Dorset 2020 Employer Skills Survey Report

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WINNING MOVES®

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DORSET
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Executive summary

Background

This research was conducted to explore the skills needs of employers in Dorset, as part of the wider research informing the implementation of Dorset's Local Industrial Strategy, being led by Dorset Local Enterprise Partnership (LEP).

Data collection took place online and via telephone interviews between 6 January and 18 February 2020. In total 242 Dorset employers responded to the survey; 142 online and 100 via telephone. Responses are weighted to the population of Dorset on the basis of organisational sector and size.

Note: As data collection took place prior to the coronavirus pandemic having a significant impact in the UK, this challenge has not been explored within the survey and respondents did not mention it. The latest developments in the pandemic and lockdown have resulted in a sudden and fundamental change to the way many employers are now operating, however the responses from this survey provide valuable insights on the skills needs and challenges in Dorset.

Below are the particular areas of inquiry:

- Skills required by the employers in the near-term and whether these are being met e.g. do they have a skills gap
- Implications of skills gaps for business growth and productivity
- Skills required in the medium-to-long term and how these are affected by future technology-driven skills requirements
- Whether employers foresee greater automation of their processes and whether they have the skills in place to embrace increased digitalisation
- How employers currently meet their skills requirements
- How employers currently recruit, the organisations they tend to engage with and their level of understanding of the skills delivered by training providers
- The extent to which employers invest in apprenticeships, and perceived barriers to offering apprenticeships in the future.

This research is funded by the European Social Fund (ESF) and co-financed by the Education and Skills Funding Agency (ESFA). The survey and this report are brought to you by Serco and delivered by Winning Moves on behalf of Dorset Local Enterprise Partnership (LEP).

Dorset LEP is a business led private and public sector partnership, promoting local economic growth and prosperity. Dorset LEP deliver projects that support and develop infrastructure, housing, skills, enterprise and business growth to achieve long-term economic benefit for all in Dorset. For more information visit the Dorset LEP website http://www.dorsetlep.co.uk/

Key Findings

Skills gaps

Over half of employers reported at least one type of skills gap across their existing workforce.
The skills gaps most commonly acknowledged were digital skills, sales and marketing, complex analytical and leadership and managerial.
Aside from job-specific skills, the gaps with the biggest impact on performance and productivity were technical and practical, leadership and managerial, and sales and marketing.

Training provision

The vast majority (83%) of respondents have taken action to improve their workforce skills in the past 12 months. This was predominantly in-house/on-the-job training. The most common suggestion for improvement to training provision was around accessibility – the location of training, funding support, and the relevance of training to small employers.

Recruitment

One quarter of employers reported having one or more hard-to-fill vacancies in the past 12 months; the most common reason given was a lack of applicants with the right skills. There were broadly equal levels of recruitment and retention concerns related to organisational location, workforce age and diversity, and the effects of Brexit amongst Dorset employers.

Future skills

A third of respondents expected changing skills needs in the next three to five years. Amongst this group, the most commonly anticipated needs were digital, technical, and sales & marketing. While two thirds of employers envisaged at least some (further) automation and digitalisation in their workplace, a quarter felt they lack the appropriate skills to embrace these developments and most did not expect reduction in workforce numbers.

Apprenticeships

Just 8% of employers reported currently employing an apprentice, but over half of them would consider offering such opportunities in the future. The biggest barrier to employers was the type of work they were able to offer. The majority reported a good understanding of apprenticeships and their benefits. However, around a third acknowledged limited understanding of the apprenticeship process and sources of information.

Conclusions

Key conclusions from the research - structured by main research questions – are as follows:

1. **What particular skills requirements do employers currently have and are these being met e.g. do they have a skills gap?**

   This research confirms substantial training and development needs in Dorset in both the near term and medium to longer term. Over half of employers say that they currently have a skills gap, with one third reporting multiple skills gaps; especially in digital, sales / marketing, complex analytical and leadership and management skills.

2. **For employers that have skills gaps, the implications for growth and productivity**

   Whilst the research did not require respondents to quantify effects, for employers acknowledging at least one skills gap: 71% feel skills gaps are having a significant impact[1] upon their productivity, 58% upon profitability, 53% on growth, 51% on quality 34% on staff retention.

3. **The skills required by employers in the medium-to-long term**

   Just over a third of employers think their skills needs will change in the next three to five years creating further requirements for training. In particular, employers expect to require more staff with **digital, technical and sales & marketing skills**, with some employers also commenting that they will require staff to become more customer focused and / or multi-skilled[2].

   The research suggests that the majority of employers do not expect much change to their required skills sets, and even those that envisage some further automation do not expect this to impact their workforce numbers and skills requirements.

4. **How organisations are currently meeting their skills requirements?**

   The majority (83%) of employers say they have taken action in the past year to upskill existing employees. Two thirds of these have offered in-house training and a slightly lower proportion have engaged with external training providers. Issues with training provision reported included poor **accessibility** of training (reported by 33 employees), lack of **funding for training** (reported by 22 employees) and insufficient **readiness of young people for the future of work** (reported by 20 employees). Eight respondents also commented that training needed to be more relevant to them as small businesses. Alongside this, almost half of the respondents reporting digital skills gaps said that this was due to a lack of suitable training provision.

[1] Rating impact as 4 or 5 out of 5

[2] Example verbatim include *"Less technical more customer focused"* and *"More multi-skilled posts"*

5. **How employers currently recruit employees, the organisations they tend to engage with and understanding of training providers offers.**

   A quarter of employers reported one or more hard-to-fill vacancies in the past 12 months and the most frequently selected reasons for this were applicant quality - lacking the right skills, attitude, motivation and/or personality for the role. Organisations are using a range of methods to recruit new employees - mostly free or low cost methods. Engagement with relevant organisations such as recruitment agencies, training providers, schools, colleges, universities, Job Centre Plus and the National Apprenticeship Service, is relatively low, suggesting opportunity for better understanding of their offers.

6. **Whether employers foresee greater automation of their processes and whether they have the skills in place to embrace increased digitalisation.**

   Two thirds of Dorset employers responding to the survey envisaged at least some (further) automation in their workplace in the next three to five years. Of this group, the majority felt they have the appropriate skills to embrace automation and digitalisation within their organisation, though a quarter do not. The evidence suggests that some employers may be unaware or lack knowledge of trends in their sector, stating that either they don't think there will be automation or are unsure, while other organisations in the same sector are saying otherwise.

7. **The extent to which employers invest in apprenticeships, and what barriers are discouraging them from offering apprenticeships in the future.**

   Just 8% of Dorset employers who responded to the survey are currently employing an apprentice. However, over half said that they would consider offering such opportunities in the future. Many employers struggle to understand whether apprenticeships would be suitable for their organisation and type of work; this appears to be the biggest barrier to employers offering apprenticeship opportunities.

1. Introduction

1.1. Method overview

Winning Moves, in partnership with Serco and Dorset LEP, developed a survey for Dorset employers. Employers were engaged in two main ways:

1. **An online survey,** promoted and disseminated by Serco and Dorset LEP through a wide range of intermediary organisations such as the regional Chambers of Commerce, trade associations, and Growth Hubs. This resulted in 142 responses.
2. A **telephone survey** of 100 employers from a commercial database, conducted by Winning Moves.

This meant a total of 242 responses, which for the analysis in this report have been weighted to reflect the population of Dorset employers[3], split by sector and size band.

Responses were monitored to ensure representation of the priority sectors for Dorset LEP and the Great South West aspirations: defence/ security/ financial technology (including cyber security), health /care technology, advanced manufacturing and engineering (including aerospace, composite and marine technologies), 5G ecosystem, rural businesses (including Agri-tech), creative /culture businesses (including digital, tourism, food and drink), and financial services. The survey was open to skills and training providers *as employers*.

1.2. Limitations and interpreting the findings

Mode: The target respondents of the survey – ideally those with HR oversight - are typically time poor, especially those in smaller businesses for whom HR /skills development was often not their primary role. An online survey enabled respondents to complete the survey at a convenient time, out of typical office hours if necessary. However, one of the inevitable challenges of online is achieving a high and representative response rate, as there is less control over response numbers and profile. It is possible that the nature of the survey was of more interest to certain profiles of employers who are more likely to engage in the training and development of their staff.

Sample size: The small sample sizes for sub-groups within the 242 responses (e.g. within individual employer size, sector or geographic location groups) means there should be caution in interpreting comparisons between these sub-groups, as few of the apparent differences will be statistically significant / outside margins of error.

[3] Provided by Dorset LEP

2. Respondent profile

Employers from a range of different sectors and sizes responded to the survey. To help put findings and sub-group comparisons into context, the profile of survey respondents in terms of size, sector and industry are summarised in this section.

2.1. Employer size

Employer representation in terms of their employee numbers are shown in the table below. The respondent sample reflected the prevalence of SMEs in the county, but the survey also reached large employers. The proportion of large employers with over 250 employees responding to the survey was higher than their representation in the Dorset business population[4].

Table 1: Respondent profile by number of employees

Number of employees	Number of respondent organisations	Percentage of respondents (n=242)	Dorset population (n=30,255)[5]
No employees	24	10%	
1-4 employees	66	27%	
5-9 employees	44	18%	14%
10-24 employees	50	20%	
25-49 employees	21	9%	
Total 0-49 employees		**84%**	**96%**
50-99 employees	5	2%	2%
100-249 employees	9	4%	1%
250 or more employees	21	9%	<1%
Don't know	2	1%	
Total	**242**	**100%**	

2.2. Sector

Again reflecting the business population distribution, the majority of respondents were from the private sector, but the survey achieved representation of the public and third sectors.

Table 2: Respondent profile by sector

Sector	Number of respondent organisations	Percentage of respondents
Private	189	78%
Third	31	13%
Public	22	9%
Total	**242**	**100%**

[4] The benefit of this however is securing responses from a number and range of large employers which would not have happened if we were aiming for the survey population to truly reflect the Dorset employer population

[5] ONS UK Business Population Statistics 2019

The table below shows the wide range of sectors represented within the survey.

Table 3: Respondent profile by industrial sector

Sector	Number of respondents	Percentage
Agriculture, forestry and fishing	9	4%
Manufacturing	24	10%
Electricity, gas, steam and air conditioning supply	2	1%
Water supply, sewerage, waste management and remediation activities	1	<1%
Construction	11	5%
Wholesale and retail trade; repair of motor vehicles and motorcycles	26	11%
Transport and storage	4	2%
Accommodation and food services	11	5%
Information and communication	15	6%
Finance and insurance	7	3%
Real estate	6	2%
Professional, scientific and technical activities	22	9%
Administration and support services	8	3%
Public administration and defense	3	1%
Education	25	10%
Human health and social work	33	14%
Arts, entertainment, recreation and other services	35	14%
Total	**242**	**100%**

2.3. Location

The table below shows the split of responses between the Dorset geographies. For the purpose of this research the responses have been split into the two local authorities;

Table 4: Respondent profile by location

Local Authority	Number of respondents	Percentage of respondents
Dorset Council total	**82**	**34%**
BCP Council and other total	**159**	**65%**
Unknown	1	<1%

3. Skills gaps

This section summarises the current skills gaps reported by employers and their implications for the organisational performance and productivity.

Respondents were provided with the following 'skills gap' definition for the purpose of this research: "skills that your organisation needs, but either does not have at all, or at the right level to meet your goals."

In summary, over half of employers report at least one type of skill gap within their workforce with one third reporting multiple skills gaps. Skills gaps most frequently cited were digital skills, sales and marketing, complex analytical, and leadership and managerial. Respondents who reported skills gaps in the areas of digital and technical skills reported particular gaps in a range of specific digital skills - digital marketing, data analysis and CRM.

In terms of the implications for the organisational performance and productivity, the skills gaps appearing to have the biggest impact are job specific, technical or practical, leadership and managerial, and sales and marketing.

3.1. Current skills gaps

When asked if they had any skills gaps in their existing workforce, over half (56%) of responding employers reported they have at least one skills gap. Roughly 1 in 5 (20%) report one skills gap and a further 1 in 3 (36%) report multiple skill gaps.

Figure 1 Proportion of employers reporting skills gaps

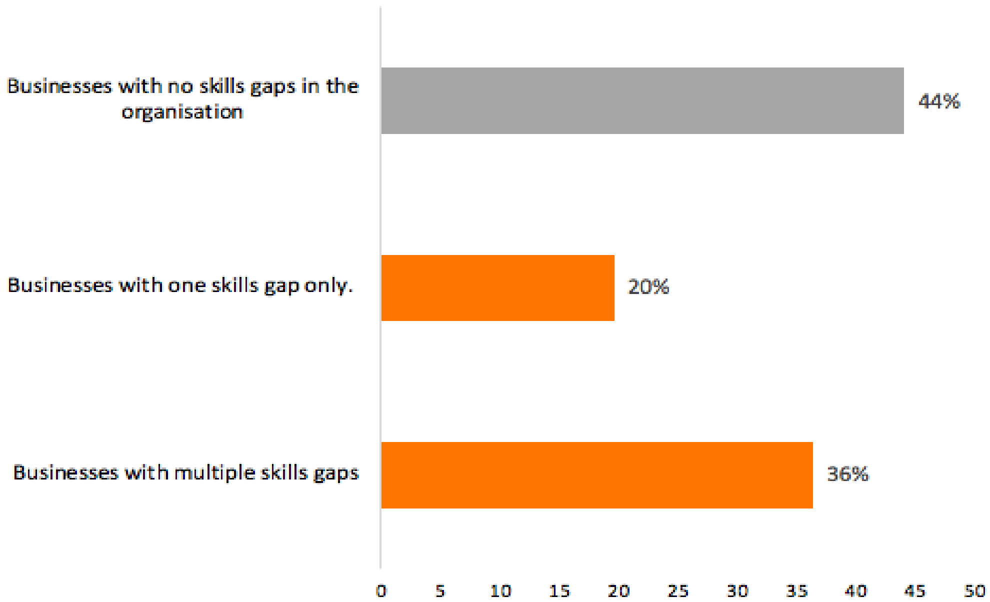


Figure 2 shows the percentage of employers reporting each skills gap type prompted by the survey.

Figure 2: Skills gaps reported by employers (n=242, N=34,066)

Examining the profile of employers reporting a skills gap shows no sizable differences by location or employer size. There were differences by industrial sector with employers in the professional, scientific and technical services and administration and support services most likely to report a skills gap. Employers in the construction, wholesale and retail and real estate were least likely to report a skills gap.

The skills gap most frequently selected by respondents were digital skills, with over a quarter of respondents reporting digital skills gap. This is closely followed by sales and marketing skills and complex analytical skills.

Among the respondents who reported 'job specific' skills gaps (n=43), most responses fell into one of the following categories:

- **Engineering** (11 of 43 respondents)– a wide range of areas such as such *"systems engineering"*, *"technical engineering"*, and the manufacture of motor vehicles
- **Health and social care** (9 of 43 respondents)– respondents cited skills gaps relating to job roles I demand; care assistants, physiotherapists, and counsellors for adults and children
- **Finance** (6 of 43 respondents)– accountancy, tax, financial management and planning
- **Construction** (4 of 43 respondents)– gaps in trades; plumbing, electrical, carpentry
- **Fundraising** (3 of 43 respondents)– this was cited by organisations in the third sector
- **Legal skills** (2 of 43 respondents).

Analysis was conducted to explore differences in the profile of organisations identifying specific skills gaps.
Many of the skills gaps (digital, sales and marketing, leadership and managerial, technical and practical, team working, customer service, verbal and written communication, job specific and numeracy) were cited across all business profiles.
However, there were skills gaps reported predominantly within certain business sectors.

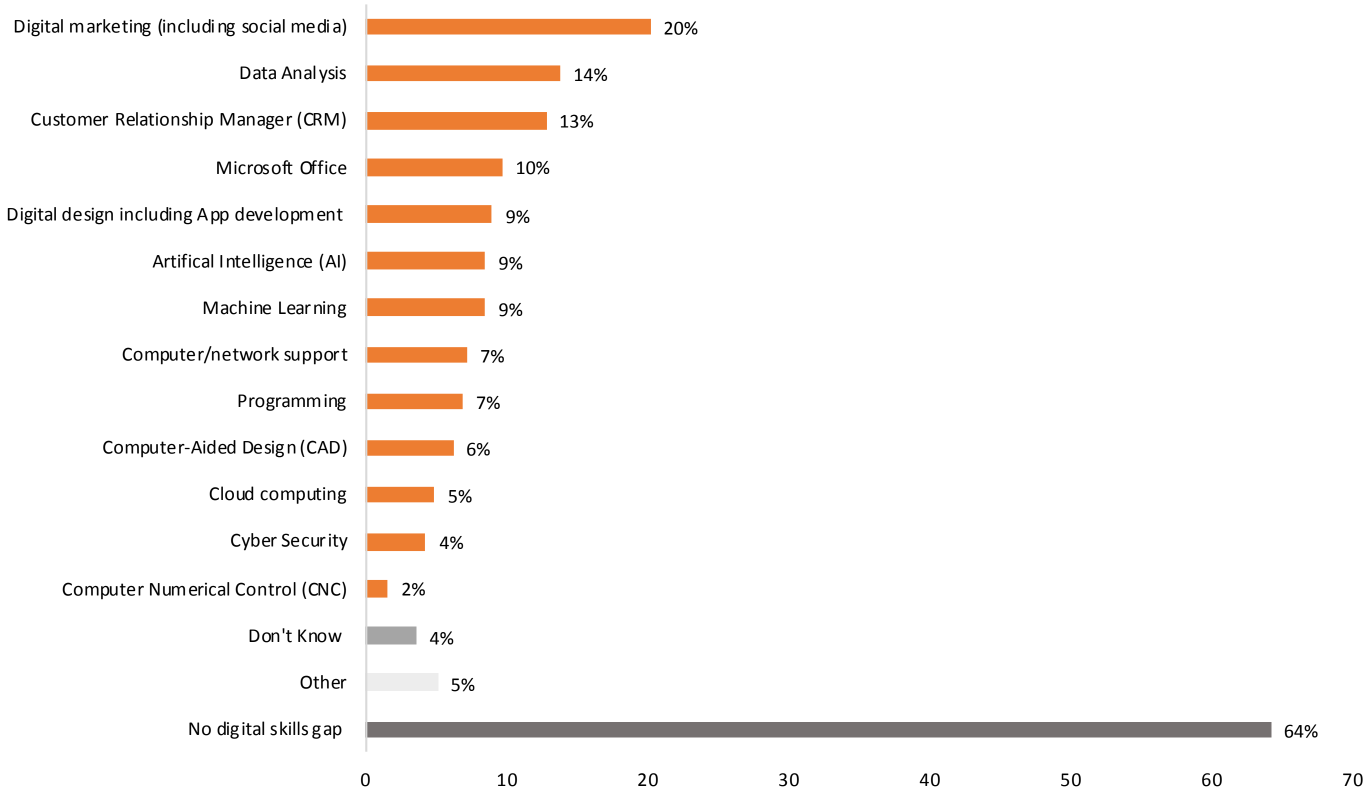
Table 5: Skills gaps within specific sectors

Skills gap	Sectors reporting this skills gap
Complex analytical	Finance and insurance, arts and entertainment, ICT, manufacturing, professional, scientific and technical services.
Planning or organisational	Manufacturing, arts, entertainment and recreational services and ICT.
Problem solving	Manufacturing and finance / insurance sectors.

3.2. Digital skills

Among those employers who reported skills gaps in the areas of digital and technical skills below is a breakdown of sub-categories of digital and technical skills that they felt were a gap in their organisation.

Figure 3: Types of digital skills gaps in current workforce (n=242, N=34,066)



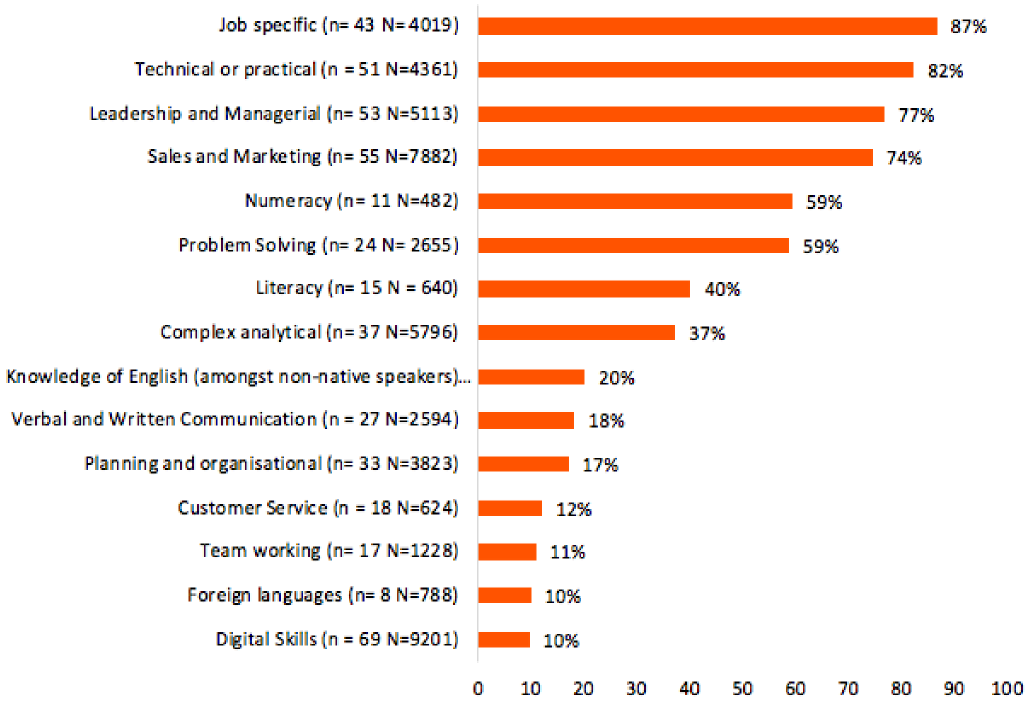
The digital skill most frequently selected as lacking was digital marketing, followed by data analysis and CRM. Analysis did not find significant differences between those selecting these types of digital skills and those that did not.

Of the respondents that selected 'other' digital skills gaps, only two specified. One cited *"blended learning technologies"*, the other felt that they lacked knowledge regarding GDPR rules for digital marketing.

3.3. Implications for business

Respondents that reported skills gaps were asked to choose those that were having the biggest impact on their performance and productivity (up to three). Figure 4 shows, for each skills gap, the proportion of the employers reporting it who then selected it as one of those having the biggest impact. For example, out of the respondents that selected 'job specific skills' as a gap, 87% reported it to be one of the top three gaps impacting on their organisation's performance.

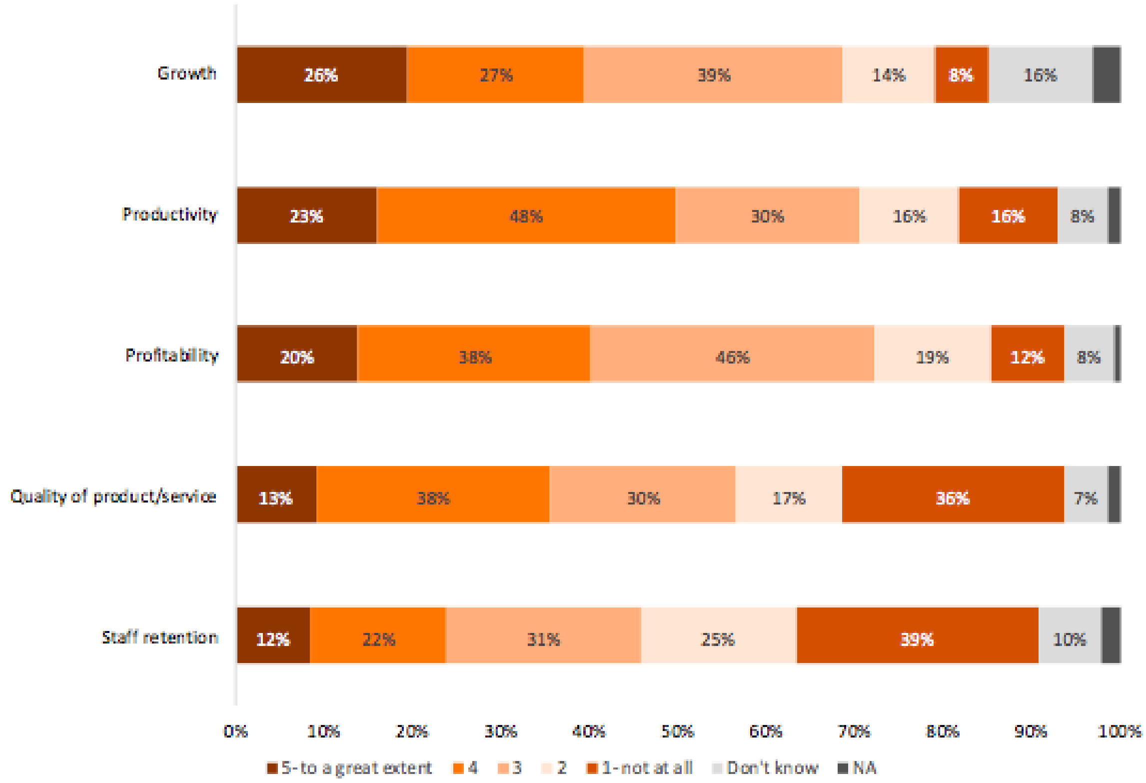
Figure 4: Skills gaps with the biggest impact on performance / productivity of the organisation



All respondents reporting at least one skills gap were asked to rate (on a scale of one to five) the extent to which the gap(s) are having on five Key Performance Indicators (KPIs).

Figure 5 shows that skills gaps are seen most commonly as having impact on growth, productivity, and profitability.

Figure 5: Employers views on the extent of which skills gaps are impacting on KPIs (n=158, N=19,054)



In terms of specific types of skills gaps impacting upon specific KPIs, sample sizes are too small to identify statistically significant correlations, but anecdotally there does seem to be some association between respondents reporting leadership / managerial and sales / marketing skills gaps, and reporting substantial impacts on growth and productivity KPIs.

3.4. Reasons behind skills gaps

Respondents reporting skills gaps were asked to select all they felt applied from a list of underlying reasons:

Table 6: Reasons for specific skills gaps

Skills gap	Most prevalent reasons for skills gaps (% of those citing each skills gap)
Digital (n=39)	• Lack of appropriate training courses (46%) • Insufficient training budget (36%) • Low number of applicants with the required skills/ qualifications (28%) • Training provision is not easily accessible (13%) • Organisation does not have a workforce development plan (13%) • Inflexible times/durations of training or courses (10%) • Staff are not seeking to upskill (10%) • My organisation is not prepared/able to release staff (5%) • Lack of work readiness and knowledge (5%) • Poor careers advice aligned to the sector (5%) • Staff judged not capable of progression (3%)
Leadership and management (n=33)	• Insufficient training budget (52%) • Low number of applicants with the required skills/ qualifications (46%) • Lack of appropriate training courses (27%) • My organisation does not have a workforce development plan (24%) • Training provision is not easily accessible (15%) • My organisation is not prepared/able to release staff (15%) • Staff are not seeking to upskill (15%) • Inflexible times/durations of training or courses (9%) • Staff judged not capable of progression (9%) • Limited career progression prospects/mostly temporary staff (9%) • Lack of work readiness and knowledge (9%) • Poor careers advice aligned to the sector(3%)
Sales and marketing(n=38)	• Low number of applicants with the required skills/ qualifications (37%) • Insufficient training budget (34%) • Lack of appropriate training courses (18%) • Lack of work readiness and knowledge (16%) • Staff are not seeking to upskill (13%) • My organisation does not have a workforce development plan (11%) • Inflexible times/durations of training or courses (8%) • Training provision is not easily accessible (5%) • My organisation is not prepared/able to release staff (3%) • Staff judged not capable of progression (3%) • Limited career progression prospects/mostly temporary staff (3%)

Technical or practical (n=30)	• Low number of applicants with the required skills/ qualifications (63%) • Lack of appropriate training courses (23%) • Insufficient training budget (17%) • Lack of work readiness and knowledge (13%) • Training provision is not easily accessible (10%) • Staff are not seeking to upskill (10%) • Inflexible times/durations of training or courses (7%) • Poor careers advice aligned to the sector (6%) • My organisation does not have a workforce development plan (3%) • Limited career progression prospects/mostly temporary staff (3%)
Job specific skills (n=34)	• Low number of applicants with the required skills / qualifications (47%) • Lack of appropriate training courses (27%) • Poor careers advice aligned to the sector (26%) • Lack of work readiness and knowledge (24%) • Training provision is not easily accessible (21%) • Insufficient training budget (15%) • Inflexible times/durations of training or courses (12%) • My organisation is not prepared/able to release staff (9%) • Staff are not seeking to upskill (6%) • My organisation does not have a workforce development plan (6%) • Difficulty accessing skilled migrants (3%)

Insufficient training budget and / or low number of applicants appear to be the main reasons behind skills gaps. However, almost half of employers (46%) that cited a gap in digital skills felt that this was because there was a lack of appropriate training courses.

4. Training provision

This section explores the actions responding employers have taken in the past 12 months to improve the skills of their existing employees, in particular their engagement with external training providers. It also summarises employers' views on improvements they would like to see to training provision in Dorset.

The vast majority (83%) of employers say they have taken action to upskill existing employees in the last 12 months. Two thirds of them have offered in-house training and a slightly lower proportion have engaged with external training providers.

The majority (82%) say they are likely to take action to upskill their employees in the future. The main improvements to training provision in Dorset that employers would like to see relate to accessibility (location of training provision), funding towards the cost of training and more relevance of content to small businesses.

4.1. Actions taken in the past 12 months

The majority of employers (83%) report having taken action to improve the skills of existing employees in the past 12 months. A fifth of employers reported having taken five or more of the prompted actions. The group not taking any action are likely to be smaller employers with nine or fewer employees.

Figure 6: Actions taken to increase skills in existing workforce (n=242 N=34,066)

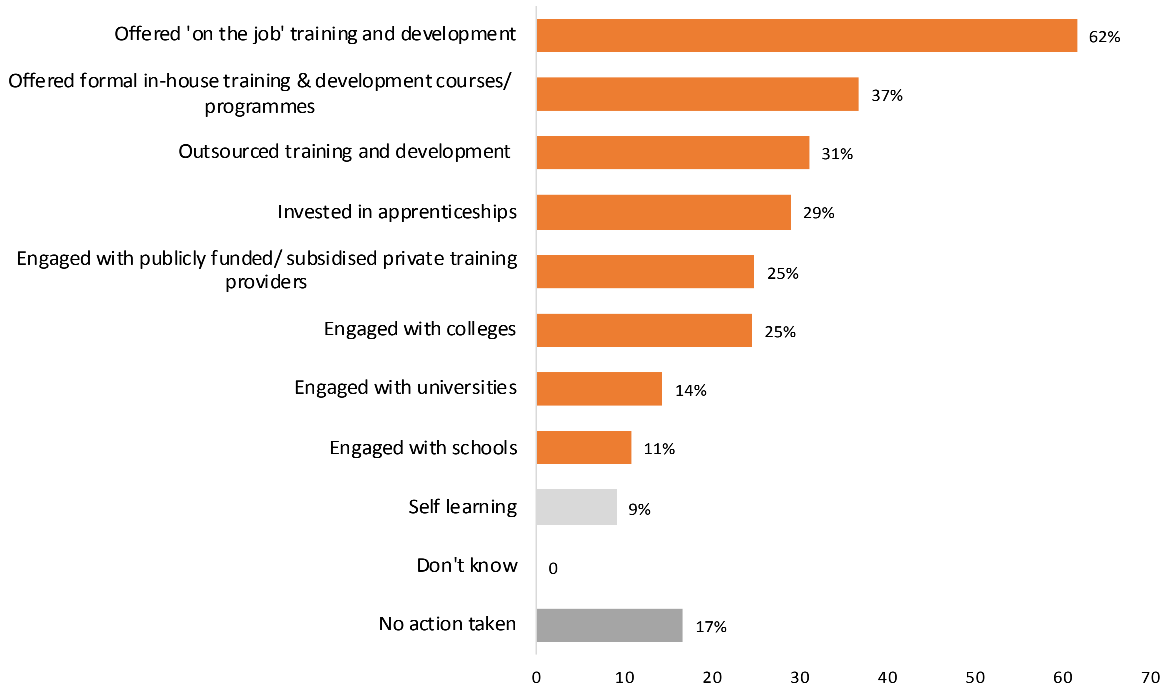
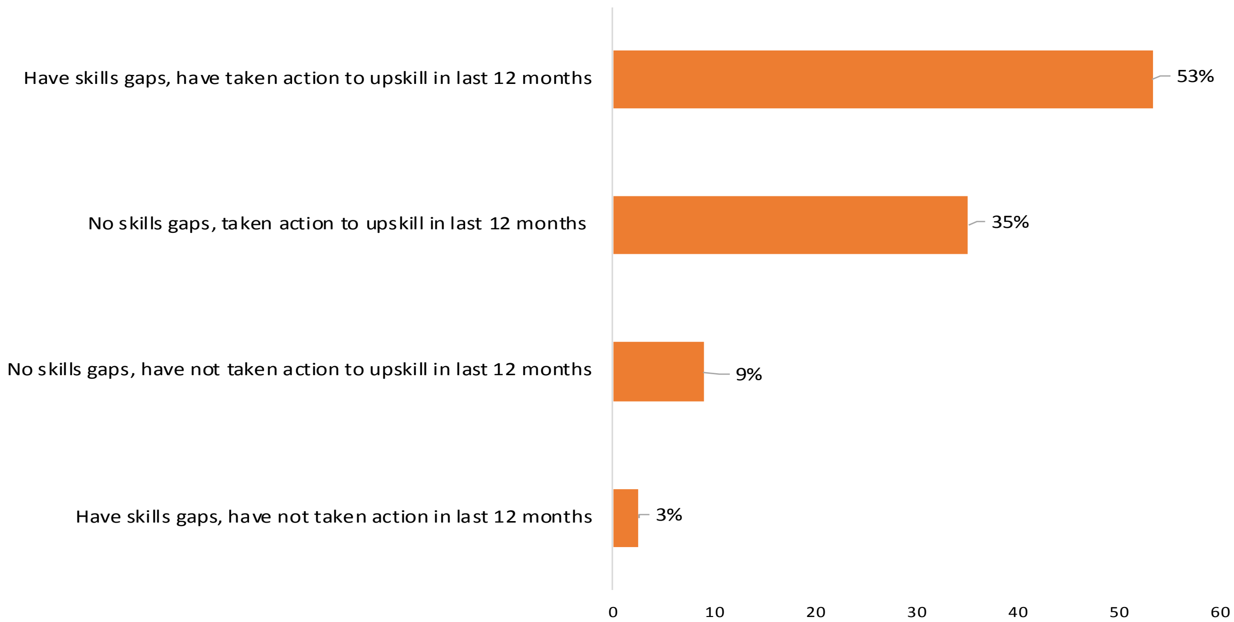


Figure 7 compares employers' acknowledgement of skills gaps to whether they have taken action to address these in the last 12 months. The majority of employers with skills gaps have taken action in the last 12 months, with just a small proportion of the respondents (3%) having a skills gap but that have not taken action.

Figure 7 Reported skills gaps/ actions taken (n=242, N=34,066)



In-house training

Two thirds (67%) of employers reported that they have offered some form of in-house training in the past 12 months. Of all respondents, 62% say they have offered on-the-job and 37% formal in-house training courses / programmes.

External training

59% of employers reported engaging with one or more training providers/ external training, 68% of those citing a skills gap. The most common type of external training used by 31% of all employers was outsourcing training to an external provider managing and delivers training on behalf of the employer[6]. 29% of all employers reported offering apprenticeships in the last year [though this seems to contrast with the numbers currently employing apprentices – see later chapter] and 25% reported engaging with colleges or private training providers.

Of the employers that identified a skills gap, two thirds of (68%) are engaging in external training.

Other training

For those who selected 'other' training (9% of employers in total), responses related to Continuous Professional Development. Two respondents mentioned this term specifically and other respondents described the activity as a form of independent learning – via online courses, books or videos. These respondents were all sole-traders or a partnership organisation with no other employees.

Reasons for not taking action

17% of employers said that they have not taken any action to reskill / upskill their workforce in the last 12 months. Of this group, about a third (31%) reported one or more skills gaps. Those not taking any action were asked why not; the following themes emerged from their responses:

- The respondent worked on their own or in a micro business with longstanding / well-defined tasks and as such they felt that up-skilling was not necessary or relevant to them; *"I don't think it is really required because it is just the two of us and we have what we need really."* One such respondent did go on to say that they had just taken on their first member of staff and was not sure where to start with regards to training provision.
- They don't see their issues as a 'training need'. Rather than engaging in training existing employees through traditional training courses, they have sought business advice / support through a business support provider, independent consultancy or family and friends. For example, one respondent commented *"I am not aware of how to expand my business on my own."* Looking across their responses, it appears that these organisations felt they had skills gaps in leadership and management and / or sales and marketing skills. This might imply that some employers regards their own/ staff skills gaps as business development, rather than skills needs.

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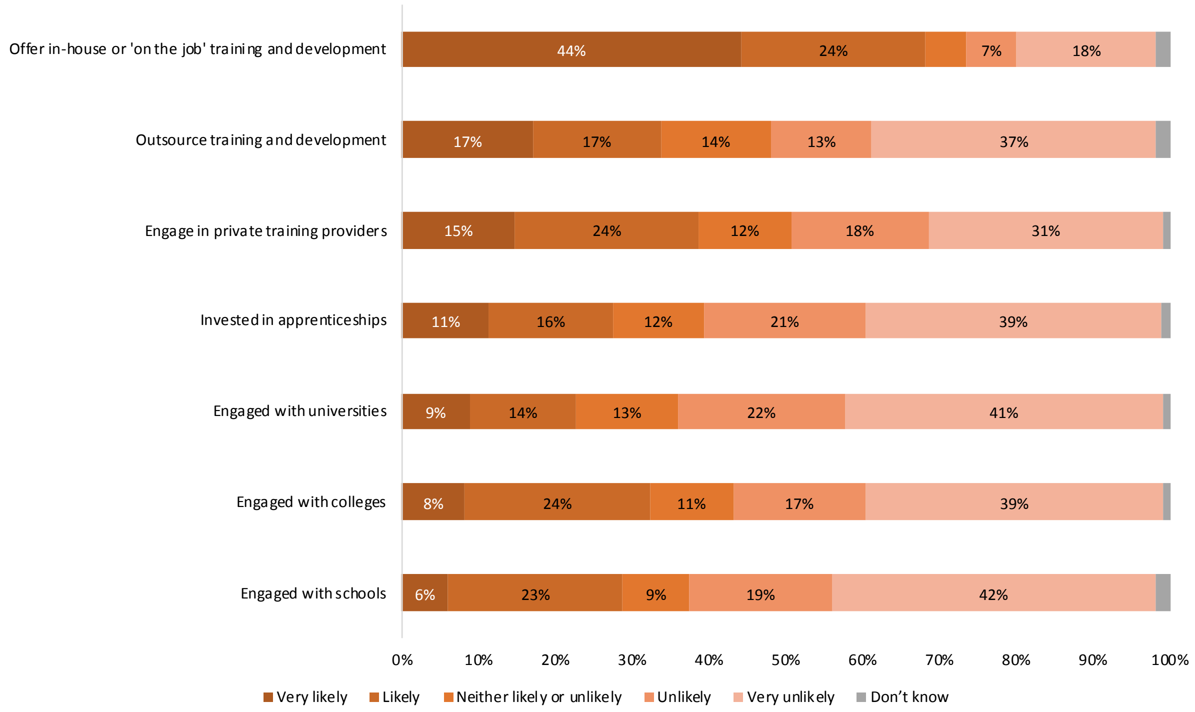
[6] The proportion of employers reporting that they have outsourced training to an external provider is higher than anticipated – it is possible that respondents interpreted the definition of 'outsourcing' as an outside organisation delivering tailored training for an organisation, rather than outsourcing the whole training and development function which is typically only undertaken by large organisations, which was what was meant by the term used in the survey.

4.2. Likelihood of future engagement with training providers

The majority of employers (82%) said they would be likely to take one or more actions in the future to upskill their existing staff. The data did not highlight any clear correlations between organisation profile and the types of training they are likely to engage with.

Figure 8: Likelihood of employers taking action to upskill employees in the future (n=242, N=34,063)



Looking across responses, employers tended to expect to take in future the same type of action that they had taken previously, hence two thirds of employers (68%) saying they are likely or very likely to offer in-house or on-the-job training to employees in the future.

4.3. Improvements to training provision

Just under half of respondents (48%) felt the local training provision in Dorset could be improved. A number of themes emerged from their comments that are set out below, ordered by frequency:

1. **Improved accessibility and relevance,** though needs and preferences vary. A few respondents specifically commented that training should be more 'local' rather than focused in the main towns of the county. A higher proportion of Dorset Council respondents (compared to BCP Council respondents) cited accessibility as an issue, suggesting travel and infrastructure being more of an issue for rural businesses. Some sector-specific training (e.g. for the creative and digital sectors) tends to be in London, increasing costs and limiting accessibility (cited by 33 of 120 respondents).
2. **Funding for training;** as well as a desire for more subsidised training, some respondents felt there was a need for clearer information about external funding for training, one respondent commenting that it would be useful to talk to and gain advice from an impartial individual / organisation. The need for funding was cited by all types of employers, but in particular those in the care, early years, and voluntary / community[7] sectors (cited by 22 of 120 respondents).
3. More focus in education and training on **preparing young people** for work; "*working in complex environments*" and "*workplace attitude*" were specifics suggested by respondents. One respondent also felt young people should be choosing a career path based on experience and exposure to a wide range of industries (cited by 20 of 120 respondents).
4. **Improved visibility and information** of training available in the county. One respondent mentioned it would be useful to have a county-wide training directory detailing all the courses available. Another felt it was difficult to assess the quality and credibility of some (particularly smaller) training providers (cited by 11 of 120 respondents).
5. **Stronger relevance to small businesses**; 'Dorset Business Bites' was cited as an example of training relevant and of value to small businesses. However respondents did not explain why they feel training is not relevant to smaller businesses (cited by 8 of 120 respondents).
6. **Improving apprenticeships;** specific suggestions were to enable apprentices to go 'on loan' to other industries to gain wider experience, and removing the Apprenticeship Levy (instead offering tax relief to employers to train school leavers). Comments regarding improvements to apprenticeships were generally made by those in the manufacturing and engineering sectors (cited by 7 of 120 respondents).
7. **Greater opportunities for adults** (25+) to retrain in in-demand skills other than through apprenticeships, which one respondent said "can feel like a backwards step for individuals of this age" (cited by 4 of 120 respondents).

[7] Several representatives of this sector also commented on training not being suitable for the sector i.e. often focusing on / being couched in terms of a business' financial performance, not the primary goal for the sector.

5. Recruitment

This section outlines employer concerns regarding recruitment, hard-to-fill vacancies, and recruitment methods.

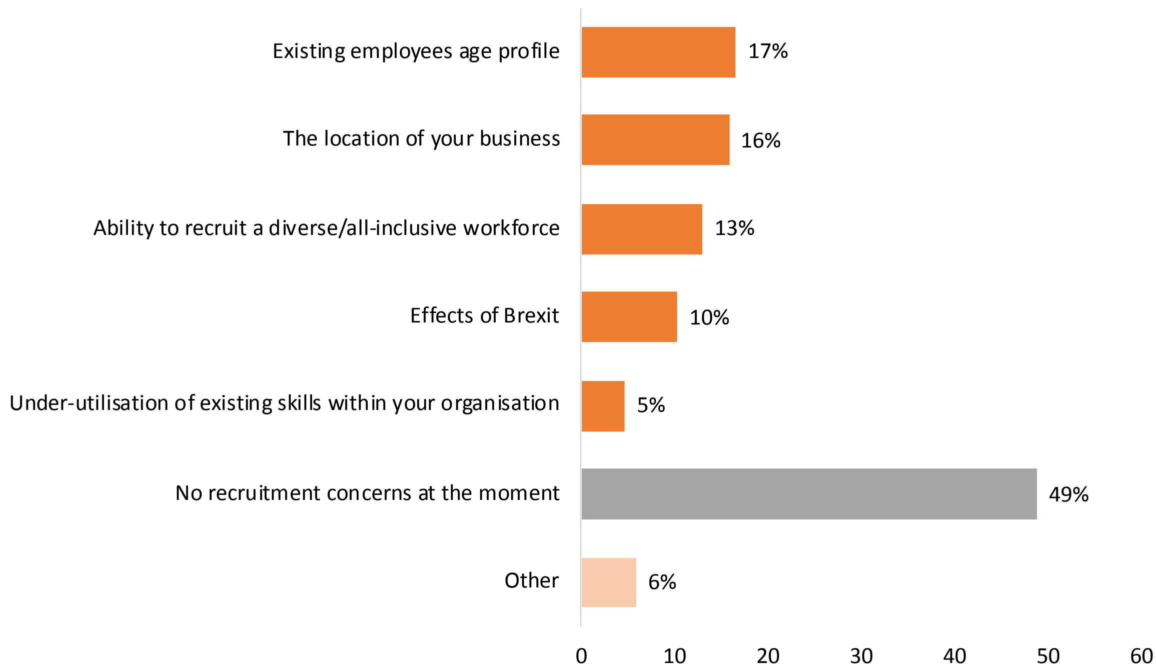
The potential concerns prompted by the survey were selected by relatively equal proportions of employers and included the age profile of their existing employees, the location of their business, the ability to recruit a diverse workforce and the effects of Brexit. One quarter of employers had at least one hard-to-fill vacancy in the past 12 months with the most frequently selected issue being the applicants' skills, attitude, or motivation.

Organisations are using a range of methods to recruit, perhaps unsurprisingly focused mainly on free or low cost channels.

5.1. Key concerns

Respondents were provided with a list of potential recruitment concerns and asked to select those that are of particular concern to their recruitment and retention of employees. Around half of employers (51%) selected at least one of the listed concerns.

Figure 9 Concerns about recruitment selected by employers (n=242, N=34,066)



Broadly similar proportions selected the different concerns listed, except few respondents acknowledged under-utilisation of existing skills as a concern.

Where concerns were selected, respondents were asked to elaborate; their responses are summarised in the following sub-sections.

Aging workforce

17% of all respondents cited an aging workforce as a recruitment concern. Within this group there is disproportionately high representation of employers from sectors with a lot of manual roles - agriculture, forestry and fishing sector, human health and social work and manufacturing sectors. This concern does not appear to be more prevalent amongst particular geographic areas or amongst employers of a particular size.

The detail of concerns fell into one of the following:

- Losing valuable skills that existing older employees have that may be difficult to replace (cited by 20 of 54 employers). And linked to this, perceptions that younger people coming through the system have insufficient skills and / or do not have the right attitude / career mentality, and are therefore not suitable to replace existing employees that are due to retire. (16 respondents)
- Older employees not having the right mix of skills. Particular problem areas included IT literacy / digital skills and the physical aspects of some roles in sectors such as construction, manufacturing and care (19 respondents)
- Small businesses where the owners and/or managers are close to retirement age, and have not yet considered succession planning (6 respondents)
- Older employees choosing not to retire, which reduces the need to recruit new staff and create opportunities for younger employees in particular (2 respondents).

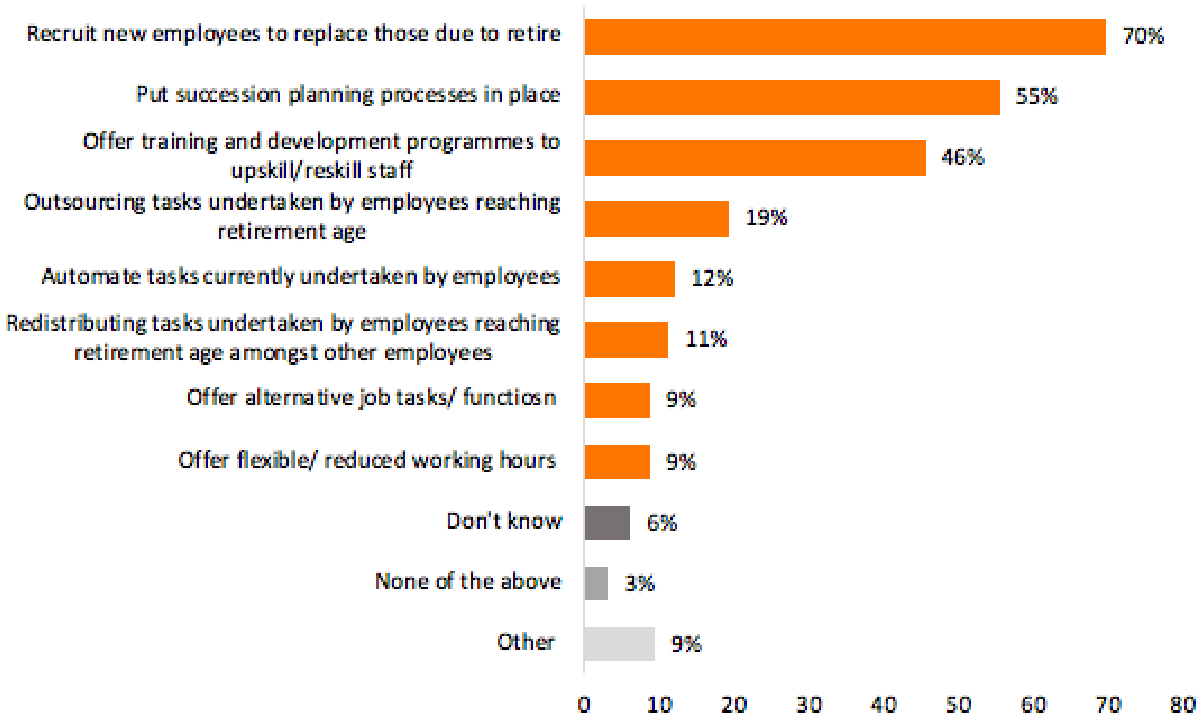
Employers selecting an aging workforce as a concern were asked what they were planning to do in response; their responses depended largely on the specific issue.

The option most frequently selected in response was to 'recruit new employees to replace those due to retire' (selected by two thirds of the subgroup). About half of the employers in the subgroup reported putting 'succession planning process in place' and offering 'training and development programmes to upskill / reskill staff'. Fewer employers say they will offer flexible or reduced working hours, redistribute tasks, offer alternative tasks, or outsource or automate tasks currently undertaken by employees reaching retirement age.

Two respondents commented that they will either have to scale down their business or close it entirely. One further respondent commented they will look into apprenticeships and one respondent said they will look into automation.

Responses are shown in Figure 10 and percentages are based on the subgroup of respondents that selected aging workforce as a concern.

Figure 10 Concerns about recruitment (n=54, N=5,656)



Organisation's location

There were no particular characteristics in terms of organisational profiles more likely to be selecting this. Concerns related to:

- The ability of locally based businesses to compete with London and other major cities in terms of what is on offer (cited by five respondents)
- The "*wide geographic spread of the county*" and "*poor public transport*" meaning that "*employees usually require their own transport*" to commute (cited by 13 employers – both in Dorset Council and BCP Council areas)
- Dorset being an expensive area to live, which puts people off from moving to the county to work (cited by three employers).

Under-utilisation of existing skills

Although only selected by a small number of respondents overall, a disproportionate number of large employers selected this recruitment concern (20% compared to 3% of employers with less than 250 employees).

Several respondents also acknowledged that they do not know whether or how they are underutilising skills, but recognise they could potentially be missing out on opportunities.

Diverse / all-inclusive workforce

This concern also appeared to be more prevalent amongst larger employers (who may be more likely to have an equal opportunities policy in place).

Most respondents selecting this concern explained they do not feel they are able to secure a diverse workforce due to lack of applications from particular demographic groups. For example, respondents mentioned:

- Issues attracting female employees in some sectors (cited by manufacturing, engineering and ICT respondents specifically)
- The population of Dorset not being very ethnically diverse and this tending to be reflected in the applicant / candidate pool
- A lack of applicants with a disability applying for jobs.

One respondent also suggested that their recruitment approaches could probably be improved to help recruit a more diverse workforce.

Effects of Brexit

Employers that cited the effects of Brexit as a concern come from a range of sectors. Although differences were not statistically significant, large employers seemed more likely to cite this concern than smaller employers, as were employers based in the BCP Council area compared with the Dorset Council area. Key areas of Brexit related recruitment concerns are listed below:

- Existing European employees who have already relocated or are planning to do so.
    - One employer commented they have set up an office in Spain in order to retain an employee who has relocated
    - Others raised concerns on replacing these employees - particularly respondents from the care, hospitality and construction sectors. (cited by 21 respondents of the 42 who selected Brexit as a recruitment concern).
- A significant proportion of employees in the hospitality industry coming from Europe, so potentially insufficient numbers of candidates from the continent (cited by 19 respondents).
- Uncertainty affecting the overall performance of the business, which may have an impact on the number of employees they require (cited by 12 respondents).

Other concerns

Other concerns cited by respondents included:

- The difficulty in finding employees for:
    - Seasonal employment
    - Lower paid work
    - Work in industries with *perceived* poor reputation and career prospects; as one respondent in the care sector explained, *"the reputation of the industry puts people off…[it's] linked with unsociable hours and a perception that it is a dead end career."*

- Inability to retain apprentices after completion of their training, as they are often in great demand, as one engineering respondent described, "*training a workforce for another employer's benefit*".

5.2. Hard-to-fill vacancies

Almost a quarter (23%) of responding employers report having had one or more hard-to-fill vacancies in the previous 12 months. The research did not find any significant differences in the profile of organisations reporting / not reporting a hard-to-fill vacancy, though there was some link with those citing Brexit as a recruitment concern.

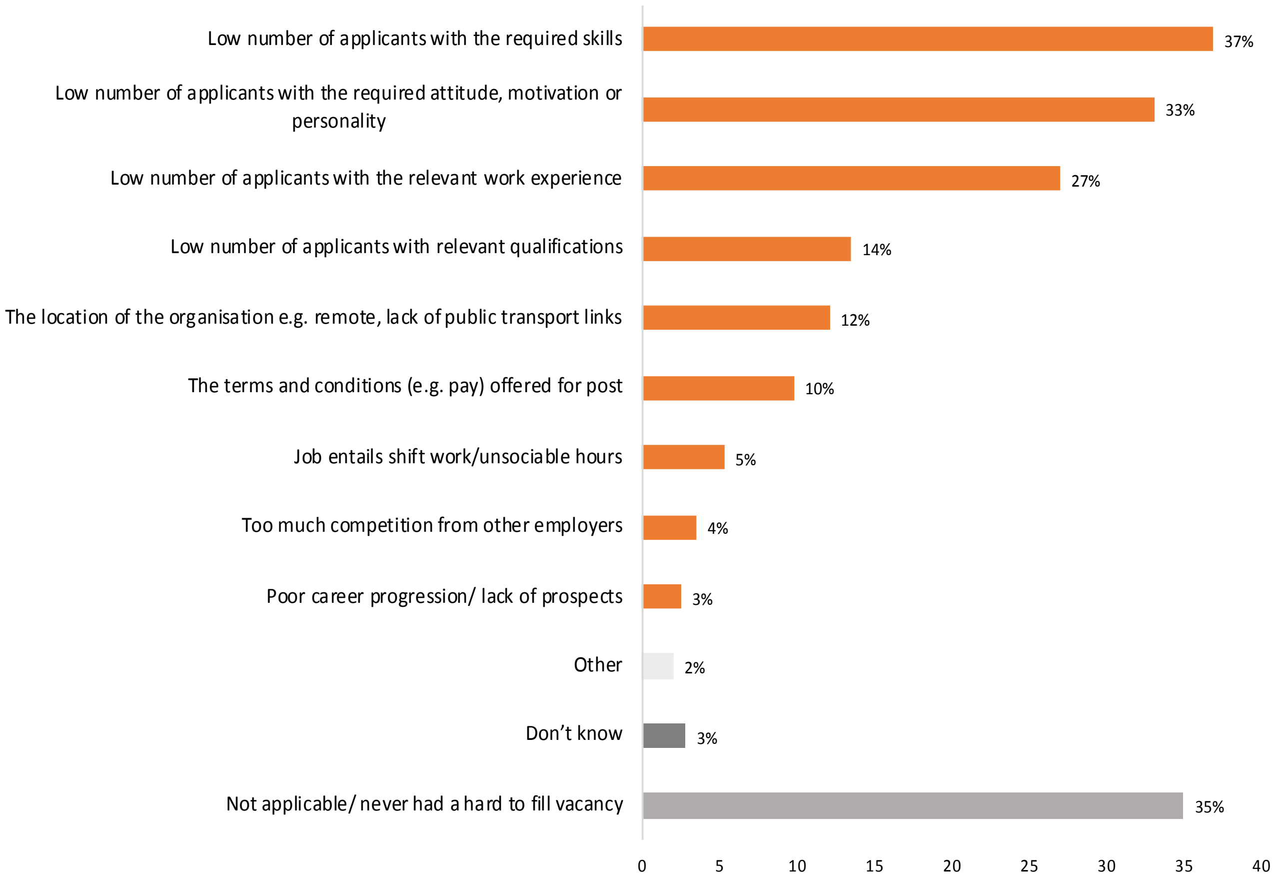
In terms of specific job roles, the following were specified as hard-to-fill in the past 12 months:

- Manufacturing / engineering roles (various, cited by 25 of 103 respondents reporting hard-to-fill vacancies)
- Sales and marketing roles e.g. business development managers, account managers, PR (cited by 21 respondents)
- Roles within the human health and social care sector such as youth workers, social workers, relationship counsellors, well-being coaches (cited by 11 respondents). Some employers require care staff to cover both day and night shifts and also require individuals with their own transport to travel around the county as part of the role.
- Chefs and hospitality roles such as waiting and front-of-house staff (cited by 12 respondents)
- Other general roles mentioned included accounting / finance (4) and legal roles (3).

Causes of hard to fill vacancies

Overall, perceived applicant deficiencies were by far the most commonly selected reasons for hard-to-fill vacancies, with the highest-selected organisational deficiency being its location.

Figure 11: Typical causes of hard to fill vacancies (n=242, N=34,066)



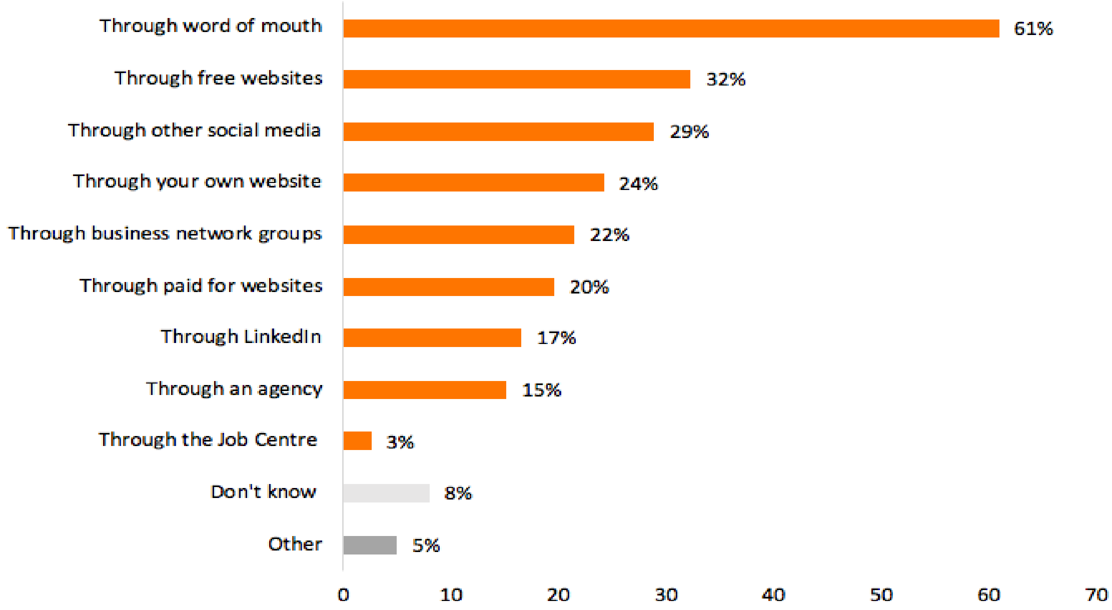
5.3. Recruitment approach

Organisations reported using a range of approaches to recruit, particularly free or low cost methods such as word of mouth, free websites, social media, their own website or networking.

Where respondents selected 'other' recruitment approaches, these included:

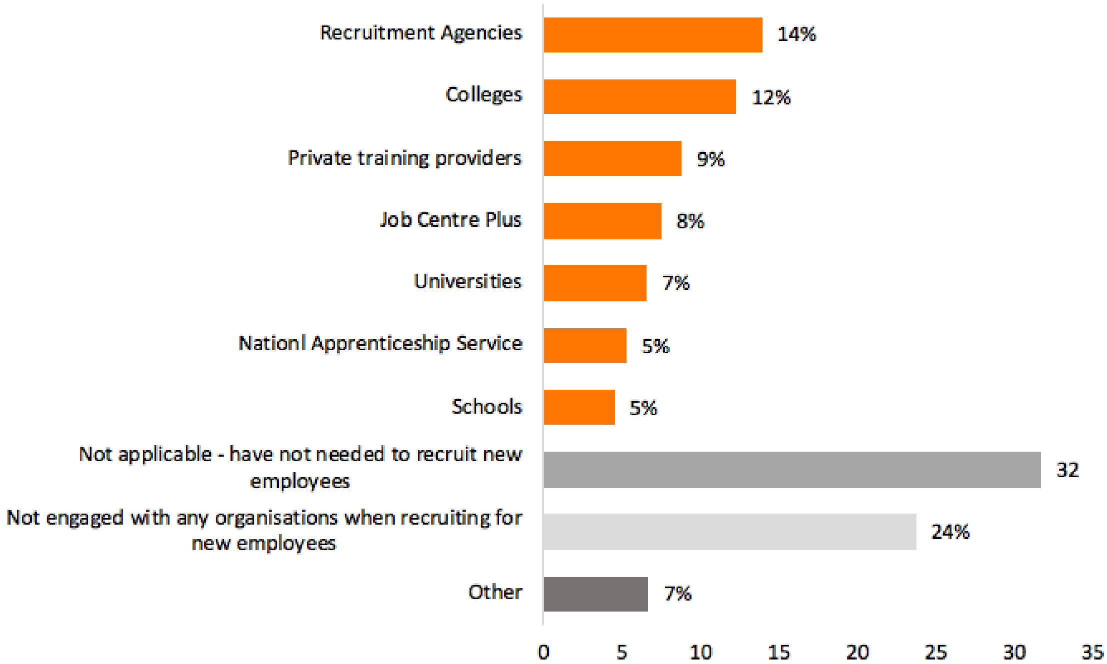
- Recruiting internally from within their own organisation
- Using sector / trade specific forums and websites
- Colleges.

Figure 12: Recruitment approaches used by employers (n=242, N=34,066)



Just under half of employers (44%) had engaged with one or more local organisations in their recruitment, including agencies, colleges, private training providers. 'Other' organisations mentioned included the local authority and the local radio station.
Around a quarter of employers had not engaged with any of the prompted types of organisation.

Figure 13: Organisations engaged to recruit new employees (n=242, N=34,066)



6. Future skills

This section summarises the skill needs employers envisage for the next three to five years, their projections for automation and digitalisation developments, and the extent to which they feel they have the skills in place to embrace this. It is worth reiterating that expectations of digitalisation may be very different subsequent to the Covid-19 crisis.

Over a third of employers feel their skills needs will change over the next three to five years and in particular expect to require more staff with digital, technical and practical, as well as sales and marketing skills.

Two thirds of employers envisage at least some (further) automation in their workplace. Around a quarter (24%) feel they do not have the appropriate skills to embrace the automation and digitalisation developments in their organisations and a further 11% are unsure. Most of the employers do not think these developments will impact on their existing workforce numbers.

6.1. Skills required in the next 3-5 years

When asked whether they think their skills needs will change in the next three to five years over a third of respondents (38%) felt that they will and a further 12% were unsure.

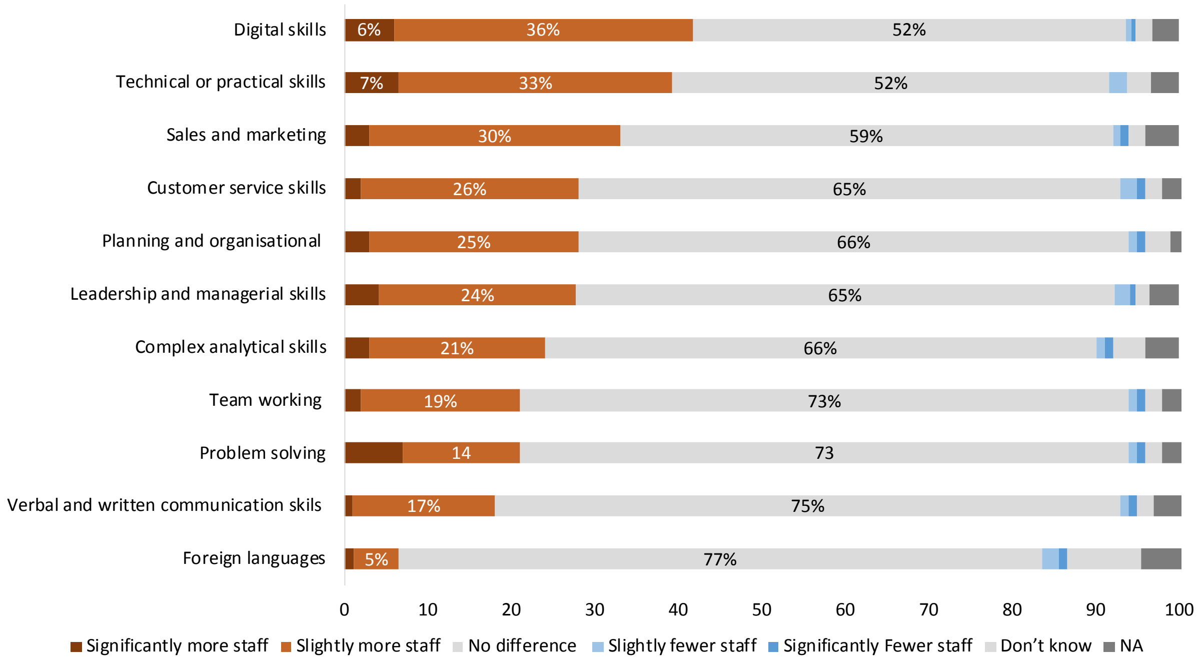
Although not statistically significant, employers in the professional, scientific and technical services sector more commonly said that their needs will change (15 out of 22 employers in this sector). Those in the wholesale and retail sector were least likely to do so.

Among those that think their skills needs will change, the following were mentioned:

- By far the most commonly cited was embracing general changes in technology, varying from advanced technology for manufacturing and engineering sectors, to the care sector digitalising processes, e.g. care staff will need to be able to use technology, such as tablets (cited by 56 of 91 respondents expecting any change)
- The ability to use social media effectively and in a greater capacity, cited by all types of employers (cited by 7 respondents)
- The need to become more customer-focused and provide better customer care (cited by 4 respondents)
- To better understand - and ensure compliance with - data protection. (cited by 4 respondents).

To obtain a more detailed picture of future skills needs, all respondents were then asked to say whether they thought their organisation would need more or fewer staff with a prompted list of skills. Responses are shown in Figure 14 below.

Figure 14 Skills that will be required by greater / fewer numbers of employees (n=242, N=34,066)



Of the skills prompted in the survey, those most likely to be required in greater numbers (amongst the respondent employers) are digital skills, technical / practical skills and sales & marketing skills.

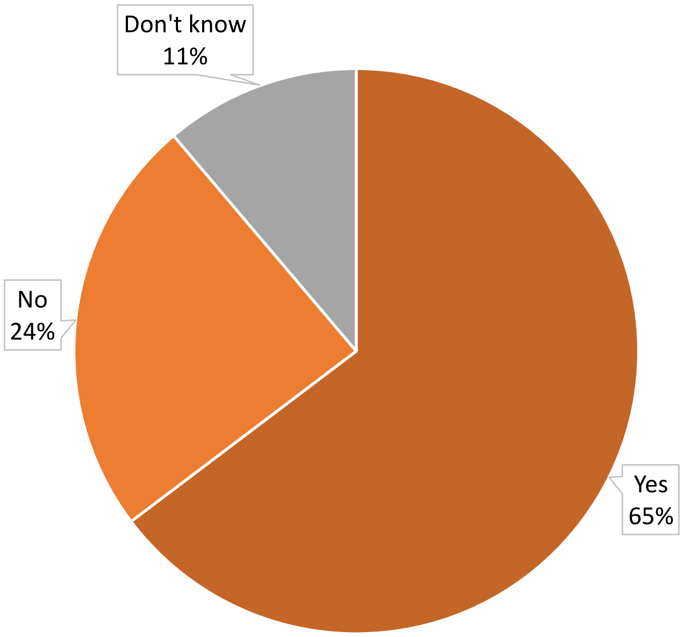
Only small proportions (up to 3% for each skill type) envisaged needing fewer staff with the specified skills.

6.2. Automation and digitalisation

All respondents were asked if they feel their organisation has the appropriate skills to embrace digitalisation and automation, using the following definition: "*automating production or administration or bringing new technology into their organisation*".

Two thirds of employers (65%) feel that they have the appropriate skills to embrace digitalisation and automation in the workplace, with a quarter (24%) saying that they do not. The remaining 11% were unsure. Smaller organisations were less likely to feel they have the appropriate skills (with 99% over small employers saying this), however some of these do not envisage much automation.

Figure 15: Does your organisation have the appropriate skills to embrace digitalisation / automation in your workplace? (n=242, N=34,066)

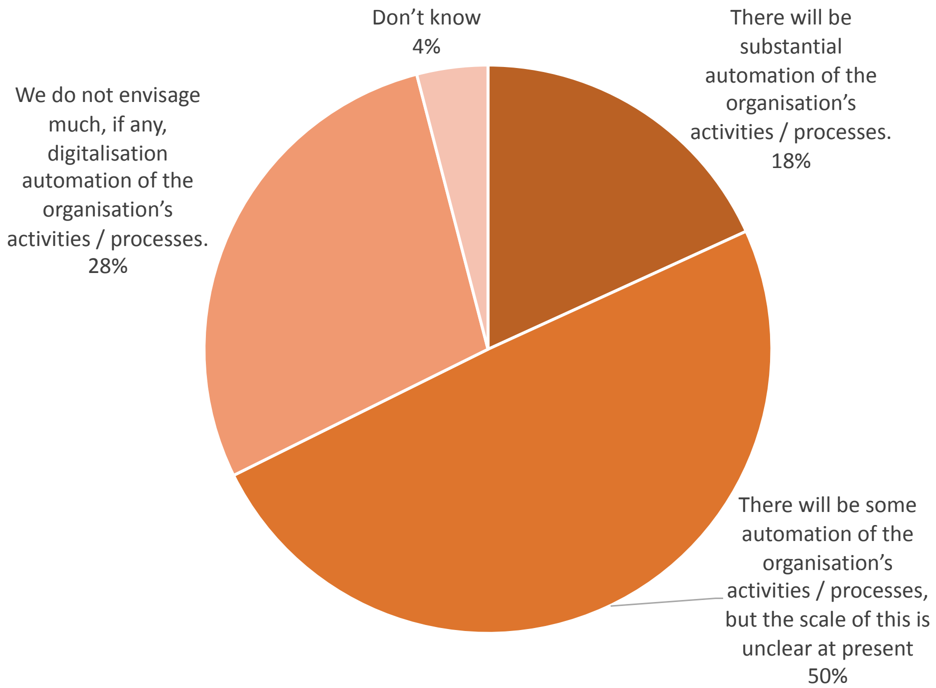


Respondents not feeling they had the skills to embrace digitalisation and automation were asked why that was the case, and what the gaps in their organisation might be. Analysis of their responses suggests the following main themes:

- A lack of understanding as to how and why they could benefit from digitalisation and automation, with some respondents feeling that it is not relevant to their industry / organisation. However, other organisations with a similar profile saying otherwise suggests that for some organisations there could be an awareness / understanding gap.
- Insufficient training of staff in digital technologies; *"As an organisation we haven't been proactive in training staff in these areas over recent years - the pace of change is fast so any training is quickly out of date" (public sector)*.
- Older workers not having the right skills to use digital technologies or being reluctant to do so; *"Older staff members not engaging with technology" (third sector)*.

Further exploration into the scale of automation expected within organisations over the next three to five years reveals that two thirds of employers envisage at least some (further) automation of their organisation's activities and processes, with around a fifth of these expecting substantial changes. Again, though not statistically significant, the sectors most likely to envisage some level of further automation were ICT, the professional, scientific and technical services sector, and human health and social work sectors.

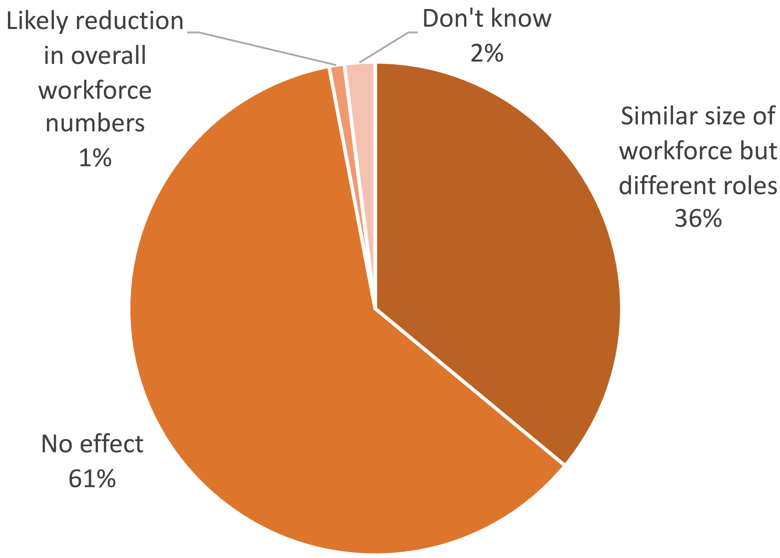
Figure 16: Expectations on the future of automation (n=242, N=34,066)



Just over a quarter of employers did not envisage much automation of the organisation's activities / processes. These tended to be smaller organisations (fewer than 25 employees) and from the wholesale & retail, human health & social work, and art, entertainment and recreation industries. As referred to above, there are other employers from these sectors that *do* envisage some automation, so it may be that some respondents are unaware of coming changes.

Respondents that expected at least some automation of their organisation's activities were asked what effect they thought this would have on their organisation's existing workforce and were asked to select the most relevant response from four options:

Figure 17: Expected effects of any anticipated automation (n=242, N=34,066)



A majority (61% of those asked) felt automation would not have an effect on their existing workforce in any meaningful way. 3% said that they would have a similar size workforce but different roles, and just 1% of those asked stated (in the survey at least) that they expected it to result in a reduction of overall workforce numbers.

7. Apprenticeships

This section summarises employer awareness and understanding of apprenticeships, the extent to which they are investing in this area and their barriers to taking on an apprentice.

While the majority of employers say they have a good understanding of what an apprenticeship is, how apprenticeships could benefit their organisation, the process to follow on offering apprenticeships and where to go to find out more, a sizeable proportion do not.

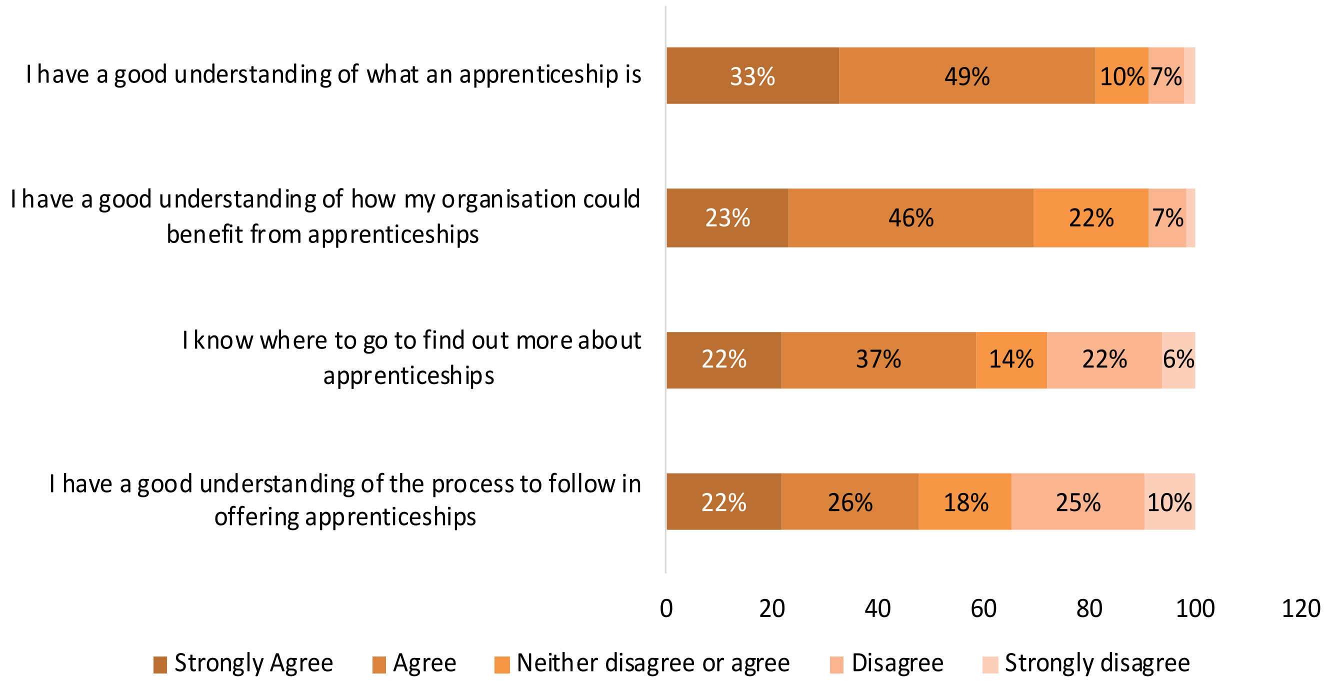
It is evident from the research that many employers do not know if apprenticeships would be suitable for their organisation and type of work.

Just 8% of employers currently employ an apprentice, but encouragingly over half (58%) say they would consider offering apprenticeship opportunities in the future.

7.1. Awareness and understanding of apprenticeships

All respondents were asked to what extent they agreed or disagreed with four statements regarding awareness and understanding of apprenticeships. Responses are shown in Figure 18 below.

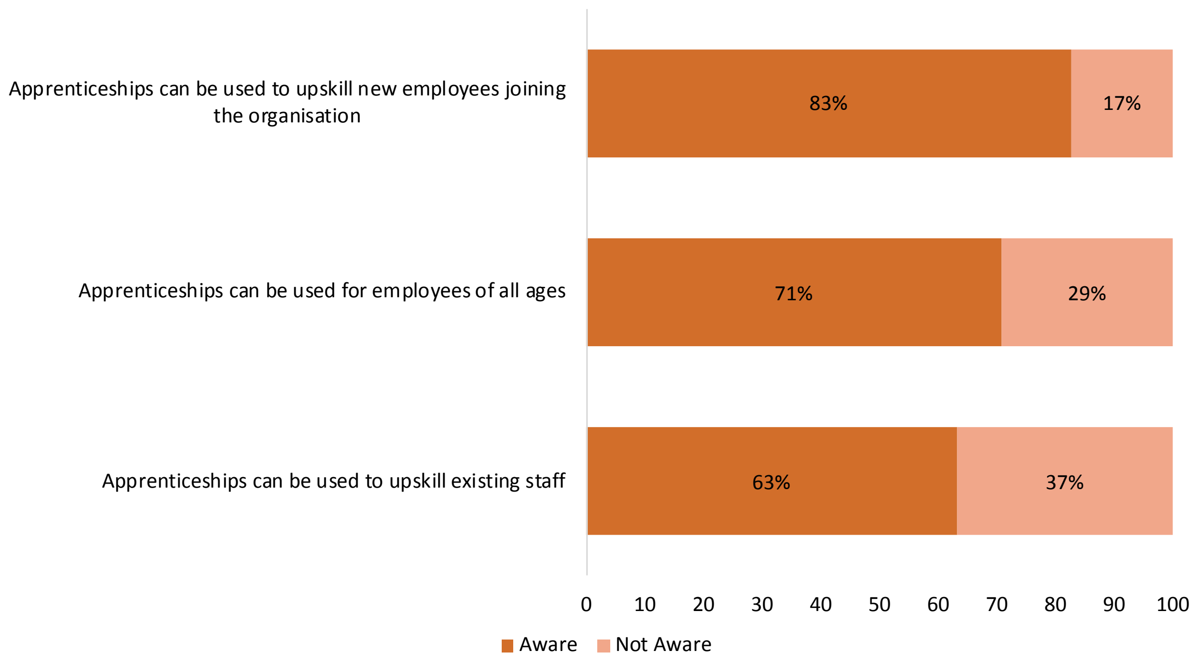
Figure 18: Employer awareness and understanding of apprenticeships (n=242, N=34,066)



Whilst a majority of employers feel they have a good understanding of apprenticeships and their benefits, over a third (35%) disagreed that they have a good understanding of the process to follow in offering apprenticeships, and just over a quarter (28%) disagreed that they have a good understanding of where to go to find out more about apprenticeships. There does not appear to be any particular differences in the profile of organisations.

All respondents were then asked whether they were aware or not of three different ways apprentices can be used. Responses are shown in Figure 17 below.

Figure 19: Knowledge of how apprenticeships can be used (n=242, N=34,066)



Whilst a majority of employers were aware of all three statements, again a sizeable proportion were not. In particular, over a third of employers (37%) said they were not aware that apprenticeships could be used to upskill existing staff.

No significant differences were found between the profile of employers that were aware and those not aware.[8]

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[8] We may expect that those that already employ an apprentice are more aware, though due to the relatively small proportion of responding employers with an apprentice, it is difficult to say for certain.

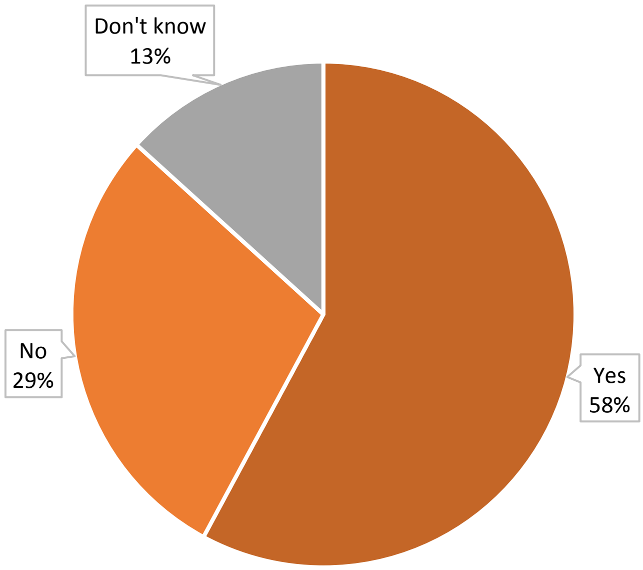
7.2. Current use of apprenticeships

All respondents were asked whether they currently employ apprentices. Just 8% said that they do, across roles as diverse as hairdressing, business administration, health care and early years education[9]. Those currently offering apprenticeships are from a range of sectors, with higher representation of the manufacturing and education sectors.

7.3. Views on using offering apprenticeships in the future

All respondents were then asked if they would consider offering apprenticeship opportunities. A majority of employers (58%) say that they would, 29% would not consider, and 13% were unsure.

Figure 20 Would employers offer apprenticeship opportunities in the future? (n=242, N=34,066)



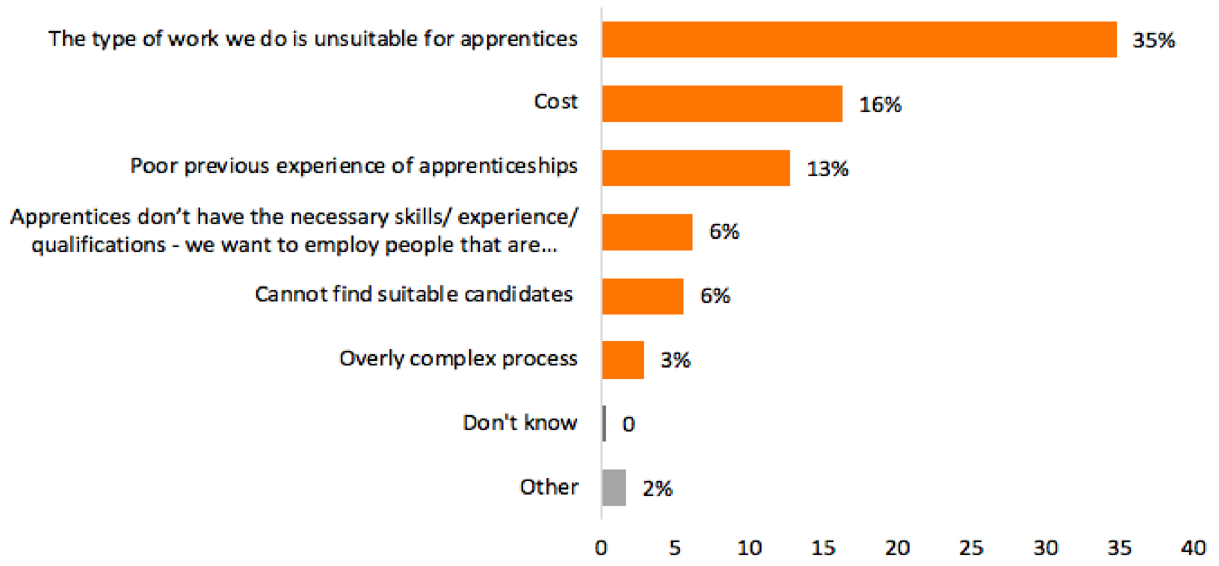
Observation of the data suggests that employers that would consider offering apprenticeships are more likely to be located in the BCP Council area, and were more likely to employ 49 or fewer employees, although these findings are not statistically significant. They were also more likely to be from the manufacturing, wholesale / retail or the human health and social work sectors.

There are no particular characteristics associated with the group of employers that said they would not consider offering apprenticeships, apart from that – unsurprisingly - none of them currently employ an apprentice.

[9] This would seem to contrast with the 29% of respondents that stated (in chapter 4) that they had invested in apprenticeships as an upskilling action in the last twelve months. The reasons for this disparity were not explored in the survey, though it is possible apprenticeships in place at some point in the last twelve months had come to an end before the survey.

Those who said they would not consider offering apprenticeship opportunities were asked why not and offered a list of potential reasons.

Figure 21: Reasons why employers would not consider offering apprenticeship opportunities (n=45)



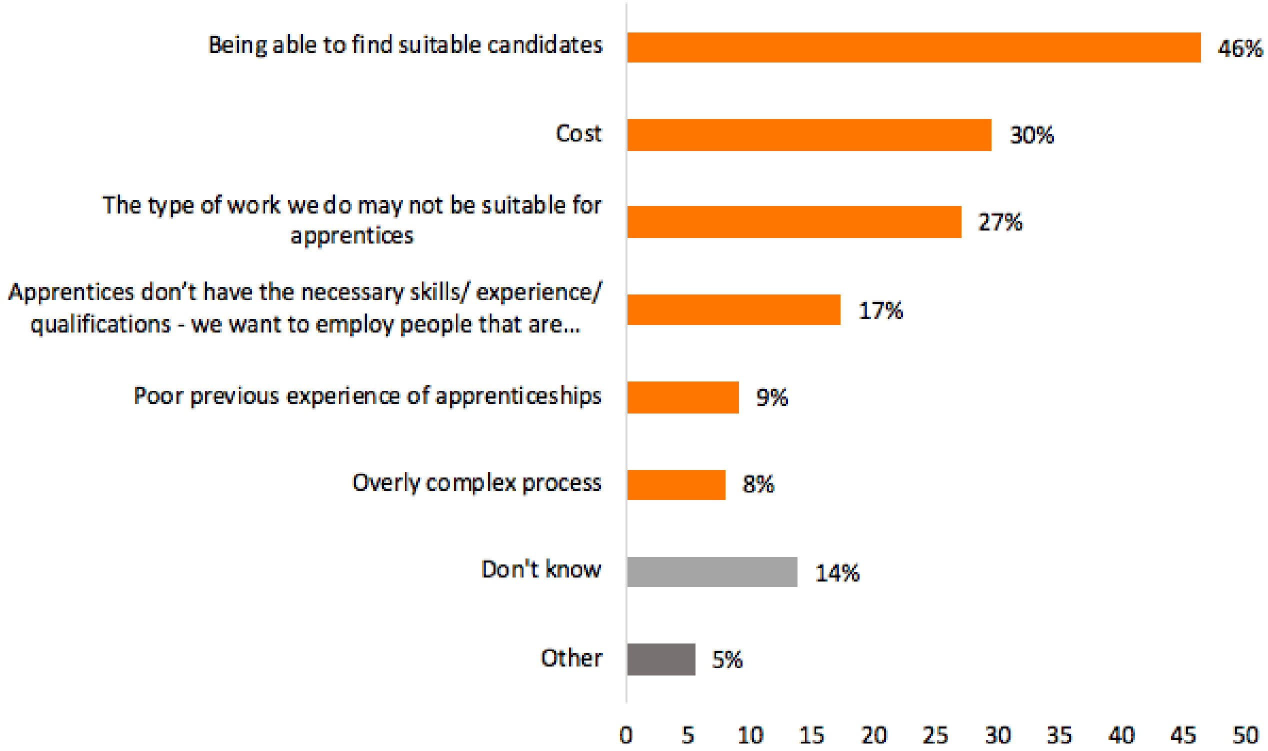
The most common reason given (by a third of those asked) was a perception that apprenticeships are not suitable for the type of work that their organisation is engaged in. Some said that they were hiring predominantly in occupations, such as cleaning, waiting and volunteering and felt these were not suitable for apprentices. Other commented that they did not think apprenticeships could be used for part-time work.

Other reasons employers would not consider offering apprenticeships include:

- Not being able to commit to length / duration of apprenticeships
- Health and safety being an issue where technology / machinery is involved
- Not being able to get adequate insurance cover or it being too costly to do so.

Employers who said they *would* consider offering apprenticeships were asked if they had any challenges and reservations about doing so and were provided with a prompted list of potential reservations to select from. Responses are shown in Figure 20 below.

Figure 22: Reservations of those that would consider offering an apprenticeship opportunity



The most commonly cited concern is being able to find suitable candidates (46%); cost was a reservation cited by almost a third of employers (30%) in this group with a further 17% stating a preference for employing a ready-skilled person.

8. Recommendations

Based on the findings and conclusions, this section suggests recommendations for training providers to consider. They are intended to be considered as part of further research and work conducted by Dorset LEP regarding skills supply for the labour market.

Engaging employers in training and making it more responsive

- Tailoring training offers to the areas that employers recognise their current and / or future skills gaps lie, and those felt to be having the biggest impact on performance e.g. digital skills, complex analytical, sales and marketing and leadership / managerial.
- Linked to this, consideration from training providers as to how multiple skills gaps can be tackled simultaneously, which could have benefits for both the employer and the training provider in terms of being more efficient and cost effective. This could mean several training providers delivering training collaboratively.
- Some small employers felt that training should be more relevant to them, with some citing that the Growth Hub / other business support organisations are a good source of advice and a good opportunity to develop skills through bite sized learning. Rather than duplicating activity, training providers could signpost where appropriate.
- Many employers reported that training provision for digital skills isn't currently appropriate for their needs. Given the large proportion of employers that cited digital skills as a gap, it may be worth exploring how this training provision could be improved.
- This research ascertained employers' views on skills gaps and needs within their organisation, yet organisations (in particular those that do not recognise any skills gaps) may benefit from a skills diagnostic to obtain an external perspective.
- Survey responses indicated that employers would value more accessible training, whether that be more regional or online versions of existing training. A comprehensive online offer would seem to be essential in the current climate.

Wider awareness raising activity

- Some respondents to the survey cited challenges in recruiting a diverse workforce. This may be linked to the recruitment channels used e.g. word of mouth. Some employers may benefit from information about effective recruitment practices and the benefits of diversity in recruitment.
- Some employers appear to be less aware what automation / digitalisation is happening in their sector, and may benefit from key information to better understand the impact on business, workforce and skills, so they are not left behind.

- A majority of employers are open to the idea of offering apprenticeships, but some do not feel they understand whether they are suitable for their organisation and the type of work that they do. Employers would benefit from more detailed guidance on apprenticeships, and how they could use apprenticeship funding to meet their skills gaps.

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