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THE SKILLS ECONOMY

The new framework for prosperity



July 2010

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INTRODUCTION

City & Guilds, the leading vocational education organisation, commissioned The Skills Economy report to explore the attitudes of over 1,200 UK employers across 26 industry areas about the role of skills and vocational learning in business, the economy and the country's global competitiveness.

The introduction of the Qualifications and Credit Framework (QCF) – the new framework for creating and accrediting qualifications - has put the spotlight on vocational qualifications and how they can equip individuals with the right skills and training to excel in their chosen careers.

As this report reveals, vocational qualifications will become even more relevant to employers' skills needs and the changing face of UK industry, supporting economic recovery and future prosperity.

EXECUTIVE SUMMARY

Skills or bust

Over six in ten employers (63%) argue that work-related education and training will play a vital role in the UK's economic recovery. Two-thirds (65%) of employers claim that vocational education delivers the practical skills essential for today's dynamic economy.

Secret of success

Nine in ten (90%) employers view vocationally trained staff as vital to the success of their business.

Experience equals employable

Six in ten (60%) employers believe that the biggest benefit of people with vocational qualifications over graduates is that they already have the skills and experience to work for their business from day one.

View to vocation

A further two-fifths (42%) of bosses currently without vocationally qualified staff also acknowledge that they are as well-qualified for positions at their company as graduates without vocational training.

Keeping companies competitive

Seven in ten (68%) employers believe that their vocationally qualified employees make them more competitive in their industry, whilst three quarters (74%) of all employers agree that work-related skills are vital to ensure the UK can compete in the changing global economy.

Skills for the future

Seven in ten (67%) employers rely on their vocationally trained staff to give them the skills they need for the future. Almost seven in ten (65%) bosses believe vocational qualifications cover a wide range of emerging industries and not just 'traditional trades' such as plumbing and carpentry.

Vocational workers have staying power

Over half (55%) of employers say that employees with vocational qualifications are more likely to remain in their company and progress through the business than those without.

Supporting standards for skills

Six in ten (61%) employers of vocationally-qualified staff believe their business would benefit from the development of an industry standard to create a benchmark for skills.

Worth their weight in gold

Almost three-quarters (72%) of bosses believe the benefits to their business of training apprentices far outweigh the costs. A further 70% rely on their apprenticeship programme to give them the skilled workers they need for the future. Fifty-six per cent of business managers say that a high proportion of their apprentices go on to management positions within the company.

SKILLS OR BUST

Over six in ten employers (63 per cent) argue that work-related education and training will play a vital role in the UK's economic recovery.

Three-quarters (74%) of employers agree that work-related skills are vital to ensure the UK can compete in the changing global economy. Employers in East Anglia most strongly argue the case with over eight in ten (82%) in support. Two-thirds (68%) of all bosses assert that modern apprenticeships are the gateway to successful skills-based careers.

Sixty-five per cent of all employers agree that vocational education provides the valuable practical skills for a modern, dynamic economy. The South West is particularly convinced about the importance of skills for today's economy (74%).

Almost two-thirds (64%) of employers who hire vocationally-qualified staff agree that vocational qualifications are under-valued and 56% of all employers agree.

Those who agreed with the following statements:

	National	London	South East	South West	East Midlands	West Midlands	East Anglia	North East	North West	Yorkshire & Humberside
Work-related skills are vital to ensure the UK can compete in the changing global economy	74%	74%	69%	80%	76%	72%	82%	66%	74%	79%
Modern apprenticeships are the gateway to successful skills-based careers	68%	59%	63%	73%	71%	65%	79%	65%	72%	71%
Vocational education provides the valuable practical skills for a modern, dynamic economy	65%	66%	60%	74%	61%	61%	70%	56%	69%	69%
Skills from vocational education give workers wider options including greater earning potential and job satisfaction	64%	64%	57%	66%	60%	59%	71%	53%	75%	67%
Vocational education and training has a key role to play in the UK's economic recovery	63%	62%	58%	73%	64%	56%	67%	67%	66%	68%
Vocational qualifications are under-valued	56%	54%	51%	65%	51%	51%	66%	50%	65%	57%

SECRET OF SUCCESS

An overwhelming majority of employers who employ vocationally qualified staff think they are important to the success of their business. Nine in ten (90%) say they are important and 44% that they are very important at the moment, and more than half (55%) say they will be very important in the future.

North West businesses are the most enthusiastic about the contribution of vocational skills to their business success right now (very important - 49%), while more Yorkshire & Humberside employers predict they will positively impact on future business success (very important – 61%).

How important do you think staff with vocational qualifications are / will be to the success of your business?

		National	London	South East	South West	East Midlands	West Midlands	East Anglia	North East	North West	Yorkshire & Humberside
At the moment	Very important	44%	47%	45%	34%	41%	45%	45%	43%	49%	42%
	Important	45%	43%	40%	57%	51%	44%	47%	45%	43%	50%
	Not very important	9%	9%	13%	7%	8%	11%	8%	10%	8%	8%
	Not at all important	1%	1%	3%	2%	0%	0%	0%	3%	0%	0%
In the future	Very important	55%	53%	54%	48%	55%	57%	55%	50%	60%	61%
	Important	37%	36%	34%	48%	37%	36%	42%	40%	36%	34%
	Not very important	6%	9%	9%	2%	8%	7%	3%	8%	2%	5%
	Not at all important	1%	1%	3%	2%	0%	0%	0%	3%	1%	0%

EXPERIENCE EQUALS EMPLOYABLE

Employers emphasised the value of vocationally trained staff being equipped with the skills the business needs, with 60% saying that having these skills from day one is one of the biggest benefits of hiring them compared to graduates. Employers most strongly support this in the South East (64%).

Forty-five per cent of bosses also say that vocationally educated staff's commitment to working in the industry. Just over half (51%) of West Midlands respondents agree. The lower training costs they bring are some of the other biggest benefits (40%) which is most readily supported by South West employers (50%).

What do you think are the biggest benefits of hiring someone who has a vocational qualification compared to hiring graduates without vocational qualifications?

	National	London	South East	South West	East Midlands	West Midlands	East Anglia	North East	North West	Yorkshire & Humberside
They already have the skills and experience needed to work for my business from day one	60%	53%	64%	50%	63%	59%	62%	63%	63%	63%
They are committed to working in the industry	45%	44%	44%	45%	45%	51%	44%	40%	46%	45%
They lower our training costs	40%	40%	32%	50%	47%	41%	48%	43%	36%	41%
They are quicker to adapt to the professional / business environment	39%	39%	36%	39%	43%	35%	45%	30%	39%	45%
They are more suited to the business	39%	45%	32%	45%	47%	35%	42%	25%	40%	40%
They are more motivated	33%	35%	32%	43%	33%	34%	35%	28%	28%	32%
They are more productive	31%	36%	26%	36%	37%	26%	32%	23%	33%	29%
They lower staff turnover	19%	16%	17%	18%	29%	13%	26%	15%	24%	19%
None of these	8%	7%	12%	7%	10%	7%	0%	15%	7%	6%

VIEW TO VOCATION

More than two-fifths of employers without vocationally qualified staff agree that they could bring significant benefits to their company (44%). Yorkshire & Humberside employers were in particular agreement (51%)

Forty-two per cent of all bosses think they would be as well qualified for positions at their company as graduates without vocational qualifications. This is most strongly supported by South West employers (55%). Thirty-nine per cent of all businesses say they will definitely consider recruiting vocationally-educated staff the next time they are looking to hire.

Those who agreed with the following statements:

	National	London	South East	South West	East Midlands	West Midlands	East Anglia	North East	North West	Yorkshire & Humberside
Vocationally-qualified staff could bring significant benefits to my company	44%	49%	45%	49%	35%	43%	29%	46%	42%	51%
Vocationally-qualified job candidates would be as well-qualified for positions at my business as graduates without vocational qualifications	42%	34%	40%	55%	40%	41%	36%	50%	43%	44%
I will definitely consider recruiting vocationally-educated staff the next time I am looking to hire	39%	39%	38%	40%	35%	35%	39%	40%	42%	40%
I would prefer vocationally-qualified candidates for some posts at my company compared to graduates without vocational qualifications	37%	36%	38%	47%	31%	35%	35%	28%	38%	44%
Vocational education is likely to play a bigger part in our recruitment policy in the future	36%	35%	36%	36%	30%	36%	34%	43%	37%	38%

KEEPING COMPANIES COMPETITIVE

Employers who employ vocationally qualified staff are clear that these staff make a significant contribution to their success as a company. Two-thirds (68%) think they make the business more competitive in the industry than they would otherwise be. East Midlands employers especially rated the contribution of their skilled workers as almost eight in ten (77%) agreed.

Sixty-four per cent of all businesses claim that without vocationally qualified staff, it would be very difficult to find the trained staff with the skills they need. Three quarters (73%) of East Anglia employers agree.

Two-thirds of employers think these contributions will continue into the future – 68% say that vocational qualifications are likely to play a bigger part in their recruitment policy in the future and 67% that vocationally-educated staff give them the skilled workers they need for the future.

Those who agreed with the following statements about vocational qualifications:

	National	London	South East	South West	East Midlands	West Midlands	East Anglia	North East	North West	Yorkshire & Humberside
Vocationally-qualified employees make us more competitive in our industry than we would otherwise be	68%	66%	67%	73%	77%	64%	68%	51%	76%	72%
Vocational qualifications are likely to play a bigger part in our recruitment policy in the future	68%	68%	65%	68%	61%	64%	81%	56%	74%	70%
Without vocational education it would be very difficult to find trained staff with the skills we need	64%	68%	61%	61%	62%	63%	73%	58%	64%	70%
Hiring vocationally qualified staff is more valuable than hiring graduates without vocational qualifications	56%	56%	48%	50%	61%	50%	62%	51%	65%	63%
A high proportion of our vocationally-trained staff go on to management positions within the company	49%	51%	47%	45%	59%	39%	53%	50%	49%	47%

SKILLS FOR THE FUTURE

Seven in ten (67%) employers rely on their vocationally trained staff to give them the skills they need for the future. East Midlands employers most readily support this with almost eight in ten (77%) in agreement.

Almost seven in ten (65%) of all bosses believe vocational qualifications cover a wide range of emerging industries and not just 'traditional trades' such as plumbing and carpentry. South West employers most enthusiastically support this belief with three quarters (74%) in agreement.

Those who agreed with each of the following statements:

	National	London	South East	South West	East Midlands	West Midlands	East Anglia	North East	North West	Yorkshire & Humberside
We rely on our vocationally-educated staff to give us the skilled workers we will need for the future	67%	67%	63%	62%	77%	58%	71%	61%	71%	72%

	National	London	South East	South West	East Midlands	West Midlands	East Anglia	North East	North West	Yorkshire & Humberside
Vocational qualifications cover a wide range of emerging industries and not just 'traditional' trades	65%	62%	59%	74%	67%	55%	71%	65%	71%	69%

VOCATIONAL WORKERS HAVE STAYING POWER

A majority of employers (55%) say that employees with vocational qualifications are more likely to remain in their company and progress through the business compared to those without vocational qualifications. Only 5% say they are less likely. London and East Midlands employers are the most positive about the staying power of their employees (65% each).

How likely are employees with vocational qualifications to remain in your company and progress through the business, compared to those without vocational qualifications?

	National	London	South East	South West	East Midlands	West Midlands	East Anglia	North East	North West	Yorkshire & Humberside
More likely	55%	65%	52%	57%	65%	47%	57%	43%	52%	57%
About as likely	34%	29%	34%	34%	27%	40%	36%	38%	34%	36%
Less likely	5%	3%	4%	4%	4%	7%	3%	6%	7%	5%
Don't know	7%	4%	11%	5%	4%	6%	3%	15%	7%	3%

SUPPORTING STANDARDS FOR SKILLS

Forty-six per cent of all employers agreed with this statement. Sixty-one per cent of employers of vocationally-qualified staff agreed with this statement, indicating a strong desire among these employers for an industry standard to create a benchmark for skills. An industry standard is most welcomed by North West businesses with over half in agreement (57%).

Those who agreed with the following statement: 'My business would benefit from the development of an industry standard to create a benchmark for skills':

	National	London	South East	South West	East Midlands	West Midlands	East Anglia	North East	North West	Yorkshire & Humberside
Agree	46%	45%	41%	49%	48%	41%	41%	36%	57%	51%

WORTH THEIR WEIGHT IN GOLD

Seven in ten employers of apprentices argue that the benefits of training apprentices far outweigh the costs (72%) with almost all South West businesses in agreement (92%). Three-fifths (60%) of all employers with apprenticeship schemes agree that training apprentices is more cost-effective than hiring skilled staff.

Seventy per cent of all businesses rely on their apprenticeship programme to give them the skilled workers they will need for the future. East Anglia businesses will most readily look to its apprentices for its future workforce (91%). A further 70% of all businesses claim apprenticeships are likely to play a bigger part in their recruitment policy in the future - in particular in the East Midlands (91%).

Those who agreed with the following statements about apprenticeships:

	National	London	South East	South West	East Midlands	West Midlands	East Anglia	North East	North West	Yorkshire & Humberside
The benefits to my business of training apprentices far outweigh the costs	72%	74%	65%	92%	83%	76%	86%	72%	86%	78%
We rely on our Apprenticeship programme to give us the skilled workers we will need for the future	70%	82%	59%	61%	75%	67%	91%	79%	78%	72%
Apprenticeships are likely to play a bigger part in our recruitment policy in the future	70%	81%	57%	69%	91%	67%	81%	72%	73%	72%
Our Apprenticeship programme makes us more competitive in our industry than we would be without it	66%	75%	63%	85%	75%	58%	91%	71%	71%	66%
Without our Apprenticeship programme it would be very difficult to find trained staff with the skills we need	65%	78%	60%	76%	75%	52%	77%	79%	64%	73%
Training apprentices is more cost-effective than hiring skilled staff	60%	63%	60%	61%	75%	57%	67%	71%	62%	67%
A high proportion of our apprentices go on to management positions within the company	56%	69%	47%	61%	59%	62%	62%	50%	64%	44%

Just over half of employers with apprentices (56%) agreed with the statement that a high proportion of our apprentices go on to management positions within the company. 10% of employers with apprenticeship schemes say that a majority of apprentices go on to management positions within the company. Out of all businesses, it is South East employers who predominantly claim that 60% or more of their apprentices go onto management positions (16%).

Roughly what proportion of your apprentices goes on to management positions within the company?

	National	London	South East	South West	East Midlands	West Midlands	East Anglia	North East	North West	Yorkshire & Humberside
None of them	8%	9%	13%	0%	0%	10%	5%	14%	0%	11%
Less than 20%	42%	25%	38%	31%	50%	43%	62%	57%	41%	44%
20-40%	27%	38%	22%	23%	25%	29%	19%	29%	41%	17%
40-60%	14%	13%	13%	23%	25%	10%	14%	0%	18%	22%
60-80%	6%	6%	16%	15%	0%	5%	0%	0%	0%	6%
80%+	3%	9%	0%	0%	0%	5%	0%	0%	0%	0%
All of them	1%	0%	0%	8%	0%	0%	0%	0%	0%	0%

CONCLUSION

Employers with vocationally-qualified staff value them highly and think that they are important to the success of their business, both now and in the future.

A majority of these employers think that hiring vocational staff is more valuable than hiring graduates without vocational qualifications and most also think they are more likely to stay with the company and move up than employees without vocational qualifications.

The quality these employers value most from vocationally qualified staff is that they have the skills and experience needed to work for their business from day one. Employers who do not employ vocational staff think that, if they were to do so, this would also be their biggest strength.

Employers who hire vocationally qualified staff form the vast majority of employers who run apprenticeship schemes and they are equally positive about the value of these schemes to their company. Many staff on their apprenticeship schemes go on to become part of the management team.

Employers who don't employ vocationally qualified staff are less positive about the value of vocational qualifications. However, many of them are not negative towards vocational qualifications, but are either neutral about them or unsure of their value.

Employers who don't employ vocationally qualified staff do still think they have an important role to play in companies and the UK economy.

The new QCF framework aims to deliver the vocational skills employers need today and tomorrow.

METHODOLOGY

1,221 employers in England were interviewed online between 27 May and 7 June 2010.

611 respondents were employers of vocationally-qualified* staff and 610 were not. 232 respondents run an apprenticeship scheme within their business.

The report provides a summary of findings from all questions asked to all types of employer.

The research house, Populus, is a member of the British Polling Council and abides by its rules.

* A vocational qualification is a recognised qualification at any level that demonstrates an individual is educated to an agreed industry standard relating to a particular line of work or specific job role. These qualifications have an emphasis on the assessment of practical skills and knowledge.

ABOUT CITY & GUILDS

City & Guilds is the UK's leading vocational education organisation. There are approximately 1.8 million people currently working towards a City & Guilds qualification in the UK and Ireland. City & Guilds also designs vocational qualification courses which are delivered by colleges, training providers and employers.

With the introduction of the Qualifications and Credit Framework (QCF), the new framework for creating and accrediting qualifications, City & Guilds explains what this means for employers and their staff. It offers over 500 high quality qualifications available in 28 industry areas to suit today's business needs and train learners to the highest industry standards.

City & Guilds aims to inspire young people to realise their career aspirations and potential. With over 130 years heritage and expertise, City & Guilds is leading a new kind of talent revolution to ensure the workforce of tomorrow has the right training to succeed and lead in tomorrow's fast paced economy.

CONTACT US

For more information about QCF and 'The Skills Economy' report, visit www.cityandguilds.com/QCF or contact:

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