



IBEC Education and Skills Survey



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IBEC Education and Skills Survey 2010

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Respondents

- A third of employers surveyed (34%) have introduced a minimum education requirement for new recruits. Of those employers, 73% require a leaving certificate or equivalent (NFQ Level 4-5) education standard from their new hires.
- Training responsibility predominantly falls to the Human Resource Director or Manager (40%). The responsibility however, did vary depending on the size of the organisation.

Value of training

- Despite the economic recession and a period of intensive restructuring, companies remain committed to staff development and regard training as a critical tool for improving competitiveness.
- The average percentage of payroll costs represented by training in 2010 is 2.6%. This average expenditure on training is slightly lower than reported in the IBEC HRM Survey 2008 (3.3%), and the median spend (often a better measure to use when there is a wide variation in the data provided) is, at 1.5% of payroll, lower than in previous surveys.
- There was a significant decline in training expenditure in the first year of the recession (2008-2009) as 39.7% of respondents reduced their spend on training but this was followed by a small recovery this year, with 24.9% reporting an increase and 35.4% reporting a decrease.
- Some 53% of participants having an organisational training plan, and 53% of respondents evaluate the effectiveness of their training.
- Respondents reported that employees receive on average four days formal training. Employees in the 'skilled/technical/professional employee' category appear to receive the greatest number of days training, both formal (4.5 days) and informal (4.8 days).
- Accreditation on the National Framework of Qualifications was considered to be either 'important' or 'very important' by 70% of respondents.
- Over three quarters of respondents support external work-related courses with 77.6% offering both financial support and time off.

Key drivers of training and development

- The top three drivers of training and development in 2009 were meeting statutory obligations, organisational change and managing performance.
- Employers appear to have scaled back on high potential employee development programmes while retaining programmes which provide job specific skills and occupational health and safety training.

Workforce Skills

- Occupational skills gaps were expected in areas of general management skills, marketing/sales and technical skills.
- Gaps were particularly expected in the areas of people-related skills (e.g. communication, team-work), conceptual skills and IT skills with respondents citing them as areas with room for improvement.
- In both cases there is sectoral variation in the skill gaps.

Third level graduates

- The majority of respondents said they had no difficulty in recruiting suitable graduates from Irish higher education institutions (74.6%).
- Most of those employers who had difficulty in recruiting suitable graduates (25.4%) highlighted problems with the engineering-related disciplines in both universities (60.9%) and institutes of technology (70%)
- Employers were less satisfied with graduate's 'ability to work autonomously' expecting them to be better able to work on their own initiative, manage their time effectively and be responsible for themselves and their tasks.
- Attitudinal skills and an approach to work that suggests enthusiasm and willingness to learn and develop were also highlighted as areas for improvement.
- The survey suggests that employers are now expecting higher education institutions to embed generic or employability skills more fully into their curricula.
- 38% of respondents have informal or *ad hoc* college placement procedures in place in their organisations.

Business-higher education links

- The majority of employers who participated in this survey have had interactions with both Irish Universities (57.4%) and Institutes of Technology (47.1%). In the main, respondents reported that the quality of the interactions was positive.
- Most interactions were around undergraduate and graduate placements. Education/training for company staff and recruitment activity were also highlighted as current areas of engagement.
- There was a lower rate of interactions reported by respondents between organisations and third level institutions in the areas of research and development or joint commercialisation. However, it should be noted that this is a broadly based survey with a significant number of respondents from outside the high-tech sectors.
- Where interactions do occur, they tend to be in larger organisations (over 250 employees).

Education and training have been at the heart of Ireland's social and economic progress over the last number of decades, enabling significant growth and the harnessing of economic opportunities offered by globalisation by equipping the workforce with the necessary skills and qualifications. International investors have highlighted the skill levels in Ireland as a key strength of the location for enterprise. Similarly, the skills and competence of the workforce offer organisations in Ireland a competitive edge with which to compete in a difficult global economy. Training and education provide the tools to increase productivity, capability and adapt the skills and abilities of the workforce to satisfy labour market demands¹. Higher skill levels boost labour participation rates, productivity and economic growth². This coupled with the ability of the education system to respond flexibly to emerging and dynamic economic needs and opportunities is a vital determinant of competitiveness³.

The economic conditions affecting Ireland have required a reassessment and refocus by all stakeholders concerning education and training, which has led to decisions being made about expenditure, methods and priorities for investment. Given the positioning by the Government of Ireland as a knowledge based, 'smart', 'high skills' economy and an innovation hub it is more important than ever for education and training to be central to helping achieve that goal through the upgrading and adaptation of skills and knowledge. Similarly, a culture of up-skilling and re-skilling needs to be fostered in our workplaces and among the unemployed in areas where there is potential for employment opportunities in the future.

This survey aims to take a snapshot of those decisions at this time and identify some of the key challenges, priorities and concerns of employers in the changed economic environment and the effect this has had on education and skills.

¹ National Economic and Social Forum (2003). *Labour market issues for older workers*. Forum report No. 26. Dublin: Government Publications Sales Office, p. 47.

² National Competitiveness Council (2009, Feb). *Statement on education and training*. Forfás: Dublin, p.9.

³ National Competitiveness Council (2002). *The competitiveness challenge*. Forfás: Dublin, p.20.

Section 1 – Respondents’ profile

The IBEC Education and Skills Survey 2010 was conducted in June 2010, with useable responses received from 339 employers, collectively employing over 114,415 employees. The employers participating in the survey are drawn from all parts of the economy, Irish (54%) and foreign owned (46%) organisations, unionised (45%) and non-unionised (55%), and all sizes, from small firms employing less than 50 employees (33%) to organisations employing workforces in excess of 500 people (14%).

Sectors of organisations surveyed

Responses were received from across all sectors of the economy. The principal activity of organisations was re-classified into five different categories as shown in figure 1. They are ‘high-tech manufacturing’ (which includes electronic manufacturing, pharmaceutical and medical devices organisations), ‘other manufacturing’, ‘financial services’, ‘other services’ (which includes call centres, charitable organisations and membership organisations) and ‘distribution’ which includes retail and wholesale firms. These groupings will be used to analyse the data throughout the report. The largest single grouping is ‘other services’ which contains 39.2% of all organisations in the survey.

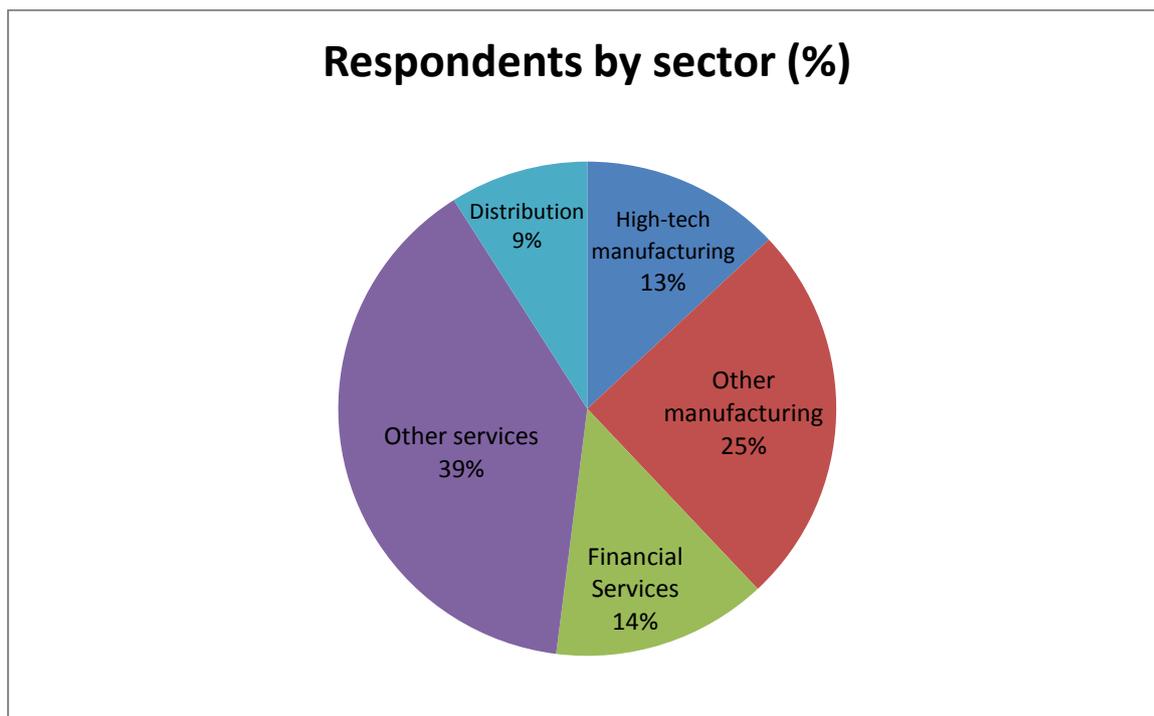


Figure 1

- **Company size**

While companies of all sizes participated in the survey (figure 2), 33% employed less than 50 employees and 14% employed over 500 employees. There were sufficient responses in each size cohort to make analysis viable.

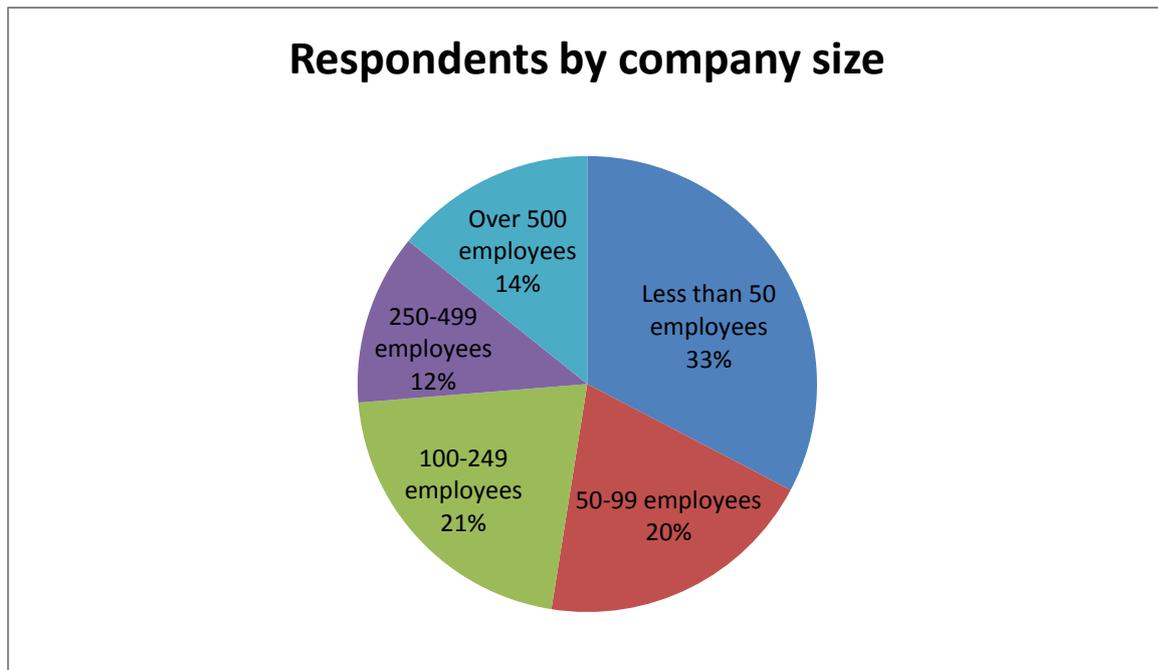


Figure 2

Educational achievements of the respondents’ workforce

In order to provide a more detailed profile of the survey base, respondents were asked to give details of the percentage of their current employees who had various maximum levels of educational attainment ranging from ‘no education qualifications’ to ‘NFQ Level 10 (PhD)’. This survey found (see figure 3 below) the average proportion of respondents’ employees holding no educational qualifications to be 4%; 11% had less than a NFQ Level 3 (Junior Cert) education; the greatest average proportion of the workforce had NFQ Level 4-5 (33%); closely followed by degrees (NFQ Level 7-8, 31%) and on average just over one in ten employees had a higher degree or PhD level qualification. PhDs were quite rare with one in 50 employees, on average holding qualifications at this level. PhDs were more common in the high-tech sector and in ‘other services’.

Section 1 – Respondents' profile

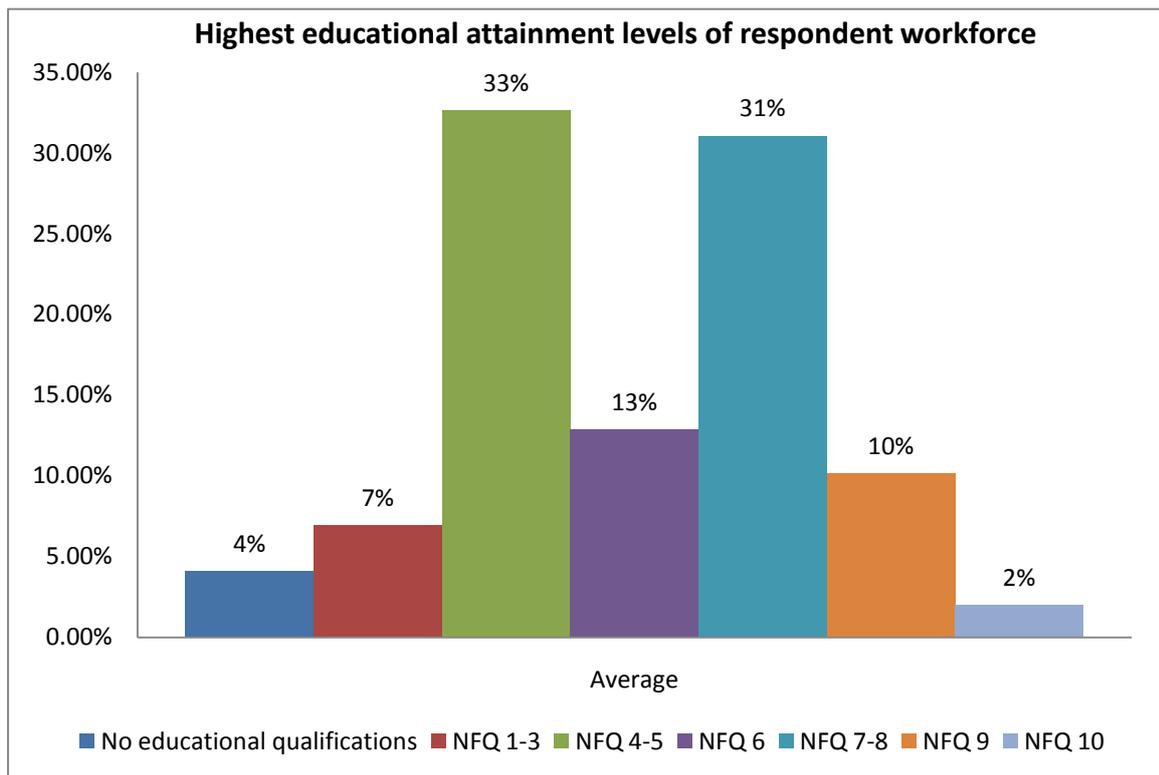


Figure 3

Other higher qualifications such as degrees (NFQ 7-8) were more prevalent in financial and other services as well as in high-tech manufacturing (table 1). For example, of organisations within the 'financial services' sector, 63% of employees had NFQ 7-8 or higher, while more than half of the employees within both 'other services' and 'high tech manufacturing' had a maximum qualification of NFQ 7-8 or higher. The 'other manufacturing' sector, which would represent more traditional manufacturing, had the highest average of employees with no educational attainment (9%). Irish and foreign owned organisations had a similar proportion of employees with NFQ 7-8 or higher (42% and 45% respectively).

Section 1 – Respondents’ profile

Table 1: Educational attainment by principal activity of organisations surveyed (%)

	No educational qualification	NFQ 1-3	NFQ 4-5	NFQ 6	NFQ 7-8	NFQ 9	NFQ 10
High Tech manufacturing	0.92	3.79	30.09	13.50	33.06	15.27	3.38
Other manufacturing	9.36	13.00	40.29	13.20	18.91	4.83	0.41
Financial services	0.00	2.16	28.66	7.16	48.94	12.00	1.70
Other services	2.33	3.07	24.20	14.25	38.81	13.30	3.21
Distribution (retail & wholesale)	2.25	13.00	52.67	10.75	16.67	4.25	0.42

Interestingly, around a third of employers surveyed (34%) have a minimum education requirement for new recruits. Of those employers, 73% require a Leaving Certificate or equivalent (NFQ Level 4-5) education standard from their new hires (see figure 4 below).

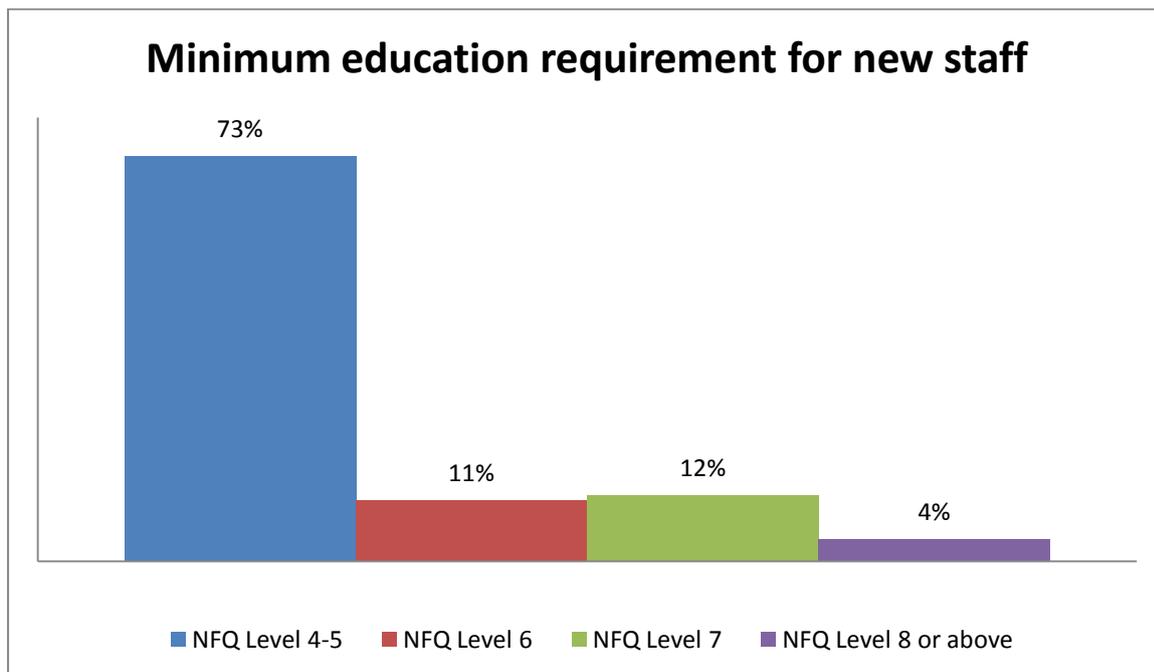


Figure 4

Training function

The responsibility for training and development in organisations was found predominantly to fall to the human resources director or manager (40%). The responsibility however, did vary depending on the size of the organisation (see figure 5). Smaller companies were less likely to have responsibility for training residing with a dedicated training professional and more likely to have the responsibility reside with the CEO.



Figure 5

Section 2 – Value of training

The time and expenditure invested in training as a percentage of payroll are typical benchmarks used to determine an organisation's commitment to training. Despite the difficult economic climate over the last two years, business investment in education and training remains significant, despite some decline. This is clearly evidenced by the survey findings.

In general among respondents, the percentage of payroll costs represented by training in 2010 is 2.6%. This average expenditure on training is lower than reported in the *IBEC HRM Survey 2008*⁴ (3.3%), and the median spend (often a better measure to use when there is a wide variation in the data provided) is at 1.5% of payroll, lower than in previous surveys. Also, the highest expenditure on training is to be found in the 'high-tech manufacturing' sector (which shows a slight increase in average expenditure), in companies with over 250 employees, in foreign owned and in non-unionised organisations (see table 2).

⁴ IBEC HRM Survey 2008 was carried out in July and so reflects the economic outlook that persisted in mid-2008, rather than the more volatile environment of later in the year.

Section 2 – Value of training

Table 2: Training expenditure as a percentage of payroll by organisational characteristics

Characteristics	Percentage of payroll							
	IBEC Education & Skills Survey 2010	IBEC HRM Survey 2008	IBEC Education & Skills Survey 2010	IBEC HRM Survey 2008	IBEC Education & Skills Survey 2010	IBEC HRM Survey 2008	IBEC Education & Skills Survey 2010	IBEC HRM Survey 2008
	Average		Median		Lower quartile		Upper quartile	
Sector								
High-tech manufacturing	4.77	4.06	2.00	2.00	1.00	1.50	5.00	4.96
Other manufacturing	1.90	2.55	1.00	1.10	0.50	1.00	2.00	4.00
Financial services	1.93	2.68	1.20	1.90	0.02	1.05	3.80	3.00
Other services	2.52	3.65	2.00	2.00	0.50	1.40	4.00	3.00
Distribution	2.13	3.14	1.00	2.00	0.50	1.00	4.00	4.00
Size								
Less than 50 employees	1.99	3.70	1.00	2.00	0.10	1.00	2.50	5.00
50-249 employees	2.57	3.75	2.00	2.00	0.90	1.00	3.90	5.00
250 or more employees	3.40	2.32	1.85	1.89	0.10	1.00	4.00	3.00
Ownership								
Irish	2.31	2.78	1.50	2.00	0.17	1.00	3.80	3.00
Foreign	2.89	3.77	1.50	2.00	0.99	1.00	4.00	4.00
Unionisation								
Unionised	2.03	2.53	1.50	1.88	0.30	1.00	3.00	3.00
Non-unionised	3.16	4.03	2.00	2.04	1.00	1.20	5.00	4.00
Overall	2.58	3.27	1.50	2.00	0.50	1.00	4.00	4.00

Some of the decrease in average expenditure may be attributed to the low levels of recruitment that have occurred in the last two years, therefore yielding fewer new employees whose skills need to be developed through induction training. The survey finds that there was a significant decline in the first year of the recession (2008-2009) as 40% of respondents decreased their spend on training (figure 6) but this was followed by some recovery in the second year (2009-2010) as 25% of respondents actually increased their training spend.

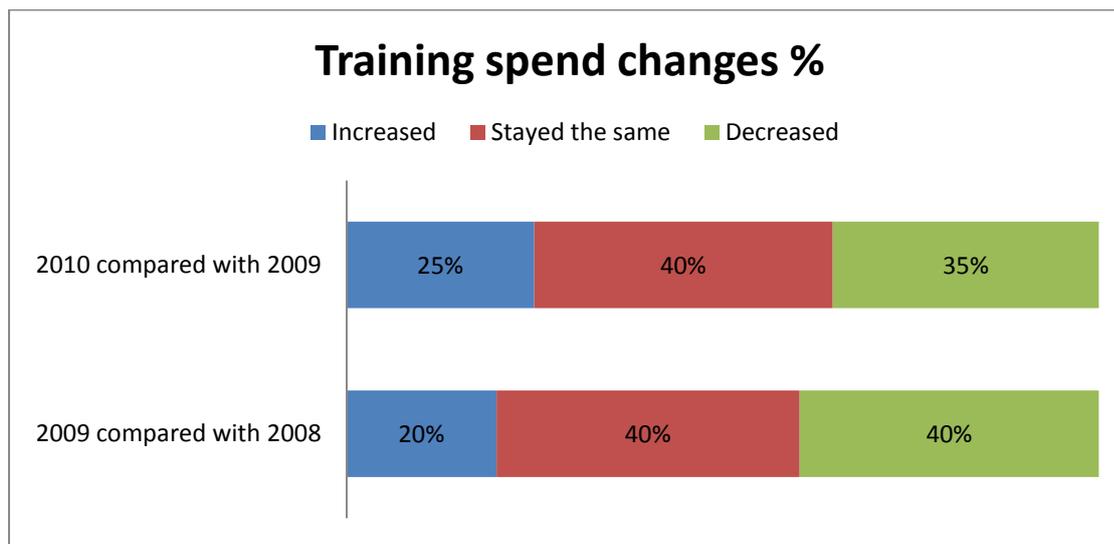


Figure 6

This is happening at a time when business conditions for most organisations remain difficult. In 2009 across all sectors the greatest proportion of organisations who increased their expenditure on training were within the ‘other services’ (28%) and ‘other manufacturing’ (26%) sectors. In 2010, the greatest proportion of organisations who increased their expenditure on training were within the ‘financial services’ (25%) and ‘other services’ (24%) sectors.

We find that even where the organisations decreased their overall spend on training, they were still dedicating approximately 2% of payroll costs to training and development (see table 3 below).

These figures do not include the 0.7% National Training Fund levy paid by employers.

Table 3: Fluctuations of training expenditure and percentage of payroll

Year	Fluctuation	Percentage of payroll costs that training represents Average
2009 compared with 2008	Increased	3.72
	Stayed the same	2.53
	Decreased	2.01
	Total	2.54
2010 compared with 2009	Increased	2.86
	Stayed the same	2.90
	Decreased	2.08
	Total	2.59

Section 2 – Value of training

Unsurprisingly, training receives the highest percentage of payroll (3.4%) among larger organisations, whereas in small organisations, training receives on average 2% of payroll (see figure 7). This is likely to be due to the difficulty in providing cover for a position while training is attended in a smaller organisation.

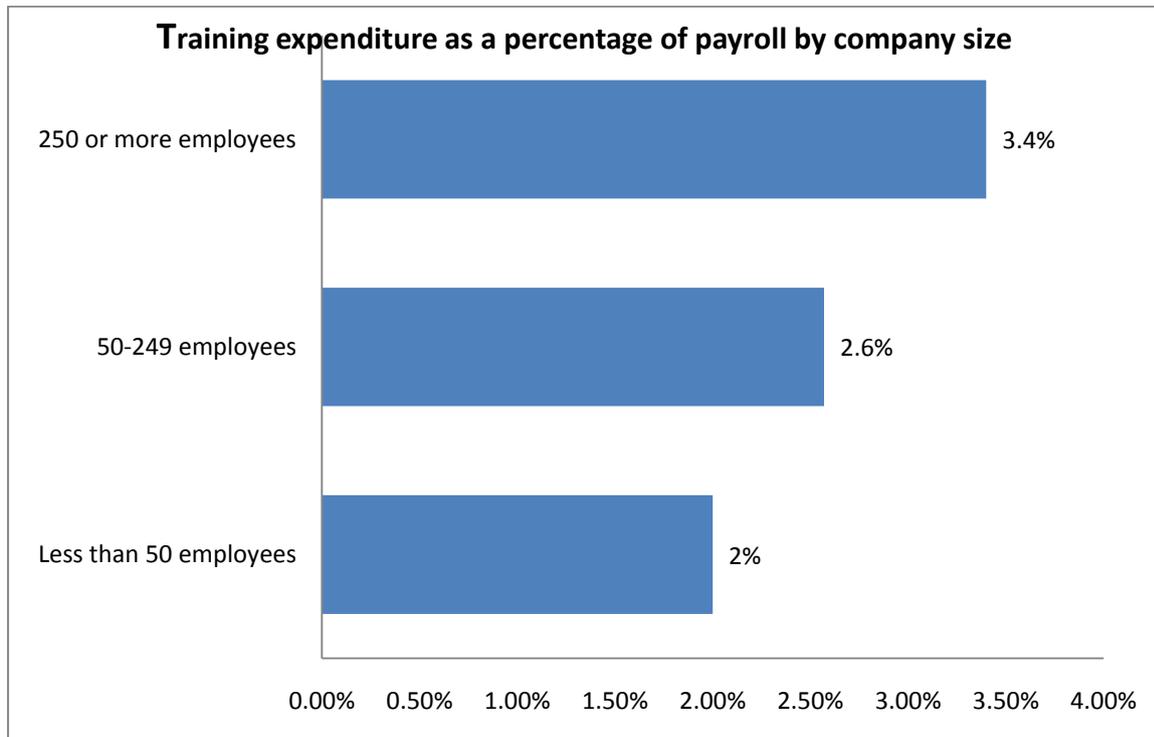


Figure 7

Some 53% of respondents have an organisational training plan, and 53% of respondents evaluate the effectiveness of their training. Where there is a training plan in place, training represents on average 3% of payroll and that training is evaluated by 86% of organisations. Only 39% of organisations with no formal plan evaluate their training.

Respondents report that employees receive on average four days formal training. Employees in the 'skilled/technical/professional employee' category appear to receive the greatest number of days training, both formal (4.5 days) and informal (4.8 days), (see figure 8). Employees in the 'routine manual/clerical employees' category appear to receive on average the least number of days formal training (three days) but a higher level of informal training (4.2 days). Senior management is the only category where formal training outweighs informal training.

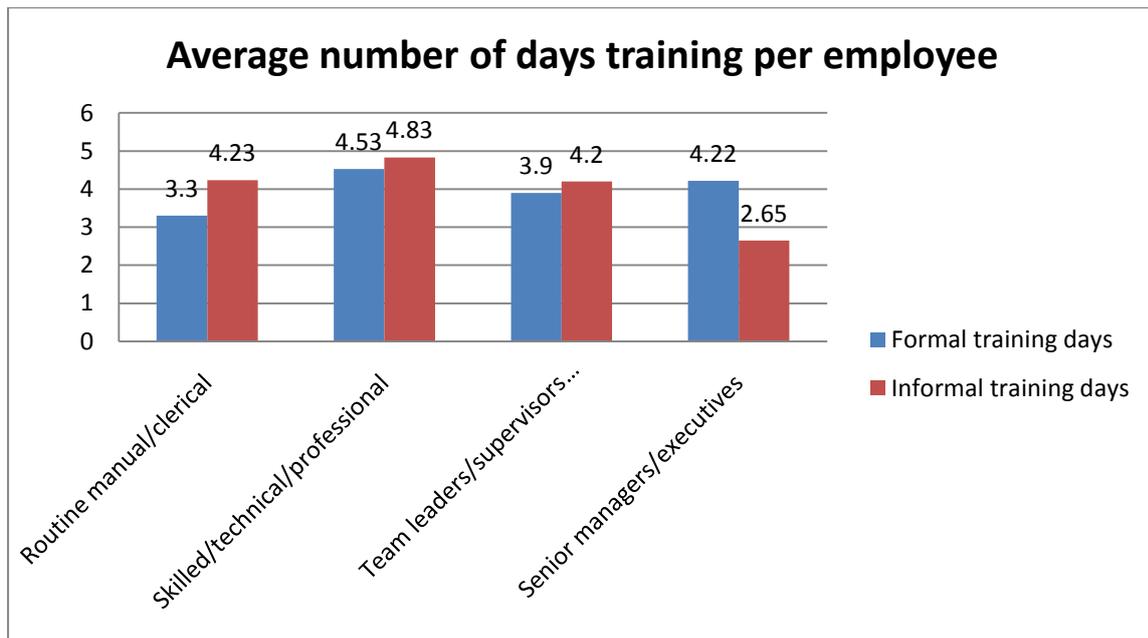


Figure 8:

When these findings are examined by sector, we find that employees in the 'skilled/technical/professional employee' category of the 'high-tech manufacturing' sector appear to receive the greatest number of days informal training (7.69 days) while employees in the 'senior manager/executive' category of the 'high-tech manufacturing' sector appear to receive the greatest number of days formal training (6.08 days) compared with other sectors. Employees in the 'routine manual/clerical employees' category of the 'distribution' sector and employees in the 'team leaders/supervisors /managers' category of the 'financial services' sector appear to receive on average the least number of days formal training (2.39 and 2.41 days respectively). Interestingly, the 'high-tech manufacturing' sector provides 5.07 days informal training for employees in the 'senior manager/executive' category which is double the nearest comparator in the other sectors. It is also worth noting that several categories may be more relevant in some sectors than others. For example, formal training is much higher in the 'high-tech manufacturing' and 'other manufacturing' sectors.

Table 4: Average number of days training per employee by sector

Sectors	Manual formal	Manual informal	Skilled formal	Skilled informal	Supervisor formal	Supervisor informal	Senior manager formal	Senior manager informal
High-tech manufacturing	4.08	4.95	5.73	7.69	5.31	6.24	6.08	5.07
Other manufacturing	4.12	5.24	4.41	4.06	3.27	3.94	3.66	2.02
Financial services	2.78	4.56	3.36	4.46	2.41	4.19	2.87	1.77
Other services	2.97	3.28	4.65	4.89	4.05	3.21	3.99	2.48
Distribution (retail and wholesale)	2.39	3.41	3.69	3.27	4.94	5.50	5.38	2.50

Sources of training delivery

While there has been little change in the training spend this year for employers, some may have made changes in the sources, methods and types of training and development they use. Participants report on average 58% usage of formal training and 42% of informal training. Formal training appears to be favoured most by the ‘high tech manufacturing’ sector (on average 64% of training is formal in this sector). Informal training appears to be favoured most by the ‘other manufacturing’ sector (on average 50% of training is informal in organisations in this sector, table 5).

Table 5: Sources of training delivery by sector (mean)

Sectors	Percentage of training is formal (mean)	Percentage of training is informal (mean)
High tech manufacturing	64%	36%
Other manufacturing	50%	50%
Financial Services	61%	39%
Other services	61%	39%
Distribution	54%	46%
Total	58%	42%

The survey suggests that a more cost conscious approach is being taken to training, with, on average, 54% of organisation delivering training from internal sources. However, in 34% of organisations training was delivered by external training providers which is also quite high (figure 9). On average just over 5% of training was delivered by public training providers.

There appears to be a significant missed opportunity with the low level (on average 4.8%) of individual company training delivered by higher education institutions.

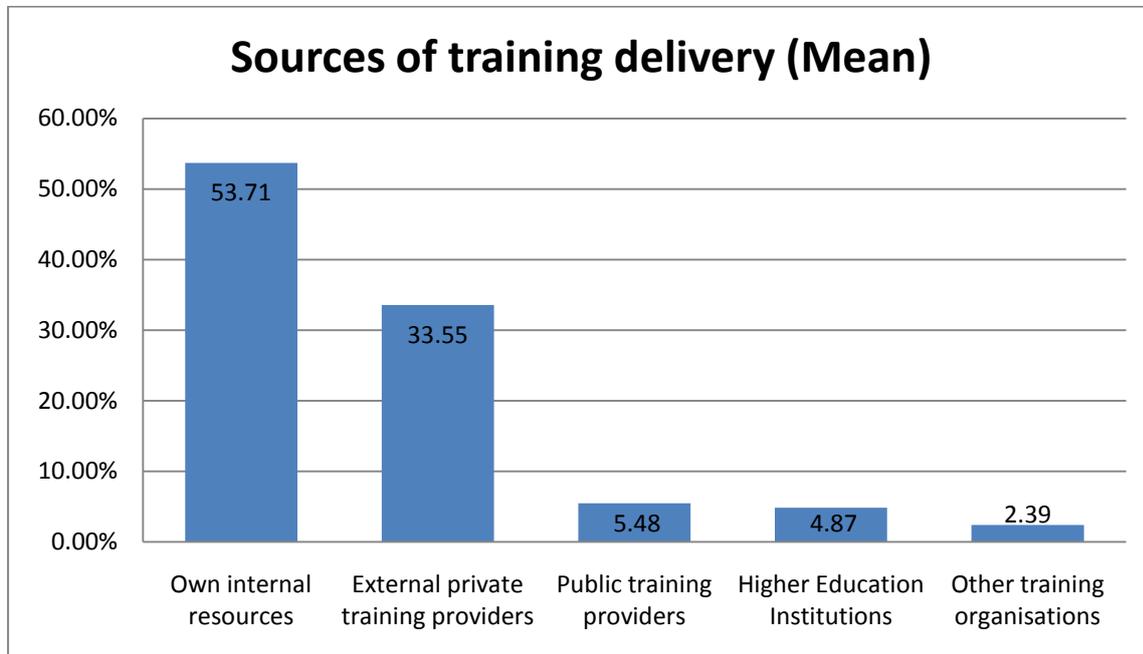


Figure 9

Methods of training and development

Respondents were asked to identify their most common methods of training and the frequency with which they used them. 'On-the-job training' (84%), followed by 'classroom-based training' (48%, see figure 10), was the most popular method.

Only 23% of employers report using 'web-based/e-learning' methods 'all the time' or 'often'. This is surprising given that 49% of respondents report that they are too busy to release staff to training programmes (figure 11) and 45% of participants consider the cost of external providers to be one of the main barriers to training and development. However, this may also be attributed to inadequate marketing of web-based methods or a perception that they perform less well in terms of price/value. Alternatively, it could be as a result of resistance from employees given that, where it has been tried, some students struggled with the lack of support. Given the potential of 'web-based/e-learning' methods to be a more flexible, cost effective way of training, this would appear to be a missed opportunity for employers which if the right supports (e.g. learning clusters) were put in place, could be very effective.

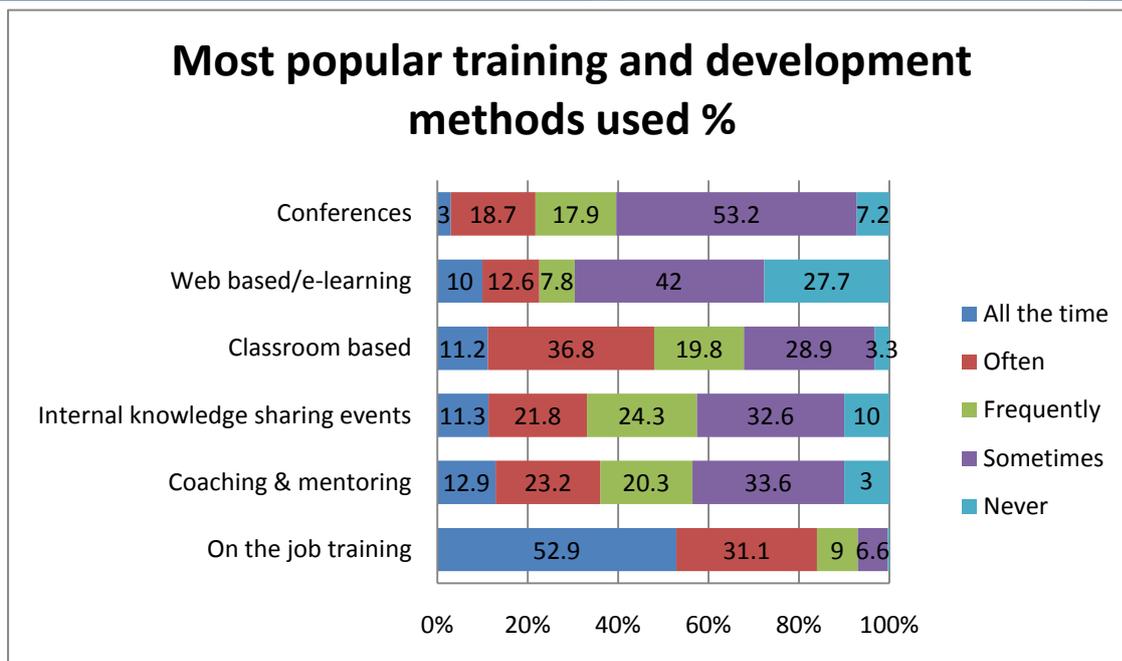


Figure 10

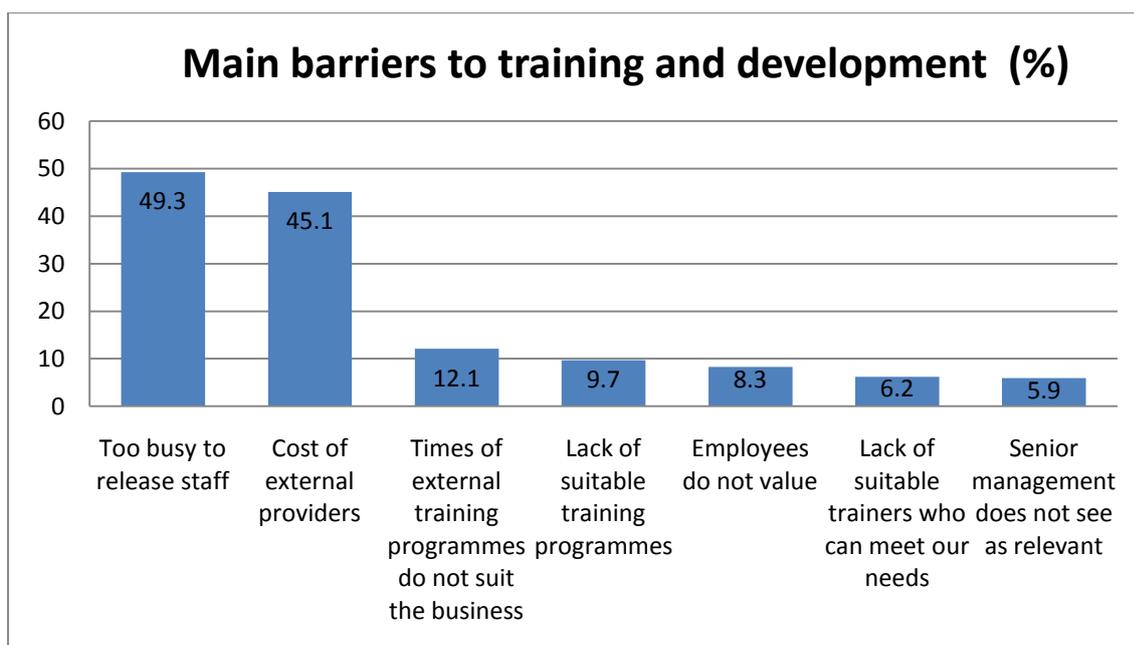


Figure 11

The methods used by the majority of employers to identify the learning, training and development needs of their workforce (table 6) are primarily line manager requests (63%), direct employee requests (58%), or using the performance appraisal system (56%). This could suggest a shorter-term focus by some employers regarding the training and development undertaken in these organisations. It would seem that training is more likely to occur where there is a deficit or performance issue identified by the manager or performance appraisal, or where an employee has expressed a particular requirement.

Table 6: Methods used to identify learning, training and development needs

Method	Percentage
Line manager requests	63%
Direct requests from employees	58%
Performance appraisal system	56%
Succession planning process	33%
360 degree feedback	11%
Psychometric testing	5%

Types of relevant training

There were quite a number of training options deemed relevant by employers including job specific skills (71.4%), occupational health and safety training (69%), people related skills (67.8%) and people management skills (67%). While these training programmes enhance the business operations (i.e. dealing with the job itself, legal regulations for a safe workplace and dealing with customers, team members and colleagues), they are quite diverse in the sense that some are compliance driven and others are not (see figure 12). What stands out is that more exclusive and expensive programmes such as fast track/high potential development (38.9%) are deemed much less relevant despite the strong relevance of leadership (63.7%) and general management skills (65.2%). This suggests employers may have scaled back on these types of programmes in response to the recession.



Figure 12

Accreditation

The National Framework of Qualifications (NFQ) was introduced in 2003. It is the responsibility of the awarding bodies (for example, HETAC, FETAC, the universities, institutes of technology and the State Examinations Commission) to develop the named awards. The former and existing awards now placed on the ten-level framework are outlined in Appendix 1.

Some 22.5% of respondents indicated that a number of their internal courses or training programmes were accredited on the NFQ. For external courses, 70% of respondents indicated that a number of their programmes were accredited. When asked whether accreditation was a significant factor in the decision to select a course or training programme, seven out of ten respondents considered it either ‘important’ or ‘very important’. This would appear to suggest that the NFQ is starting to gain traction in organisations. However the low level of internal course accreditation would seem to be a missed opportunity for the organisations that are carrying out in-depth training programmes but failing to get them accredited. Through greater interaction between employers and educational institutions this may be an area for development.

External education

Despite the recession, employers remain extremely supportive of learning and development outside of the workplace with 65% of respondents supporting some of their employees’ external education pursuits. Over three quarters of respondents support only work-related courses with 77.6% offering both financial support and time off. In addition, a small percentage of employers also sponsor non-work related courses. When compared to the results of the *IBEC HRM survey 2008*, there is little change indicated (see table 7).

Table 7: Type of support provided to pursue outside education

Education support for employees	Percentage of organisations*					
	Financial support only		Time off only		Both financial and time off	
	IBEC Training N=219	IBEC HRM Survey 2008 N=274	IBEC Training N=219	IBEC HRM Survey 2008 N=274	IBEC Training N=219	IBEC HRM Survey 2008 N=274
All courses	3.2	3.0	5.5	2.0	6.8	15.0
Work-related courses	6.8	8.0	5.9	1.0	77.6	71.0
Non-work related courses	0.9	2.0	1.4	4.0	-	-
Other	-	-	-	-	-	1.0
Overall percentage	11.0	12.0	12.8	7.0	84.5	87.0

*Percentages do not add to 100% as some respondents may have identified more than one answer.

Section 3 – Key drivers of training and development

The key drivers for training and development for employers over the last twelve months have been a focus on compliance and improving bottom line performance. Similarly this survey has found that the top three priorities for respondents are meeting statutory obligations (58%), organisational change (43%) and managing performance (43%), as shown in figure 13. Most employers have focused on increasing efficiencies and ensuring their teams are performing well, particularly as many have emerged from a period of restructuring.

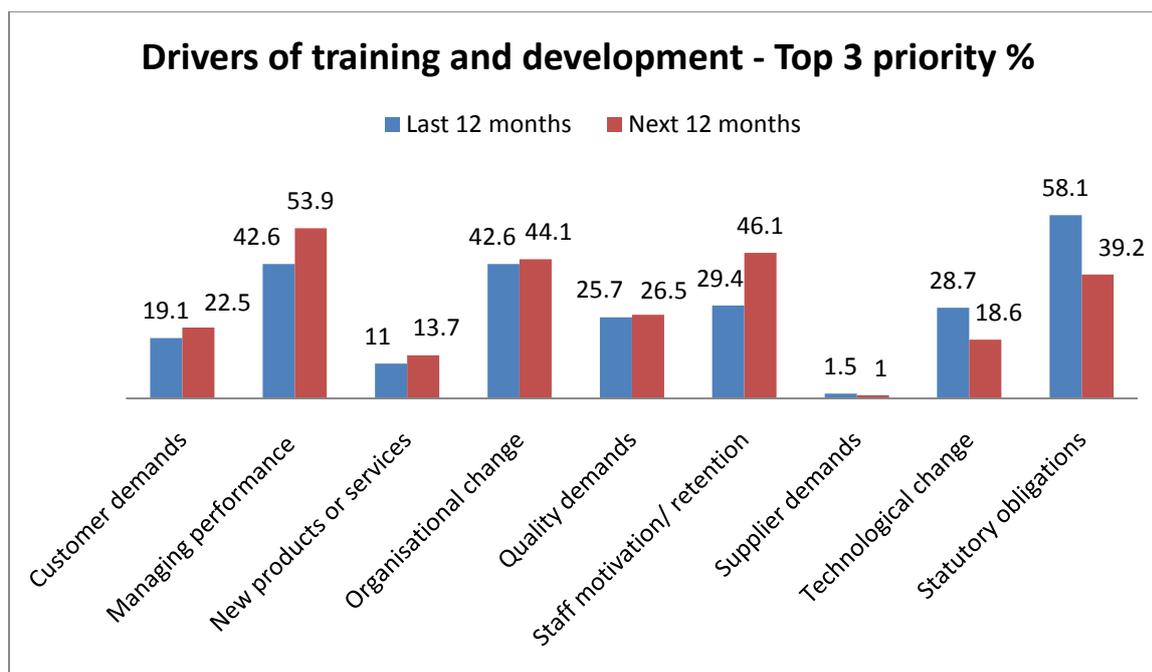


Figure 13

The coming year suggests a continued emphasis on bottom line performance improvements as well as the utilisation of training and development as an employee engagement tool, with employers reporting the key drivers as managing performance (54%), the motivation and retention of staff (46%) and organisational change (44%).

Summary

Clearly organisational training and development activity continues to be important in difficult economic conditions. Organisations appear to be quite engaged in learning and development, as is shown by the level of spend and the level of training plans in place. The survey suggests that even in a significantly changed labour market employers see learning and development as a retention tool, crucial to their performance and competitiveness and a mechanism to facilitate organisational change.

According to the National Competitiveness Council⁵ the skills needs of the Irish economy are changing, in part, due to the greater emphasis on high-tech manufacturing, internationally traded services, research and development activities, as well as our national focus on becoming a knowledge driven, smart economy. To support these activities, employees in Ireland need to be highly skilled in ‘generic’ and soft skills (such as critical thinking, people-related skills, and problem-solving), languages, ICT (information and communications technology), science, mathematics and engineering. The challenge is to focus not only on industry or occupation specific skills but also on these generic skills to complement academic or vocational qualifications, if we are to compete internationally as a knowledge economy.

In this section, we asked respondents about the occupation and generic skills gaps they might expect to occur in their organisations over the next two years, (in the next section we examine the generic or employability skills of graduates).

- **Future occupation skills needs**

In Ireland, occupation skills shortages have been reported in specialised high skill niche areas within IT, engineering, finance, sales, health and management⁶. Following the recession some occupations are predicted to emerge with strong employment growth while others will fail to reach pre-recession levels by 2015. The highest employment growth is expected in professional and associate professional occupations in the areas of science, business and IT.

This survey, which examines the next two years, highlights an expected occupation skills gap in general management skills (25%), marketing/sales (18%) and technical skills (17%) (figure 14).

⁵ National Competitiveness Council (2009, Feb). *Statement on education and training*. Forfás: Dublin, p.9.

⁶ FÁS/ESRI Manpower Forecasting Studies (2010, February). *Occupational Employment Forecasts 2015*. FÁS, Dublin.

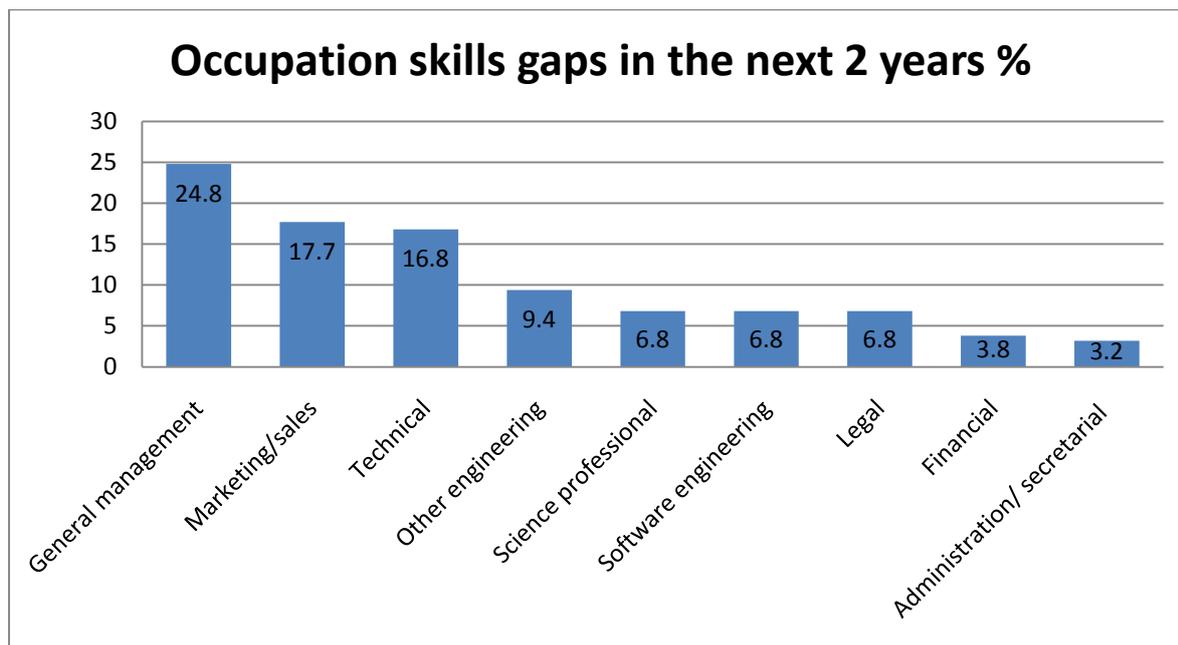


Figure 14

When we examined the expected occupation skills gaps by sector we found that for the ‘high-tech manufacturing’ sector the key gaps were in ‘technical skills’ (49%), ‘other engineering skills’ (47%) and ‘general management skills’ (43%) followed by ‘marketing/sales’ (21%). The other sectors prioritised the occupation skills gaps shown in figure 14.

Generic skills

Generic skills have become as important as technical or job-specific skills in the organisation of the 21st century⁷. This is due, in part, to the demand for employees who are able to work autonomously, self-manage, adapt to change, and problem solve, regardless of their occupation, level or sector. It is also due to the changes in the economy and the manner in which work is organised caused by globalisation, technology change, the growth in the services sector and economic conditions which have influenced the need for specialised, service-oriented and knowledge intensive skills. It is important that this demand is met for the Irish economy to compete internationally and for organisational success. The list of generic skills outlined in this survey included ‘basic skills’ (literacy and numeracy) and other ‘soft’ skills (figure 15).

⁷ Expert Group on Future Skills Needs (2007) *Tomorrow’s Skills – Towards a National Skills Strategy*. Forfás: Dublin.

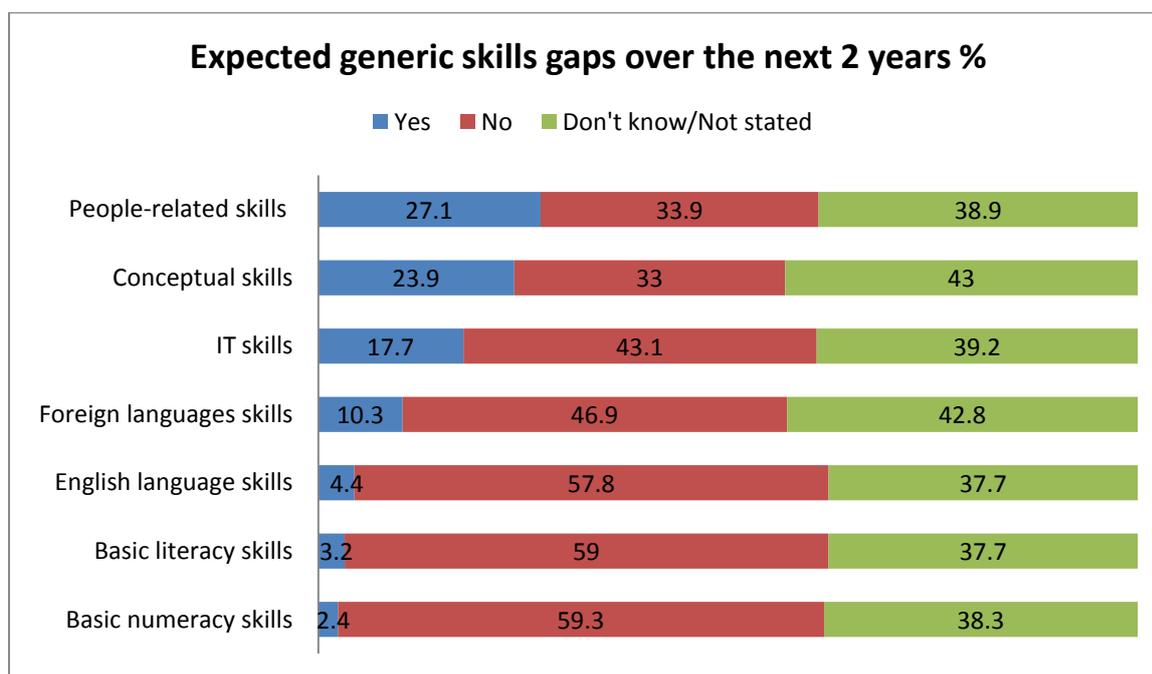


Figure 15

Basic skills

At a national and international level, the connection between social and economic development and enhanced literacy and numeracy skills (basic skills) has been supported by research. However in this survey, given the small percentage of employees in respondent organisations with Level 3 (Junior Certificate) qualifications (see figure 3), it is difficult to draw general inferences on employer views on basic literacy and numeracy skills.

Studies by NALA, the National Adult Literacy Agency⁸ and other international⁹ studies have found that employers tend to both underestimate the extent to which basic skills are needed in their workplace, the extent of basic skills difficulties and the overall impact of this on their business. Furthermore, given the level of cyclical unemployment we have experienced and the ever increasing advances in technology, members of the labour force will need to adjust to emerging skill needs within organisations, upgrade their skills or re-skill completely to take up new and alternative occupations as their original skill sets become obsolete.

Generic or soft-skills gaps

Respondents were asked what, if any, generic skills gaps they expected in the next two years. They reported gaps in the areas of people-related skills (e.g. communication, teamwork), conceptual skills and IT skills with respondents citing them as areas with room for improvement (see figure 15). Given the changes in how work is organised, with the

⁸ National Adult Literacy Agency (2006). *Skills management and relevant training (SMART) Workplace Basic Education Model for Small and Medium Enterprises*. Dublin: NALA

⁹ Basic Skills Agency (2002). *Baseline Survey of Basic Skills Programmes in Wales*.

increased use of teams and the flatter organisational structures, the need for such skills is obviously heightened.

These skills gaps were then examined to see if any sectoral differences existed. The results showed that 40% of those who expected people-related skills gaps in the next two years were in the 'other services' sector (see figure 16).

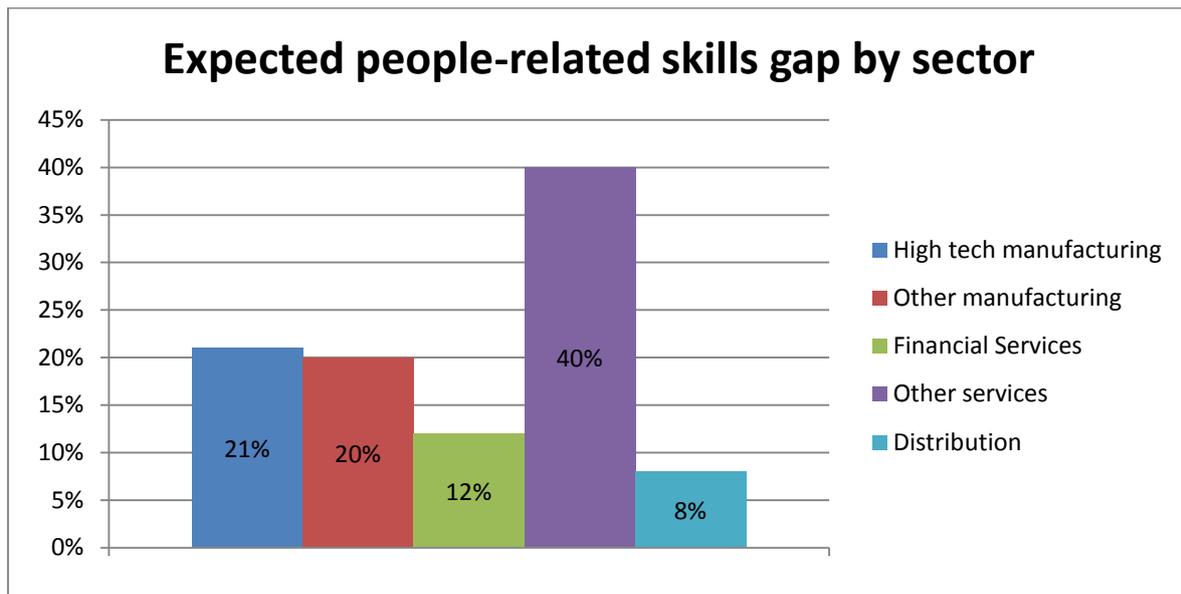


Figure 16

Similarly, 40% of those who expected conceptual skills gaps in the next two years were in the 'other services' sector (see figure 17).

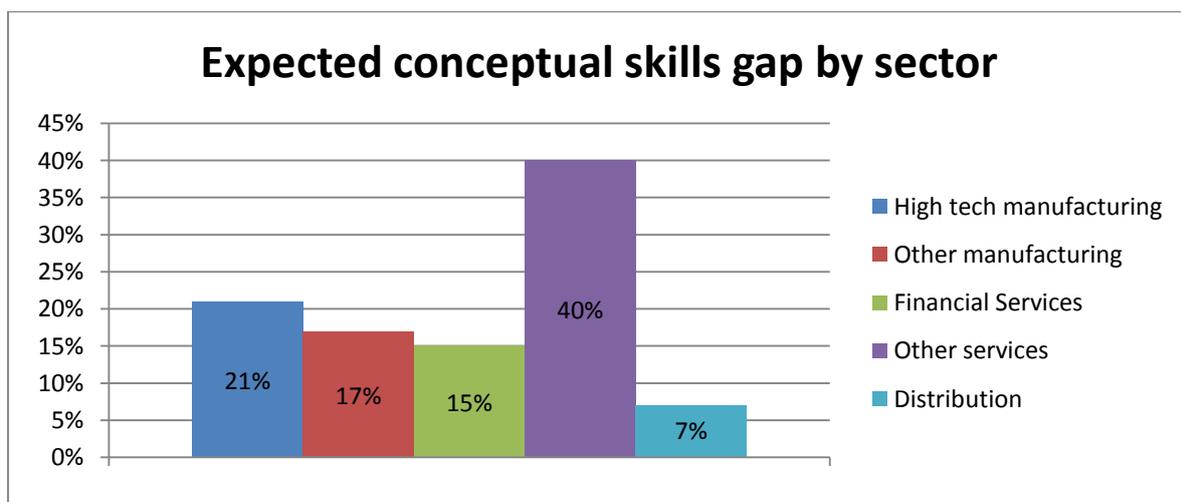


Figure 17

Summary

Skills shortages can occur for many interrelated and complex reasons. To remain competitive Ireland's labour force has to have the skills capability, occupational and generic, required to perform. Some of the skills that are perceived by employers to be lacking e.g. people-related skills are those that represent the greatest differentiator of effectiveness when it comes to managing people¹⁰. This is a particular challenge at a time when so many companies have undertaken restructuring and downsizing programmes.

¹⁰ Forfás (2003). *Fourth Report of the Expert Group on Future Skills Needs*. Forfás: Dublin

Section 5 – Third level graduates

Respondents were asked about their recruitment patterns and experiences with graduates of Irish higher education institutions (HEIs). Most respondents said they had no difficulty in recruiting suitable graduates from Irish HEIs (74.6%). Of the minority of employers who felt that there was a decline in calibre, the main courses faulted for this decline lay in the engineering fields in both the universities (60.9%) and institutes of technology (70%).

Fewer than one in five employers surveyed recruit significant numbers of graduates from specific institutions annually. The majority of respondents generally report recruiting from all colleges or engaging in the 'milk round'. Of those that have recruitment links to specific HEIs, the main reason for such links is that they feel the institution offers courses that prepare students for employment with their organisation, or they have built up a relationship with the particular institutions over time.

Employability skills

Employability skills are defined as 'skills required not only to gain employment, but also to progress within an enterprise so as to achieve one's potential and contribute successfully to enterprise strategic directions'¹¹. Employers consider these skills as important as job-specific or technical skills.

Employers recognise that to achieve a high level of productivity they need employees who can communicate, work with other people, solve problems, show initiative, plan and manage their own workload. There can be different facets of employability skills: 'generic' skills and 'personal' attributes (for example, loyalty, enthusiasm, motivation and sense of humour).

In this survey some of the generic skills identified and discussed included:

- ability to work autonomously;
- capacity to learn;
- problem-solving;
- people-related skills.

The degree to which graduates should be expected to be 'employment ready' continues to be a matter of debate. Notwithstanding this, evidence of 'generic', 'transferable' or 'employability' skills, tend to be a key differentiating factor in recruitment decisions. The survey suggests that this is a significant issue for employers.

Graduates of universities and institutes of technology were perceived to have similar patterns of knowledge and competency gaps, (see figure 18) and of particular concern were graduates 'ability to work autonomously', their 'attitudinal skills', and their 'people-related skills'.

¹¹ Commonwealth Department of Education, Science and Training (2002), Employability Skills for the Future, Commonwealth of Australia.

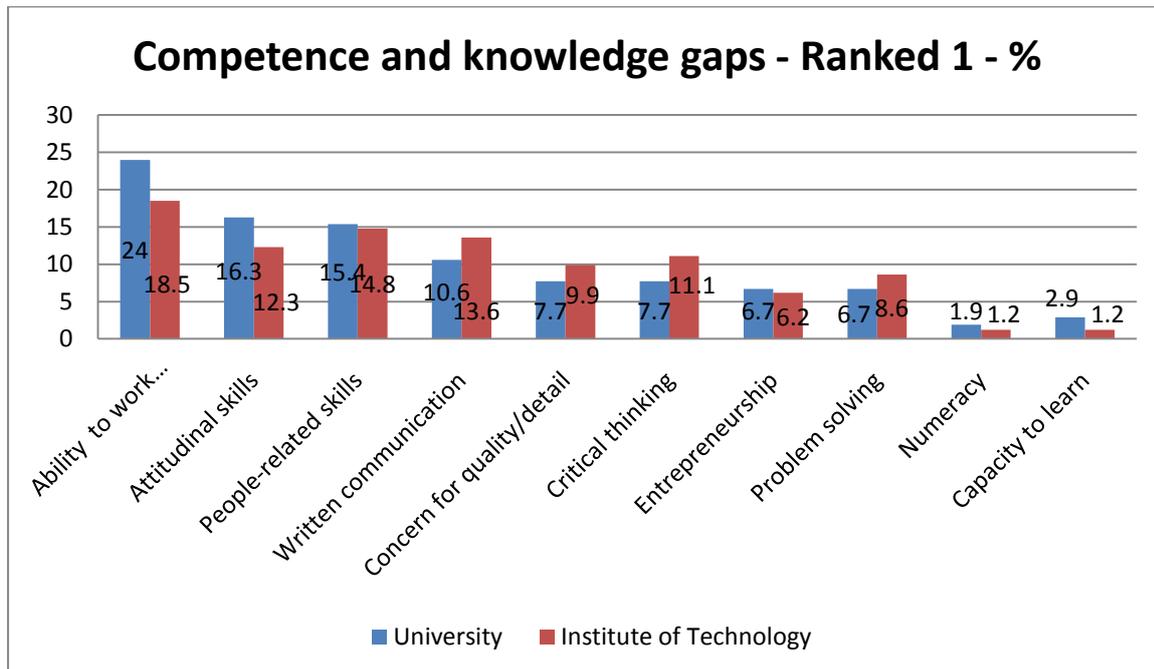


Figure 18

Employers were less satisfied with graduates’ ‘ability to work autonomously’ expecting them to be better able to work on their own initiative, manage their time effectively and be responsible for themselves and their tasks. Attitudinal skills and an approach to work that suggests enthusiasm and willingness to learn and develop were also highlighted as areas for improvement. Given the importance of managing people in a knowledge economy where human capital is the main competitive advantage and the growth in the services sector where people skills are core, the perceived shortfall in ‘people-related skills’ is a cause for concern. This mirrors a similar problem in the workforce (see figure 15 in the previous section).

Ireland, unlike some other EU countries, has no formal policy statement regarding employability skills which would provide some direction for training and education sectors to help address these gaps. Third level institutions have their own discretion to decide the focus they give to employability skills and, as a result, variation is to be expected. The survey suggests that employers are now expecting higher education institutions to embed generic or employability skills more fully into their curricula. However, achieving this in a way that is not inimical to academic value will be challenging. For example, research has found different value placed on interpersonal skills by employers (high) and academics (lower)¹². This highlights the need for greater interaction between academia and industry to share such interpretations, bridge gaps and develop graduates who can combine employability skills with the traditional values of the academy.

¹² Tuning Project (2003). *Tuning educational structures in Europe: Final report, Phase 1*. Universidad de Deusto: Bilbao.

Section 5 – Third level graduates

When we examine these findings by sector, the patterns between universities and institutes of technology remain similar. Gaps in an ‘ability to work autonomously’ were perceived to be more pronounced in the ‘other manufacturing’ sector while ‘attitudinal skills’ were highlighted by the ‘other services’ and ‘high-tech manufacturing’ sectors. ‘People-related skills’ were also highlighted by the ‘other services’ sector (see table 8).

Table 8: Main knowledge and competence gaps of graduates of Irish HEI’s by sector

	Sectors									
	High Tech Manufacturing		Other manufacturing		Financial services		Other services		Distribution	
	University	IOT	University	IOT	University	IOT	University	IOT	University	IOT
Ability to work autonomously	16%	27%	36%	47%	12%	0%	28%	13%	8%	13%
Attitudinal skills	24%	30%	18%	20%	12%	10%	41%	30%	6%	10%
People-related skills	25%	33%	9%	25%	0%	0%	50%	42%	6%	0%

Such skills can be further developed through work experience which would encourage the greater use of placements more regularly throughout academic programmes at second and third levels. This survey found that at third level, currently 38% of respondents have only informal or *ad hoc* college placement procedures in place in their organisations. While at second level, only 22% of employers currently participate in transition year placements on a regular basis and 22% participate on an occasional basis, with the majority (63%) lacking formal procedures for considering placement requests. This opportunity for work experience is a foundation from which to build relationships between schools and businesses. Such placements are beneficial in steering the student towards a chosen career and helping them appreciate the skills they will need for work. Improving employability skills at this early age could facilitate better career choices and better readiness for employment following their academic pursuits. Ultimately, a failure to address these deficits in employability, generic or soft-skills will influence the effectiveness of organisations and the ability of employers to compete.

Section 6 – Business – higher education links

The Innovation Task Force and the National Competitiveness Council view the role of higher education as fundamental and critical to Ireland’s success, seeing significant opportunities for Higher Education Institutions (HEIs) to become stronger drivers of competitiveness both nationally and regionally. However, this requires stronger links and partnerships with the business community.

Many HEIs already have developed links between their institutions and certain employers or industries, while others have more tenuous linkages. The majority of employers who participated in this survey have had interactions with both Irish universities (57%) and institutes of technology (47%). In the main, respondents reported that the quality of the interactions was positive (however it is worth noting that over half of respondents failed to state their opinion or did not know whether there were difficulties or not). This would suggest that where interactions occur they seem to be positive, but these interactions do not appear to happen enough or in sufficient areas.

The relationships span a range of activities from education and training for the workforce, to graduate placements and joint commercialisation. Findings did not vary significantly by type of educational institution. A large number of respondents had limited awareness of the level of interaction their organisations currently had, particularly with regards to activities that could truly contribute to stronger business-academia linkages e.g. opportunity to evaluate and review academic programmes or to give feedback on the quality of graduates (see table 9).

Table 9: Positive interactions* with Irish Higher Education Institution’s

Interaction	Universities	Institutes of Technology
Graduate placements	27.1%	20%
Undergraduate placements	25.4%	19.7%
Recruitment activity	19.2%	18.8%
Education/training for company staff	18.5%	17.4%
Opportunity to present company to students/staff of HEI	14.7%	11.5%
Opportunity to give feedback on quality of graduates	14.4%	13%
Research & development for Co	12.9%	7.7%
Financial investment or sponsorship	7.1%	5.3%
Opportunity to evaluate & review HEI activities	7.1%	6.8%
Joint commercialisation/other spin off activities	5.9%	4.4%

* More than half of respondents ticked the ‘not applicable’ or ‘don’t know’ category

Section 6 – Business – higher education links

Ireland is striving to develop into a global innovation hub to provide an attractive incubation environment for entrepreneurs and provide the location of choice for research and development intensive multi-national organisations. This will depend on strong links between education and business in order to maximise the economic benefits from state investment in science, technology and innovation. While significant progress has been made on developing such links, the survey reports a minority of interactions or knowledge of interactions by respondents between organisations and third level institutions in the areas of research and development or joint commercialisation (see tables 10 and 11). The main occurrences of such interactions seem to be in the larger (over 250 employees) organisations.

Table 10: Business links with universities

	Less than 50 employees			50-250 employees			Over 250 employees		
Research and development for your company	Positive	Negative	Don't know	Positive	Negative	Don't know	Positive	Negative	Don't know
	N=29			N=43			N=46		
	41.4%	0%	58.6%	27.9%	4.7%	67.4%	43.5%	2.2%	54.3%
Joint commercialisation/ other spin-off activities	Positive	Negative	Don't know	Positive	Negative	Don't know	Positive	Negative	Don't know
	N=26			N=39			N=45		
	19.2%	8%	73%	12.9%	7.7%	79.5%	22.2%	2.2%	75.6%

Table 11: Business links with institutes of technology

	Less than 50 employees			50-250 employees			Over 250 employees		
Research and development for your company	Positive	Negative	Don't know	Positive	Negative	Don't know	Positive	Negative	Don't know
	N=24			N=32			N=37		
	20.8%	8.4%	70.8%	25%	6.3%	68.8%	35.1%	0%	64.9%
Joint commercialisation/ other spin-off activities	Positive	Negative	Don't know	Positive	Negative	Don't know	Positive	Negative	Don't know
	N=24			N=30			N=36		
	16.7%	8.4%	75%	6.7%	3.3%	90%	25%	0%	75%

Having said this, it should be noted that this is a broadly based survey which draws on responses from many companies who are not involved in research or high technology activities. It is possible that employers who have not developed multifaceted links with higher education may lack the information regarding the benefits such relationships or are unclear as to how to engage with these institutions. In addition, the survey highlights the low number of employers who use HEIs as a source of training (4.9%, see figure 9). This may be an opportunity that the education sector could exploit.

This survey was conducted at an interesting time for education and training. Organisations appear to have come through a period of intense change and restructuring but the ethos of training and education has weathered such adjustments. Priorities regarding the type and methods of training may have changed but the commitment to training and education has remained. This is evidenced by an increase in training spend by a quarter of employers surveyed, following a decline in the first year of the recession, the provision of on average four days formal training for employees and the continued employer investment in external education despite economic pressures.

Compliance, change and performance were the priority training issues over the last 12 months, while the next 12 months sees a greater focus on change and managing performance alongside the need to motivate and retain staff. Organisations appear to be planning for growth and seem to regard an investment in education and training as the tool to engage employees and improve productivity and performance.

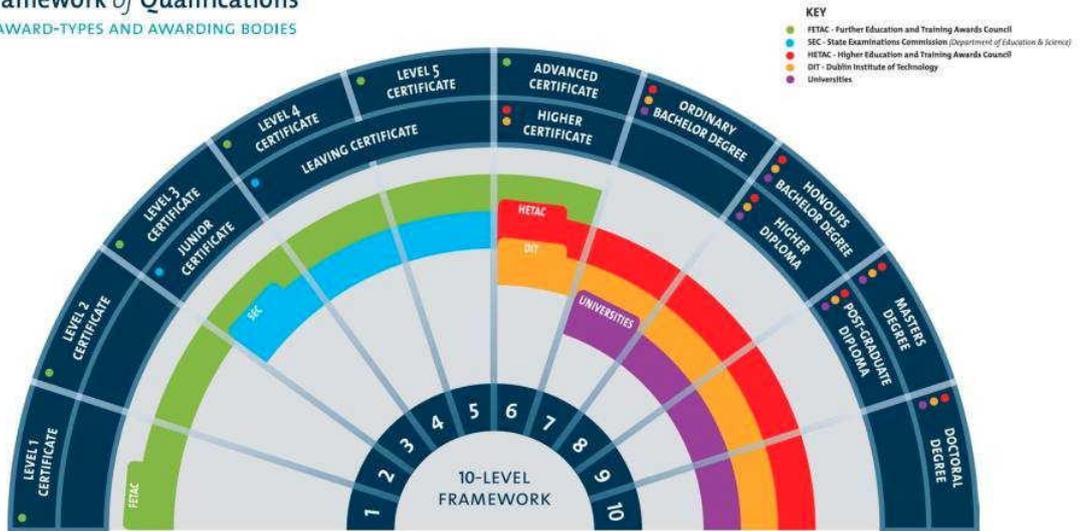
Our findings suggest that while most, but not all, sectors report few major occupation skills gaps due to the availability of technically skilled and educated people in the labour force, we may still have difficulties meeting needs due to the employability or generic skills gaps of our newer graduates. Significant action needs to be taken to enhance our graduate capabilities in these 'generic' areas which will develop employees with transferable, adaptable skill sets.

Employers and educators have a critical role to play both in addressing these skills gaps and bridging the gap between education and employment. This can be achieved through work experience opportunities, greater interaction between business and higher education to harness opportunities for shared learning and to enable shared benefits for both. In this way employers get an opportunity to shape the learning that is appropriate for existing and future market driven careers, access cutting edge innovation and research, while educators capitalise on the development of market-driven programmes of learning, and access an infrequently used revenue stream in the form of training developed for organisations.

Appendix 1 – National Framework of Qualifications

National Framework of Qualifications

INITIAL MAJOR AWARD-TYPES AND AWARDING BODIES



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