SKILLS FOR SUSTAINABLE GROWTH - RESPONSE TO CONSULTATION

Acas welcomes the opportunity to respond to this consultation on the future direction of skills policy, which underpins the Government’s aspirations towards competitiveness and growth. Whilst it is vital to enhance economic competitiveness in the face of exponential technological advance, it is also necessary to look to entry-level low skill opportunities not just for existing employees but also those who have been unemployed or economically inactive and who are returning to the labour market. To facilitate the take-up and consolidation of these opportunities, Acas particularly favours initiatives aimed at developing front line supervisory skills, together with measures intended to improve basic employability.

Our response to selected questions is set out below:

Q5. We welcome views on how best to support people who might in time benefit from an Apprenticeship but who do not currently have the skills to begin one.

Basic employability skills have been consistently underrated in the wider debate on equipping the workforce to meet 21st Century challenges. This is an issue, not just for those embarking on apprenticeships, but for new entrants to the workforce generally. Skills such as timekeeping, dealing with authority, following instructions, co-operating with colleagues, maintaining safety are facets, of what might be termed ‘citizenship of the workplace’.

The shortfall in these employability skills can pose problems for front-line managers to the extent that the need to address such issues detracts from their focus on the business itself. Therefore, it would be in the interest of managers and the individuals concerned if support could be provided in this area, either by colleges or other training providers. This fundamental skills/attitudinal gap needs to be bridged for social as much as economic reasons. The benefit of addressing such needs would be the promotion of a broader sense of citizenship, and a greater stake in society.
Q20. How can we enable colleges and training organisations to be more efficient and responsive to the needs of employers, learners and their community but without adding new layers of control by local bodies?

In anticipation of their introduction, the Local Enterprise Partnership (LEP) model could assume the function of a hub for the identification of skills shortages by economic sector, geographical area and generic role. LEPs could provide a forum for determining the most effective means of tackling skills issues. The LEP could, potentially, provide a base for sharing knowledge of the skills landscape in terms of where particular gaps lie, what has worked well in remedying them and who the providers are.

Trade unions could also offer valuable insights under the auspices of the unionlearn initiative and via the role of the union learning representative (ULR). Unions could have a role to play in identifying to employers and training providers the needs of the workforce, which will assist employers in targeting training. The ULR is often well placed to act as a skills “broker”, able to discuss basic training needs with employees who might be unwilling to admit a weakness to their manager, and to appraise the employer of any generic skill needs.

Q25. What would enable businesses to use skills as a driver of productivity and business improvement?

Small businesses often find the cost of training their employees to be prohibitive. Competitive forces mean that employers can find it difficult to justify the financial outlay, especially where the fear of increased marketability of newly skilled staff signals a limited period of return on investment. Job-based training, or coaching, allows a tailored approach to the development of the skills required, but, without a human resources infrastructure, the effectiveness of such a ploy may be severely limited. This square can be circled by the delivery of training packages to constituencies of small employers. Workplace ‘clusters’ can be identified in a number of ways: geographically, where businesses are co-located on trading estates, etc; industrially, both where they belong to a common sector (horizontal clusters), and where they share a common supply chain (vertical clusters). The economies of scale deriving from such an approach would radically reduce the unit cost of skills development.

While skills acquisition in the UK is relatively high in comparison to the rest of the EU, our level of skills utilisation is poor. The UK has the lowest rate of job-matching in the EU, with approximately 2 in
every 5 workers over-qualified for their jobs. This suggests that one of the key challenges for UK employers is to ensure that the skills of the workforce are being utilised effectively. Good management practice and good job design are crucial to achieving this aim, and that increased investment in the development of management and leadership skills would be a cost effective way of achieving better skills utilisation across the workforce, leading to increased productivity.

**Q26. We welcome views on ways in which businesses can be encouraged to increase the UK’s leadership and management capability to create better run and more highly performing businesses.**

New business start-ups, and flatter management structures generally, place a heavy burden on the first line of supervision. The role is also crucial to business performance: in their report to Government, Macleod and Clarke saw the management function as a key enabler of employee engagement, leading to organisational success. Managers who engage their staff do much to prevent conflict from the outset. Those who have knowledge of basic employment law can develop an appropriate mode of behaviour. Both these strands combine to enable effective managers to get the best from their staff, navigate the regulatory framework, and so enhance productivity. Businesses and training providers need, therefore, to recognise employee engagement as a core element of the manager’s skill set.

Acas believes that a lack of practical people management skills constitutes a large part of the UK’s people management deficit. Practical management skills include those such as effective communication, the ability to handle difficult situations and manage conflict, and the ability to support learning and development. It is particularly important to equip front line managers with these skills because the role of the line manager is becoming increasingly important and challenging in the modern workplace. The survey *Essential Learning: the employee perspective* revealed that 78% of UK employees identified line management as the function in most need of additional training, a considerably higher proportion than in the USA or the rest of Europe.

Many policy initiatives aimed at improving management skills are focused on the attainment of formal qualifications. Some employers have a perception that training in line management skills can be expensive. Acas believes that the UK’s practical management skills gap can be addressed in a cost effective manner through workplace training, coaching and on-the-job learning, not necessarily leading
to a qualification or accreditation. Competence is usually key for employers rather than a qualification. Currently, there is significant underinvestment in this area: in 2008 just 3% of the Government’s Train to Gain budget was allocated to the development of generic management and leadership skills.

Do you have any other comments that might aid the consultation process as a whole?

The economic arguments for encouraging participation in training are also compelling. A study of the impact of Acas training provision was conducted by NIESR in 2007\(^4\). In the year in question, just fewer than 800 training events were run attended by 8,700 delegates. An estimated economic gain of £15m to the GB economy was found to have resulted from attendance at courses aimed at improving manager skills and HR practices. Benefits were based on improved management leading to fewer grievance and disciplinary cases and reduced absenteeism. These figures relate just to benefits within one year – the author of the study concluded that longer term benefits emerging from training were also likely, for instance in avoiding costly individual and collective conflict.

Acas is a practically-oriented organisation, with a unique insight into employment relations. Our experience informs us of the issues at large. In our view, a dynamic skills policy can act as the engine ready to propel the economy beyond recovery to future growth. There is undoubtedly much potential to be unlocked amongst people in the workplace. The development of this skills base is a crucial factor in the UK’s efforts to compete and succeed on the world stage.

It is never too early to learn and develop these skills and we believe that building some of these into the secondary curriculum will be a sensible investment.

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3 SKILLOFT, (2008), Essential Learning: The employee perspective, Skillsoft UK Ltd