

Need for skilled staff set to grow (HR Review June 2010)



Demand for highly-skilled people will intensify during the recovery, and employers fear they will not be able to find people with the skills they need to fill high-level jobs, a new survey has revealed.

The new CBI report, called *Ready to grow: business priorities for education and skills*, is sponsored by leading qualifications awarding body EDI. The survey was answered by 694 employers, which together employ over 2.4 million people and represent companies of all sizes and sectors.

Half of employers (51%) are concerned they will not be able to fill posts requiring the right graduate level or higher skills in the coming years, and a third (32%) don't believe it will be possible to fill intermediate level jobs, requiring skills equivalent to A level. A third (30%) of employers predict the need for lower-level skills will decrease, while just 17% say it will increase.

Despite the recession, nearly half of employers (45%) say they are already having difficulty recruiting staff with skills in science, technology, engineering and maths (STEM), with manufacturers and science-related businesses having the most difficulty finding highly-skilled people to fill their posts. Even more companies (59%) expect to have difficulty finding STEM-skilled people in the next 3 years.

Richard Lambert, CBI Director-General, said: "Our survey shows businesses want tomorrow's workforce to be at the top of the new government's policy agenda. As we move further into recovery and businesses plan for growth, the demand for people with high-quality skills and qualifications will intensify.

"In the future, people with qualifications in science and maths will be particularly sought

after, and firms say it is already hard to find people with the right technical or engineering skills. The new government must make encouraging more young people to study science-related subjects a top priority. Businesses can help by showing that these skills lead to exciting and rewarding careers, helping to tackle the big challenges, such as climate change and energy security.

“Employers across all sectors recognise there is a need to improve the calibre of leadership and management skills, and this is particularly marked in the public sector.” High-level skills needed for the future.

Employers were asked which A level subjects boost a young person’s job prospects. Most said young people should choose subjects which improved business ability and knowledge of science and numeracy – namely, business studies (42%), maths (21%), English (13%) and physics or chemistry (9%). The A levels employers rate least in terms of employability are psychology (3%) and sociology (1%).

Studying science to degree level also helps to boost employment prospects. Many employers (42%) do not require a particular degree subject, but a third (34%) say they prefer recruiting people with a STEM-related degree. There is an immediate return to studying STEM at university, with new engineering graduates earning an average of £22,000 and new science graduates earning £21,000. This is more than those entering finance, IT, sales or human resources earn on average, and only graduate managers and lawyers earn more in their first role.

Studying STEM-related subjects opens doors to a range of exciting opportunities, and three-quarters (72%) of employers value what STEM-skilled employees bring to the business. Over two-thirds (69%) value the analytical skills, and nearly two-thirds (61%) the problem-solving skills, which are developed through a rigorous education in STEM. The sectors which value STEM skills the most are banking, finance & insurance (90%), manufacturing (90%), energy & water (89%) and construction (88%).

Steps business wants the government to take to encourage take up of STEM at school and university include: promoting science and maths in schools (69%); protecting funding for STEM in higher education (52%); and enrolling capable students into all three science subjects as separate GCSEs (42%).

Businesses also say they have a role to play to encourage more young people to study STEM. Most (71%) agree that providing high-quality placements is a good way to do this, and two-thirds (67%) say businesses should engage with schools to help to enthuse pupils about science.

Investment in skills remains strong

Companies recognise the importance of training during the economic downturn, with two-thirds (63%) seeing investment in skills as very important to their strategic objectives and future growth. Even during the fragile recovery period most employers (72%) plan to maintain or increase spending on training and development – only 28% plan to cut training budgets, most plan no change (58%) and some even plan to increase spending

(14%).

Employers are concerned about the basic skills of their current workforce. The biggest problem is with IT skills, where two-thirds (66%) of employers report concern. However, half of employers are also troubled by employees' basic literacy (52%) and numeracy (49%) skills.

In the past year alone, a fifth of employers have arranged remedial training for young people they have recruited from school or college, in literacy (18%), numeracy (18%), and IT (22%). When it comes to the existing workforce, employers are also providing basic training in literacy (22%) and numeracy (18%), with the need for IT training even higher (43%).

Interestingly, more firms this year (48%) than last (39%) say improving leadership and management skills is a key priority for them, and this is even higher for the public sector (73%).

Support for business is key

Companies agree that improvements are needed in the provision of government-funded training. Most (75%) want the government to take immediate steps to cut red tape, with both large and small firms saying there is too much bureaucracy involved in accessing funding. Half of employers (49%) say support should be provided for intermediate and higher skills, rather than just basic skills, revealing a troubling mismatch that exists between employers' skills needs and the public support which is currently available