.9	20.6	25.5
High quality	23.1	28.3	29.0	30.7
Medium quality	37.3	38.9	36.3	32.4
Low quality	16.3	12.4	10.3	8.5
Very low quality	8.4	5.7	3.8	(2.9)
Training infrastructure[3]:				
Both a training budget and plan	7.7	34.7	36.1	52.3
A training budget or plan	13.9	28.5	27.4	27.9
Neither a training budget nor plan	78.3	36.8	36.4	19.9
Proportion of staff with formal written job description[4]:				
All	52.3	75.4	76.8	80.8
None	35.0	11.0	12.2	8.9
Proportion of staff subject to annual performance review[5]:				
All	32.2	65.6	65.0	73.4
None	60.2	22.3	25.0	16.9
Skills gap assessment[6]:				
Assessments made	33.4	70.3	68.6	79.0
No assessments made	66.6	29.7	31.4	21.0
Workforce skills[7]:				
Fully proficient	91.4	74.2	77.2	68.1
Skills gaps	8.6	25.8	22.8	31.9
Qualification level:				
Proportion qualified to degree level or above	26.3	30.3	28.7	27.1
Proportion qualified to level 3 but below degree	29.4	31.1	30.7	31.7
Workplace Size:				
2-4 employees	74.4	45.6	42.5	36.5
5 to 24 employees	23.5	39.2	43.4	45.2
25 to 99 employees	1.8	11.0	11.3	14.5
100 to 199 employees	(0.2)	2.4	1.6	(2.2)
200 employees and over	(0.1)	(1.8)	1.1	(1.6)
Organisational governance:				
One or two private owners	71.0	54.6	49.8	48.0
Multiple private owners	14.1	21.5	20.8	24.9
Public limited liability	9.6	12.1	11.5	10.8
Charity	3.8	6.4	9.4	8.9
Government	1.2	5.3	8.3	7.0

Multi-establishment enterprise:				
Only establishment	77.4	59.1	57.7	53.1
One of number of establishments	22.6	40.9	42.2	46.9
Sector (defined by SIC)				
Manufacturing	23.4	20.1	16.3	16.5
Services	68.0	65.2	60.9	61.1
Public sector	8.6	14.7	22.8	22.4
Organisational goal (row percentages):				
Seeking a profit	35.2	12.9	46.6	5.3
Charity/voluntary sector	18.6	11.4	63.4	6.6
Local government financed body (such as a school, or a body delivering leisure, transport, social care, waste or environmental health services)	(7.2)	13.5	72.5	6.9
Central government financed body (such as the civil service, any part of the NHS, a college or university, the Armed Services, an Executive Agency or other non-governmental public bodies)	(9.4)	(9.9)	74.3	(6.5)
Industry (row percentages):				
Agriculture	46.6	6.0	43.6	(3.7)
Mining & Quarrying	20.3	(22.4)	(49.5)	7.8
Manufacturing	39.6	13.3	42.5	4.5
Electricity, Gas & Water Supply	(22.7)	(11.4)	(57.4)	(8.5)
Construction	37.4	17.7	39.5	5.4
Personal Household Goods	40.2	9.7	45.3	4.9
Hotels & Restaurants	33.8	13.1	47.6	5.5
Transport & Storage	36.9	11.7	47.6	6.1
Financial	20.6	12.9	45.4	(7.4)
Real Estate & Business Services	31.3	16.7	46.8	5.1
Public Administration	(14.5)	(12.6)	66.2	6.7
Education	6.6	13.7	71.7	5.5
Health & Social Work	13.1	9.4	68.6	8.9
Personal Services	33.5	11.3	51.0	4.2
Sector Skills Council (row percentages)[8]:				
Lantra	42.2	6.6	47.2	(4.1)
Cogent	33.7	(12.6)	48.7	(5.1)
Proskills	42.1	(14.9)	39.3	(3.7)
Improve	(38.3)	(9.6)	(45.7)	(6.4)
Skillfast-UK	55.2	(7.8)	33.6	(3.5)
Semta	33.3	14.5	47.2	(5.1)
Energy & Utility Skills	(27.2)	(13.2)	(52.6)	(23.6)
Constructionskills	36.0	18.1	41.4	4.5
Summitskills	28.1	17.3	48.1	(6.5)

Institute of Motor Industry	38.9	11.2	44.2	(5.8)
Skillsmart Retail	40.4	8.2	46.4	5.1
People 1st	33.6	13.0	49.0	5.5
Goskills	48.7	(8.1)	(37.1)	(6.1)
Skills for Logistics	38.4	12.3	45.0	4.4
Financial Services	20.6	12.9	59.1	(7.4)
Asset Skills	34.3	18.1	42.5	5.1
e-skills UK	30.1	15.2	43.4	(6.4)
Government Skills	(9.6)	(14.6)	(65.8)	(10.0)
Skills for Justice	(14.4)	(15.7)	(64.7)	(5.1)
Lifelong Learning UK	(11.3)	(14.4)	66.2	(8.2)
Skills for Health	15.3	(8.8)	68.1	(7.9)
Skills for Care and Development	10.8	10.5	68.6	10.1
Skillset	38.5	(14.1)	41.8	(5.7)
Creative and Cultural Skills	41.5	(12.6)	42.4	(3.6)
Sklllsactive	28.6	(11.7)	54.4	(5.3)
Non-SSC employers	27.7	13.9	53.1	5.3

Notes:

( ) = less than 200 observations, data are reported here but are subject to wide variance.

1. *As part of the 'as a result of the recession' question battery (note 1, Table 3.1), respondents were asked about: 'The number of staff employed at your establishment in total'.*
2. *The nature of the product market is captured by three questions which asks employers how they compare with others in their industry in terms of: the range/volume of their offer; the extent to which it is price dependent; and whether they lead the way in their sector developing new products, services or techniques. The precise questions are as follows. 'First of all on a scale of 1 to 5, where would you place this establishment if one indicates that, compared to others in your industry, this establishment offers one-off or very low volume products/ limited range of services and five that you are a high volume producer/provide a very wide range of services'. Price dependency is taken from the response to the following: 'one indicates that, compared to others in your industry, the competitive success of your establishment's products or services is wholly dependent on price and five that success does not depend at all on price'. Market leadership is derived from the question: 'one indicates that, compared to others in your industry, this establishment very rarely leads the way in terms of developing new products, services or techniques, and five that you often lead the way'. The values given for each response are calibrated so that a higher score indicates a higher quality of product market faced. The values for each of the three questions range from 1 to 5. 'Very low' quality product markets are denoted as those scoring 3-5; 'low' by 6 or 7; 'medium' by 8-10; 'high' by 11 or 12; and 'very high' by 13-15. All three questions are only asked for those seeking a profit (85 per cent of the 79,152 establishments surveyed).*
3. *All respondents are asked: 'Does your establishment have any of the following: a business plan that specifies the objectives for the coming year; a training plan that specifies in advance the level and type of training your employees will need in the coming year; and a budget for training expenditure?'*
4. *All respondents are asked: 'Approximately what proportion of your staff have a formal written job description?' Here, we report the proportion saying 'none' and the proportion saying 'all' (excluding those who said 'don't know').*
5. *All respondents were asked: 'Approximately what proportion of your staff have an annual performance review?' Here, we report the proportion saying 'none' and the proportion saying 'all' (excluding those who said 'don't know').*
6. *All respondents were asked: 'Does this establishment formally assess whether individual employees have gaps in their skills?' The data presented here excludes the 'don't knows'.*
7. *All respondents were asked to provide details on the number of staff they regarded as fully proficient; that is, 'someone who is able to do the job to the required level'. Here we report the number of establishments reporting at least one worker who was not considered fully proficient.*
8. *The table reports SSCs as they operated at the time of the survey. Some no longer exist and the footprint of others may have been enlarged to provide national coverage.*

Table 3.7 Training coverage in the recession: a training typology of employers and their characteristics

	Types of Training Employer (column percentages, unless otherwise stated)			
	Non-trainers	Coverage 'Cutters'	Coverage 'Stickers'	Coverage 'Boosters'
Effect of recession on staffing[1]:				
Increased	4.6	3.5	9.2	33.3
Stayed the same	72.6	27.3	71.2	46.2
Decreased	22.8	69.2	19.6	20.5
Nature of product market[2]:				
Very high quality	14.9	15.9	19.8	26.7
High quality	23.1	26.0	29.2	32.1
Medium quality	37.3	38.3	36.7	31.0
Low quality	16.3	12.6	10.6	7.8
Very low quality	8.4	7.3	3.8	(2.5)
Training infrastructure[3]:				
Both a training budget and plan	7.7	31.0	36.9	20.9
A training budget or plan	13.9	27.6	27.5	29.6
Neither a training budget nor plan	78.3	41.4	36.9	49.6
Proportion of staff with formal written job description[4]:				
All	52.3	73.5	77.0	81.6
None	35.0	11.7	12.0	7.5
Proportion of staff subject to annual performance review[5]:				
All	32.2	62.7	65.6	74.3
None	60.2	24.6	24.5	15.3
Skills gap assessment[6]:				
Assessments made	33.4	68.6	69.0	80.0
No assessments made	66.6	31.4	31.0	20.0
Workforce skills[7]:				
Fully proficient	91.4	74.8	77.2	66.3
Skills gaps	8.6	25.2	22.8	33.7
Qualification level[8]:				
Proportion qualified to degree level or above	26.3	29.5	29.0	26.2
Proportion qualified to level 3 but below degree	29.4	31.1	30.9	29.7
Workplace Size:				
2-4 employees	74.4	47.8	42.7	33.1
5 to 24 employees	23.5	38.3	43.1	47.0
25 to 99 employees	1.8	10.1	11.4	15.3
100 to 199 employees	(0.2)	(2.2)	1.6	(2.6)
200 employees and over	(0.1)	(1.6)	1.2	(2.0)
Organisational governance:				
One to two private owners	71.0	58.0	49.6	44.7
Multiple private ownership	14.1	21.2	20.7	28.3
Public limited liability	9.6	12.7	11.3	10.9
Charity	3.8	4.6	9.5	9.2

Government	1.2	3.3	8.7	6.6
Multi-establishment enterprise:				
Only establishment	77.4	62.6	57.5	47.2
One of number of establishments	22.6	37.4	42.5	52.8
Sector (defined by SIC):				
Manufacturing	23.4	23.5	16.2	14.0
Services	68.0	65.4	60.8	65.0
Public sector	8.6	11.2	23.0	21.0
Organisational goal (row percentages):				
Seeking a profit	35.0	8.6	50.7	5.7
Charity/voluntary sector	18.4	5.3	69.3	7.1
Local government financed body (such as a school, or a body delivering leisure, transport, social care, waste or environmental health services)	6.9	5.1	81.7	6.2
Central government financed body (such as the civil service, any part of the NHS, a college or university, the Armed Services, an Executive Agency or other non-governmental public bodies)	(9.0)	(4.4)	79.6	(7.0)
Industry (row percentages)				
Agriculture	46.6	(4.5)	45.8	(3.0)
Mining & Quarrying	(19.9)	(15.4)	(30.5)	(8.3)
Manufacturing	39.5	9.1	46.1	5.3
Electricity, Gas & Water Supply	(22.4)	(9.5)	(57.3)	(10.8)
Construction	37.3	14.2	44.5	4.0
Personal Household Goods	39.7	6.2	48.2	5.8
Hotels & Restaurants	33.6	8.1	51.3	7.0
Transport & Storage	36.5	7.9	48.7	6.8
Financial	20.3	(6.8)	63.7	(9.1)
Real Estate & Business Services	31.2	10.8	52.6	5.4
Public Administration	(13.7)	(32.2)	74.8	(6.3)
Education	6.5	6.7	78.7	8.2
Health & Social Work	12.8	4.2	74.3	8.7
Personal Services	33.3	6.6	55.9	4.3
Sector Skills Council (row percentages):				
Lantra	42.1	4.8	49.6	(3.5)
Cogent	33.3	(7.9)	52.2	(6.7)
Proskills	42.0	(9.7)	43.4	(4.9)
Improve	(38.3)	(5.9)	(48.7)	(7.1)
Skillfast-UK	54.6	(5.2)	35.8	(4.4)
Semta	33.2	10.2	50.8	(5.9)
Energy & Utility Skills	(26.9)	(8.1)	(57.7)	(7.3)
Constructionskills	36.0	13.8	46.5	3.7
Summitskills	28.0	14.0	53.0	(5.0)

Institute of Motor Industry	38.7	8.2	48.3	(4.9)
Skillsmart Retail	39.8	4.8	49.1	6.2
People 1st	33.4	8.1	51.5	7.0
Goskills	48.4	(5.2)	39.8	(6.6)
Skills for Logistics	38.1	8.7	47.6	5.6
Financial Services	20.3	(6.8)	63.7	(9.1)
Asset Skills	34.0	12.1	48.4	5.6
e-skills UK	29.9	9.8	54.2	(6.1)
Government Skills	(9.2)	(5.9)	(70.6)	(14.2)
Skills for Justice	(13.1)	(6.9)	(78.3)	(1.8)
Lifelong Learning UK	(11.0)	(8.3)	72.2	(8.5)
Skills for Health	15.1	(4.3)	72.5	(8.1)
Skills for Care and Development	10.5	(4.5)	75.1	9.9
Skillset	38.3	(9.3)	47.7	(4.6)
Creative and Cultural Skills	41.3	(7.0)	47.4	(4.3)
SkIllsActive	28.4	(5.4)	60.7	(5.5)
Non-SSC employers	27.6	8.0	58.9	5.5

Note:

All the notes in Table 3.6 apply.

Table 3.8 Definite non-trainers, possible cutters and definite cutters

	Three Categories of Employer			
	Definite non-trainers (no training in the last 12 months and no training budget or training plan)	Possible training cutters (no training in the last 12 months but training budget and/or training plan)	Definite training expenditure cutters (reported cuts to training expenditure as a result of the recession)	Definite training coverage cutters (reported cuts to training coverage as a result of the recession)
New skills required over the next 12 months because of:				
New products and services	20.1	40.3	56.2	53.9
New working practices	19.1	39.7	53.3	51.1
New technology	23.7	38.6	51.5	51.1
New regulations	24.9	43.9	58.3	56.8
Increased competition	20.5	35.9	50.4	50.3
Effect of recession on staffing:				
Increased	3.7	7.7	4.2	3.5
Stayed the same	74.0	67.8	37.9	27.3
Decreased	22.3	24.5	57.9	69.2
Nature of product market:				
Very high quality[1]	13.5	20.5	14.9	15.9
High quality	21.4	29.8	28.3	26.0
Medium quality	38.3	33.7	38.9	38.3
Low quality	17.5	11.5	12.4	12.6
Very low quality	9.4	4.5	5.7	7.3
Proportion of staff with formal written job description:				
All	46.0	74.8	75.4	73.5
None	40.9	13.6	11.0	11.7
Proportion of staff subject to annual performance review:				
All	24.3	61.0	65.6	62.7
None	68.9	28.8	22.3	24.6
Skills gap assessment:				
Assessments made	25.3	62.6	70.3	68.7
No assessments made	74.7	37.5	29.7	24.6
Workforce skills:				
Fully proficient	92.6	87.0	74.2	74.8
Skills gaps	7.4	13.0	25.8	25.2

Table 3.9 Calculating training typologies differently

	Types of Training Employer (row percentage)			
	Non-trainers	'Cutters'	'Stickers'	'Boosters'
Definition 1: Impact of recession on training expenditure per head – respondent reports[1]	32.8	12.8	48.9	5.5
Definition 2: Impact of recession on training expenditure per head – respondents reports + presence or otherwise of training budgets/plans	25.7	19.9	48.9	5.5
Definition 3: Impact of recession on training coverage – respondent reports	32.6	8.2	53.4	5.8
Definition 4: Impact of recession on training coverage – respondents reports + presence or otherwise of training budgets/plans	25.5	15.3	53.4	5.8

Note:

1. *Only those reporting carrying out training in the last 12 months were asked whether the recession had affected training expenditure per head or the proportion of employees provided with training. The answers given to these questions are the basis of Definitions 1 and 3 respectively. However, around a fifth (21.6 per cent) those who carried out no training in the 12 months before interview reported that they had a training budget and/or a training plan. It is therefore conceivable that a proportion of non-trainers had already cut training to zero in an early response to the recession but continued to have nominal training budgets and/or plans in place. To capture this eventuality, we redefine these employers as training cutters i.e. those who reported no training activity in the previous 12 months but did report having a training budget and/or a training plan (Definitions 2 and 4).*

Table 3.10 Determinants of training expenditure cutters, stickers and boosters

	Reported Training Expenditure Cutters, Stickers and Boosters (1)	**Reported Training Expenditure Cutters, Sticker and Boosters (2)**	**Alternative Definition of Training Expenditure Cutters, Stickers and Boosters (3)**
Staffing levels reduced		-0.761 (0.015)**	-0.614 (0.014)**
Staffing levels increased		0.463 (0.021)**	0.455 (0.019)**
Very low quality product markets	-0.108 (0.034)**	-0.071 (0.035)*	-0.104 (0.033)**
Low quality product markets	-0.041 (0.022)	-0.033 (0.023)	-0.053 (0.022)*
High quality product markets	0.085 (0.016)**	0.057 (0.016)**	0.049 (0.015)**
Very high quality product markets	0.201 (0.018)**	0.134 (0.018)**	0.115 (0.017)**
Public sector	0.212 (0.021)**	0.068 (0.022)**	0.141 (0.021)**
Service sector	-0.044 (0.015)**	-0.017 (0.016)	-0.002 (0.015)
Size of establishment	-0.001 (0.000)**	-0.001 (0.000)**	0.000 (0.000)
Size of establishment squared	0.000 (0.000)**	0.000 (0.000)**	-0.000 (0.000)
Perceived skill gaps in workforce	0.033 (0.014)*	0.018 (0.014)	0.111 (0.013)**
Training budgets and/training plans	0.090 (0.008)**	0.090 (0.008)**	-0.000 (0.008)
Proportion qualified at degree level and beyond	-0.251 (0.027)**	-0.271 (0.028)**	-0.191 (0.026)**
Proportion qualified at level 3 but below degree	-0.092 (0.024)**	-0.107 (0.024)**	-0.112 (0.023)**
Regional controls	yes	yes	yes
Observations	36015	35528	38572

Note:

Standard errors in parentheses

** significant at 5 per cent level; ** significant at 1 per cent level*

Table 3.11 Determinants of training coverage cutters, stickers and boosters

	Reported Training Coverage Cutters, Stickers and Boosters (1)	**Reported Training Coverage Cutters, Sticker and Boosters (2)**	**Alternative Definition of Training Coverage Cutters, Stickers and Boosters (3)**
Staffing levels reduced		-0.683 (0.016)**	-0.501 (0.014)**
Staffing levels increased		0.582 (0.021)**	0.551 (0.020)**
Very low quality product markets	-0.177 (0.035)**	-0.139 (0.036)**	-0.160 (0.033)**
Low quality product markets	-0.053 (0.023)*	-0.049 (0.024)*	-0.069 (0.022)**
High quality product markets	0.083 (0.016)**	0.055 (0.017)**	0.044 (0.015)**
Very high quality product markets	0.168 (0.018)**	0.100 (0.019)**	0.083 (0.017)**
Public sector	0.247 (0.022)**	0.107 (0.023)**	0.182 (0.021)**
Service sector	-0.105 (0.016)**	-0.081 (0.016)**	-0.050 (0.015)**
Size of establishment	-0.000 (0.000)**	0.000 (0.000)	0.001 (0.000)**
Size of establishment squared	0.000 (0.000)*	0.000 (0.000)	-0.000 (0.000)**
Perceived skill gaps in workforce	0.079 (0.014)**	0.062 (0.015)**	0.161 (0.014)**
Training budgets and/training plans	0.111 (0.008)**	0.110 (0.008)**	-0.000 (0.008)
Proportion qualified at degree level and beyond	-0.207 (0.028)**	-0.225 (0.029)**	-0.135 (0.027)**
Proportion qualified at level 3 but below degree	-0.102 (0.025)**	-0.118 (0.025)**	-0.120 (0.023)**
Regional controls	yes	yes	yes
Observations	36288	35794	38838

Note: Standard errors in parentheses

** significant at 5 per cent level; ** significant at 1 per cent level*

Table 3.12 Trends in institutional supports for training by sector and within the public sector, England, 2005-2011

	2005	2007	2009	2011
By Sector				
Training plan[3]				
All	44.8	47.4	43.1	42.2
Private	41.4	44.4	40.2	39.2
Public	82.7	82.2	78.1	74.6
Voluntary	64.8	64.3	55.8	55.0
Training budget[4]				
All	33.1	36.5	35.6	32.0
Private	28.5	31.9	31.1	27.8
Public	79.8	83.9	78.8	66.1
Voluntary	66.0	67.3	63.8	56.2
Within the Public Sector				
Training plan				
Public administration	81.2	70.4	78.6	73.9
Education	87.0	86.1	82.5	78.1
Health	82.5	85.0	78.7	79.2
Other community	82.9	85.3	71.6	68.0
Training budget				
Public administration	82.1	86.5	80.9	72.5
Education	92.4	94.6	93.1	89.6
Health	65.4	65.4	63.3	52.0
Other community	73.2	76.9	72.3	69.5

Notes:

1. *All respondents are asked: 'Does your establishment have any of the following: a training plan that specifies in advance the level and type of training your employees will need in the coming year; and a budget for training expenditure?' The 2011 added, if applicable to the latter: 'which specially covers training spend at this site'.*
2. *See above.*
3. *This panel classifies public sector establishments by industrial group. The public sector refers to establishments that are not 'seeking to make a profit' or operate as a charity or voluntary organisation. Industrial groups are defined by the Standard Industrial Classification system (2007) for the years 2009 and 2011 and by the earlier version of 2003 version of SIC for the years 2005 and 2007.*

4 What do the Quarterly Labour Force Surveys tell us?

4.1 Introduction

The Quarterly Labour Force Survey (QLFS) is the main source of representative labour market information in the UK. Around 60,000 workers aged 16-65 are interviewed every quarter about a range of matters including their experience of job-related training and education. They are asked whether they have had 'any education or any training connected with your job, or a job that you might be able to do in the future', first over a thirteen week period and then over the four weeks prior to interview. Either period generates a consistent indicator of the participation rate over time; we use the four-week rate here. The advantage of the QLFS indicators is that they provide a good, regular, guide to how work-related training and education activity has changed during the recession. To set that movement in context, however, it is important also to see how training activity has fared in the years before the current recession began. For this we analyse data from each quarterly survey carried out since 1995. Since training varies seasonally, we present findings from data that have been aggregated over the four quarters in each year.

4.2 Aggregate trends

Figure 4.1 shows how the four-week training rate has changed over time according to employment status. As can be seen, from the mid-1990s the training rate for those in employment rose steadily, peaking in 2001 and 2002, and then began to fall slowly. By the start of the 2008-9 recession, the participation rate had fallen close to where it had been in the mid-1990s – around 13 per cent. The recession appears to have no effect, with the gradual downward trend continuing throughout the 2000s. Since the start of the recession the participation rate has remained stable. A similar picture of rise and fall also applies to the participation rate of those not in employment, though in this case the peak of training and education activity (11 per cent) was reached a bit later, in 2005. The subsequent two years saw a fall of 1.6 percentage points; but during the recessionary period of 2008-2009 it fell no further.

The main conclusion from Figure 4.1, therefore, is that the recession is hardly visible on the training map. This suggests, either that the downward and upward pressures have balanced out, or that neither has been of sufficient importance to register on our main indicators of training activity. Either way, the evidence suggests that the fears of the pessimists were unwarranted.

Despite this evidence from participation rates, training may have changed in other ways, including either the form that it takes, or its intensity. One might, for example, wonder whether the types of training that are more resource intensive would have declined in the recession, to be substituted by lower-cost forms. One piece of relevant evidence could be the extent to which training takes workers away from their jobs (Mason and Bishop, 2010). One might expect off-the-job training to be more expensive, since the worker's productivity is reduced to nothing while away from the job, and because it typically requires the services of trainers, sometimes external to the firm. Off-the-job training is more commonly used for the more skilled sections of the workforce. Figure 4.2 shows that the proportion of training that is off-the-job has been steadily declining from the middle of the 1990s – from 73.0 per cent in 1995 down to 61.5 per cent in 2009, then to 55.9 per cent in 2012. The decline during the recession, therefore, is a continuation of this trend, but evidently the shift towards on-the-job training has accelerated after 2010.

Figure 4.3 examines the intensity of training, as measured by the hours of training in the reference week. Looking just at those in receipt of some training, we see that there has been a decline since 2005 from 13.5 hours to 12.4 hours in 2010. However, this decline preceded the full onset of recession, and indeed was halted between 2009 and 2010. Unfortunately, the QLFS question was changed from 2011 onwards, so we have no information from this source as to how training hours changed as the recession and subsequent period of economic stagnation unfolded. It should also be noted that the 2005-2010 decline in training hours was part of a longer-term fall in training duration: back in 1995, average training intensity was as high as 15.8 hours (Green *et al*., 2013). Thus the specific fears concerning the effects of the recession have not been born out in this evidence, except insofar as there has been an accelerated drop in the share of training that takes place off the job. Nevertheless, in the longer term there appears to have been a substantial drop in the volume of training.

4.3 A historical comparison

To what extent are the dynamics of training in the current period of recession and stagnation similar to those of the last major recession in Britain, at the beginning of the 1990s? In earlier work (Felstead and Green, 1994), it was found that the numbers receiving training fell between the Spring of 1990 and 1992, but that most of the fall was attributable to a fall in employment. The 4-week training participation rate among employees also fell, but only by just less than a percentage point, from 15.4 per cent to 14.5 per cent. But to what extent was this part of a longer term decline as in the current recession?

We sought to re-analyse the data from the early 1990s recession in order to gain a slightly longer-term perspective than was apparent in that work. Unfortunately, some data problems surround the early history of the Quarterly Labour Force Survey (QLFS), and subsequent revisions, preventing a completely new analysis. In 1992, the QLFS began, replacing the Labour Force Survey (LFS) which had been undertaken only every Spring quarter (March to May) for many years previously. In recent years the sequence has been replaced by four consecutive quarters, beginning in January, and the data in the archive reorganised accordingly. The result is that there are no available data for the first quarter of 1992; while subsequent quarters, and all quarters in the following years, refer to different months of the year from the Spring months that had been collected hitherto. The difference between quarters matters substantially for a variable like training, which exhibits considerable seasonal variability. For subsequent years, to obtain comparable data with the 1980s surveys, one has to splice together the first two quarters of each year, and utilise an identifier of the interview date to pick up those carried out between March and May. This would be possible, if tedious, to carry out. However, a yet further problem is that, in the second quarter of 1994 the four week participation question was altered, by introducing a pre-cursor question about participation in the previous 13 weeks. This introduced a discontinuity in the series, as the 4-week participation rate blipped downwards, something that caused some consternation at the time. The combination of this break in the series, and the lack of an archived edition of the early 1992 data, make the assessment of just how bad was any drop in training quite problematic.

Fortunately, in another study carried out at around the same time, we published consistent figures for the training in the Spring of each year from 1984 through to 1992 (Felstead *et al*., 1999). Figure 4.4 charts the training participation rate for employees. At that time, as at the beginning of the latest recession, there were widespread assumptions that training would collapse in the recession. As is demonstrated, that turned out not to be the case in that recession. Nevertheless, there appears to have been a small effect in that the above-mentioned fall of nearly a percentage point in the training participation rate came on the back of a sharply rising trend in training participation at that time.

4.4 Trends by home Nation

To what extent are the trends analysed in Section 4.2 concentrated in places or among certain socio-economic groups, industries or occupations?

Table 4.1 looks at training across the home nations. The first part of the table focuses on those in employment. Since 2002 training participation rates have been highest in Wales, but between England, Wales and Scotland the differences are relatively small. The stand-out case is Northern Ireland, which in all years had a lower participation rate. In the 1990s the difference from the rest of the UK was quite small. But the Northern Ireland training participation rate fell from 13.0 per cent in 2002 to 5.8 per cent in 2011, before recovering a little to 7.1 per cent in 2012. The rate fell especially sharply after 2005. There are no specific reasons in the industrial structure for this different picture in Northern Ireland, so explanations will need to be sought elsewhere. Nevertheless, it is evident that in no home nation is the declining participation rate precipitated by the recession.

Looking now at the unemployed, training has been substantially lower in Northern Ireland since the 1990s, and though its rate is quite volatile and increased to as much as 7.6 per cent in 2006, on a par with Scotland (7.8 per cent), by 2011 the rate was down to its lowest ebb of 1.9 per cent. The unemployed in the other three nations also went through a rise and fall in their training rates Scotland has the second lowest participation rates, with some volatility and, in Wales' case, a particularly sharp drop between 2008 and 2009 in its training rate. By 2012, however, the training rate had recovered in Wales and was on a level with that in England. In most years Scotland had a lower training rate than in England and Wales, though more than in Northern Ireland.

Among those that are economically inactive, training in Northern Ireland was quite similar to that elsewhere in the UK in 1995. However, by the late 2000s, training for this group had become less prevalent; even though more inactive workers were in training, there was still less training than elsewhere. At the other end of the spectrum, for the last five years training for this group has been highest among those in Wales. Indeed, for those in Wales participation in 2012, at 12.0 per cent, exceeds its previous peak of 11.0 per cent in 2005.

4.5 Trends by industry

Since the focus of this report is mainly on job-related training among those in work, the rest of this section will present disaggregations relating only to the employed population. Table 4.2 examines industries at the 1-digit level, and as is well known there is considerable variation in training across industries. The Finance industry is an exception because it was a high trainer from the start, but even there training drifted downwards after 2002. All other industries followed the inverted U-shape found in aggregate, some more distinctly than others. In every industry, the decline in training set in before the recession. Only in the Construction Industry can one see a hint of the recession effect: there, the participation rate fell more sharply between 2008 and 2010, even though it recovered a little after that. The construction industry was affected in the early stages of the recession by the house price reversal. Because of the differences across industries, long-term industrial restructuring might be expected to lead to some trend in the aggregate participation rate. To check whether industrial restructuring was behind the declining trend we controlled for a constant effect of industry affiliation on training, using a statistical regression, and then examined the remaining trend. It turns out that there would have been a greater fall in training participation if there had not been some industrial restructuring towards higher-training industries.[4] Thus, one can reject the hypothesis that industrial restructuring is behind these changes.

4.6 Trends by occupation

Table 4.3 shows that there is also a marked variation among occupations. As expected, professional and associate professional occupations participate the most in training. In all occupations except one, the participation rate rises then falls, the exception being Process, Plant and Machine Operatives which, after the same rise and fall as elsewhere, resumes an increase in participation rate from 2007 through to 2012.

4.7 Trends by English region

Table 4.4 looks at training across the English regions, where there is less variation than across industry or occupation.[5] The trend shows again the ubiquitous inverted U-shape. In some regions, for example Tyne and Wear, the training participation rate remains a little higher in 2012 than it had been in 1995; in others, the rate was a little lower, for example in London.

4.8 Trends by age group

Table 4.5 shows that, as expected, training is more prevalent among younger age groups. In each group the participation rate rises then falls over the period. The rise and fall is, however, rather greater and more pronounced for the 25 and under age group.

4.9 Trends by sex

Table 4.6, consistent with a number of earlier studies (e.g. Jones *et al*., 2007), shows the greater training participation rate of women compared with men, something that has been

[4] See Green *et al*.(2013).
[5] Mason (2010) explains variation in training participation between city-regions in terms of employment rates and 'other factors associated with high-level skills'.

the case since the early 1990s. For both sexes participation fell after a peak in 2001 and 2002.

4.10 Trends by prior education level

Table 4.7 displays the ubiquitous finding that training participation is higher for those with more prior education. Participation follows the same rise and fall in each education group. Two earlier studies (Mason and Bishop, 2010; Mason, 2010) have noted and analysed the somewhat greater fall in participation rate among the higher education groups than among those in the lower categories. No age category has been especially affected at the time of the recession.

4.11 Trends by ethnic group

Table 4.8 shows how the training participation rate is greater for black workers than for white workers, while Asian workers in most years had a lower participation rate than white workers. Nevertheless, all ethnic groups went through a rise and fall in training participation, and none were especially affected between 2008 and 2010. Unfortunately the ethnic categories in the QLFS changed during 2011, making it hard to make sensible comparisons for the most recent years.

4.12 Trends by public/private sector

Finally, Table 4.9 splits the employed workforce between the public and private sectors. As can be seen, in every year the workers in the public sector have a much greater exposure to training than those in the private sector. This differential was as sharp in 2012 as it was during the 1990s. Public sector organisations have been affected by the recession but with a lag, associated with the tightening fiscal constraints. It might, therefore, have been expected that training participation would have been affected more in the 2011-2012 period that at the start of the recession in 2008-9. However, the table shows no particular differentiation between the public and private sectors, except that the peak period for public sector training was in 2004, compared with 2002 in the private sector. Through the recession in its early stages training participation fell in both sectors, following earlier declines from the peak levels. Since 2010, training has held up in both sectors.

4.13 Summary

In sum, the long-term pattern of a rise and fall in participation rates, which is displayed in the aggregate data for the whole of the UK, is also found in most groups, places, industries and occupations, with some variation in the extent of the changes. There were larger falls during the late 2000s in training participation for those living in Northern Ireland, to the extent that there was by 2011 a substantial difference between Northern Ireland and the rest of the UK in this respect. However, returning to the primary research question which this series of tables and figures was aimed at addressing, there has been found rather little evidence to support the expectation that the recession would have brought with it a precipitous fall in training participation. For the most part, the observed falls at the time of the recession were part of a longer-term pattern of change. The exceptions to this finding are, first, that there was an acceleration in the pace at which employers were switching away from off-the-job training in favour of training that was wholly on-the-job; second, that in the construction industry there appears to have been a slight acceleration in the decline of training participation between 2008 and 2010.

Table 4.1 Trends in the Four-Week Training Participation Rate (%) by Country and by Employment Status

	Employed				**Unemployed**				**Economically Inactive**			
	England	Wales	Scotland	Northern Ireland	England	Wales	Scotland	Northern Ireland	England	Wales	Scotland	Northern Ireland
1995	13.0	12.8	11.9	10.5	8.7	8.1	7.1	3.2	9.4	7.3	10.3	8.5
1996	13.4	12.4	11.6	9.8	8.9	6.9	6.0	3.1	9.4	8.0	9.4	9.9
1997	13.7	13.1	12.6	12.4	10.4	6.0	6.2	5.2	9.6	7.6	9.5	8.6
1998	14.3	13.0	13.2	12.2	9.6	8.7	7.2	5.8	9.2	7.9	10.4	8.8
1999	14.4	12.8	14.0	11.4	9.8	10.0	8.1	5.7	9.3	7.4	11.2	8.9
2000	15.0	14.0	14.1	10.9	11.2	9.2	10.1	5.3	10.5	9.3	9.2	8.3
2001	15.3	14.6	14.1	13.0	11.7	12.4	9.3	5.7	10.5	9.3	9.3	7.3
2002	15.2	15.9	13.9	12.9	11.6	9.4	8.2	5.5	10.7	9.8	9.6	7.7
2003	14.5	16.1	14.1	12.4	11.5	11.3	7.2	5.4	10.7	9.9	9.1	8.5
2004	14.7	15.9	14.9	10.0	10.6	13.1	9.4	4.6	10.4	10.8	10.7	8.6
2005	14.6	15.5	14.6	9.6	9.9	11.3	6.8	2.1	11.3	11.0	9.8	9.2
2006	14.2	14.4	14.4	7.7	9.5	11.2	7.8	7.6	10.4	10.9	10.0	8.9
2007	13.6	14.5	14.4	9.7	9.5	10.3	9.3	3.8	9.2	8.4	9.2	6.3
2008	13.4	15.0	14.0	8.6	10.2	12.1	9.9	3.1	9.2	10.9	10.0	5.2
2009	13.1	14.8	13.8	7.6	9.3	7.5	8.3	2.8	9.5	10.3	9.1	5.1
2010	13.0	14.9	13.3	7.1	10.1	9.3	8.6	6.9	9.5	7.5	8.1	5.4
2011	13.3	15.0	13.2	5.8	10.2	7.5	7.4	1.9	9.7	10.2	8.2	5.2
2012	13.2	13.9	13.3	7.1	10.3	10.4	7.6	3.0	9.2	12.0	7.2	5.4

Source: QLFS.

Table 4.2 Trends in the Four-Week Training Participation Rate (%) by Industry

	Manufacturing	Electricity gas & water supply	Construction	Wholesale, retail & motor trade	Hotels & restaurants	Transport, storage & communication	Financial intermediation	Real estate, renting & business activ	Public administration & defence	Education	Health & social work	Other community, social & personal	Total
1995	9.7	17.9	6.8	10.2	10.7	9.4	19.4	13.8	18.7	18.8	19.3	12.0	13.0
1996	9.6	19.8	6.8	11.0	11.6	9.5	19.1	13.8	19.8	18.7	19.8	12.8	13.3
1997	9.9	20.9	7.6	11.1	12.3	9.5	19.2	14.1	20.8	18.4	20.9	13.2	13.7
1998	10.4	18.9	8.5	11.2	12.8	10.1	19.3	14.9	21.7	20.2	20.9	13.3	14.2
1999	10.5	17.6	8.7	11.3	12.3	10.3	20.0	14.9	21.7	20.7	21.2	13.3	14.4
2000	10.6	19.0	8.8	11.7	12.8	10.6	19.4	14.7	21.7	22.5	22.5	14.4	14.9
2001	10.6	17.0	9.2	11.9	13.2	10.5	19.5	14.6	22.4	23.7	23.3	13.9	15.2
2002	10.1	18.4	9.4	11.3	13.9	10.3	19.5	14.7	21.4	22.7	24.4	14.2	15.2
2003	9.3	16.8	9.1	10.6	12.4	10.2	17.9	13.4	21.3	21.6	25.1	13.7	14.7
2004	9.1	16.1	9.7	10.9	12.4	9.9	18.3	13.7	21.1	21.2	25.3	13.9	14.8
2005	9.4	17.0	9.1	10.6	11.9	9.2	17.4	13.1	20.9	21.7	25.0	13.3	14.7
2006	9.1	15.2	8.8	10.3	11.4	9.8	16.0	13.3	18.8	21.1	24.4	12.5	14.2
2007	9.0	15.6	9.1	10.1	10.8	8.2	15.8	12.5	19.3	20.4	23.1	12.3	13.7
2008	8.8	14.2	8.9	9.7	10.5	8.3	15.6	11.8	19.9	20.1	22.8	11.8	13.5
2009	8.4	14.6	8.2	8.7	10.0	7.9	13.7	11.2	18.9	20.2	22.8	12.1	13.3
2010	8.6	13.5	7.7	8.8	10.7	8.3	14.7	10.8	17.5	18.8	22.6	12.9	13.1
2011	8.7	13.1	8.1	9.4	9.0	8.5	15.4	11.2	17.8	18.8	22.6	12.8	13.3
2012	8.6	13.2	7.9	9.0	9.1	8.6	14.5	11.2	18.1	18.3	23.5	12.0	13.2

Source: QLFS. Employed workers.

Table 4.3 Trends in the Four-Week Training Participation Rate (%) by Major Occupational Group

	Managers, Directors And Senior Officials	Professional	Associate Professional And Technical	Admin And Secretarial	Skilled Trades	Caring, Leisure And Other Service	Sales And Customer Service	Process, Plant And Machine Operatives	Elementary
1995	12.8	23.4	20.7	12.8	8.1	13.8	12.4	5.3	5.6
1996	13.0	23.0	20.8	13.0	8.1	14.9	13.2	5.6	5.9
1997	12.7	23.4	21.1	13.3	8.7	16.0	13.4	5.8	6.6
1998	13.2	24.4	21.8	13.8	9.2	16.4	13.9	6.1	6.4
1999	13.2	25.1	21.7	13.7	9.1	16.4	13.9	6.6	6.4
2000	13.4	26.3	21.8	14.1	9.7	17.3	14.0	6.5	7.1
2001	13.6	25.1	22.2	13.8	9.9	19.5	15.0	6.5	8.4
2002	13.5	25.0	21.7	14.0	9.7	20.4	14.4	6.3	9.1
2003	12.8	23.6	21.0	13.4	9.2	20.9	13.0	6.0	8.4
2004	13.1	23.5	21.5	13.2	8.9	21.0	13.6	6.1	8.6
2005	12.7	23.1	20.8	12.8	9.0	21.8	13.0	6.3	8.1
2006	12.6	21.5	20.0	11.8	9.0	23.4	12.3	5.8	7.7
2007	11.7	21.8	18.7	11.6	8.8	20.0	12.7	5.7	8.2
2008	11.6	21.2	18.8	11.4	8.6	19.0	11.9	6.0	7.8
2009	10.8	20.9	18.9	10.5	8.0	19.8	10.7	6.4	7.2
2010	11.2	20.6	18.1	10.4	7.7	18.3	11.0	6.4	7.5
2011	10.4	20.7	15.7	10.5	8.2	18.6	11.5	6.4	7.1
2012	10.1	20.8	15.1	10.9	7.6	18.6	11.1	6.7	7.5

Source: QLFS. Employed workers.

Table 4.4 Trends in the Four-Week Training Participation Rate (%) by Region of Usual Residence in England

	Tyne & Wear	Rest Of Northern Region	South Yorkshire	West Yorkshire	Rest Of Yorks & Humberside	East Midlands	East Anglia	Inner London	Outer London	Rest Of South East	South West	West Midlands (Met County)	Rest Of West Midlands	Greater Manchester	Merseyside	Rest Of North West
1995	12.2	13.1	13.1	14.0	14.4	11.5	12.2	16.0	13.4	13.1	13.0	12.1	12.3	12.0	13.0	12.7
1996	13.0	14.4	14.0	13.5	14.1	11.4	12.5	15.8	14.5	13.9	13.2	12.4	13.2	12.5	12.5	13.0
1997	13.5	15.0	13.3	13.8	14.1	13.1	13.2	16.5	14.0	13.5	13.8	11.8	13.1	13.1	14.5	13.5
1998	14.5	16.4	14.1	14.2	13.3	13.5	14.4	15.6	13.7	14.5	14.4	13.3	13.7	13.7	15.1	14.3
1999	13.1	14.9	15.0	15.8	15.3	13.5	13.4	16.1	14.3	14.8	14.7	14.6	13.8	13.6	12.9	13.4
2000	13.8	14.6	13.2	16.3	15.4	14.1	14.2	15.8	15.2	14.8	16.0	14.3	14.8	15.4	15.7	15.4
2001	16.2	15.7	14.7	15.3	16.6	13.4	14.7	16.7	16.0	14.8	15.7	14.0	16.0	15.6	16.2	15.5
2002	16.9	15.8	16.0	15.9	15.4	14.5	12.7	17.1	16.0	14.6	15.6	14.4	15.5	15.4	15.0	14.3
2003	16.3	15.9	16.9	14.9	14.8	14.0	12.5	15.7	15.1	14.1	14.4	14.8	14.6	14.9	12.8	13.7
2004	18.0	16.2	16.1	15.5	15.2	14.8	13.7	14.5	14.4	14.6	14.6	14.8	14.1	15.6	12.2	13.9
2005	15.8	16.6	17.2	14.6	14.5	14.3	14.0	13.0	14.2	14.4	14.9	14.4	14.1	16.1	13.9	14.3
2006	16.5	15.9	17.0	13.9	13.7	14.2	13.0	14.4	14.0	13.6	14.5	12.9	14.6	15.1	13.6	12.9
2007	15.0	14.3	12.9	13.5	12.1	13.1	13.5	13.6	13.1	13.5	14.3	14.8	14.4	13.3	13.1	12.9
2008	16.0	13.6	12.7	13.2	12.5	13.2	12.9	14.0	12.3	13.3	14.6	13.6	13.0	13.2	14.8	12.9
2009	14.0	14.4	14.1	12.5	14.2	12.8	11.8	13.9	12.7	12.9	13.5	12.7	12.6	14.4	13.0	13.7
2010	14.1	14.2	13.7	11.9	13.2	13.1	12.6	14.6	13.1	12.9	13.0	12.1	11.3	14.2	11.6	13.5
2011	13.8	13.6	14.8	11.6	13.0	14.5	12.7	13.9	13.2	13.7	13.0	10.5	12.3	13.9	11.1	13.7
2012	14.9	13.4	15.3	12.4	12.9	13.7	12.9	13.1	12.5	13.5	13.4	12.0	12.0	13.1	13.2	13.0

Source: QLFS. Employed workers.

Table 4.5 Trends in the Four-Week Training Participation Rate (%) by Age Group

	<25	25-34	35-65
1995	21.0	14.2	10.1
1996	22.1	14.8	10.2
1997	22.9	15.0	10.6
1998	23.5	15.6	11.2
1999	23.8	15.4	11.6
2000	24.4	16.1	12.1
2001	24.7	16.5	12.3
2002	24.7	16.5	12.4
2003	23.0	16.0	12.1
2004	22.4	15.9	12.5
2005	22.5	15.9	12.3
2006	22.2	15.2	11.9
2007	21.1	14.5	11.6
2008	20.2	14.4	11.6
2009	19.3	14.4	11.5
2010	18.9	14.0	11.5
2011	19.6	13.9	11.6
2012	19.3	13.9	11.6

Source: QLFS. Employed workers.

Table 4.6 Trends in the Four-Week Training Participation Rate (%) by Sex

	Men	Women
1995	12.0	13.8
1996	12.0	14.5
1997	12.4	14.8
1998	13.0	15.3
1999	13.0	15.8
2000	13.3	16.5
2001	13.4	17.0
2002	13.4	17.0
2003	12.7	16.6
2004	12.8	16.9
2005	12.6	16.7
2006	12.0	16.5
2007	11.8	15.6
2008	11.7	15.3
2009	11.4	15.1
2010	11.3	14.9
2011	11.5	15.0
2012	11.5	14.9

Source: QLFS. Employed workers.

Table 4.7 Trends in the Four-Week Training Participation Rate (%) by Level of Prior Education

	Highest Qualification Level				
	None	Other	GCSE A-C	A-level/ equiv.	Degree/ equiv.
1995	3.8	9.0	14.2	11.8	21.4
1996	4.1	9.0	14.5	12.4	21.1
1997	3.8	8.8	14.4	13.3	21.2
1998	3.9	9.2	15.1	13.4	21.8
1999	4.0	9.3	14.8	13.6	21.8
2000	4.5	9.5	15.2	14.1	22.2
2001	4.6	9.9	15.0	14.9	22.1
2002	4.6	10.8	15.0	14.1	21.9
2003	4.7	10.8	14.0	13.3	21.1
2004	4.6	10.8	14.1	15.5	21.1
2005	4.8	9.6	13.7	14.4	20.3
2006	4.1	9.2	13.9	13.6	19.3
2007	4.0	8.8	12.9	13.0	18.9
2008	3.9	8.5	11.9	13.0	18.8
2009	3.7	8.6	11.5	12.6	18.0
2010	3.4	8.5	11.0	12.5	17.5
2011	3.4	7.6	10.9	12.8	17.6
2012	3.5	7.1	10.4	12.8	17.3

Source: QLFS. Employed workers.

Table 4.8 Trends in the Four-Week Training Participation Rate (%) by Ethnic Group

	Ethnic Group			
	White	Black	Asian	Other/ mixed
1995	12.9	14.9	10.3	14.8
1996	13.2	17.2	10.7	15.6
1997	13.5	16.4	10.9	15.8
1998	14.1	16.7	11.1	16.2
1999	14.2	18.0	12.3	16.9
2000	14.7	18.7	13.4	17.4
2001	14.9	19.7	14.1	16.8
2002	14.9	18.9	14.8	18.3
2003	14.4	20.8	13.9	17.7
2004	14.6	18.2	13.5	18.9
2005	14.4	18.3	12.7	17.1
2006	14.0	20.9	12.4	14.3
2007	13.5	18.6	11.6	13.6
2008	13.3	17.7	12.2	13.6
2009	13.0	17.5	12.2	14.0
2010	12.9	16.7	12.6	14.2

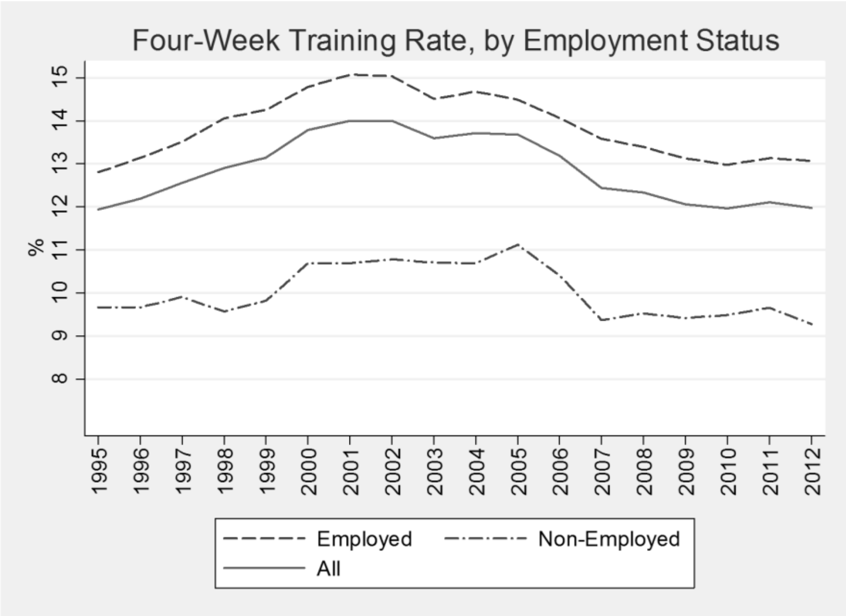
Note: The ethnic categories were changed during 2011.
Source: QLFS. Employed workers.

Table 4.9 Trends in the Four-Week Training Participation Rate (%) by Sector

	Private Sector	Public Sector
1995	10.9	18.6
1996	11.2	19.1
1997	11.6	19.8
1998	12.0	20.7
1999	12.2	20.9
2000	12.6	21.9
2001	12.7	22.7
2002	12.8	22.4
2003	12.0	22.4
2004	12.1	22.6
2005	12.0	22.1
2006	11.9	20.8
2007	11.4	20.4
2008	11.0	20.8
2009	10.6	20.5
2010	10.7	19.6
2011	11.0	19.7
2012	10.9	20.1

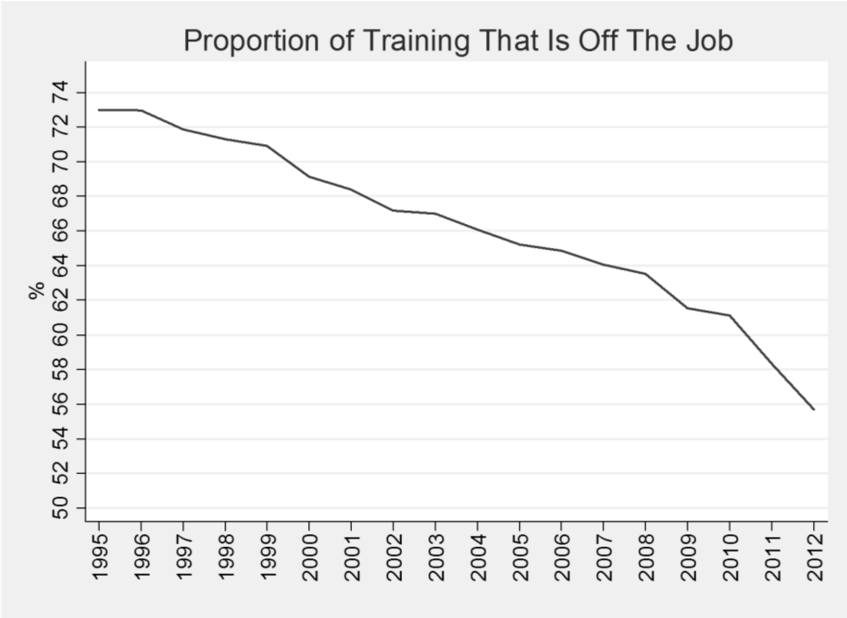
Source: QLFS. Employed workers.

Figure 4.1



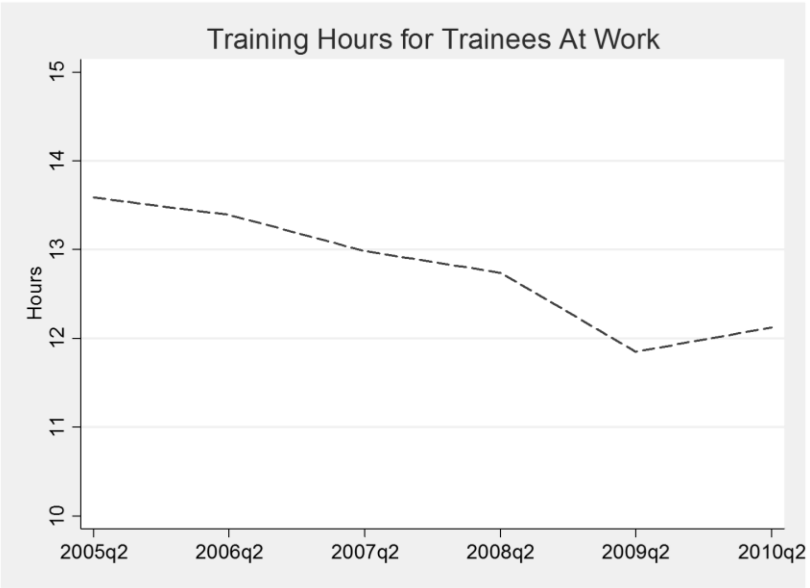
Source: QLFS.

Figure 4.2



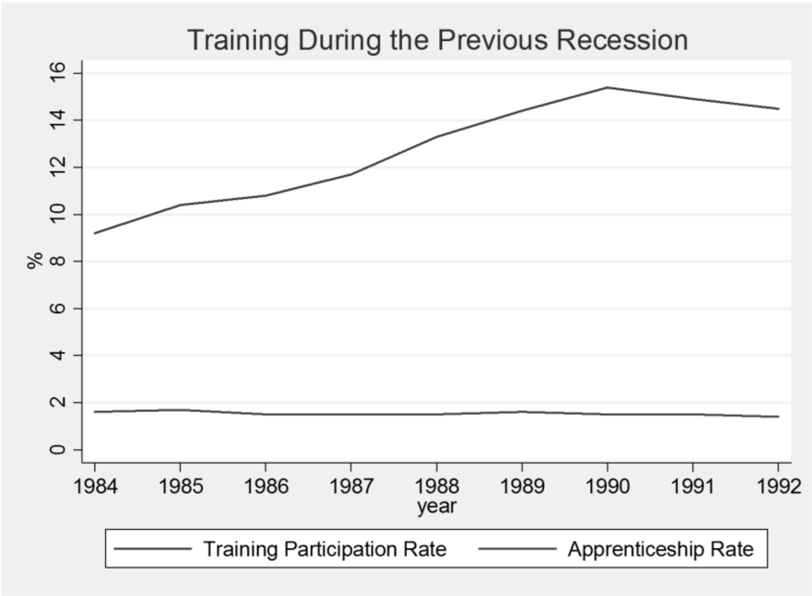
Source: QLFS. Employed workers.

Figure 4.3



Source: QLFS. Employed workers.

Figure 4.4



Source: QLFS. Employed workers.

5 What do the qualitative interviews with private sector employers tell us?

5.1 Introduction

The project also comprised qualitative in-depth telephone interviews conducted with establishment-level human resource managers. These respondents were sourced from NESS 2009 with contact details supplied by the UK Commission for Employment and Skills (UKCES) – the custodian of the NESS series. Respondents were drawn from both the public and private sectors, with public sector defined as an organisation wholly or mainly controlled by government. Officially, the public sector comprises three sub-sectors: central government; local government; and public corporations. We spoke to respondents from each of these sub-sectors as well as those working for profit-making organisations. In this section we focus our attention on what private sector employers told us and in section **6** we will explore the findings from the public sector.

Although our interviews were at establishment-level, interviewees reflected on changes throughout their organisations which allowed for much wider insights. These interviews were conducted in two rounds. In mid-2010, representatives of 105 organisations were interviewed over the telephone (60 private sector and 45 public sector). Subsequently, in late 2011 and early 2012, 72 of these were interviewed for a second time by telephone (42 private sector and 30 public sector). The first interview addressed the impact of the 2008-09 recession on the organisation, and on establishment-level training in particular, in the previous two years (i.e., 2009-10). The second interview asked respondents for an update on events in the previous 12 months and to look back over the whole period of the 2008-09 recession and its aftermath (i.e., 2009-12). Our research period, thus, included the initial stages of the roll out of the 2010 Comprehensive Spending Review as well as the milder recession of 2011-12 (which ended in mid-2012).

In this section, we focus on the experiences recorded in the 102 private sector interviews we carried out. In section **6** we report on public sector managers' reflections on the impact of the recession and public cuts to training activity where they work. The section is organised around themes which emerged from the interviews and ends with a short summary.

5.2 Variable impact

The sampling strategy adopted in the qualitative interviews was designed to reflect a range of private sector experiences of the economic downturn and this was apparent in the responses of participants. Some – such as those in heavy engineering – had been very severely affected; others – such as those engaged in some aspects of food processing – were virtually unscathed. Most fell between these extremes, suffering various degrees of difficulty. For some the recession had come early, hit hard and stayed long, whereas some did not begin to suffer its effects for many months. Others, with long contracts, were only beginning to feel its impact in the Spring of 2010 (cf. Artis and Sensier, 2010; Jenkins and Leaker, 2010).

Employers untouched by the recession had either maintained training regimes much as before or, in some cases, expanded them. In contrast, those most severely affected by the downturn had cut training to the bone and pushed it into the background.

> *'At the moment it's more on a survival mode than training. In the past, there was no problem. We could have as much training as we wanted, because money was easy. At the moment, I don't spend anything.' (Industrial Packaging Company A)*

Those falling between these extremes, comprising some four-fifths of our respondents, had modified their training regimes without entirely abandoning them. Among these, there was a general recognition that training budgets are vulnerable during hard times.

> *'You know, in a recession training isn't really understood to be a benefit to the business'. (Industrial Packaging Company B)*
>
> *'Training budgets are always affected first. They're usually the ones that are cut.' (Legal Services Company)*

Nevertheless, even when redundancies and short time working had been unavoidable, efforts had been made to preserve training programmes.

> *'I think it's something you've still got to do no matter what. And if you maybe cut back too much on that it has the opposite effect. It's really important.' (Commercial Premises Fitters)*
>
> *'We've lost people so it's decreased, you know what I mean. But we try to put the same level of training into the people that's left that we had before.' (Office Furniture Manufacturer)*
>
> *'There's a limit to how much we can cut back. There's always things that have to be maintained.' (Engineering Company)*

The general pattern among this group of employers, then, was for a retrenchment in training expenditure to be accompanied by a commitment, as far as possible, to maintaining training coverage. Our interviews focused on why and how this was achieved.

5.3 Training floors

Our interviews revealed a wide range of reasons for employers, struggling with the impact of the recession, to continue to train their workforces. We conceptualise these as a series of 'training floors'; that is, types of training that are essential, and therefore cannot be abandoned, by functioning businesses or organisations (a detailed analysis of the concept of 'training floors', specifically with respect to the recession of the early 1990s, is provided by Felstead and Green, 1994). Our respondents identified training floors that were generated by: legal regulations; operational processes; skills shortages; market competition; and managerial imperatives.

Training floors generated by statutory provisions, mandatory codes of conduct and legal regulations proved to be widespread. Employers in our sample differed in the extent to which their operations were regulated in this way, but all encountered training floors of this kind. In a few low skill manufacturing enterprises, these requirements were confined to such basics as health and safety or first aid. More frequently, they involved training in specific aspects of business operations, often with periodic updates, such as manual handling, food hygiene, fork lift driving, welding, and so on.

> *'It's very much compliance led, health and safety led, food safety led. We obviously need to make sure that we comply with our legal responsibilities.' (Food Processing Company B)*

> *'Most places would say only people with CSCS cards [Construction Skills Certification Scheme] are allowed on site. So that's a must you know.' (Commercial Premises Fitters)*

> *'A lot of training we do for the men at the coal face, so to speak, is pretty well non-negotiable. It's written down. You have to do it. Have to do it for legislative reasons.' (Petroleum Services Company)*

Among organisations providing professional, medical, financial and technical services, legal compliance required more extensive and detailed provisions, monitored by regulatory bodies that prescribed requirements for training and continuing professional development. Moreover, continuous change in the statutes, codes and regulations applying to such occupations generated further need for training.

> *'Things like compliance training. The anti-money laundering and risk training. We're SRA regulated, so they have to do that, the Solicitors' Regulatory Authority. And there's also something they brought out called the Code of Conduct, which affects all people in the firm, which recently we had training in. All the compliance training, you know, we wouldn't not be able to do that.' (Legal Services Company)*

> *'Each division has a statutory requirement for minimum training. So irrelevant of the costs, we have to do it. We are all governed by varying bodies - and the majority would be the Care Quality Commission - which set down national minimum standards. So we have to comply with those. So we don't have a choice of the <u>minimum</u> standards of training we offer. Obviously the nurses, the physios, all have to do their personal development. Their CPD. They have to do that as part of their registration to enable them to continue to practice.' (Health Care Company A)*

A second kind of training floor concerned operational imperatives; that is, training in the skills necessary to continue production of goods and services.

> *'We could get rid of all of the management training if we wanted to. All of the customer service type training. The stuff it's nice to have. But at the end of the day the engineers are providing a service to the customers. They have to have that product training.' (Construction Equipment Company)*

> *'Without the [training] system, where we're actually training people with the basic skills to do the job, we wouldn't have a business.' (Industrial Packaging Company B)*

Some specialist skills training, particularly in engineering and manufacturing, had originally been created in order to address on-going skills shortages in the locality. This was particularly true of many apprenticeship schemes. Even though the recession made it easier to recruit skilled labour, many respondents anticipated a return to such shortages in the future. A widespread fear was that skilled older workers were nearing retirement, taking with them corporate memory and local technical knowledge. Although some organisations in our sample had stopped taking apprentices because their order books were down, others were loath to let such schemes fall into disrepair, even if it meant taking on apprentices at the same time as, or shortly after, making redundancies.

> *'There's no skilled people out there, which is why we do our own apprenticeship programme. So we can actually grow our own as such, throughout the years. It would be very easy to say we won't take one this year, especially when times are difficult, but I don't think that is a good thing to do that.' (Commercial Premises Fitters)*

> *'I would say that the average age of the employees on site is around about 40 to 45. Most of our older colleagues have now left us. Which has then taken away may be thirty odd years of experience, skill and knowledge from the plant. That's why it is so important to us to have succession plans in place.' (Heavy Industry Company)*

> *'We have an apprentice programme. And although we have had the recession, and the implications of that for redundancy, what we decided to do was still take on apprentices. Just so that we had those staff for when we had the upturn. Although we didn't make redundancies in the last recession, we stopped the apprentice programme for a few years. And we noticed how that had a detrimental impact on the business, a number of years later.' (Construction Equipment Company)*

> *'Our commitment is to get two engineering apprentices year on year for the next four or five years. Because the age of our current engineering work force is coming to like the tail end, if you like. So, make sure we've got succession plans in place to cover that – those losses, if you like – when they are due to retire. We need to make sure we've got a skilled work force and they've got the right skill level and qualifications.' (Food Processing Company B)*

In some organisations, though not all, redundancy itself created training needs, particularly where skilled manual or non-manual workers lost their jobs. In some cases, remaining employees had to undergo some training in order to cover operational gaps.

> *'We've had to look at some of them and give them slightly different skills than they had before, because obviously the people have gone but some of the work hasn't gone. Some of the roles and responsibilities have been cascaded down.' (Professional Association)*

> *'When we're taking people out of teams … it means the other members of the team have now got to learn that job or learn those sales areas, find out about the customers, to cover the work that's left.' (Construction Equipment Company)*

> *'You've got less of a workforce that you are asking to do a little bit more.' (Chartered Accountancy Firm)*

Some training was aimed at multi-skilling the existing workforce. In part, this was to achieve more flexible working in the recovery, but also more than one respondent pointed out that the next time there is a recession it will be easier to cope with redundancies if workers can turn their hand to a variety of tasks.

> *'If anything the recession has taught me that we need to make sure that our whole work force is trained, in several tasks. Hopefully we don't have to go through it again in the future, but if we do have to do redundancies we've got people to fall back on if we lose key employees.' (Heavy Industry Company)*

Another common motive for maintaining training during the recession was in order to achieve a competitive advantage against market rivals. In some cases, in-house training enabled organisations to acquire skilled labour cheaper than their competitors, thereby keeping overall costs down. More commonly, respondents said that the quality of the services and products they offered was a key to their success, and that this in return reflected their investment in training the workforce.

> *'Literally the only way the business can continue to move forward is through the staff's knowledge. So it's the one area we wouldn't cut back on. We would never put that at risk at all.' (Supermarket Store)*

In some organisations, the provision of training had become embedded within overall management strategies and processes. Training was overtly directed towards generating motivation, inculcating discipline and fostering mutual surveillance, prompting feelings of 'ownership', 'responsibility' and 'engagement'. In these circumstances, it was difficult to cut back on training without unravelling managerial controls more generally and undermining the wage-effort bargain.

> *'We've gone for a bit of a hearts and minds approach now, where we've got very much involved in behavioural safety. If they feel you are looking after them they act more as part of a family. They start to take ownership of their own areas of*

work. And take a lot more pride in it. I mean I'm not sure it is practices so much as attitudes.' (Petroleum Services Company)

'Training very much needs to link to those behaviours which we're expecting people to display in the workplace.' (Food Processing Company B)

'To develop other social skills on the back of the skills that they need to do their job – so that they develop team work, they develop good communication skills. … The more people we have who can do a job without being supervised or without being managed, the better it is for us.' (Industrial Packaging Company B)

Training had also become embedded in management as a channel of negotiation and communication with the work force, including trade unions. In one organisation undergoing redundancies, the offer of training to those who remained was consciously perceived by management as a symbolic and practical message to employees that the company had a future and that management cared about the workforce

Our interviews suggest that where productive systems are dominated by end users of goods and services, decisions about training provision may be driven by customer demands. For example, supermarkets may require their suppliers to operate training regimes that go beyond minimum legal compliance.

'We're actually very much led by what our customers want. So the likes of [Supermarket Chain] and [Supermarket Chain], those big major multiples, that are actually leading the way in what they want us to comply with. And they audit on a very regular basis. If you don't meet the supermarket's standards, they won't think twice about taking the business elsewhere.' (Food Processing Company B)

'Our main customers are the likes of [Supermarket Chain], [Supermarket Chain], [Supermarket Chain]. And their audits are very, very stringent. … They lay down standards we have to meet. They flag up something as non-conformance, then it's something we have to accept.' (The Snacks Company)

'We've done a little bit more recently because one of our customers requires it. There are certificates we have to provide to our customers.' (Electrical Installation Company).

It is sometimes argued that economic downturns are periods when firms are able to upgrade technology, so as to be ready for better times, and that this in turn generates training needs. Our qualitative interviews did not uncover much evidence of technological innovation other than routine upgrading of IT, although in legal and financial services such IT updates could be extensive with implications for training. Our interviews did, however, suggest that government funding for training, can be of significance. Even organisations under severe economic pressure made use of these provisions.

'The NVQ people are generally free. That helps!' (Food Processing Company A)

'A great deal of it, I have to be honest, is funded by the government. Free training opportunities.' (Health Care Company B)

> *'We got it free of charge, which was good! Because obviously as you do more training there's an expense attached. But last year, with the NVQ Level 3, that came free.' (Supported Accommodation Organisation)*

5.4 Training smarter

We have seen, then, that many organisations wished to maintain or even advance various aspects of training, but that for many funds for training were under pressure. As a result, our respondents were actively and consciously seeking new ways to deliver training. The emphasis was upon providing high quality contents but in more cost effective and focused ways, summed up in phrases such as 'training smarter', 'doing more for less' and 'a bigger bang for our buck'.

> *'We're trying to work a lot smarter that we have in the past.' (Industrial Packaging Company B)*

> *'It's just finding the most economical way of doing it, but still getting the quality of training you require.' (The Snacks Company)*

> *'So all we are doing, we're trying still to get the training done but we're just trying to get it done in a different way. A cost effective way.' (Construction Equipment Company)*

Notwithstanding differences of functions, processes and markets, a broadly similar shift of emphasis in training programmes was apparent from our interviews. This shift included: a sharper focus on business needs; increasing the use of in-house training provisions; incorporating trainer functions within the roles of regular staff; renegotiating relationships with external trainers; expanding on-site and group training when using external trainers; and enhanced use of e-learning. These developments are not new in themselves, of course, but our interviews suggest a marked further shift in this direction.

A widespread response to the recession by our respondents has been tightly to focus training on proven business needs. This has commonly involved more strategic, systematic and rigorous forms of administration, sometimes associated with an enhanced role for training managers and departments.

> *'We <u>have</u> to have the training. But it's about getting the best value for money for that training. Insuring that we're not wasting it.' (Health Care Company A)*

> *'Ensuring that it's absolutely focussed. That you're spending the money on the right things.' (Further Education College)*

> *'It's very much, you do it because there's a genuine business need. … We don't waste money.' (High Tech Surfaces Company)*

> *'What we have been able to do is to <u>focus</u> that pool of money, so that we get more bang for our buck, really.' (Industrial Packaging Company B)*

Many employers have not only become more systematic but have also reshaped the pattern of their training. A common development has been, for economic reasons, a shift from use of external providers to reliance on in-house trainers and, in some cases, in-house qualifications.

> *'Because of the downturn, quite a lot of the external training has been put on hold. We started to concentrate more on in-house.' (Heavy Industry Company)*
>
> *'There's a lot that's done in-house where we used to buy it in at one point.' (Industrial Packaging Company A)*
>
> *'We've got someone internally to do it. So it's effectively free … It's commonsense.' (Food Processing Company A)*
>
> *'It's all internal training we do at the moment. It's basically one person trains another person … We're not sending anyone out on external training.' (Advanced Technology Company)*
>
> *'Because it's in-house it costs less … and so everything, pretty much, has been brought in-house.' (Legal Services Company)*

A shift towards in-house training may involve the incorporation of training responsibilities within regular occupational roles of managers and workers.

> *'What we do now, we have a dedicated core of internal staff who are our trainers. Train a trainer people.' (Liquid Food Manufacturer)*
>
> *'Rather than sending people on external courses, we're trying to utilise the people we've got internally in our training scheme. And go for more 'train a trainer' type training. … We won't be paying an external company to deliver the training.' (Construction Equipment Company)*
>
> *'If we've got a few people in a team who want to go on an external training course, we'll say: "Well, how about one of you goes and then you disseminate the information throughout the team". So, you know, we produce the learning and it costs us less money.' (Legal Services Company)*

Such a shift to in-house training can itself generate new training needs, as regular staff adopt new tasks.

> *'If people can do it in-house, by using internal skills, well that's the way to go. But first we have to make sure that people can actually do it - Can do the training.' (Trade Association)*
>
> *'We're going to push more training now onto the actual team leaders. We have got to train them up to do that training.' (Food Processing Company A)*

Notwithstanding these developments, there remain some technical, professional or accredited courses that necessitate the use of external sources of instruction and evaluation. Experience of the recession had made a number of our respondents rethink their relationship with such external training providers. They had recognised their power within the productive system, reflected in a robust willingness to renegotiate training prices and mode of delivery (cf. Felstead *et al*., 2009).

> *'We've been a lot more careful about where we spend our money, externally. And we've gone with partners who are prepared to deal with us …. I think what it has done for us it has made us more confident about negotiating. In the past we have gone to source external training, and we've accepted what's been told to us. And now we're more prone to say: "Well hang on – we've had to cut our cloth to meet our customer needs, you've got to do the same". I think that's empowered us to do that. It's about having the confidence to say: "If you want our business, it's got to be on these terms." We're being pushed all the time by our customers. And that's taught us a valuable lesson about how to push. And it's also taught us a valuable lesson in that, there is a deal to be struck.' (Industrial Packaging Company B)*

> *'We're finding that we can make savings by getting them [line managers] to think about future training needs. We're asking them to think about their entire year, and their part of the business that year. And forecast what training is required. It then allows me to book it in advance and make saving – by block bookings and negotiating discounts and things like that – with our external training providers. So it's a longer term view rather than what we need now.' (Medical Products Company)*

> *'Cost is a big thing, you know. We found that several companies were charging excessive amounts of money for a course that another company would provide exactly the same. So they were pushed to one side.' (Liquid Food Manufacturer)*

Many organisations had realised that savings can be made by requiring external trainers to come on-site, rather than sending employees off-site.

> *'Wherever possible it is cost effective, if there is a large number of people, to get the trainer in-house and deliver that training. And, if we do that, we can actually make it more bespoke. Because they then tailor that to our needs.' (Medical Products Company)*

Where training is on-site, it becomes easier to make group and block bookings that further reduce costs.

> *'We can train one person for two hundred pounds a day or we can train six people for exactly the same two hundred pounds a day. You know, there's no sense in just training one. There must be five other people who need that same training.' (Industrial Packaging Company B)*

> *'When I started looking into the cost I found it was more cost effective to get somebody on site and they could do six people at once. And I identified enough people for two courses. That could have resulted in us doing twelve people individually.' (The Snacks Company)*

> *'We've gone to group training. … Actually, we've trained more people this year.' (Professional Association)*

> *'If one department, say in the factory, needs Excel training, what happened in the past [is that] they would go off on Excel training. Now, if there is 12 places on that course, which is delivered in-house, I can also invite other people, other*

> *departments, to attend that training. It reduces the individual costs.' (Medical Products Company)*

Furthermore, some of our respondents reported that on-site, in-house training was greatly enhanced by employing e-learning. Although initial costs were a disincentive for some, when up and running e-learning was perceived to be a cheap and highly flexible mode of training.

> *'Because of the recession, really, we had to look at cutting costs. Our training budget was immediately cut. So we are trying to use e-learning as much as we can. It works out a lot cheaper per person. Everyone can access it. It's more flexible. An engineer, for example, can fit a manual handling training session in at a time when they've not got a job to go to, rather than taking a whole day out to attend a site.' (Construction Equipment Company)*

5.5 Future trends

We asked our respondents whether changes in training practices brought about by the recession were likely to be permanent. A minority thought that better times would herald a return to previous ways, particularly in the use of external trainers. Most, however, argued that the recession had taught them lessons they would not forget. In particular, it was widely argued that focused training, in-house training, training trainers, reduced use of external trainers, group training and enhanced e-learning were all here to stay.

> *'I think this is the future, actually. … Now we've tried it, and it's worked, we'll carry on using it. Because we've been made to think like this, you actually think, really, this should have been looked at a number of years ago, we should have done this before. We've found the solution.' (Construction Equipment Company)*

Those who took this view argued that the emerging pattern of training will persist not just because it is cheaper but also because it is more effective.

> *' There's such a focus on making sure that we do the best with the money we've got … it's actually more honed in and concentrated. And there's more of a focus on making it more effective. So I think we've probably expanded, or developed, the skills of a lot of people in-house just by having less opportunity and money externally. And I think it's given people a lot more opportunity to develop their own skills because they've had to.' (Legal Services Company)*

If this view proves correct, there are some interesting implications. External trainers may find that some of their traditional markets are curtailed. For them, growth areas might be in providing courses delivered at the workplaces of their clients, tying in with in-house trainers, developing bespoke courses and e-learning programmes, and training in-house trainers. Another outcome of these developments may be that training roles become embedded as a regular and systematised aspect of some managers' and supervisors' jobs. Of course, much of this already goes on, but in a more localised and unsystematic way than is envisaged by some of the 'train a trainer' schemes we have encountered.

Mainstreaming training in this way could also alter the roles of dedicated trainers and training departments. Rather than providing courses, their tasks may be that of facilitating and monitoring the activities of others. Again, this already happens but the trend may be further expansion in this direction. Several respondents commented that embedding training in this way created a learning curve for many employees, both those giving and receiving training, and had major consequences for the culture of their organisations.

> *'The majority of people here saw training as something that happened when you went on a training course. So it's the changing of that culture.' (Medical Products Company)*

5.6 Summary

Our private sector interviews suggest that a minority of employers have indeed cut training to the bone, in an effort to cope with very difficult market conditions and economic circumstances. However, more generally, our interviews suggest that there has been a widespread trimming of training budgets, often as part of broader cost cutting initiatives. However, our interviews also suggest that an overwhelming majority of private sector employers recognise that their enterprises depend upon maintaining a range of 'training floors'; that is, forms of training which are indispensable to their operations. These include training focused on: compliance with legal requirements, meeting operational needs, countering skills shortages, addressing market competition, fulfilling managerial commitments, and satisfying customer demands. As a result, private sector employers reported a widespread reluctance to dispense with training altogether and a determination to defend its 'must have' elements.

Our qualitative interviews indicate that for many private sector employers, in different sectors and types of production, meeting training floors has been achieved by amending the way in which training is organised and delivered. Adopting a phrase used by one of our respondents, we have designated this package of measures as 'training smarter'. 'Training smarter' involves: tightly focusing training on business needs, increasing in-house provision of training, drawing on members of the regular workforce to deliver training, renegotiating terms and relationships with external trainers, increasing the use of on-site group training, and enhancing the role of e-learning. These measures are not new, of course, but our interviews detect a shift towards greater use of this approach. Although some disagreed, a majority of our respondents believed that they would persist in 'training smarter' in the future when the economy recovers. In conclusion, then, a shift towards 'training smarter' in order to meet 'training floors', as revealed by our qualitative interviews, helps us to understand how and why training incidence has remained relatively intact despite the recession. Training smarter may also be behind the longer term decline in training incidence revealed in section **4**.

6 What do the qualitative interviews with public sector employers tell us?

6.1 Introduction

Recent attention has focused on sectoral differences in the UK economy. Even before the deficit reduction programme was announced by the UK coalition government, there were assertions that employment relations in the public sector had not changed as dramatically as in the private sector. As a result, it was argued, the public sector was lagging behind best practice and often shying away from taking 'tough action to improve employee performance' (Lambert, 2010, p. 12). Following the announcement of the deficit reduction plan in June 2010, the suggestion that public sector workers receive favourable treatment in terms of pay, pensions and wage bargaining arrangements has often been repeated (Holmes and Oakley, 2011; Damant and Jenkins, 2011).

Employer-provided training is another one of these differences. It is well established, for example, that the incidence of training is higher in the public sector (see, for example, Green *et al.,* 1999; Latreille *et al*., 2005; Murphy *et al.,* 2008). However, what impact the recent economic recession has had on patterns of training in general, and public sector training in particular, is less certain (Brunello, 2009). Although it is often suggested that training is an early casualty in recessionary times, there is reason to believe that it is not always as vulnerable as feared. Moreover, rather than eliminating training, economic difficulties may instead encourage organisations to make changes in the mode of delivery (Felstead *et al.*, 2011; Felstead *et al.*, 2012a). Existing evidence has focused on organisations in general and has not explored differences between sectors. However, with the government keen to rebalance the economy away from the public sector it is an issue which merits investigation.

One might expect the reaction of the public sector to differ from that of the private sector for two reasons. First, the public sector has traditionally placed greater emphasis on training and it might be assumed therefore that training in the public sector would be relatively insulated from recessionary pressures. Second, government's deficit reduction plan was announced in 2010, well after the 2008-09 recession had come to an end but also at a time when the economy was flat. Public sector spending cuts take longer to cascade down to establishments delivering public services given the relative size of public sector enterprises. For that reason, the public sector may feel the effects of recession long after they have become apparent in the private sector. This section of the Evidence Report explores these issues by presenting new evidence drawn from qualitative interviews with public sector employers, 75 of whom were interviewed for this project. The sample comprised a range of different types of bodies, which included:

- Local authority departments;
- Local authority arms-length service organisations;
- Government agencies;
- Non-departmental public bodies;
- Executive Agencies;
- Emergency services (fire, police, ambulance);
- NHS primary care services;
- NHS tertiary care services;
- NHS preventative services;
- Schools and Further Education colleges.

The picture which we gathered did not suggest that the recession and the resulting expenditure squeeze had had a uniform impact on public sector organisations and their training regimes and activities. Far from it, the impact varied across the public sector, reflecting differences in functions, legal status, governance and funding arrangements. However, it is possible to make a number of broad generalisations from our findings, which we use to structure this section of the Evidence Report. The section ends with a summary.

6.2 Impact of the 2008-09 recession

It should be said at the onset that a minority of our respondents reported that they had experienced cuts in training provision at the time of the 2008-09 recession.

> *'Working in an education department, we've experienced more of the cuts, earlier, than our staff on the front-line.' (NHS Hospital Trust)*

> *'We're public sector. And obviously everything's very closely scrutinised. So the Training Department has had to reduce the number of courses that they can provide.' (Emergency Service 1)*

Nevertheless, a clear majority of those participating in the first round of interviews (in mid-2010) reported no significant change in training programmes during the 2008-09 recession and the following year. The statistical evidence presented earlier bears this out with training weakening but remaining relatively strong across the sector.

> *'There hasn't been a downturn in the training over the last two years. Definitely not. It's continued in a vein. We've never been in a position where we've had to kind of stop the training. So the staff have always, or pretty much always, been able to carry on with the training that they need.' (Local Authority Leisure Centre)*

> *'I would say not, actually. In terms of training, I would say we've had quite significant training in the last two years. Definitely. I would say it's been a very comprehensive training. I would say if we've needed training we've been able to find it somewhere. ' (Local Authority Museum)*

Respondents offered a number of different explanations for the continued strength of training during and immediately after the 2008-09 recession. Some suggested that severe financial cut backs had begun several years earlier – not least as a result of the Gershon Review[6] – and that the recession had not had much additional effect. They asserted that financial adjustments had been made before 2008-09.

> *'No it hasn't. Because our funding has actually been level for the past six years. So we're getting level funding again this next year. So we've had six years to prepare for this time.' (Further Education College)*

> *' We seem to have been affected earlier in terms of training budgets. So, yeah, it's been a while since you could go on anything you wanted. That's been like the last four or five, might even be five years.' (Local Authority Library 3)*

Local authority service organisations, with a strong commercial orientation, had been protected from cuts in training budgets while they continued to make operating surpluses. Those with long-term contracts with clients were able to weather the ups and downs of the business cycle.

> *'Our funding hasn't been cut or anything. It hasn't changed at all. Our income hasn't gone down. [It's] Not been affected in that way. We have contracts and the value of the contract; they're five year terms. So income from those contracts is, I guess, protected really for the five years.' (Local Authority Service Organisation 2)*

However, service organisations that experienced a loss of business and a dip in operating surpluses could be vulnerable to a range of budget cuts, including those in training.

6.3 Training floors

One reason for the persistence of training in the public sector during and after the 2008-2009 recession was the need to sustain 'training floors'. These refer to forms of training that are necessary and unavoidable (Felstead and Green, 1994). Many are a product of

[6] In 2004, Sir Peter Gershon was appointed by the Labour government to conduct an independent review of public sector efficiency.

statutory regulations and inspection regimes. Others are generated by operational processes. The extent and character of training floors varied between the organisations in our study, reflecting their procedures, clientele, functions and technical complexity. However, all of them encountered training floors of one kind or another. The resistance of training floors to cuts means that training is less vulnerable during recessions than some commentators fear (Felstead *et al.*, 2011). Moreover, there is reason to believe that training floors tend to creep upwards over time. In some of the organisations we interviewed, for example, increased professionalisation and accreditation of middle-level manual occupations had, in recent years, added to the scope of required or expected training. In those with medical, legal and scientific functions changes to the provisions required by training floors were continuous.

> *'It's not something that we can suddenly decide: "right, let's look at the training function and get rid of it". You know, I don't think we can do anything there, because it is such an integral part of what the [staff] do. And how we maintain that skill of keeping them up to speed in what they do.' (Non-Departmental Public Body 1)*
>
> *'There's a lot of mandatory training.' (NHS - Community Mental Health Team)*
>
> *'There's things we are never going to be able to get away from.' (Emergency Service 3)*
>
> *'Well, there's a lot more different bits of machinery involved basically. You know, certain pieces of equipment you can't operate unless you've got a recognised, certified, you know, qualification.' (Local Authority Service Organisation 2)*
>
> *'The essential stuff we've got to do and we've got to get on with it.' (NHS - GP Practice 1)*

As in the private sector, then, training floors played a part in the maintenance of training in the public sector during and after the 2008-09 recession. However, distinctive institutional and normative frameworks, characteristic of the public sector organisations we interviewed, also played a major part in supporting training regimes that provided far more than the basic legal minimum of training.

6.4 Corporate training provision

Most, though not all, of the operational units that participated in our research were able to tap into a comprehensive programme of training centrally provided and monitored by the corporate bodies of which they were a part. For example, local authority departments would be able to draw on training organised by the council's corporate training department. Typically, corporate training programmes included a wide selection of generic courses. Corporate training bodies also frequently commissioned the specialist training required by specific departments and units. Training budgets were often held centrally, with operational units contributing financially via top slicing arrangements. One of our respondents commented: *'it's all done behind the scenes; I don't actually see the cost as such.' (Local Authority Day Care Centre)*. Moreover, in a number of cases, various aspects of training were deemed to be mandatory by the corporate centre above and beyond the basic requirements of statutory or operational training floors. Corporate training departments, then, provided extensive training provisions. They ensured that training fully covered not only mandatory training floors but also offered a measure of additional training, sometimes described by our respondents as 'the nice to have'. This additional provision addressed issues such as high quality customer care as well as the professional and personal development of staff.

Our two-stage interviews suggested that, in general, corporate training departments and corporate training regimes continued to function throughout the 2008-09 recession and its aftermath. This was true of arms-length service organisations as well as fully integrated departments. In the case of academy schools, not only were they able still to draw on local education authority courses but could also tap into provisions by academy consortia.

> *'We tap into NHS and [Council] training. And we just get the training programmes down to us and then we just book on accordingly.' (NHS -Health Care Centre)*

> *'We have what we call corporate training, for obviously we're part of a council. So there is a range of corporate training. We have a small training budget that we don't actually manage. It's managed by our HR department.' (Local Authority Museum)*

> *'The Council run a huge programme of briefing type courses. Some of them are compulsory, so they'll send me e-mails to say this person must attend this course running on these dates. Other ones I can nominate. It's a sort of an ethic of the Council to try and do as much as they can in-house, without bringing other people in.' (Local Authority Service Organisation 5)*

> *'We're still allowed to budget in training costs as we want or need them. Because we're part of the Council, we are able to access plenty of training still.' (Local Authority Service Organisation 5)*

6.5 Public sector training ethos

The provision of training within the public sector has been accompanied and sustained by a long-standing training ethos or culture. In the absence, for most, of profitability as a measure of success, respondents spoke of setting standards of best practice and delivering high quality public services. Speaking of her clients, one interviewee commented: 'you are helping them, not for a profit purpose' (Non-Departmental Public Body 2). Training was regarded as central to this vision. The purpose of training was seen as much more than just meeting the minimum requirements of training floors. It was seen as a channel for contributing to the welfare of clients and of staff. Some public sector organisations we interviewed provided training to workers in other institutions, including those that might be considered competitors, out of a spirit of public service. A senior teacher in an academy school commented: ‘that is all done on goodwill’ (Secondary School 3). Respondents also spoke of the importance of raising the qualifications and morale of the workforce. A majority of interviewees regarded training as a valued activity in its own right as well as a valuable contribution to productivity. Interviews recorded a range of justifications for expenditure on training that reflected this view. Participation in training was seen as a form of motivation, self-improvement and personal reward for employees as well as a guarantee of ethical and high quality service for clients.

> *‘We will put a number of people through more than we would need, if they are willing to and want to and they are suitable. We do actually sort of, it sounds silly, but sort of reward people if they do work hard, that we will train them and invest in them.’ (Local Authority Service Organisation 3)*

> *‘There are still training courses that we would send people on purely because giving them the confidence of dealing with members of the public and building up their confidence in dealing with people.’ (Local Authority Funeral Service)*

> *‘If you want a group of people to provide a certain service there may be an educational package that would benefit. So it’s not <u>mandated</u> but it is best practice.’ (NHS - Hospital Trust)*

> *‘It’s motivation. People get motivated if you help them to develop further. When you respect people, trust people, they do a better job.’ (Non-Department Government Body 2)*

Among professional and high skill staff in the public sector, there was a sense of responsibility for and pride in their commitment to maintaining high quality service via continuous training.

> *‘It’s actually owned very much by the staff. There’s a moral argument. Children deserve the best education they can. You want to make sure they are learning. And on top of that you’ve got pressures from Ofsted. But we’ve tried to make it what we want, not what we’ve been dictated to’. (Secondary School 3)*

6.6 Burgeoning financial pressures

Our second interviews indicated that, in late 2011 and early 2012, a wide range of public sector organisations were experiencing severe financial pressures. Many respondents feared they were having or would have implications for their training programmes. The Comprehensive Spending Review of 2010 and other government funding decisions were crucial in this respect. For most, the corporate mode of delivery of training still remained largely intact. Nevertheless, overall budget cuts were biting deep.

A minority of public sector organisations we interviewed in late 2011 and early 2012 still felt untouched by economic downturn or government funding cuts. They were largely organisations that operated within markets and whose funding was derived from trading surpluses. However, in our second interviews most respondents argued that the impact of funding decisions made in 2010, rather than the 2008-2009 recession *per se*, was beginning to be felt and that this was starting to feed through to training programmes.

> *'The squeeze is on. It may be we're really only feeling the fullest effects of the squeeze now.' (NHS - GP Practice 1)*

> *'Not two years ago. I would say that is happening from this year. Two years ago [i.e. April 2009] there was a huge investment in apprenticeships, for example. So there was quite a lot fat around. And now it's all been stripped out. So two years ago it was fine.' (Emergency Service 1)*

Recruitment freezes, staff reductions, redundancies, wages freezes and service closures were widespread. Most respondents reported that although the overall system of training in their organisations remained intact, including the emphasis on corporate delivery of training programmes and the corporate training ethos, funding of training programmes was under pressure. Our interviews suggest that most responded by reducing the frequency of courses, prioritising courses immediately relevant to productivity and tightening the application of eligibility criteria among potential trainees. Thus, for most the structure of the training system was preserved at the same time as economies were made. Many respondents spoke of focusing current and future training on tightly defined core business needs. Others referred to reducing or eliminating 'nice to have' training in order to preserve 'must have' training floors. In some cases, these measures entailed a judicious trimming, in others a radical cut back to the bare essentials.

> *'Mandatory training will continue. The tighter money becomes, the more focused it will have to be. And training will come to a point, if money continues to be cut, that it only relates to the job that that person is doing. Not to improving themselves or giving them opportunities to broaden their horizons.' (Local Authority Park)*

> *'So you just do essentials.' (Local Authority Library 3)*

> *'And we'd look at whether you really, really do need that training. It was a case of streamlining everything, really.' (Police Authority)*

> *'You've really got to think about how you spend every penny these days. The squeeze is on everywhere and certainly having an effect. ' (NHS - GP Practice 1)*

> *'If it isn't a top priority it doesn't happen'. (Non-Ministerial Government Department 1)*

6.7 Training smarter

In section **5** we used the term 'training smarter' to capture some of the developments we found in the private sector. These developments include: a sharper focus on training needs, increased use of in-house training provisions, incorporation of trainer functions within the roles of regular staff, renegotiation of relationships with external trainers, expansion of on-site and group training and enhanced use of e-learning. Our interviews suggest that elements of this package were also evident within the public sector; in particular, increased in-house provision of training, 'training a trainer' and on-line learning opportunities. However, our findings suggest that the cultural ethos and centralised corporate provision characteristic of public sector organisations have framed a distinctive overall approach to training. Long before the 2008-09 recession, substantial in-house provision was a feature of public sector organisations with highly developed central training departments. Similarly, negotiation with external providers was more likely in the public sector to be invested in a central corporate training function.

> *'See, most of our training is done in-house within - well it's almost cost neutral.' (Local Authority Library 2)*

> *'You know, a lot of training takes place within the organisation.' (Police Authority)*

> *'We probably deliver 98 percent of our training here now, and that figure probably a few years ago – may be 95. So, there's not a huge change.' (Non-Departmental Public Body 1)*

Although a high proportion of public sector training had long been provided in-house, then, our respondents suggested that there had been some further shift away from the use of expensive external providers and towards 'train a trainer' approaches. This development was attributed to financial pressures.

> *'The reason why a lot of our training is in-house is because training providers – although recognising the fact that they are experts in their field – it is very, very costly. Where possible, we'll do things like train-the-trainer course. We have paid for one person to do a more expensive course but then he can train an unlimited amount of people.' (Local Authority Service Organisation 2)*

> *'So we qualified the Duty Officer up to deliver the training. It's obviously more cost effective to do it that way than sending staff out to other facilities at £210 a course, when we could deliver ourselves.' (Local Authority Leisure Centre)*

Another noticeable innovation has been a significant increase in the use of on-line and e-learning, and in some cases blended learning, within the public sector.

> *'There's quite a lot of courses that are e-learning if you want to do them. (NHS - GP Practice 2)*

> *'But a lot of our training nowadays is e-learning. Electronic. We do a lot of that. Especially for on-going training.' (Job Centre)*

> *'E-learning has increased hugely, hugely recently.' (Non-ministerial Government Department 1)*

> *'We do stuff like our equality and diversity training is all e-learning. We do our lower level health and safety qualifications are all e-learning. We do quite a lot of e-learning.' (Emergency Service 3)*

Most respondents did not attribute the advent of e-learning to the recession but rather to longer term technological changes in all aspects of work. However, e-learning was seen as cost saving and therefore attuned to an era of austerity and financial restraint. It was said to cut down on lengthy and expensive breaks spent off-site at training centres and to facilitate the more efficient use of down-time within the workplace itself. In an era when workforces were reduced by redundancies and recruitment freezes, and time for training was increasingly limited, a number of interviewees commented that e-learning has the merit of flexibility.

> *'I would say it was due to technology evolving but it's also due to reductions in budgets - and the fact that to have someone do a couple of hours of e-learning that can be done anywhere, at home or at a desk, is obviously cheaper than someone travelling and being out of the office for a whole day for a training course.' (Non-Ministerial Government Department 1)*

6.8 Reduced need for training

Public sector respondents anticipated that the impact on the public sector of the 2008-09 recession and the post-2010 financial squeeze would reduce the necessity for expenditure on training in a number of key respects. Reductions in staffing levels due to redundancies and natural wastage were expected to result in fewer opportunities and less requirement for staff to train. With poor prospects in the jobs market sharply reducing labour turnover, workforces comprising long-established old timers were expected to be fully conversant with all the skills they needed. In addition, they would be too busy with enhanced duties to be able to take time out for training.

> *'There's not the opportunity. Staffing is so tight that it's very difficult to get out, to get away to go to a training opportunity.' (Local Authority Library 2)*

> *'People are so busy to do training.' (Arms-Length Government Agency)*

> *'The costs of training go way beyond simply the cost of setting up the course. Rather, they include the costs of lost days by highly qualified personnel. The cost of releasing those resources from doing their front line duties. It's as much about staffing levels as it is about training budget.' (Non-ministerial Government Department 1)*

Several interviewees argued that the competitive character of labour markets during an economic slowdown would make it unnecessary for employers to offer some types of training. Rather than taking on unqualified recruits and training them on the job, it would be possible to hire people who already had the necessary skills and qualifications.

'The people we're looking for, we might be able to get without having trained them. Because the pool of people who are trained and looking for jobs, might well increase.' (Arms-Length Government Agency)

'We don't employ them unless they've actually got the skills we need in the first place, really. That actually sort of eases our training side, really, a little bit.' (NHS - Health Care Centre)

Taken together, these developments led many respondents to suggest that the economic downturn and government expenditure cuts had resulted in less investment in many aspects of training for which the public sector was well known.

6.9 New training needs

As we have seen, respondents were pessimistic about the effects of budget cuts on many aspects of training in the public sector. However, they also recognised that recession, and its knock on effects, could under some circumstances increase the need for, and expenditure on, some aspects of training.

In some parts of the public sector, recession had created increased demand for services, leading to increased staffing and enhanced training commitments. The most obvious examples in our research sample were Job Centres. In these establishments, respondents described queues round the block of unemployed people waiting to be interviewed. As a result, there had been a surge in the recruitment of Job Centre staff, who required training. In other sectors, for example local authority libraries, there was also a shift in demand for services as a result of growing unemployment. The numbers of library users borrowing books remained unchanged but the numbers using the internet for job searches soared, leading in turn to enhanced staff training on this issue.

'What we have seen is an increase in people coming in for computer access. Job searching, CVs, e-mails. There has definitely been an increase in that … We've all been trained on doing that.' (Local Authority Library 3)

Another way in which economic cutbacks and organisational restructuring generated training needs was through increasing reliance on volunteers. In parts of the public sector – for example, local authority libraries and parks – the use of volunteers was being widely discussed and, in some of the organisations we interviewed, actively pursued. Volunteers were being introduced in order to fill the gaps left by staff reductions and, more strategically, as part of a broader policy of transferring libraries and other amenities to control by local communities. However, it was apparent that volunteers required training, both in operational matters and quality standards. This responsibility largely fell on declining numbers of regular employees. The training of volunteers was seen as problematic by several respondents, who feared that the commitment, diversity of experience, age range and numbers of volunteers would present problems.

> *'We want to go towards having volunteers. A huge change. They would have to be trained. ' (Local Authority Library 3)*
>
> *'I can't say that we would train that person up as much as we would a paid member of staff, but we would actually work quite hard to make sure that they've got training. So, you know, I think in one sense we would, we would want to look after the volunteers as much as paid staff.' (Local Authority Museum)*
>
> *'It's the lack of sustainability. It's not just this initial <u>massive</u> training. A lot of volunteers just stay for a few months and then you have to start all over again. (Local Authority Library 2)*

6.10 Changes to the training infrastructure

Most of the public sector organisations we studied were responding to financial austerity by, to a lesser or greater extent, reducing expenditure on 'nice to have training' while maintaining coverage of training floors and sustaining the institutional arrangements through which training was delivered. However for some of the organisations we studied, changes were underway that had profound implications for the system of training, not just levels of expenditure. This is reflected in the employer survey results, which suggest a weakening of establishment-level training infrastructure (see section 3.4).

A number of the public sector organisations we interviewed were facing the possibility of large-scale reorganisation and/or changes in forms of governance and ownership. Some expected to be privatised, others to be transferred to various forms of social or community ownership. Yet others were in the throes of radical internal reorganisation. Uncertainty typically surrounded when and how such proposals would be implemented and the consequences for training.

> *'A lot of services that we did provide is [sic] now being commissioned out to the independent sector. There isn't as much directly provided support as there used to be.' (Local Authority Day Care Centre)*
>
> *'There is a huge amount of change going on in the organisation. There's all sorts of things being talked about now and there's a lot of functions that might ultimately go off to private sector establishments. Certain functions have gone – estates have all gone to a private company.' (Job Centre)*
>
> *'We're up for grabs at the moment. It's all up in the air at the moment. They are looking to try to transfer the sites in entirety over to a suitable organisation. It's still on-going at the moment.' (Local Authority Park)*

It was widely suggested that financial adjustments were being made in very short time periods. Plans were being drawn up hurriedly that were likely to have major consequences for staff and for service delivery.

> *'We've got to lose a third of the budget of our department. So we know we're going to lose some branches.' (Local Authority Library 3)*

> *'The council needs to save [tens of millions] within the next two years. Tourist information Centres going, toilets being closed, school reorganisation, changes in social services, all sorts of things going on. The decision about libraries was made [three months before] the funding is being withdrawn.' (Local Authority Library 2)*

The detailed implications for training, of organisational restructuring and changes in governance, varied across different parts of the public sector. However, our interviews suggest that a key issue concerns the way these developments impinge on corporate training provisions and corporate training ethos. In some parts of the public sector, corporate training was being strengthened and further centralised as a result of reorganisation; in others, it was being weakened and fragmented.

The NHS appeared to be moving towards fragmenting corporate training provisions. It has to be said that, at the time of our interviews, precise details of the reorganisation of the NHS were not available. All our NHS respondents commented on the uncertainty and opacity of the situation. However, they recognised that dismantling Primary Care Trusts (PCTs) and Strategic Health Authorities (SHAs) meant that GP practices and other health care providers would no longer have access to the many training programmes previously mobilised by these bodies. GPs, for example, faced the prospect of designing, sourcing and paying for replacement courses themselves.

> *'It used to be organised through guys from the local hospital. We'd get dates from the PCT. Well that's been withdrawn now. We've got to organise our own dates and pay for it ourselves. What used to be put on for people to attend, now it's done with a fee. Or it's now not put on but you are told you have to do it. You have to make your own arrangements.' (NHS - GP Practice 1)*

> *'And we're going to have to deliver a lot of that ourselves. Each Strategic Health Authority was divided into Locality Stakeholder Boards that had funding for new developments. And we would tap into that, and make bids, and be able to use that money for those developments. That's been <u>cut.</u> But what we don't know is what, if anything, is going to replace it.' (Emergency Service 1)*

At the same time as undermining established sources of corporate training, NHS reforms were also creating a wide range of new training needs. Reorganisation of the commissioning process meant that GP practices were required to take on new and demanding functions, including not only medical and administrative responsibilities but also legal, financial and managerial obligations. Hospital services and specialist health care providers, on the other hand, were considering how to win contracts and present themselves to those who would henceforth be purchasing their services. They were developing new service offers, which required internal staff training, and undertaking external marketing in the guise of training offered to commissioning bodies. All these developments implied training, but were taking place at the same time as key parts of the existing corporate training system were being dismantled.

> *'They're going to need to do more training if these reforms come about and GPs are left holding the budgets. Commissioning the services – they'll need to be a lot of training.' (NHS - GP Practice 1)*

> *'The level to which the staff need to be trained may be in the contract from a GP. So we may almost have to work backwards from that. If your customer demands that you have X, Y, Z and also if your customer base alters, to cope with that capacity - we may have to retrain some staff that were in another area.' (NHS Hospital Trust)*

> *'To compete in the current climate, economic climate, certainly in terms of commissioning, I think we'd be short sighted not to emphasise training as being an area we need to strengthen even more. If we are in a competitive tendering process then you've got to demonstrate governance, you've got to demonstrate skills and knowledge. It's a different ball game.' (NHS - Ancillary Health Care Service)*

Fragmenting corporate training systems may lead to greater variation in the local provision of 'nice to have' training within the NHS. In the civil service, in contrast, reorganisation was taking a different route that was likely to have the opposite effect. Here a wide range of support services and generic training programmes were being transformed, resulting in a thoroughgoing centralisation of training provisions. These developments were taking place across the whole of the civil service, not just within individual departments. Specialist training in functionally specific skills remained with departments, although in at least some cases this too was being centralised internally. Generic training was being centrally provided, across all civil service departments, via a handful of national centres and a very extensive suite of e-learning programmes. Regional and localised trainers were being superseded.

> *'I think it's part of the wider government agenda to obviously cut back. The aim is to reduce the existing diversity of arrangements found in different departments and, instead, standardise across civil service departments. This makes savings possible. And believe it or not across departments there are <u>huge</u> differences. Restructuring will go right across the civil service. We're talking massive. The speed at which we are facing changes, and the amount of changes, is phenomenal.' (Non-ministerial Government Department 1)*

6.11 Summary

The quantitative evidence presented in earlier in this Evidence Report (see sections 3.4 and 4.11) suggests that the institutional supports for training, although still relatively strong, weakened more in the public sector than in the private sector. For example, in 2005 over four-fifths (82.7 per cent) of public sector establishments had training plans for the year ahead, but by 2011 this had fallen to three-quarters (74.6 per cent). Formal training planning also fell in the private sector but at a much slower rate – falling from 41.4 per cent in 2005 to 39.2 per cent in 2011. The expectation is that these trends will continue given that public expenditure cuts are biting deeper and affecting the local delivery of public services more acutely, while the private sector is recovering, albeit sluggishly.

Our research interviews with public sector employers indicates how public expenditure cuts were being implemented on the ground during the period 2009 to the beginning of 2012. These suggest that the 2008-2009 recession itself had relatively little direct impact on training in the public sector. Rather the 2010 Comprehensive Spending review and other government funding decisions – in part, triggered by the recession – had far greater effect. For most of our respondents, by 2012 severe financial pressures were leading to reductions in ‘nice to have’ training. In some cases these cuts comprised marginal trimming, in others they resulted in a focus solely on training floors. For many organisations, redundancies, recruitment freezes and low labour turnover reduced the amount of training required. For some, use of temporary workers and volunteers introduced new training needs.

However, central corporate training continued to play a major role in public sector training, as did a public sector training ethos that emphasised high quality service and staff welfare above profitability or financial considerations. These characteristics of the training system of public sector organisations remained intact in most cases, even when the availability or frequency of some courses was reduced. Limited training funds were made to go further by a greater emphasis on in-house training, training a trainer and e-learning.

While the training system remained in place in most of our participating organisations, a number were undergoing radical transformations in ownership or structure that reshaped core elements. The consequences for training were not uniform. In some cases they resulted in decentralisation and fragmentation, in others enhanced centralisation and standardisation.

Overall, then, our research suggests that training in the public sector remains distinctive, in both its extent and system of delivery. Furthermore, unlike other public-private differences such as pensions and wage bargaining, it is unlikely that the public sector's distinctive training profile will vanish even in an era of financial austerity and organisational turmoil.

7 Conclusion

The evidence presented in this Evidence Report sheds light on a number of important policy questions of relevance to the UKCES, which is charged with driving up employer investment in skills, as well as making better use of such skills at all levels across the UK, to facilitate job creation, enterprise and sustainable growth (UKCES, 2011). It also sheds light on the academic research questions surrounding the effect of economic downturns on training activity, since the theoretical predictions are ambiguous.

The project, on which the Evidence Report is based, has gone some way to addressing the question of how training has fared following the 2008-09 recession by assembling a mixture of quantitative and qualitative data and comparing current evidence with that found in previous recessions, most notably the 1990-91 recession. Contrary to expectations, the 2008-09 recession appears to have done little to change the UK's training activity as measured by its incidence, intensity and its quality. However, some employers have cut back on training more than others. These tend to be those operating in price-competitive product markets, but many others have not changed the volume of training they deliver at all – in fact, this is the most common experience. Contrary to the starting assumption of a deregulated training market, the research shows that employers in the UK do not have a completely free hand and that a combination of market regulation and business requirements obliged most of them to sustain training despite the recession. These constraints included: compliance with legal requirements, meeting operational needs and satisfying customer demands. However, the recession prompted many employers to find innovative ways of maintaining training coverage to meet these obligations, or as several respondents put it, 'training smarter'. Looking back much the same was in evidence following the 1990-91 recession, although after that recession training volumes rose to around the mid-2000s. Since then they fell gradually, starting to fall well before the 2008-09 recession began.

However, further work is still to be done. The Report ends by outlining some of the most pressing and fruitful directions this future research might take.

This Evidence Report has focused on examining, in detail, data from NESS and QLFS. However, there are many more sources of quantitative data on training which could be mined for the insights they provide from both the perspective of employers and workers. Do they also confirm the picture presented in this report of a rise in training participation until the early 2000s followed by a fall thereafter? It would be instructive to know whether this pattern is confirmed by a range of sources, even if the instruments used to measure training and over what time period differ. For **employers**, such additional sources include: the Workplace Employment Relations Surveys (van Wanrooy *et al*., 2013) and the Continuous Vocational Training Surveys (Dent and Wiseman, 2008). For **individuals**, the list of additional sources is a little more extensive. It includes: the Skills and Employment Survey and its predecessor surveys (Green *et al*., 2013); the Adult Learning Surveys (BIS, 2012a); the British Household Panel Survey (now part of Understanding Society) (Berthoud, 2008); the European Social Surveys; and the European Working Conditions Surveys.

Relatedly, more analysis needs to be done on other features of training beyond its incidence which has been the main focus of this Report. These features include its length as well as the quality of its outcomes. After all movements in training incidence may minimise or exaggerate overall movements in training volumes which can only be assessed by tracking both incidence of training and the intensity of those bouts of training activity.

Similarly, we know comparatively little about the quality of the training provided. Yet quality appears to matter a great deal. For example, a comparative analysis of the returns to vocational training – measured in terms of wages and occupational position – vary considerably between the UK, Denmark and Germany (Dieckhoff, 2008). This finding suggests that the quality of the vocational training experience may differ across countries. More broadly, there is an empirical and theoretical case for a better understanding of the quality of training. Quality indicators include measures of the usefulness of training in: raising skill levels; helping to improve work practices; raising pay once training is complete; and increasing well-being at work. However, survey evidence in these areas is scarce but is available in some surveys.

Finally, there is a need to situate workplace training in a wider context of how the workplace relates to the demands of suppliers and customers as well as under what wider constraints the workplace operates (Felstead *et al*., 2009). One of these constraints is the suggestion that managers are under pressure to take actions in the present for quick returns instead of waiting a little longer for higher, but more uncertain, future earnings. In other words, the future is discounted at a higher rate than the present which makes any given earnings more valuable in the present than in the future. This short-termist mentality regularly features in discussions of the UK economy with statements such as ‘short-termism seems hard wired into our economy’ (Ed Miliband, the Leader of the Opposition, writing in the *Financial Times*, 19 January 2012). Similar concerns have prompted the coalition government to launch a review of corporate governance and its impact on the performance horizons of UK businesses (BIS, 2012b). The argument is that as a result of short-termism UK employers are pressurised to maximise immediate profits at the cost of making longer term investments in activities such as training (Finegold and Soskice, 1988). Despite the frequency with which 'short-termism' is discussed, it is a difficult mentality and attitude to capture in employer surveys. Nevertheless, the conceptual literature suggests a number of proxies which are indicative of such an outlook which are carried in some surveys with additional data linked into existing datasets where respondents consent.

In short, there is much that can, and should, be done in order to better inform policy-makers on the consequences recessions have for the long-term skills development of the UK economy and better understand employers' training decisions in times of crisis. This project has provided a start, but given the scope for further work, and the policy implications of the findings, it is unlikely to be the final word.

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