

# Employee Demand for Skills: A Review of Evidence and Policy

**Executive Summary 3**  
**June 2009**

## Introduction

This report presents the results of a detailed review of evidence and policy relating to the factors that influence the engagement of the individual in skills development. It incorporates a broad range of formal and informal learning activities, delivered in a range of institutional settings and through different media. The review is deliberately broad in its focus, drawing on evidence and policy relating to people in different positions within the labour market. However, a key focus for the research was the barriers and factors affecting access to skills development opportunities among lower skilled and lower qualified people.

The review was undertaken by WM Enterprise and the Employment Research Institute, Edinburgh Napier University for the UK Commission for Employment and Skills.

The evidence review comprised an overview of the available statistical data for the UK and – where available – constituent countries, and a review of studies that have examined the factors that appear to influence the individual's decision as to whether to undertake skills development activities. Building on this evidence review, the research team brought together the findings of studies that have evaluated the impact on individual participation in skills development of a range of policies that have been implemented in the UK and/or constituent countries from 1998 onwards. A limited international policy review was also undertaken, focused on six countries identified in consultation with expert commentators.

## Evidence Review

Key points emerging from the evidence review are:

- People with few qualifications, low-skilled people, older workers, part-time workers and those working in small or non-unionised workplaces tend to have lower than average rates of participation in skills development;
- Barriers to individual demand for skills development include financial factors, lack of advice, information or guidance, negative influences from family or peers and a legacy of negative experiences of education. Other barriers identified in the literature include limited awareness of the potential benefits of skills development and perceived poor quality or lack of access to relevant provision;
- Both intrinsic and extrinsic factors appear to influence individuals' investment in skills development; however the existing evidence does not enable a clear ranking of these barriers;

- For people who are in work, employers can play a key role in overcoming barriers to demand for skills development. This suggests that policies to promote the business case for investment in skills would have a positive impact on individual participation in skills development;
- The 'culture of learning' within the workplace appears to play an important role in influencing both employer and employee decisions about investment in skills development;
- Clear progression routes and accreditation can play a role in facilitating continued skills development, particularly for people over the age of 40;
- Evidence suggests that returns to accredited training at the lowest levels of qualification tend to be relatively low. This is likely to influence low-skilled individuals' decisions to invest in skills development;

- Flexible learning provision can promote employee participation in learning. In some cases work-based provision is desired, in others home or community-based provision may be attractive to learners;
- Working in a unionised workplace tends to be associated with a higher probability of skills development. There is evidence that trade unions and trade union representatives can play a key role both in addressing individual barriers and influencing employer attitudes and practices.

## Policy Review

The policy review built on the results of the evidence review and examined six broad types of policy intervention:

- Financial support measures
- Information, advice and guidance
- Awareness, motivation and confidence
- Time to learn
- Workplace-based initiatives
- Community-based initiatives

Key findings are as follows:

- There is a considerable volume of evidence on the impact of these types of initiative on the propensity of individual participation in learning; however it is difficult to evaluate their overall net impact and/or compare results between studies;
- International evidence in particular highlights the importance of the wider social, policy and institutional environment in setting the context for specific policy initiatives;
- Financial support appears to be an effective way of stimulating further skills development activity among people who are in work and/or already qualified to level 3 or above. In particular, the necessity to pay back loans acts as an important incentive for beneficiaries to complete their learning programmes;

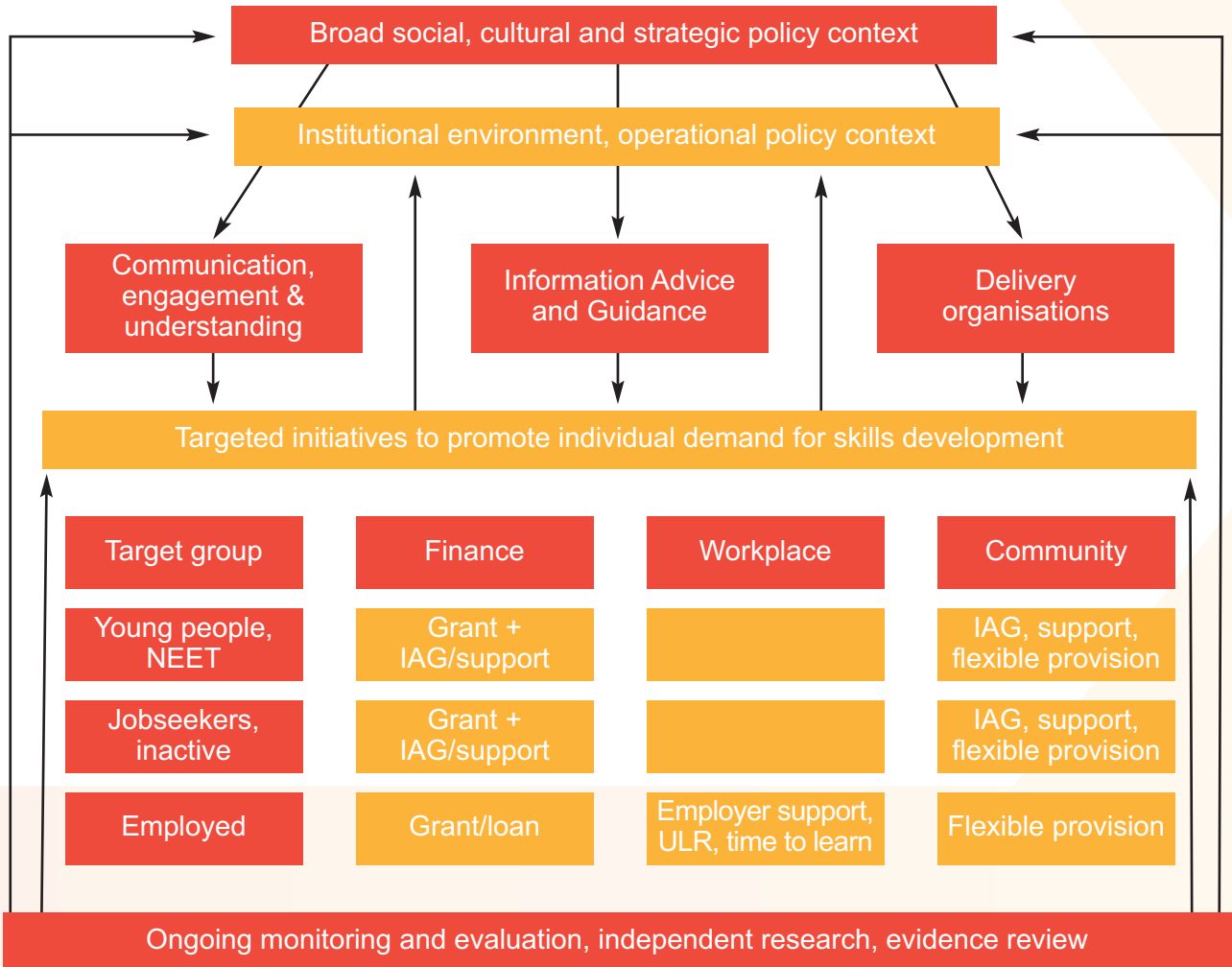
- There is clear evaluation evidence that Education Maintenance Allowances lead to staying-on rates in full-time education that are higher than would otherwise have occurred. EMA also appears to have positive impacts on parental attitudes to staying-on among young people;
- The evidence suggests that, for most people, financial support in and of itself will be insufficient to stimulate significant increases in skills development activity. Additional support in the form of information, advice and/or guidance is important, particularly for less well-qualified people and/or those with negative experiences of formal education;
- For people who are out of work, have not undertaken skills development for some time and may be ill-informed and/or under-confident about skills development, support appears to be most effective when it is delivered on a one-to-one basis. This may occur either through 'anonymous' mechanisms such as learndirect or through community-based initiatives;



- For people who are in work, and in particular those with lower skill and qualification levels, support appears to be particularly effective when it occurs at the workplace, for example through Union Learning Representatives or other learning ‘champions’. This appears to be particularly beneficial where employers ‘buy in’ to the business case for skills development and where this is reflected in the attitudes and behaviour of line managers;
- A statutory right to time to undertake skills development is under consideration in the UK, and – while consultation findings have been broadly supportive – there is limited evaluation evidence to judge the likely impact of such a move on individual demand for skills development;
- Finally, policy initiatives need to take account of the differing motivations to undertake skills development that are associated with different groups within the population. In particular, the notion of ‘returns to learning, skills or qualifications’ needs to be interpreted broadly, incorporating broadly financial/economic considerations and wider notions of self-esteem, health and quality of life;

- In particular, policy needs to address the finding that the financial returns to learning/skills/qualifications appear to be lower and less certain among lower-skilled and lower-qualified groups. This raises the possibility that qualifications reform will be helpful in clarifying the benefits of skills development for individuals and employers, and thereby help to enhance the effectiveness of financial and other support initiatives.
- The report concludes with a policy framework, which highlights the importance of the broader context within which policy interventions are developed and delivered. Shown in the diagram opposite, it illustrates the need to align new initiatives with broader and longer-term efforts to change the prevailing culture to develop a more supportive environment for skill development. This encompasses, for example, parental attitudes toward staying on in education and employer practices toward training for lower skilled workers.

# Outline Policy Framework – key inter-relationships



**Executive Summaries** present the key findings of the research and policy analysis generated by the Research and Policy Directorate of the UK Commission for Employment and Skills. More detailed analytical results are presented in Evidence Reports and all outputs are accessible on the UK Commission's website [www.ukces.org.uk](http://www.ukces.org.uk)

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