

# Emerging stronger:

the value of education and  
skills in turbulent times

Education and skills survey 2009



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# Contents

<b>Foreword, CBI</b>	<b>04</b>
<b>Foreword, Nord Anglia</b>	<b>05</b>
<b>Executive summary</b>	<b>06</b>
<b>Respondents</b>	<b>10</b>
<b>1 Coming through the recession in good shape</b>	<b>12</b>
<b>2 Working together to gain the skills we need</b>	<b>16</b>
<b>3 Working on the basics</b>	<b>22</b>
<b>4 Inspirational managers: leading from the front</b>	<b>24</b>
<b>5 Graduates with strong employability skills have the edge</b>	<b>26</b>
<b>6 STEM for tomorrow's world</b>	<b>32</b>
<b>7 A critical time for apprenticeships</b>	<b>36</b>
<b>8 Sharing the load: schools and businesses working together</b>	<b>40</b>
<b>9 Stepping higher: business-university links</b>	<b>44</b>
<b>10 Speaking the language of business</b>	<b>48</b>
<b>References and glossary</b>	<b>50</b>
<b>Education and skills survey 2008 questionnaire</b>	<b>51</b>

## Foreword by Richard Lambert, CBI



We're living through turbulent economic times. Conditions across the world are tough with slowing demand and a freezing of credit flows. Ensuring businesses have the skilled workforce they need to weather the storms and make the most of opportunities when the upturn comes is vital.

Employers remain committed to training and continue to understand the importance of skills to their competitiveness. Our survey found employers were working hard to ensure training does not fall by the wayside during the recession and many firms are seeing the benefit to their bottom-line – with two fifths saying training improved their productivity and profitability.

But what's clear is that training activity – as with any other business investment – is under considerable pressure. There are reasons for optimism. Most firms are not cutting spend – rather, they're making sure they get more bang for their buck, targeting training on those areas where they'll see greatest return so they emerge from the downturn in good shape.

The government has an important role in providing employers with a helping hand and supporting training where they can. Progress is being made, for example through new flexibilities for SMEs under the Train to Gain programme. But, as the survey findings make clear, more needs to be done to make sure publicly funded programmes – including apprenticeships and Train to Gain – are delivering the support and skills business needs and wants. The current economic circumstances throw this imperative for reform into even sharper focus.

Looking to the future, our competitiveness will be based increasingly on our high-skilled, high value-added sectors. We must stay ahead in the global marketplace and meet domestic challenges on infrastructure renewal and low-carbon energy generation. Science, technology, engineering and maths (STEM) skills are integral to success here. Our survey provides further evidence of the serious mismatch in demand and supply, with two thirds of businesses having difficulty recruiting STEM-skilled staff and a particular concern at graduate and postgraduate level. Urgent action must be taken, at school, university and beyond to remedy this – with businesses themselves playing a crucial role.

Partnerships are central to building the platform for our future prosperity. Government needs to ensure all young people leave our education system with a grasp of the basics; employees need to be motivated to improve their own skills and business must continue to build its relationships with schools, colleges and universities. Our survey found barriers still exist to achieving this aim, but there's good news too – 70% of employers have links with secondary schools to nurture the skills of the next generation and partnerships with universities are becoming increasingly common.

**Richard Lambert**  
Director-general  
CBI

## Foreword by Andrew Fitzmaurice, Nord Anglia



Since the publication of the last CBI skills survey, it has become clear that the country and the world are facing a severe economic downturn. Employers are concerned, not just to survive the recession, but to emerge from it in the best possible shape. If they are to do so, investment in training and development remains vital.

In many ways, the wake-up call provided by the Leitch review is as relevant as ever. This survey shows that employers remain concerned about the basic skills of their least qualified employees and about the availability of the higher level skills that will be needed for the specialist jobs that will lead recovery.

Government has a key role to play in using targeted funding to create demand-led skills provision. That funding needs to be aimed, more consistently than in the past, at those providers best equipped to do the job, with no bias towards either the public or the private sector. It remains a concern, moreover, that so little of the training provided by employers leads to accreditation: the mismatch of qualifications to the needs of business does little to support a dynamic 21st century economy.

For me as Chief Executive of a company engaged in education and training, this survey resonates very powerfully. The UK can no longer aspire to be a high-volume producer in many areas; if it is to succeed it will be through doing difficult, specialist things

exceedingly well. For a company such as Nord Anglia Education at the top end of a demanding market, this is especially true. We need to deliver quality, and can only do so by developing our staff. Training and development are at the heart of our internal strategy, therefore, just as they are the focus of our business.

I welcome this survey. We are proud in Nord Anglia Education of all that we contribute to the enhancement of the nation's skills: of our involvement with the Diplomas, our extensive work with the Learning and Skills Improvement Service and the Department for Children, Schools and Families, our engagement with the Training and Development Agency for Schools and our support, through Connexions, to potentially disaffected young people. This survey reminds me how very necessary all this is.

A handwritten signature in blue ink, reading "Andrew Fitzmaurice". The signature is stylized and fluid.

**Andrew Fitzmaurice**  
Chief executive officer  
Nord Anglia Education Ltd



# Executive summary

**The education and skills survey 2009 provides authoritative information on employers' views of education and skills issues. It is being published at a time when business is facing tough economic conditions, but the benefits of investing in skills remain undiminished. The survey covers the full range of issues, including: employer and employee commitment to training, basic skills, science, technology, engineering and maths (STEM), and business links with school and universities.**

## **Coming through the recession in good shape**

Business is focused on improving their bottom-line as they look to come through the recession in good shape. Almost two thirds (61%) of employers see increasing productivity and performance as their main priority, although 36% were simply concerned with maintaining financial stability.

At the time of completing our survey in November 2008, the majority of firms (51%) said they would be targeting their training more effectively as economic conditions worsened, with very few planning cuts. But employers are facing very tough conditions, and it is not possible to accurately predict what will happen on training during the current recession. Government support for employers will be vital. And while employers are experiencing benefits from the Train to Gain programme, it is concerning that 42% of businesses said it has had no impact on their organisation.

## **Working together to gain the skills we need**

Employers are working hard to create a culture of training within their organisation. Nine in ten employers have a training and development plan, with over two fifths (43%) saying investing in skills has improved their profitability and productivity. Nearly all the businesses in the survey (97%) feel their employees are committed to training, but just over half (55%) believe staff could be more engaged with skills development. Almost six in ten employers (59%) felt staff most valued training to help them perform their current role.

Looking to the future, global competition means the UK must build an advantage in high value-added, high-skilled sectors – but over half (57%) of employers lack confidence in there being sufficient people to fill high-skilled jobs in future.

### Working on the basics

A deficit of basic skills is a serious problem for individuals and employers – and a heavy drag on business performance across the economy. Forty percent of employers report problems with the basic numeracy and literacy of their workforce, with nearly six in ten (57%) concerned with poor IT skills among their staff – a real concern as an increasing proportion of jobs require IT proficiency at some level.

Firms invest significant levels of time and money in providing basic skills training for their employees. However, it is clear that more needs to be done to support firms and to ensure young people are equipped with these essential competencies when they start employment.

### Inspirational managers: leading from the front

Strong leadership and management skills are central to driving business competitiveness and managing change – but there is a longstanding view that the UK lags behind our competitors in this area. The survey found employers generally satisfied with the performance of senior managers – with 43% rating performance as good – but this fell to 24% for middle managers and 18% for supervisory staff.

Firms accept their responsibility to strengthen management capability in their organisations, with 96% investing in training for their leaders and managers. Employers are most likely to use private training providers for externally delivered provision, but are also making use of the growing business school sector – 30% of employers use business schools to train senior managers.

### Graduates with strong employability skills have the edge

Employers report that more than a third of positions (36%) within their workforce require degree-level skills, rising to two thirds (65%) of jobs in the science, high-tech and IT sector. Business places a high value on graduates in STEM disciplines in particular – STEM graduates can expect to receive among the highest starting salaries of all new recruits – an average of more than £22,000.

Employers are not concerned about the overall number of graduates – but they are clear that graduates need to leave university better equipped with the generic employability skills they will need to succeed in the workplace, including IT competency, the ability to apply numeracy skills, and business awareness. Seventy-eight percent of employers consider these skills a key factor when recruiting graduates – and 82% believe that universities need to do more to equip their students with these competencies.

### STEM for tomorrow's world

Employers are demanding STEM skills – with 40% of businesses preferring STEM degrees when recruiting graduates. But two thirds (66%) of employers are experiencing difficulties recruiting STEM-skilled staff with a particular concern at graduate and postgraduate level. In addition, many employers find STEM degrees are not meeting their technical requirements – two thirds (64%) of science, hi-tech and IT firms said that degree content was not relevant to their needs.

Larger firms continue to look far and wide to recruit STEM talent – 86% are recruiting from the EU15 or EU27, helping global companies position themselves for new market opportunities, as well as counteracting skills shortages in the UK labour market.



### **A critical time for apprenticeships**

Apprenticeships play a vital role in upskilling the current and future workforce – apprentices develop sector specific competencies alongside valuable employability skills. Employers remain committed to apprenticeships and hope to expand their provision – half (51%) are involved at present and over a third (38%) are intending to take on more in the future. But these are difficult times for firms, in particular for SMEs – while large employers previously involved in the scheme said they would continue taking on apprentices, a fifth (17%) of small firms have ceased their involvement.

Government action is needed to maintain apprentice numbers and support employers. Over half of firms (51%) think incentive payments should be introduced to encourage involvement in apprenticeship schemes, with a further 50% believing apprenticeship qualifications must be more relevant to business needs.

### **Sharing the load: schools and businesses working together**

Employers are actively involved in working with schools at all levels. Seventy percent of employers currently have links with secondary schools, and more than a fifth (23%) work with primary schools. Among employers who work with schools, 85% offer work experience placements to students, and more than half (57%) support schools in the provision of careers advice.

Employer engagement in education brings real benefits to young people – it encourages academic achievement, provides students with information to inform their training and career decisions, and helps develop valuable employability skills. Employers are enthusiastic about the work they are able to do with schools, but 70% of firms report a lack of time and resources as a barrier to their getting more involved. Greater practical support would enable many firms to overcome these obstacles and develop their links with schools.

### Stepping higher: business-university links

Business-university relationships help foster innovation and provide development opportunities for students, academics and businesses. The majority of businesses (66%) have formed links with universities – through providing work experience for students (74%), or linking with the sector for the delivery of workforce training (38%). Only a small proportion of the smallest firms have links with universities – with 69% of firms with 1-49 employees citing a lack of information about what universities have to offer as a key barrier to engagement. But there is untapped potential – one in ten of the smallest companies intend to make links with universities in the future.

Businesses that do not have links with universities may be missing out on the opportunity to raise their company profile: two thirds (63%) of employers benefit from their relationships with universities through attracting high quality graduates or post-graduates.

### Speaking the language of business

With UK firms competing in an increasingly globalised business environment, language skills are highly prized by firms – more than a third of companies (36%) recruit employees specifically for their language skills. Employers place a premium on the ability to communicate conversationally in a foreign language – this helps to break the ice with potential business partners, customers and clients, and can open access to new markets. The majority of employers (74%) are looking for this conversational competence rather than full fluency.

European languages – particularly French and German – are still the most highly sought-after by employers. However, as increasing numbers of firms establish their presence in the economies of the Far East, central Asia and Latin America, a large proportion of employers are looking for staff with language skills in Mandarin/ Cantonese, Russian, Portuguese and Spanish.





# Respondents

**The second education and skills survey is published at a time when firms are facing tough economic conditions, but also when the importance of investing in skills has never been more clear. In the short term, skills will boost business competitiveness and help firms come through the recession stronger, while firms operating in a global market recognise that higher skills are crucial to staying ahead of the pack longer term.**

The survey provides an authoritative barometer of business opinion on key education and skills issues. It was conducted in November 2008, with responses received from 581 employers, collectively employing over 2.5 million people, or 8% of the total UK workforce. These firms came from a wide range of organisations covering all sectors of the economy and of all sizes – from the smallest to the largest.

The survey was completed by senior executives. In small and medium-sized companies, this tended to be the managing director, chief executive or chairman. In larger firms, it was the human resources director or equivalent.

The results have been weighted using data from the Office for National Statistics to ensure they accurately reflect practices across all sectors of the economy.

### Sectoral analysis

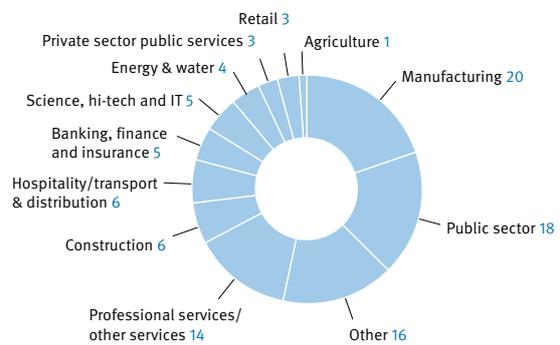
Responses were received from across all sectors of the economy (**Exhibit 1**). Manufacturing was the biggest single group (20% of respondents), reflecting that it contributes almost a fifth of GDP.<sup>1</sup> Respondents from service industries made up nearly a third of the survey (31%), while 18% were from the public sector.

### Respondents by company size

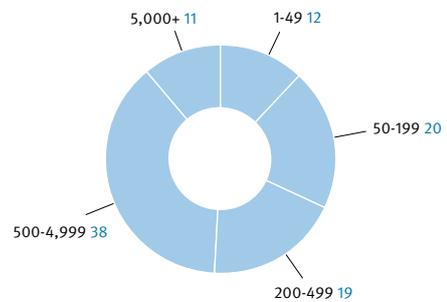
Companies of all sizes participated in the survey – 12% employed under 50 staff and 11% over 5,000 (**Exhibit 2**).

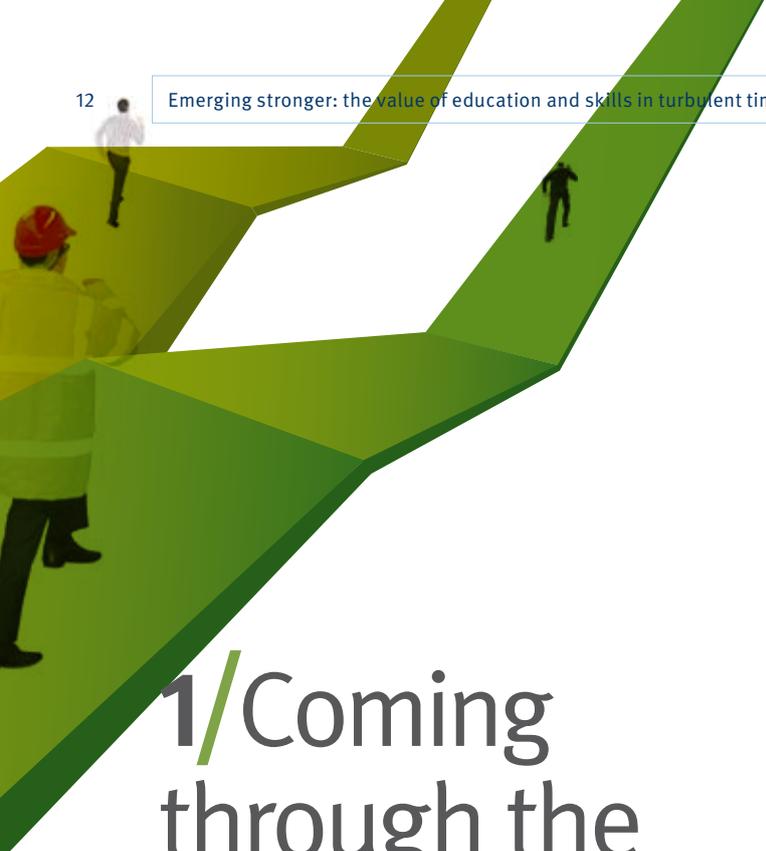
Official data suggests that, as with most business surveys, medium-sized and larger firms are over represented, as the majority of UK businesses employ fewer than 50 people. But large firms employ over half (53%) the workforce,<sup>2</sup> so the survey more broadly reflects overall employment attitudes and practices.

**Exhibit 1 Respondents by economic sector (%)**



**Exhibit 2 Respondents by company size (%)**





# 1/Coming through the recession in good shape

**As the recession deepens, employers are focusing their efforts on strategies to help them come through the downturn. Firms are looking to optimise their spend – by targeting their investment in training and development, and improving business productivity. Government has a key role to play in supporting companies in the current climate, and it is therefore imperative that programmes such as Train to Gain are delivering to business needs.**

## Key findings

- Businesses see improving productivity and performance as their main priority for the next three years – almost two thirds (61%) rank this as key
- But firms are also focused on coming through the recession – with over a third (36%) concerned with maintaining financial stability
- Over half of firms (51%) say they will be targeting their training more effectively during the downturn
- Business support is variable: the Leadership and Management and Investors in People programmes are well rated. But Train to Gain does not always deliver value to business – 42% of employers said the programme had no impact on their business and three quarters (74%) described the brokerage service as mixed or poor.

### Business is firmly focused on the bottom-line

Our survey found that employers were clearly focused on strategies that would improve their bottom-line performance. This is particularly relevant in the current economic climate, where the priority for firms is getting through the recession in relatively good shape.

For some employers the objectives are focused on weathering the economic storm with over a third (36%) concerned with maintaining financial stability (**Exhibit 3**) – an issue highlighted by almost half (45%) of firms with under 50 employees.

But the top priority – reported by almost two thirds (61%) of firms in the survey was improving productivity and performance. Updating the skills of staff or retraining them in new areas is one way to increase performance and a quarter of firms (24%) highlight raising workforce skills as a key priority.

Successful UK firms are dynamic and ambitious – with diverse business models and strategies. Employers in our survey were looking to strengthen their competitive edge and build a stronger platform for the future. Forty-three percent of businesses were looking to improve profitability in the current climate, while 44% were looking to expand their market share.

Strong leadership and management skills are central to devising and implementing business strategy. Two fifths of employers (39%) are prioritising the importance of improving leadership and management skills as they look for short-term stability but also long-term growth. This trend was reflected by the CBI/Pertemps employment trends survey 2008 in which just over three quarters (78%) of firms reported an increased need for leadership and management skills over the next 3-5 years.

During a downturn price competition can be even more intense, but keeping customers happy remains essential and over a quarter of firms (27%) rank improving customer service as a priority. This was a particular concern in retail (53%) and banking, finance and insurance (44%), which have been hit hard by the recession.

While only a small proportion of firms (6%) prioritised investment in research and development – not surprisingly those in the science, hi-tech and IT sector (12%) were more likely to do so.

**Business continues to value training – but is targeting investment for maximum return**

Businesses invest £39bn<sup>3</sup> a year in skills training, and know the importance of workforce skills to maintaining and improving competitiveness. In a recession, investing in the right skills and ensuring these are utilised to best effect will ensure firms are well placed to take advantage of the upturn when it comes. But as with all investments, employers expect to realise a return on their spend.

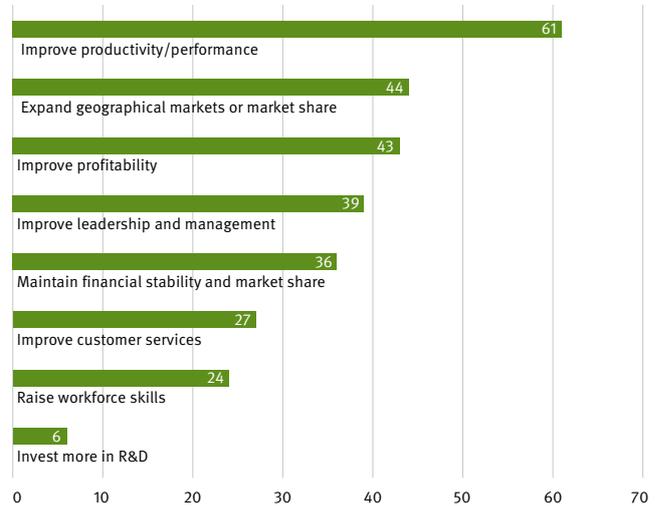
In response to the downturn, the majority of firms (51%) in the survey said they would be targeting their training more effectively (Exhibit 4). This was the preferred option for firms of all sizes (Exhibit 5), including nearly three quarters (71%) of firms with over 5,000 employees.

A quarter of firms (26%) said they would make no changes to training investment. But one in ten employers (11%) said they would provide more training on-the-job or internally. This is typically more cost-effective and not surprisingly smaller firms are more likely to choose this option – with 16% of firms with 50-199 employees, and 12% of those with under 50 staff choosing this route.

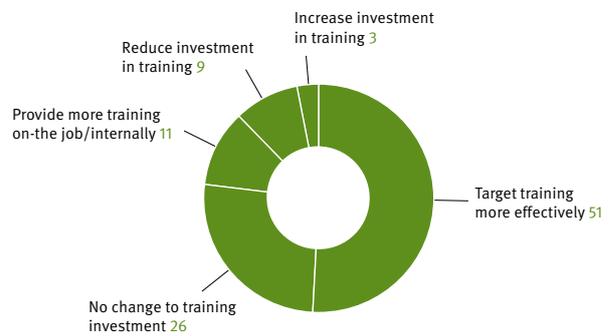
Historical evidence suggests that training spend, as with other business investments, does shows a correlation to economic performance. Our results show relatively few firms – one in ten – were planning to reduce investment in training at the time of completing the survey in November 2008.

But firms are facing very tough conditions, and it is not possible to accurately predict what will happen in this recession in terms of training. While training activity held up relatively well in the 1990s recession, there is no guarantee this will be replicated in the current downturn.

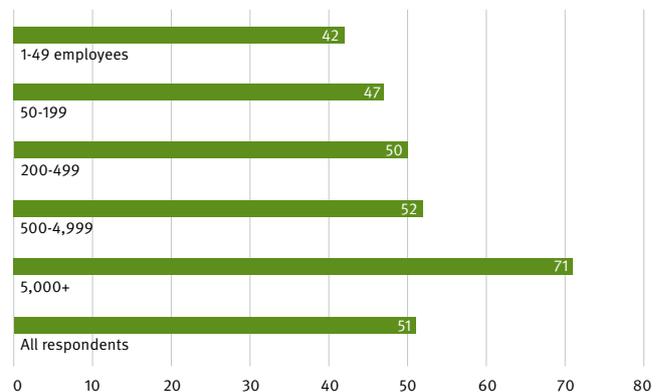
**Exhibit 3 Businesses’ key strategic priorities for the next three years (%)**



**Exhibit 4 Impact of economic downturn on business plans for skills investment (%)**



**Exhibit 5 Firms targeting training more effectively during economic downturn (%)**



### Government support – giving employers a helping hand on skills

The government has a key role in supporting employers on training through creating a simplified and demand-led skills system, and by providing targeted funding. Government action is particularly important during the economic downturn, when its support and advice can be a welcome helping hand.

#### Train to Gain must be more closely aligned to employers' needs:

Train to Gain is the government's flagship employer programme on skills, providing a combination of funding and skills advice. Funding for the scheme will reach £1bn by 2010-11.

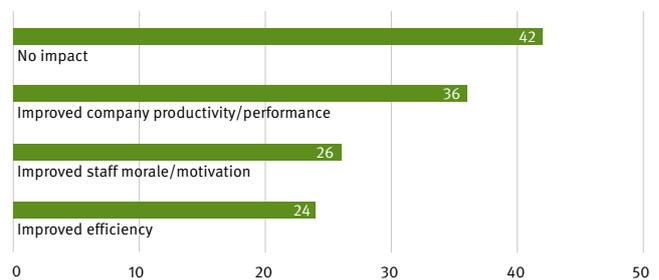
Train to Gain brokers work with employers to identify their skills needs and give advice on providers who can deliver suitable training. The programme gives employers full funding for training employees to acquire basic level qualifications (up to level 2), in addition to some partial support for intermediate level training (level 3). Under the demand-led mechanism of Train to Gain, funding is intended to follow the needs of the customer – with providers receiving funding to deliver the programmes employers say they need.

The principles underlying Train to Gain – with a focus on skills support and demand-led funding – are the right way forward. But our survey found that while some employers are experiencing benefits, more needs to be done to ensure Train to Gain realises its potential. Over a third (36%) of employers believe the programme has helped improve company productivity and performance (**Exhibit 6**), and a quarter (24%) business efficiency. But it is concerning that 42% of employers feel Train to Gain has had no impact on their organisation.

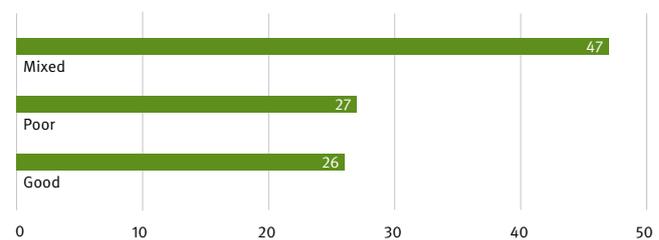
The most common criticism of Train to Gain has been its focus on funding 'first full level 2 qualifications' which has sometimes led to a mismatch between employers' skills needs and support available. Steps are being taken to increase the flexibility of the programme: partial funding is now available at level 3, and from the turn of this year SMEs were able to access funding for re-training staff at level 2 and smaller units of training – but more progress is needed in this area.

Of course, Train to Gain is not simply about funding – with skills brokers an integral part of the service to employers. But it is worrying that the survey found so many employers dissatisfied with the brokerage service (**Exhibit 7**), with three quarters describing their experiences as either mixed (47%) or poor (27%). Action must be taken to improve the brokerage service – particularly the sectoral knowledge of brokers and their ability to translate an organisation's training and skills needs into an effective action plan.

**Exhibit 6 Impact of Train to Gain (%)**



**Exhibit 7 Employer experiences of Train to Gain brokerage service (%)**



**Leadership and Management Programme – valued support**

**for SMEs:** The Leadership and Management Programme provides support for managing directors or other key directors of SMEs to improve their leadership and management skills. Senior employees will work with a skills broker to develop a personal development plan up to a value of £1,000 – the first £500 being available to the employer on a grant basis, with the second £500 being match-funded. This can support mentoring, coaching or informal training, and does not necessarily result in a formal qualification.

Funding for the programme has now been increased to £30m a year over the next three years, while eligibility for the programme has been extended from firms with 10-249 workers to those with 5-249 workers.

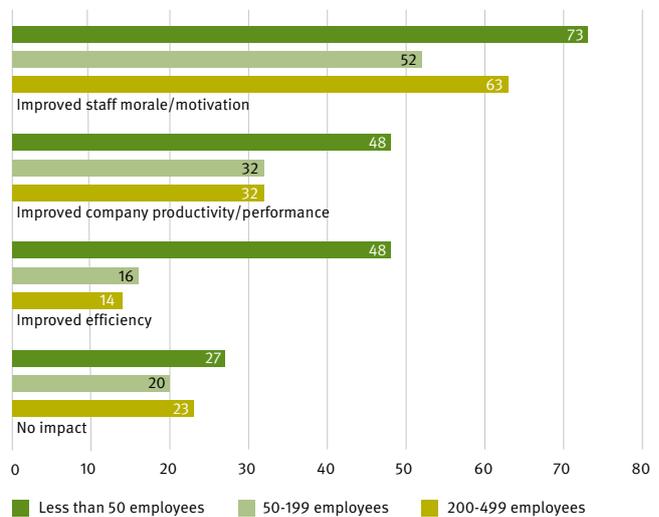
As **Exhibit 8** shows – the Leadership and Management Programme is definitely hitting the mark in delivering benefits to its target audience. Overall:

- Half (48%) of firms with under 50 employees say the programme has improved company efficiency, and almost three quarters (73%) staff morale
- A third (32%) of firms with 50-199 employees report improved company performance, and over half (52%) improved staff morale
- Two thirds (63%) of firms with 200-499 employees are benefiting from improved staff morale, and a third (32%) improved company performance.

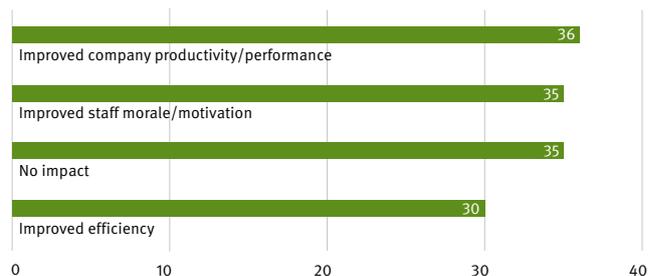
**Investors in People – benchmarking for success:** The Investors in People (IIP) Standard is a well-established business improvement tool – which aims to advance an organisation’s performance through developing its people. Developed in 1990 by a partnership of leading businesses and national organisations, it judges an employer’s performance against a set of ten key indicators. Over 30,000 organisations are recognised as IIP covering a wide spectrum of sectors – with almost eight million employees now working in an IIP-recognised firm.

Respondents who engage in the IIP scheme are experiencing a range of benefits (**Exhibit 9**), with over a third (36%) saying the standard has improved company productivity/performance. Given the standard’s focus on people and improving staff development, it is unsurprising that participants see benefits in terms of the welfare of their employees – 35% of employers believe the standard has improved staff morale.

**Exhibit 8 Impact of Leadership and Management Programme (%)**



**Exhibit 9 Impact of Investors in People (%)**



## 2/ Working together to gain the skills we need

In a crowded global market, it is essential that firms have the right mix of skills – now and in the future – to remain competitive and meet rising consumer expectations. Building workforce skills must be based on a successful partnership between employers and employees. Business has to show commitment to training, with employees bringing a positive attitude and enthusiasm to gaining new skills.

### Key findings

- Employers are concerned by the current competency levels of low skilled staff – with only 43% rating performance as good
- But looking to the future, businesses are worried about their ability to fill high-skilled jobs – with over half (57%) lacking confidence in there being enough skilled staff
- Firms are committed to training (90% have a training and development plan) and are seeing an impact on bottom-line performance – 43% said training has improved their profitability and productivity
- Staff most value training to help perform their current roles – 59% of employers feel this to be the case. But employees are not as committed to training as employers would like – over half (55%) of firms said staff needed to show greater engagement.

Exhibit 10 Employee competency levels (%)

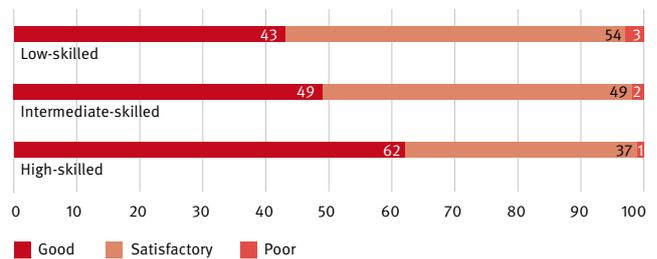
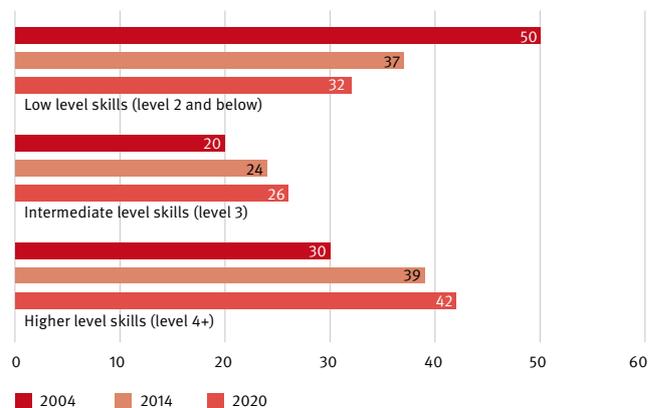


Exhibit 11 Share of employment by qualification level 2004-2020



Source: Cambridge Econometrics/Warwick Institute for Employment Research

### Skills are essential to competitiveness – but does the UK have the right mix?

Employers in our survey are concerned by the competency levels of low-skilled employees (**Exhibit 10**) with only 43% ranking staff competency levels as good. A lack of basic skills can significantly impact an employee's performance at work, and strongly contribute to employer concerns over staff performance. Of respondents who rate the competency of low-skilled staff as poor or satisfactory, half (50%) also report problems with numeracy and 52% literacy.

While the majority of firms (51%) also rate the competencies of their intermediate staff as either satisfactory or poor, firms are relatively pleased with the competencies of higher-skilled staff with almost two thirds (62%) rating them as good.

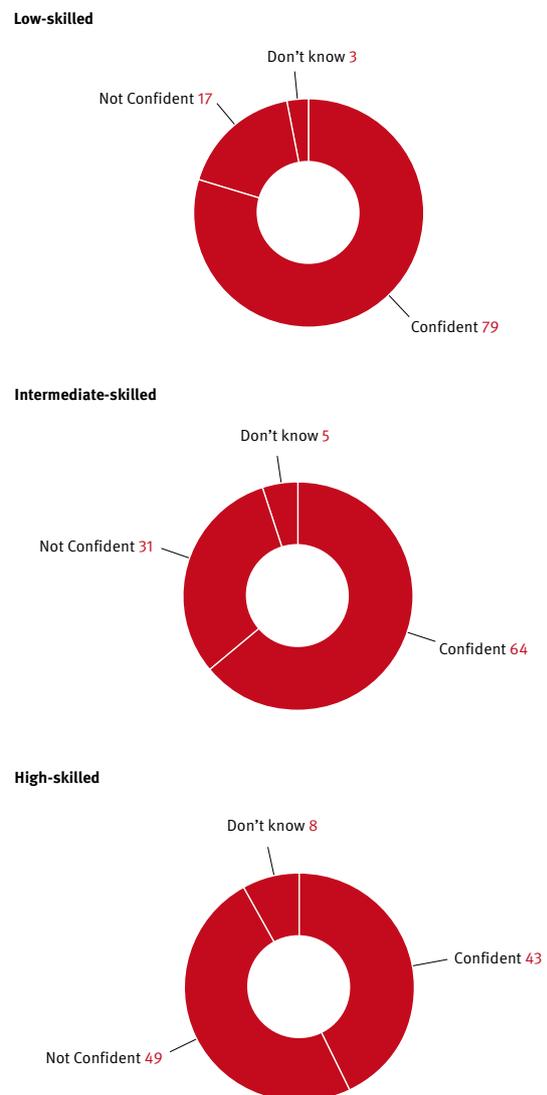
But the structure of the global economy is changing and the UK labour market is having to adapt. The growth of emerging economies is bringing tougher economic competition and globalisation means that business activities are being located according to comparative advantage: the UK cannot compete on labour costs and must build an advantage in high value-added, high-skilled sectors.

Analysis from the Warwick Institute for Employment Research<sup>4</sup> shows the proportion of jobs requiring higher-level skills will increase from 30% in 2004 to 42% in 2020. Conversely the proportion of low-skilled jobs will decrease from 50% to 32% over the same period (**Exhibit 11**).

Although the vast majority (79%) of senior executives in the survey are confident there will be enough people to fill low-skilled jobs in future (**Exhibit 12**), employers are concerned about their ability to fill high-skilled jobs, with over half (57%) lacking confidence in there being enough skilled staff. Certain sectors expressed particular concern, with over two thirds (68%) of employers in the science, hi-tech and IT sector and 63% of firms in energy & water not confident over the recruitment of highly skilled staff.

But there is recognition from business leaders of the need to ensure the UK has the right skills to address strategic challenges – whether competing in high value-added science and technology, tackling low-carbon energy production and global warming, or delivering huge infrastructure projects such as Crossrail.

### Exhibit 12 Employer confidence in their ability to access skilled employees in the future (%)



### Training delivers bottom-line benefits – not just improved employee morale

Businesses are working hard to create a culture of training within their organisation, with 90% of respondents having a training and development plan. Employers see skills as central to the effective running of their business, and most employees work in an environment where their development is supported and valued.

Furthermore employers see training as a central part of their business strategy – with over three quarters (79%) linking their training plan to their overall business plan – ensuring skills development is a key component of moving the business forward.

Commitment to training is shared by the majority of firms of all sizes – as **Exhibit 13** shows. The smallest firms were less likely to have a training plan and to link it with their business strategy – as might be expected given that training in these firms is often more informal and on-the-job.

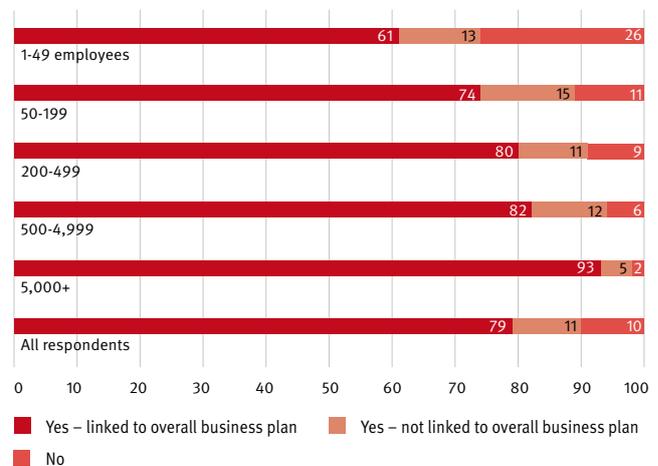
The survey asked firms what they felt were the main business benefits of investing in skills. It might have been expected that employers would rate the softer benefits of training such as staff morale or retention most highly. But it was the impact of skills in improving bottom-line performance from which employers are reaping greatest reward. Over two fifths of employers (43%) say investing in training has improved the profitability and productivity of their organisation (**Exhibit 14**). Firms in manufacturing (61%) are the most likely to report these benefits.

In addition, a fifth of firms (18%) believe training has improved customer satisfaction – possibly though improved customer services or the quality of products.

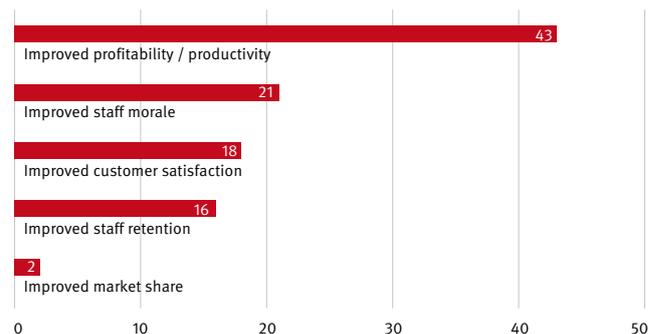
Investing in skills does still have a beneficial impact on employee relations. Over a fifth of employers (21%) feel that training has improved staff morale and 16% staff retention. These benefits are most keenly felt in small firms with less than 50 employees – where over a third (36%) see a positive impact on staff morale. In firms with a small number of staff, the importance of retaining trusted and capable employees and keeping a well-functioning team together can be particularly important.

The government is intending to give employees the legal right to request time for training from their employer. As the survey shows, employers are committed to training and many will already have regular discussions with their employees on training and skills development. These discussions could be ongoing and informal

### Exhibit 13 Employers with training plan for their business (%)



### Exhibit 14 Main benefits from investing in employees' skills (%)



conversations with line-managers, or more formal discussions as part of the annual review process. In principle the government proposals go with the grain of what the best employers are already doing, but it is essential that the details of the measures also reflect existing good practice.

**“McDonald’s passionately believes that a committed, motivated and well-trained workforce positively influences the future growth and development of the business. This requires everyone to play a fundamental role in taking the initiative to facilitate their own personal development. Our performance reviews structure encourages discussion around personal development, training needs and career progression – it is our aim to provide all employees with the training and development they need to allow them to develop their full potential. At McDonald’s we believe our investment in training is a key driver for the future success of the business.”**

**David Fairhurst, Senior Vice-President, People, McDonald’s**

Positively, almost three quarters (71%) of senior executives in the survey anticipated no difficulty implementing the new right in their organisation (**Exhibit 15**). This includes 68% of larger firms with over 5,000 employees, but also two thirds (65%) of the smallest firms with under 50 staff.

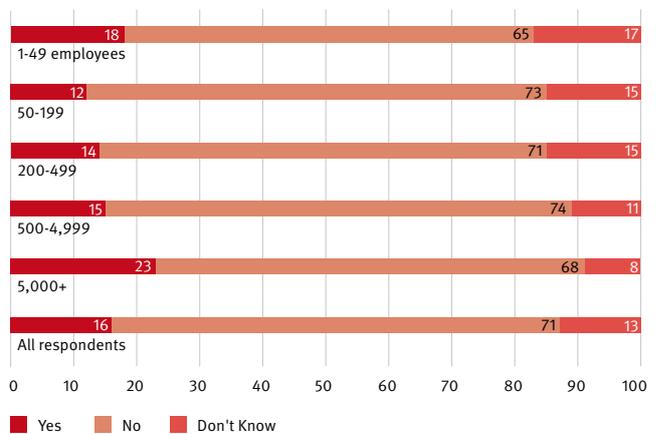
But to secure continued business support for the new right, it is crucial that any training requested improves business productivity, and that discussions between employer and employee focus on skills and training development and not issues surrounding time-off.

### Employees value training – but employers would like to see greater commitment

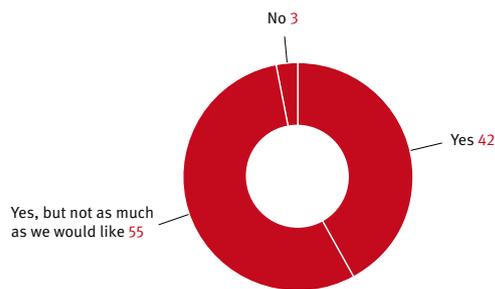
If business investment in skills is to be successful in raising business performance and staff productivity, employees must play their part and show a positive commitment in terms of time, effort and enthusiasm.

Although nearly all the businesses in the survey (97%) feel their employees are committed to training, just over half (55%) believe that while their employees are motivated, there is room for improvement and for staff to show greater engagement with the skills agenda (**Exhibit 16**). Raising skills can only be done in partnership, and employees must be pro-active in suggesting training needs and signing-up for training courses when they are arranged.

**Exhibit 15 Do employers anticipate problems implementing the right to request training? (%)**



**Exhibit 16 Employers who believe their employees are committed to their training and development (%)**



Most senior executives (59%) believe their employees rank job-related training to help them perform their current role as the most beneficial. But most people now have a number of jobs throughout their career, so not surprisingly a fifth (21%) of employers also feel that their staff value training that enhances their future employability (**Exhibit 17**).

A fifth (18%) of firms say their staff value training leading to professional or vocational qualifications – which can benefit employees through recognition of their learning and portability between different employers. Professional qualifications – such as those in accountancy or engineering – often bring significant benefits and strong industry standing. Research<sup>5</sup> shows that holding professional qualifications can add an additional £81,000 to lifetime earnings – compared to average lifetime earnings of £368,000 for someone with no qualifications.

### External providers are essential partners

External training providers – whether private providers, further education colleges, or universities – are key partners for business in the delivery of workforce training. They provide firms with access to teaching resources and structured training courses.

The vast majority of firms (95%) use external providers to deliver some training provision. On average just over two fifths (43%) of training provided by employers is delivered by external training providers. The largest organisations (employing over 5,000 staff) deliver the smallest proportion of training via external providers – around one third (34%). They are more likely to have the capacity to deliver structured training in-house.

Our survey findings show strong relationships between employers and providers which need to be strengthened further. The recent CBI report, *Reaching further* (commissioned by the Learning and Skills Improvement Service) showcases successful examples of employers and further education colleges working in partnership to deliver high-quality workforce training. The report identifies key lessons for building employer-college relationships – including a strong commitment to employer engagement throughout a college, and the need for an ongoing dialogue to translate an employer's skills needs into an effective training programme.

### Key findings – CBI/LSIS *Reaching further* report:

- Effective customer relationship management is essential for colleges as is flexibility to deliver training where and when it is needed
- Dialogue with employers must be based on skills needs
- Continual change in training provision is inevitable so colleges need to be able to adapt
- Workforce training can help improve business performance and employers should actively engage with colleges to help them understand their requirements, having identified in broad terms the skills they need
- While employers are interested in skills not qualifications, they should appreciate the value staff place on formal qualifications
- Setting objectives at the outset and jointly reviewing results at the end of a programme helps colleges to shape future offerings.

### Qualifications must deliver economically valuable skills

The priority for employers is a skilled and competent workforce with the ability to perform roles to a high standard. Last year's survey found that a third of the training business provides for its employees leads to recognised qualifications. This year a similar proportion (29%) was reported as leading to recognised qualifications.

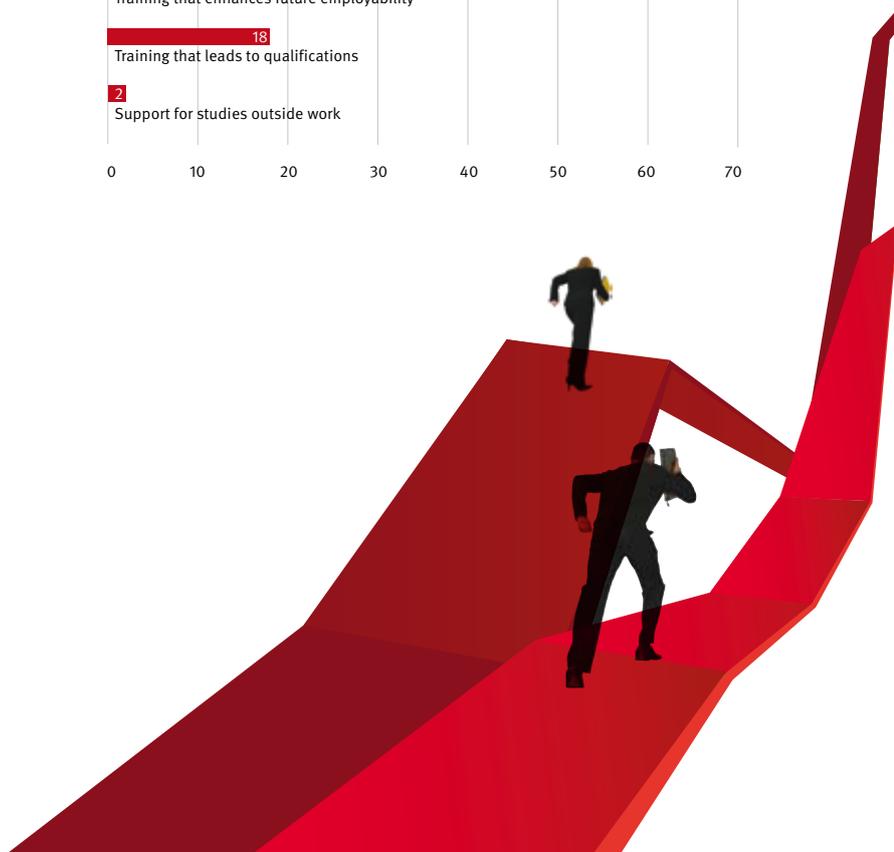
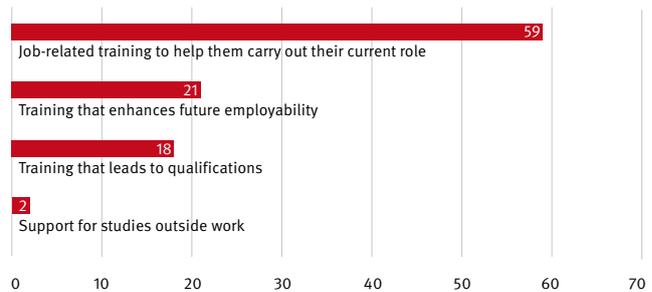
This again emphasises the need for qualifications to be reformed so that they deliver economically valuable skills. Put simply, employers will not choose to train staff towards qualifications unless they meet the skills needs of their business and the bureaucracy associated with qualifications programmes is minimised. The twin-track approach being taken by ministers with Sector Skills Councils leading reform of vocational qualifications and greater recognition being given to employers' own training programmes is welcome, and must make continued progress.

Our survey found sectoral differences with construction (46%) and transport & distribution (37%) providing the highest proportion of training leading to qualifications, while only 15% of the training provided in the retail sector was accredited.

### Percentage of training leading to qualifications



### Exhibit 17 Employers' perception of what employees most value about training (%)





## 3/ Working on the basics

**A shortage of basic skills is a serious problem for staff, employers and the UK. Two fifths of firms are concerned about employee deficiencies in basic literacy and numeracy, while nearly six in ten employers see a deficit in the IT skills of their existing workforce. Employers are investing in remedial training programmes – but more needs to be done to ensure young people enter the workplace equipped with essential basic skills.**

### Key findings

- Two fifths of employers (40%) are concerned about employees' poor basic literacy and numeracy skills
- Concern about basic numeracy and literacy is especially acute in retail and manufacturing – 69% of firms in retail and 50% in manufacturing report problems with literacy
- Over half of employers (57%) are concerned about a shortage of basic IT skills among their current workforce – but young people's skills in this area are exemplary.

### Poor basic skills carry huge costs for staff, employers and the economy

Poor numeracy and literacy skills can be a serious impediment to the ability to secure, hold on to, and progress in employment. Almost one and a half million workers in the UK believe a lack of basic competency in reading, writing and dealing with figures has cost them a promotion, or even lost them a job.<sup>6</sup> Those lacking basic skills are also more likely to fall into a cycle of welfare dependence.

The high personal cost of a shortage of functional abilities in the core areas of numeracy, literacy and IT skills – higher risk of unemployment, lower earnings, limited career opportunities and social exclusion – is matched by a significant cost to companies, whose business performance suffers from a lack of key skills. A recent study by KPMG estimates the cost to the economy of those who leave school without basic numeracy skills at up to £2.4bn a year.<sup>7</sup>

Employers recognise that a shared commitment – by business and government – to ensuring adequate levels of basic skills in the UK workforce is essential given the current state of the global economy. Employers are investing time and money in providing remedial training for their workforce – more than 9,000 firms, with more than five million employees, have made the Skills Pledge since its launch in 2007, committing to helping staff without level 2 qualifications (equivalent to five GCSEs at A\*-C) achieve this standard.

Employers' particular concerns over numeracy and literacy inevitably vary from business to business, but there is broad agreement about how basic skills affect employees' ability to perform everyday tasks. This includes being able to effectively draw out information from basic texts and compose coherent written communications, and the ability to work through basic arithmetic and percentage problems, such as calculating change or working out the reduced price of an item on sale.

The strong IT skills shown by school leavers and graduates entering the job market is encouraging, but there are IT weaknesses in the existing workforce. Our survey found just 2% of employers are dissatisfied with the IT skills of graduates starting employment, but when asked about the IT skills of their current workforce, the figure is alarming – 57% of employers report problems with these skills among existing staff (**Exhibit 18**).

### Basic skills shortages are particularly acute in retail and manufacturing

Retail employers are most concerned about the literacy and numeracy skills of their employees (**Exhibit 19**). In a sector where the ability to understand written communication and undertake

**Percentage of employers concerned about literacy and numeracy of their workforce**

40

numerical tasks (such as working out sales reductions) is essential to the smooth operation of the business, a deficit in these skills has a real impact on company performance. Manufacturing firms also express concerns about a lack of numeracy and literacy skills among their staff – a particular concern in an industry where the ability to follow data instructions (such as machine operation manuals) is often a day-to-day, and safety-critical, necessity.

In sectors such as banking or professional services, with less recruitment of lower-skilled staff, concern about basic skills deficiencies is less significant. But even in these high-skilled sectors, the deficit of basic competencies is worrying. In banking, finance and insurance where functional numeracy is essential to smooth business operation, more than a quarter (26%) of employers reported problems with the numeracy of their employees.

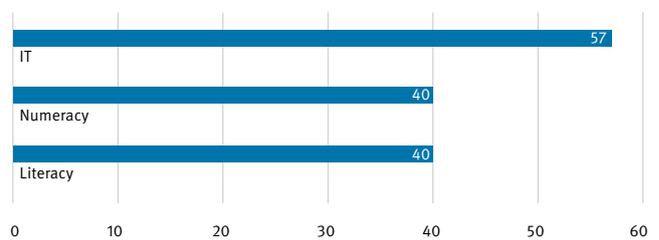
With IT skills becoming an increasingly important feature in all workplaces the shortage of basic computing skills reported by employers is a matter of concern. Even in lower-skilled jobs, a basic proficiency in IT is increasingly a pre-requisite for staff to function effectively in the workplace. It is therefore encouraging that 87% of employers surveyed for the recent CBI/Pertemps employment trends survey were broadly satisfied with the IT skills of school leavers. But there is much work to be done to ensure those already in employment gain the skills they need in these areas – more than sixty percent of employers in retail, manufacturing and construction, for example, have concerns about the basic IT skills of their current workforce.

**It is important to get the basics right, early**

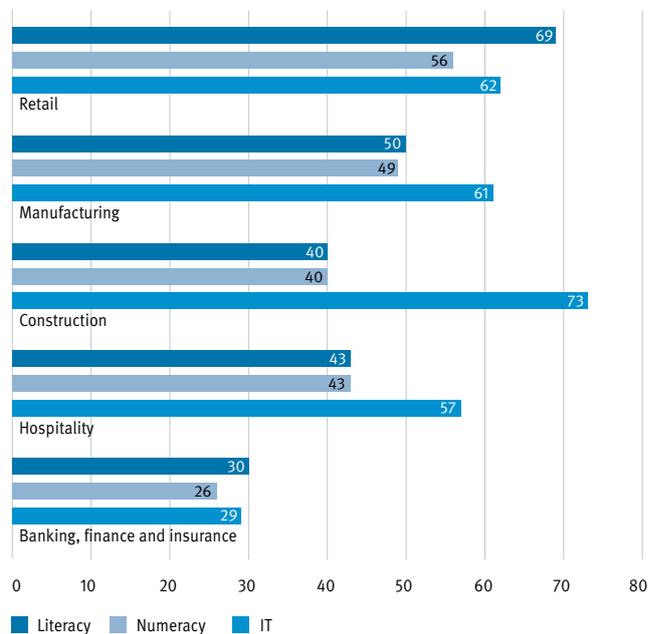
More than a third of students leave school without demonstrating strong competence in maths and English – 37% of students fail to achieve an A\*-C in English GCSE, and 44% fail to achieve the same benchmark standard in maths.<sup>8</sup>

Although an A\*-C pass at GCSE is the benchmark for which schools and students should aspire, it is not necessarily an accurate proxy for basic numeracy and literacy. But the large number of children falling well below this measure is leading to a basic skills deficit in the UK workforce. To address this, employers invest heavily in remedial training – over half (52%) of employers have provided basic literacy, numeracy or IT training for staff in the last 12 months, according to the most recent CBI/Pertemps employment trends survey. There is, however, an understandable level of frustration among employers that they have to pick up the pieces to support those who left full-time education without the most basic skills they will need in their working lives.

**Exhibit 18 Employers reporting concern about basic skills in their current workforce (%)**



**Exhibit 19 Employers reporting concerns about basic skills in their current workforce – key sectors (%)**





## 4/ Inspirational managers: leading from the front

**Strong leadership and management skills are central to driving business competitiveness and managing change. Leadership skills – the ability to influence a group of people towards achieving a goal – are important at all levels of business alongside the management skills of organisation and implementation. Business has a responsibility to address leadership and management skills in their organisations – with the UK having a perceived weakness at middle-management level.**

### Key findings

- Businesses accept their responsibility to develop leadership and management capability – with almost all firms (96%) investing in these skills
- Employers are satisfied with the skills of senior leaders with 43% rating their ability as good. But concern remains over the performance of junior and middle managers: only 24% of employers rate the ability of middle managers, and 18% of supervisors/team leaders as good
- Firms are most likely to use private providers to train managers at all levels, but also use a range of other provision including FE colleges, business schools, and internal training
- Business school provision is mostly used for senior managers – with 30% of employers training senior managers at UK business schools and a further 10% at overseas schools.

There is a longstanding view that leadership and management skills in the UK generally lag behind our competitors – and that this has affected our economic competitiveness. The Leitch review concluded that “differences in management practices between the USA and the UK explain 10 to 15% of the productivity gap in manufacturing between the two countries”.<sup>9</sup> A study by the Centre for Economic Performance at the LSE<sup>10</sup> found the UK was firmly in the middle of the pack when it comes to management practice, lagging behind the US, Sweden, Japan and Germany, although ahead of France and China.

But demand for these skills is set to increase, with the number of managerial posts in the UK projected to increase to 5.5 million (17% of the workforce) by 2020,<sup>11</sup> from 4.6 million (15%) in 2004.

### Leadership and management skills are vital at all levels of an organisation

Businesses in our survey are most satisfied with the skills of senior managers – with 43% rating their competency as good and 51% satisfactory (**Exhibit 20**). Senior leaders have a vital role in setting strategic policy and direction for an organisation, and in a rapidly evolving business environment this is increasingly important. It is therefore encouraging that only 6% rated the skills of senior managers as poor.

But the role of middle and junior managers is no less important in terms of managing staff and implementing business strategy – but is traditionally seen as an area of weakness in the UK. The Porter report for the Department of Trade and Industry concluded that problems with management skills in the UK seem to be “concentrated at the lower and middle management level, reflecting the overall skill deficit in the UK labour force”.<sup>12</sup>

Our survey found that problems still remain at the middle and lower management levels. Almost two thirds (64%) of firms rate the skills of middle managers as no better than satisfactory, while 12% rated these skills as poor. Similarly, less than a fifth (18%) believe the skills of supervisors/team leaders to be good.

Smaller firms in our survey had a slightly more favourable view of the abilities of their managers than larger firms, and were more likely to rate the competencies of supervisors/team leaders and middle managers as good.

To address the skills deficit at the junior and middle management level we must nurture the management skills of those already in the workplace – particularly as many people progress into management mid-career. And with the high proportion of managers about to retire there is a need to address the needs of young managers moving up the career ladder.

### Business is taking a range of steps to improve leadership skills

Firms accept their responsibility to identify and address leadership and management needs in their organisations. Our survey found the majority of firms (96%) are investing in their leaders and managers – with 87% arranging training for supervisors/team leaders, 88% for middle managers and 78% for senior managers.

Employers have a range of training options available – whether short-course provision, executive education programmes, or management qualifications. Businesses are most likely to use private training providers to deliver training for their managers (**Exhibit 21**) – with 59% using private providers to train supervisors/team leaders, 69% middle managers, and 57% senior managers.

A significant proportion of employers have developed their own internal training programmes for all management levels. Over half of employers (54%) use internal training to develop supervisors/team leaders and 43% to develop senior managers. Unsurprisingly, larger firms are the most likely to have the capacity to develop internal programmes. While 35% of firms with less than 50 employees train middle managers internally, this figure rises to 77% for firms with over 5,000 staff. Leadership and management reflects the workplace culture of different firms, and employers often find it is most effective to teach these skills internally to make them relevant to the real-life business context of the organisation.

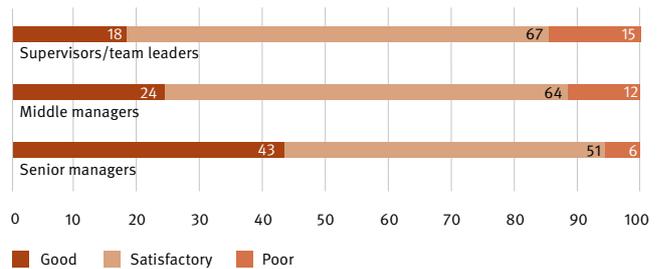
FE colleges are key external partners for delivering training – particularly at the junior and middle management level. Almost a third of employers (32%) partner with colleges to train middle managers and 37% to train supervisors/team leaders.

University business schools also provide leadership and management training and have grown rapidly in the UK over the last 20 to 30 years, with just over 100 business schools now in existence. While there is no doubt that the international business school market is dominated by the USA, the top UK business schools hold their own against their international counterparts. The Financial Times European business school rankings show the UK has 20 out of the top 50 ranked business schools<sup>13</sup> – the most of any European country.

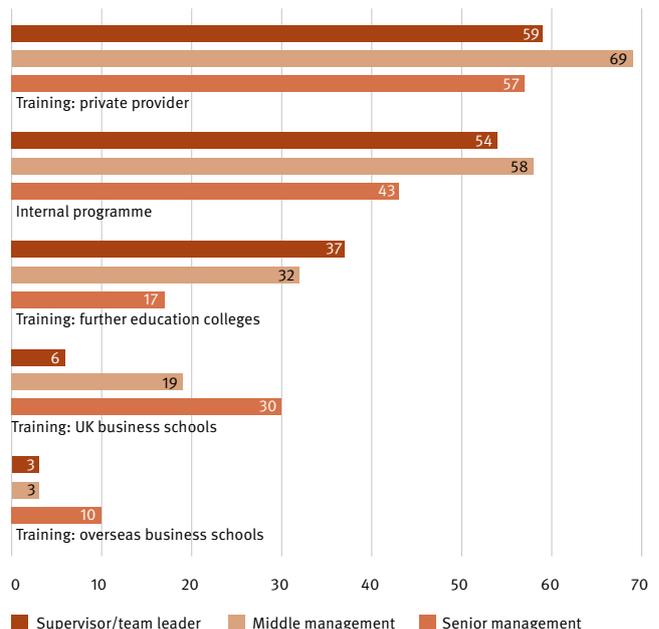
The provision offered by business schools for those already in the workforce – whether postgraduate courses or customised training programmes – has largely been targeted at senior managers. Our survey found these are the most likely to receive training through business schools – with 30% of employers sending senior managers to UK schools and 10% to overseas institutions.

The survey also found SMEs are least likely to use the services of business schools. Whereas 16% of senior managers in firms with under 50 employees were provided with training at UK business schools, this figure rose to 47% for firms with over 5,000 employees. Clearly business schools have to do more to reach out to the SME community and provide services that meet the specific needs of smaller firms.

**Exhibit 20 Employer rating of employees' leadership and management skills (%)**



**Exhibit 21 Employer investment in different types of training for managers and leaders (%)**





## 5/ Graduates with strong employability skills have the edge

Graduates are in demand across the economy and those with strong employability skills are more likely to succeed in finding employment in an increasingly competitive jobs market. Universities must do more to ensure students acquire the generic transferable skills they will need in their future career – including communication skills, self management and business awareness – alongside the core academic content of university courses. The teaching of these skills should not be viewed as a discretionary ‘add-on’ – they are vital to enable graduates to apply their degree skills to the workplace.

### Key findings

- More than a third (36%) of jobs with UK employers require degree-level skills – but this varies from two thirds of jobs (65%) in science, high-tech and IT, to less than a fifth of jobs in retail (17%) and hospitality (13%)
- STEM graduates can expect to receive among the highest starting salaries of all new recruits – an average of more than £22,000
- Employers are generally satisfied with graduate employability skills, but there is clearly room for improvement. Employers place enormous value on these employability skills – over three quarters (78%) of firms consider them an essential factor when recruiting new graduates
- Employers are not concerned about the overall number of graduates entering the labour market. They are, however, concerned that these graduates leave university with the right skills to prepare them for the workplace. More than four out of five employers (82%) believe that universities need to equip their students with better employability skills.

### Graduate-level skills are a must for an increasing proportion of jobs

More than a third (36%) of jobs require degree-level qualifications but there is significant variation between sectors. Companies in science, high-tech and IT industries say around two thirds (65%) of jobs in their sector need degree-level skills (**Exhibit 22**). Businesses in these industries were also more likely to think universities should focus on increasing the numbers of students studying STEM subjects: almost half (46%) of high-technology employers thought universities should focus on increasing the number of STEM graduates as a matter of priority.

Employers in the retail and hospitality sectors were least likely to require degree-level skills amongst their workforce – less than a fifth of jobs in these sectors (17% in retail and 13% in hospitality) require degree-level skills.

### STEM graduates receive among the highest starting salaries of all new recruits

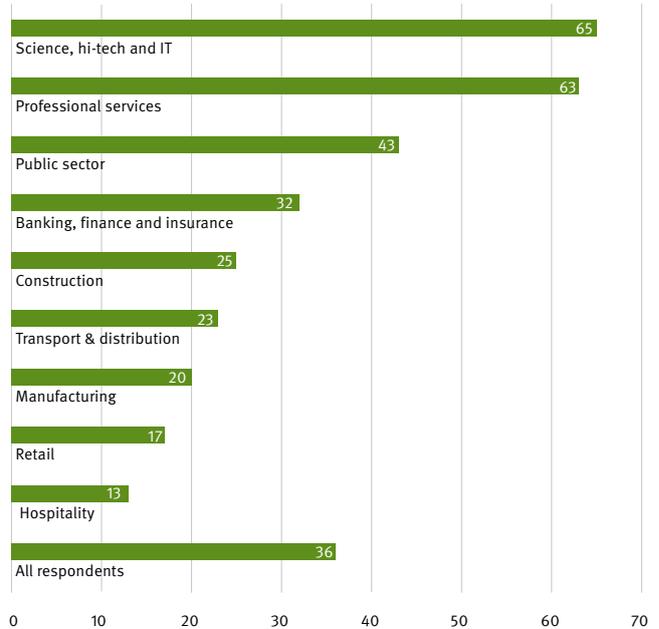
The evidence from our survey – in which more than 350 employers provided detailed information about the salaries that they offer to graduate employees in different job types – makes clear that graduates in STEM disciplines can expect to be paid significantly more than average. Graduate jobs in science pay £1,000 more than the average graduate starting salary, and the average salary for jobs in engineering is £1,500 more. STEM graduates can also expect this early experience of their ‘value-added’ skill set to be sustained throughout their careers: recent studies by the 1994 group of universities and PwC reveal that science and technology graduates can expect a significantly higher earnings premium over the course of their working lives than graduates in disciplines such as social sciences or humanities.<sup>14</sup>

The starting salary of engineers is among the highest – only managerial jobs pay more (Exhibit 23). For graduates pursuing work as scientists, the earnings they can expect to receive is similarly high – considerably above the average for all job types. Starting salaries for science and engineering jobs are also among the most reliable – there is significantly less variation in the salaries of graduates working in these fields. In other words, not only do these job types pay comparatively more on average, there is also a greater likelihood that they will pay a high wage. This is in contrast to other fields, like professional services, where there is much greater variation in salary levels.

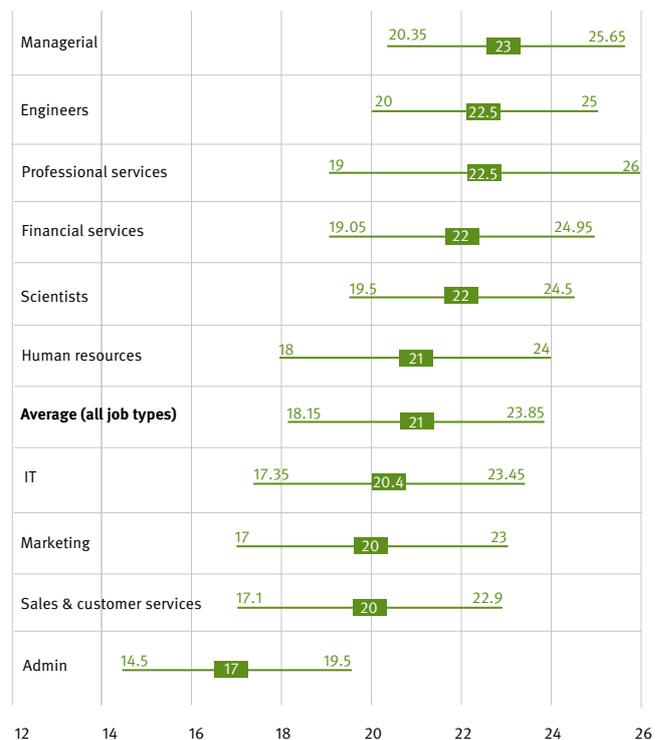
Graduates who start work in managerial positions can expect to receive the highest earnings, reflecting the premium that businesses place on graduates entering the workplace with managerial and business leadership skills already developed.

To help young people make the most informed decision when applying for degree courses, it is important that data such as this – setting out the career opportunities and earnings potential for jobs in different sectors, and the economic return to degree courses – is made available for secondary school students. The provision of such data, in a clear and accessible form, could help students – particularly those from families without a background in higher education – make the most effective decisions at the time of organising their university applications and earlier in their school career, when they choose the A-level options that will shape the opportunities available to them at 18.

**Exhibit 22 Proportion of jobs requiring degree-level skills (%)**



**Exhibit 23 Median starting salaries by job type (£000), with inter-quartile range**



**Graduates employability skills are only satisfactory**

An overwhelming proportion of firms – 98% – report themselves either satisfied or very satisfied with the level of IT skills among their graduate recruits (**Exhibit 24**). This broad level of satisfaction with graduates’ IT skills is a welcome finding and confirms the evidence of the CBI/Pertemps employment trends survey 2008, in which only 3% of employers reported dissatisfaction with graduates’ IT competencies. But in those industries – science, high-tech and IT – where high-quality IT skills are an essential workplace competency, only a little over half (54%) of firms are very satisfied their graduate recruits’ competency in this area.

Only a relatively small proportion of graduates lack the most basic numeracy and literacy skills, but employers are far from pleased with the overall level of these skills among their graduate employees. Only 29% of employers are very satisfied with the ability of graduates to apply numeracy skills, and a similarly low proportion – 31% – are content with the communication and literacy skills of their graduate intake. It is worrying that among the most highly-skilled employees in the UK, there remains concern about the most basic skills.

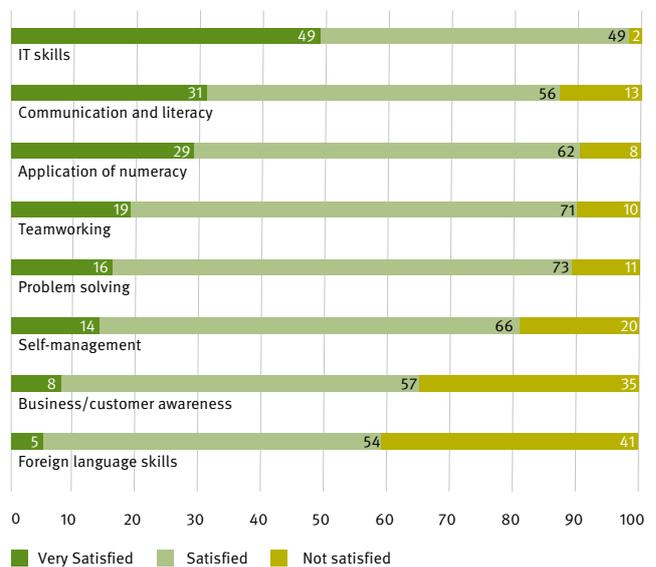
Employers are also concerned about graduates’ broader employability skills. Fewer than one in five employers (19%) report high levels of satisfaction with graduates’ teamworking skills, and just 8% of firms were very satisfied with university-leavers’ basic understanding of business and customer awareness.

**Degree result and university attended are not key recruitment considerations for employers**

The majority of employers (70%) do not specify a minimum degree result when recruiting graduates. But in some sectors – particularly banking, finance and insurance, professional services and science, high-tech and IT – employers do set an exacting academic standard on their recruits. Four in ten employers recruiting for graduate jobs in banking, finance and insurance set a minimum 2:1 standard for these positions. In professional services, close to half (46%) of employers require a 2:1 or first-class degree as a minimum standard for their recruitment intake – reflecting the high levels of popularity of careers in sectors such as law and management consultancy. Over a third (36%) of jobs in the science, high-tech and IT sectors require a degree of at least 2:1 standard – which attests to the importance of a well-developed technical knowledge base for graduates looking to work in these fields.

Similarly, the vast majority of employers (84%) do not consider the university a graduate attended to be a key factor in their recruitment. But employers in sectors with a high proportion of jobs requiring expertise in STEM areas – particularly science, high-tech and IT

**Exhibit 24 Employer satisfaction with graduates’ employability skills (%)**



– are more likely to focus their recruitment on specific institutions. Employers in the science, high-tech and IT sectors are most likely to recruit from specific universities – with over a third of firms in these areas seeking to source their graduate intake from particular institutions. However, these are not necessarily the traditional Russell Group universities or Oxbridge – the vast majority of employers in these sectors that did look to preferred universities recruit either from a list of universities particular to their firm or from local institutions.

### Positive attitude is key to a successful graduate career

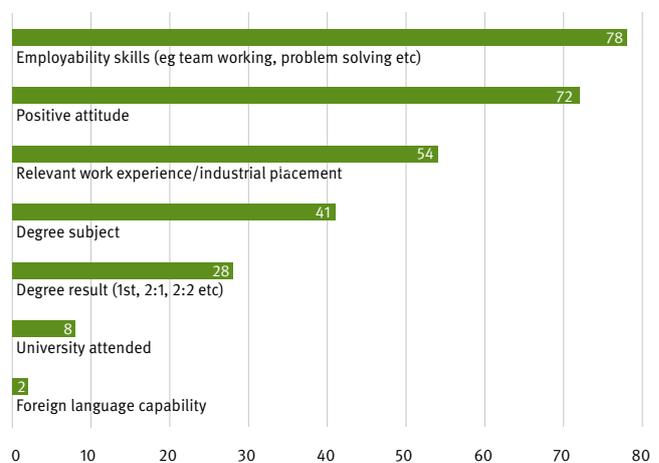
More than two fifths of employers (41%) list degree subject as one of the most important factors they consider when recruiting graduates (**Exhibit 25**). But it is clear senior executives place the highest value on the generic employability skills graduates possess. More than three quarters (78%) of employers list these employability skills as among the most important factors they consider when recruiting graduates, much more important than degree result (listed by just 28%) or university attended (8%).

Employers rank employability skills and a positive attitude towards work as the most important factors they consider when recruiting graduates, although these skills have traditionally been given low priority in many degree courses. While many universities have made real progress in recent years in developing employability skills among their students, this good practice needs to be extended to ensure all graduates leave university able to use the skills and knowledge they have acquired during their studies to secure productive, sustainable employment.

Employers are also clear about the value-added benefit to students who have gained work experience by the time they graduate. More than half (54%) list it as one of the most important factors they look for when recruiting graduates. Work experience helps sharpen students' focus on the importance of employability skills and gives them the chance to develop these in a practical context – enabling them to hit the ground running once they graduate and start looking for employment.

While only a minority of employers are looking for foreign language capability (2%), it is clear from the survey that a large proportion of employers place a premium on graduates with at least conversational fluency in another language. It is a concern to companies that these skills are increasingly rare: more than two fifths of employers (41%) report dissatisfaction with graduates' language skills.

**Exhibit 25 Most important factors considered when recruiting graduates (%)**



**Increasing graduates’ employability is the key priority for business**

Very few employers are concerned about an overall shortage of graduates – only 3% think increasing graduate numbers is a priority. But the vast majority of employers – 82% – believe that universities should prioritise the teaching of employability skills (**Exhibit 26**). This can be achieved through specific courses or by embedding these skills within degrees.

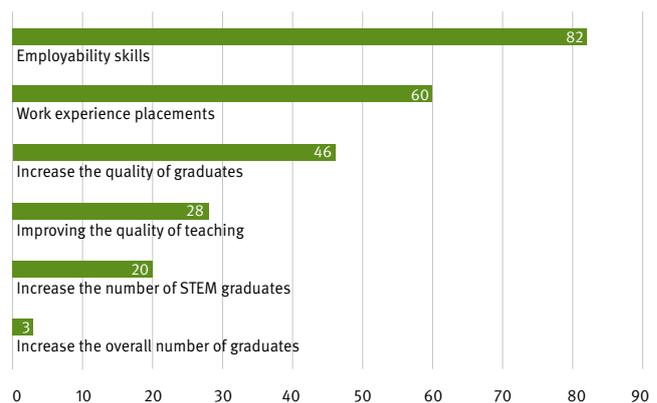
Working with Universities UK and the Department for Innovation, Universities and Skills (DIUS), the CBI has recently produced a report, *Future fit*, which highlights best practice from universities and employers in developing graduates’ employability skills. The evidence in this report makes clear that where universities set aside specific resources – staff and budgets – to engage with employers and ensure their students have the opportunity to develop employability skills, this brings real benefits in terms of preparing students for fulfilling and sustainable employment. Firms who engage with universities to work with students on campus (at careers service events or enterprise workshops, for example) or provide work placements to undergraduates, have also realised significant benefits in terms of raising their recruitment profile among graduates and in development opportunities for their existing staff – who, for example, develop their management skills through mentoring student interns.

The report sets out the benefits for students who have the opportunity to study specific employability or enterprise components within their courses. It also makes clear the benefits – to students and employers – of work experience placements for undergraduates. Undergraduate work experience, whether in the form of short-term work placements or extended summer internships or ‘sandwich’ years in industry, can be hugely beneficial in developing the employability skills employers value. This is reflected in the large proportion of employers – 60% – in our survey who believe universities should prioritise work experience placements in their undergraduate courses. The mechanisms for achieving this – dedicated employer brokerage in university careers advice centres, for example – are not cost-intensive, and bring enormous benefits to students, universities and businesses.

**Percentage of employers believing universities should prioritise employability skills in undergraduates**



**Exhibit 26 Employer priorities for undergraduates (%)**



While employers are not worried about the overall number of graduates entering the labour market, there is concern that universities should be producing more graduates in the subject areas that businesses value – particularly the science, technology, engineering and maths (STEM) disciplines. A fifth (20%) of employers believe universities should work to increase the numbers of STEM graduates. This figure rises to almost half (46%) of employers in the science, high-tech and IT sector.

### **Employers value clear information about graduates' academic performance**

While nearly half (48%) of senior executives are satisfied with the current system of university degree qualification (2:2, 2:1, etc), the majority of employers (52%) would prefer a more detailed breakdown of students' academic performance to better inform their recruitment processes.

Most employers who want to see a change in the way that graduates' academic performance is published would like to have access to a transcript of an individual's course results to give the full picture of a graduate's achievements at university. Such a change would enable a graduate to present their academic achievements in the round, and help employers match their vacancies to the most qualified applicants.





# 6/STEM for tomorrow's world

A world-class skills base is a vital component of future economic growth and prosperity. But companies are experiencing difficulty recruiting people with valuable science, technology, engineering and maths (STEM) skills. Businesses from all sectors want STEM skills, but they are particularly relevant in key areas – such as energy and hi-tech manufacturing – which are predicted to grow and provide employment opportunities in future.

## Key findings

- All businesses value STEM graduates – 40% of companies prefer STEM when recruiting graduates, and a further 13% prefer business degrees
- But companies are experiencing difficulty recruiting people with these valuable skills. Two thirds (66%) of businesses had difficulty recruiting STEM-skilled people at some level
- STEM degrees are not meeting business needs – two thirds (64%) of science, hi-tech and IT employers found the content of STEM degrees was not relevant to their business.

The sectors predicted to grow and create employment opportunities in the future are reliant on STEM skills.<sup>15</sup> Increasing the pool of STEM skills will help to strengthen our scientific and innovative sectors for the upturn.

**“STEM skills are vital to our commercial success and are of great concern to us at QinetiQ because they underpin our ability to tackle some of the greatest global challenges we face. Both industry and government have key roles to play in inspiring our next generation of scientists and engineers.”**

**Graham Love**, CEO of QinetiQ

### STEM degrees are sought after

Businesses from all sectors want STEM skills – nine out of ten (92%) firms employ STEM skilled people,<sup>16</sup> valuing their analytical capabilities and problem solving skills. Two fifths (42%) of businesses do not have a subject preference when it comes to graduate degrees (**Exhibit 27**) – selecting people from a range of subject backgrounds. But given a choice, four out of ten employers prefer STEM degrees over any other subject – whatever their size or sector – and a further 13% prefer business studies and related business subjects.

The desire for STEM-skilled individuals is greater than most in technical, innovative and technological areas – almost all (92%) of our innovative companies in science, hi-tech and IT prefer STEM degrees, with demand strong among utilities companies, manufacturing and construction – where over two thirds (64%) prefer STEM graduates.

The value business places on STEM degrees is clear – it is therefore of major concern that only 13% of university students are studying the core STEM disciplines of physics, biology, chemistry, maths, engineering and technology.<sup>17</sup> Our survey confirms that science careers are well rewarded – scientists had an average starting salary of £22,000 – higher than HR or marketing roles. In the current economic climate it is even more important that young people receive good careers advice to help them choose subjects that will help prepare them for future employment opportunities.

Over one in ten (13%) employers prefer business degrees when recruiting graduates – particularly businesses in professional services and banking, finance and insurance. Business degrees are the most popular single subject area for today's undergraduates – 12% of students at UK universities were studying business and administrative studies in 2006/07. Many students are attracted by the opportunity to undertake work placements which are a feature of good business degrees. Graduates also develop a range of skills

and competencies, reflecting the multidisciplinary nature of business. And business graduates must be numerate – skills in quantitative methods and statistics are highly valued.

A small proportion (3%) of employers in our survey preferred social science degrees when recruiting graduates – these were primarily public sector employers or private sector public services providers.

### Many businesses are reliant on STEM for graduate positions

Businesses in STEM sectors are more likely than others to require a specific degree discipline, reflecting the technical and specialised nature of the work undertaken. Two thirds (65%) of graduate jobs in science, hi-tech and IT businesses require a specific degree (**Exhibit 22, page 27**). Professional services companies have a high proportion of graduate jobs which require a particular degree subject and show a strong preference for STEM degrees.

Two fifths (43%) of graduate jobs in the public sector require a specific degree – this will include roles in education and social work which have associated degree-level professional qualifications such as PGCEs.

### STEM skills are in short supply

Companies are still experiencing difficulty recruiting people with the right skills and competencies – and although these difficulties are likely to recede during the economic downturn, it is essential skills shortages are addressed now to prevent problems in the upturn. Two thirds (66%) of businesses recruiting STEM-skilled people are having difficulty at some level (**Exhibit 28**).

A third (32%) of businesses in the survey are having difficulty recruiting STEM graduates and postgraduates. STEM graduates and postgraduates are vital to research intensive sectors – for example the UK is the world’s largest exporter of pharmaceuticals and second only to the US in biosciences. But these skills are also important to other key sectors such as financial services and energy. The UK requires these innovative sectors to drive future economic growth – but this will be hampered if business cannot access the higher level skills needed.

Companies in the energy & water sector were facing particular recruitment difficulties – with three quarters (74%) having problems at graduate or postgraduate level. Ensuring energy & water employers have people with the right skills, will be critical for the UK’s energy security and enabling low-carbon innovation – the power and utilities sector needs 9,000 extra skilled workers by 2015.<sup>18</sup> Employers in this sector are working together to address these business-critical shortages by supporting the new National Skills

#### Exhibit 27 Employers preference for degree subjects (%)

No specific preference	42
Science, technology, engineering and maths	40
Business	13
Social sciences	3
Humanities	1

#### Exhibit 28 Employers expressing difficulty recruiting STEM-skilled employees (%)

	All respondents	Energy & water	Manufacturing	Science, hi-tech and IT
Difficulty recruiting at some level	66	92	80	77
Graduate & postgraduate	32	74	50	62
Experienced	21	42	32	21
Technician	16	47	32	17
Qualified apprentices	12	32	27	13

Academy (NSA) for power and promoting power sector skills to schools, universities and society. But the government must also play its part by ensuring the NSA has the resources it needs.

Two thirds (62%) of businesses in science, hi-tech and IT are experiencing difficulty recruiting graduates and postgraduates, and firms in these sectors are particularly reliant on specific degrees – with 65% of jobs in these sectors requiring them. These companies must be supported by a large pool of suitably qualified STEM graduates and postgraduates to meet their strategic objectives and to fuel future growth.

But the pool of graduates remains shallow – in a decade when participation in higher education has risen to record levels, participation in STEM disciplines remains worrying low. Chemistry and physics students make up just 4% of all students at UK universities, and less than 2% are studying maths.

Improvement in the numbers studying STEM at university will depend on increasing participation in science and maths at school. The CBI has called for measures to improve access to triple science: the brightest students should be automatically enrolled into triple science at GCSE, which is a better preparation for science subjects at A-level.

The CBI Higher Education Task Force is exploring what more universities and businesses can do to increase take up of these valuable subjects at universities. The task force is examining the funding system to ensure government is providing the support these resource-intensive subjects need so that universities can continue to provide high-quality provision, with time for graduates to develop practical skills.

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For up to date information on the work of the Higher Education Task Force, visit [www.cbi.org.uk/highereducation](http://www.cbi.org.uk/highereducation)

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Employers are also experiencing shortages when looking for people with at least five years experience in the workplace – a fifth (21%) report this problem. But the recruitment problem is significantly worse in key sectors – two fifths (42%) of firms in the energy & water report difficulty recruiting people with over five years experience while a third (32%) of manufacturing firms are struggling to find the experienced hands they need. There are serious consequences for hard-to-fill vacancies – projects cannot be taken forward, products get lost in the development pipeline and in some cases companies have to turn away work.

Business needs STEM skills at all qualification levels – over one in ten (12%) businesses are having difficulty recruiting apprentices and one in six (16%) are having difficulty recruiting at technician level. Again, energy & water are particularly struggling to meet their recruitment needs – nearly half (47%) of these businesses are experiencing difficulty recruiting technicians alongside a third (32%) of manufacturing firms

### STEM degrees are not meeting technical needs

This year, the survey asked employers what they saw as the barriers to recruiting STEM graduates. Employers in different sectors are encountering different barriers.

Over half (57%) of employers cited STEM graduates lacking employability skills as a barrier to recruitment, and a similar proportion (56%) said the lack of relevant work experience was a barrier (**Exhibit 29**).

For some sectors, it is the knowledge base of the degree which is valued. Two thirds (64%) of science, hi-tech and IT employers said degrees were not relevant to their needs, with employers in construction and energy & water also reporting problems. Companies in these sectors are doing cutting edge research and product development. In order to maintain employment opportunities in the UK, we must develop a good supply of home-grown talent with the specialised skills on which major sectors rely.

Businesses in manufacturing saw some problems in degree content but were mostly concerned that graduates lack employability skills (65%) or do not have relevant work experience (63%). Manufacturing employers place high value on graduates with work experience, such as that gained on sandwich courses with a year in industry and are most likely to report a lack of practical skills – with 15% doing so.

But the proportion of students on sandwich courses has fallen in recent years: in 1994/95, 10.5% of all undergraduate students were on a sandwich course – this dropped to 6.5% in 2006/07. The largest decline was in engineering and technology where the number of sandwich course students fell by almost 8,000 (or 33%) during this period. But more can be done – employers can work together to share best practice and increase work placement opportunities for undergraduates.

It is worrying that undergraduates in areas related to construction are applying to employers with degrees not accredited by relevant professional bodies – this was a barrier for three in ten (29%) of construction companies.

In developing relevant courses, university and business interaction is key, but while business people are becoming a common feature on university governing boards, employer engagement with the curriculum at the department or course level is less widespread.

### Companies are looking overseas to meet their STEM needs

Firms continue to look far and wide to recruit STEM talent with 38% recruiting from the EU15 or EU27 (**Exhibit 30**). Larger firms (those with over 5,000 employees) are much more likely to recruit from Europe than smaller companies – 86% are recruiting from the EU15 or EU27. Their reach extends outside Europe – 17% of large companies recruit from China (the average for all firms is 6%) and 14% recruit from India (the average for all firms is 8%).

These large global players not only have the infrastructure to recruit in many countries, but are operating in different international markets. An internationally diverse workforce can help global companies position themselves for new market opportunities, as well as counteracting skills shortages in the UK labour market. But it is worrying that firms are having to look abroad for STEM talent.

Science, hi-tech and IT businesses are also looking outside the UK for STEM skilled staff:

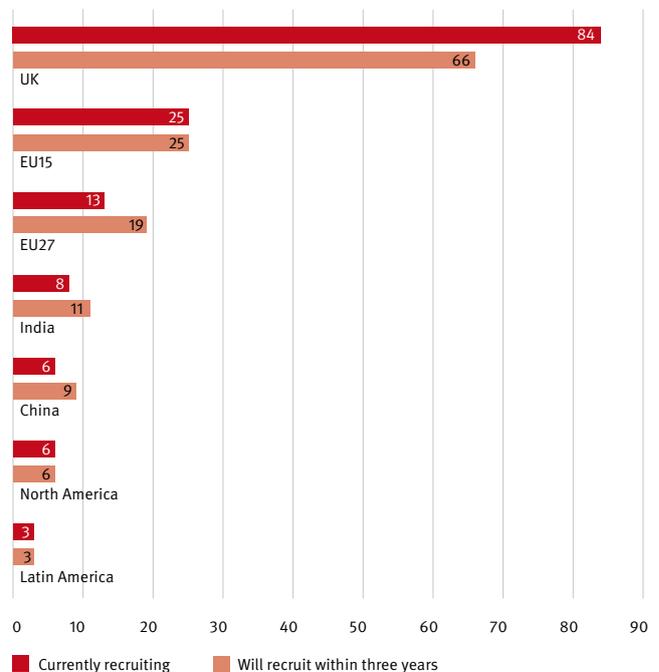
- A quarter (24%) are recruiting from India (the average for all firms is 8%)
- A quarter (24%) are currently recruiting from North America (the average is 6%)
- 18% are recruiting from China (the average is 6%).

The extent of this recruitment emphasises the need to increase the number of STEM graduates in the UK.

**Exhibit 29 Barriers to recruiting STEM graduates (%)**

	Science, hi-tech and IT	Energy & water	Construction	Manufacturing	All
Content of degree not relevant to business	64	50	43	33	38
Graduates lack employability skills	50	50	57	65	57
Lack of workplace experience	36	58	57	63	56
Poor practical or laboratory skills	7	0	0	15	11
Degree not accredited by relevant professional bodies	0	8	29	8	11

**Exhibit 30 Employers looking far and wide for STEM talent**



**EU15:** comprises the following 15 countries – Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom.

**EU27:** comprises the EU 15 and the following countries in addition – Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovak Republic, Slovenia.



# 7/A critical time for apprenticeships

Apprenticeships can play a vital role in upskilling the workforce – apprentices develop sector-specific competencies alongside valuable employability skills. Despite the economic downturn, many firms are still considering expanding their apprenticeship schemes, but at this difficult time for firms government action is needed to maintain apprentice numbers and support employers.

## Key findings

- Many employers remain committed to apprenticeships and hope to expand their provision – half (51%) are involved at present and over a third (38%) are intending to take on more in the future
- But these are difficult times for firms, in particular SMEs – while large employers previously involved in the scheme said they would continue taking on apprentices, a fifth (17%) of small firms have ceased their involvement
- Employers are clear on the top three priorities for government action – introducing incentive payments (51%), apprenticeship qualifications matching business needs (50%) and more suitably qualified young people pursuing apprenticeships (50%).

Percentage of employers involved in apprenticeships



Exhibit 31 Employer involvement in apprenticeships (%)

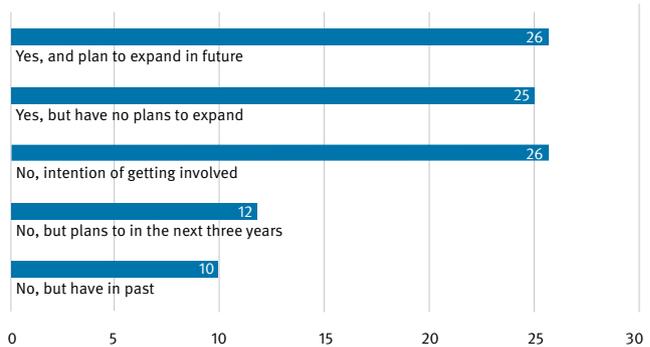
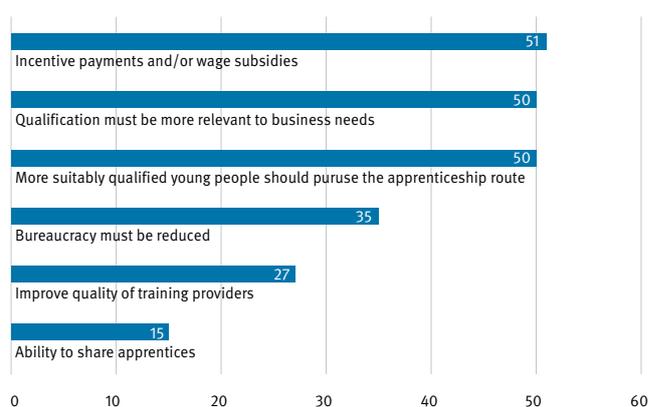


Exhibit 32 Action needed to maintain apprentice numbers (%)



### Many firms are still considering expansion of apprenticeships

Apprenticeships play a vital role in upskilling the current and future workforce. Apprentices develop sector-specific competencies alongside valuable employability skills, leading to a long term payback in terms of higher skills and higher pay. On average, young people who undertake an apprenticeship can expect a wage return of 8-18% when qualified – this compares favourably to the return expected for a student taking A-levels (around 14%).<sup>19</sup>

Firms remain committed to apprenticeships and half (51%) of employers are involved in them (little change from last year), and encouragingly, over a third (38%) of employers hope to expand their apprenticeship programmes (**Exhibit 31**). Non-traditional areas such as hospitality (67%) and the retail sector (50%) are particularly hoping to expand their programmes further.

But the coming year will be very difficult – in particular for small firms who are likely to struggle to provide apprenticeship schemes from very tight budgets. This year all large employers said they were taking on apprentices if they had in the past, in comparison to nearly a fifth (17%) of small firms who are unable to continue their involvement in the scheme.

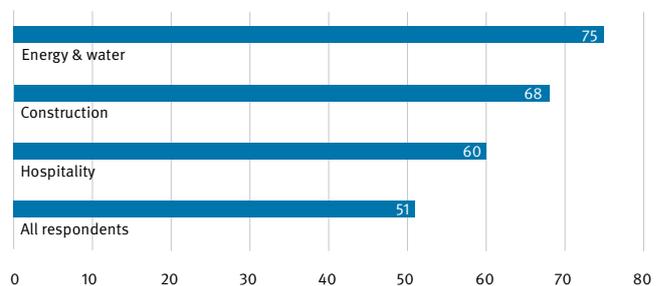
### But government action is needed to maintain apprentice numbers

Figures from the LSC show a 17% fall for August to October 2008 enrolments of 16-18 year-olds on level 2 apprenticeships in comparison to the same period last year and a 10% fall at level 3 for 19-24 year-olds – emphasising the impact of the downturn on apprentice enrolment already – though there has been a significant expansion in apprenticeship numbers for over 25 year-olds.<sup>20</sup>

It is therefore essential that government maintains apprenticeship numbers in these turbulent trading conditions.

Building on the existing network of group training associations, one in seven firms (15%) thought programmes to facilitate apprentice sharing between firms would encourage more to get involved in apprentice training (**Exhibit 32**). In the current circumstances, this model offers advantages for all: apprentices are assured training to fully complete their apprenticeship, and employers – particularly SMEs – are given more support and a reduction in the significant opportunity costs incurred in the early stages of an apprenticeship.

### Exhibit 33 Importance of financial incentives for training apprentices – key sectors (%)



Over half of firms see financial support as a priority (51%). Those in the energy & water (75%), construction (68%) and hospitality (60%) industries would particularly like to see wage subsidies being introduced by the government in 2009 (**Exhibit 33, page 37**). Such measures may be vital to maintain apprentice numbers and help firms cover the additional wage, training and management costs incurred when taking on apprentices.

### Apprenticeship qualifications must adapt to changing needs

The apprenticeship qualification must adapt to the changing needs of business – half of employers (50%) feel apprenticeship qualifications have to be more relevant to their needs. Skills needs evolve more quickly in certain sectors and the qualification must reflect this, but two thirds (67%) of science, hi-tech and IT firms, for example, need the framework to adapt more easily and 80% of hospitality firms find the qualification does not match their sector's current skills needs.

Alongside these sector-specific competencies, apprentices must develop employability skills in their chosen sector. The current recession makes it important that apprentices have these generic skills, so they can transfer to other sectors if required.

### Employers are turned off apprenticeships by red tape

The government must continue its offensive to combat the significant bureaucracy involved in delivering the programme – 35% of employers felt bureaucracy should be cut – a significant increase on the 19% last year. Firms report significant time having to navigate a confusing maze of agencies, rules and regulations, rather than undertaking the primary objective of training their apprentices. These considerable opportunity costs deter increased involvement.

This is a real concern for industries not seen as traditional apprenticeship territory such as retail (64%) and hospitality (60%). These sectors need to be encouraged to expand their schemes. And it is not just SMEs being discouraged from taking on apprentices by red tape: large employers have serious concerns and often need one full-time member of staff just to work on the administration of their schemes.

### Red tape concerns

- Funding rules – currently age-dependent funding makes planning and costing apprenticeship programmes very time-consuming for employers. This year more than ever, employers need efficient access to funding to budget effectively
- Devolution – employers have to contend with diverging frameworks, conflicting funding arrangements and liaising with different agencies in all four nations. As a result, many large employers have to employ full-time staff to coordinate their apprenticeship programme – incurring significant costs.
- Storage of paperwork – in the past, even large firms with greater economies of scale, have had to spend significant sums simply on storing the paperwork for the six years the LSC stipulates. More progress on e-signatures is needed.
- Cutting bureaucratic processes – employers have to liaise with a huge number of intermediaries – the LSC, for some the NES, Awarding Bodies, SSCs and Ofsted. Agencies and training providers must understand that quality assurance visits must be arranged at convenient times for employers and with realistic expectations about the evidence employers should provide. In the current climate, many businesses cannot afford visits at inconvenient times.
- Certification procedures – unnecessary bureaucracy not only affects employers, but also apprentices who often face a very lengthy process to receive their results and find out if they have completed the framework. Employers then have to pay the awarding body for each certificate, and pay the SSC for an overall certificate. The Apprenticeships, Skills, Children and Learning Bill must show how bureaucracy will be reduced in the certification process.

### Raising the status of apprenticeships

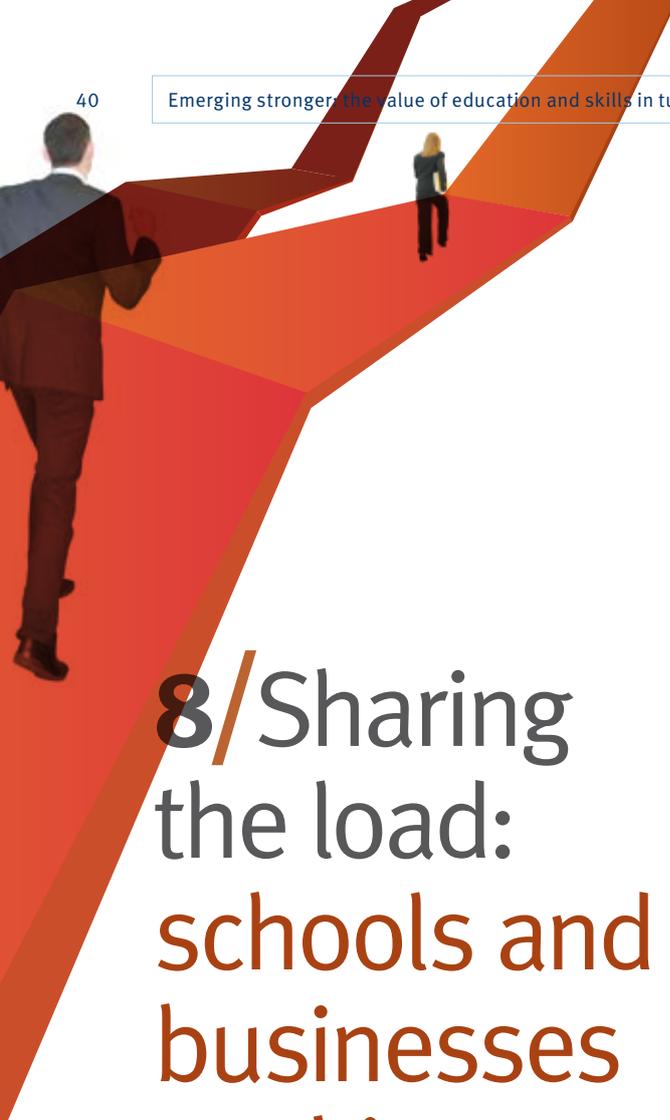
For too long apprenticeships have been consigned by many schools as a route for low achievers. Half of employers (50%) believe that more suitably qualified young people should be encouraged to take up an apprenticeship. To do this, the government should:

- Make sure the new National Apprenticeship Service field force promotes apprenticeships widely: in particular schools must provide high quality careers guidance so parents consider it is a route for their child – not just someone else's
- Improve progression to HE – ensure apprentices receive UCAS points, with more level 4 apprenticeships including part-time participation at university
- Retain the apprenticeship brand – apprenticeships should not be diluted by the more general diploma curriculum.

**“One of the key elements of our highly successful apprenticeship programme is the ability to offer our employees a range of varied options. These include level 4 apprenticeships which allow our employees to gain credit towards a university degree. The chance to progress from an apprenticeship towards more advanced learning is critical in attracting the ambitious applicants our business needs.”**

**Andy Palmer**, Head of Skills Development, BT





## 8/ Sharing the load: schools and businesses working together

**Employers are actively engaged with education at all levels – business involvement with schools is a powerful catalyst to increased academic achievement. It can also enable young people to make informed decisions at the key transition points in their education, and help them develop the employability skills that prepare them for the workplace. With firms coming under pressure to control costs, many employers do not have the time or resources to increase their involvement. To expand opportunities for work-related learning in the school curriculum, employers must have support to maintain and build on their links with schools.**

### Key findings

- Employers are committed to their relationships with primary and secondary schools – 70% work with secondary schools in some way, from hosting workplace visits for students to assisting with enterprise activities in schools
- Eighty-five percent of firms that work with schools provide placements for young people
- More can be done – through companies, schools and colleges working together – to improve the extent and quality of business-education partnerships.

#### Employers are building links with schools

Businesses are involved with young people's education in a variety of ways. These go far beyond the traditional two-week work placement offered to students in their GCSE year – although this remains a core element of the partnership working between schools and businesses, and provides a firm foundation on which to build.

Seven out of ten employers have links with secondary schools (**Exhibit 34**), with over a fifth (23%) working with primary schools.

Employers' involvement in education includes providing support for careers advice in schools, mentoring programmes to support able students from disadvantaged backgrounds achieve their full potential, and supporting employees who work as school governors (**Exhibit 35**).

Education-business partnership work brings tangible benefits, not just to schools and colleges, but also to the businesses involved in terms of staff development – employees involved as governors and mentors, for example, can develop their own leadership and management skills. It also helps to enhance the reputation of the company and raise its profile in its area. But, vitally, it helps ensure the next generation of school-leavers and graduates enters the workplace with the skills companies value.

### Work experience enables young people to hit the ground running in their careers

The majority of employers in our survey (85%) provide work experience placements. These are vital to help young people appreciate the relevance of the skills they have developed at school to their future career – as well as understanding the career options open to them. This direct workplace experience is also crucial in fostering employability skills among young people – the generic competencies of business awareness, the ability to apply IT, literacy and numeracy skills, team-working and self-management. Following extensive consultation with members, the CBI has set out these employability skills – and why they are valued by employers – in our report, *Time well spent: embedding employability in work experience*.

#### The CBI employability framework

**Self-management** – readiness to accept responsibility, flexibility, resilience, self-starting, time management, readiness to improve own performance based on feedback

**Team-working** – respecting others, co-operating, negotiating/persuading, contributing to discussions

**Business and customer awareness** – basic understanding of the key drivers for business success and the need to provide customer satisfaction and build customer loyalty

**Problem solving** – analysing facts and situations and applying creative thinking to develop appropriate solutions

**Communication and literacy** – application of literacy, ability to produce clear, structured written work and oral literacy, including listening and questioning

**Application of numeracy** – manipulation of numbers, general mathematical awareness and its application in practical contexts

**Application of information technology** – basic IT skills, including familiarity with word processing, spreadsheets, file management and use of internet search engines.

Exhibit 34 Employer links with primary and secondary schools (%)

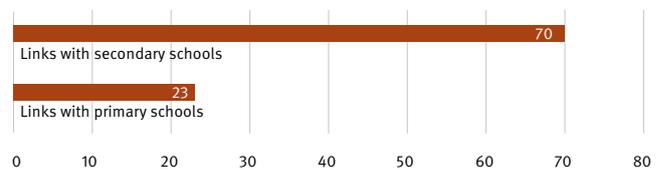
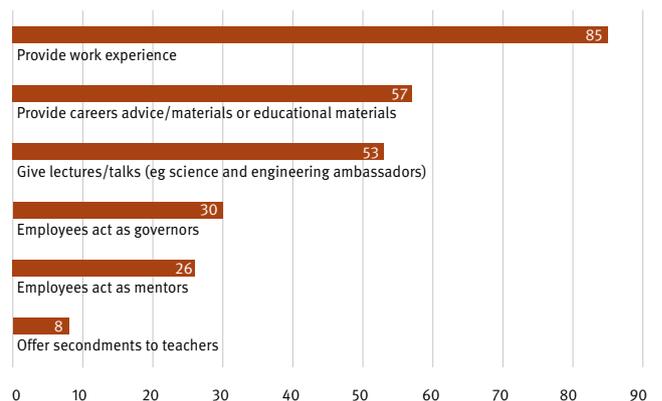


Exhibit 35 Nature of employer links with schools (%)



Employers are committed to supporting the information, advice and guidance (IAG) provision for school-age students – over half (57%) are already offering careers advice materials in schools. But more must be done – particularly through encouraging more employers to participate in established programmes such as the Science and Engineering Ambassadors scheme to promote STEM careers to young people.

But simply increasing business involvement is not the answer to improving careers advice. There are real concerns about the quality and consistency of the advice students receive at the key transition points in their education – 14, 16 and 18. It is essential young people have access to high-quality information and personalised, impartial careers advice and guidance – from their teachers and well-trained careers advice specialists – to inform their academic and training decisions at these points. This is particularly important at a time when young people are being asked to choose new education and training pathways.

### Maximising the potential for education-business partnerships

A very high proportion of employers (73%) are currently involved in work with schools, but there is still scope for expansion – particularly among smaller employers, who lack the time and HR resources of larger companies and therefore find it more difficult to navigate the bureaucracy involved in working with schools – 45% of companies with less than 200 employees currently have no links with schools, compared to just 17% of companies with more than 500 employees.

The National Council for Educational Excellence, chaired by prime minister Gordon Brown and the secretary of state for children, schools and families Ed Balls, brought influential figures from business – including CBI director-general Richard Lambert – together with university and school leaders. It set out a new strategy for increasing the level of employer engagement with schools, and its recommendations included linking up every school with a business partner by 2010 and increasing business engagement with STEM and enterprise education across the curriculum. To realise these ambitious objectives, schools must become more accessible to employers in the future, so that businesses are able to engage with education with a minimum of bureaucracy and the confidence that their time and resources will be well spent.

### Recommendations of the National Council for Educational Excellence to promote education-business links (September 2008):

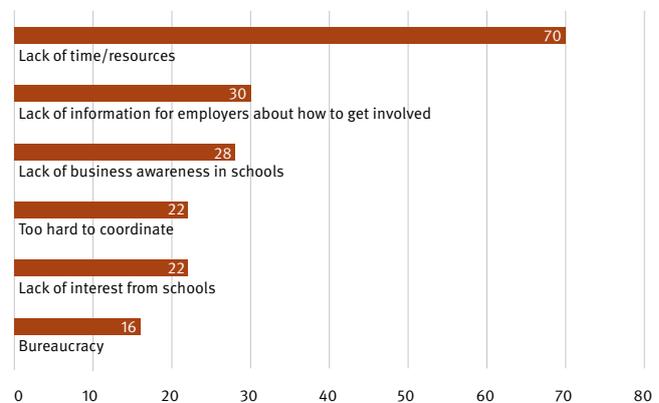
- Employers should support the delivery of a new National Framework for business-education partnership, which includes commitments to:
  - link up every school with a business by 2010
  - increase support for business involvement with STEM teaching in schools
  - embed ‘enterprise and employability’ skills across the curriculum
- Schools and colleges should identify a designated ‘business liaison’ among their senior staff, to coordinate relationships with local businesses
- Ofsted’s inspection of schools should evaluate the level and quality of school’ partnership work with businesses
- Local authorities should produce proposals for ‘brilliant brokerage’ between schools and businesses as part of their Children and Young People’s plans.

### Lack of time and resources is the principal constraint to employer engagement with schools

Seventy percent of firms report a lack of time and resources as a barrier to their getting more involved with schools (**Exhibit 36**). Employers are enthusiastic about the work they are able to do with schools, but greater practical support would enable many firms currently unable to develop their work with schools to overcome the obstacles they face. The barriers cited by employers in our survey range from a lack of information for firms (30%), a lack of business awareness (28%), difficulties in coordinating work with schools (22%), and a lack of interest in working with employers among teachers and school leaders – almost a quarter (22%) report this problem.

The government needs to make business engagement with schools as flexible and bureaucracy-free as possible – employers vary widely in their ability to get involved, and can find schools and the mechanisms of educational bureaucracy alien and potentially hostile environments. It is important that schools and colleges, working with the support of local authorities, local education business partnership organisations and national government, help businesses of all sizes to develop enduring partnerships with schools. With companies under pressure to keep non-essential expenditure to a minimum, it is vitally important that employers are supported in maintaining their links with schools.

### Exhibit 36 Barriers to business involvement with schools (%)





# 9/Stepping higher: business-university links

**Business-university relationships help foster innovation and provide development opportunities for students, academics and businesses. Many businesses already have links with universities – by providing work experience opportunities for students or using universities for workforce training. But there is untapped potential – SMEs are less likely to develop links and are currently missing out on the benefits of business-university partnerships.**

## Key findings

- The majority of companies (66%) have links with universities – and further 10% plan to develop links in the future
- Small businesses are struggling to make links with universities – 45% have no links compared to only 7% of the largest firms
- Business is playing its part to help develop employability skills. Three quarters (74%) of companies with university links provide work experience placements for graduates
- Universities need to promote what they can offer to business – lack of information remains a barrier to greater engagement.

Business knows that a vibrant, dynamic higher education sector is crucial to the future of the UK economy, and has a clear need for graduates with STEM and employability skills. But a relationship with the HE sector means more than just being an employer of graduates. Business turns to universities as a partner for world-leading research and innovation. These partnerships pay dividends to the individuals and businesses concerned, and the direct contribution of university research to the UK economy is clear: between 2004 and 2007, 25 university spin-off companies were floated on the stock exchange, with an initial market value of over £1.5bn.

In the last few years universities have made good progress building bridges with business: universities provide R&D services and they are designing programmes to boost the skills of those in the workforce.

### Employers are building links with universities

The majority of companies (66%) have links with universities (**Exhibit 37**) – and 10% plan to develop links in the future. This is an increase on last year's survey, in which 53% had links with universities.

Businesses in science, high-tech and IT (88%), the public sector (84%) and professional services (73%) are more likely than most to have links – reflecting their higher than average use of graduate level skills and research activity. And the vast majority (84%) of the largest firms have links with universities – typically companies with large graduate schemes, often with a dedicated team of HR and training practitioners working on graduate recruitment.

Few of the small firms have links with universities – 45% have none compared to only 7% of the largest firms (**Exhibit 38**). But there is untapped potential – one in ten of the smallest companies intends to make links with universities in the future.

**“If universities want to work with SMEs, they have to ‘think business’. Everything they do for SMEs has to be business-like – from their speed of response to the language they use. Universities probably need an account management system – a customer service team with an interface role. They would understand how both sides think and operate and do all the leg-work on behalf of businesses. And SMEs expect universities to be up-to-speed on the funding support available that could pay for programmes, research, placements and other joint initiatives.”**

**Victoria Tomlinson**, founder and owner of PR company with 8 people.

### Business continues to play its part to develop employability skills

The survey confirms that business is playing its part to help graduates develop the vital employability skills which will help them success in the work-place. Of the firms with university links, three quarters (74%) provide work experience placements for graduates (**Exhibit 39**).

Universities are an important provider of skills and knowledge to companies – two fifths (38%) of businesses have links with universities to provide workforce training for their organisation.

Businesses are also engaging with teaching and learning by providing guest lecturers (38%), and three in ten give advice on course content (29%). Links with employers are particularly important where students are undertaking more vocational courses, such as those feeding directly to specific sectors or career paths. Over half (56%) of public sector employers provide advice on course content, as do 50% of construction businesses. By engaging businesses, universities can make sure their courses offer the most up-to-date training as well as education for students.

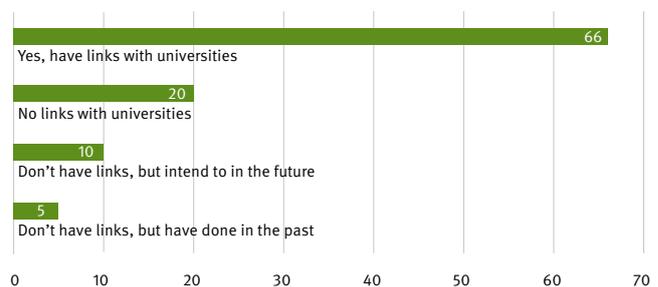
A fifth (20%) of companies have developed university links to fund research or innovation projects. Almost half (43%) of companies from the science, hi-tech and IT sectors have funded research and innovation with a university. The business interest is not just in the research itself, but also in the development of highly trained individuals, access to facilities, equipment and expertise, and for the whole spectrum of knowledge exchange – formal and informal.

One in ten (10%) businesses provide donations to universities. The level of corporate and alumni fundraising is low in the UK compared to other countries. In the US there is a widely accepted culture of giving – and importantly of being asked for donations from institutions which have helped people develop their skills or where there are links between organisations. Recently, UK universities have increased their efforts to increase the scale of fundraising from alumni, in part due to the matched funds available from the Higher Education Funding Council.

### Universities delivering workforce training

As the UK increasingly develops into a knowledge economy, higher level skills become ever more important. University-business partnerships for workforce training have an important role to play in increasing higher level skills as well as boosting productivity.

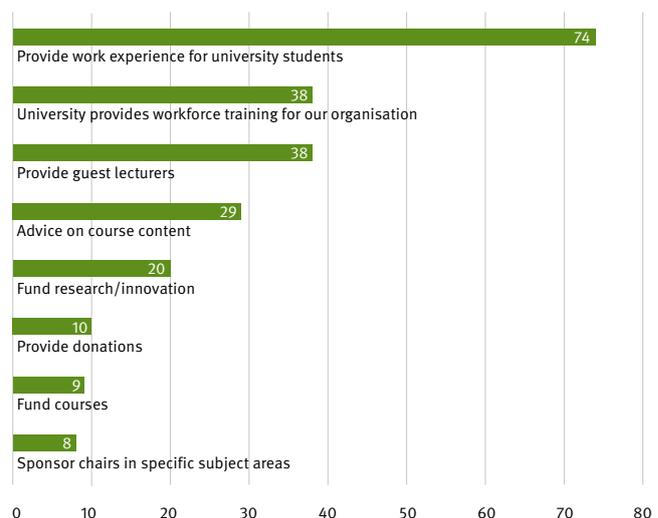
**Exhibit 37 Business links with universities (%)**



**Exhibit 38 Business links with universities – by size of employer (%)**

Employer Size	Have links with universities	Don't have links, but intend to in the future	Don't have links but have done in the past	No links with universities
1-49 employees	42	10	3	45
50-199	55	6	10	28
200-499	65	12	5	18
500-4,999	72	12	3	13
5,000+	84	7	2	7
All respondents	66	10	5	20

**Exhibit 39 Nature of employer links with universities (%)**



Most of the training universities are providing to business results in qualifications (**Exhibit 40**) – over half (58%) of employers who use universities for training, do so for accredited training related to core business activities and 42% accredited leadership and management training. The ability of universities to offer accredited courses is often seen as a key selling point for their workforce training. Accreditation is highly regarded by employees but is also an indicator of quality to employers.

**‘We wanted to develop a nationally recognised qualification because it has great currency. Although this would improve employees’ employability, as a confident employer we believed people would choose to stay with the company because it is the best place to work.’**

**Specsavers case study, *Stepping higher***

But almost half (48%) of employers who are working with universities are doing so for training not leading to a qualification. The very largest firms (those with more than 5,000 employees) are more likely (34%) to receive unaccredited leadership and management training – the brand of many larger companies may well stand employees in as good a stead as externally validated training.

In 2008, the Higher Education Funding Council for England (HEFCE) announced that £148m was being made available to universities who wanted to engage in providing training with employers. The programme is still in a pilot phase but there are already companies (7%) working with a university to develop workforce training under the funding scheme. Understandably, wider awareness of the HEFCE co-funding programme is low – while 65% have not heard of the funding they are keen to know more (**Exhibit 41**).

A small but significant group of businesses do not see co-funding as relevant for their business: 17% have heard of the programme but judged it not suitable for their training needs, while one in ten (11%) are not interested.

### **Business-university links help raise company profile**

Businesses that do not have links with universities may be missing out on the opportunity to raise their company profile to potential recruits and customers: two thirds (63%) of businesses with university links see the benefit of these relationships in terms of attracting high quality graduates or post-graduates (**Exhibit 42**). Companies can build relationships with undergraduates during their placement that benefit both sides when it comes to recruitment.

## **CBI on higher education**

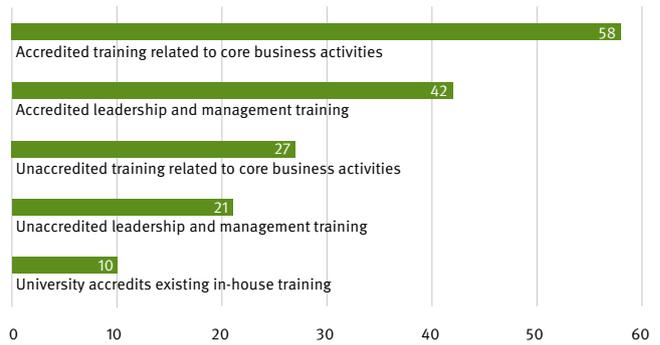
**“A strong relationship between the business and university sectors is critical to helping the UK maintain competitiveness ... building effective partnerships for workforce development really can be a win for all concerned”**

**Richard Lambert, CBI Director-general**

The CBI-Universities UK *Stepping higher* report showcases some of the excellent business-university partnerships that are already ongoing and identifies 12 key issues for effective workforce development partnerships:

- Action by universities to generate demand for higher level skills
- Having the right infrastructure in place to deliver the programmes
- The right people to deliver the programmes
- Streamlining the processes involved in accreditation
- Better mutual understanding – between universities and employers and between teaching staff and potential participants
- Agreement on objectives and measures of success for programmes
- Recognising both the employer and learners as clients in different ways
- Building wider support for employer engagement within universities and recognition of the value of skill enhancement within business
- Adapting teaching style to the learners
- Delivering programmes in ways that suit employers and participants
- Considering what happens after the programme finishes
- Working out the funding mix.

**Exhibit 40 Workplace training provided by universities (%)**



Graduates also benefit from business influence on their courses – 46% of businesses have links with universities to help improve the business relevance of courses. And two fifths (42%) of businesses value their university links as a way of helping raise the quality of graduates.

Around half (45%) of businesses also value the networking opportunities which arise from university relationships – sharing ideas with academics, discussing developments and advances in the field, and learning from other sectors. These are benefits which many SMEs are not accessing – putting smaller businesses at a disadvantage and missing out on growth opportunities and the chance to learn from the experience of larger businesses.

Around a quarter (27%) of businesses have links with universities to facilitate access to cutting-edge research. These links are most prevalent in manufacturing (44%) and science, hi-tech and IT (39%). UK universities perform well internationally in the quality of their research – whether measured by their output of research papers or by the number of citations and internationally recognised awards received by British scientists and technologists. Businesses with links to universities for research can share ideas with some of the best academics in world – and academics can gain access to the most advanced equipment in use in industry as well as financial support.

**Barriers to greater engagement remain evident**

Despite recent efforts, businesses still perceive barriers which deter them from engaging with universities. Nearly half (49%) of employers cite lack of information about what universities can offer as a barrier and a third (32%) said they lacked information about who to contact at the university (**Exhibit 43**). SMEs are more likely to state lack of information about what universities have to offer as a barrier to their engagement – 69% of businesses with 1-49 employees cited this as a problem.

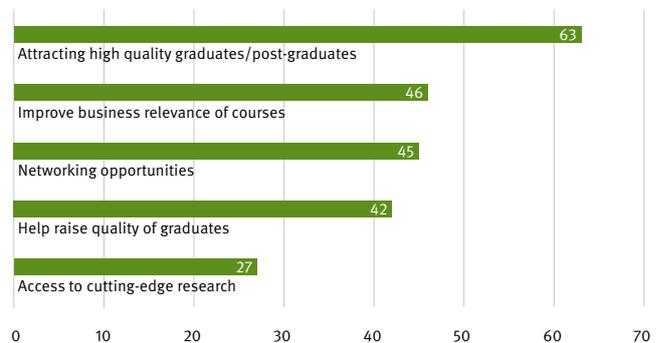
SMEs are also less likely to think that the university offer was relevant for their business. By their nature SMES are more likely to provide on-the-job training that can be fitted around the day-to-day running of the business than work with universities to develop longer accredited courses.

Developments in university customer relations management are vital – a fifth of business (19%) have attempted to engage but found the university unhelpful or unwilling. Universities who want to increase their engagement with business must ensure that good customer relations is a priority for outward facing staff.

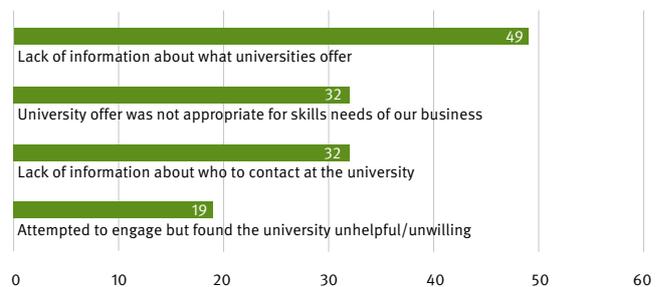
**Exhibit 41 Employer awareness of government matched funding available for workforce training (co-funding) (%)**

Yes, and we are working with a university to develop workforce training	7
Yes, but it is not suitable for my workforce training needs	17
No, but I would be interested to know more	65
No, I am no interested	11

**Exhibit 42 Reasons for employer links with universities (%)**



**Exhibit 43 Barriers to business links with universities (%)**





# 10/Speaking the language of business

Language skills are a valuable commodity in an increasingly globalised workplace. Employers place a premium on staff who can communicate at least conversationally in a foreign language – particularly where this is coupled with an understanding of the culture of overseas business environments. This linguistic proficiency helps firms consolidate their relationship with existing overseas trade partners and develop contacts in new markets.

## Key findings

- Employers value language skills among their workforce, but the majority – 74% – are looking for conversational ability rather than fluency
- Only a small proportion of CEOs (4%) believe their firms had lost access to markets due to inadequate language skills, but the true figure could be as high as a quarter, as 21% of respondents admitted they did not know whether a shortage of these skills had cost them business
- European languages – particularly French and German – are currently the most sought-after by employers recruiting specifically for language skills. But under increasing pressure to establish a presence in the emerging economies of the Far East, central Asia and Latin America, a significant proportion of firms are looking for speakers of Mandarin/Cantonese (38%), Spanish (28%) and Russian (21%).

### Language skills are crucial in global marketplace

The importance of languages to UK firms is set to grow as they operate in an increasingly competitive global marketplace. With many attempting to develop links in China, India, Russia and Brazil, they recognise the value of employees who understand the culture and can operate effectively in the different business environments of these countries – and an understanding of the language is often a crucial first step. Companies value an employee's ability to communicate conversationally with potential business partners, customers or clients in their own language (**Exhibit 44**): this can help break the ice, deepen cultural understanding, and open business access to new markets.

In an increasingly competitive job market, it is clear that foreign language proficiency adds significant value to a candidate's portfolio of skills, and can give them a real competitive edge when applying for jobs.

A lack of language skills among the UK workforce is a real headache for firms trying to maximise their international trade (**Exhibit 45**) – and employers are clear that greater efforts must be made to ensure enough young people leave education with at least a good level of language skills. Seventy-two percent of UK international trade is with non-English speaking countries – but it is estimated that only one in ten in the UK workforce can speak a foreign language.<sup>21</sup> The CBI/Pertemps employment trends survey 2008 showed that 74% of employers are concerned school leavers lack modern language skills, and when we questioned employers in this survey about their level of satisfaction with graduate applicants' employability skills, more respondents (41%) reported dissatisfaction with foreign language skills than with any other competency.

### European languages remain important, but employers are increasingly looking for Mandarin and Cantonese

Of the employers specifically looking for employees with language skills, the majority are looking for European languages (**Exhibit 46**) – especially French and German – logical given that France and Germany represent, along with the US, the largest export markets for British goods.

Spanish – which has consolidated its position within the language offerings of many schools in recent years – is sought-after by employers looking to develop trade links with the fifth largest

economy in Europe – an export market valued at £10bn for UK companies, as well as the emerging markets of Latin America. As trade links with the continent develop, the importance of Portuguese – the language of close to 200 million South Americans – is set to grow, and employers looking to develop their commercial presence in the growing Brazilian market are recruiting Portuguese speakers.

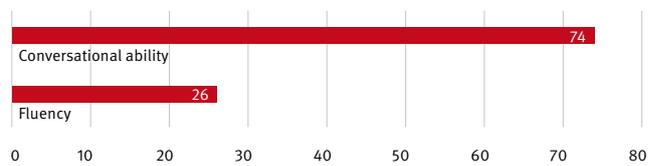
The need to consolidate and capitalise on business links in the important markets of Brazil, Russia, India and China is critical for firms with a global presence. The vast potential of new markets in China is leading a significant proportion of firms (38%) to recruit staff who speak Mandarin or Cantonese, and many firms are also looking for staff with language skills to help them build on their links with markets in Japan and Korea.

UK firms’ trade links with resource-rich regions of Russia and the former soviet states of central Asia (as the UK increasingly looks to the east for supplies of oil and natural gas) mean employees with the appropriate language skills are set to become increasingly sought-after – 21 percent of employers who are looking for staff with a second language are looking for Russian speakers.

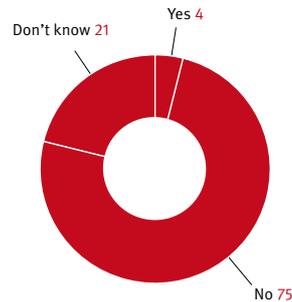
Developing financial markets in the Middle East and established links with energy suppliers in the region mean a significant proportion of employers (15%) are looking for staff with Arabic language skills, and with an understanding of the culture of business in the Arab world.

Migrants from Eastern Europe – especially Poland – have made an enormous contribution to the UK economy in the last decade. Many – particularly those with high-level skills arriving to work in sectors such as banking and professional services – already have strong English-language skills, but a significant proportion of employers (22%) are looking for Polish-speaking staff, to support employees with language needs in the workplace. This is particularly the case in the retail sector, where 67% of employers recruiting for language skills were looking for Polish speakers. But developing in-house interpreting capacity can and should be only a medium-term measure: the most effective means to ensure new migrants from the EU and elsewhere are able to maximise their own talents and contribution to the economic and social life of the UK, is by ensuring they are able to develop their English language skills.

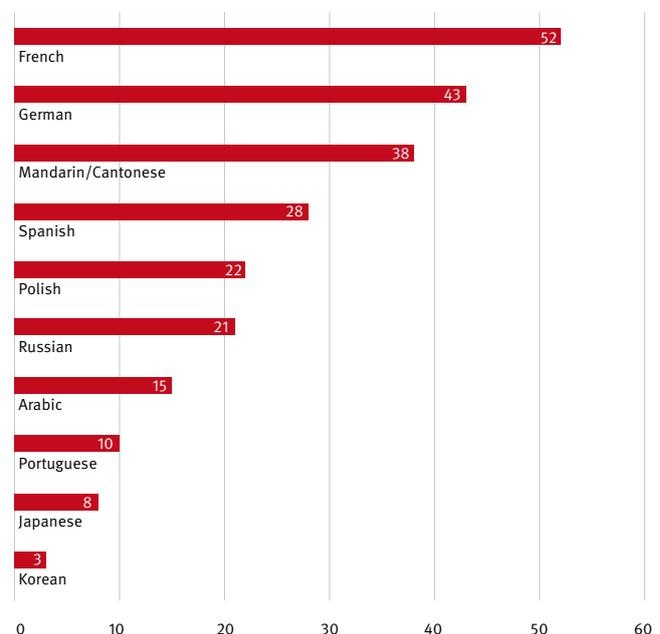
**Exhibit 44 What language skills are employers looking for (%)**



**Exhibit 45 Have you lost business due to inadequate foreign language skills? (%)**



**Exhibit 46 Employer demand for foreign language skills' (%)**



## References and glossary

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# Education and skills survey

## 2008

### Confidential

Your company details  
Please complete as fully as possible  
before moving on to the survey

The CBI/Nord Anglia Education and Skills Survey provides authoritative information on employers' views of education and skills issues. Employers know the value of higher skills and invest heavily in workforce development.

But we now face a challenging economic climate and it is also essential to understand how this is impacting your organisation.

Your participation will be invaluable in ensuring the survey remains an important benchmarking and lobbying tool.

All data will be processed on an anonymous basis. Copies of the report detailing the full results of the survey will be sent free of charge to participants.

If you wish to complete the questionnaire anonymously and receive the results, please contact **Norma Simpson** email: [norma.simpson@cbi.org.uk](mailto:norma.simpson@cbi.org.uk)

If you have any queries on the questionnaire itself please contact **Simon Nathan**, tel 0207 395 8031.

Your name

---

Your position

---

Company name

---

Address

---



---



---

Postcode

---

Telephone

---

Email

---

Fax

---

**Please complete and return to  
Simon Nathan by 26 November 2008**  
CBI, Centre Point, 103 New Oxford Street,  
London WC1A 1DU  
T: 0207 395 8031 F: 0207 240 8287  
Email: [simon.nathan@cbi.org.uk](mailto:simon.nathan@cbi.org.uk)

**Or complete the survey online:**  
[www.cbi.org.uk/skillssurvey](http://www.cbi.org.uk/skillssurvey)

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## Company profile

### 1 In which sector does your organisation primarily operate? (please select one)

- |   |  |
|---|--|
| <input type="checkbox"/> Agriculture                    | <input type="checkbox"/> Hospitality                             |
| <input type="checkbox"/> Retail                         | <input type="checkbox"/> Professional services                   |
| <input type="checkbox"/> Energy & water                 | <input type="checkbox"/> Other services                          |
| <input type="checkbox"/> Banking, finance and insurance | <input type="checkbox"/> Public sector organisation              |
| <input type="checkbox"/> Manufacturing                  | <input type="checkbox"/> Private sector public services provider |
| <input type="checkbox"/> Transport & distribution       | <input type="checkbox"/> Science/hi-tech/IT                      |
| <input type="checkbox"/> Construction                   | <input type="checkbox"/> Other (please specify)                  |
- 

### 2 In which of the following regions are your UK employees primarily based?

- |   |   |
|---|---|
| <input type="checkbox"/> East Midlands    | <input type="checkbox"/> Scotland                 |
| <input type="checkbox"/> East of England  | <input type="checkbox"/> South east               |
| <input type="checkbox"/> London           | <input type="checkbox"/> South west               |
| <input type="checkbox"/> North east       | <input type="checkbox"/> Wales                    |
| <input type="checkbox"/> North west       | <input type="checkbox"/> West Midlands            |
| <input type="checkbox"/> Northern Ireland | <input type="checkbox"/> Yorkshire and Humberside |
| <input type="checkbox"/> UK-wide          |   |

### 3 How many people are employed by your organisation in the UK?

## Business attitudes and employees' skills levels

### 4 Please indicate your organisation's key strategic priorities for the next three years? (please tick up to three boxes)

- Expand geographical markets or market share
- Improve productivity/performance
- Improve leadership and management
- Improve profitability
- Raise workforce skills
- Improve customer services
- Invest more in research and development
- Maintain financial stability and market share
- Other (please specify)

### 5 What impact will the current economic climate have on your plans to invest in the training and development of your staff? (please tick one box)

- Increase investment in training
- Target training more effectively
- Provide more training on-the job or internally
- Reduce investment in training
- No change to training investment

### 6 Please indicate how you rate present employee competency levels in your organisation (please select one for each row)

	Good	Satisfactory	Poor
Employees in low-skilled jobs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employees in intermediate-skilled jobs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employees in high-skilled jobs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### 7 How confident are you that there will be sufficient skilled people available to you in the future to meet your organisation's skills needs? (please select one for each row)

	Confident	Not confident	Don't know
Employees in low-skilled jobs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employees in intermediate-skilled jobs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employees in high-skilled jobs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**8 Do you have a training and development plan/strategy for your organisation?**

- Yes – linked to the overall business plan
- Yes – not linked with the overall business plan
- No

**9 Do you have literacy, numeracy or IT skills problems in your current workforce?**

	No	Yes, to some extent	Yes, to a significant extent
Literacy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Numeracy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**10 The government is proposing to give employees a legal right to request training (from 2010) – although employers would be able to refuse a request. Do you anticipate problems in implementing this new right to request in your organisation?**

- Yes
- No
- Don't know

**11 Do you believe your employees are committed to training and self-development?**

- Yes
- Yes, but not as much as we would like
- No

**12 What do your employees most value in terms of the skills and training support you provide? (please select one)**

- Job-related training to help them carry out their current role
- Training that leads to vocational qualifications/professional qualifications
- Support for studies outside work
- Training that enhances their future employability
- Other (please specify)

**13 Approximately what proportion of your organisation's training is delivered by external providers?**

%

**14 Approximately what proportion of the training you offer leads to qualifications?**

%

**15 What has been the key benefit to your organisation from investing in your employees' skills? (please tick one box)**

- |   |  |
|---|--|
| <input type="checkbox"/> Improved customer satisfaction | <input type="checkbox"/> Improved staff retention            |
| <input type="checkbox"/> Improved market share          | <input type="checkbox"/> Improved profitability/productivity |
| <input type="checkbox"/> Improved staff morale          | <input type="checkbox"/> Other (please specify)              |
- 

## Leadership and management skills

**16 How do you rate your employees' leadership and management skills at the following levels? (please select one for each level)**

	Good	Satisfactory	Poor
Supervisor/team leader	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Middle management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senior management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**17 Thinking about leadership and management development, which of the following are undertaken by your employees? (please tick all that apply)**

	Supervisor/team leader	Middle management	Senior management
Internal company leadership and management programme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training/courses delivered by private provider	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training/courses delivered by further education colleges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training/courses delivered by UK business schools	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training/courses delivered by overseas business schools	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Graduates

**18 In your organisation, approximately what proportion of jobs require degree-level skills?**

 %

**19 During the last twelve months, how satisfied were you that the graduates who applied for jobs with your organisation were equipped with the following?**

	Very satisfied	Satisfied	Not satisfied
Positive attitude to work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Self-management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teamworking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business and customer awareness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Problem solving	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Basic literacy and use of English	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Basic numeracy skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Use of IT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knowledge about their chosen job/career	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relevant work experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign language skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**20 What should universities prioritise in terms of undergraduates? (please tick up to three boxes)**

- Improve their employability skills
- Work with employers to provide more work experience placements
- Increase numbers of graduates
- Increase numbers of students studying STEM subjects
- Raise quality of graduates
- Improve quality of teaching

**21 When you are recruiting graduates, what are the most important factors you consider? (please tick up to three boxes)**

- University they attended
  - Degree result (1st, 2:1, 2:2 etc)
  - Positive attitude
  - Employability skills (eg teamworking, problem solving)
  - Degree subject
  - Foreign language capability
  - Relevant work experience/industrial placement
  - Other (please specify)
- 

**22 When you recruit graduates, do you specify a minimum degree result? If so, what do you specify? (please tick one box)**

- 1st class
- 2:1 or above
- 2:2 or above
- No degree class specified

**23 Thinking about the current system of university degree classification, would you prefer to (please tick one box):**

- Continue with current degree classification system (1st, 2:1, 2:2, 3rd etc)
- Have an overall percentage score
- Have a transcript (a detailed breakdown of modules studied and results achieved)

**24 Is the university a graduate attended a key factor to your organisation when recruiting? (please tick one box)**

- No preferred university
  - Yes – we prefer to recruit from Oxbridge
  - Yes – we prefer to recruit from Russell Group universities
  - Yes – we prefer to recruit from local universities
  - Yes – we recruit from a specific list of universities (please specify)
-

**25 What is the starting salary that you offer to new graduates (ie just graduated) in the following areas of your organisation? (please give figures where applicable)**

Administrative	<input type="text" value="£"/>
Managerial	<input type="text" value="£"/>
Human resources	<input type="text" value="£"/>
Professional services – legal, accountancy etc	<input type="text" value="£"/>
IT	<input type="text" value="£"/>
Sales & customer services	<input type="text" value="£"/>
Marketing	<input type="text" value="£"/>
Engineers	<input type="text" value="£"/>
Scientists	<input type="text" value="£"/>
Financial services	<input type="text" value="£"/>
Other (please specify)	

**26 When recruiting graduates to your organisation, do you prefer any particular degree subject area? (please tick one box to show priority subject area)**

- STEM (science, technology, engineering and maths)
- Humanities (eg history and geography)
- Languages
- Social sciences
- Business
- Arts (eg English or drama)
- No subject preference

**27 In your organisation, what proportion of graduate jobs require a specific degree discipline?**

%

## Science, technology, engineering and maths (STEM) skills

You may recruit STEM-skilled people for STEM-specific roles, or you may value their skills for other job roles. This section will enable us to gauge STEM skills supply and demand.

### 28 Are you experiencing difficulty recruiting individuals with STEM skills and knowledge? If so, at what level? (please tick all that apply)

- |  |   |
|--|---|
| <input type="checkbox"/> Qualified apprentices | <input type="checkbox"/> Postgraduate             |
| <input type="checkbox"/> Technician            | <input type="checkbox"/> Experienced (5+ years)   |
| <input type="checkbox"/> Graduate              | <input type="checkbox"/> No difficulty recruiting |

### 29 If you have experienced problems recruiting UK STEM graduates, what particular barriers have you encountered? (please tick all that apply)

- Content of degree not relevant to our business
- Poor practical or laboratory skills
- Lack of workplace experience
- Degree not accredited by relevant professional bodies
- Graduates lack employability skills
- Other (please specify)
- 

### 30 Where are you currently recruiting your STEM skilled employees from, and from where do you envisage recruiting in the next three years?

	Currently recruiting	Will recruit within three years
UK	<input type="checkbox"/>	<input type="checkbox"/>
EU15 <sup>1</sup>	<input type="checkbox"/>	<input type="checkbox"/>
EU27 <sup>2</sup>	<input type="checkbox"/>	<input type="checkbox"/>
North America	<input type="checkbox"/>	<input type="checkbox"/>
Latin America	<input type="checkbox"/>	<input type="checkbox"/>
China	<input type="checkbox"/>	<input type="checkbox"/>
India	<input type="checkbox"/>	<input type="checkbox"/>

Other (please specify)

---

## Apprenticeships

### 31 Are you currently participating in apprenticeship training schemes?

- Yes, and plan to expand in future
- Yes, but have no plans to expand
- No, but have in past
- No, but plan to in next three years
- No intention of getting involved

### 32 Which of the following would encourage your organisation to get more involved in apprenticeships? (please tick up to three boxes)

- Ability to share apprentices with other firms in same sector/supply-chain/location
  - Qualifications that are more relevant to business needs
  - Incentive payments and/or wage subsidies
  - Ensure more suitably qualified young people pursue apprenticeships
  - Reduce bureaucracy
  - Improve quality of training providers
  - Other (please specify)
- 

## Education-business links

### 33 Have you developed links with schools?

- Yes, primary    Yes, secondary    None

### 34 What is the nature of your work with schools? (please tick all that apply)

- Provide careers advice/materials or educational materials
  - Secondments for teachers
  - Give lectures/talks (eg science and engineering ambassadors)
  - Act as a governor
  - Employees act as student mentors
  - Provide work experience for school pupils
  - Other (please specify)
-

**35 What are the barriers to building links with schools? (please tick up to three boxes)**

- Lack of information for employers about how to get involved
  - Lack of interest from schools
  - Lack of business awareness in schools
  - Bureaucracy
  - Too hard to coordinate
  - Lack of time/resources
  - Other (please specify)
- 

## Business-university links

**36 Do you currently have links with universities?**

- Yes
- No, but intend to in future
- No, but have in past
- No links with universities

**37 If you have developed links with a university, what is the nature of your involvement? (please tick all that apply)**

- Advise on course content
  - Fund courses
  - Provide work experience for university students
  - Provide guest lecturers
  - Sponsor chairs in specific subject areas
  - Provide donations
  - Fund research/innovation
  - University provides workforce training for our organisation
  - Other (please specify)
-

**38 What are the benefits to your organisation of these links? (please tick all that apply)**

- Access to cutting-edge research
  - Networking opportunities
  - Attracting high quality graduates/post-graduates
  - Improve business relevance of courses
  - Help raise quality of graduates
  - Other (please specify)
- 

**39 Please indicate the nature of any workforce training provided to you by universities? (please tick all that apply)**

- Accredited training related to core business activities
  - Unaccredited training related to core business activities
  - Accredited leadership and management training
  - Unaccredited leadership and management training
  - University accredits existing in-house training
  - Other (please specify)
- 

**40 If you have not developed links with universities, what have been the barriers? (please all that apply)**

- Lack of information about what universities offer
- Lack of information about who to contact at the university
- Attempted to engage, but found university unwilling/unhelpful
- University offer was not appropriate for skills needs of our business

**41 Have you heard about government matched funding available for workforce training provided by universities (known as 'co-funding')?**

- Yes, and we are working with a university to develop workforce training
- Yes, but it is not suitable for my workforce training needs
- No, but I would be interested to know more
- No, I am not interested

## Government support for skills and training

**42 If you have been involved in any of the following initiatives, have they helped improve your organisation's performance?**

	No impact	Improved company productivity/performance	Improved efficiency	Improved staff morale/motivation
Investors in People	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Train to Gain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SME Leadership and Management programme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**43 If you have used Train to Gain, how did you find the quality of the business brokerage system?**

- Good – the service met my expectations
- Mixed – the service met my expectations in part
- Low – the service failed to meet my expectations

## Foreign language skills

**44 Have you lost business due to inadequate foreign language skills?**

- Yes
- No
- Don't know

**45 Which do you value more highly? (please tick one box)**

- Fluency
- Conversational ability

**46 Which languages do you currently need and which will you be recruiting for in the next three years?**  
 (please rank three most important, where 1=most important)

	Currently need	Recruit in next three years
Mandarin/Cantonese	<input type="checkbox"/>	<input type="checkbox"/>
Spanish	<input type="checkbox"/>	<input type="checkbox"/>
Russian	<input type="checkbox"/>	<input type="checkbox"/>
German	<input type="checkbox"/>	<input type="checkbox"/>
French	<input type="checkbox"/>	<input type="checkbox"/>
Japanese	<input type="checkbox"/>	<input type="checkbox"/>
Korean	<input type="checkbox"/>	<input type="checkbox"/>
Portuguese	<input type="checkbox"/>	<input type="checkbox"/>
Arabic	<input type="checkbox"/>	<input type="checkbox"/>
Polish	<input type="checkbox"/>	<input type="checkbox"/>

Other (please specify)

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**Additional comments on education/skills**

*Thankyou for completing the survey*

**Footnotes**

<sup>1</sup> The EU15 comprised the following 15 countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom.

<sup>2</sup> The European Union (EU27) comprises the EU 15 and the following countries in addition: Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovak Republic, Slovenia.





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