

## **CBI/Edexcel Education and Skills Survey – Key findings**

Our first *Education & Skills Survey 2008* provides a comprehensive analysis of business' concerns and priorities for education and skills issues.

### **Skills shortages may hinder business performance**

- A third (32%) of CEOs identified improving profitability as their key business priority – and recognise this requires dynamic and effective leaders and managers to drive the business forward
- Worryingly, over half (53%) of firms are concerned that they may not be able to find enough skilled staff to meet their future recruitment needs. But firms are also worried about the competency of current staff, with low-skill employees presenting a real worry – with six in ten (59%) employers describing their skill levels as only satisfactory.

### **Getting the basics right remains a key business concern**

- Around two fifths of employers are concerned about employees' basic skills – 41% with employees' literacy skills; 39% with their numeracy skills and 56% with IT skills.
- Poor basic skills among the workforce have significant consequences for business. Low levels of literacy and numeracy result in poor customer service (40%) and lower productivity (34%) – seriously affecting business performance
- To address this, employers are investing heavily in remedial training – 27% do so for literacy; 23% for numeracy and 69% for IT. But this must be the Government's priority for funding.

### **Many firms have successful apprenticeship schemes – but reform is necessary to better meet business needs**

- Over half of large firms (58%) are involved in the apprenticeship scheme but there is room for growth amongst SMEs and non traditional sectors. Therefore, the government must ensure the scheme better meets business needs and effective support exists for small firms to facilitate greater employer involvement.
- Reform is essential to ensure that key barriers are overcome so more employers can get involved. Barriers at present include, a lack of in-house capacity with over a quarter who cite this as a barrier to increasing the numbers of apprentices they can take on (29%), while around a fifth of employers (24%) report problems with recruiting suitable applicant, finding qualifications to meet a firm's skills needs (24%), the cost of providing an apprenticeship programme (22%) and the bureaucracy involved (19%).

### **Business issues a wakeup call for graduates**

- A third (32%) of jobs currently require degree-level skills and qualifications, but just 30% of graduate jobs demand a specific degree discipline.
- The wider employability skills that good graduates possess are their most valuable asset – almost all CEOs (86%) ranked this as the most important consideration when recruiting graduates
- But employers also look at degree subject (56%) and results (32%) when recruiting graduates
- Firms in science, technology, engineering and maths related sectors are considerably more likely to demand a specific degree discipline from graduate applicants.

### **STEM skills are valuable, but in short supply**

- Six out of ten (59%) employers are having difficulty recruiting STEM-skilled individuals – with some sectors suffering acute shortages. Experienced hires, graduates and technicians are in particularly short supply
- Large firms are thinking internationally when recruiting STEM-skilled employees – over a third (36%) are recruiting from India and a quarter (24%) from China

### **High quality leadership and management is vital to UK competitiveness**

- Nearly half (47%) of firms think their senior managers are effective, but there are concerns around team leaders' and supervisors' skills levels with one in seven (15%) employers describing these as poor
- Investing in leadership and management training is a priority – almost all (98%) firms are investing in leaders and managers through in-house training, with two thirds (65%) of firms providing external training such as MBAs for their senior management and two thirds (65%) of employers training supervisors/team leaders on-the-job.

### **Languages are highly prized – from breaking the ice to building bridges**

- Half (48%) of firms are currently recruiting some people specifically for their foreign language skills, and 75% of senior executives value conversational ability – and are not necessarily looking for true fluency
- European languages are the focus for recruitment, although four out of ten (43%) employers are interested in Mandarin/Cantonese speakers as ambitious firms look to emerging markets.

### **Qualifications must be reformed to meet business needs**

- Around one third (32%) of employer training leads to recognised qualifications – reflecting the need for many qualifications to better meet business needs
- Employers prefer professional qualifications (83%) based on industry standards.
- Key barriers to employers offering more qualification based training include costs and difficulties in releasing employees during work hours – but over a third of employers 36% said the content of available qualifications lacked relevance.

### **Government funding and assistance for training is key for many firms**

- Train to Gain has had a positive effect on 62% of firms. The scheme has been valued by employers but the primary beneficiaries have been employees
- The Small Firms Initiative's skills audits helped firms take a more strategic approach to training – 41% of firms enjoyed improved performance as a result.
- The SME Leadership and Management Programme created a culture of learning in firms - with 42% reporting improved productivity.
- Investors in People has had a positive impact, adding real value for participating firms.

### **Effective education-business links deliver for the firm and the community**

- Education-business partnerships are widespread – 56% are involved with secondary schools, 46% with FE colleges and 53% have developed links with universities.
- Employers are involved in the education system in a variety of ways – 75% provide work experience to pupils or students, 50% give talks to help young people understand the world of work and 36% have employees who act as governors or mentors.
- Employers use FE college training provision primarily to upskill their workforce, while universities are used to develop leaders and managers within the organisation.
- College and university links are fairly widespread, but there are key barriers to further expansion – relevant training, lack of recognised business contacts, lack of general information on what training was available.