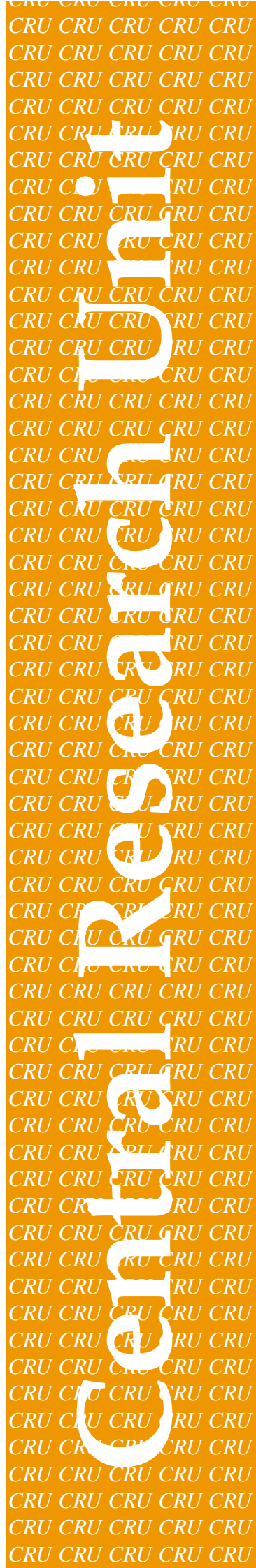


DELIVERING WORK BASED LEARNING

2002



SCOTTISH EXECUTIVE



DELIVERING WORK BASED LEARNING

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2002**

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EXECUTIVE SUMMARY

THE INCIDENCE OF WORK BASED LEARNING

1. Over 70% of employers have increased the volume of work based learning over recent years, but this response is less marked among the smallest employers.
2. 78% of employees surveyed had participated in work based learning over the previous 12 months. Employees of smaller organisations were more than twice as likely to receive no training compared to employees of larger organisations.
3. IiP recognised or accredited employers tended to provide more work based learning opportunities, particularly in the case of staff below managerial, professional and technical levels.

VALUE OF WORK BASED LEARNING

4. 79% of employees involved in work based learning reported that this had been instigated by their employers.
5. Employers tended to cite competitiveness reasons for supporting work based learning, including:
 - improving quality of service or product
 - making the company more competitive
 - improving competence in the job
 - keeping up with technological developments
 - increasing the flexibility of employees
 - increasing productivity.
6. Only 11% thought work based learning would improve their image with customers, and only 1% saw this as its main benefit.
7. There is a strong preference among employers for training in the workplace. The smaller the employer, the more likely they were to favour this.
8. Of employees who had received training, 97% felt it helped them in their current job. The most important benefits they perceived were:
 - helping them do better quality work
 - increasing their self confidence.
9. 37% of employees thought training would help them gain promotion, but 47% thought the training would help them get a better job with another employer.

ACCREDITATION OF WORK BASED LEARNING

10. The proportion of employers reporting they offered their employees accredited training ranged from 27% for unskilled employees to 70% for personal and protective service occupations.

11. The main employer motivations for providing accredited training were:
 - achieving nationally accepted benchmarks
 - improving staff morale.
12. Accreditation influenced 40% of employees to take up training. Focus group feedback suggested training leading to a qualification provides employees with a higher quality and/or more in depth training.

CONSTRAINTS ON WORK BASED LEARNING

13. Almost 1 in 5 employers felt that they already provided as much training as they felt was necessary for their organisation.
14. Pressures on staff time and resources are the most frequently raised barriers in relation to the provision of work based learning.
15. Employer unwillingness to grant time off the job is the barrier to work based learning most frequently cited by employees.
16. Only 44% of employees have been asked by their employers about what training they required to make them more effective in their jobs.

INCREASING WORK BASED LEARNING

17. The various elements of the research process suggested the following broad approaches to promoting and supporting work based learning:
 - reducing costs to employers
 - increasing awareness of the benefits of work based learning
 - encouraging employees to demand learning opportunities
 - creating more appropriate support and provision around work based learning
 - developing more effective processes around accreditation.
18. A range of issues still need to be tackled.
 - simplifying the institutional map
 - engaging more effectively with businesses
 - delivering appropriate work based learning
 - developing a learning brokerage service
 - facilitating demand and supply links
 - developing the training supply chain
 - prioritising sectors for support
 - prioritising occupational areas for support
 - supporting smaller businesses more effectively
 - creating more demanding stakeholders
 - making the best use of public resources

1. STUDY BACKGROUND AND RATIONALES

WORK BASED LEARNING AND ECONOMIC DEVELOPMENT

1.1 Skill requirements are increasing. New technology, and increased national and global competition demand changing work practices and developing workforce skills. Training is one of the principal means for advanced economies to maintain their position within the world economy. This study focuses on the role of work based learning in these competitive processes.

1.2 The drive to raise workforce effectiveness fits squarely within the framework set by *A Smart Successful Scotland* (Scottish Executive, 2001) where the emphasis is firmly on *human capital investment* as a key engine for the development of a competitive Scotland. The central feature of investing in the workforce is that it provides multiple benefits:

- for *employees*, by raising employability and earnings;
- for *businesses*, by raising productivity and profitability;
- for *economies*, by raising competitiveness and growth.

In effect, investment in human capital, of which the training of the existing workforce is a major component, is at the centre of a dynamic economy.

1.3 Notwithstanding the perceived benefits, there are continuing concerns about the adequacy of the UK's efforts. A recent influential report (Performance and Innovation Unit, 2001) argues that:

- the volume of training has stagnated in recent years
- work based learning is not central to the business culture of many firms
- there are serious inequalities in access to work based learning
- the smaller a firm, the less likely it is to train
- workforce development is not sufficiently employer or demand led.

These findings suggest a lot needs to be done to raise the volume and effectiveness of work based learning in the UK.

THE STUDY

Aims and Methods

1.4 Building upon the growing interest in work based learning, this study was designed to research the position in Scotland and:

- investigate the perceptions of employers of the benefits and costs of offering learning opportunities to employees
- analyse the perceived impact of work based learning on employability
- assess the added value for employees and employers when workplace learning is accredited
- identify and describe interesting examples of good practice in the provision of work based learning.

1.5 The research comprised surveys of:

- 270 employers, principally small to medium sized enterprises (SMEs), drawn from six locations around Scotland
- over 500 of the employees of these organisations.

Interviews were also held with individuals drawn from National Training Organisations (NTOs), the Highlands and Islands and Scottish Enterprise networks, CBI Scotland, STUC and others with a stake in work based learning. More detailed information about the survey methods is contained in Appendix 1.

Definitions

1.6 Before launching into a discussion of the issues addressed by this study we begin by clarifying some of the terms that will be used throughout the report.

Work Based Learning

1.7 Work based learning is often used in the literature to describe any form of learning *in* the workplace. However, a Further Education Staff College project (1989) describes work based learning in broader terms as a means to:

- help employers and individuals respond to constantly changing labour markets
- provide a basis for the provision of continuous learning opportunities which such change implies.

1.8 A review of relevant literature and interviews with key players as part of this study demonstrated the lack of a consistent definition of work based learning. To ensure uniformity of understanding and in the absence of a standard definition, organisations and individuals interviewed as part of the study were asked to think in terms of the following definition: '*Work based learning is any training that relates directly to the requirements of the jobs on offer in your organisation.*' However, the questionnaires and interview checklists went on to explore the value added by the *nature* and *location* of the training provided by employers for their employees.

1.9 The two-sided facet to work based learning can cause confusion. Work based can convey the notions both of:

- learning that takes place *in* the workplace
- learning that takes place *for* the workplace, or the employer more specifically.

Sometimes, of course, these are one and the same thing. Often they are not, however, and this study tried to cater for this.

1.10 Certainly, a key aspect of work based learning is the direct involvement of employers (Boyer, 2000). Employer involvement can range from hosting a period of work experience to delivery of training entirely in the workplace. Employer-led training is increasingly considered an important source of skills development as employers are the end-users of the skills created (McIntosh, 1999). Also work based learning is regarded as particularly effective as it gives trainees realistic, hands-on experience and develops skills relevant to employer needs.

Employability

1.11 Enhanced employability is the process that links the gains from learning for individuals, employers and economies. Philpott (1999) defines employability as the means by which:

- individuals cope with changing employment conditions
- organisations can enhance their adaptability and success
- the national economy can enhance competitiveness.

Employability has different meanings for employers and employees.

1.12 For *individuals*, employability is the capacity to access, retain or change employment. This comprises assets - knowledge, skills and attitudes - and how individuals deploy and present these assets. The IES (1998a) developed the following definition of employability as: '*the capability to gain initial employment, to maintain employment, and to obtain new employment if required*' and to '*move self-sufficiently within the labour market to realise potential through sustainable employment*'. Work based learning can impact on all of these facets of employability.

1.13 From an *employer perspective*, the CBI define employability as: '*the possession by an individual of the qualities and competences required to meet the changing needs of employers and customers and thereby help to realise his or her aspirations and potential in work*' (CBI, 1998a). Although employability is something employers require and can benefit from, IES (1999) research concluded that many employers do little in support of this or do not take their role seriously.

1.14 Although work based learning may improve *competitiveness* from the employer's point of view, and *employability* from the position of the employee, there may well be a tension here. This type of training is aligned to the notion of *job specific training*, which is traditionally associated with lower levels of transferable skills. In other words, it may be perceived to increase the employability of the employee *within* that particular workplace or employing organisation – but may do little to raise their employability in the wider labour market.

Key Research Questions

1.15 In order to address the many complex issues giving rise to the study, the analysis is organised around the key questions set out in the box below.

- 1. What is the incidence of work based learning?**
- 2. What is the value of work based learning?**
- 3. What is the added value from accrediting work based learning?**
- 4. What are barriers to work based learning and its accreditation?**
- 5. How can we increase work based learning?**
- 6. What are the broad lessons for policy and practice?**

2. THE INCIDENCE OF WORK BASED LEARNING

PURPOSE OF CHAPTER

2.1 This chapter uses the surveys of employers and employees carried out in Scotland during 2000 to address questions about:

- the changing demand for skills
- the link between skills and employability
- changes in work based learning over time
- the incidence of work based learning
- the distribution of work based learning.

Before addressing these issues, some of the key findings from existing research studies are summarised.

BACKGROUND LITERATURE

Incidence of Work Based Learning

Scotland and the UK

2.2 Coleman and Keep (2001) suggest that the UK training system has had a limited impact on the majority of UK employers. The evidence for Scotland is that, in 2000, 15.4% of employees had received training in the four weeks prior to being surveyed, slightly lower than the UK figure of 16.1 %. Bamford and Schuller (1999) argue that the Labour Force Survey consistently shows a lower percentage of employees and self-employed people receive job related training in Scotland than in the UK as a whole. The differences are relatively modest and might well be explained by variations in occupational and sectoral employment structures between Scotland and the rest of the UK.

Size of Employer

2.3 An IFF (2000) survey in England shows that training provision increases dramatically with employer size. Off-the-job training is provided by just 33% of firms with 1-4 employees compared to 98% with 500+ employees, and 59% of the smallest employers provide on-the-job training, ranging up to 92% of the largest ones. Although the lack of training in SMEs suggests that they do not see it as a cost-effective intervention, Curran *et al.* (1996) argue that training in small firms can only be assessed by taking into account informal, as well as formal, training methods. This includes informal on-the-job training, or learning by doing, giving a different picture of the value of training in SMEs. Coleman and Keep (2001) summarise the research evidence on small firms and training as follows:

- smaller firms are less likely to provide formal training
- most small firm training is on-the-job, informal and task specific
- the impacts of programmes to increase small firm training have been limited.

Distribution of Work Based Learning

2.4 Green (1997) argued that the problem with work based learning in Britain is not the overall volume but the inequality of its distribution. This is supported by the House of Commons Select Committee on Education and Employment (1999) which argued that: *'Those people in the lowest status jobs and those with little or no education beyond the age of 16 have a relatively low chance of getting exposed to any training, whether formal or even informal, over long periods of time'*. Coleman and Keep's (2001) review confirms much of this perspective and suggests that:

- those who do well in school receive most training during their working life, and that the gap is widening between those with and without initial education success
- the groups receiving least training are
 - people in low status occupations
 - flexible, part-time contract employees
 - employees of SMEs
 - older workers
- many employers see no advantages in training lower occupational groups.

2.5 Age is an important correlate of work based learning. Keep (1999) found that young people tend to receive more training than older employees and that a significant proportion of adult employees receive no training. Nonetheless, large numbers of young people are in jobs without training. Young people in low skill jobs with little opportunity to improve their job related skills are at risk of having limited labour market prospects and are more likely to become unemployed than older workers. IES research (1998b) found, in relation to younger employees:

- little in the way of formal training structures, recording or accreditation
- most training is provided by other employees - rather than skilled trainers
- employers are concerned about losing training investment through young people leaving.

CHANGING DEMAND FOR SKILLS

2.6 One of the drivers for the changing incidence and distribution of work based learning is the developing needs of employers in terms of skills, the issue to which we now turn drawing on evidence from the surveys of employers and employees in Scotland carried out as part of the study.

2.7 Changing patterns of technology and intensified global competition have altered the demand for occupations and skills. Many newly created jobs require higher skill levels as the general trend has shifted away from more routine manual work. Also the skill levels required for existing jobs have been rising. Over two-thirds of UK employers with 25+ employees report an increase in skill needs for the average employee (DfEE, 2000).

2.8 The Scottish employers taking part in this study were asked to identify the type of skill needs they anticipated requiring over the next two years and their responses are summarised in Table 2.1.

Job Related Skills:

- almost three quarters of employers anticipate an increase in the need for job-related skills specific to their own organisation, although the figure is lower (61%) for employers with less than 25 employees
- 94% of employers in public administration anticipate an increase in organisation-specific skills, but this falls to 53% for employers in the hotel and restaurant industry
- 69% anticipate an increased need for industry-wide skills, although this ranged from 50% in the energy industry to 79% in health and social care.

Core Skills:

- Core skills are broad generic skills and abilities which are needed for every job in every workplace and in life generally.
- Employers predicted the greatest growth in demand for generic computing skills with more than 4 out of 5 anticipating an increase. This was particularly a concern for the largest employers (250+), and was mentioned by 100% of employers in public administration.
- the need for communication and social skills is likely to continue to grow with 71% of employers anticipating an increase
- nearly two thirds expected an increased demand for problem solving skills
- only a third of employers consider the need for an increase in manual skills, such as dexterity and physical stamina, and nearly 1 in 10 see the demand for these skills declining.

Table 2.1: Anticipated Changes in Skill Needs in the Next Two Years (%)

	Up	Same	Down
<i>Job related skills</i>			
Job related skills specific to the organisation	73	25	2
Job related skills for the industry more generally	69	28	3
<i>Core skills</i>			
Computing skills	82	17	-
Communication and social skills	71	27	2
Problem solving skills	62	36	3
Manual skills	32	60	9

Source: Survey of Employers

Note: '-' indicates number below 0.5%

2.9 Although not tabulated here, it is important to note that a lower proportion of small firms, particularly those with 1–24 employees, anticipated increased skill needs across the range of skill categories in Table 2.1.

SKILLS AND EMPLOYABILITY

2.10 Employers were asked to consider to what extent job-related skills and core skills are important to their organisation in terms of raising the employability of their employees. The key points from Table 2.2 are that:

- the great majority of employers (85%) considered that job-related skills were 'very important' to their organisation with a further 10% considering them 'important'
- core skills, such as problem solving skills, are also seen as necessary by employers, with 64% of them citing them as 'very important' and a further 26% as 'important'.

Table 2.2: Importance of Job Related and Core Skills Training in Raising the Employability of Employees (%)

	Job Related Skills Training	Core Skills Training
Very important	85	64
Important	10	26
Neither important nor unimportant	2	4
Unimportant	3	4
Very Unimportant	1	2

Source: Survey of Employers

2.11 Although not tabulated there were some interesting variations in the responses of employers in different industries and size bands.

- core skills training was more highly valued by employers with more than 250 employees, with three quarters of them considering it very important and a further 19% important
- the importance of core skills training was highest amongst public administration, education and health employers, but there were no sectors where core skills were seen as more important than job-related skills.

2.12 In recognition of the need to develop core skills a number of job-related skills training initiatives contain core skills elements, as the box below illustrates.

IT Graduate Summer Schools

The Summer Schools programme is a joint initiative involving Scottish Enterprise National, Glasgow, Renfrewshire and Edinburgh and Lothian. It was launched in response to research work undertaken by the Scottish Enterprise Network, supported by evidence from Microsoft on the need to build the Scottish software skills base into an asset for the economy. The aims of the initiative are:

- to improve the prospects for software graduates
- to develop high quality, well trained recruits for the industry.

The 'summer camps' are delivered through a combination of academic and commercial trainers and employers. A range of employers support and sponsor programmes relevant to their industry. Courses are modular and are designed to be delivered over a 4-6 week period, followed up with a 4-week work placement. They provide a mix of technical skills and personal, project team and commercial skills and knowledge.

In addition to learning industry specific skills, all participants are required to undertake a series of 'soft skills' subjects including communication, team work, presentation skills, influencing skills, project management skills, interview skills and commercial awareness.

CHANGES IN WORK BASED LEARNING OVER TIME

2.13 The survey work demonstrates that Scottish employers anticipate an increased demand for a range of broad skill categories, and the great majority value job-related and core skills. The next issue to be considered is how they have been responding to their increasing skill needs.

2.14 Employers were asked about any changes in the amount of training they have been providing for their employees over recent years. Table 2.3 shows that:

- 72% of employers are now offering more training than in recent years, although this varies by employer size from 63% of employers with less than 25 employees through to 77% of employers with 250+ employees. The gap between small and large employers on training seems to be growing
- a further 20% of employers are offering the same amount of training and only 4% are offering less training
- 4% of employers said they provided no work based learning, and this rises to 8% for employers with less than 25 employees.

Table 2.3: Change in Volume of Work Based Learning Provision Over Time by Employer Size (%)

	1-24	25-99	100-249	250+	All
Offer more training	63	68	73	77	72
Offer the same amount of training	26	25	18	16	20
Offer less training	3	6	5	3	4
Offer no training	8	0	5	4	4

Source: Survey of Employers

2.15 Although not tabulated here:

- employers who are committed to Investors in People (IiP), but have not yet received recognition, show the greatest increase in the amount of work based learning on offer, with 77% registering an increase as opposed to 71% for both recognised and non-recognised IiP employers
- higher percentages of employers in more traditional industries, such as manufacturing, construction, transport and communications, claimed to be increasing their investment in work based learning with financial and business services and the various public sector services showing much less evidence of growth.

2.16 Overall the survey suggests that the amount of work based learning opportunities being offered to employees in Scotland is increasing. The three main reasons employers gave for this increase were:

- the need to respond to technological and industrial advances, cited by 22% of employers

- training has now become a central strategic organisational objective, cited by 1 in 5
- the requirement to meet legislative demands on their industry, cited by 13%.

Typically, the larger firms were more likely to mention the adoption of a more strategic approach, with the smaller firms driven more by the changing nature of their industry.

VARIATIONS IN THE INCIDENCE OF WORK BASED LEARNING

2.17 Earlier, note was taken of the view that the problem with work based learning was not so much the volume carried out but rather its unequal distribution across the economy and groups of the workforce. The survey evidence is now used to shed light on the position in Scotland on this issue. Throughout, training in relation to health and safety issues has been discounted for the tabulations as it is a statutory obligation.

Size of Employer

2.18 Of *employees* surveyed, in the last 12 months:

- 78% had participated in training associated with or supported by their current or previous employer....
-but 1 in 5 employees claimed to have received no training in that period.

2.19 There is considerable variation by employer size, with the following percentage of employees claiming they received no training over the previous 12 months:

- 38% in organisations with less than 25 employees
- 24% in organisations with between 25 and 99 employees
- 21% in organisations with between 100 and 249 employees
- 15% in organisations with 250 or more employees.

This confirms other research evidence that employees within smaller organisations are considerably less likely to receive training. The differences between the experiences of employers in small and large employing units area is striking.

Variations by Occupation

2.20 Employers were asked to estimate the percentage of their workforce in different occupations participating in work based learning. The percentage varies markedly by occupational group with participation in work based learning standing at:

- around three quarters of managers and administrators, professionals and technicians and personal and protective service staff
- two thirds of craft, clerical and secretarial, and sales staff
- around 3 out of 5 craft and related staff and unskilled staff
- just over half of plant and machine operatives, and unskilled workers.

Table 2.4: % Trained by Employer in Previous 12 Months by Occupation

	% Trained in Prior 12 Months	
	Employer Survey	Employee Survey
Managers and administrators	74	71
Professionals and technicians	76	81
Clerical and Secretarial	69	73
Craft and related staff	63	57
Personal and protective service	77	73
Sales staff	67	71
Plant and machine operatives	56	57
Other unskilled	58	41

Source: Surveys of Employers and Employees

Employers were asked: "For each broad occupational group, over the last 12 months for what % of employees did you provide or support work based training?"

Employees were asked: "In the last 12 months, have you done any training associated with or supported by your employer?"

2.21 Employee evidence is also shown in Table 2.3 and there is a high degree of agreement between the results of the employer and employee surveys. The exceptional case is unskilled workers where the employer survey presents a much more positive picture than the feedback of unskilled employees.

2.22 The heavy weight placed on training for management and professional staff is supported by initiatives such as the Leaders Developing Leaders Programme, illustrated in the box below.

LEADERS DEVELOPING LEADERS PROGRAMME

'Action Learning Sets' are a management training process devised by employees of Falkirk Council, the local health authority and the University of Stirling as part of the Leaders Developing Leaders Programme. The council found that managers could not always commit to extended training programmes and needed accessible provision with more immediate benefits for participants and organisations. The project developed through an attempt to identify training with minimal time and resource demands. It brought together managers to assist each other to develop solutions to management problems.

A project conference formed participants into groups of 8-10 cross-department/agency individuals with similar levels of management responsibility. Each learning set had to commit to meet a number of times to examine the issues that arise in management settings and devise workable solutions. This introduced flexibility to the programme. The aim was to enable managers to develop their capabilities by addressing 'real' issues and developing more effective cooperation on a wider scale between the staff drawn from the agencies involved.

Variations by Sector

2.23 Although not tabulated here, there are very substantial variations in the incidence of work based learning by sector.

- in the energy and manufacturing industries, the percentages of employees trained at some time in the previous 12 months was below 60%
- in financial and business services, the figure is around 80% - rising to 88% for public administration.

These figures suggest that the evidence cited earlier on the change in the incidence of work based learning over time is consistent with a closing of the gap between industries.

Variations by Gender

2.24 75% of female employees compared with 65% of male employees claimed they had received training from their employer in the last 12 months. There are variations by occupation.

- 77% of female managers and administrators have received training in the last 12 months as opposed to only 65% of male managers
- 70% of female craft and related staff as opposed to 55% of male staff
- 50% of female other unskilled staff as opposed to 35% of male staff.

Variations by Investors in People Status

2.25 Table 2.5 shows the percentage of employees reporting they were supported by their employers in undertaking work based learning, broken down by IiP status and occupational group. The table shows that IiP recognised or committed organisations provide more work based learning opportunities across most occupational groups, particularly for manual and sales occupations.

Table 2.5. Work Based Learning by Occupational Group and IiP Status (%)

	% Trained in Prior 12 Months	
	IiP Recognised/ Committed	Non IiP
Managers and administrators	77	68
Professionals and technicians	81	82
Clerical and secretarial	79	69
Craft and related staff	75	54
Personal and protective service	88	71
Sales staff	100	69
Plant and machine operatives	75	44
Other unskilled	67	39

Source: Survey of Employees

2.26 IiP is the national standard which sets a level of good practice for human resource development to achieve business goals. It is reassuring to find that employers involved with IiP provide more training to their employees and also to a broader cross-section of their workforce than those not involved with the initiative. It may be that attracting more employers down the IiP route is an effective means of raising the volume of work based learning carried out, although the cautionary note is that the association described in Table 2.5 does not demonstrate that the IiP process raises the likelihood that employers will offer work based learning opportunities. IiP

may simply attract organisations with more progressive attitudes towards workforce development.

EMPLOYER SUPPORT FOR LEARNING NOT RELATED TO THE JOB

2.27 Although the emphasis of the study is on job-related learning, questions were also asked about opportunities made available to employees to undertake learning that is not directly related to their job, for example computing for non-IT staff or foreign language training.

Employer Feedback

2.28 47% of employers claim to support employees to do this type of learning. This is in line with a survey by Peters and King (2000), where 43% of employers stated that they support staff to undertake courses to learn new things not directly related to their job. There was, however, significant variation by employer size with non job-related training supported by:

- 37% of employers with 1 - 24 employees
- 35% of employers with 25 - 99 employees
- 39% of employers with 100 - 249 employees
- 62% of employers with 250+ employees.

2.29 More than 3 out of 5 employers reported that they had increased the amount of non job-specific training that they have been offering employees over the past two years. The main reasons given for this are that:

- employers have a duty to raise employability of employees (32%)
- it increases the flexibility of employees to take on a wider range of tasks (24%)
- it increases the flexibility of employees to take on new tasks (20%)
- it improves staff morale (4%)
- it improves staff retention (4%).

2.30 IiP recognition appears to impact on an employer's likelihood of supporting non job-related training with:

- 59% of IiP recognised employers and 55% of IiP committed employers supporting training...
- ...compared with only 43% of non-recognised employers.

2.31 The main reasons given by employers for not supporting this type of training were:

- the skills are not relevant to their organisation (42%)
- they have a limited training budget and prefer to use it for job specific training (36%)
- there are limited financial returns to the company (7%)
- the cost of course fees (5%)
- the training would take employees away from working (4%).

2.32 The Scottish Learning Centre Network was set up to provide employees with easy access to learning opportunities of their choice, supported by their employer. The box below describes a pilot involving an Ayr-based engineering company.

SCOTTISH LEARNING CENTRE NETWORK

United Engineering Forgings (UEF Automotive), an Ayr based company engineering vehicle front axles, was the first SME in the region to commit to the new Scottish Learning Centre Network (SLN) pilot. This aims to provide a safe, welcoming and supportive environment where learners can make guided choices about what, how and when they learn.

The company is providing its employees with access to online, non job-specific training through two networked PCs set up in the learning centre. Employees have access to over 180 learning opportunities in areas such as:

- communication skills
- finance
- health and safety
- IT
- languages
- marketing.

Almost half of the 200 employees in the company are attending, in their own time, IT classes through the facility. The benefits are that it provides:

- easy access to learning opportunities for employees, 90% of whom are shift workers and would otherwise find it difficult to attend courses
- learning opportunities to employees who have none or few formal qualifications.

Employee Feedback

2.33 A MORI poll (2000) in Scotland suggested that 36% of *employees* received support from their employer for non-job related skills training. However, in our survey only 4% of employees felt they had undertaken training in the last 12 months that was not directly related to their current jobs, although amongst IiP recognised employers this figure rises to 10%. There appears to be a major discrepancy between what employers and employees perceive in terms of the amount of non job-related training supported by employers.

2.34 Around a quarter of employees think employers should support them to undertake training not immediately relevant to the organisation. The three most frequently cited reasons for this were that:

- 41% believed employers have a responsibility to support staff in lifelong learning
- 31% felt that it makes employees more committed to the organisation
- 17% argued that it raises their self confidence.

The most interesting statistic is probably the fact that only 1 in 4 employees think employers should support non job-specific training.

KEY POINTS

1. Employers project a significant increase in demand for job-related skills.
2. More employers place value on job-related versus core skills – but both are seen as very important.
3. Over 70% of employers have been increasing the volume of work based learning over time, but this is less marked among the smallest employers.
4. 78% of employees surveyed had participated in work based learning over the previous 12 months.
5. 20% claimed to have received no training, with employees within smaller organisations more than twice as likely to receive no training as their counterparts employed by larger organisations.
6. 56% of employers offer work based learning to plant and machine operatives, rising to 77% for personal and protective service staff.
7. The percentage of employees on work based learning over the previous 12 months ranged from less than 60% in the energy and manufacturing industry to 88% in public administration.
8. 75% of female employees had participated in work based learning compared to 65% of males – and this held across occupations.
9. IiP recognised or accredited employers tended to provide more work based learning opportunities, particularly in the case of staff below managerial, professional and technical levels.
10. 47% of employers claim to support employees to undertake training not directly related to their job, but only 4% of employees corroborated this.
11. The main reasons given by employers for supporting this type of work based learning were:
 - a duty to raise the employability of their employees
 - increased flexibility of employees to take on wider range of tasks
 - improved staff morale.

3. VALUE OF WORK BASED LEARNING

PURPOSE OF CHAPTER

3.1 This chapter explores the benefits of work based learning and the value generated by different ways of delivering this. Too much of the existing research and policy discussion surrounds the volume of work based learning. There needs to be a greater understanding of the factors that influence its effectiveness. Specifically, we ask questions about:

- the benefits of work based learning for employees and employers
- the relative value of industry wide versus job specific training
- any impact on effectiveness flowing from the location of the training provided.

This analysis is first informed by a consideration of some of the existing research literature.

BACKGROUND LITERATURE

Value of Work Based Learning for Individuals

3.2 Blundell *et al.* (1996) found that work based learning, particularly where this is employer led with qualifications, leads to rewards for individuals in terms of future earnings and employment prospects.

- employer provided training generated significant returns to individual workers, adding 5% to real earnings over a 10 year period
- individuals who obtained a middle or higher level vocational qualification from their work based learning receive even higher returns of between 5 and 10%
- returns to work based learning appear to be transferable across employers
- work based learning is particularly important for the wage prospects of individuals with intermediate level school qualifications, although these individuals are also less likely to obtain work-related training.

3.3 Coleman and Willis (1998) found apprentices favoured a work based approach due to the attraction of paid work with practical training. In confirmation, IES (2000) research found that young people perceive the benefits of the Modern Apprenticeships programme as:

- the opportunity to gain work experience and a qualification...
- ...and at the same time obtain a wage and funded training
- offering more career direction than the 'A' Level route
- a chance to combine work with on and off-the-job training.

Value of Work Based Learning for Employers

3.4 The 'bottom line' question for firms in the private sector is whether training contributes to profits (Green, 1997), and public sector employers require to see value for money returns on training investment. Studies can assess whether the claimed

benefits for the workforce translate into real benefits, but as they rarely measure the costs of training they do not assess the rate of return (McIntosh, 1999).

3.5 Some studies indicate that training impacts positively on productivity. However, impact estimates vary from around an 80% increase attributed to training to negligible effects. Research by Dearden, Reed and Van Reenen (1999) in the production sector of the British economy found that raising the proportion of employees trained in an industry from 10% to 15% is associated with at least a 3 percentage point increase in the value added per worker. Lynch and Black (1997) surveyed firms in the USA with at least 20 employees, but found no significant training impact on company turnover or productivity. These examples highlight the lack of clear agreement on the size of the impacts of training in the research literature.

3.6 In a more dynamic context, the Centre for Business Research (2000) analysed the impact of training on small firm growth and survival. The study found that:

- scale or intensity of training, as measured by training costs as a percentage of total sales, was positively and significantly related to employment growth
- the training impact on employment growth depended on the human resource management practices within which it was embedded. The effect was significant only for firms with total quality management, quality circles, job rotation and performance-related pay.

3.7 There is also international evidence of the impact of work based learning on both productivity and wages (OECD, 1998). The results of a number of studies are summarised below.

Impact of Work Based Learning on Performance of Workers

Country	Findings
Canada	Wages were found to be higher for employees who had received workplace training, and employers found a positive association between training and economic performance – although direct causation could not be easily established.
France	A survey of employees found that those who received employer training were less likely to leave employment and more likely to experience occupational mobility.
Netherlands	A survey of employers found training raised productivity by 12% and wages by 16%.
Sweden	Analysis of a data set for small firms suggested that training can yield long-run increases in labour demand and net reductions in costs.
USA	A survey of 3,358 establishments found complementarities between training and investments in human and physical capital, and that investments in human capital have positive impacts on productivity. Another study found that formal training positively impacted productivity and that the effect was greater when firms evaluated training programmes according to their impact on productivity.

Source: NACETT, 2000.

THE BENEFITS OF WORK BASED LEARNING

Who Instigates Work Based Learning

3.8 Although this section is principally concerned with establishing the benefits of work based learning, there is a prior question as to who motivates it. The employee survey carried out as part of this study suggests that the majority of work based learning that takes place in the workplace is instigated by the employer.

- 79% of employees who had undertaken training had been asked to do so by their employer
- 1 in 5 employees had approached their employer for training.

Although the employee-motivated proportion is a minority, it is a significant one. There is clearly scope to impact on the volume of work based learning by stimulating the employee demand for this.

3.9 Although 21% of employees overall approached their employer about work based learning opportunities, there were some variations by age, gender, occupation, industrial sector and IiP status.

- at 23%, people in the age category 25-44 were the most likely to ask their employer for training, compared to 21% of the under 25s and only 17% of the over 45s
- 25% of female employees had approached their employer for training compared to only 16% of male employees
- 40% of managers and administrators had approached their employers for training, more than double any other occupational group and more than three times the percentage of plant and machine operatives and those employed in personal and protective service occupations
- 27% of those employed in business and financial services and the public sector asked their employers for training, 10% more than in the next nearest industrial sector of primary, manufacturing and construction industries
- 29% of employees in organisations with IiP status had approached their employer for training, compared with 20% of those in non IiP companies and only 13% of those organisations that have made a commitment to IiP
- 25% of employees in the largest organisations had instigated their work based learning compared to only 18% where less than 25 people were employed. It may be easier to pursue the issue where the employee is dealing with a human resource department or a line manager in a large organisation, rather than an owner manager or senior manager in a small organisation.

3.10 A number of these variations correlate with the differences in the proportions participating in work based learning, discussed in Chapter 2. This again underlines the potential to drive an increase in work based learning from the employee side.

Employer Evidence on Benefits for Employers

3.11 Based on the survey of Scottish employers carried out for the study, Table 3.1 lists the benefits cited by employers who provide work based learning opportunities for their employees. The benefits appear to be strongly associated with an employer's

ability to retain or improve their position in the marketplace. The most important benefits are summarised below.

- improving the company's product or service to the customer was cited by 3 out of 10 employers, but was particularly important in the wholesale, retail and hospitality industries where it was cited by 41% of employers, and in transport and communications where this rose to 50%
- 10% argued that work based learning made the company more competitive, although this rises to 18% of companies with under 25 employees
- improving employee competence in their current job was cited by 9% of employers
- keeping up with technological change was most important to 8% of respondents, with 15% of employers under 25 employees raising this as an issue
- increasing flexibility of employees to take on new tasks was cited by 7%. This was especially important in the financial and business service sector, mentioned by 15% of employers.

Table 3.1: Employer Benefits from Work Based Learning (%)

	Benefit	Main Benefit
Improved quality of service or product	52	30
Made company more competitive	25	10
Improved competence in current job	14	9
Helped keep up with technological development in the industry	21	8
Increased flexibility of employees to take on new tasks	20	7
Increased productivity	19	6
Provided targeted / more focused training	16	6
Improved staff morale	18	4
Met legislative requirements	8	4
Increased flexibility of employees to take on wider range of tasks	15	3
Provided training we have more say over as an employer	6	3
Got staff up to a nationally recognised level of training	6	3
Met commitment to staff development	6	3
Improved thoroughness of training	9	2
Assisted employees to take on higher grades of job	7	2
Improved organisational image with customer	11	1
Improved staff motivation	3	1
Gained skill relevant to employer	1	-
Improved staff retention	10	-
Raised staff confidence	1	0

Source: Survey of Employers

Note: '-' indicates a percentage below 0.5%

3.12 One of the most telling responses is that only 11% thought work based learning helped influence the organisations image with customers, and only 1% saw this as the main benefit. The lack of a sufficiently demanding customer base for both private and public sector organisations is clearly a weakness in the drive to influence quality standards more generally, and labour quality in particular.

3.13 Some of the employers answered the questions in relation to the value they perceived in the *process* of work based learning, with around 1 in 8 employers citing

as the main benefits more focused training, training over which the employer has more control and other similar features.

Employee Evidence on Benefits for Employer

3.14 The previous section questioned employers on the benefits for their organisations from work based learning. Their employees were asked the same question and their responses are summarised in Table 3.2.

- overwhelmingly the main benefit was seen to be a better quality product or service. Employees were more likely to cite this as a benefit than their employer, although both agreed this was the main benefit
- employees placed a lot more weight on the impact on the organisation's image with customers, perhaps because they are closer to their customers than the organisation's managers
- improved managerial/supervisory effectiveness and enhanced teamworking were cited as benefits by between a third and half of employees, but did not feature in the responses of their employers.

Table 3.2: Employee Views on Employer Benefit from Work Based Learning (%)

	Benefit	Main Benefit
Better quality of product / service	86	44
Raises organisational image with customer	44	8
More effective at managing/supervising others	33	7
Can take on a wider variety of tasks	58	6
More/improved work	51	5
Increase company profit	32	4
Able to take on new tasks	59	4
Keep up with changes in industry	40	4
More motivated to do job well	52	4
Can promote internally in the organisation	32	4
Other benefits	8	4
Develops team working / communication skills	48	3
Raises employee morale	42	3
Employee more committed to organisation	33	2

Source: Survey of employees

3.15 A comparison of the result of Tables 3.1 and 3.2 demonstrates both confirmation and variance. As a consequence of the latter it could be interesting to know how often employers use feedback from their employees in evaluating the impacts of work based learning on the effectiveness of their organisations.

3.16 A small number of the employees surveyed saw no benefit for their employers from the work based learning with which they had been involved. The main responses to explain this were that:

- the training was not relevant to their job (cited by 40%)
- the employee already had the skills the training was providing (mentioned by 36%).

Benefit for Employees

3.17 Employees were also asked about how they benefited from work based learning. The main benefits reported by employees (in Table 3.3) were:

- helping them to produce better quality work (25%)
- increase in self-confidence (13%), although this varied considerably by age, cited by 15% of the under 25s, 14% of the 25-44 year olds and only 7% of the employees aged 45 plus
- keeping up with technological change, mentioned as a concern by only 4% of the under 25s but 14% of the 45 plus group of employees.

Knowledge of these types of variations has potential value in helping design effective marketing or awareness raising campaigns around work based learning.

3.18 Employees clearly perceive a link between the training that they are undertaking in their jobs and the positive effects that this may have on their employment situation.

- 37% of employees thought that work based learning would help them to gain promotion within the organisation, although only 5% overall thought this was the main benefit; 13% of those in finance and business services cited this as the main benefit
- 54% of employees thought that the training they were doing would help them get a better job with another employer; although only 6% thought this was the main benefit. Interestingly, none of the over 45s cited this as the main benefit of training, although this was mentioned by 10% of the under 25s and 6% of the 25-44s.

Table 3.3: Benefits of Work Based Learning for Employees (%)

	Benefit	Main Benefit
Better quality of product / service	79	25
Increased self confidence	64	13
Keep up with technological changes in industry	52	8
Able to take on new tasks	66	7
Help if want to change employer	54	6
Greater job satisfaction	58	6
Can take on a wider variety of tasks	64	6
Help get promotion	38	5
More effective at managing/supervising others	36	5
Other	13	5
Develops team working / communication skills	53	4
Better at dealing with customers	42	4
Produce more	51	3
More motivated to do job well	55	3
Feel employer is more committed to employee	39	1

Source: Survey of Employees

3.19 Many of the benefits employees saw for themselves from the process of work based learning also translate into benefits for their employers. The major exception was the case of the 54% who felt the training would help them move to other employers.

3.20 The discussions with employees in focus groups generated conclusions broadly similar to those flowing from the survey analysis. Most groups, and the most

commonly stated response, believed that work based learning helped them to carry out job tasks in an improved way, mainly as a result of increasing knowledge of the job. Some group members also saw training as raising their skill levels and increasing their flexibility, allowing them to carry out new work tasks.

3.21 The very small number of employees who felt that they were not gaining *any* benefits from work based learning cited four main reasons:

- 60% claimed to already have the skills the training was aimed to provide
- 20% felt that it was not relevant to their job
- 1 in 10 thought the course was too short
- 1 in 10 considered the trainers to be of poor quality.

BENEFITS OF EMPLOYER SPECIFIC AND INDUSTRY WIDE TRAINING

3.22 Employers were asked to place a value on work based learning tailored specifically to their needs or more general, industry-wide training. Their responses are summarised in Table 3.4. Work based learning that provides employer-specific skills is considered to be clearly more effective than industry-wide training by employers hoping to benefit from:

- increased employee productivity (70%)
- improved quality of products and services (69%).

Table 3.4: Relative Value of Employer Specific and Industry Wide Training (%)

	Firm Specific	Industry Wide	No Preference
Raise employee productivity	70	18	8
Increase staff loyalty to company	58	27	13
Develop more flexible employees	53	34	10
Improve staff morale	58	26	13
Develop core skills	55	29	13
Improve quality of company products / service	69	20	8
Improve company image	53	32	13

Source: Survey of Employers

Note: Figures are row percentages, and do not always sum to 100% because some employers could not make a judgment.

3.23 The development and enhancement of core skills, flexibility, staff loyalty and organisational image are also better served by employer specific skills training, although not to such a great extent. More than 1 in 10 employers expressed no preference in relation to developing these skills.

3.24 Employer size and sector did not impact significantly on responses, although employers in the wholesale, retail and hospitality industry place more importance on employer-specific training with regard to increasing staff loyalty (66%) and improving staff morale (68%).

3.25 The box below illustrates the development of a customised approach to work based learning and accreditation.

MONTPELIER: CUSTOMISED TRAINING CENTRE FOR VQ DELIVERY

Montpeliers (Edinburgh) Ltd operates a number of bars and restaurants in the city. There was a perception within the company that many individuals leave as a result of the limited opportunities for self-development and promotion. In order to address this difficulty the company set up its own in-house training centre to provide customised:

- staff induction training
- skills development training
- management training.

The training is provided both by restaurant staff and recently appointed trainers, employed directly through the restaurant due to the success of the programme.

The centre has developed from its original remit to deliver in-house training and in 1998 received approval from SQA to deliver a range of Hospitality and Customer Service based SVQ awards. In addition to providing training for staff within its own bars and restaurants the company provides training to external candidates charged at a commercial rate.

The company feel that there are a number of benefits resulting from the establishment of the training centre programme.

Employees benefit because:

- they have an opportunity to attain a nationally recognised standard, transferable across employers
- they receive a morale boost important in an industry that demands early-starts, anti-social hours and fairly low pay.

Employers benefit because:

- they are more likely to retain staff within the company if there is a clear path for self development and progression
- the company will be recognised as a quality working environment
- customers receive higher standards of service offered by well trained staff.

3.26 Industry-wide approaches can also generate significant benefits. The box below describes an initiative designed to ensure the provision of an effective training infrastructure within the semiconductor industry.

SEMICONDUCTOR SKILLS CONSORTIUM: A STRATEGIC ALLIANCE

A downturn in the semiconductor industry and the poaching of college staff by industry led to a number of college courses becoming vulnerable to closure. The industry recognised the need for collaborations to keep up the capacity of the further education sector to provide training. To this end, a Scottish Microelectronics Skills Consortium was set up between:

- four companies: NEC, Raytheon, Motorola and National Semiconductor
- four colleges: Bell College, James Watt College, Lauder College and West Lothian College (Scottish Advanced Manufacturing Centre)
- four intermediaries: Scottish Enterprise, Scottish Further Education Unit, Scottish Qualifications Authority and National Microelectronics Institute.

The aims of the Consortium are:

- to pool expertise and facilities across industry and colleges to develop a sustainable infrastructure for meeting industry needs
- to retain and build the capacity of FE staff with relevant experience
- to develop flexible provision to an agreed standard.

Senior staff from each of the institutions meet formally on a 6-weekly basis to pursue the aims of the Consortium. Their efforts are supported by £150,000 from the Further Education Funding Council, and more than £2,000,000 worth of equipment has been donated by the industry.

BENEFITS OF DIFFERENT TYPES OF WORK BASED LEARNING

3.27 Work based learning can be delivered *in* the workplace, but often it will include a combination of different types of delivery. The four broad categories used in this study were work based learning:

- on the job, in the workplace
- off the job, in an employer's premises
- off the job, in a simulation of the workplace
- off the job in a non-workplace setting.

The value of work based learning in each of the different settings was explored with both employers and employees.

Employers

3.28 The main finding of Table 3.5 is that employers believed on-the-job training was the most valuable means of delivery against a range of different criteria. The second most preferred delivery approach was off the job, but on an employer's premises. There is, therefore, a clear preference within the employing community for work based learning to be delivered within workplaces. There are some variations.

- learning in a workplace is seen as particularly valuable for employers wanting to develop employer specific skills, and for raising employee productivity and flexibility, for developing core skills and for impacting on the quality of the product or service.
- in relation to improving staff morale, increasing employee loyalty to the organisation and improving company image, training away from workplaces increases in value for employers – but the workplace is still the preferred location even in these cases.

Table 3.5: Relative Value of Types of Work Based Learning Delivery (%)

	On the job	Off the job, employer premises	Off the job, simulated environment	Off the job, non workplace	No preference
Develop general industry skills in workforce	41	20	11	21	6
Develop skills specific to the employer	54	28	4	7	6
Raise employee productivity	50	20	7	8	12
Develop more flexible employees	31	25	11	20	12
Increase staff loyalty to company	29	23	11	18	15
Improve staff morale	25	25	10	25	15
Develop core skills	34	27	10	17	11
Improve quality of company products / service	43	26	7	12	11
Improve company image	26	20	12	23	16

Source: Survey of Employers

Note: Figures are row percentages, and do not always sum to 100% because some employers could not make a judgment.

3.29 There were some variations in preferences across employers in relation to where work based learning is delivered.

- the smaller the employer the more likely they were to favour on the job training as the most valuable means of skilling their staff. 61% of employers with 1-24 employees favoured on the job training to develop employer specific skills, compared with 47% of organisations with 250 plus employees, and this difference applied to most of the categories of potential benefit flowing from work based learning
- on the job learning was most popular among employers in manufacturing, and least popular in the largely public sector service industries such as education and health. Employers in the growing business and financial service sectors lay in between in terms of the extent of their preference for work based learning on the job.

3.30 Employers were asked about the advantages and disadvantages of the different ways of delivering work based learning and the most common responses are summarised in the box below.

ASSESSING DIFFERENT APPROACHES TO WORK BASED LEARNING

On the Job

Advantages:

- ensures that training is relevant to the skills required by the employer
- no costs associated with travel or accommodation

Disadvantages:

- staff time off the job
- likelihood of training being disrupted by production demands

Off the Job at Own or Other Employer Premises

Advantages:

- few distractions which helps staff to focus
- ensures training is relevant to the skills required by the employer
- provides an opportunity to get staff together to train in groups

Disadvantages:

- staff time off the job
- risk of training being disrupted

Off the Job in Simulated Workplace or Non Workplace Settings

Advantages:

- few distractions for trainees
- access to training expertise and resources
- exposure to ideas from outwith the employer

Disadvantages:

- cost of courses and training
- staff time off the job
- cost of travel and accommodation.

Employees

3.31 Employees were also asked to assess the value of the different ways of delivering work based learning in relation to:

- becoming better at their current job
- developing into a more effective employee for their current employer in the longer term
- finding a job with another employer.

Their responses are summarised in Table 3.6.

3.32 As with employers, employees see on-the-job training as the most valuable means of delivering work based learning across a range of criteria.

- it is seen as the most effective means of improving performance in an employee's current job by over half of respondents
- 47% see learning on the job as the most effective route to core skills development
- off the job training in a non-work setting is seen as the most valuable method of gaining the necessary skills and experience to move to another employer, cited by 43% of employees.

Table 3.6: Relative Value of Types of Work Based Learning Delivery (%)

	On the job	Off the job, employer premises	Off the job, simulated environment	Off the job, non workplace
Becoming better at current job	52	17	13	19
Becoming more effective employee long term	44	18	14	25
Getting a job with another employer	25	13	19	43
Develop core skills	47	22	15	16

Source: Survey of Employees

3.33 There were some interesting variations in emphasis across different industrial sectors and age groups.

- 65% of employees in retail and hospitality ranked on the job training as the most effective way of improving performance in their current job, compared with only 43% in business and finance and 40% in public administration, education and health
- employees aged less than 25 valued on-the-job training more highly than older workers with 65% considering that it was the most useful way of developing skills for their current job compared with 45% of the 25 - 44 age group
- 63% of the under 25s also valued on the job training as a means of developing core skills, as opposed to only 41% of the 25 - 44 age group.

KEY POINTS

1. 79% of employees involved in work based learning reported that this had been instigated by their employers.
2. Employers tended to cite economic reasons for providing work based learning:
 - improving quality of service or product
 - making the company more competitive
 - improving competence in the job
 - keeping up with technological developments
 - increasing the flexibility of employees
 - increasing productivity.

These were mentioned by 70% of employers as the *main* rationales for work based learning.

3. Only 11% thought work based learning would improve their image with customers and only 1% saw this as its main benefit.
4. There is a strong preference among employers for workplace based training, particularly in relation to productivity enhancement.
5. Employers believed morale building and image development were likely to flow from skilling away from workplace, but even for these impacts the workplace is viewed as the preferred delivery location.
6. The smaller the employer, the more likely they were to favour training at the workplace.
7. Employees differentiated impacts associated with different delivery of work based learning.
 - development of productivity and core skills – at the workplace
 - raising chances of employment elsewhere – away from workplace, mainly classroom.
8. 97% of employees who had received training felt it helped them in their current job.
9. 37% of the employees thought the training would help them gain promotion in the organisation, but 47% thought the training would help them get a better job with another employer.
10. The most important benefits of work based learning perceived by employees were:
 - helping them do better quality work
 - increasing their self confidence.

4. ACCREDITATION OF WORK BASED LEARNING

PURPOSE OF CHAPTER

4.1 Although learning and accreditation are potentially complementary processes, a large volume of work based learning goes unaccredited. The issues addressed in this chapter are:

- the incidence of the accreditation of work based learning in Scotland, and variations in accreditation across groups, sectors, etc.
- the added value of accreditation for employers and employees.

First, however, some of the key findings of the relevant literature are summarised.

BACKGROUND LITERATURE

Overall Take-Up of Vocational Qualifications

4.2 Coleman and Keep (2001) suggest that, in the UK, there has been a sharp rise in the proportion of the workforce with academic qualifications, but a relatively small increase in the numbers with vocational qualifications.

4.3 In Scotland:

- SVQ awards rose nearly four fold between 1993-94 and 1998-1999...
- ...but there were still only 20,000 awards during the latter year...
- ... and 76% were at Levels 1 and 2.

Canning and Cloonan (1999) see the key factors affecting SVQ take-up in Scotland as:

- lower levels of educational achievement compared to some regions
- competition from NVQs, as national companies prefer their employees to have the same qualification throughout the UK, and so decide on NVQs.

However, SVQs are only one of a number of vocational qualifications. Canning and Cloonan also argue that competition from traditional vocational qualifications such as HNCs and HNDs has lowered SVQ take-up. Scotland has a higher take-up of these than England, and they play a particularly significant role at Levels 4 and 5.

Variations in Take Up of Vocational Qualifications

Sectors

4.4 Significant sectoral variations are revealed in the literature. Smith (1996) found employers in financial and business sectors less likely to offer learning opportunities leading to vocational qualifications than those in wholesale, transport and communications.

Occupations

4.5 There are also variations by occupational groupings (DfEE, 2001). Clerical and secretarial employees are the group most commonly holding an N/SVQ, and employees in low skilled manual jobs are least likely to. Those in professional occupations are more likely to hold a professional or academic qualification and few hold N/SVQs.

Size of Employer

4.6 Smith (1996) found that employers with 100 or more employees are 50% more likely to offer vocational qualifications than those employing 11-24 people. DfEE (2000) figures show that N/SVQs are offered by 8% of employers with 1-4 employees compared with 77% of firms with 500 + employees.

Benefits of Vocational Qualifications

Benefits for Employers

4.7 A number of research studies (Smith, 1996; Sims and Golden, 1998; CBI, 1998b; Canning, 1999) have found positive employer perceptions of the impacts of N/SVQs. Employers perceived N/SVQs to have a significant effect upon:

- the thoroughness and quality of the learning process
- the volume of work based learning carried out
- staff development and the accessibility of qualifications to staff of different ages, experiences and skill levels
- employee sense of recognition for their work, so enhancing self-esteem and confidence
- employee loyalty towards the employer, facilitating retention
- potential customers, through increased confidence in workforce skills and competences
- company performance, quality and competitiveness.

4.8 A survey found that where SVQs are funded by employers they are well regarded and credible. Where employers allow employees work time to complete the SVQ, providing assessment practices and promoting the award within the organisation, this can lead to the fulfilment of the aims of SVQs (Canning, 1999).

Benefits for Employees

4.9 There are close associations between earnings, the risk of unemployment and vocational qualifications (NACETT, 2000). Figure 4.1 shows that 20-29 year olds with a Level 3 vocational qualification or completed apprenticeship have lower unemployment rates and higher average earnings than those with GCSEs below Grade C or no qualifications. Of course, all of the gains cannot be attributed to the qualifications *per se*, as a process of upskilling lies behind them.

Figure 4.1. Unemployment Rates and Earnings for 20-29 year olds

	ILO Unemployment Rates (%)	Average Gross Weekly Earnings (£)
Vocational qualification at Level 3	5.4	260
Apprenticeship	4.4	280
Vocational qualification at Level 2	10.6	195
GCSE below Grade C	11.1	220
No qualification	20.7	185

Source: Labour Force Survey, 1998.

4.10 Smith (1996) found that 62% of employers offering vocational qualifications recognise the achievement by granting employees an advance in pay or promotion opportunities. IES research (Spilsbury, Moralee and Evans, 1995) revealed that around a third of NVQ attainers receive wage rises which are generally skill or merit-based, i.e. wage rises are compensated by increased productivity.

4.11 In terms of more broadly based benefits, a study by NFER (1999) found that participants believed that undertaking an N/SVQ had increased their confidence, occupational awareness and job-related knowledge.

4.12 Employees also see a range of more specific benefits (Callendar, 1997), including:

- practical assessment in the workplace instead of examinations
- the opportunity to acquire a qualification with national recognition
- an increase in self esteem and self confidence
- the value of the qualification when seeking jobs with other employers.

INCIDENCE OF ACCREDITED WORK BASED LEARNING

Employer and Employee Evidence

4.13 The Scottish employers surveyed during 2000 as part of this study were asked to indicate the percentage of their workforce engaged in work based learning who had obtained or were moving towards a vocational qualification, and their employees who had participated in work based learning in the last 12 months were asked whether this had been accredited. Table 4.2 summarises the responses broken down by occupational grouping.

- overall, 40% of employees engaged in work based learning over the previous 12 months reported this was accredited, the percentage varying significantly from 51% of craft and related workers to only 8% of the unskilled
- employers tended to report higher levels of accreditation, although the pattern of variation across occupational groups was similar.

Table 4.2: % With Accredited Work Based Learning by Occupational Group

	Employer	Employees
Managers and administrators	39	41
Professionals and technicians	43	43
Clerical and secretarial staff	45	43
Craft and related staff	69	51
Personal and protective service staff	70	49
Sales staff	26	12
Plant and machine operatives	66	50
Other unskilled staff	27	8

Source: Survey of Employers and Employees

Note: Based on percentage of employers providing work based learning and percentages of employees participating in work based learning

Variations in Accredited Work Based Learning

4.14 Based on the evidence of the employee survey, some variations in the incidence of accreditation for those involved in work based learning were identified:

- across sectors, accreditation of work based learning was relatively high in business and financial services, and health services, but significantly lower in retailing, hotels and restaurants and manufacturing
- employees of IiP recognised or committed employers were more likely to have their work based learning accredited than other employees.

SVQs Versus NVQs

4.15 In measuring the extent of accreditation, the survey of employers did not distinguish between different vocational qualifications. Employers were then invited, however, to express their preference from the range of vocational qualifications. This showed that:

- 62% of employers have no preference for - and possibly cannot distinguish between – SVQs and NVQs
- 14% would prefer to offer SVQs
- 3% would prefer to offer NVQs
- 4% would rather offer another type of VQ
- 18% are not prepared to offer any VQs.

It would appear that, in the main, employers prefer to use SVQs over NVQs. Perhaps the main issue is their lack of preference, or inability to distinguish clearly between the two.

ADDED VALUE OF ACCREDITATION

4.16 Qualification systems clearly add value to training investments at the level of the national economy. For employers and employees they provide a means of assessing or demonstrating that particular skill levels have been achieved. In this way they promote labour mobility and the more effective matching of candidates and vacancies. Although these benefits should be felt by employees with the opportunity to acquire

accreditation for their work based learning, it is less clear that employers will favour a process which raises the employability and reliability of their employees in the wider labour market. This section tests the responses of the Scottish employers and employees surveyed in 2000.

Benefits for Employers

4.17 The employers surveyed articulated a wide range of motivations for offering accreditation of the work based learning they provided.

- the most frequently mentioned motivation was getting their employees up to a nationally recognised qualification level. The rationales behind trying to achieve this were not made clear, but are reflected in some of the other points listed below
- around a third of employers reported principal motivations which linked directly or indirectly to the competitiveness or effectiveness of their organisation
- improvements to staff morale and higher retention rates were mentioned as the main motivations by 14% of employers
- 9% said they accredited work based learning mainly in order to access government funding to support their training effort.

Table 4.3: Employer Motivations for Accrediting Work Based Learning (%)

	Motivation	Most Important
To get staff up to nationally recognised level	22	22
Improves staff morale	19	11
Employer duty to support staff	12	10
Improves quality of product / service	15	9
Receive government funding	9	9
Assists employees to take on higher grades of job	10	6
Increase flexibility of employees to take on new tasks	14	5
Makes company more competitive	8	4
Improves staff retention	10	4
Increases flexibility of employees to take on wider range of tasks	12	3
Increases productivity	6	3
Helps keep up with technological change	4	3
Provides targeted / more focused training	2	3
Improves company image	4	2
Improves thoroughness of training	4	2
Requirement of government training programme	3	2
Provides training we have more say over as employer	2	1
Encouragement / advice from training body	-	1
Provides balance of theoretical and practical skills	-	1

Source: Survey of employers

4.18 To assess whether accreditation of work based learning adds value beyond the training impacts, employers were asked to indicate the relative effectiveness of accredited and non accredited training in helping achieve a range of organisational goals. Employers appear to be divided on the relative merits of accreditation, although in the main they demonstrate a preference for it. Their responses are

summarised in Table 4.4. Employers view accredited training as more valuable than non-accredited training in helping to:

- create industry wide skills (55%)
- develop core skills (53%)
- improve company image in the marketplace (51%)
- create employer specific skills (47%)
- improve staff morale (45%)
- increase staff loyalty to the company (42%).

Table 4.4: Relative Value of Accredited Versus Non Accredited Training (%)

	Accredited	Non Accredited	No Preference
Develop general industry skills in workforce	55	27	15
Develop skills specific to the employer	47	31	18
Raise employee productivity	30	44	21
Increase staff loyalty to company	42	33	21
Develop more flexible employees	33	40	24
Improve staff morale	45	32	20
Develop core skills	53	23	19
Improve quality of company products / service	49	25	22
Improve company image	52	24	20

Source: Survey of Employers

Note: Figures are row percentages, and do not always sum to 100% because some employers could not make a judgment.

4.19 Employers view non-accredited training as more valuable than accredited training in two important instances:

- raising employee productivity (44%)
- developing more flexible employees (40%).

These findings are supported to some extent by a DfEE study (Smith, 1996) which found that, for all vocational qualifications, employers were twice as likely to perceive a significant impact on staff morale as on productivity.

4.20 There were some variations by employer industry, size of employing unit and liP status:

- only employers within the retail and hospitality industries considered that non-accredited training was more likely to increase the levels of staff loyalty than accredited training
- accredited training was considered most valuable for developing general industry skills in the workforce by primary, manufacturing and construction employers (62%) and business and finance employers (60%), compared to only 46% of retail and hospitality employers
- there were no significant differences in preferences between employers based on their liP status.

Benefits for Employees

4.21 Before trying to ascertain the nature of any additionality for employees in undertaking accredited work based learning, they were first asked whether they had undertaken any training associated with or supported by their employer *because* it led to a qualification.

- 13% said that this was the *only* reason that they did the training...
- ...and a further 27% considered it to be one of the reasons that they did the training
- 13% felt that the qualification was not a reason for doing the training
- 47% had either not done any training, or had not done any training leading to a qualification.

Accreditation was a contributory factor in the decision to undertake training for around 75% of the respondents who were involved in work based learning.

4.22 Employees were very positive about the value for them of accrediting their work based learning, with 87% considering that accreditation provides benefits additional to training with no qualification. Table 4.5 summarises the additional benefits that employees think that a qualification provides.

- the single most important additional benefit of undertaking a qualification is the 'currency' it provides for employees which they can 'spend' in the wider labour market. Helping obtain a better job with another employer was mentioned by 85% of employees and was seen as the most important benefit for 44%
- helping gain promotion with their existing employer was seen as the main benefit by 15%, well behind the figure for enhanced marketability in the wider labour market
- significant percentages reported increased self confidence and greater job satisfaction associated with gaining a qualification which is a recognition of a new or enhanced skill level.

Table 4.5: Additional Benefits for Employees Associated with Accreditation (%)

	Benefits	Main Benefit
Help to get a better job with another employer	85	44
Help get promotion	53	15
Increases self confidence	59	14
Greater job satisfaction	38	9
Get paid more	32	6
Other	10	5
Shown more respect by employer	41	4
Greater authority in supervisory or management role	28	3
Shown more respect by colleagues	31	1

Source: Survey of Employees

4.23 There are some variations in response by occupational group, age and size of employer:

- just over half of clerical, and craft and related staff considered qualifications important if they wanted to change employer to get a better job
- more than a quarter of professional and technical staff wanted a qualification to help them gain internal promotion
- almost a quarter of personal and protective staff, and 1 in 5 of the managers saw a benefit in increased job satisfaction
- just over half of employees aged over 25 thought that training with a qualification would benefit them if they wanted to change employers, with 1 in 5 seeing the benefit as promotion with the same employer

- an increase in job satisfaction was reported as the main benefit by 15% of those aged over 45, who of all groups see the least benefit to them in gaining a qualification to enhance their promotion prospects
- employees with small employers were much less likely to cite improved promotion prospects as the main benefit of accreditation, with greater emphasis on enhanced employability in the wider labour market. This helps explain the lower incidence of work based learning and its accreditation in smaller employing units.

4.24 The focus group discussions tended to align with the survey results. Some of the main responses are listed below.

- a common response was that training leading to a qualification is of higher quality, goes into more depth and provides a wider knowledge base, beyond immediate job tasks
- others indicated that a qualification would allow them to carry out a wider range of tasks and to assume more responsibility at work
- the most common longer term benefit employees associated with a qualification was enhancing their CV, thus improving their prospects of getting a job with other employers. A smaller number felt they could gain promotion with their current employer.

KEY POINTS

1. The proportion of employers reporting they offered accredited training for their employees ranged from 27% for unskilled employees to 70% for personal and protective service occupations.
2. The main employer motivations for providing accredited training were:
 - achieving nationally accepted benchmarks
 - improving staff morale
 - raising the quality of the product or service.
3. Accredited training appears to be a relatively highly rated by employers particularly for:
 - developing general industry skill
 - developing skills specific to the employer
 - developing core skills
 - improving the quality of the company product/service
 - improving the company image
 - improving staff morale.
4. Only in relation to productivity enhancement and developing more flexible employees is accreditation deemed to be less important.
5. Accreditation influenced 40% of employees to take up training.
6. 87% of employees felt accreditation provided benefits additional to training with no qualification.

7. Employees felt that the main additional benefits from accreditation were:
 - helping find a better job with another employer
 - securing promotion or an increase in pay
 - increasing self confidence.
8. Older employees (45+) saw the least benefit from qualifications.
9. Focus group feedback suggested training leading to a qualification provides employees with:
 - higher quality and/or more in depth training
 - the scope to broaden out, offering more flexibility to their employers in the long term.

5. CONSTRAINTS ON WORK BASED LEARNING

PURPOSE OF CHAPTER

5.1 To this point, the report has focused on the benefits of work based learning. To understand why it is not more prevalent we need also to consider the barriers to employers and employees engaging in the process. A better appreciation of these can help design interventions which are more effective in raising participation in work based learning across the Scottish economy. This chapter concentrates on:

- the constraints on employers investing in work based learning
- the barriers for employees participating in work based learning
- factors that limit the accreditation of work based learning.

The next section briefly reviews some of the existing research literature.

BACKGROUND LITERATURE

Barriers to Work Based Learning

5.2 A number of studies, for example Machin and Vignoles (2001) and the Performance and Innovation Unit (2001), highlight a range of barriers which reduce employer and employee participation in work based learning. It is convenient to divide these up into barriers confronted by employers and employees.

Barriers for Employers

5.3 The main factors lowering employer investment in work based learning include the following:

- unlike other forms of investment, human capital does not provide collateral for loans and so is more difficult to finance
- it is difficult to secure reliable information on the financial returns from investing in skills
- employers fear that they will not capture the returns on work based learning because of the risk of their upskilled employees being poached or simply moving on
- large numbers of adults in work have low basic educational achievement which can be a difficult foundation upon which to build work based learning.

5.4 SMEs confront a range of additional barriers. NFER (2000) research found that barriers to the take-up of training in SMEs relate to their business culture and operating characteristics. Due to short-term business imperatives and slim profit margins, SMEs tend to provide only in-house training for immediate requirements. Additionally, many do not have the human resource management staff to introduce and manage work based learning.

Barriers for Employees

5.5 Employees confront a different range of barriers to participation in work based learning, including:

- low motivation resulting from a perception of limited benefits
- patchy information and guidance on the value and appropriateness of learning
- practical barriers such as transport and childcare where some of the learning is off the job and outside of normal working hours
- perceived differences in the value of vocational and academic training, with the vocational route seen as 'second best' by many
- employers simply failing to offer them the opportunity to participate in work based learning, particularly if they are in lower skilled occupational areas.

Barriers to Accreditation of Work Based Learning

5.6 Even where work based learning takes place, as we have seen it is not always accredited. There are additional barriers to accreditation.

Employers

5.7 A number of studies have identified the reasons for employer resistance to N/SVQs and to accreditation more generally.

- some jobs have skill levels which are too low to justify accreditation
- progression to Level 3 involves increased costs to the employer as training is more highly structured with a more substantial off-the-job element (Hogarth *et al.*, 1998)
- the *Skills Needs in Britain* survey (DfEE, 1999) found dissatisfaction resulted mainly from a feeling that N/SVQs fail to cover all of the skills which the firm requires, and are 'too bureaucratic' with too much paperwork and overly technical language
- the literature indicates that small firms need to be encouraged and assisted to a greater extent to increase the work based learning they carry out which is formal and accredited. This is because they experience the above barriers more forcefully due to slimmer profit margins and the absence of dedicated human resource managers.

Employees

5.8 An NFER (1999) literature survey identified a number of barriers raised by employees to the take up of N/SVQs. These include:

- lack of choices in routes to be followed
- lack of fit to their individual training needs
- perceived lack of scope for progression
- lack of knowledge of the range of qualifications on offer.

However, as Callendar (1997) points out, many employees are not in a choice situation. The VQ goes with the job – or not as the case may be.

5.9 On a related issue, work based learning for young people has fairly high non-completion rates. A QPID (1999) report identified a range of problems.

- poor initial assessment and negative employer attitudes
- insufficient time to complete the vocational qualification
- a lack of support in the workplace.

Where N/SVQs originate in the workplace and are led by employers, completion rates are higher than for college programmes and government sponsored training schemes.

BARRIERS TO WORK BASED LEARNING

5.10 Using the surveys of Scottish employers and their employees carried out in 2000, some fresh evidence on the barriers to work based learning is presented below.

Employers

5.11 Almost 1 in 5 employers felt that they already provided as much work based learning as was necessary for their organisation and would therefore not consider an additional investment. Employer reluctance to support training is supported by the fact that 12% of employees surveyed had had a training request turned down by their employer in the previous 12 months. To identify the constraints in providing or supporting work based learning, employers were asked to cite the main reasons why they are unable to provide more work based learning for their employees.

5.12 Table 5.1 summarises the responses of employers to the question on the constraints on supporting more work based learning:

- the most significant barrier to employers is that of losing staff time off the job when they participate in training, raised by 40% of respondents
- the cost of course fees and the need to pay for staff cover are major issues for around 1 in 5 employers
- limited money set aside for training within the organisation was the next most frequently cited response, at 14%

5.13 Pressures on time and resources are the most frequently raised issues in relation to the provision of work based learning. The lack of relevant external funding and of information on available training opportunities were not considered key constraints by employers.

5.14 On the issue of information, employers use a number of different sources when trying to find out about training of potential value to them. The most frequently used sources of information are:

- colleges (42%)
- training providers (25%)
- Local Enterprise Companies (24%)
- Employment Service (20%)
- professional/trade journals (16%)
- Scottish Enterprise or Highlands and Islands Enterprise (16%)
- local authorities (16%)
- NTOs (12%).

5.15 Clearly employers are exploiting a wide range of information sources, principally organisations that are providing training directly or public sector agencies which can help fund the training. Employers do not appear to make particularly heavy use of NTOs.

Table 5.1: Constraints on Providing More Work Based Learning for Employees (%)

	Constraint	Main Constraint
Staff time off the job to participate in training	52	40
Limited training budget	20	14
Cost of course fees	27	11
Need to pay for staff cover	19	10
Staff time off the job to co-ordinate training	23	8
Other	9	7
Staff show no interest in work based learning	5	3
No financial incentives	3	2
Lack of relevant training available	3	2
Business too small to support work based learning	4	1
Staff already have the skills	1	1
Fear of poaching	3	1
Lack of information - unaware of what is available	2	-
Cannot access training specific to the organisation	1	-
Additional paperwork for business	1	0

Source: Survey of Employers

Note: '-' represents a value of less than 0.5

5.16 There are some variations in perceived constraints by different type of employer.

- typically smaller employers, with less than 100 employees, were more likely to focus on the constraints of staff time off the job, staff time required to co-ordinate training and course fees than their larger counterparts
- manufacturing employers were almost twice as likely as those in financial and business services to quote staff time off the job as the main constraint on training. This may simply reflect the more integrated nature of production processes in the manufacturing context.

Employees

5.17 The vast majority of employees think that employers should support them to do more work based learning. For example, 93% of employees feel that if their employers provide more support on work based learning, it would help them in their current job, and a further 80% think that it would make them of more use to their organisation in the longer term. However, as shown in Table 5.2, employees are inhibited both by barriers that they put up themselves and by constraints that are placed on them by the employers.

- the most frequently cited barrier, by 1 in 5 employees, is that employers are not prepared to give employees time off the job to undertake work based learning

- 12% of employees are constrained by the amount of time outside of work that they would have to dedicate to study
- 1 in 10 employees said that employers provide them with only limited opportunities to participate in work based learning
- 8% would not be prepared to contribute to the cost of training out of their own pocket
- lack of information on training was a more important barrier for employees than their employers, mentioned as a barrier by 19% and as the main barrier by 7%.

5.18 Employees use a number of different sources of information on work based learning opportunities. The most frequently used sources of information are:

- colleges (46%)
- line managers (39%)
- human resource managers (27%)
- work colleagues (25%)
- local newspapers (23%)
- company literature/newsletter/noticeboards (21%)
- training providers (19%)
- internet (19%)
- department or site manager (13%)
- Employment Service (11%)
- friends and family (10%).

Approaching colleges directly was the most frequently used method. Various sources of information within the workplace such as line managers, site managers and the human resource department are also important to employees. Work colleagues are a source of information for around a quarter of employees. LearnDirect Scotland was a source of information for only 2% of employees – but at the time of the survey it was at the very early stages of developing and delivering its service.

Table 5.2: Constraints on Undertaking More Work Based Learning (%)

	Constraint	Main Constraint
Employer not prepared to give me time off the job	36	19
Too much time studying outside of work hours	28	12
Employer provides limited opportunities to do training	23	11
Already have the skills that training would provide	16	9
Have to pay some of the costs out of own pocket	21	8
Already undertaking training	8	8
No information about training	19	7
No relevant training available for job	14	5
No constraints on undertaking training	5	5
Need to travel away from home to participate in training	12	4
Lack of promotion opportunities in the organisation	18	4
Feel too old to do training	2	2
Other	2	2
No qualification attached to training	7	1
Employer does not receive enough funding	2	0

Source: Survey of Employees

5.19 There were significant variations in response by age and sector.

- a quarter of employees aged between 25 and 44 found their main constraint was employers unwilling to give them time off the job as opposed to only 14% of the under 25s and 11% of the over 45s
- 12% of employees working in primary industries, manufacturing and construction and 11% of those in retail and hospitality claimed their main constraint was that they already had the skills training would provide, but only 6% of those in business and finance and public administration, education and health saw this as the main constraint.

5.20 There is some evidence of poor communication flows between employers and their employees on work based learning:

- only 44% of employees had ever been asked about the type of training that they needed to make them more effective in their job. There is some variation by age, with younger workers less likely to have been asked about the type of training that they needed
- only 37% of employees had ever been asked about the type of training that they needed to take on new tasks.

5.21 Some employers have developed an approach to work based learning which involves the workforce more in the process. This kind of approach addresses a number of the key constraints mentioned in the employee survey. The box below shows how one company has tried to create this.

'CREATING THE RIGHT ATMOSPHERE': CEDALION

Cedalion is a global software application development company creating specialist products for blue chip companies. As the vast majority of Cedalion staff are highly qualified and attractive to other employers, the company were faced with having to ensure that employees were motivated to stay within the company.

The company recognised that alongside training it had to provide the right working atmosphere, and their approach to training works well with the highly motivated individuals it employs. This approach aims to:

- increase the amount of social interaction amongst its staff to improve levels of communication in the workplace
- enable staff to select and participate in the training that they need.

Weekly development conferences or 'Dev Cons' provide employees with a forum to put forward new training ideas, share experiences and draw upon the expertise of others. The staff control 50% of the company's learning budget and any staff member can identify and participate in the training they need. The company has no system of control or veto on training.

The benefits are that:

- staff can obtain relevant training that they want to undertake
- the informal atmosphere leads to more open discussions and hopefully better solutions for clients.

5.22 The survey demonstrated instances where employees were offered training by their employers but choose not to take it up. 1 in 10 employees had turned down a work based learning opportunity presented to them by their current employer. The most important reasons given by employees for turning down these opportunities were that:

- they did not consider it relevant to their job (27%)
- too much study was required outside of working hours (17%)
- they would have had to undertake the training outside of working hours (17%)
- they already had the skills that the training would provide (17%)
- there was a need to travel away from home to participate in training (8%)
- they had to pay some of the costs out of their own pocket (4%).

Lack of relevance to the job was cited by twice as many under 25s (40%) as over 45s as the main reason why they had turned down a training opportunity.

Employee Focus Group Feedback

5.23 Asking in the focus groups what prevented individuals from participating in work based learning, or more of it, elicited a wide range of responses.

- most frequently, the reason given was a lack of access to learning opportunities
- cost was frequently cited as a barrier where individuals would have to pay for some or all of the course fees. A smaller number said that the employer did not have sufficient funding to pay for employee training:
‘It seems that the lower paid staff have to pay for their own training but higher paid staff get their training paid for’
- limited or absent local provision was often stated to be a barrier, most frequently in the more rural areas where the barrier became travel time and costs
- some felt training was not relevant for their job, because the low level of skills required in the job made training unnecessary.

BARRIERS TO PROVIDING ACCREDITED WORK BASED LEARNING

5.24 The previous section focused on barriers to participation in work based learning. Given that work based learning is taking place, the follow-up questions are:

- is it being accredited?
- if not, why not?

This is discussed below, distinguishing between the barriers experienced by employers and employees.

Constraints on Employers

5.25 Employers were asked to identify the main reasons why they did not provide more accredited work based learning for their employees. As shown in Table 5.3, responses were fairly evenly distributed with no single issue standing out. The most important constraint, reported by 17% of employers, was the lack of accreditation appropriate for the work based learning relevant to their organisation. Pressure on

time and resources were again important factors, cited by 15% and 13% respectively. A lack of interest in accredited training from staff also featured strongly.

5.26 There was some variation by employer size, sector and IiP status.

- although only 5% of employers in manufacturing cited lack of relevant accredited training as the main constraint, this rose to 23% for employers in finance and business services
- financial costs of accreditation were of least concern to business and finance employers, mentioned as the main constraint by only 9% compared to 16% of employers in public administration, education and health
- the main constraint for employers with IiP recognition (16%) and a commitment to IiP (22%) was a lack of interest in accredited training from their staff compared with only 10% of non recognised employers
- 22% of employers with less than 25 employees saw the main constraint as lack of accredited training relevant to their organisation, almost double the average response from the employers as a whole. It is not clear whether this reflects an accurate perception, the more limited capacity of the smallest employers to access information sources effectively or less active marketing of accredited training. It highlights a clear opportunity for improving the uptake of accredited work based learning among the smallest employers.

Table 5.3: Constraints on More Accredited Work Based Learning for Employees (%)

	Constraint	Main Constraint
Staff time off the job to participate in training	28	15
Staff show no interest in accredited training	16	13
Financial cost of accredited training	19	13
No constraints	13	12
Lack of relevant accredited training available	16	12
Limited training budget	11	8
Other	9	8
Staff already have the skills	4	4
Staff time off the job to co-ordinate accredited training	11	3
Lack of information on what accredited training is available	6	3
No financial incentives to provide accredited training	2	2
Fear of poaching	3	2
Need to pay for staff cover	8	2
Additional paperwork for business	4	2
Employees may not complete accredited training	3	-
Staff completing accredited training want better jobs	1	-
Staff completing accredited training want better wages	1	-
Business too small to support accredited training	1	0

Source: Survey of Employers

Note: '-' represents a value of less than 0.5

5.27 The example in the box illustrates an approach which tries to overcome some of the barriers brought up by employers to providing accredited training. It offers assessment and accreditation on line, and so economises on staff time. It also links employers to a network of training providers which provides them with information and support.

ORIEL TRAINING SERVICES

Oriel Training Services provides training for young people at craft technician and operative levels for the engineering industry. They focus on small firm needs and tailor packages to suit these needs. Projects make use of technology and distance learning to allow firms to access training and assessment on-line in the workplace.

Oriel offers two main programmes which receive European funding. The E-Net project aims to design and establish a network of complementary, non-competitive SMEs in engineering. Each SME receives equipment – a website, e-mail, bulletin boards, ISDN lines, videoconferencing capabilities and scanners – and IT and Internet training. Companies are linked via a secure project website with industry lead bodies and qualifications providers. E-Net aims to show employers the benefits of training in raising production.

The Planet project was born out of the E-Net initiative. It provides computerised remote assessment and verification. Through use of an electronic portfolio trainees record their progress toward a vocational qualification. Skills can be demonstrated by camera and video. Oriel assessors provide support via a telephone video link. The project aims to offer a simplified training and qualification procedure.

The benefits of the programmes for employers are that they:

- save cost and employee time through on-line assessment
- dispense with paperwork.

NTO Feedback on Constraints Faced by Employers

5.28 A wide range of NTOs were interviewed as part of the research process. NTOs acknowledged that employers often lack knowledge of available accredited work based learning, and conceded that they experience difficulty in communicating information to SMEs as resources to do this are limited and the marketing budget is small. Some rely on websites which require employers to be proactive and skilled in searching for accredited work based learning opportunities.

5.29 NTOs identified a range of costs and disadvantages that may inhibit employers from supporting accredited work based learning:

- cost is the main constraint, in terms of course fees and assessment costs
- the different levels of funding available across Local Enterprise Company areas can be confusing for employers
- lack of employer awareness of SVQs, often perceived as of lower value and status than academic qualifications
- the level of bureaucracy involved in the delivery of accredited training, a particular problem for SMEs
- SVQs are typically '*not written in plain English*'
- employer fears that qualified staff will be 'poached'

Many of the above points simply underline the results of the employer survey, although fear of poaching was rarely mentioned by the employers.

Constraints for Employees

5.30 69% of employees indicated that they would like to do more work based learning that would also lead to a qualification. They were then asked whether or not they would be prepared to undertake accredited training if all or most of the studying to get the qualification had to be undertaken outside of working hours.

- 63% of employees felt that this would make no difference to whether or not they would undertake the training
- 31% thought it would make them less likely to do the training
- only 7% felt that it would definitely stop them doing the training.

It would appear that on the whole employees do not view the need to carry out studying outside of work hours as a major barrier to participating in accredited work based learning.

KEY POINTS

1. Almost 1 in 5 employers felt that they already provided as much training as they felt was necessary for their organisation.
2. Pressures on time and resources are the most frequently raised barriers in relation to the provision of work based learning.
3. Pressures on time and resources are also the most significant factors in relation to providing more accredited work based learning.
4. The vast majority of employees believe their employers should support them to do more training.
5. 12% of employees had a request for training turned down by their employer in the last 12 months.
6. Employer unwillingness to give employees time off the job is the most frequently cited barrier to work based learning.
7. Only 44% of employees have been asked about what training they required to make them more effective in their jobs.
8. 1 in 10 employees had turned down a training opportunity presented to them by their current employer.

6. INCREASING WORK BASED LEARNING

PURPOSE OF CHAPTER

6.1 This chapter has the simple objective of collating a set of proposals, drawn from the research consultations, on how employers, employees, various agencies and stakeholders believe the effort in relation to work based learning can be enhanced. Key individuals in a large number of stakeholder organisations were interviewed and, in addition, a workshop was held towards the end of the study to deliver some of the main findings and debate their implications. As with earlier chapters, the results of the study process are prefaced by a short discussion of the findings of existing research and policy analyses.

BACKGROUND LITERATURE

Lessons for Policy and Implementation

6.2 The work produced by and around the Performance Innovation Unit (2001) has generated valuable policy analysis relevant to work based learning. Their broad conclusions are that:

- there is no one answer to tackling lack of investment in the skills of workforces
- government should take responsibility where there are social benefits from workforce development and barriers to the market achieving optimal outcomes
- employers should take responsibility in the workplace, but in partnership with their employees and Government
- individuals should accept personal responsibility for the development of higher level transferable skills, and should share responsibility with employers and government for developing other skills.

6.3 This is a traditional emphasis along cost-benefit lines; the difficulty is in how to make it happen. Hence they go on to raise issues about the need:

- to get the economic incentives right
- to intervene in a range of ways through:
 - regulation
 - financial incentives
 - status incentives (such as iP)
- to ensure that provision should be responsive to the needs and demands of employers and individuals. The system should be demand-led but with:
 - good access to information for all participants
 - measures to assure appropriate quality of provision
 - funding related to outcomes
 - effective organisational arrangements operating within a clear strategic framework.

6.4 Coleman and Keep (2001) strike a number of cautionary notes in terms of government intervention to promote work based learning. The kinds of challenges to be faced include:

- the danger of substitution; for example, subsidies to employers may simply transfer the burden of funding training more towards government, with limited impacts on the volume delivered
- finding the appropriate balance between regulation of standards and employer control of design of work based learning
- setting high quality standards and giving more of a lead role to employers may make it harder to make learning for and at work a more inclusive process.

ENCOURAGING THE DELIVERY OF WORK BASED LEARNING

Employer View on Factors Encouraging Work Based Learning and Accreditation

6.5 In the survey of Scottish employers carried out as part of this study during 2000, they were asked what would encourage them to provide additional work based learning to their employees and their responses are detailed in Table 6.1 below.

- the increased availability of and access to financial assistance is the single most important encouragement that could be given to employers and is cited by 54%
- greater flexibility of delivery was the next most important issue raised and is linked with employers' needs to fit work based learning around staff working hours with the minimum of disruption to production
- 13% of respondents felt that they need more support from within their organisations to expand their investment in work based learning.

Table 6.1: Factors Encouraging Employers to Provide Work Based Learning (%)

Increased availability of access to financial assistance	54
Greater flexibility of delivery	14
More support for training within the organisation	13
Evidence of benefits	5
Evidence of high quality training	5
More information	4
More interest from staff	4
Training tailored to employer need	2
More local availability	2
External recognition	1
Less bureaucracy	1

Source: Survey of Employers

6.6 On the issue of accrediting the work based learning that does take place, employers again laid stress on access to funding support. However, a range of other factors were also deemed important, including:

- more support at a senior level within employing organisations for accreditation
- greater employee interest in accredited learning
- more vocational qualifications with a better fit to employers' job specifications
- more information on accredited work based learning opportunities
- a range of process issues such as the need for less bureaucracy, more local assessors and greater flexibility in the delivery of the accreditation.

Table 6.2: Factors Encouraging Employers to Accredite Work Based Learning (%)

Access to grants	39
More internal support	11
More staff interest	9
More job specific VQs	9
More information	7
Less bureaucracy	5
More local assessors	5
More flexible delivery	4
Evidence of benefits	3
Evidence of high quality	3
More positive perceptions	2
VQs to lessen staff turnover	1
External recognition	1
More employer design input	1

Source: Survey of Employers

Views on the Role of Government

6.7 The views of both employers and employees were sought in relation to what they thought that government could do to increase the amount of work based learning delivered to employees in Scotland. There is a strong measure of agreement between the two groups surveyed.

Employers

6.8 The main contribution employers sought was an increase in financial support from government and its agencies, although some other activities were deemed to be important.

- 60% of employers felt that an increase in training grants and subsidies would result in an increase in training
- 14% wanted the government to provide additional information about what type of training is on offer
- 11% felt that the government should actively sell the benefits of training to employers to encourage them to participate
- 9% thought that a push for more firm specific, job relevant training would engage a larger number of employers.

Employees

6.9 Employees came up with three major responses on what government could do to increase the amount of work based learning undertaken.

- 29% of employees felt that employers should be provided with grants and incentives to support more training
- 16% of employees thought that there should be an improvement in the amount of information that is available about training opportunities. Training needs to have a higher profile

- 11% felt that there should be grants and incentives available for the employee to draw down directly.

COMPONENTS OF GOOD PRACTICE FROM THE CASE STUDIES

6.10 The 10 case studies described in Appendix 2 have been used to illustrate points of good practice at various places in the body of the report. Here we set out a number of good practice features, emerging from the case studies, that can help educate a process of promoting work based learning.

Create Awareness of Demonstrable Benefits

6.11 In terms of persuading businesses to take on board increased investment in work based learning, 'bottom line' benefits need to be demonstrated. The best way to make the message hit home is where businesses are talking to other businesses about the advantages of a larger and/or more appropriate investment in work based learning.

Embed Process of Measuring Benefits

6.12 It is only by introducing effective systems for measuring the benefits from human resource investment that employers can generate internal feedback on the commercial or other value of such investment. This is an essential ingredient in the creation of a self sustaining process of investment in the workforce.

Address Market Failure

6.13 Subsidies are crude instruments for changing behaviour. A number of the case studies show the value of 'demonstration effects'. A more dynamic and deeply embedded process of change can come through the development of work based learning champions, essentially senior managers in SMEs who can identify clearly and promote the business case for human resource development at the workplace.

Focus on Business Strategy, not Training 'Products'.

6.14 This is a lesson from many studies of the human resource development process. In working with SMEs the starting point needs to be – what are the barriers to raising their competitiveness and sustainability? Often these will manifest as high labour turnover, poor quality products and services, etc. The challenge is to demonstrate that investment in training can tackle these barriers to businesses effectiveness.

Streamline Procedures for SMEs

6.15 Intelligent initiatives understand the difficulties confronted by SMEs in interfacing with external organisations with a work based learning remit. Procedures need to be simplified so as not to add to the already significant costs of investing in the workforce. This can include measures such as easier access through the internet to information, reduction in bureaucracy and involving employers in the design of procedures, documentation, etc.

Deliver Mutual Benefits

6.16 Initiatives that can offer benefits to both employers and employees meet with lower resistance in the workplace and can be sustained successfully over the longer term.

Provide a Facilitation Role

6.17 The importance of facilitating networking, information dissemination and demonstrations of good practice should not be underestimated. This is a role that can be taken on effectively by the local enterprise companies, training organisations and, in some instances, the employing community itself.

Help Reduce Confusion in Marketplace for Training Services and Supports

6.18 The training industry has developed piecemeal over the last 20 to 30 years, with a significant expansion of commercial training providers. There is a large volume of accrediting bodies, NTOs and related organisations. Particularly for SMEs not carrying specialist human resource departments, the marketplace is confusing. Developments such as Learndirect Scotland have been introduced to help businesses and individuals cut through to the service they need, but there may be a requirement for a more proactive brokerage and facilitating role. The value of working proactively with the training infrastructure to produce a more coherent set of services is illustrated in the box below.

FOOD SKILLS GROUP

The food and drink industry is characterised by a large number of small businesses, with 75% of the businesses employing 50 people or less. This characteristic of the industry creates problems for investment in work based learning, and where there is investment in training it tends to be driven by legislative requirements, such as health and safety. There are also problems generating and communicating clear demand signals to the training supply side infrastructure.

The Food Skills Group was set up to try and address the implications of the fragmented nature of the industry. It draws together senior figures in the industry,

NTOs, further and higher education institutions, SQA, the Enterprise Networks and the Scottish Executive. It operates at a *strategic* level and focuses on action to:

- create interest by raising the image of the industry to facilitate recruitment of quality staff
- develop strategic awareness in the industry, getting business leaders to realise that they need to develop themselves and at the same time raising awareness of the benefits of human resource development.

The effort on skills is nested within the broad strategic approach to the development of the food and drink *cluster*.

The Food Learning Network is the key operational arm of the Group. Its fundamental purpose is to:

- create more effective skills demand and supply
- facilitate the connections between the two.

The emphasis throughout is on building *relationships*, not structures. A key element in all of this is facilitating more effective collaboration on the supply of skills side of the equation. In addition to the large number of training providers, there are five NTOs covering the food and drink industries.

PROMOTING AND SUPPORTING WORK BASED LEARNING

6.19 This section draws together the evidence and views from a range of sources on what might be done to promote work based learning. It includes the results of the surveys of employers and employees, the case studies of good practice, one to one discussions with stakeholders and the feedback from the stakeholder workshop held to discuss the results of the research. The suggestions are organised around a small number of headings based upon the barriers to work based learning and the principal suggestions for removing them.

Reduce Cost to Employers

6.20 The direct cost of work based learning and the production time lost were barriers stressed by employers and a number of stakeholders. A range of proposals were put forward to tackle these.

Direct Cost Reduction

- increase financial assistance for employers to train, through enhanced grant funding or improved tax breaks
- make more funding available specifically for training existing adult employees
- promote more on-line learning to overcome the barrier of lost production time, with employees having to spend less time away from the workplace, a benefit for SMEs in particular
- review levels of support for different sectors; for example, training in engineering and construction is more expensive, but this is not reflected fully in funding arrangements.

Simplified Funding Processes

- introduce greater consistency across local enterprise companies in the type of training they will support and to what level
- simplify and standardise procedures for accessing funding
- look more carefully at the design of documentation to simplify the process; those who design the forms are too far removed from the employers required to use them.

Caveats

6.21 There were a number of caveats about intervening by providing increased funding support to employers.

- some consultees remained unconvinced that making additional government funding available to employers would increase the provision and uptake of work based learning if employers have not first bought into its value for their organisation
- there is the danger employers will tend to focus on work based learning delivery that will offer them money, therefore skewing the process of skills development.

Increase Awareness of the Benefits of Work Based Learning

6.22 There remains a strong feeling that employers are not sufficiently aware of the benefits of work based learning, and so there is a need to:

- continue to develop the IiP standard, bringing lagging areas up to the higher levels of recognition in the Highlands and Islands Enterprise and other leading areas
- place greater weight on encouraging high level 'buy-in' for work based learning within organisations. It is essential to reach above the human resource management professionals to chief executives and managing directors.

Encourage Employees to Demand Learning Opportunities

6.23 Employees can become a more powerful force for increasing the investment in work based learning. To realise this potential it will be important to:

- encourage individuals to take greater responsibility for their own training and learning, particularly individuals employed within SMEs who may have more limited access to opportunities provided by their employer
- raise the profile of IiP amongst employees to enable them to put pressure on employers to become involved in the initiative
- support the STUC and individual unions in their attempts to promote and develop lifelong learning in the workplace.

Create More Appropriate Support and Provision Around Work Based Learning

6.24 The range of supports provided around work based learning need to be assessed critically. A range of potential requirements were identified.

Improving Access to Advice and Guidance

- provide guidance to employers on whether the training on offer is appropriate to their needs. Learndirect Scotland is now trying to draw all of this information together in an easily accessible database format, but information on its own is not enough.

Generating Better Labour Market Intelligence

- get smarter at identifying the type and volume of training provision that is needed across Scotland. Learndirect Scotland and Future Skills Scotland should help greatly here
- co-ordinate and/or support the collation and effective use of labour market intelligence at the local level through local enterprise companies or local partnerships.

Tackling Quality Concerns

- improve quality control; there is no point in raising the volume of work based learning if there are no mechanisms in place to ensure quality
- set targets that build in quality as well as volume measures
- provide guidance for employers and employees on the quality of the work based learning delivered by external providers.

Designing More Appropriate Funding Mechanisms

- design funding mechanisms for colleges and other training providers which give more emphasis to the value to the end users and not the volumes in training
- ensure European funding does not distort the types of training supported in a particular region
- be careful about the sectoral distribution of financial support for training - e.g. need to balance up supporting training in the workplace for the electronics sector, with supporting more generic training that will just raise the competencies of individuals for accessing the labour market.

Intervening More Cleverly

- develop a more co-ordinated approach to the delivery of training services

- identify and prioritise the areas and sectors where intervention can make the most difference
- be more responsive to the smaller employers as they may experience specific problems and require different supports than their larger counterparts. The processes may need to be streamlined for micro businesses.

Developing More Effective Processes Around Accreditation

6.25 Extending the reach of accreditation raises additional challenges. Suggested mechanisms included the following.

Improving Processes

- reduce the bureaucracy involved in the delivery and assessment of accredited training
- simplify the language in which SVQs are written
- improve the quality of assessment materials
- develop greater certification opportunities for existing employees.

Increasing the Speed of the Quality Assurance Process

- speed up the system to review SVQs as there is a danger that once an SVQ has been updated it is already out of date, particularly the case in high technology sectors. Possible measures are:
 - a more continuous loop of evaluation and a greatly speeded up response time
 - a fast track approach in high technology, fast moving industries
- reduce the number of accrediting agencies.

Guiding Employers on the Value of Accreditation

- give guidance and advice to employers that can enable them to make an informed judgement on whether accreditation is relevant
- address employer complaints about the appropriateness of SVQs; often individual elements appear irrelevant to employers
- raise awareness of the Scottish Credit and Qualifications Framework.

Working Together More Effectively

- work harder to help employers to identify their business and training needs. Training needs to be employer led, and this means more than employers choosing from a selection of training products
- raise awareness of the importance of work based learning by facilitating networking between disparate groups such as local enterprise companies, colleges, training providers and employers.

AN AGENDA OF ISSUES FOR POLICY AND PRACTICE

Introduction

6.26 In the body of the report, we have assessed the views of various players and what might be done to encourage the availability and take-up of work based learning. In this final section we highlight and develop some of the bigger issues that need to be addressed in pursuing this agenda.

Simplifying the Institutional Map

6.27 There are a large number of players in the work based learning field, including funders, intermediaries and training providers. The establishment of organisations such as Learndirect Scotland and Careers Scotland is a recognition of the complexity of the marketplace. However, this is not just an issue about information overload; there is a question of the effectiveness of organisations there to promote and support work based learning.

- are the training and learning needs of employers effectively mediated through the NTOs? The new system of Sector Skills Councils will hopefully create a more demand-led process, but there will be a need to learn the lessons built up over around 40 years on how to play the role effectively
- is the training supply side efficient, innovative and sustainable? Or are there too many providers with too small share of the marketplace to provide a good quality, long term service?

Progress on these issues is *critically important for SMEs* simply because they do not have the business bureaucracies to deal with complexity on the training supply side, and with the plethora of publicly funded agencies whose jobs it is to support them.

Engaging More Effectively with Businesses

6.28 Much of our training infrastructure, particularly around intermediaries such as NTOs, is organised on an industry by industry basis. There is a key question as to the most appropriate fit between an NTO and the employers that it seeks to assist. In industries such as electronics some of the more interesting developments have included facilitated, bottom-up training developments, involving businesses with common product markets and processes coming together with a small number of providers with a view to establishing a longer term relationship for the supply of training services. This model is attractive because the commonality of interest between the businesses means their relationship is driven by economic as opposed to institutional forces, making it more effective and sustainable. There would be value in applying this type of process to other more traditional industries and training infrastructures, such as in the construction industry, as well as to sectors of the economy where work based learning is not well established.

Delivering Appropriate Work Based Learning

6.29 Much of the emphasis of research and policy analysis of work based learning in Scotland and the UK is placed upon increasing volume. There are also concerns about quality issues around the work based learning which is already delivered, and perhaps there needs to be more weight placed on understanding the limitations of the quality systems in place in order to develop an agenda for improving them. In addition, however, there is an issue about the *appropriateness* of the work based learning which is currently generated, measured both in terms of:

- its contribution to the needs of the employer in the current period and in the longer term
- its fit to the learning and career development needs of the employee.

Very little of the debate around the issue of work based learning seems to tackle this particular concern.

Developing a Brokerage Service

6.30 Building on the last issue, one specific type of development which might be needed to further assist SMEs is a service which focuses more on brokerage, i.e. helping to identify the appropriate type and quality of training for an SME, as opposed to simply listing what is available. Most of the institutional development has been around generating more systematic and easily accessed databases of information on learning opportunities. While this kind of development is extremely important for raising the overall effectiveness of the learning system, the smaller players in the marketplace in particular are in need of *guidance* in addition to information provision. Out of the 50 or so organisations that might be able to supply them with a learning service they want to know the 3 or 4 whose service is most appropriate to their organisation – and at that stage they are in a position to make an informed choice.

Facilitating Demand and Supply Links

6.31 There is a tendency to underestimate the complexity of the labour market and the difficulties of matching up demand needs and supply requirements in an effective way. Although we are now moving towards a more systematic approach to the development of labour market intelligence systems it is likely that these will tend to focus upon generating broad messages about demand and supply trends. When it comes down to the requirements for work based learning this needs to build from the key competencies of jobs and the extent to which they are shared across employers, and the role of work based and any other learning in developing these competencies. Quite often identifying and grouping these competencies across groups of employers requires skilled facilitation, particularly if this is a process which needs to be delivered with some sense of urgency. Clear signals of skill requirements are absolutely essential if the organisations providing or assisting in the delivery of work based learning are to be able to respond effectively.

Developing the Training Supply Chain

6.32 More effort needs to go into individual training suppliers as businesses, and groups of related training suppliers as industries and sectors. Effectively what this means is that we need to raise the capacity of these businesses, industries and sectors to supply an appropriate, high quality, cost effective service to employing organisations to maximise the effectiveness of investment in work based learning. One of the underpinnings of competitive clusters around the globe is a training infrastructure which closely matches the needs of the businesses in the specific cluster and which can meet their needs in a cost effective way. This is a support system much more difficult to create than the provision of property or major infrastructural developments, and yet it tends to enjoy much less attention and investment.

Prioritising Sectors for Support

6.33 The government has announced the establishment of a new network of Sector Skills Councils and these will be funded centrally to assist with their costs. While this is an important reform of our training structures, there is a major issue as to whether and to what extent government should discriminate between sectors of the economy and the extent to which it provides support for work based learning investments.

- we know from this research and a number of other studies that the extent of work based learning varies significantly by sector; should an extra effort go into the lagging sectors to bring them up to speed?
- alternatively should the emphasis be on supporting the work based learning efforts in industries which will be at the forefront of developing the competitiveness of Scotland's economy in a global marketplace?

The plea here is to take a strategic stance in terms of the industries that are supported or at least to have sound grounds for pursuing a policy of even handedness.

Prioritising Occupational Areas for Support

6.34 In part because of the compartmentalisation of education and training funding there is no clear perspective on the extent to which different levels of the occupational hierarchy are supported by government funds. Clearly in terms of the basic training for a range of professional jobs a significant government investment is made through the school, further and higher education sectors. Equally clearly, people entering unskilled and semi-skilled jobs in industry typically have received a much more limited public investment in their skilling. Unfortunately, the evidence seems to be that the more skilled enjoy greater access to work based learning opportunities once they enter the workforce and so these initial inequalities are reinforced and intensified.

6.35 Although the focus of the research in this report was not specifically on issues of exclusion, if employers can be persuaded to invest more in their lower skilled employees the consequences of this for promoting economic inclusion could be:

- a reduction in the debilitating effects of low wage employment insofar as this becomes more of a transitional state for employees

- creating more opportunities at the entry level for the unemployed and other groups on the margins of the labour market as employees are upgraded within the workforce.

To date our programmes for raising the employability of the unemployed have tended to focus on skilling them up in order to raise the likelihood that they will be recruited. However, there is widespread recognition that a strong work based element is a key characteristic of enhanced employability. For example, this is the underpinning of the successful intermediate labour market approach to re-employing the very long term unemployed. It might be a better use of public funds to incentivise the upskilling of the unskilled and semi-skilled employees, provided this were tied into a programme of bringing in, on an unsubsidised basis, new employees from the ranks of the longer term unemployed. There are models such as job rotation for doing this, but to date they have been deployed on a relatively modest basis.

Supporting Smaller Businesses More Effectively

6.36 This study again confirmed the close association between the likelihood that an employee will receive work based learning and the size of the organisation for which they work. From a public policy point of view, the potential benefit here is if interventions can be devised to raise the investment in work based learning in our smallest businesses, it is likely that the government will get a disproportionate amount of added value for its intervention compared to putting the same monies into larger businesses. A number of things need to be done, and perhaps we need a more focused approach which gives significant priority to the smaller businesses. These interventions would include:

- greatly simplifying the funding support regimes for these businesses
- devising less demanding application and monitoring procedures
- promoting more extensive use of e-learning
- brokering more effective externally provided training provision on behalf of groups of businesses.

In effect, there is a need for a more programmatic response to the more specific challenges raised by increasing the amount of work based learning carried out in the small business community.

6.37 We have tended to lump together SMEs in this report. However, there are specific groups of SMEs who suffer from particular disadvantages in relation to their capacity to invest in training their workforce. These include:

- micro businesses
- small business in rural settings with limited physical accessibility to training provision.

Many of the general lessons of the report apply with added emphasis to these sets of businesses. For them we need to develop training support systems which are:

- models of clarity
- good practice exponents in terms of simplicity of procedures
- innovative in terms of delivery modes
- joined up and integrated in terms of key players.

It is important to get our systems right here as it is for these types of businesses that we are in the strongest position to add value in terms of promoting workforce training.

Creating More Demanding Stakeholders.

6.38 Employers are unlikely to respond to government and its agencies promoting the value of work based learning and its importance for the regional and national economy. They are more likely to respond where key constituencies upon which they depend for their effectiveness become more demanding of them in terms of access to work based learning opportunities. There are two key groups of stakeholders involved here – customers and employees.

- one of the more depressing findings from the survey of employers was that only 1% felt that the main advantage of work based learning was improved image with their customer base
- only around 20% of work based learning is instigated by employees, and this probably means that some employees enjoy the opportunity at the expense of others with no net increase for the employer as a whole.

It is likely that the trade unions have an important role to play here in terms of raising and supporting the achievement of the aspirations of their members. Major public sector purchasers of services also have a potential role to play in terms of demanding that these services are provided by workforces appropriately trained and accredited. The challenge for the public sector is whether they would be prepared to pay more for the higher quality of service this is likely to generate.

Making the Best Use of Public Resources

6.39 Public money is now spent to support work based learning and training in a variety of ways. Typically, individual programmes and interventions have arisen in an *ad hoc* fashion. There comes a time when it is essential to stand back from an area of public sector intervention and ask a series of fundamental questions.

- where are our interventions adding the greatest value?
- where are we failing to achieve significant added value?
- is the nature of our intervention appropriate; for example should we reduce subsidies to employers and invest in building capacity and awareness where the labour market is increasingly tight?

In order to carry out such a process effectively there needs to be *clarity of objectives*. What is it that we are trying to make happen? Even the answer to this simple question may help identify areas where our initial rationales for intervention no longer hold good to the same degree. Alternatively, we may find that in order to achieve our original rationales we need to intervene in different sorts of ways.

KEY POINTS

1. Both employers and employees favour increased grants and subsidies to promote work based learning and its accreditation.
2. The evidence of good practice case studies is that the promotion of work based learning depends upon:
 - facilitating awareness of demonstrable benefits
 - instilling a process of measuring benefits

- addressing information market failure rather than providing permanent subsidy
 - streamlining procedures for SMEs
 - focusing on business strategy, not training ‘products’
 - delivering benefits for employers and employees
 - providing a facilitation role
 - helping reduce confusion in the marketplace.
3. The various elements of the research process suggested the following broad approaches to promoting and supporting work based learning:
- reducing costs to employers
 - increasing awareness of the benefits of work based learning
 - encouraging employees to demand learning opportunities
 - creating more appropriate support and provision around work based learning
 - developing more effective processes around accreditation.
4. A range of issues still need to be resolved or clarified.
- simplifying the institutional map
 - engaging more effectively with businesses
 - delivering appropriate work based learning
 - developing a brokerage service
 - facilitating demand and supply links
 - developing the training supply chain
 - prioritising sectors for support
 - prioritising occupational areas for support
 - supporting smaller businesses more effectively
 - creating more demanding stakeholders
 - making the best use of public resources

APPENDIX 1: RESEARCH METHODS

Research Methods

The study was based on six localities chosen to provide a good spread of areas both in terms of geography and by labour market type. They were:

- Glasgow – slack city labour market;
- Edinburgh – tight city labour market;
- Kirkcaldy – slack town labour market;
- Inverness – tight town labour market;
- Cumnock and Doon Valley – slack rural labour market;
- Borders – tight rural labour market.

The statistical evidence produced some evidence of variations in work based training across labour market areas, but this was typically modest and could generally be explained by differences in the industrial composition of the areas. The main purpose of drawing samples from a spread of localities was to make the analysis reasonably representative of Scotland's employing communities and labour markets.

A number of different survey methods were undertaken:

- 270 employers, principally SMEs were interviewed by telephone across the case study areas with approximately 30 in the rural labour markets, 40 in the town labour markets and 60 in the city labour markets.
- 500 employees of organisations, again principally SMEs, were interviewed face to face or by telephone across the case study areas in the same ratio as the employer survey.
- 30 in-depth interviews were carried out with employers, and 20 sets of focus group discussions were held with employees to provide richer qualitative information.

Additionally a number of face to face and telephone interviews were conducted with individuals drawn from National Training Organisations (NTOs), local Enterprise companies and other relevant organisations. These interviews sought feedback on the key constraints on the take-up of work based learning, and on what could be done to involve more employers and a wider range of their employees.

The study steering group, drawn from the Scottish Executive, Scottish Enterprise, CBI Scotland, STUC, SQA and Robert Gordon University, also made a substantial contribution to the study process and the report.

APPENDIX 2: EXAMPLES OF GOOD PRACTICE

The Role of the Case Studies

The case studies described in this appendix do not constitute a comprehensive guide to good practice in work based learning, but rather provide a taste of some of the approaches currently being implemented across Scotland. We have tried to include a mix of different kinds of practice.

1. Montpeliers Ltd: Developing Customised Training Centre for VQ Delivery

Background

Montpeliers (Edinburgh) Ltd owns and operates a number of bars and restaurants in the city including Montpeliers, Indigo Yard, Iguana and Favorit. There was a perception within the company that in the hospitality industry many individuals leave as a result of the poor opportunities for self-development and promotion on offer. The hospitality industry as a whole struggles with the problems of attracting and retaining good quality staff.

The Initiative

In order to address this difficulty the company has set up its own in-house training centre to provide customised:

- staff induction training
- skills development training
- management training.

The training is delivered in the specially created training centre and is provided both by restaurant staff and recently appointed Unit Trainers, employed directly through the restaurant due to the success of the programme.

The centre has developed from its original remit to deliver in-house training to restaurant staff and in 1998 received approval from SQA to deliver Hospitality and Customer Service based SVQ awards including:

- Customer Care Level II and III
- Food and Drink Level II and III
- Food Preparation Level II and III
- Food and Drink Level II and III
- Management Level III.

The company uses funding through the Modern Apprenticeship programme to train its own staff. In addition to providing training for staff within its own bars and restaurants the company provides training to external candidates charged at a commercial rate.

Benefits

Employees

- an opportunity for employees to attain a nationally recognised standard, transferable across employers
- a morale boost to individuals working in an industry that demands early-starts, anti-social hours and fairly low pay
- feel valued by their employers.

Employers

- more likely to retain staff within the company if there is a clear path for self development and progression
- company will be recognised as a quality working environment
- potential for customers to benefit from higher standards of service offered by well trained staff.

2. IT Graduate Summer Schools

Background

The Summer Schools programme is a joint initiative involving Scottish Enterprise National, Glasgow, Renfrewshire and Edinburgh and Lothian. It was launched in response to research work undertaken by the Scottish Enterprise Network, supported by evidence from Microsoft that suggested the need for the promotion of the Scottish Software Skills Base as an asset to the national economy.

The Initiative

The Summer Camps are delivered through a combination of academic and commercial trainers and employers including the Universities of Edinburgh, Paisley and Strathclyde, and Matrix Management. The courses are modular and are designed to be delivered over a 4-6 week period and then followed up with a 4 week work placement. The initiative has been designed to offer:

- web programmers and developers led by Scottish Enterprise Renfrewshire
- software application developers led by Scottish Enterprise Glasgow, and
- software engineers led by Scottish Enterprise Edinburgh and Lothians.

In addition to the industry specific skills offered on the courses all participants are required to undertake a series of 'soft skills subjects' including communication, team work, presentation skills, influencing skills and project management and 'company skills' looking at company driven projects, CV and interview skills and commercial awareness.

Benefits

Graduates

- provided with the opportunity to undertake specialist skills training that will enable them to secure jobs in the industry
- increase business experience and commercial awareness
- raise overall employability.

Employers

- access ready trained individuals
- develop closer links between industry and academic establishments to enhance both industry specific and soft skills
- reduce the cost to industry of attracting and having to relocate staff from other areas.

3. The Semiconductor Skills Consortium: A Strategic Alliance

Background

In order to enable Scotland to compete in the global semi-conductor industry there needs to be an effective education and training infrastructure in place. A downturn in the industry and the poaching of college staff by industry led to a number of existing courses becoming vulnerable to closure. Industry recognised the need for joint working to keep up the capacity of the FE sector to provide training.

The Initiative

A Scottish wide Microelectronics Skills Consortium was set up between:

- four companies: NEC, Raytheon, Motorola and National Semiconductor
- four colleges: Bell College, James Watt College, Lauder College and West Lothian College (Scottish Advanced Manufacturing Centre)
- four intermediaries: Scottish Enterprise, Scottish Further Education Unit, Scottish Qualifications Authority and National Microelectronics Institute.

Senior staff from each of the institutions meet formally on a 6-weekly basis to look at:

- the development of relevant training and assessment
- delivering training to an agreed standard
- the provision of up-to-date training materials
- the ongoing training of teaching staff
- increasing the number of FE staff with the necessary skills to deliver for the industry
- sharing access to teaching facilities, staff and training equipment
- developing sustainable programmes to support the industry cluster.

Benefits

- commitment - all partners have remained committed to the consortium
- funding - £150,000 has been levered from the Further Education Funding Council
- resource sharing - a draft agreement has been reached for colleges to share staff
- qualification revision - to maximise the relevance to the cluster as a whole
- donations - more than £2,000,000 worth of equipment has been donated
- joint working
- development of some on-line learning packages
- staff development for FE staff delivered by industry employees.

The consortium needs to be able to respond to changes within the industry and labour market and to persist in the continuing joint efforts to offset poaching. There is also a need to look at the training provision within the Higher Education sector to ensure a throughput of individuals for higher level occupations.

4. The Training Pool: An Internet Based Training Resource

Background

There was a recognition that despite the large number of training providers within the Inverness local area there appeared to be a gap in training for management and supervisory staff. The Training Pool does not intend to say anything new, rather to provide a cohesive approach to accessing and delivering training in the local area.

The Initiative

The Training Pool is an Internet based initiative provided free of charge by Inverness & Nairn Local Enterprise Company. It has been developed jointly by the Highlands & Islands Enterprise Network and local training providers and can be found at <http://www.thetrainingpool.com/> The initiative is two way, enabling organisations offering training to advertise and promote their services on line and individuals and companies seeking training to access information and advice about relevant courses. For those with a clear idea of the type of training that they are seeking there is an easy to use interface that allows individuals to search the site by course type, duration or training location. There is an e-mail helpline available to any user that is unable to find the training solution that they are seeking.

The Training Pool can also help organisations to look at their training needs, for example, providing assistance to senior managers who wish to undertake a full training needs analysis of their operation. The Training Pool is continuing to grow and all local training providers and professional institutions are invited to join.

Benefits

- easily accessible information resource open to all individuals and companies
- free of charge
- pooled resources provide a much stronger focus on management training
- an important new marketing and business development tool for training providers.

5. Action Learning Sets: Leaders Developing Leaders Programme

Background

Falkirk Council aims to ensure that it has a 'well motivated and trained workforce that is outward looking'. To facilitate this process the Social Work service has invested in both in-house and external management training.

The Initiative

Employees from within the Health Authority, Local Authority and the University of Stirling devised the programme. The Leaders Developing Leaders Programme had four main components that comprised:

- a conference with key note speakers
- an opportunity to create and develop groups of 8-10 individuals across departments/organisations at similar stages in their career who face similar management challenges in Action Learning Sets
- a commitment to meet six times in a six month period
- a willingness to participate in a formal evaluation.

Once allocated to an Action Learning Set participants met with a facilitator who enabled them to examine some of the issues that arise in a management setting by dealing with real situations and formulating workable solutions. An additional bonus is more effective co-operation between individuals from different agencies.

Subject to a positive evaluation this initiative will be repeated with the formation of new Action Learning Sets encompassing a wider range of organisations and more layers of management.

Benefits

- improve participants negotiating, listening, presentational, planning and reviewing skills
- participants were provided with a safe environment in which to improve their management skills
- greater co-operation between the agencies participating.

6. Scottish Learning Centre Network

Background

United Engineering Forgings (UEF Automotive), an Ayr based company engineering vehicle front axles is the first SME in the region to commit to the new Scottish Learning Centre Network (SLN) pilot.

The Initiative

The company is providing its employees with access to online non job specific training through two networked PCs set up in the learning centre. Employees have access to over 180 learning opportunities in areas such as:

- communication skills
- finance
- health and safety
- IT
- languages
- marketing.

Almost half of the 200 employees in the company are attending IT classes through the facility, which is a veritable success as the courses are undertaken in their own time.

Benefits

- provides easy access to learning opportunities for employees who are 90% shift workers and would otherwise find it difficult to attend courses
- provides learning opportunities to employees with no or few qualifications.

7. 'Creating the Right Atmosphere': Cedalion

Background

Cedalion is a global software application development company creating specialist products for blue chip companies. The vast majority of Cedalion staff are highly qualified, many with higher degrees and PhDs and valuable to other employers therefore the company was faced with having to ensure that employees were motivated to stay within the company. The company recognised that alongside training it had to provide the right working atmosphere and their approach to training works well with the highly motivated individuals who it employs.

The Initiative

Weekly development conferences or 'Dev Cons' provide employees with a forum to put forward new training ideas, share experiences and draw upon the expertise of others. The staff controls 50% of the company's learning budget and any staff

member can identify and participate in the training they need. The company has no system of control or veto on training.

Benefits

- staff can obtain relevant training that they want to undertake
- the informal atmosphere leads to more open discussions and hopefully better solutions for clients.

8. Scottish Network Partnership for the Biotechnology Industry:

Background

Biosolutions is a partnership between private companies, government bodies, colleges and universities sponsored by Adapt / UFI and managed by Scottish Enterprise. It offers access to learning and training information and a range of products and services to help firms analyse and meet their skills and training needs, and can be found at www.biosolutions.co.uk

The Initiative

The project is intended as a sharing of ideas and resources to improve the learning and knowledge of individuals in the biotechnology sector. It offers a range of e-learning products and services accessible on-line:

- a skills audit process for SMEs
- skills profiling
- a database of courses and training providers
- personal development analysis
- matching company needs with current training delivered through a combination of traditional learning and e-technology
- disseminating and sharing the learning models throughout Europe.

The on-line database covers courses, method of delivery, content and level of knowledge, performance indicators, accreditation and standards. It is open to anyone with a course or programme in biotechnology. Learning Environments combine traditional and on-line learning in management/business, technical and computer training. The Skills Audit can be used to analyse skills need for future business growth. The Personal Development Environment is designed for employers and employees to access assessment tools. A Learning Environment Questionnaire, a Personal Skills Assessment Profile and a Personal Training and Development Review are designed to give an understanding of present and future learning and training needs.

Benefits

Employers:

- greater ability to respond to skill shortages
- reduced training costs by migrating classroom-based events to E-learning
- track and measure the impact of learning against business objectives
- leverage learning into schedules
- overcome rapid obsolescence of information, knowledge and training.

Employees:

- easy access to learning
- connect and collaborate with others
- learning tailored to an individual's needs.

9. Oriel Training Services

Background

Oriel Training Services formed in 1965 to cater for the engineering industry by providing training for young people at craft technician and operative levels. Oriel now focuses on small firm needs and tailors packages to suit these needs. Projects make use of technology and distance learning to allow firms to access training and assessment on-line in the workplace. Oriel is a charitable trust with a Board composed of members from the manufacturing sector. Its training centre reflects an industrial environment and instructors are from an industry background

Initiatives

Oriel offers two main programmes that receive European funding. The E-Net project is aimed to design and establish a network of complementary, non-competitive SMEs in engineering. Each SME receives equipment including a website, e-mail, bulletin boards, ISDN lines, videoconferencing capabilities and scanners and IT and Internet training. Companies are linked via a secure project website with industry lead bodies and qualifications providers. E-Net aims to show employers the benefits of training in raising production.

The Planet project was born out of the E-Net initiative. It provides computerised remote assessment and verification. Through use of an electronic portfolio trainees record their progress toward a vocational qualification. Skills can be demonstrated by camera and video. Oriel assessors provide support via a telephone video link. The project aims to offer a simplified training and qualification procedure. The cost of the project is £400,000 of which 45% was granted by Objective 4 of the ESF.

Training to Customer Service Level II has been piloted in the Planet format linked with the Scottish Learning Network. This may be extended to Customer Service Level III and Administration Level II.

Benefits

Employers:

- offers assessment and appraisal tools
- gives a full record of trainee progress
- saves cost and time by providing on-line assessment with less employee time off the job
- dispenses with paperwork
- improves IT skills.

Employees:

- offers a simplified VQ procedure
- teaches practical, transferable skills
- training uses up-to-date technology
- improves IT skills
- can be assessed in their own workplace requiring less time off job
- gives an electronic skills portfolio to show prospective employers.

10. Food Skills Group

Background

The food and drink industry is characterised by a large number of small businesses, with 75% of the businesses employing 50 people or less. This characteristic of the industry creates problems for investment in skills as:

- the human resource management function within each business tends to be modest in scale
- the fixed cost of developing skilling programmes within the business tends to be high relative to the number of people being trained
- competitive pressures militate against all forms of investment where the returns accrue in the longer term
- generating clear demand signals to the training supply side infrastructure is often difficult to facilitate.

Where there is investment in training it tends to be driven by legislative requirements, such as health and safety. The businesses do not tend to look at human resource development as a strategic investment in securing their business goals.

Initiatives

The Food Skills Group was set up to try and address the implications of the fragmented nature of the industry for investment in training. It draws together senior figures in the industry, National Training Organisations, Further and Higher Education Institutions, SQA, the Enterprise Networks and the Scottish Executive.

The Food Skills Group operates at a *strategic* level and focuses on action to:

- create interest by raising the image of the industry to facilitate recruitment of quality staff
- develop strategic awareness in the industry, getting leaders to realise that they need to develop themselves and at the same time raising awareness of the benefits of human resource development
- enhance the Food Learning Network which has a key infrastructural role in the industry.

The effort on skills is nested within the broad strategic approach to the development of the food and drink *cluster* and links the to Food Skills Group's strategic role.

The Food Learning Network is the key operational arm of the Group. Its fundamental purpose is to:

- create more effective skills demand and supply; and
- facilitate the connections between the two.

The emphasis throughout is on building *relationships*, not structures. A key element in all of this is facilitating more effective collaboration on the supply of skills side of the equation. Never mind the large number of training providers, there are 5 NTOs covering the food and drink industries.

An important practical lesson was that promoting SVQs in isolation did not work. SVQs have to be 'sold' to the businesses as part of a process of significantly raising their business performance.

Benefits

- participating employers have experienced significant improvements to their business performance, including:
 - enhanced productivity
 - improved quality
 - reduced wastage
 - fewer complaints
 - fewer accidents
 - less absenteeism
 - higher staff retention rates
- access to more coherent and customised training services
- raise the image of the industry for quality products through increasing the number of employees with accredited training
- increasing numbers of employees who have gained SVQs.

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