

# Employability Skills: A Research and Policy Briefing

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# **Employability Skills: A Research and Policy Briefing**

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## 1 Introduction

This paper provides a synthesis of recent research on the theme of employability skills. It does not aim to provide a comprehensive literature review, as the relevant literature in this area is vast and wide-ranging. Instead it brings together some key findings on the topic from the last ten years or so, focusing mainly on literature from the UK. The paper contributes to a wider programme of work being carried out by the UK Commission for Employment and Skills on the best way to develop employability skills within the publicly funded employment and skills system (see UK Commission, 2009b).

The paper aims to stimulate discussion amongst the policy-making community on how best to further develop research and policy on employability skills. To this end, we focus on the following key questions:

- What do we mean by ‘employability skills’?
- Why are employability skills important?
- Does the UK have an employability skills problem?
- What works in employability skills policy?
- What are the key challenges and barriers in employability skills policy?
- What further needs to be done?

## 2 What do we mean by ‘Employability Skills’?

The term ‘employability’ has been used for many years by policy-makers and researchers in the context of debates about employment and labour markets. It has been defined in different ways, with much depending on the group to which it is applied (e.g. unemployed people or the existing workforce). However, there is agreement at a very general level that employability relates to **the ability to be in employment**, and, in particular, the set of characteristics that increase the chances of an individual being in work. Sometimes definitions go a step further than simply focusing on the ability to secure employment, and specifically include the ability to **sustain** employment and to **progress within work** too.

Some commentators have argued that in thinking about what makes an individual ‘employable’ we need to identify the full range of characteristics that increase the probability of an individual being in work. McQuaid et al (2006) for example have set out what they call a ‘holistic’ definition that attempts to identify the full range of factors that

are at play when determining an individual's employability. The model they propose sets out three components: individual factors, personal circumstances and demand factors.

A summary of what is included under each heading is given in the box below:

**Individual factors:** Skills and attributes, personal competencies, qualifications and educational attainment, work knowledge-base, labour market attachment or work history, demographic characteristics, health and wellbeing, job seeking approach, adaptability and mobility.

**Personal circumstances:** Caring responsibilities, ability to access appropriate and secure housing, existence of work culture and support within the family, access to transport, financial and social capital.

**Demand factors:** Local labour market demand/character, macro-economic factors, vacancy characteristics (e.g. terms and conditions of work), recruitment processes, employment policy factors (e.g. accessibility of employment services, availability of training), accessibility and affordability of other public services such as transport, childcare and other support.

McQuaid et al argue that all of the above factors need to be considered when assessing an individual's ability to move into or within employment, or their employability. Whilst we are in agreement with this observation, in a relatively brief review such as this, there is a need to draw tight boundaries in terms of focus. As such we are concerned specifically with the **employability skills** element of this bigger picture, which fall within McQuaid's 'individual factors' outlined above. By this we mean **the set of basic/generic skills and attitudinal/behavioural characteristics that are believed to be essential for individuals to secure and sustain employment, and also to progress in the workplace.**

It is important to note here that employability skills are not just those that an individual needs to secure employment. The Sector Skills Councils (SSCs) have recently produced a model of employability skills that conceptualises employability as a **continual process**, making the point that the employability skills an individual will need will vary depending on the point they are at in their career. This is illustrated in the diagram below:

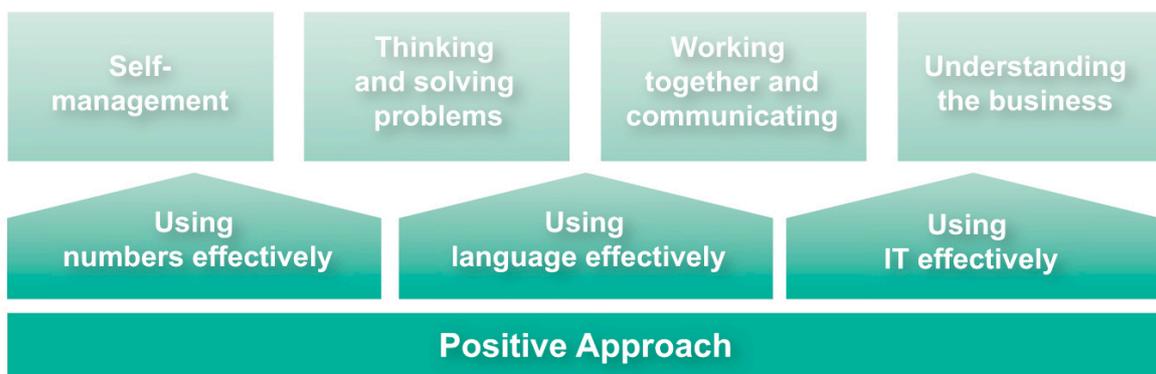


**Source: Asset Skills, Skills for Business Network Employability Guide: A Skills Toolkit for Employers**

As the diagram above shows, the generic skills of literacy, language, numeracy and basic IT skills are defined in this model as fundamental, underpinning employability skills. Beyond this, additional knowledge, skills, attitudes and behaviours are required. Then specific employability skills are needed in order to gain employment, to maintain employment, and to progress in sustainable employment. Although a core set of skills and attributes are required, what makes up employability will vary greatly across sectors and occupations as different employers look for a different balance of qualities and attributes.

An influential study by the (then) Department for Education and Employment (DfEE, 1998) also focused on employability as a dynamic process and makes the point that it is important not just to concentrate on employability as involving the *possession* of a set of characteristics or 'assets'. Rather, being employable also depends on the ability of the individual in **deploying and presenting** these assets. In other words, employability also encompasses an individual's abilities in job searching and career management, and their skills in marketing and presenting themselves effectively through CVs, job interviews and appraisals.

In terms of defining these evolving ‘assets’ and skills, a number of studies have been produced over the years that have attempted to identify employability skills (see for example CBI, 2007a). Although there is some variation within the definitions that have been produced in terms of the specific skills and attributes that are included, there is also much commonality in the general areas covered. Based on a review of some of the most influential definitions, recent research by the UK Commission for Employment and Skills (UK Commission, 2009b) simply defines employability skills as follows:



Employability skills are thus ‘the skills almost everyone needs to do almost any job’ (UK Commission, 2009b, p.10). Whilst the underpinning skills of numeracy, language and basic IT skills are fundamental to employability, it is the additional skills associated with attitudes and behaviours (shown in the four boxes in the diagram above) which we are most concerned with in this briefing.

### 3 Why are Employability Skills Important?

Employability skills have become a focus of particular interest amongst the UK’s policy-making community in recent years. This has manifested itself in various ways both implicitly and explicitly through a greater emphasis on employability skills in policy statements and outputs. There are four main areas where they have taken on particular significance:

- First, raising employability skills has emerged as an area for attention to improve the transition from full-time education into employment, including school leavers as well as those leaving college and university.
- Second, employability skills have been identified as a key element to ensuring that the employment and skills system is demand-led.

- Third, as part of the continuing integration of employment and skills policy there has been recognition that employers are looking for a broader set of generic employability skills and therefore to move unemployed people into sustainable work an approach that looks beyond vocational and technical skills alone is required.
- Fourth, employability skills have arisen as a theme in debates about promoting career advancement once in employment and tackling the barriers to social mobility.

Underpinning these specific policy agendas are the changes that have occurred in the structure of the UK economy and labour market over recent years. It is widely recognised that these changes have brought about new skill demands. The UK's employment profile has changed markedly with the continued growth of the service sector, the decline of manufacturing, and the expansion of professional occupations, as highlighted more fully in the UK Commission's recent National Strategic Skills Audit for England (2010b). All this has taken place alongside major developments in technology that have profoundly changed the nature of work. It is often claimed that the UK economy is now 'knowledge-driven', and that a consequence of the changing nature of work is that individuals increasingly need higher level skills and qualifications to be able to compete in the labour market. These trends look set to continue. For example, the UK Commission for Employment and Skills *Working Futures 2007-2017* employment projections predict a continued long-term decline in employment in manufacturing and growth in services, and an associated growth in managerial, professional and associate professional and technical occupations, alongside a continued decline in manual occupations (UK Commission, 2008c).

Whilst recognising these trends, it is important to acknowledge that not all of the jobs in the 'knowledge economy' are highly skilled and command high wages, requiring 'thinking' and advanced problem-solving skills. Some commentators have argued that instead what is happening is an emerging polarisation between high and low skilled jobs (Cabinet Office, 2008). Indeed labour market information shows that a significant level of demand for jobs at the bottom end of the labour market could persist over time (see *Ambition 2020*, UK Commission, 2009a). It is nevertheless anticipated that new sorts of skills will still be required by employers in these lower level jobs, not least because new ways of working demand it. Furthermore, there is evidence suggesting that the demand for these new skills is not matched by supply, leading to an emerging so-called 'skills deficit' with regard to employability skills (see for example Nickson et al, 2003, 2004).

Substantial research highlights the importance of using information and communication technology (ICT) and communication and interpersonal skills in modern workplaces, and that these skills are now crucial to gaining and maintaining employment. This applies to both low and higher level jobs. ICT is now widespread, and the increased requirement for team working, coupled with the customer service element of many occupations mean that most jobs, even at entry level, now involve some form of person-to-person skills as a basic requirement, as demonstrated in the UK Commission's recent National Strategic Skills Audit for England (UK Commission, 2010b). *Ambition 2020* also notes that individuals with a range of employability skills now command higher wage premiums, and this applies at all skill levels.

Looking at some of this research, the Skills at Work Survey (Felstead et al, 2007) (a large scale survey that looks at the views British employees have of the skills they use at work) found that:

- There has been a striking and continued increase since 1986 in the number of jobs involving the use of computerised equipment, with over three-quarters of people now using such equipment at work;
- There has also been a marked and sustained increase in the proportion of people who report that computing is an 'essential' part of their job. This rose from 31 per cent in 1997 to 40 per cent in 2001, and then to 47 per cent in 2006;
- Between 1997 and 2006 there have also been significant increases in skill usage in terms of generic skills with the use of 'influence skills' and 'literacy skills' rising most. 'Influence skills' are defined as a closely correlated set of activities associated with communicating, analysing and persuading.

Recent research has also pointed out that in addition to ICT and interpersonal skills, 'aesthetic skills' are also crucially important in modern workplaces. However, these are often overlooked by researchers (and also in employability policies) (see Nickson et al, 2003, 2004). Aesthetic skills relate to the way in which individuals present themselves at work, or the need to 'look good and sound right'. The growing importance of these skills is closely related to the expansion of customer service work, and the fact that employees are often now regarded as a crucial part of the service product they sell or provide. In other words, the effectiveness of service transactions depend to some extent on how employees are perceived by customers in terms of their mood, appearance, general demeanour and personality. Illustrating the importance of aesthetic skills to employers, a small-scale survey undertaken by researchers at the University of Strathclyde encompassing the retail, hotel and restaurant sectors in Glasgow found that of 147

respondents, 93 per cent stated that the appearance and presentation of their staff was important to business success (Nickson et al, 2004).

In addition to these evolving skills demands, it is also often argued that employees need to be much more 'flexible' in terms of their outlook on work, the tasks they undertake, and their ability to adapt to organisational change if they want to secure, retain and progress in employment in the new economy. The idea that the ability to adapt to change is an important employability skill in modern workplaces is supported by the survey evidence.

The Skills at Work Survey (Felstead et al, 2007) for example found that the proportions of those strongly agreeing to the statement 'my job requires that I keep learning new things' consistently increased during the 1992-2006 period the research covers, rising from 26 per cent in 1992 to 30 per cent in 2001 and then to 35 per cent in 2006. In addition, respondents to the 2001 and 2006 surveys were also asked to indicate the extent to which they agreed with the statement 'my job requires that I help my colleagues to learn new things'. The proportion strongly agreeing to this statement rose from 27 per cent in 2001 to 32 per cent five years later, suggesting that a great deal of learning and change goes on in modern workplaces.

Flexibility and adaptability are also crucial to employability in another sense. Increasing competition and organisational restructuring have eroded the traditional idea of the 'job for life'. In this context, some researchers have emphasised that employees need to think of the skills they need for employability not only in terms of their current jobs or workplaces, but also more broadly to ensure that they have the skills and qualities required in the external labour market to protect themselves from job insecurity (Brown et al, 2003).

In summary, there is a good deal of research evidence that shows that if individuals want to secure, maintain and/or progress in employment in the UK today given the changing structure of the labour market, employability skills are crucial. These particularly include skills in using ICT, communication and interpersonal skills and aesthetic skills. In addition, the ability to deal with change and to continuously develop these skills and abilities is vital to being and remaining employable.

## 4 Does the UK have an Employability Skills Problem?

As we have seen, there is evidence that the requirements in terms of the fundamental skills and abilities individuals need in order to gain, retain and progress in employment in the UK are changing and that there is more emphasis placed on individuals to continually update and develop their skills to remain employable. We now turn to consider the evidence that exists on the extent to which the UK workforce is able to *meet* these new demands. Although there are often reports in the media of employer dissatisfaction with the 'employability' of the labour force, this is often presented in blanket terms, as if the problem is a widespread, all-embracing, and one that is getting worse. But to what degree is this borne out by solid research evidence? To address this question, it is easiest to structure the discussion under three main headings:

- The employability of school, college and university leavers entering work;
- The employability of unemployed people entering work;
- The employability of the existing workforce.

### 4.1 The employability of school, college and university leavers

Although employability skills are not currently measured *specifically* in major employer surveys in the UK (no doubt in part due to the problems with clear definition discussed above), available data on employer perspectives of skills deficiencies and recruitment problems do provide some useful insights into the nature of the employability skills problem as it applies to people in the labour market looking for work.

One measure suggests that problems might be quite significant: A UK-wide survey of 13,500 employers published by the UK Commission for Employment and Skills in 2008 entitled the Employer Perspectives Survey found that when recruiting new staff, skills-related problems pose an important challenge to around *half* of the UK's employers. Fifty-two per cent of the establishments surveyed reported that they have difficulty in recruiting staff with the skills they require in their organisation. It is worth noting that this survey measures the respondent's *general* views on skills-related recruitment problems and their response to the question "When looking to take on new recruits, we have problems finding people with skills that we need" but this is not our most precise measure of skills shortages.

The major large-scale employer skills surveys carried out in the UK use a measure of skills-related recruitment problems that is based on current job *vacancies*. The evidence from these surveys could be seen to give an indication on the extent of the employability problem amongst new recruits, one that is based on a 'snapshot' of *actual* current recruitment activity. In general, the employer skills survey evidence indicates that a smaller proportion of employers are having difficulties recruiting people with sufficient skills, some of which will be generic, employability skills.

Data from the 2009 National Employer Skills Survey carried out in England (UK Commission, 2010a) shows that 16 per cent of all vacancies in the economy were described by employers as 'hard-to-fill' due to 'a lack of applicants with the necessary skills, qualifications or experience' (such vacancies are commonly termed 'skills shortage vacancies')<sup>1</sup>. It should be noted, however, that in these instances some applicants might be 'employable' but with the wrong skill set for that particular job, in which case the vacancy is hard to fill due to mismatches between supply and demand rather than a deficit in employability skills. However, a further nine per cent of vacancies were described by respondents to this survey as 'hard-to-fill' because applicants have a 'poor attitude, lack motivation or have an unsuitable personality'; this is arguably a more direct measure of insufficient employability skills. Taken together, these findings could indicate that as much as a quarter of job vacancies in England are difficult to fill due to perceived problems related to the employability of job applicants.

Interestingly, findings from both the employer perspectives survey and larger-scale employer surveys indicate that difficulties in recruiting sufficiently skilled staff appear to be *declining* in the UK. In the UK Commission's employer perspectives survey, 62 per cent of employers reported problems in recruiting staff with the right skills in 2003, compared to 52 per cent in 2008. This evidence of decline is consistent with the trends found in recent employer surveys undertaken in the UK, which have also reported falls in so-called 'skills shortages' (see for example the 2009 National Employer Skills Survey for England).

The research evidence also points to some variation in skills deficiencies between different sizes of employers. The employer perspective's survey findings for example clearly show that skills-based recruitment problems appear to be less of a problem

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<sup>1</sup> This is significantly lower than in previous years (25 per cent in 2005 and 21 per cent in 2007) which may be a result of the recession and subsequent increases in unemployment which has led to a greater pool of workers from which to recruit.

amongst larger employers than they are amongst smaller ones. Only a third (33 per cent) of employers with 250 or more employees reported that they had difficulties in recruiting people with the right skills compared to 54 per cent of employers with two to four employees. More specifically, these differences in skills shortages in terms of establishment size have also been found in our other major employer skills surveys where smaller companies experienced a disproportionately large share of 'hard-to-fill' and 'skills shortage vacancies' compared to their share of employment. This suggests that employability skills could be a particular issue for smaller employers, who may also lack the time and resources to train in generic skills.

These surveys also point to significant differences between sectors. For instance, the employer perspectives survey shows that private sector employers were more likely to agree they have problems recruiting staff due to skills issues than public sector employers. Over half of respondents in the private sector (54 per cent) agreed they have difficulty recruiting people with the skills they need compared to 40 per cent of public sector employers. There are a number of possible reasons for these differences, relating for example to differences in expectations of new recruits between employers, or real differences in the quality of job applicants. It is, however, difficult to draw firm conclusions on the basis of the existing evidence.

There is, however, more illuminating evidence on another element of 'variation'; the extent to which problems with employability differ depending on the particular type of new recruit. We shall now explore these variations, looking first at the evidence on school leavers, and college and university leavers before moving on, in the final two sections, to look at evidence on the employability skills of unemployed people and those already in work.

### *School leavers*

Looking at the case of school leavers in particular, the evidence from employer surveys is mixed around the extent of the problem, although some findings suggest it is significant. One measure from the recent CBI Employment Trends Survey (CBI, 2007) for example found that half of the employers surveyed were dissatisfied with the generic employability skills of school leavers (in areas such as team working and problem-solving), indicating a sizeable problem. The UK Commission's 2008 employer perspectives survey mirrors these findings, with half (50 per cent) of employers surveyed reporting that in their view the education system does not supply enough people who are equipped with the skills that they need on job entry. This is not a specific measure of employability skills among school leavers but based on broad perceptions. Subsequently this survey evidence does

not give an indication about the extent to which employers think that young people lack employability skills or the impact of these skills shortages on business performance.

In contrast, the findings from the large scale national employers skill surveys carried out in the four UK nations indicate a less significant proportion of employers are dissatisfied with the employability of school leavers, a consistently held view over the last few years. Rather than asking respondents about their *general* perceptions of the skills held by school leavers and their readiness for work, these surveys focus specifically on the experiences of those employers that have recruited school leavers during the previous 12 months. The use of this different measurement produces a lower (although still significant) proportion of employers indicating dissatisfaction with the employability of school leavers.

Findings from the National Employers Skill Survey in England (UK Commission, 2010a) show that although most employers in England that had recruited 16 year old school leavers during the past 12 months felt that they were well prepared for work, a significant 29 per cent said that they felt they were either poorly or very poorly prepared for work. For those that felt school leavers were poorly prepared for work, the main problems were a lack of experience of work/life, poor attitude, personality or lack of motivation, as opposed to any technical skills. Employers responding to this survey were more satisfied with the preparedness for work of older school leavers (17-18 year olds), indicating that the longer an individual spends in education, the more likely they are to gain the employability attributes required. The proportion of employers in England that had recruited 17-18 year olds and felt that they were poorly or very poorly prepared for work was 21 per cent (compared to 29 per cent for 16 year olds).

In Scotland, the Scottish Employers Skill Survey 2006 (FSS, 2006) reports similar findings, with slightly more (around a third) of employers that had recruited a school leaver in the last 12 months considering them to be poorly prepared for work. This is a finding that has been consistent in previous skills surveys carried out in Scotland. In 2005 Futureskills Scotland published a report that presented the findings from additional research that looked in more depth at this issue using employer case studies (FSS, 2005). This work showed that where young people do not meet employers' expectations, the causes were most likely felt to lie in their attitudes and motivations to work. These problems are reflected for example in a lack of understanding of what working life entails, being absent and late for work frequently, using little initiative, and seeing tasks as menial rather than enabling them to learn. A lack of softer core skills such as communication skills, organisational skills and team working were also felt by some employers to contribute to a lack of preparedness for work among school leavers.

The national employer skill surveys show, therefore, that between a quarter and a third of employers that have recruited a school leaver over the past year felt that they were poorly prepared for work. Other studies have pointed to even more marked problems. A recent survey by the Learning and Skills Network points to a very negative picture in terms of the employability of school leavers (Martin et al, 2008). Here, just over half of the 1,137 employers surveyed as a part of this study said that they had tried to recruit a school or college leaver in the past 12 months, but just 14 per cent had been successful in recruiting individuals 'with the right skills'. The main skills that employers in this survey felt were lacking amongst school leavers were literacy, numeracy, and attitudinal qualities such as motivation and work ethic.

The evidence discussed so far is based on the views of employers. It should be noted that there is also evidence from some studies of differences in opinion between employers and young people on this issue. For example, a qualitative study carried out by Johnson and Burden in 2003 involving interviews with young people in Bradford interestingly found that most were confident in their ability to demonstrate the necessary employability skills and attributes. However, the employers in the study were less positive about the employability skills of young people, and there was a perception that educational institutions are focusing too strongly on academic skills and qualifications at the expense of fundamental employability skills. Similarly, a recent inquiry undertaken by the Edge Foundation into the views of young people (aged 13-25) about their employability also found that young people were confident in their preparedness for employment (85 per cent under the age of 17). Interestingly, this confidence declined sharply with age (53 per cent over 17), suggesting that younger people might underestimate the importance of the skills needed for work until they become close to, or try to enter, the job market (Edge, 2010).

It is also worth bearing in mind that only a relatively small proportion of employers do actually recruit young people straight from school. According to the most recent National Employer Skills Survey in England only six per cent of employers had recruited a 16 year old straight from school in the past year and only 11 per cent had recruited a 17 or 18 year old straight from school or college. Further evidence would be required to determine whether a perception among employers that school leavers lack employability skills is a factor in why they do not recruit school leavers, which could indicate either a genuine employability problem among those school leavers who have not been recruited or the perception of one among employers.

### *College and university leavers*

The research evidence in terms of the employability of graduates from Higher Education in the UK appears to be positive on the whole when compared with that of school leavers. For example, the findings from the 2009 National Employers Skill Survey carried out in England show that most employers in England that had recruited graduates under the age of 24 from higher education institutions during the past 12 months felt that they were well prepared for work, with 84 per cent stating that these graduates were either very well prepared or well prepared for work. Futureskills Scotland's Employers Skill Survey (FSS, 2007) reports very similar findings for Scotland, stating that university graduates were reported to be well prepared by 81 per cent of employers that had recruited them. Similarly, in the latest Northern Ireland Skills Monitoring Survey, 82 per cent of employers who had taken on graduates in the past 12 months had found them well or very well prepared for work (DELNI, 2009).

Futureskills Scotland have undertaken further research involving case studies of employers to look in more detail beyond the Scottish National Employers Skill Survey findings at the issue of the preparedness for work of employees recruited directly from college and universities into their first job (Futureskills Scotland, forthcoming). The study reports that the biggest concerns employers have about the minority of graduates that they feel are poorly prepared for work are about their poor communication skills and poor attitude, which it is suggested is likely to be in part due to the need for recruits to be able to work effectively with both colleagues and clients. It is concluded that it is these skills which should be the focus for universities in their employability programmes. However, a positive finding of this study is that employers generally considered universities to contribute well to the employability agenda, and recent graduate recruits were also themselves largely positive about their experiences and the effect on their employability.

A report by Universities UK (2002) supports the observations made by Futureskills Scotland on the need for graduate employability programmes to focus on soft skills in particular, stating that employers now look for 'interactive attributes' in their new graduate recruits, consisting of communication skills, interpersonal skills and team working, and personal attributes relating to flexibility and helping organisations deal with change.

A study of graduate employability in Wales carried out for the Higher Education Funding Council for Wales also presents positive findings (Tyers et al, 2005). In this study, those employers who currently, or had recently, employed graduate staff were positive about their potential benefits to an organisation, including the positive benefit of graduates adding IT skills and bringing innovative or creative thinking to the workplace.

Furthermore, the study found that employers who would previously not have considered recruiting graduates are beginning to be less resistant to doing so. However, the researchers also make the point that the emphasis of employability research to date has been on graduates getting *into* jobs rather than on graduates *getting on* in jobs. There is little research evidence available on the latter aspect of employability that focuses on career progression and the utilisation of graduate skills in the workplace.

Reflecting the available evidence, in 2008 the (then) Department for Innovation, Universities and Skills' (DIUS) published a high level skills strategy, *Higher Education at Work - High Skills: High Value*, which states that 'what British employers want from graduates is generally what they get' (DIUS, 2008, p. 14). But the strategy document also highlights some areas of concern, in particular, that in some sectors there is a mismatch between the needs of business and the courses provided by higher education institutions and that graduate employability in terms of 'business awareness' needs to improve (DIUS, 2008).

On the whole however, the research evidence on graduate employability is markedly more positive than the picture for school leavers. This indicates that employers in the UK generally tend to find those that have stayed in full-time education for a longer period of time more employable.

## **4.2 The employability of unemployed people**

The previous section demonstrated the importance that employers place on employability skills which indicates that such skills are likely to be a key contributory factor in enabling someone to move into employment. There is limited evidence on the specific extent or nature of employability skills among unemployed people (i.e. for those people moving from benefits into work). There is, however, solid evidence indicating that there are a significant number of people in the UK that have major problems in both entering and staying in work, pointing to considerable problems with employability amongst long-term unemployed adults. In particular there is a sizeable group of people cycling between work and benefits. Over two thirds of the 2.4 million Jobseeker's Allowance claims made each year are repeat claims, and 40 per cent of claimants are claiming benefit again within six months of moving into employment (House of Commons, 2008).

There has been little in the way of primary research that has looked at how long these individuals cycling between work and benefits stay in work and the reasons why they return to claiming benefit. A recent literature review indicates that there are a wide range of reasons, including for example a lack of financial gain compared to remaining on

benefits, lack of support from family and friends, problems in terms of the relationship with the employer or work colleagues, or the difficulties faced by those trying to fit paid work with caring commitments. The review also found that problems with key employability skills, particularly poor numeracy and also lack of motivation, increase the risk that a person will leave work. The report notes that those aged under 25 and over 55 are the most at risk of leaving work and returning to benefits (see House of Commons, 2008). A recent study undertaken by the Joseph Rowntree Foundation examined the causes of recurrent cycles of work, poverty and benefit cycling. Qualitative research into a group of low-skilled and long-term unemployed people identified that low qualifications made people more vulnerable to losing their job but also that skills, attitude and motivation, alongside other personal circumstances, impact upon the ability of individuals to break the cycle of unemployment (Joseph Rowntree Foundation, 2010). This suggests that employability skills among the long-term unemployed are an important barrier to work, but need to be understood in the context of wider economic, social and cultural factors.

### **4.3 The employability of the existing workforce**

As well as relating to the recruitment of new entrants to an organisation, as discussed above, employability is also relevant to those already working within an organisation in relation to their ability to sustain and progress in employment. Gathering evidence on the employability of the existing workforce is problematic as this group are already employed and therefore by definition 'employable' at some level. However, there are some indicators that can give an idea of the extent to which employability is a problem amongst the existing workforce i.e. affecting an individual's potential to remain employed and their opportunities for career progression. It should be noted that these indicators are far from perfect measures of 'employability'.

One source of information is the evidence from the UK national employer skills surveys on 'skills gaps'. The 2009 National Employer Skills Survey carried out in England (UK Commission, 2010a) found that 19 per cent of establishments employed staff they regarded as 'not fully proficient' in their jobs (defined as skills gaps). This represents seven per cent of the total workforce in England. The figure is similar in Wales, with the 2005 Future Skills Wales survey (FSW, 2006) reporting that 18 per cent of establishments had at least one skills gap within their workforce. In Northern Ireland, 22 per cent of employers reported skills gaps in their workforce (DELNI, 2009) which is the same figure as that reported by employers in Scotland (FSS, 2006), representing eight per cent of the workforce. In terms of variation of skills gaps by employer size, the

evidence is not clear (see Futureskills Scotland, 2006), although the most recent Employer Skills Survey in England shows that skills gaps were more frequently reported among larger employers.

A note of caution is needed here in terms of drawing any firm conclusions about the employability of the workforce. Skills gaps do not necessarily indicate an employability problem at all; many skills gaps are caused by people simply being new to their jobs, and/or because they have not yet completed their training. These 'transitory' skills gaps are likely to close as employees gain more experience or complete their training.

The Futureskills Scotland Employers Skill Survey (FSS, 2006) sheds more light on this by asking employers whether the skills gaps among their workforce were caused by changing skill needs arising from the introduction of new working practices, the introduction of new technology, or the development of new products or services. Around a third of establishments cited one or more of these reasons. For the remaining establishments reporting skill gaps, however, there was no clear development that led to the gaps emerging, and they seem to have arisen during 'business as usual', and this is perhaps where the 'employability' problem lies.

In the most recent national employer skills survey for England employers were also asked whether they will need to up-skill their current workforce in the coming year (UK Commission, 2010a). A far higher percentage of employers (69 per cent) expected that at least some of their staff would need to acquire new skills or knowledge over the next 12 months which is much higher than the proportion of employers identifying current skills gaps among their staff (19 per cent). This suggests that staff which are considered as proficient still have plenty of scope to develop and improve their skills which could point to latent employability skills gaps, and also demonstrates that the changing demands of workplaces mean that an individual's 'employability' skills are likely to need to be continually upgraded.

Looking in more detail at the evidence from the national employer skills surveys carried out over recent years we can also see that skills gaps are mainly related to weaknesses in softer core skills, which are central to employability. For example, in the most recent survey carried out in Scotland, the main skills gaps were in planning and organising, customer-handling skills, problem-solving skills, and team working skills. The latest national employer skill survey carried out in Wales also notes that 'the skills most commonly seen as lacking amongst employees were mainly generic skills such as problem-solving skills, customer-handling skills, communication skills and team working

skills' (FSW, 2006, p. 54). The latest employer survey in Northern Ireland also reported that problem-solving skills, customer-handling skills, oral communication skills and team working skills were most commonly lacking in the current workforce.

The evidence from national employer skills surveys also points to some telling findings in terms of occupational skills gaps. The surveys show that skills gaps disproportionately affect those occupations which tend on the whole to require lower levels of skills and qualifications. For example, the latest national employer skills survey carried out in Scotland (FSS, 2006) showed that 12 per cent of employees in sales and customer services occupations have skills gaps, as do 10 per cent of employees in elementary occupations. This compares to a stated skills gap rate of just five per cent of managers and senior officials and associate professionals. The latest findings from the national employer skills survey carried out in Wales point to similar findings, with 10 per cent of employees in sales and customer service occupations reported to have skills gaps compared to a rate of just three per cent amongst managers and senior officials and professional occupations.

Although the findings from national employer skills surveys show that most employers in the UK make some effort to address skills gaps by providing training for their employees, it is also the case that the proportion of employees receiving training is generally higher at the upper end of the occupational hierarchy, with much lower intensities of training amongst the lowest skilled employees. This highlights an imbalance as skills gaps tend to be most pronounced in lower level jobs. Clearly, it is possible that a lack of training may damage retention and ability to access within-job progression amongst the lowest skilled employees (Cabinet Office, 2008). In addition, there is also evidence that improvements in productivity occur when employers provide training to low skilled employees (DWP and DfES, 2007).

#### **4.4 Summary – the extent of the problem?**

In summary, there is strong survey evidence that a significant proportion of UK employers face difficulties recruiting staff with sufficient employability skills. It is difficult to assess the exact extent and nature of the problem given current measures used to understand employability skills in surveys but it is possible to draw some broad conclusions about how employability varies for different employers and for different groups:

- **Smaller employers** are more likely to report problems finding staff with sufficient employability skills than larger employers and private sector employers more so than those in the public sector.

- There is evidence that employability skills among **school leavers** are a significant issue; between a quarter and a third of employers who had recruited a school leaver in the past year felt that they were poorly prepared for work and this has been a consistent issue over the past few years.
- The picture is more positive for **graduates**; over four-fifths of employers who had recruited graduates in the past year reported that they were well or very well prepared for work, suggesting that the longer individuals stay in education the better their employability skills.
- Employability skills are a major barrier for **long-term unemployed people** to both get into work and to stay in work with many individuals cycling between work and benefits. Employability skills are part of a wider range of barriers to work among the long-term unemployed.
- For individuals **already in work**, there is some evidence of inadequate employability skills particularly within lower skilled occupations.

## 5 What Works in Employability Skills Policy?

This section of the paper moves the discussion on from considering the extent and nature of the UK's employability skills requirements to the available evidence on 'what works' in terms of addressing employability skills via policy, and the design and delivery of subsequent initiatives.

### 5.1 Policy trends

Employability is not a new area of policy however its importance and visibility within the employment and skills landscape has increased in recent years. There are many reasons for this increased significance; contributory developments include recognition of the need to integrate employment and skills systems and moves towards a more demand-led system where employers are central to policy development and implementation. The recognition that policies need to encourage a demand-led response has resulted in employability policy and programmes seeking to be more responsive to the needs of UK employers. Employability programmes have also been described as providing a link between the supply and demand sides of the labour market (Gore, 2005).

The design and implementation of employability policy has predominately favoured the use of a variety of eligibility criteria to target particular groups, for example where someone lives, their age and employment status. Whilst eligibility criteria remain for much of the UK's employability programmes, with particular focus on young people, workless

adults and adults in work, there is acknowledgement that employability skills have an important role for all. Therefore policy-makers have increasingly sought to encourage the presence of employability skills within the design and delivery of mainstream education and learning programmes.

The Leitch Review reported that ‘people entering the labour market, whether from full-time education or worklessness, also need a wider set of skills, such as IT, communications and team working. These wider employability skills should be embedded within training and qualifications, as well as being taught separately as appropriate.’ (HM Treasury, 2006, p.63).

Despite the intention to ensure employability skills are considered within all education and training policy and initiatives, the application of employability skills development is not universal and some consider that employability skills programmes should still primarily focus on where they have the most impact: low achievers and disadvantaged groups. This view was reflected by the National Council for Educational Excellence (NCEE) who highlighted the value of different types of learning and recommended that whilst all schools benefited from employer support, engaging business within learning would be particularly beneficial for National Challenge schools, where GCSE results were lowest.

The remainder of this section will outline some of the major national employability skills policies and programmes before outlining prevailing good practice. It should be noted however that there is limited information publicly available that allows an assessment to be made about the progress and success of the various employability skills policy initiatives, particularly over the longer term. Equally, evaluations of skills initiatives tend not to include evidence on impact on employability (Bivand et al, 2010). Where evaluative information is available it tends to be for large national initiatives rather than smaller scale and more specific employability skills-based initiatives.

Evaluations of employment and skills programmes therefore rarely identify the specific contribution of employability elements of the intervention. Apprenticeships, for example, demonstrate high levels of return on completion (McIntosh, 2007) however research does not break-down the role that providing people with enhanced employability skills specifically has on Apprentices’ position in the labour market.

In addition, indicators of success used to gauge the effectiveness of employability initiatives can use narrow definitions. There has been a tendency to focus on the end goal of getting individuals into paid employment, in part because this is relatively easy to measure, and because it clearly relates to Public Service Agreement targets. Whilst this

is of course a crucial outcome it can mean that progress towards employment is not adequately considered. For example an initiative may have been successful in making participants more likely to look for work and more employable, but at the same time these people might not have actually secured employment (Tusting and Barton, 2007).

Finally, it can be argued that there is also a conceptual complexity to assessing employability policy which stems from the fact that although the absolute abilities and qualities of individuals are important, economic and labour conditions also impact on the relevance of employability skills. In times of labour shortage more people become employable but when there is a surplus of labour it is possible to be employable but not in work (Simmons, 2009).

Despite these limitations it is possible to draw some important conclusions about what works in relation to employability policy design, which is the focus of the next section of this paper. The paper will now consider the policy response to providing employability skills for the following groups: school, college and university leavers, unemployed people and the existing workforce. Where possible, analysis of what works and why regarding the development of employability skills for specific groups has been highlighted.

## **5.2 Policies targeted at school, college and university leavers**

### *School and college leavers*

The evidence regarding what improves the employability of school leavers demonstrates a particular focus on the importance of employer engagement and the value of work experience. As one study focusing on young people and employability concludes:

‘This is an issue on which there was almost complete unanimity between employers and young people. Almost without exception, employers felt that young people who had undergone a period of work experience while at school (either through formal programmes or through part-time work) were better equipped than others for the world of work’ (Johnson and Burden, 2003, p. viii).

Policy has responded to such findings and to employer feedback regarding the suitability of school leavers for employment. The Education and Skills Act 2008 requires that young people in England stay on in learning to age 17 from 2013 and to 18 from 2015. In extending the number of years in compulsory learning the Act provides greater scope for employability initiatives to be implemented and responds to the hypothesis that the longer an individual spends in education the more likely they are to gain employability skills (as stated in Section 4 of this paper). At the heart of this is a desire for education providers

to work with employers to ensure young people have a variety of education and training opportunities available to them<sup>2</sup>.

To support a closer relationship between employers and schools DCSF has produced guidance to build understanding of employability skills for key audiences including: employers, schools, colleges, students and their parents and carers<sup>3</sup>. The DCSF has also just published guidelines for teachers and coordinators on enterprise education, including how schools can work with employers<sup>4</sup>. Currently there is little evidence of the impact coming from such initiatives.

Government has implemented a series of national initiatives aimed at providing employability skills to school and further education (FE) leavers with a particular focus on the 14-19 transition in post-compulsory to further education. As part of England's 14-19 reform programme, the Department for Children, Schools and Families (DCSF) has introduced standards and qualifications for functional skills (these include communication, team working, presentation, and problem-solving) and personal learning and thinking skills (PLTS) which together cover the competencies defined as 'employability skills'. The functional skills qualification is nearing the end of a three-year pilot and as such evaluations are not yet available. Support programmes have been put in place to help practitioners in schools and FE to deliver functional skills. There is a similar focus on Key Skills in the Welsh Baccalaureate and in approaches adopted by Northern Ireland.

In Scotland, Skills for Work courses are available for students aged 14-16 which focus on generic employability skills in a vocational context and are undertaken, in part, away from a school environment (in a college or with a training provider or employer). During evaluations of the Skills for Work pilots, interviewees felt that students had enhanced employability skills but difficulties arose in terms of closer partnership working between schools and colleges and difficulties engaging employers.

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2 Building Stronger Partnerships Employers: How You Can Support Schools, Colleges, Children and Families. DCSF (2008) / Building Stronger Partnerships Schools, Colleges and Children's and Families' Services: How Employers Can Support You. DCSF (2008): <http://publications.teachernet.gov.uk/default.aspx?PageFunction=productdetails&PageMode=publications&ProductId=DCSF-00938-2008&>

3 The Work-related Learning Guide, DCSF (2008): <http://publications.teachernet.gov.uk/default.aspx?PageFunction=productdetails&PageMode=publications&ProductId=DCSF-0048-2008&>

4 A Guide to Enterprise Education, DCSF (2010): [http://www.dcsf.gov.uk/14-19/documents/guide\\_to\\_Enterprise\\_Education.pdf](http://www.dcsf.gov.uk/14-19/documents/guide_to_Enterprise_Education.pdf)

Diplomas have been introduced as a new qualification for 14-19 year olds in England and seek to prepare students for university or employment. A defining concept of the new Diplomas is employer involvement in the design of the qualifications and the subjects seek to provide practical, work-related learning.

Other initiatives aimed at providing young people still in education with employability skills include Enterprise Education or Scotland's Determined to Succeed programme which focuses on enterprising teaching, entrepreneurial activities, work-based vocational learning and careers education<sup>5</sup>. Other initiatives focus more directly on school leavers these include, Get Ready to Work (Scotland), Skill Build (Wales), Training for Success (NI), Apprenticeships and increased access to skills development through the New Deal for Young People (available to 18-24 year olds).

The current financial downturn has placed a greater spotlight on school leavers as it is argued by some commentators that recent figures indicate an increase in the number of 16-18 year olds classed as not in education, employment or training (NEET). The 2009 budget outlined the government's policy responses to help mitigate the risk of the recession on school leavers and young people which may well impact on the employability of those who may be at risk of becoming NEET. A key policy is the September Guarantee which offers every 16-17 year old a suitable place in education or training and this was recently extended to apply to 16-17 year olds who are NEET in January as well. This formed part of the cross-government 'Backing Young Britain' campaign, launched in the summer of 2009 to provide support to businesses, public sector organisations and the voluntary sector to offer more apprenticeships, job opportunities and work placements for young people following the economic downturn. This includes a guarantee to every young person (18-24 year olds) who is unemployed for six months to be offered a job, training or work experience which was recently extended in the 2010 budget. In April 2009, the Government also announced that 20,000 school leavers in England will be offered the chance to undertake full-time community work in return for qualifications under the Community Service Scheme.

It is too soon to know the impact of such schemes on raising the employability skills of school leavers. However, there is evidence regarding the impact of community focused activity and volunteering in general and this indicates that impact is variable in terms of associated job outcomes. In a study of 783 volunteers, Hirst (2000) reported that whilst 88

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<sup>5</sup> Whilst targeting young people some of the initiatives are open to adults as well as young people and school leavers.

per cent of volunteers who were unemployed and looking for work believed that their volunteering experience would help them, only 41 per cent of those who had gained employment believed that their volunteering had supported them in getting their current job. The same research, however, does demonstrate that volunteering can increase employability skills, with volunteers who felt they had benefited citing that increased confidence, followed by work experience and proof of motivation and then the acquisition of specific skills were particularly important in helping them progress into employment.

In terms of best practice, in 2007, the Centre for Developing and Evaluating Lifelong Learning (CDELL) in the School of Education at the University of Nottingham in conjunction with the University of Exeter produced guidance to support the teaching of employability skills in the South West of England (CDELL, 2007). The guide, which was aimed at practitioners and all those concerned with developing employability skills, included some specific elements of delivery for both young people who are NEET and those in school or in further education and is summarised below:

#### **Developing employability skills for young people who are NEET**

- Work with young people in an 'informal' way, using different ways of learning, such as practical activities
- Give learners as much responsibility as possible by, for example, involving them in setting ground rules and arranging the timing of the sessions

#### **Developing employability skills in schools and further education institutions**

- Use learning strategies such as: workplace projects, problem-solving learning
- Identify the right teachers for the job, i.e. those who have high levels of experience in generic skills and workplace experience
- Consider how employability skills can be assessed
- Develop partnership arrangements with employers
- Implement work-related codes of conduct
- Give the students as much responsibility as possible
- Get the learners to quality check each other's work before the tutor does and encourage them to give and receive criticism in a positive way

#### *University leavers*

The need to develop a graduate pool of talent that meets the needs of employers is not a new area of discussion. In his paper *Employability in Higher Education* (2006) Yorke states that the employability debate for Higher Education was outlined in 1963 by Lord

Robbins who highlighted objectives of providing 'instruction in skills suitable to play a part in the general division of labour'<sup>6</sup>. In recent years however the debate regarding the employability of graduates has gained particular prominence with the rise of graduate numbers and increasing graduate unemployment following the economic downturn. In 1997 the Dearing Report<sup>7</sup> outlined the requirement for key skills, work-based learning opportunities and more collaboration between higher education and employers.

As indicated in section 4.1 overall employer perceptions regarding the employability of graduates has been positive and inadequacies have tended to focus on 'soft skills', such as communication and attitude, although these often need to be viewed in conjunction with specialist, practical and technical skills. Responding to these employability challenges requires action from government, higher education institutions and employers.

In September 2002 the Higher Education Funding Council for England (HEFCE) established the Enhancing Student Employability Co-ordination Team (ESECT) to provide support to higher education institutions (HEIs) to improve student employability and encourage employment-relevant learning in higher education. The team was appointed for 30 months and handed over its work to the Higher Education Academy at the end of February 2005. Between the two agencies a range of resources were developed to support providers in meeting the employability needs of their students.

More recently the Government's High Level Skills Strategy for England (DIUS, 2008) has one main goal related to employability: to generate more, and more employable, graduates (quantity and quality) and Government has outlined a number of opportunities for graduates to improve their employability skills, including:

- Graduate Talent Pool: the new (2009) graduate internship programme
- postgraduate study
- setting up their own enterprises
- volunteering

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6 Robbins L, [Chairman] (1963) Higher education [Report of the Committee appointed by the Prime Minister under the chairmanship of Lord Robbins, 1961-63]. London, Para. 25.

7 Report of the National Committee of Inquiry into Higher Education, chaired by Sir Ron Dearing, known as the 'Dearing' Report. The report, published in 1997 made recommendations about how HE should develop over the next 20 years to meet the needs of a changing student population.

- Teach First (a programme in conjunction with employers to encourage top graduates to teach for two years and develop leadership skills before entering industry)
- Short Knowledge Transfer Partnerships (SKTP): 10-40 week long projects based on a partnership between a graduate, an employer and an academic institution, aiming to address short-term business issues.

In the latest Welsh Higher Education Strategy (DCELLS, 2009) employability is stressed as a key outcome of the HE experience, underpinned by more learners undertaking work placements and greater collaboration between higher education institutions, further education institutions and employers. The Higher Education Funding Council for Wales (HEFCW) funds the Graduate Opportunities Wales Programme (GO Wales) which helps students and graduates build their employability skills and find work or work experience through:

- work tasters for students
- work placements
- support for students and graduates to get into work and launch their careers
- a Graduate Academy Programme to help underemployed and unemployed graduates to access work and work experience while developing their higher level skills
- a freelancers programme for graduates wishing to explore or take their first steps towards a freelance career

Evaluations of Go Wales have shown that work placements have impacted positively on graduate employability, especially soft skills such as communication, problem-solving and team working (EKOS Consulting, 2007).

In Scotland, The Scottish Funding Council's Employability Strategy (*Learning to Work*) has been in place since 2004 to support colleges and HEIs to develop their students' employability skills. A consultation was carried out in 2009 to update the Strategy which identified three priority issues: work placements; workforce development; and enterprise education and entrepreneurship.

In Northern Ireland, the new Graduate Acceleration Programme (GAP) designed to enhance the employability skills of unemployed graduates offers a 26 week work

placement alongside project work and specifically developed graduate qualifications. It is available to anyone aged 18 or over with a full degree who is unemployed or working less than 16 hours per week. It was developed by Business in the Community (BITC) in partnership with DELNI, Queen's University and the University of Ulster in response to the increasing numbers of unemployed graduates as a result of the economic downturn. The work placement opportunities and graduate qualifications are specifically designed to help graduates improve key employability skills such as project management, communication, leadership, team work, and analysis.

Guidance from ESECT (Harvey and Knight, 2003) acknowledges that policy and initiatives aimed at developing the employability role of higher education institutions has been met with some scepticism and some academic institutions have been required to make cultural changes to the way they operate which has resulted in universities engaging with the issue of employability to varying degrees (Harvey, Locke and Morey, 2002). Since those studies, the situation may well have improved and certainly many universities are making a concerted effort to recognise and reward employability skills held by their students, for example the University of Durham offers the Durham Award to students who can prove that they have developed exceptional employability skills.<sup>8</sup> To help provide a standard of practice HEFCE has developed Centres for Excellence in Teaching and Learning (CETLs) in Embedding, Enhancing and Integrating Employability (E3I) based at Sheffield Hallam University.

In the latest Higher Education Strategy for England (*Higher Ambitions*, 2009) the government has placed new requirements on universities to produce a statement explicitly outlining how they prepare their students for work. Universities must also outline how they will communicate information about the employment outcomes of their courses, and data on the destinations of graduates has been made available on the UCAS website since September 2009. The UK Commission is currently exploring how employability outcomes can be integrated into course labelling for further and higher education institutions which will empower customers to drive providers to embed employability skills.

Empirical research carried out with 34 departments in eight universities (Mason et al, 2006) found that the degree to which university students can expect to experience the development of employability skills can be variable depending on the institution and

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<sup>8</sup> See here: <http://www.dur.ac.uk/careers-advice/daward/>

subject. The research found that university employability initiatives could be broken down into three main types of activity:

- Teaching (embedded in the course or as standalone components), learning and assessment of employability skills
- Work experience (i.e. sandwich course degrees with work placements)
- Employer involvement in course design and delivery

The study concluded that work experience had a positive impact on entry into employment after six months and at a graduate level as did employer involvement in course design and delivery. The longevity of impact on career development however did not appear to be significant; it may be that work experience gives people an initial advantage but other people do then 'catch up'. There was no evidence of a significant impact from university departments teaching, learning and assessing employability skills. The research therefore concluded that employability skills were probably best learnt in the workplace rather than in classroom settings at graduate level.

Despite the short-term benefits of sandwich courses there has been a decline in the proportion and absolute number of sandwich courses over the last 12 years; in 1994-95 10.5 per cent of all undergraduate students were classified as being on sandwich courses compared to 6.5 per cent in 2006-07 (CBI, 2009).

A long-term study carried out in Scotland reported that work experience has emerged as one of the key determinants of graduates finding suitable employment (Denholm et al, 2003). In their report the authors refer to work on graduates undertaken by Harvey et al in 1997 which concluded that 'if there was to be a single recommendation to come from the research, it would be to encourage all undergraduate programmes to offer students an option of a year-long work experience placement and employers to be less reluctant to provide placement opportunities'.

The research above demonstrates the value of employer engagement within the HE system which is reflected in all four nations' employability strategies. In 2006 in England, Higher Education Skills Pathfinders (HLSP) were developed as part of a broader employer engagement programme in England. The HLSP's objectives being to:

- Embed HE in employer workforce development and skills strategies regionally, sectorally and nationally;
- Embed workforce development and skills in HE providers' strategies;

- Promote greater co-funding of HE provision by employers<sup>9</sup>.

In the latest Higher Education strategy for England, employers have also been asked to work with HEIs and the UK Commission to understand how university programmes respond to need.

Other suggested approaches to delivering employability skills were highlighted in *The Teaching, Learning and Assessment of Generic Employability Skills* report (CDELL, 2007) and the recent CBI report, *Future Fit* (2009):

#### **Developing employability skills within higher education**

- Show students how the content and delivery of courses develops employability skills, such as the ability to work autonomously and collaboratively, and to communicate effectively
- Use degree-based work placements with business and other organisations as part of undergraduate and post-graduate degree programmes
- Use both structured voluntary work and extra-curricula activities to encourage reflective learning and to support the development and ethos of employability skills
- Personal Development Planning should be used to integrate all the opportunities for students to develop their employability skills
- Create a specific brand for employability skills, separate from the Careers Service to demonstrate the importance of transferable skills
- Ensure leaders champion the importance to deliver students with employability skills

Whilst the suggested actions outlined above could improve the way that employability is addressed in higher education they also demonstrate the importance of policies and institutions getting the right balance between integration within the curriculum and employability as a stand alone higher education activity.

### **5.3 Policies targeted at unemployed people**

Previous sections in this briefing identified the importance that employers place on employability skills and both policy and programmes have sought to respond to these findings by attempting to ensure that services equip workless people with the employability skills desired by prospective employers.

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<sup>9</sup> Higher Level Skills Projects Brief for Regional Partners, HEFCE, April 2006.

The need to increase employability levels alongside skills has been central to Government's policy response to tackling worklessness and in particular Government's intention to integrate the employment and skills system:

'the sustainability of employment is likely to improve substantially with better integration between employment programmes and programmes for raising skills' (NAO, 2007, p11).

The move towards a more integrated employment and skills system across the UK has seen greater emphasis on providing a system that does not simply view provision as being either work first or train first but can provide a combined approach allowing people to develop employability skills (amongst others) alongside employment search activity. In England, this will be underpinned by the new single purse fund (from 2011) jointly owned and funded by the Department for Work and Pensions and the Department for Business, Innovation and Skills, to purchase skills and training packages for individuals on out-of-work benefits.

National initiatives that demonstrate this shift include Skills Health Checks, which have been implemented within key Government support programmes such as the Integrating Employment and Skills Trials and Flexible New Deal. In such initiatives the Skills Health Check is used to determine a person's skills levels (including employability skills) and recommend specific courses to fill any identified skills gaps. Working with SSCs and the Learning and Skills Council (LSC), Jobcentre Plus has developed nine industry-focused pre-employment training courses. The introduction of skills accounts in England will also enable individuals to see all the skills training they can access in their local areas to help them get into and stay in work including employability skills. Devolved administrations have also developed specific programmes to develop employability skills among unemployed people: Skill Build in Wales offers 'tasters' of different work environments and support to overcome motivational barriers to employment alongside basic skills learning and opportunities to acquire vocational qualifications; Training for Work in Scotland seeks to support long-term unemployed people to get back to work through a combination of work experience, job search skills and skills upgrade activity; and in Northern Ireland the Bridge to Employment programme's main objective is to provide customised training to equip unemployed people to compete for new employment opportunities.

Evidence suggests that developing skills (including employability skills) at any level can help improve employment chances, and this may be particularly the case for those more distant from the labour market and currently workless. A large scale survey undertaken in

2007 on behalf of the Learning and Skills Council (LSC) looked at the impact of learning on employability for learners receiving out of work benefits selected from the LSC's Individualised Learner Record database (LSC, 2007). A key finding was that there were positive effects from learning for welfare recipients in terms of both moving into work and improving employability. Only 10 per cent of the learners surveyed had been in work prior to the start of their courses, but 38 per cent had gone on to work at some point after finishing their courses. The report, however, also found that positive job outcomes were less likely amongst those experiencing multiple disadvantages (defined by attributes of disability, having financially dependent children, ethnicity and low level qualifications). It should therefore be recognised that increasing employability skills in isolation may not be enough to move people into employment and that employability skills should be delivered as part of a holistic package of support that meets individual need.

A study that focused on unemployed people by Nickson et al (2003) undertook research on a pilot programme in Glasgow which sought to build the confidence of participants, to improve social skills, motivation and widen perceptions of the job opportunities available in the local economy. The training programme also aimed to educate participants about the recruitment and selection criteria used by local employers, and offered training in the skills needed to come through these processes successfully, as well as advice on how to maintain and progress in employment. The review of the pilot course identified two aspects of delivery that were particularly useful:

- Increasing confidence levels
- Building awareness of the importance of soft skills and self presentation in securing and maintaining a job

The importance of developing soft skills to support long-term unemployed people enter employment was also emphasised in research carried out by Newton et al (2005a) for the Department of Work and Pensions (DWP). This research recommends that the strong focus employers now place on personal characteristics and soft skills means that any employment preparation, which leads candidates to improve and hone soft skills is likely to contribute to a positive employment outcome.

There have been a number of studies in the UK and internationally to help show what works and what does not in terms of helping people into employment, which are as relevant to employability programmes as they are to any other support programmes. Suggestions of good practice include but are not restricted to the need for:

- Employer involvement
- Geographically focused initiatives, with local partnerships taking a strategic approach based on local knowledge, and providers having the flexibility to use what works locally
- Skilled, knowledgeable and flexible personal advisers
- Taking a holistic approach
- A tailored approach for individuals

In terms of the type of service delivery that specifically enables workless people to gain necessary employability skills there is consistency of message from school leavers and graduates that work placements were effective ways to learn. Newton (2005a) found that work trials were a particularly valuable way of improving employability amongst the long-term unemployed.

Similarly (although not specific to employability skills), a frequently cited Irish study by O'Connell and McGinnity (1997) concluded that higher placement rates, longer job durations and higher earnings were associated with training programmes with a stronger 'market-orientation' (i.e. that involve private sector placements with a strong focus on on-the-job training) as opposed to programmes with weak market linkages (i.e. classroom based training). Their study suggested that specific skill training with market linkages had more impact than more general training programmes or job-creation schemes.

The National Research and Development Centre for Adult Literacy and Numeracy has reviewed government programmes for unemployed people and jobseekers since the 1970s. Their findings suggest that in relation to literacy, language and numeracy three key components increased the likelihood of effective employability policies and programmes (Tusting and Barton, 2007):

**Tailored individual solutions:** Flexibility and responsiveness to client aspirations. Clients need to perceive that they have a choice and feel that they are in control of their decisions if they are to be properly engaged in their learning. Not all jobseekers need support in literacy and numeracy for example, so this should not be provided to all, but instead made available only to those who require it. The key point is that programmes should be tailored as much as possible to the individual.

**Positive, supportive relationships with personal advisers:** Positive relationships with advisers and trainers are what enable programmes to be responsive and tailored to individual needs. These relationships need to be long-term as individual aspirations and needs develop and emerge over time as trust is built up.

**Subsidised jobs:** In terms of getting into work, subsidised jobs have proved to be the most successful approach and more successful than education and training. However, the teaching of basic skills where appropriate is valued by employers and clients alike, so the best approach to improving the employability of unemployed people is probably to focus on subsidised jobs as the principal approach, whilst offering education in basic skills to those who need it.

Intermediate Labour Markets (ILMs) are a form of work trial or subsidised employment providing temporary waged employment for the unemployed in a genuine work environment with support to assist the transition to work, typically for those regarded as the least employable. Supporting the claims about the value of subsidised employment made by Tusting and Barton (2007), an international review and survey of ILMs carried out for the DWP (Finn and Simmonds, 2003) found evidence that the waged work experience provided by ILMs resulted in better preparation for a real job than education and training, and that ILMs generate relatively high job outcomes. The study suggests that there are common elements to successful ILM programmes which have useful implications for effective employability policies:

- Targeting of the most disadvantaged
- Targeting of geographical areas
- Devised and controlled at the local level
- Managing the transition from benefits to a waged employee
- Support services for the individual employee
- Access to training
- Work that is close to conventional labour market conditions
- Local partnerships
- Integration of national initiatives
- Investment in staff capacity

#### **5.4 Policies targeted at the existing workforce**

Section 4 of this paper has acknowledged the role that employability skills play in ensuring sustainable employment and continuing professional development for people already employed.

A strand of thought running throughout this briefing has been the importance of employers in developing policy and designing and implementing employability skills initiatives. The pivotal role of employers is perhaps even more important when considering the employability skills of existing employees as the employer often assumes the role of gate-keeper to employees accessing employability skills programmes. In light of this, policy has sought to engage with employers and provide them and their employees with programmes that are likely to be welcomed by both parties.

Networks have been developed to increase the employer 'voice' within the employment and skills system in terms of articulating the skills required in future employees and with regard to upskilling their current workforce (e.g. through Employment and Skills Boards, Local Employer Partnerships and Sector Skills Councils).

Initiatives that have focused on the skills of existing employees have included Skills Pledge, Unionlearn and Train to Gain. The Basic Skills Pledge in Wales and the Skills Pledge in England have both been introduced to gain public commitment from employers to raise the skills of their existing workforce (in Wales this is to basic skill level and in England this is to Level 2). Unionlearn supports Union Learning Representatives in working with employers to embed a culture of learning in the workplace and engage workers across the board in improving their competencies. Train to Gain focuses on increasing employer awareness of the training options for low skilled staff by providing impartial advice to help identify skill needs and select the best provision available to meet those needs. Public funding is provided alongside employer investment to reduce financial barriers to training. Similarly, the Essential Skills Programme and Training for Success in Northern Ireland and the Wales Workforce Development Programme also provide support for employers to involve their staff in training.

Comprehensive understanding of the value of such initiatives is still being developed. However recent evaluations of Train to Gain have shown high levels of employer satisfaction with the training they received with three-quarters of surveyed employers reporting that the training gave their employees useful job-related skills (NAO 2009, Ofsted 2009). Both the NAO and Ofsted evaluations found that employees had made good gains in their 'personal skills, knowledge and understanding' as a result of Train to

Gain, including reports from learners of improvements in 'work skills, self-confidence and attitude', which would suggest improvements in employability skills. Critical to this success was the direct involvement of employers in the programme (Ofsted, 2009), suggesting that the involvement of employers in employability skills training is a key factor.

On the other hand, evaluations have also suggested that the skill needs of employers are not being fully assessed in Train to Gain and that there is an emphasis on accreditation of existing skills rather than gaining new skills. In its latest skills strategy, *Skills, Jobs, Growth* (UK Commission, 2009c) the UK Commission recommends that funding for 'assessment only' Train to Gain provision, which does not increase employee's skills, be reduced or eliminated and public funds be reoriented towards training which will raise workforce skill levels, focusing on basic and employability skills.

Despite the initiatives outlined above, *Ambition 2020* (UK Commission, 2009a) shows that roughly a third of UK employers do not provide training to their staff, and within OECD countries the UK ranks below average in the time spent by employees undertaking job-related training. *Ambition 2020* also shows that people at the lower end of the skills spectrum with least qualifications receive proportionately less training. There is some debate about the extent to which programmes designed to encourage employers to train their less qualified staff are targeting such employees. A recent National Audit Office report (2009) has questioned the value for money of Train to Gain and its impact on 'hard to reach' businesses who do not traditionally train, with a key concern being the additionality of its public subsidy arrangements. A real challenge will be to develop policies that increase both employer ambition and individual opportunity regarding developing and utilising employability skills.

There is limited evidence regarding the linkage between employability skills and sustainable, progressive employment. However there is evidence that acquiring skills and workplace learning can increase job security (Blundell et al, 1996) and increase employee confidence (for example see reviews of Train to Gain by NAO and Ofsted as above). In terms of the type of employability provision that can help people to stay in employment, ongoing support once an individual is in work over a longer period seems to be particularly effective, rather than curtailing support once someone has moved into employment. In a recent report the Joseph Rowntree Foundation (Meadows, 2008) drew on evidence from a number of authors to suggest that to encourage job retention, the kinds of in-work support which can be particularly beneficial is employability training in soft skills, and job search techniques and help in developing a work-focused lifestyle.

Overall the evidence is far from comprehensive regarding the ability to develop and the subsequent impact of developing the employability skills of existing employees. Bassanini (2004) suggested that there is not enough knowledge about what works and that there is 'a lack of consensus [in the OECD] on the appropriate policies needed to upgrade workers' skills' (he refers to what works for those receiving training in work as well as those out of work). He suggests that there are gaps in knowledge of the impact of training on employed workers: little is known about the effects on workers employment prospects generally and specifically for certain groups; little is known about the links between training and employment security; and many studies do not look at displacement effects.

## 5.5 The Commission's vision for what works

An overview of the evidence regarding what works in terms of employability policy and initiatives has highlighted that a one size fits all approach is unlikely to maximise outcomes. Policies and initiatives need to encourage flexibility so that they respond to the individual needs of different people with varying employability requirements and different employers.

However, there are a number of common elements which apply to successful employability policies for all groups which have emerged from this review. Of key importance for all groups is direct experience of the world of work through placements, tasters or subsidised jobs, commitment from providers to developing employability skills and the engagement of employers in both the development and implementation of employability policy.

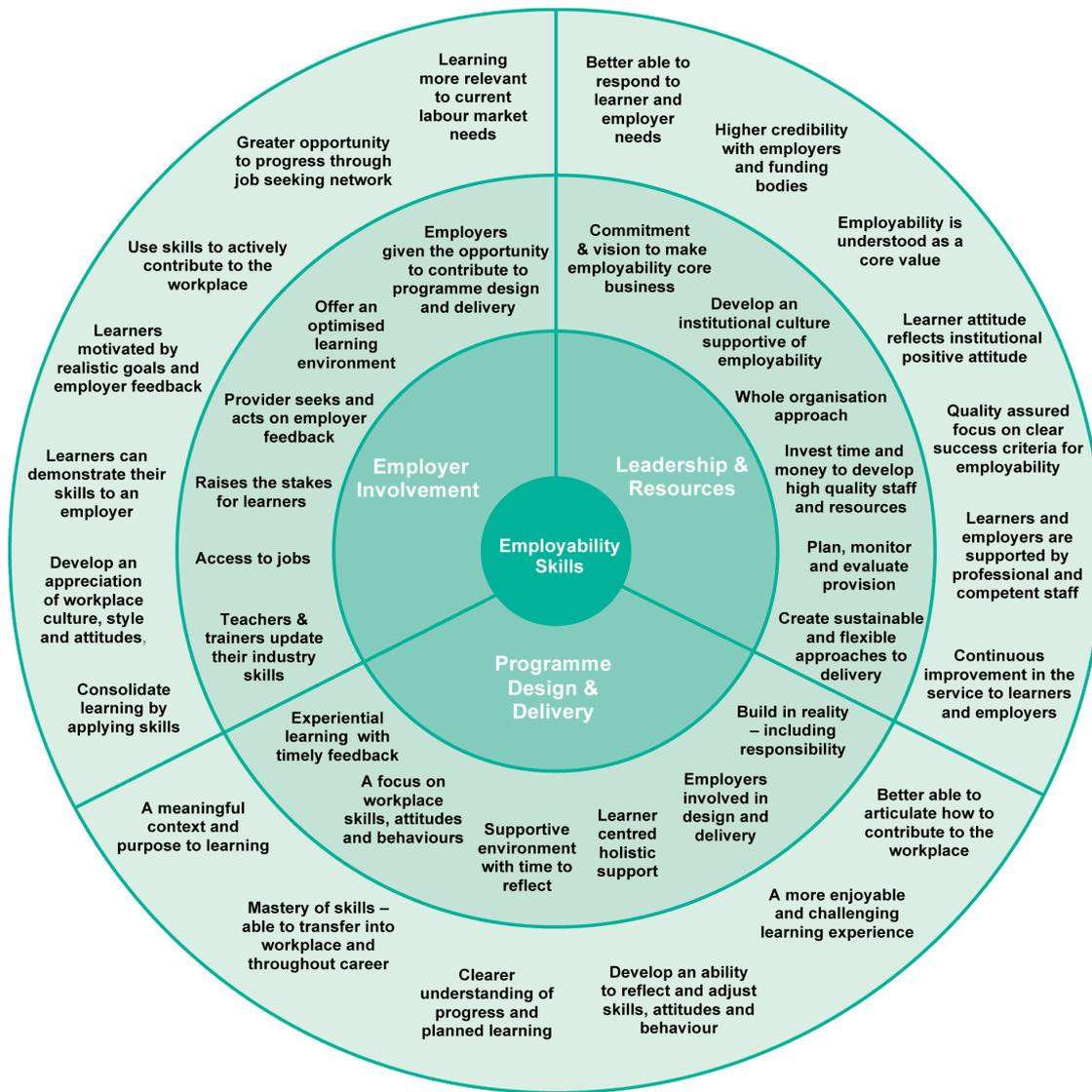
A recent UK Commission for Employment and Skills report (*The Employability Challenge*, 2009) argues that core aspects of developing successful employability programmes include:

- **Experimental action learning:** using and understanding the value of skills rather than simply acquiring knowledge;
- **Work experience:** preferably through work placements, but otherwise in classroom activity that simulates workplace characteristics;
- **Reflection and integration:** preparing to put the employability skills into practice within different environments.

*The Employability Challenge* report outlines in greater detail the potential elements for both developing and delivering successful employability programmes (which goes beyond

the scope of this briefing). Elements were grouped under three main headings: employer involvement, leadership and resources, and programme design and delivery and are summarised in the following diagram:

**Employability wheel – critical factors**



Key	
Inner circle:	critical factors
Middle circle:	key features
Outer circle:	impact on learner, employer and provider

## **6 What are the Key Challenges and Barriers in Employability Skills Policy?**

This section moves on from discussing the evidence of good practice within existing employability skills policies and initiatives to highlight some of the key challenges and barriers to improving employability skills in the UK moving forward.

### *Engaging employers*

Section 5 identified the critical role that employers play in the design and implementation of successful employability skills policy. Several existing employability initiatives in the UK have sought to respond to this need by involving employers either at the strategic or practical level. However, the success in engaging employers is extremely variable and a review of employability policies undertaken for the UK Commission (2008a) found that many evaluations of these existing initiatives noted difficulties in engaging employers to support individuals to develop their employability. A key challenge, therefore, is getting a variety of employers involved in the development and also the delivery of employability initiatives.

Fundamental to the success of future employability initiatives is ensuring that employers are able to adequately identify and articulate their skill needs, and that they have a route through which they are able to make these known to policy-makers. There is evidence that indicates that some employers are poorly-positioned to do this. For example, the most recent National Employer Skills Survey for England reported that only 43 per cent of employers had a training plan which specified in advance what training employees would receive over the coming 12 months (UK Commission, 2010a). This indicates that many employers have not formally thought about their skills and workforce needs and how these relate to business needs for the medium to longer term which is likely to impact on their ability to identify their future skills requirements and thus shape future provision. This highlights the importance of policies around high performance working which support employers to improve the way they manage their business and in that context understand their workforce development needs, including employability skills.

Employers also need to be made aware of the range of employability initiatives that already exist. Again, the indications from survey research demonstrate problems in terms of the awareness amongst employers about education and training provision. For example, 46 per cent of employers interviewed for the UK Commission's employer perspectives survey stated that a 'lack of knowledge about the range of provision

available' represented a barrier to further developing the skills of employees in their establishment. Furthermore, there are a growing range of qualifications available for certifying employability skills (Greatbatch and Lewis, 2008) and this is likely to cause confusion for employers. Research by Tony Gore (2005) refers to studies that found most employers remained resistant to the idea that they have a positive contribution to make to improving employability.

There is strong evidence that work experience in particular is effective in improving the employability of different groups. However, some studies have found that it is difficult to get employers to offer this. For example, the Training for Success initiative in Northern Ireland found that some employers were not willing to take on young people on placements. Given the clear evidence on the value of this activity, getting more employers involved in providing opportunities to experience the 'real' workplace environment is a key challenge for policy-makers and education and training providers, and it will be interesting to monitor the success of initiatives such as the Work Inspiration campaign which aim to stimulate employer interest in providing work experience and placements. Suggestions in the recent Scottish Funding Council consultation on employability included developing additional placements through strategic partnerships with the public sector, with industry groupings facilitated through SSCs and through more placements with SMEs (SFC, 2009).

An additional challenge lies in perceptions of external education and training provision. The Learning and Skills Councils' study on recruitment and training amongst large employers for example found that most respondents felt that in-house training was generally better than public sector-funded training (LSC, 2008b). In addition there are negative perceptions amongst some employers about schools and colleges. As Johnson and Burden's (2003) study found, although some employers had positive things to say about educational establishments, a sizeable number of employers were cynical and/or negative about the role played by schools and colleges in providing young people with the skills they need to be employable.

As previously explained, employability skills are not just about initially accessing employment but also about maintaining and progressing through a career. A key challenge here lies with making sure employers fulfil their responsibility to keep their employees' skills up to date and provide training and development in key employability skills which build on initial skill sets. The evidence is that a significant amount of employers are not currently doing this. In the 2005 Skills for Business Employer Survey (SSDA, 2005) for example, employers were asked to indicate whether they had provided

training in 'key generic skills' (defined as literacy, numeracy, customer services and oral communication skills, planning and organising skills) for their employees over the last 12 months. Only 28 per cent of establishments had provided such training, with substantial variation by establishment size: 17 per cent of micro establishments had made available generic skills training compared with 79 per cent of the largest establishments. As explained previously in this paper, where training and development does take place, it tends to be focused on the most highly skilled employees.

Encouraging employers to develop the generic skills of their workforce, particularly among low skilled employees remains a key challenge. This challenge may stem from reluctance among employers to provide development opportunities for employees in what they perceive as essentially transferable skills in contrast to technical skills which are perceived as more 'trainable'. Similarly, there may be a view among employers that developing basic and employability skills of individuals is the responsibility of the state and should have been provided through education prior to work (Ipsos Mori, 2009). Other potential barriers to employers providing generic skills training (both informal and formal) might include their own ability to identify and address employability problems among their workforce and more general barriers (for example information, time and resources). These barriers present challenges for policy-makers in terms of engaging, and in some cases expecting, employers to provide opportunities for employees to develop basic and employability skills.

A key part of engaging employers also lies in challenging some of their perceptions, particularly about long-term unemployed people. Several studies have found that employers have negative perceptions about those who have been out of work for a long time, with some employers perceiving that such candidates lack any work preparedness and are more likely to quit at short-notice (Newton et al, 2005a). This employer prejudice prevents some from taking part in employability initiatives aimed at long-term unemployed people (for example by offering work placements), or recruiting people that have been out of work (Nickson et al, 2003), and as such it presents a major challenge for policy-makers. Furthermore, there is also evidence that some of the recruitment and selection practices used by employers (for example some employers insist on previous relevant work experience in order to be considered for a job) presents a large obstacle for long-term unemployed people and other groups (Nickson et al, 2003, Belt and Richardson, 2006).

A final and possibly more fundamental challenge regarding employer engagement relates to the argument that the skills system has failed to interpret the true meaning of

'employer-led'. Commentators suggest that the misunderstanding of what being employer-led really means has resulted in employability policy and programmes engaging employers and responding to their short-term labour needs rather than ensuring development of sustainable employability skills (Gore, 2005).

### *Addressing 'skills mismatch'*

In the discussion in Section 2 above, it was explained that the increase in employment in the service sector, the widespread growth in the use of ICT and the changing nature of work have all brought new skill demands from employers, with IT skills, soft skills and flexibility particularly coming to the fore (see for example the UK Commission's National Strategic Skills Audit, 2010). It is of course crucial for businesses and for the success of the UK economy that education and training provision responds to these new demands, and that there is a match between the skills needed and the skills held by people looking for employment. However, there is some evidence that education and training provision is not responsive enough and not meeting the needs of employers in the evolving economy in some local labour markets, particularly in terms of vocational provision. In other words, there is evidence of a 'skills mismatch', and this is a key challenge that needs to be addressed.

The research discussed in the previous section by Nickson et al (2003, 2004) into the employability skills training programme delivered by The Wise Group in Glasgow found that although most of the growth in Glasgow's economy was taking place in the service sector, particularly in hotels, restaurants and retail, little in the way of vocational training was being provided for these areas of work, with the focus often on occupations that are actually in decline such as administrative and clerical work. The researchers argue that much training provision is rooted in a traditional approach, and has not responded to the needs of the changing economy.

Another study looking specifically at the provision of pre-employment training for call centre work in the North East of England (Belt and Richardson, 2006) found evidence of mismatch in understanding between training providers and employers over the skills needed in some key areas, which had a direct impact on the employability of individual participants. While call centre employers said they tended to place more emphasis on social as opposed to technical skills, on the whole, the initiatives examined focused primarily on technical and specifically IT skills. All programmes included some training in social skills, but the effectiveness of this was questionable. Trainees were enthusiastic about their abilities in this area, but several employers said social skills, and particularly

how they were presented in selection processes, were the key area of weakness amongst job applicants from the training courses. A key problem here was that the links between local employers and the training organisations studied were not very well developed.

There is a need for the policy-making community and training and education providers to better understand the new skills that are regarded as fundamental to being employable by businesses. Employability skills, particularly person-to-person and aesthetic skills are not easy to define and accredit with formal qualifications, and this can be problematic for education and training providers and funders. However, there needs to be action to ensure that the education and training provided better meets the needs of employers (Nickson et al, 2003).

#### *Engaging 'hard to reach' individuals*

It is not only employers that need to be better engaged with initiatives targeted at improving employability. Individuals also need to be given more opportunities to engage in activities to improve their employability and basic skills, and this is most challenging with the lowest skilled or 'hard to reach' groups experiencing multiple difficulties.

An important challenge here relates to access to employment-related information. There is evidence that the most disadvantaged individuals such as long-term unemployed people and lone parents encounter difficulties in accessing advice on the employment and learning opportunities available to them (Cabinet Office, 2008). Although the situation has been improved, there is a need for better labour market and careers information and advice at the point of exit from school and higher education and through organisations such as Jobcentre Plus. In addition, related to this, there is evidence that those that have been out of the labour market for some time tend to aspire to jobs in which they have had previous experience or have some knowledge. In some local areas, these jobs can be in declining industries, and there is a lack of understanding amongst this group about where the new opportunities are and what sorts of skills (including employability skills) are required (Nickson et al, 2003).

Working with long-term unemployed people and disadvantaged groups also requires a holistic approach and action to address a wide range of individual problems and barriers to work (Lindsay et al, 2007). Serious barriers such as the perceived financial disincentives to accessing training, attitudinal barriers such as lack of confidence and the intimidating image of formal training can all negatively affect motivation for some individuals (Newton et al, 2005b).

The UK Commission's review of employability policies (2008a) notes that programmes to engage workless individuals are most likely to work with individuals who are easiest to help, and there has been a focus on 'quick wins' (Lindsay et al, 2007). A key challenge moving forward therefore lies in ensuring programmes reach the most disadvantaged and disengaged. Are there, for example, any further incentives available to encourage individuals to engage? Could more effective partnership working across government departments and agencies ensure that the required holistic approach to provision for 'hard to reach' individuals is employed? The UK Commission's earlier review also notes that where organisations are working in partnership to deliver a holistic approach it is important that there is clarity over roles and responsibilities and that ownership of the process is not lost. The UK Commission's work on tackling exclusion is currently exploring how the system encourages providers to work with the hardest to reach individuals and will recommend further action. The Customer Journey project is also investigating how the system can better support individuals to get in and on in work and will make recommendations in the summer 2010.

#### *Focusing on sustainable employment*

As discussed above, employability is not only about moving into employment, it is also about having the skills and abilities needed to *keep* a job and progress in the workplace. Sustainable employment relies on equipping people with the skills they need to stay in work rather than just get a job and on ensuring that these skills are updated as appropriate.

In Sections 3 and 4 of this paper attention was drawn to the fact that there are a significant number of people in the UK that cycle between work and benefits. Addressing this issue represents a major challenge. There is little research evidence that explains the reasons why people do not remain in employment. However, there is some indication that some training programmes appear to be primarily geared towards getting people into jobs rather than focused on the *sustainability* of these jobs. Belt and Richardson (2006) for example found that the training initiatives they studied in the North East of England carried out little (if any) comprehensive research tracking the fortunes of their ex-trainees. This is in spite of the fact that there were some signs of potentially worrying problems with some ex-trainees reportedly leaving their jobs only a short time after securing them. Indications from local employers suggested that some of those graduating from training courses had experienced difficulties making the transition into work, particularly in handling the pressures of the work environment. Addressing the potential difficulties in making the transition into work is a key challenge for those concerned with improving employability.

### *Raising the profile of employability skills for providers and individuals*

Several studies outlined in Section 5 identified the need for education and training providers to prioritise and embed employability skills into their provision. Factors that contributed to the successful implementation of employability initiatives included leadership support within the institution or provider, adequate resource, skilled teachers and measures of success. For such factors to be encouraged and implemented within education institutions and training providers key policy drivers and challenges need to be considered, these include: providing a clear steer as to where the responsibility lies for ensuring employability skills activity takes place; developing clarity about who is best placed to deliver different employability skills within different types of learning organisations; identifying the skills required to develop individuals' employability skills and ensuring these are adequately covered in teacher training courses (for example direct experience of industry); ensuring employability skills are reflected in performance measures, built into the inspection processes and celebrated; and ensuring adequate resource in a period of growing demand and tighter public expenditure.

As well as increasing the profile of employability skills within education and training providers a further challenge relates to the need to increase the profile and awareness of the importance of employability skills for individuals. The Industry in Education report (1996) found that young people did not consider how their personal qualities and character might influence their career, believing that employers were only interested in qualifications. A recent investigation into young people's views about employability (Edge, 2010) found that young people did recognise that experience was important (alongside qualifications) but often only as they got older, either at university or when trying to enter the job market. Until learners fully appreciate the role that employability skills can play in supporting their career development it is unlikely that they will fully engage in gaining them.

## **7 What Further Needs to be done? Suggested Next Steps**

In scoping out current policy and best practices on employability, this review has pointed to a number of key evidence gaps and policy challenges which indicate potential areas for future research and policy development. These areas are summarised below. This report does not seek to identify how these gaps should be addressed but rather to stimulate thinking across the employment and skills system and will help inform the Employability Challenge project going forward.

### *Building the evidence*

#### **1. Understanding the extent of the employability problem**

- There is a need to focus attention on the validity of employers' assessments of the extent of the 'employability problem'. Whilst evidence highlights a significant issue (for example in the recent UK Commission National Strategic Skills Audit) we do need to understand this more fully. Further probing into why employers do not recruit certain groups, i.e. school-leavers, and the role of employability skills within that decision would be useful.
- There is a need for some high quality qualitative work that helps get behind the survey data on problems with skills shortages, and that tells us in detail about the nature of the problems. For example, how are shortages in employability skills impacting on productivity, profitability and service delivery? This could also build a better understanding of the business case for investing in employability skills.
- Some researchers have raised questions about how the growth in importance of soft skills might impact the most disadvantaged members of society. There is a need for more research to establish whether the new soft skills required by employers are exacerbating the social exclusion of certain groups who may not have these skills and, if so, how this can be tackled.
- Similarly, it would be useful to better understand whether there are particular sectors, occupations or types of business where specific employability skills are particularly important or insufficiently supplied.

#### **2. Understanding employability skills for different groups**

- As this review has shown, a number of different definitions for employability skills exist. However, these definitions are often 'catch-all', and presented as if they apply equally to all social groups, and to those seeking work and already in work. It might be useful for more research that looks at whether employer requirements and expectations in terms of employability skills vary for different groups which could provide useful insights for employability policies aimed at different cohorts.
- The evidence on the importance of communication and interpersonal skills or 'soft skills' to employers and to business success is overwhelming. However, there is a need to interrogate this further and to better understand *precisely* what employers mean by 'soft skills' and how education and training in these skills are best delivered.

### **3. Understanding skill mismatches**

- The problem of 'skills mismatches' particularly in respect of vocational education provision was highlighted in this review and is explored more extensively in the UK Commission's National Strategic Skills Audit (UK Commission, 2010b). More research is needed in this area to understand variations in such mismatches and the implications for future policy around the supply and demand for skills.
- It would be useful to have more evidence from the perspective of individuals about employability skills, particularly given the emphasis on individuals to continually update and develop their skills in order to remain employable. For example, what do different groups of individuals feel are necessary for work and how do they build their own employability? Evidence from the individual perspective could shed light on why there might be mismatches with employer expectations and would be useful to inform policy seeking to raise individual ambition and to improve employability provision.

### **4. Understanding what works and the role of employers**

- There is a lack of research and evaluation, particularly involving detailed case studies, that identifies good practice in delivering employability skills programmes. The UK Commission's examination of twenty case studies as part of the Employability Challenge work programme (February 2009) is an important start. Enhancing the evidence base in this area to ensure that advice is provided on strongly robust grounds and to enable learning from good practice across the UK will continue to be a challenge.
- More research considering the role played by employers in developing employability skills in the workplace would be valuable, looking at the extent and type of training provided in this area, and setting out good practice, as well as making recommendations to increase training activity.
- The problem of individuals cycling between work and benefits has been highlighted in this review. There is a lack of evidence on the reasons why people do not stay in employment, and research that looks specifically at the role of employability skills in this would be valuable. In particular, work involving tracking individuals through training and into employment would provide useful insights that could inform policy on promoting sustainable employment.

### *Policy considerations*

#### **1. Measuring and assessing employability**

- Evaluations of the impact of policies on employability skills development are very limited, particularly with regard to long-term unemployed people. Policy-makers need to review how employability skills are best measured and assessed among different groups and use this to evaluate the impact of employability policies on the development of employability skills among different groups. This might include outcomes-based measures around sustainable employment and progression once individuals are in jobs. The UK Commission will be taking forward work in this area in 2010.

#### **2. Engaging individuals**

- There is a need for policy-makers to focus on raising employability skills among the most disadvantaged and low skilled individuals who are furthest from the labour market. Policy-makers need to consider what further incentives and levers could be used to help these individuals' access information advice and guidance on employability skills and engage with employability schemes. This will require a shared goal of sustainable employment among different organisations albeit with clearly defined roles and responsibilities.
- This review has highlighted the difficulties of achieving sustainable employment for long-term unemployed people and re-cycling between work and benefits. Addressing the potential difficulties in making this transition into work is a key challenge for policy-makers and, as outlined above, a better understanding of the role of employability skills and associated training in how people move into employment would provide useful insights that could inform policy on promoting sustainable employment. For example, it may be that more support is needed for individuals in the early days of employment.

#### **3. Engaging employers**

- There is a need to focus on developing policy levers which encourage employer engagement with employability programmes. These might include building the business case for employer engagement in employability schemes; forging closer relationships between schools, colleges and employers; and initiatives to raise awareness of existing schemes and how employers can become involved.

- Policy needs to encourage more employers to offer more work experience placements, for example by providing incentives, recognition and rewards.
- There is a need for policy-makers to focus on smaller employers, who are less likely to have the time and resources to put into generic skills training. Public interventions could be used to develop and support training for SMEs on a collective basis.
- Specific initiatives could be developed to challenge negative perceptions some employers may have about school leavers or long-termed unemployed people.
- Whilst employer engagement is critical to employability policies, policy-makers should be mindful that 'employer-led' provision might overlook investment in and development of basic and transferable employability skills among the lowest skilled workers. As outlined in the UK Commission's skills strategy, public resources should be targeted towards these types of basic and employability skills.

#### **4. Embedding employability**

- Employability skills are frequently part of wider education and training programmes. Policy-makers need to consider how the importance of employability skills within these programmes can be assured and adequate resourcing provided, for example through leadership support or performance measures. The UK Commission has been exploring how employability could be measured in the system, and will be reporting its findings later this year.
- Linked to this, greater appreciation within policy for how best employability skills can be taught within different learning environments and to different groups of learners is important. This will require closer collaboration between schools, further and higher education providers and employers.
- Effective teaching of employability skills will be critical to success. Policy-makers need to consider requirements for teachers who teach employability skills (i.e. industry-experience), teacher training for employability skills and partnerships between staff in schools and further education providers.
- Successful employability initiatives need to be celebrated and communicated among employers and providers in order to identify and encourage best practice.

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