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Scottish Employer Perspectives Survey (EPS) 2019 - Research Report



CHILDREN, EDUCATION AND SKILLS



Scottish Employer Perspectives Survey 2019

Research report

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IFF Research

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Executive Summary

Introduction

This report presents results from the first edition of the Employer Perspectives Survey (EPS) in Scotland. This survey follows on from a longstanding UK-wide EPS series, which included Scotland, conducted every other year from 2010 to 2016. The survey investigates employers' approaches to recruitment and training, providing robust and reliable labour market information on how employers engage with the skills system in Scotland. Specifically, this report covers:

- How employers recruit new staff;
- Their perceptions of new recruits (including young people and education leavers);
- Their engagement with training providers; and
- Their offering of work placements and apprenticeships.

The 2019 Scottish EPS was **conducted during a time of economic growth and relative stability for Scotland**; it had just experienced its ninth consecutive quarter of growth, and unemployment rates were lower than during the previous EPS in 2016. However the survey was also carried out in the midst of Brexit uncertainty, which may impact recruitment patterns and investment decisions in sectors most exposed to the potential impacts of leaving the EU.

Tackling inequality and growing the economy sustainably are key aims for the Scottish Government. The Labour Market Strategy sets out how the desire to create an inclusive labour market with high employment will be met through measures including support for those furthest from the labour market and those facing specific barriers. **The Developing the Young Workforce (DYW) programme receives particular attention in the Scottish EPS 2019.** DYW aims to provide more young people with a labour market-relevant range of work-based learning opportunities, vocational qualifications, and a broader range of post-education employment opportunities – a key way this is pursued is by fostering partnerships between local industry and employers, and education providers.

Over 2,500 employers in Scotland contributed their views to the 2019 Scottish EPS via a telephone interview conducted between February and March 2019. Full methodological details can be found in the introduction section to this report and the accompanying Technical Report.

Introduction



Questionnaire Coverage

- Follows on from surveys conducted in 2014 and 2016.
- The study focused on the following areas:
 - Employer approaches to recruitment, what employers look for in applicants and the recruitment of education leavers
 - Activities that employers engage in which may help support entry to work, including engagement with the Developing the Young Workforce Regional Groups (DYW)
 - Employers' decisions on staff development and what drives those decisions
 - Employer engagement with and attitudes towards apprenticeships

Employer Characteristics

A brief description of the employer population in Scotland is useful to contextualise the findings described in this report. ONS figures estimate that in March 2018 there were 151,200 establishments in Scotland that had at least 2 people working there (including owners and working proprietors), a similar number to that seen in 2016. Between them these establishments employed over 2.4 million people.

The Scottish employer population is predominately made up of small establishments; nearly three-quarters (73%) have fewer than 10 staff. However these small employers account for just 18% of Scottish workers. Most people in Scotland work for larger employers; the largest employers with 100 or more staff account for 43% of all employees despite making up just 2% of establishments. It is worth noting that there has been a slight increase in the proportion of establishments classified in the smallest 2-4 employee sizeband; this group tend to experience skills and human resources issues quite differently from larger employers (e.g. in terms of recruitment and retention).

The **largest sectors in the Scottish economy in terms of number of establishments are Business Services and Wholesale and Retail;** the smallest are Financial Services and Public Admin (both 2%). There is variance, however, between the sectoral distribution of establishments and the distribution of employment. **Health and Social Work is the largest sector by employment,** accounting for 16% of employment, and Public Admin accounts for 6% of employment despite comprising just 2% of all establishments. The average size of establishments in both of these sectors is higher than average.

Regionally, unsurprisingly, some of the highest numbers of establishments and employment were found in the regions encompassing the large cities of Edinburgh,

Glasgow and Aberdeen. Highlands and Islands also accounted for a similar proportion of establishments as these regions, but had a smaller proportion of employment.

The study also captured business growth and outlook. Among employers in operation for more than 12-months, 17% had increased their number of employees in the past 12 months.¹ In terms of predicted future growth, **nearly two-fifths (39%) of all employers in the private sector expected to grow in the next 12 months**, compared with 10% who expected to contract (47% expected to remain the same and 4% were unsure).

The **majority (95%) of employers in Scotland are well-established**, having been in operation for over 5 years.

Entry to Work

A key focus of the EPS is to collect data to support the Scottish Government's aims of creating an inclusive labour market with high employment, and assisting those furthest from the labour market and those facing specific barriers. The EPS creates an evidence base for employer recruitment practices, employer attitudes and the prevalence of actions and procedures that will ultimately contribute to achieving these aims.

Around **half (48%) of employers had been active in the labour market**, having had at least one vacancy in the 12 months preceding the EPS, similar to levels in 2016 (49%), and 43% had recruited any staff. This latter figure was slightly lower than in 2016, when 46% of employers had recruited at least one person in the preceding 12 months. **Larger employers were unsurprisingly more active in the recruitment market**; nearly all employers with 100 or more staff had had a vacancy (98%) and a similar number (96%) had filled a vacancy, compared to just 23% and 19% respectively of employers with 2-4 staff.

The more widely employers search for applicants, the more likely they are to increase the number, quality and diversity of applicants and find appropriately skilled workers. **Most employers who had recruited in the 12 months prior to the survey had used multiple recruitment methods**, only 20% had used a single channel to access candidates.

Word of mouth or personal recommendation was the most commonly used approach by employers with a vacancy (78%), and other internal resources such as their own social media (56%) or website (53%) were also commonly used. **A third (33%) of employers that had had vacancies had used only internal resources and 12% had used only word of mouth to advertise vacancies**, which not only limits the range of applicants they receive but also excludes potential candidates who do not have the contacts or connections to find out about these vacancies. This is **likely to disproportionately impact the people furthest from the labour market (such as the long term unemployed)**, a key group that the Scottish Government aims to support.

¹ This question was only asked to those who had already been in business for 12 months or longer to prevent start-ups, who would be more likely to have grown during this period, from skewing the results.

Relevant work experience remains the attribute most commonly sought by employers in candidates for job roles, with 62% rating it 'significant' or 'critical'. Around half look for basic competence in Maths and English via qualifications to at least National 5 or 6 (equivalent to general or credit standard grade). Relevant vocational qualifications are sought by 46% but relevant academic qualifications are less likely to be important with just 35% rating them 'critical' or 'significant' when seeking suitable candidates.

Good recruitment practices in terms of equality and diversity are not mandatory for most employers and supporting and encouraging employers to use them could help the Scottish Government achieve its aim of improving inclusivity in the labour market and reducing inequality. **Half of employers who had had a vacancy in the 12-month preceding the study collected information to monitor the diversity of applicants**, rising to 77% of employers with 100 or more employees. The practice was more common in the public sector (81%) where Public Sector Equality Duty (PSED) rules require the collection of such information.

Actions to diversify their workforce through good recruitment practices when reviewing applications were relatively rare. Whilst almost half (47%) of employers who had had a vacancy had advertised a role that would be suited to flexible working, just one in eight with a vacancy (13%) had used "positive action", where a candidate with a specific protected characteristic is chosen over other equally qualified candidates because that characteristic is under-represented in the workplace. Also, just one in twelve (8%) had used "blind" or "no name recruitment", where irrelevant information such as names are left off CVs to avoid unconscious bias. Again, **awareness and use of these practices was higher among larger employers and in the public sector.**

The majority of employers who had had a vacancy (82%) could not identify any specific action they had taken to attract and encourage a diverse range of applicants. This was true even among those who monitor the diversity of applicants and use good practice recruitment methods to increase the diversity of their workforce. It appears employers are more likely to be focussed on their selection procedures than considering the ways in which they might reach a wider pool of candidates to start with. Good practice during subsequent steps in the recruitment process might be more effective if greater consideration was also given to earlier stages.

Three-quarters of employers (74%) were aware of the new gender pay gap legislation which came into force in 2018 and requires employers with 250 or more employees to publish their gender pay gap. This awareness increases to 95% of employers large enough to be required to report. Despite this, only a minority of employers who were aware of this legislation had changed their recruitment practices as a result. Amongst those with 250 or more staff (i.e. those who would be required to publish their gender pay gap data) 58% had made no specific changes. A small minority of employers with 250 or more staff who were aware of the requirement had made each of the following changes: increased the transparency of their salaries or salary bands; altered the language used in job adverts; made changes to personnel on recruitment panels; and recruited more women.

As well as looking at how employers recruit and what they look for in applicants, the EPS also measures *who* employers are recruiting with regards to older workers, young people and education leavers.

Around **two in five (42%) employers who had recruited in the year preceding the study had recruited an older person**, defined as aged 50 or over. This is an increase from the 31% seen in 2016. Employers who monitor the diversity of their applicants, use positive action, blind recruitment, offer flexible posts and / or encourage a diverse range of applicants are all more likely to have recruited an older person than their counterparts who have not adopted these recruitment practices. These approaches may therefore be helping to improve the diversity of the workforce by opening up opportunities for more older workers.

The EPS shows that **employers are more likely to have recruited a young person under the age of 25 than an older person over the age of 50**, however, whereas recruitment of older workers has increased recruitment of any young people has decreased (60% of establishments that had recruited in the previous 12 months had done so, down from 64% in 2016). This has occurred against a backdrop of relatively high youth employment levels, suggesting perhaps fewer young people were seeking employment in 2019, as fewer were unemployed, and thus employers had a smaller pool of young candidates applying for roles.

In line with 2016, the **majority of employers who employed a young person had used word of mouth or personal recommendation (59%)**, with a quarter (24%) relying solely on this approach to reach potential candidates. **This could be limiting opportunities for young people** who are less well-connected or further from the labour market.

DYW sets targets for the proportion of employers recruiting young people directly from education. For 2018 the target was 35%. In the 2-3 years preceding the Scottish EPS 2019, **30% of employers had recruited an employee to their first job after leaving a Scottish school, college or university**, similar to the 32% seen in 2016 (this small difference was not statistically significant). The proportion of establishments recruiting from schools (20%) and colleges (12%) was broadly unchanged from 2016 but the proportion recruiting university leavers has decreased from 14% in 2016 to 11% in 2019. This change warrants further investigation in order to meet the Scottish Government's key performance indicator from DYW of 35% of employers recruiting young people directly from education.

A key issue for employers, education providers and policy-makers is whether individuals leaving education to join the workplace are deemed to be well-prepared for their job role. Overall, **the majority of employers find their education leavers to be well prepared**, and this level of preparedness increases with the level of educational attainment. By type of leaver, 58% of employers who had recruited a school leaver, 74% who had recruited a college leaver and 78% who had recruited a university leaver felt they were well prepared. However, **employers were less positive about work preparedness than they were in 2016**, and the proportion who felt leavers were poorly or very poorly prepared for work rose five percentage points for each type of leaver. This was most commonly a result of a lack of experience of the working world, lack of life experience and lack of maturity,

however those who felt school leavers were poorly prepared also described poor attitude, personality or lack of motivation as issues.

Supporting Entry to Work

As above, employers place a high value on work experience when recruiting new staff. Work experience can help challenge barriers to entry to work, but opportunities need to be open to a broad range of individuals to achieve change. The aforementioned DYW programme has been in place since 2014 and runs to 2021, and includes 21 employer-led Regional Groups which work to foster partnerships between local industry and employers, and education. A key aim of this is that employers work with schools and colleges to provide more **young people with a labour market-relevant range of work-based learning opportunities, including work placements, mentoring and interview skills training.**

Around **one in seven employers (14%) were aware of their DYW Regional Group** and 3% had engaged with them over the previous 12 months (around a fifth of all who were aware). Larger employers were more likely to be aware of and (among those aware) to have engaged with their Regional Group.

Despite the majority of employers saying relevant work experience was ‘critical’ or ‘significant’ when evaluating candidates in the recruitment process, only **36% of employers had themselves provided any type of work placement in the 12 months prior to the survey.** This represents a slight but statistically significant decrease from the 39% seen in 2016. Most commonly, employers had provided placements for students in education (28%), be it school students (20%), college students (12%) or university students (11%). Broader, adult work placements were provided by 12% of employers, most commonly in the form of work trials for potential new recruits (9% of employers) but also placements to give work experience to the unemployed (4%). Internships (paid or unpaid) were provided by 5% of employers - a slight but statistically significant decrease from the 7% who did so in 2016.

Although the proportion of employers offering work placements in Scotland has decreased, those who do so are offering them to more individuals. In total, employers offering work placements each took an average of just over six individuals on to a placement in the 12 months preceding the survey (up from just over 5 in 2016). Almost 333,000 placements were offered to individuals by employers, an increase of 6% from just under 315,000 in 2016.

A third of employers (34%) who provided work experience had gone on to recruit the trainee to a permanent or long term paid role, in most cases directly following their placement.

Other work experience activities for students, aside from placements, are described in this report as “work inspiration” activities and include hosting site visits for students, talking to them about their careers or conducting activities such as mock interviews to improve their employability. **Overall around one in seven employers (15%) had engaged with**

schools, colleges or universities in the 12 months preceding the survey to conduct such work inspiration activities.

Both work experience and work inspiration activities were more common among larger employers, and among those in the public sector. The variation was considerable, with employers in the Education and Health and Social Work sectors most likely to have offered work experience (77% and 68% respectively) and work inspiration (39% and 27% respectively; 31% of employers in Public Admin also offered such activities). This can be compared to Construction sector employers, among whom just 21% had offered work experience placements and 6% work inspiration activities.

Employers who had engaged with their local DYW Regional Group were more likely to have offered any work experience (84%), or work inspiration activities (72%).

Employers most commonly stated altruistic reasons for offering work placements (69%), although just under a third (32%) said they benefited from the placements too, most usually by helping their recruitment. The importance of work placements providing a benefit to the company was greater for larger companies than for smaller.

The main barriers cited by those who did not offer work experience opportunities were structural (68%), for example they had no suitable roles (38%) or lacked the time and resources to do so (20%). Lack of awareness was a barrier for 21%, this was particularly true among employers with 5-24 staff suggesting that a renewed policy focus on this group could open up more work experience opportunities.

People Development

The 2018 Enterprise and Skills Board Strategic Plan outlines an increased focus on alignment and co-operation between the skills and enterprise agencies. Related to this, the Scottish EPS 2019 considers how employers are meeting their training requirements, the type of provider they access, their use of vocational qualifications and their involvement in shaping the training they give to staff.

Around seven in ten employers (70%) had provided training to their staff in the 12 months preceding the survey, a decrease from the 73% seen in 2016. This decrease was concentrated on just the smallest employers (those with 2-4 staff); training levels for those with 5 or more staff had remained consistent with 2016.

More employers offered internal training (60%) than external training (49%), although 39% had provided both to staff.

Employers who had offered training (henceforth referred to as “training employers”) primarily use private training providers, such as commercial training organisations, suppliers² and regulatory bodies to deliver their external training (65%), compared to 19% who use public providers (i.e. Colleges and Higher Education Institutions (HEIs)). This was consistent with 2016. The difference in use of public training provision by size was more pronounced than the difference in use of private training provision; just 11% of the

² Examples of this include suppliers offering training on a new piece of equipment.

smallest employers (2-4 staff) had used public provision compared to 54% of those with 100 or more staff.

There were also **considerable differences in the likelihood of employers using public training providers by sector**. Training employers in the Education (44%), Health and Social Work (31%) and Public Administration (27%) sectors were most likely to use public training providers, and employers from Financial Services (9%) least likely to do so. The figures were again consistent with patterns seen in 2016, and may reflect that these sectors have a greater need for formal (vocational or academic) qualifications.

Looking at specific types of provider, **commercial training organisations were by far the most common type of provider used**. In terms of public training providers, 15% had used Colleges and 8% HEIs.

Despite a decrease in the proportion of employers offering training to their employees, **the proportion of employers that had arranged or funded training designed to lead to a recognised vocational qualification in the last 12 months had increased** to just under a third (31%, up from 26% in 2016). This equated to 44% of *training* employers, also statistically significantly higher than 2016 (36%).

Training to higher level vocational qualifications (SCQF Level 6 or above) was more common than to lower level qualifications (50% vs. 32%).

Employers who had trained to vocational qualifications had a positive view about the impact on their business. The vast majority believed they lead to better business performance (85%) and can easily be adapted to business needs (84%). There was also a high level of agreement that offering vocational qualifications improves staff retention (80%). However a fifth (19%) disagreed that vocational qualifications cover all the skills needed by the establishment.

Employers who had not arranged or funded training designed to lead to vocational qualifications most commonly cited reasons relating to the supply of qualifications (48%), including that they are too complicated (20%), no relevant qualifications are available (19%) or comments on the bureaucracy, delivery and rigour of such qualifications. The most common single reasons however were that employers did not know enough about what qualifications were available (31%) and that their staff did not want vocational qualifications (28%).

The Scottish EPS 2019 also looked at the efficacy of current information channels regarding skills and training related issues, and employer awareness and use of different sources of support. **Overall 29% of employers had experienced an issue that required advice, information or support on skills or training related issues in the 12 months preceding the survey**. Of these, three-quarters (76%) had sought or received advice on the issue. Training providers were the most common source of support.

Four specific Scottish Government initiatives were covered by the survey³; in total 19% of employers were aware of any of these and 1% had used any. Awareness and usage were higher among larger employers, with 40% of those with 100 or more staff aware of at least one of the initiatives and 13% had used at least one.

Encouraging employers to work together is one approach to increasing training provision for the workforce, through shared resources to fund courses or through working collaboratively to develop training policies or programmes for the industry or region.

Overall, 14% of employers had collaborated with other employers in this way. Such employer collaboration was more common in larger employers and among the public and voluntary sectors. **DYW Regional Groups also encourage employers to work together in this way and collaboration was more common among employers who had engaged with their local DYW Regional Group** (33%, although the survey cannot tell us whether the DYW Groups are effectively encouraging the collaboration or whether it is simply that the sorts of employers engaging with the DYW Regional Groups tend to be more collaborative anyway).

Similarly encouraging employers to get involved or provide input into the design or content of the training demonstrates employer ownership of the training and helps ensure that the training employers provide to staff meets their needs. **Overall 44% of employers who had provided training towards vocational qualifications for staff had had some level of involvement in determining the design or content of the training.** This is slightly lower than in 2016 (49%). Among those who were not involved, 18% said they would have liked to have been. The most common reason for not being involved was that they did not know they could or had not been given the opportunity, but some also said they felt it was too much time and effort to do so or that the provider was not open to their involvement.

Apprenticeships

Modern and Graduate Apprenticeships in Scotland allow individuals to work whilst gaining an industry-recognised qualification, and allow employers to develop their workforce through training new staff and upskilling existing employees. There has been a substantial change since the last EPS was conducted in 2016, with the introduction of the UK Government's Apprenticeship Levy whereby large employers (with an annual pay bill of more than £3 million) pay a levy to HMRC. The UK Government Apprenticeship Levy does not provide a new stream of funding to the Scottish Government and the Scottish share of the Levy receipts largely replaces money previously received. This will continue to be invested in skills, training and employability to meet the needs of employers, the workforce, young people and Scotland's economy. Scottish Government has a commitment to provide 30,000 new Apprenticeship starts by 2020/21.

Around one in seven employers (16%) were offering apprenticeships at the time of the survey. This breaks down as 11% of employers that employed at least one apprentice at the time of the survey, with a further 5% that were offering apprenticeships but did not

³ Union Learning Fund, Flexible Training Opportunities, PACE and the right of employees to request time to train.

have any current apprentices. Apprenticeships were more common in the Education sector (offered by 32% of employers) and Construction (28%).

Overall the proportion offering apprenticeships is unchanged since 2016, however this masks changes within certain sizebands and sectors. Most notably the proportion of employers offering apprenticeships has increased among those in the 10-24 sizeband (from 19% to 25%). There was also an increase in the Business Services sector, and a decrease in Construction.

Employers with current apprentices employed a mean average of between two and three apprentices. Over half (56%) had just one, but 12% had five or more. Compared to when they first started offering apprenticeships, a quarter of employers with current apprentices (25%) reported that the number of apprentices they employ has increased since they started offering them. Only 5% reported that the number of apprentices they employ has decreased.

Around a fifth (22%) of employers offering apprenticeships had started doing so in the last three years; this was most commonly because they view apprenticeships as a good way to get skilled staff (30%) and to help bring young people into the company or industry (28%).

Employers who do not offer apprenticeships most commonly believe them not to be suitable for employers of their size (20%, higher among small employers) or sector (13%). These reasons may point to a lack of awareness or knowledge among some employers as to the breadth of apprenticeship types and frameworks available and the ability to tailor apprenticeships to their needs.

Apprenticeships were most commonly offered to young people under the age of 25: 90% offered them to this age group, 44% exclusively. By contrast 47% offered them to people aged 25 or older, 1% exclusively.

Apprenticeships were offered mainly to new recruits rather than existing staff. Among employers offering apprenticeships, 43% offered them only to new employees recruited specifically as apprentices, 7% offered them only to existing employees and 46% offered them to both. Half (50%) had used some sort of work experience placement to help determine whether an individual was suitable for an apprenticeship prior to recruiting them as an apprentice.

The length of apprenticeships offered is broadly in line with 2016; employers most commonly offered apprenticeships lasting between 3-5 years (44%). The proportion of employers offering apprenticeships lasting less than 12 months has however decreased from 11% (reported in both 2014 and 2016) to 7% in 2019.

Most employers had used an external training provider to deliver at least some of the training for their apprentices (82%); this was most commonly Colleges (57%), commercial training providers (42%) and professional or regulatory bodies (28%). Whilst use of colleges to deliver training had increased (from 49% in 2016), use of universities and other HEIs had decreased from 12% in 2016 to 8% in 2019.

Three-quarters (76%) of employers with apprenticeship completers felt their apprentices were well prepared for work when they finished their apprenticeship.

This is in line with the perceived work preparedness of college (74%) and university (78%) leavers outlined above. However 15% still felt their apprentice completers were poorly prepared.

Awareness of apprenticeships among employers not offering them was high: 77% were aware and said they had some knowledge of what was involved, 21% had heard of them but did not know much about them and just 2% had not heard of them at all.

Two new types of apprenticeship have recently been introduced in Scotland: Foundation apprenticeships (FAs) in 2014 and Graduate Apprenticeships (GAs) in 2017. **Awareness of these new apprenticeship types was reasonably high:** just over half of all employers were aware of GAs and 1% had a current GA at the time of the survey; just over two-fifths (43%) were aware of FAs and 1% had had a secondary school pupil in their senior phase undertake an FA with them.

An estimated 26% of all employers plan to offer apprenticeships in future. The vast majority of those who currently offer apprenticeships plan to continue offering them in future (90%), and among employers who don't currently offer apprenticeships 14% plan to do so in future. Furthermore, 22% of employers with current apprentices who expected to continue offering apprenticeships said they expected to increase the numbers they employ over the next two years; just 5% expected to reduce numbers.

1. Introduction

Background

The Scottish Employer Perspectives Survey (EPS) captures the views of 2,650 employers in Scotland regarding their approach to recruitment and training providing robust and reliable labour market information on how employers engage with the skills system in Scotland. This includes:

- How employers recruit new staff;
- Their perceptions of new recruits (including young people and education leavers);
- Their engagement with training providers; and
- Their offering of work placements and apprenticeships.

This is the inaugural Scottish EPS, however the survey has emerged from a UK-wide EPS series which was conducted every other year starting in 2010.⁴ Thus there exists a long time-series for many of the key measures included in the Scottish EPS. The Scottish EPS sits alongside the Employer Skills Survey (ESS) which was last carried out at a UK-wide level in 2017 and focuses on employers' skills demands, skills shortages and training within organisation.

The 2019 Scottish EPS study was conducted during a time of economic growth and relative stability for Scotland. The first quarter of 2019 was the ninth consecutive quarter of growth, with growth strongest in the Manufacturing and Construction sectors (Scottish Government, 2019a). Unemployment rates have reduced considerably since the previous wave of EPS in 2016, especially amongst young people. However, despite the strong labour market the proportion of Scottish employers with a vacancy (20%), or a skill shortage vacancy (6%) were found to have changed little in the most recent ESS study which compared the situation in summer 2017 with that two years previously (Winterbotham et al., 2018a).

Brexit uncertainty will however be affecting employers, and this may impact on changes in recruitment patterns in sectors more exposed to this uncertainty. In summer 2017 one in six Scottish employers (17%) reported that their employees would need to up-skill due to Brexit (Winterbotham et al., 2018). The overall strategic direction of Government economic policy has not shifted since the 2016 study, tackling inequality and growing the economy sustainably, as outlined in the 2015 economic strategy, remain key aims for the Scottish Government (Scottish Government, 2015). A number of other specific strategies and plans have also been published that place an inclusive labour market and a skilled population as central to economic growth.

⁴ The last UK-wide EPS was carried out in 2016, principally commissioned by the Department for Education (DfE). Earlier editions of the UK-wide EPS were principally commissioned by the UK Commission for Employment and Skills (UKCES).

The Labour Market Strategy (Scottish Government, 2016) goes further, setting out how the desire to create an inclusive labour market with high employment will be met through measures including support for employability and skills, especially for those furthest from the labour market, and initiatives to help those facing specific barriers (e.g. vulnerable groups and the long-term unemployed, including disabled people and minority ethnic communities).

The Developing the Young Workforce (DYW) programme has been in place since 2014, and the Scottish EPS 2019 includes new questions focusing specifically on this policy area. The DYW programme includes 21 employer led Regional Groups, which work to foster partnerships between local industry and employers, and education. A key aim of this is that employers work with schools and colleges to provide more young people with a labour market-relevant range of work-based learning opportunities (including work placements and training), and a broader range of post-education employment opportunities. This is part of longer term aims to establish parity of esteem between vocational and academic pathways, and to improve positive outcomes for all young people.

The regionalisation of colleges, which resulted in fewer, larger institutions is now largely embedded but there continue to be structural changes to the skills landscape, with increased focus on alignment and co-operation between the skills and enterprise agencies, as outlined in the 2018 Enterprise and Skills Board Strategic Plan (Scottish Government, 2018a). The Scottish EPS 2019 considers how Scottish employers are meeting their training requirements, the types of provider they access, their use of vocational qualifications and apprenticeships and the preparedness of leavers from education, including Further Education.

Finally, the Scottish EPS 2019 has introduced new questions around equality and diversity relating to recruitment. All employers are subject to the requirements of the Equality Act 2010 (and so should avoid unlawful discrimination) and public sector organisations continue to be subject to the Public Sector Equality Duty, placing an obligation on them to positively promote equality across all protected characteristics (Government Equalities Office, 2013).⁵ Since the previous wave of EPS research, gender pay gap legislation has also come into force, and from 2018 most employers with 250 or more employees have been required to publish information on their gender pay gap. The survey includes questions around the awareness of the gender pay gap legislation and the extent it has impacted on behaviour - as such the EPS 2019 will provide a key benchmark against which progress can be measured in future years.

Methodological overview

The Scottish EPS is a large-scale telephone survey of 2,650 employers in Scotland. It provides robust and reliable labour market information on how employers engage with the skills system in Scotland. This section briefly summarises the key features of the

⁵ Protected characteristics under the Equality Act 2010 include: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

methodology adopted for the survey. Further detail can be found in the separate technical report which accompanies this research findings report.

<h2 style="color: red;">Introduction</h2> <p style="text-align: center;">Scottish Employer Perspectives 2019</p> <ul style="list-style-type: none"> • 2,652 interviews • 20 minute telephone interview • With person responsible for recruitment, HR and skills • Sites with 2+ employees were eligible • Fieldwork carried out between February and March 2019 • Covers all business sectors of the economy 	<h2>Questionnaire Coverage</h2> <ul style="list-style-type: none"> • Follows on from surveys conducted in 2014 and 2016. • The study focused on the following areas: <ul style="list-style-type: none"> ▪ Employer approaches to recruitment, what employers look for in applicants and the recruitment of education leavers ▪ Activities that employers engage in which may help support entry to work, including engagement with the Developing the Young Workforce Regional Groups (DYW) ▪ Employers' decisions on staff development and what drives those decisions ▪ Employer engagement with and attitudes towards apprenticeships
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Sampling

The sampling population used for the Scottish EPS encompassed establishments (defined in box 1.1 below) across the full geographical spread of Scotland, in all sectors of the economy (across the commercial, public and charitable spheres). All establishments based in Scotland with two or more people working at them were eligible for the survey – i.e. sole traders with a single person on the payroll were excluded. The 2018 Inter-Departmental Business Register (IDBR) was used as the data defining the population of employers in Scotland.

Box 1.1: Rationale for establishment-based survey

The sampling unit was at an establishment level, by this we mean site level rather than at an organisation level. This is in recognition of the influence that local labour markets have on skill issues and the fact that skills issues are felt most acutely at the site level. This mirrored the establishment-based approach adopted in previous UK Employer Skills Surveys and UK Employer Perspectives surveys. We use the terms establishment and site interchangeably through the report.

The survey excluded the self-employed (with no employees), as the question approach/context for this group would need to be somewhat different, since they are by

definition not “employers”. Additionally, there is an absence of robust population figures for this group, providing obstacles for robust and representative sampling and weighting.

The sampling strategy adopted for the Scottish EPS was based on the approach taken for the most recent UK EPS in 2016.

The sampling approach taken for Scottish EPS was as follows:

- Target interviews were stratified against a two-dimensional sector by size grid (12 sectors and seven sizebands) on an interlocking basis;
- The initial allocation of interviews was done according to employer sizebands, using a set of ratios that deliberately over-sampled larger employers;
- Interviews were then allocated to sector within each sizeband in proportion to their representation within the business population; and
- The sample was then drawn from the commercial data supplier, Market Location.

Questionnaire

The UK EPS 2016 questionnaire (minus questions that were only relevant to England, Wales and Northern Ireland) was used as the basis for the Scottish EPS questionnaire. Following a review of the UK EPS 2016 questionnaire by the Research Advisory Group (RAG)⁶ for the Scottish EPS 2019, additional content was developed. The additional content was tested in the pilot stage, and retained, amended or removed accordingly.

A range of new questions were developed for the Scottish EPS, including:

- Monitoring of equality and diversity in recruitment practices (C5a-g);
- Awareness and impact of Gender Pay Gap legislation (C10GP-GPi);
- Awareness and use of Foundation Apprenticeships (C21-21A);
- Interactions with DYW Leads / Regional Groups (C30);
- Whether apprentices are on a Graduate Apprenticeship programme (D22Bi);
- Perceived work preparedness of modern apprentices (D34B); and
- Whether partnered with external institutions to design the content of training (D39a).

A full pilot of the questionnaire was carried out in January 2019 in order to test the new questions and to assess questionnaire length.

⁶ RAG membership included officials from the Scottish Government, Skills Development Scotland (SDS) and Scottish Funding Council (SFC).

The average survey length was 22 minutes, although this varied depending on the level of engagement with particular approaches and schemes. A copy of the questionnaire can be found in the Technical Report.

Survey fieldwork

Fieldwork for the survey was undertaken between February and March 2019, involving 2,650 telephone interviews using computer-assisted telephone interviewing (CATI) software.

Interviews were conducted with the most senior person at the site being interviewed with responsibility for recruitment, human resources and workplace skills.

The survey achieved an overall response rate of 44%, in line with the response rate of 43% achieved among the Scotland sample in the UK EPS 2016.

Data weighting

Findings from the survey have been weighted and grossed up to reflect the total population of Scottish establishments with two or more people working in them. The weighting was designed and undertaken on an interlocking size and sector basis and mirrors the approach undertaken in 2016.

A separate weight was generated to report on the volume of work placements employers reported over the previous 12 months, grossing data to the total Scottish *employment* population as opposed to the Scottish *establishment* population.

Structure of the report

The Scottish EPS 2019 study focussed particularly on employers' choices regarding their approach to recruitment, their investment in skills, and their engagement with apprenticeships, the report is grouped around these topics, as shown below:

Chapter 2: Characteristics. This chapter describes some of the key characteristics of the Scottish employer population, including length of operation and business outlook. These characteristics help to provide context for the report's findings.

Chapter 3: Entry to Work. This chapter provides evidence on employer approaches to recruitment, what employers look for in applicants and the recruitment of education leavers.

Chapter 4: Supporting entry to work. This chapter reports on the activities that employers engage in which may help support entry to work – particularly for young people – in terms of their engagement with work experience. It also reports on employer awareness of, and engagement with, Developing the Young Workforce (DYW) Regional Groups.

Chapter 5: People Development. This chapter explores employers' decisions on staff development and what drives those decisions, examining how employers can be encouraged to input into the design of skills initiatives and vocational qualifications (VQs).

Chapter 6: Apprenticeships. This chapter determines employer engagement with and attitudes towards, apprenticeships, as well as the market potential for apprenticeships, with a view to exploring where and how engagement with apprenticeships can be increased.

Chapter 7: Conclusions. The final chapter revisits the key findings emerging from the different strands of the survey, bringing them together and considering their implications.

Supplementary data tables which typically present key data broken down by Regional Outcome Agreement (ROA) region, employer size and sector are provided in Appendix A and are referred to throughout the chapters.

Reporting conventions

As noted earlier, the survey was carried out at an establishment level (see Box 1.1). The terms ‘establishment’, ‘employer’ and ‘workplace’ are used interchangeably throughout this report to avoid excessive repetition and to aid reading. When terms such as “all employers” or “all establishments” are used, these refer specifically to the Scottish population of employers (those with two or more employees).

Throughout the report, unweighted base figures are shown on tables and charts to give an indication of the statistical reliability of the figures.

As a general convention throughout the report, figures with a base size of fewer than 25 establishments are not reported (with a double asterisk, ‘**’ displayed instead), and figures with a base size of 25 to 49 are italicised to indicate that caution is needed when interpreting them because of the low base size.

In tables, findings of ‘zero’ are denoted by a dash ‘-’; an asterisk ‘*’ is used if the figure is larger than zero but smaller than 0.5.

Where the term ‘significant’ is used this refers to statistical significance, and is to a 95 per cent confidence level unless otherwise stated.

In some cases figures in tables and charts may not always add to 100 per cent due to rounding (i.e. 99 per cent or 101 per cent). For example, when combining and summarising answer codes which are presented individually in a chart but reported on a combined basis in the text (such as combining ‘well prepared’ with ‘very well prepared’ to present an overall percentage), adding the individual percentages may not always sum exactly to the combined percentage. Furthermore, in the majority of cases, ‘don’t know’ answers have not been included in the charts and percentages calculated.

The definitions of the broad sector classifications used in the report can be found in Appendix C. Definitions for ROA region, which is used for reporting, are given in table 1 below. The table shows how each Local Authority maps onto each ROA region. ROA data tables should not be summed to give an all-Scotland figure as there are a small number of Local Authorities which map onto more than one ROA.

Table 1.1 ROA Region Definitions

ROA Region	Local Authority (note some overlap)
Aberdeen and Aberdeenshire	Aberdeen City
	Aberdeenshire
Ayrshire	East Ayrshire
	North Ayrshire
	South Ayrshire
Borders	Scottish Borders
Dumfries and Galloway	Dumfries and Galloway
Edinburgh and Lothians	East Lothian
	Edinburgh
	Midlothian
Fife	Fife
Forth Valley	Clackmannanshire
	Falkirk
	Stirling
Glasgow	East Dunbartonshire
	East Renfrewshire
	Glasgow
Highlands and Islands	Argyll and Bute
	Eilean Siar
	Highland
	Moray
	Orkney islands
	Shetland Islands
Lanarkshire	East Dunbartonshire
	North Lanarkshire
	South Lanarkshire
Tayside	Angus
	Dundee
	Perth and Kinross
West	East Renfrewshire
	Inverclyde
	Renfrewshire
	West Dunbartonshire
West Lothian	West Lothian

2. Employer Characteristics

Introduction

This chapter describes the profile of employers in Scotland in terms of the following key characteristics:

- Size, business sector and region;
- Length of time in operation; and
- Business outlook.

This provides context to help understand employers' experiences and practices presented in the rest of the report.

Firmographic data, about the size, sector and location of the employers, are based on establishment population counts provided by the Office for National Statistics (ONS), and those on the tenure and business outlook are based on (weighted) data from the survey. The footnotes to each table and figure detail the source(s).

The employer population in Scotland

Size and sector

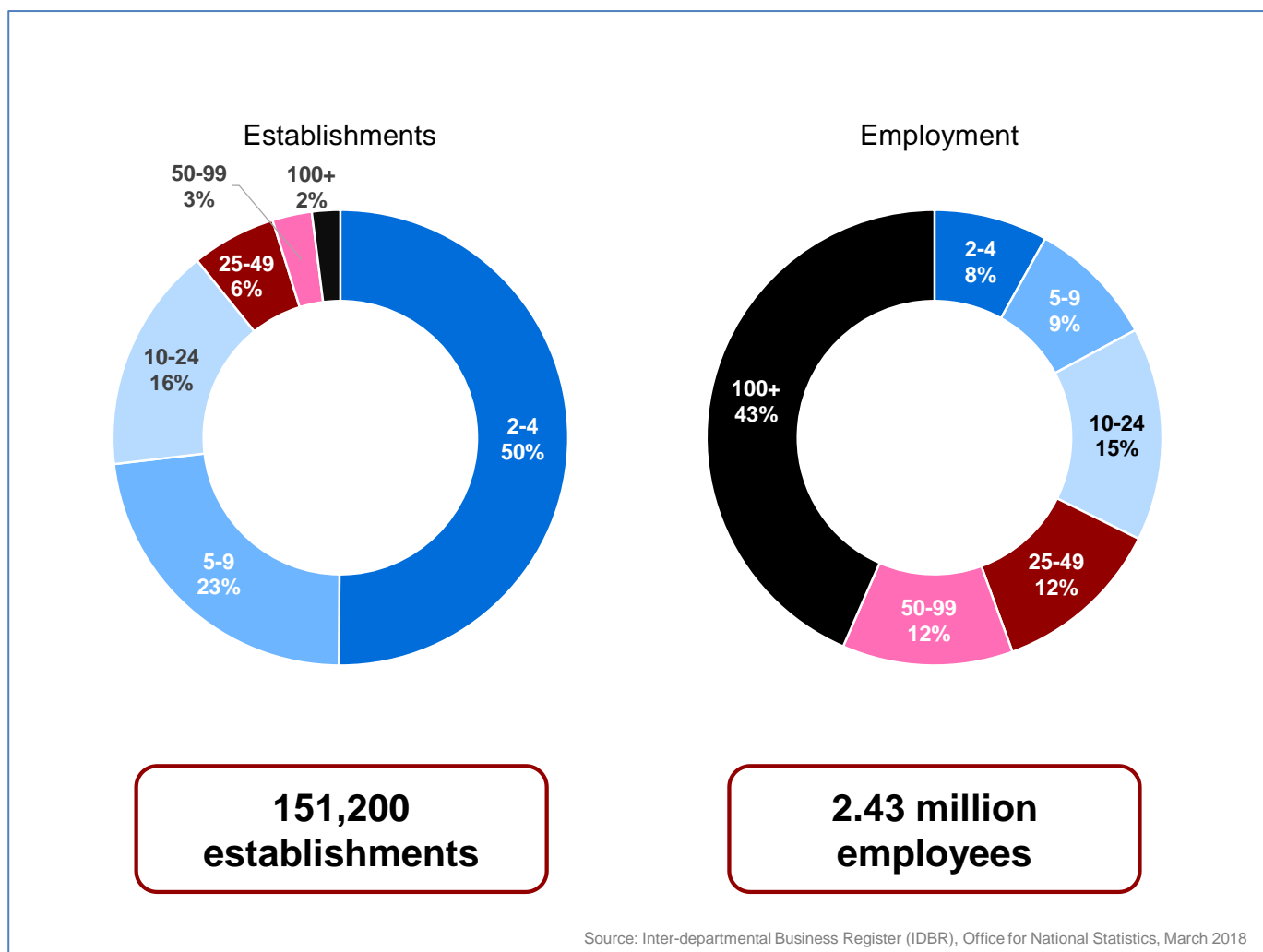
ONS figures estimate that in March 2018⁷ there were approximately 151,200 establishments in Scotland that had at least 2 people working there (including any owners and working proprietors).⁸ Between them these establishments employed over 2.43 million people.

As Figure 2.1 shows, the employer population is predominantly made up of small establishments with fewer than 10 employees, indeed, half (50%) have fewer than 5. However the majority of people employed in Scotland work within larger establishments: those with 100 or more staff make up just 2% of all establishments but employ 43% of employees. In contrast the 50% of establishments fall into the 2-4 sizeband account for just 8% of total employment.

⁷ The most recent data available at the time of the study.

⁸ See accompanying technical report for further details on establishments in scope for the survey.

Figure 2.1 Employer and employment profile by size



Looking at the employer profile by sector (presented in Figure 2.2), the largest sectors in terms of number of establishments are Business Services and Wholesale & Retail. Between them these two sectors account for around four in ten of all establishments and employ around three in ten of all employees.

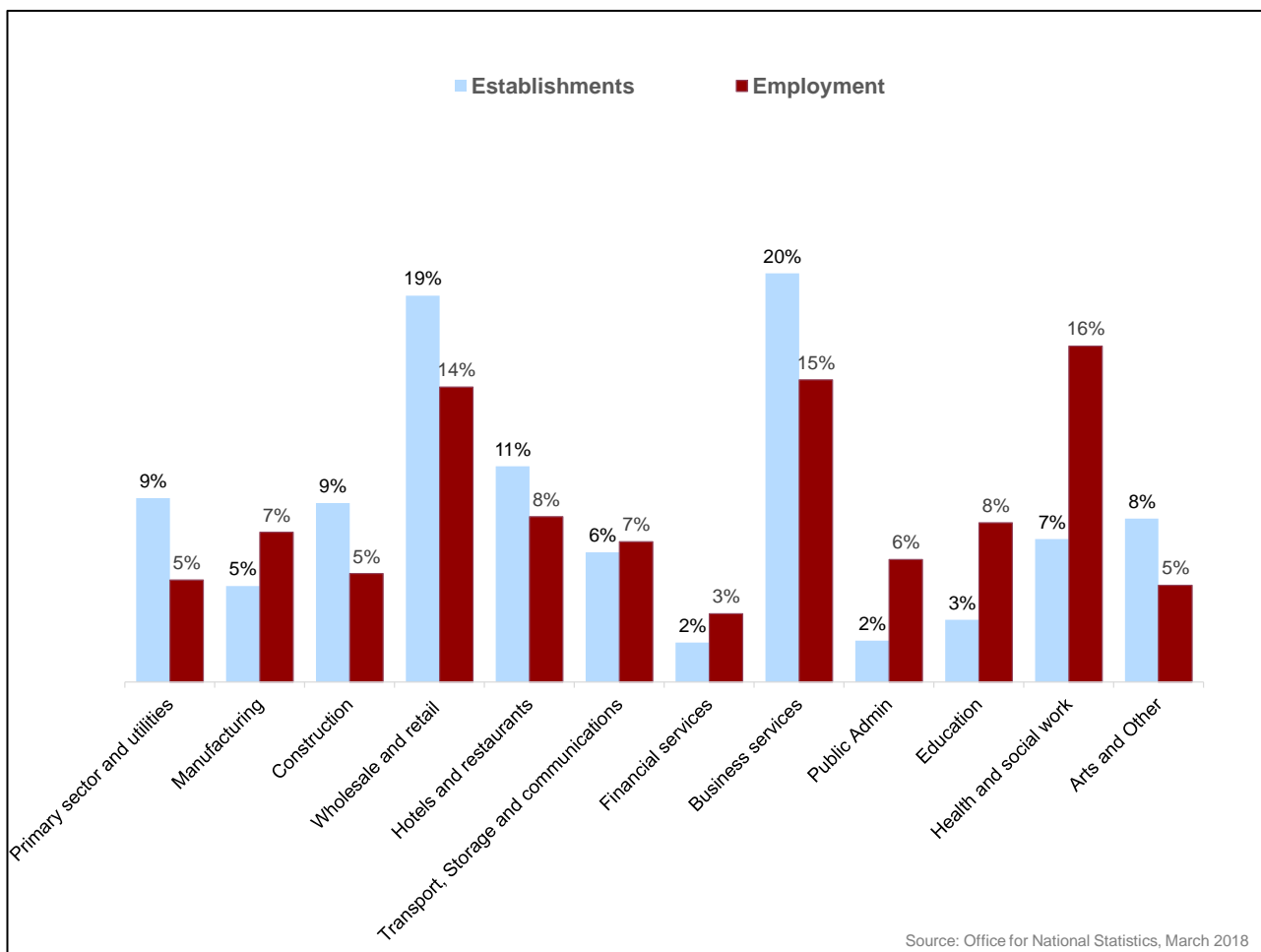
However the single sector employing the most staff is Health and Social Work (accounting for 16% of total employment). This in part reflects the fact that establishments in this sector are larger than in other sectors: 4% have 100 or more staff (compared to 2% overall) and just 26% have fewer than 5 staff (compared to 50% overall).

Other sectors characterised by a higher than average proportion of large establishments include Public Administration and Education, and this is reflected in the relatively large proportions of overall employment they account for when compared to the number of establishments they represent.

Conversely the Construction sector accounts for 9% of all establishments but just 5% of the employment population; 63% of establishments in this sector have fewer than 5 employees.

Figure 2.2 shows the profile of establishments and employment by sector.

Figure 2.2 Employer and employment profile by sector



Changes to the size and sector distribution of establishments over time

Where possible this report presents time series data against previous iterations of the Scotland findings from the UK-wide Employer Perspectives Survey, run most recently in 2016 (and which used business population data from March 2015). It is useful therefore to explore and understand any changes in the employer profile over this period, in order to provide context from any significant changes in the survey data over time.

As shown in Table 2.1, there has been a slight increase in the overall number of establishments between the two surveys, from 150,900 to 151,200. The increase is mainly a result of an increased number of the smallest establishments with 2-4 staff.

By sector, the largest proportionate increases compared with 2016 have been in Public Administration (an increase of 11.9%) and Transport, Storage and Communications (an increase of 4.6%). Conversely the largest proportionate decreases have been in the number of establishments in Education (a decrease of 6.4%) and Financial Services (a decrease of 5.0%).

Table 2.1 Changes to the Scotland establishment populations by size and sector since 2016

	2016	2019	Relative change from 2016 (p.p.) ⁹
All Scotland	150,900	151,200	+0.2
2 to 4	75,000	76,000	+1.3
5 to 9	35,100	34,300	-2.3
10 to 24	24,700	24,800	-0.5
25 to 49	8,600	8,500	-0.4
50 to 99	4,200	4,200	+0.9
100+	3,300	3,300	+0.4
Primary Sector and Utilities	13,300	13,300	-0.2
Manufacturing	7,000	7,100	+1.6
Construction	12,900	13,300	+2.9
Wholesale and Retail	29,600	28,700	-3.1
Hotels and Restaurants	15,500	15,900	+2.6
Transport, Storage and Communications	8,800	9,200	+4.6
Financial Services	2,900	2,700	-5.0
Business Services	29,700	30,100	+1.3
Public Administration	2,400	2,700	+11.9
Education	4,700	4,400	-6.4
Health and Social Work	11,300	10,900	-3.3
Arts and Other Services	12,800	12,800	+0.2

Source: IDBR Business Register, Office for National Statistics (March 2018, March 2015). Populations have been rounded to the nearest 100. Note the percentage changes in the final column use the 'absolute' numbers not the rounded figures shown in the first two columns.

⁹ Relative change is reflective of the change in percentage share of the establishment population

Region

The largest regions (Regional Outcome Agreement (ROA) region) in terms of establishments and employment proportions were unsurprisingly those encompassing the large cities of Edinburgh (within Edinburgh and Lothians 14% of establishments, 16% of employment), Glasgow City (Glasgow City 12% and 16% respectively) and Aberdeen (within Aberdeen and Aberdeenshire 11% and 11% respectively). Highlands and Islands also accounted for 12% of all establishments but a much smaller percentage of employment (9%) reflecting the smaller size profile of establishments in this region (see Table 2.2).¹⁰

Table 2.2 Employer and employment population by ROA region

Region	Establishments	Employment
Aberdeen and Aberdeenshire	11%	11%
Ayrshire	6%	5%
Borders	3%	2%
Dumfries and Galloway	4%	3%
Edinburgh and Lothians	13%	16%
Fife	6%	6%
Forth Valley	5%	5%
Glasgow	14%	18%
Highlands and Islands	13%	9%
Lanarkshire	11%	11%
Tayside	8%	7%
West	6%	7%
West Lothian	3%	3%

Source: Office for National Statistics (IDBR March 2018). Note that the percentages sum to >100% as some local authorities appear in more than one ROA region. These figures are taken directly from the IDBR, rather than the EPS survey.

Employer characteristics from the survey

In addition to the size, sector and region of the employer, this report analyses the data by a number of key characteristics gathered from the survey, with data weighted to be representative of employers across Scotland.

Broad classification (private, voluntary or public sector)

The vast majority of employers in Scotland (83%) fall into the private sector, that is, they seek to make a profit. One in eight (11%) classify themselves as a charity or voluntary sector organisation, and the remaining 6% are public sector (split 3% local government and 3% central government).

In the majority of sectors at least 90% of establishments reported they were seeking to make a profit (see Figure 2.3). The exceptions were:

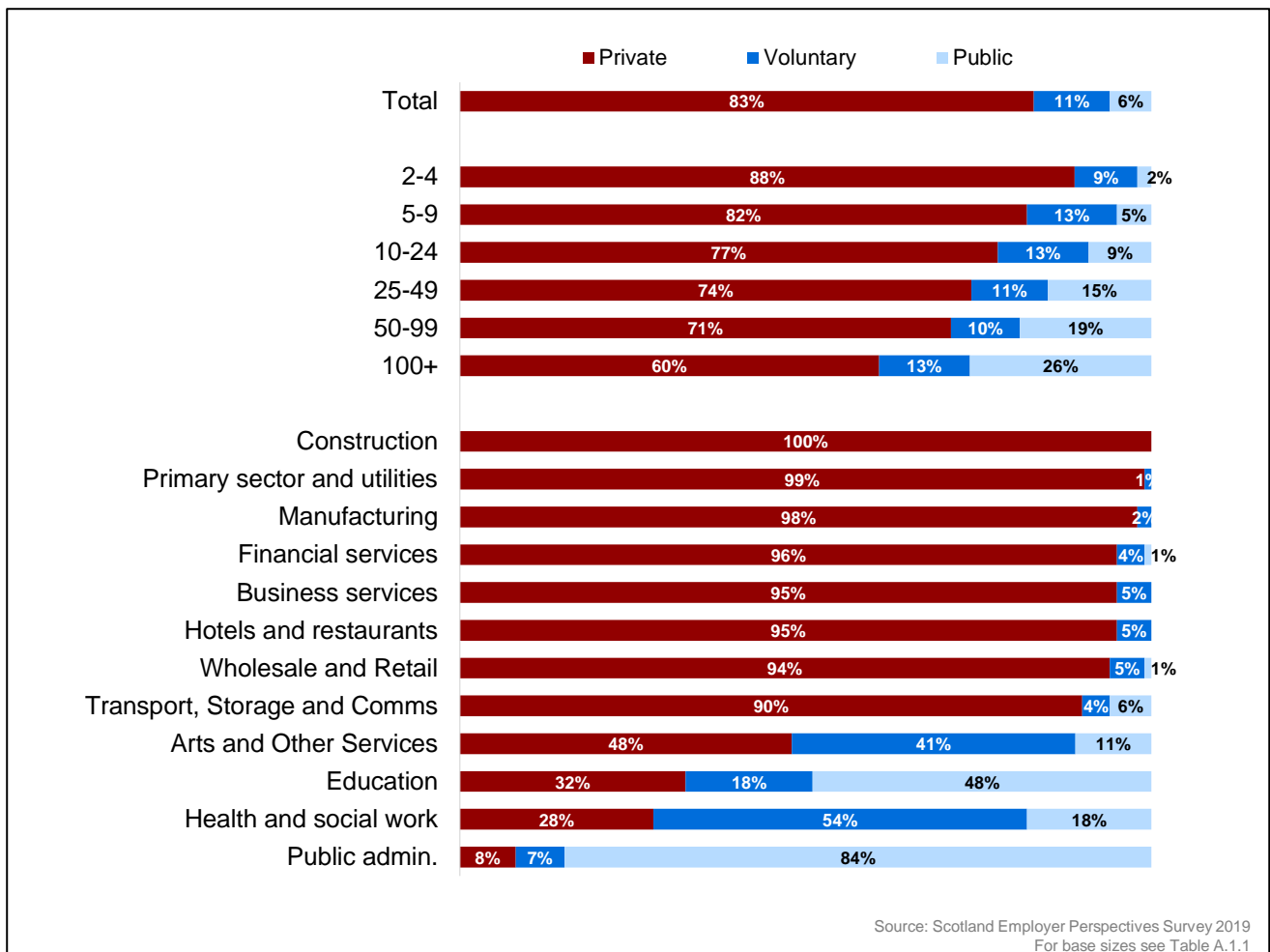
¹⁰ ROA region is defined by Local Authority in Appendix C.

- Public Administration where 84% classified themselves as public sector;
- Health and Social Work, where the majority (54%) classified themselves as charity and voluntary sector and 18% as in the public sector; and
- Education (32% private), where 48% classified themselves as public sector and 18% as charity or voluntary sector organisations.

Larger employers were more likely to be classified as public sector than smaller. Just 2% of the smallest establishments (with 2-4 staff) fell into this category, compared to a quarter (26%) of employers with 100 or more staff.

Figure 2.3 shows the full classification breakdown by size and sector.

Figure 2.3 Broad classification by size and sector, 2019



Length of time in operation

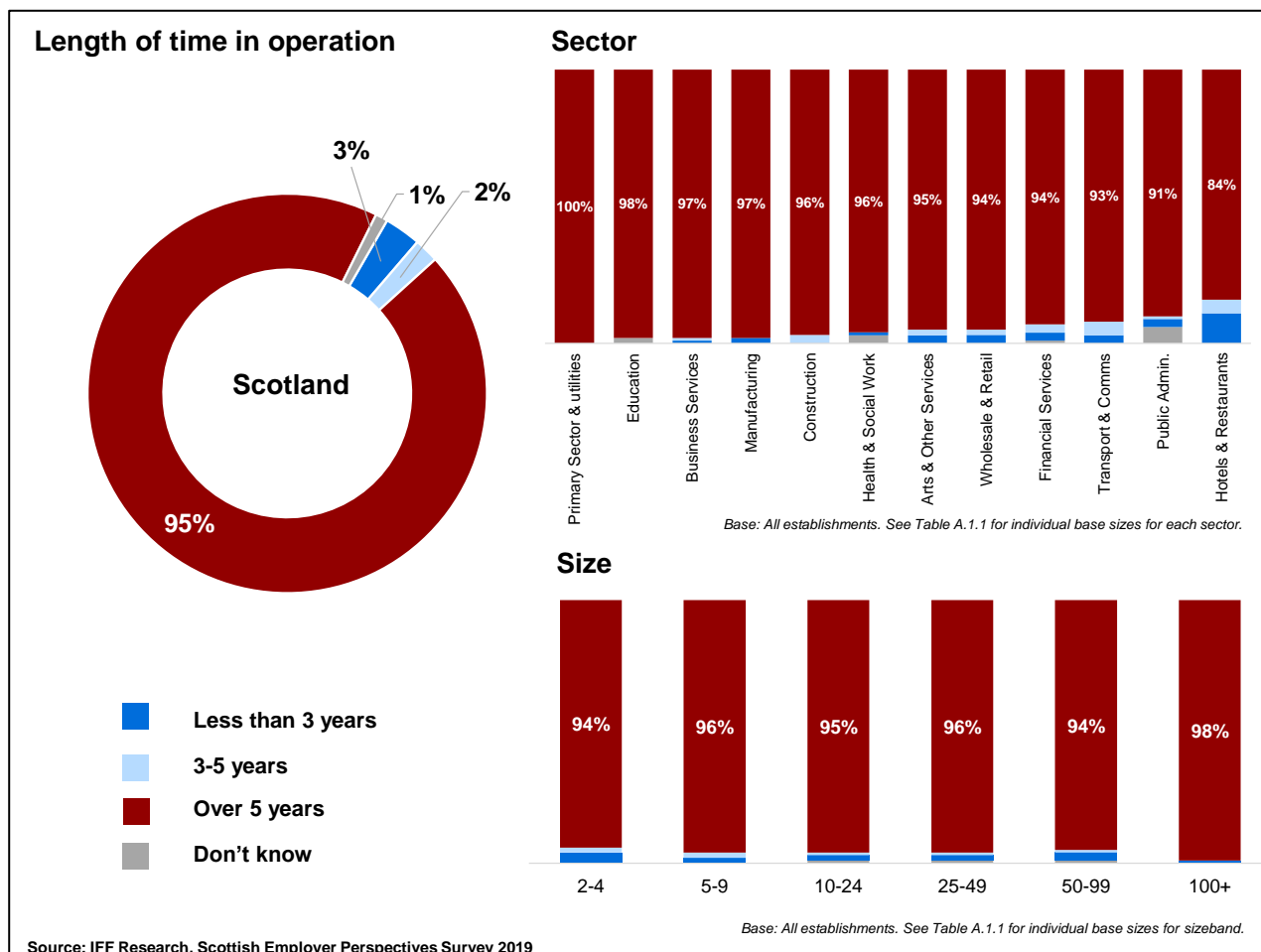
The majority (95%) of Scottish employers have been in operation for over 5 years, compared with just 3% operating for less than 3 years. This varies by sector:

- Primary Sector and Utilities employers had all been in operation for more than 5 years; and

- Employers in the Hotels and Restaurants sector were least likely to have been operating for 5 years or more (84%).

The smallest employers with 2-4 employees were less likely and the largest establishments with 100+ employees were more likely than the overall average to have been in operation for 5 years or more (94% and 98% compared to an overall average of 95%).

Figure 2.4 Length of time in operation, overall and by sector and size, 2019



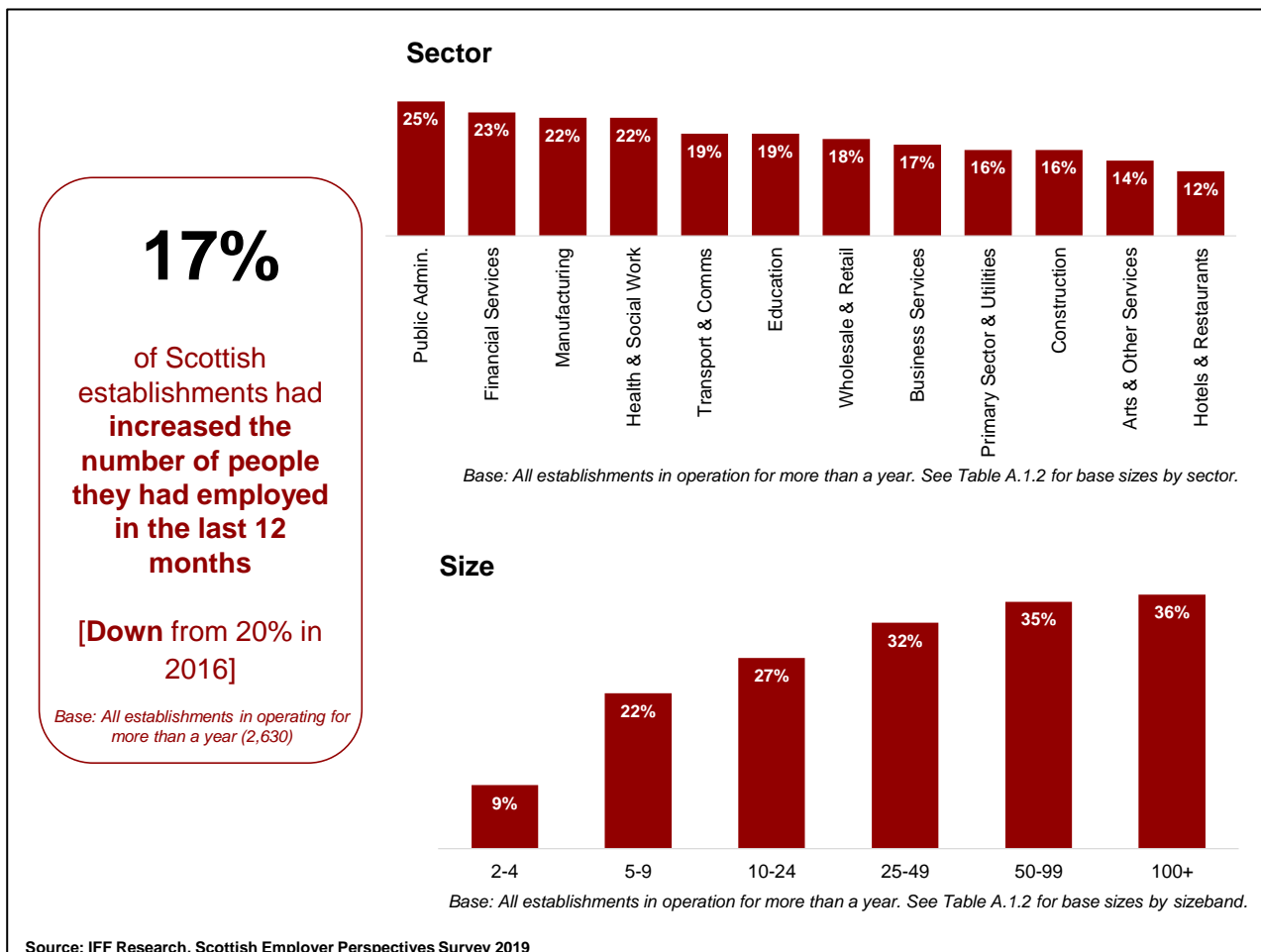
Business outlook

Among employers who had been in operation over 12 months, around one in six (17%) had increased their number of employees in the previous 12 months (down from 20% in 2016). This was more common in Fife (27%), and least common among employers in the Forth Valley (12%).

Employers with over 100 employees were at least three times more likely than the very smallest employers with 2-4 employees to have had recent increases in employee numbers. Around one in ten (9%) employers with 2-4 employees had increased the number of people they employed, compared to 36% of employers in the 100+ employees size band.

By sector, Public Administration (25%), Financial Services (23%), Manufacturing (22%) and Health and Social work (22%) had the highest proportions of employers reporting an increase in employee numbers in the previous 12 months. Employers in Hotels and Restaurants were least likely to report an increase in the number of people they employed (12%).

Figure 2.5 Proportion of establishments who had increased the number of people employed in the last twelve months overall and by sector and size, 2019



Expected growth in the next twelve months

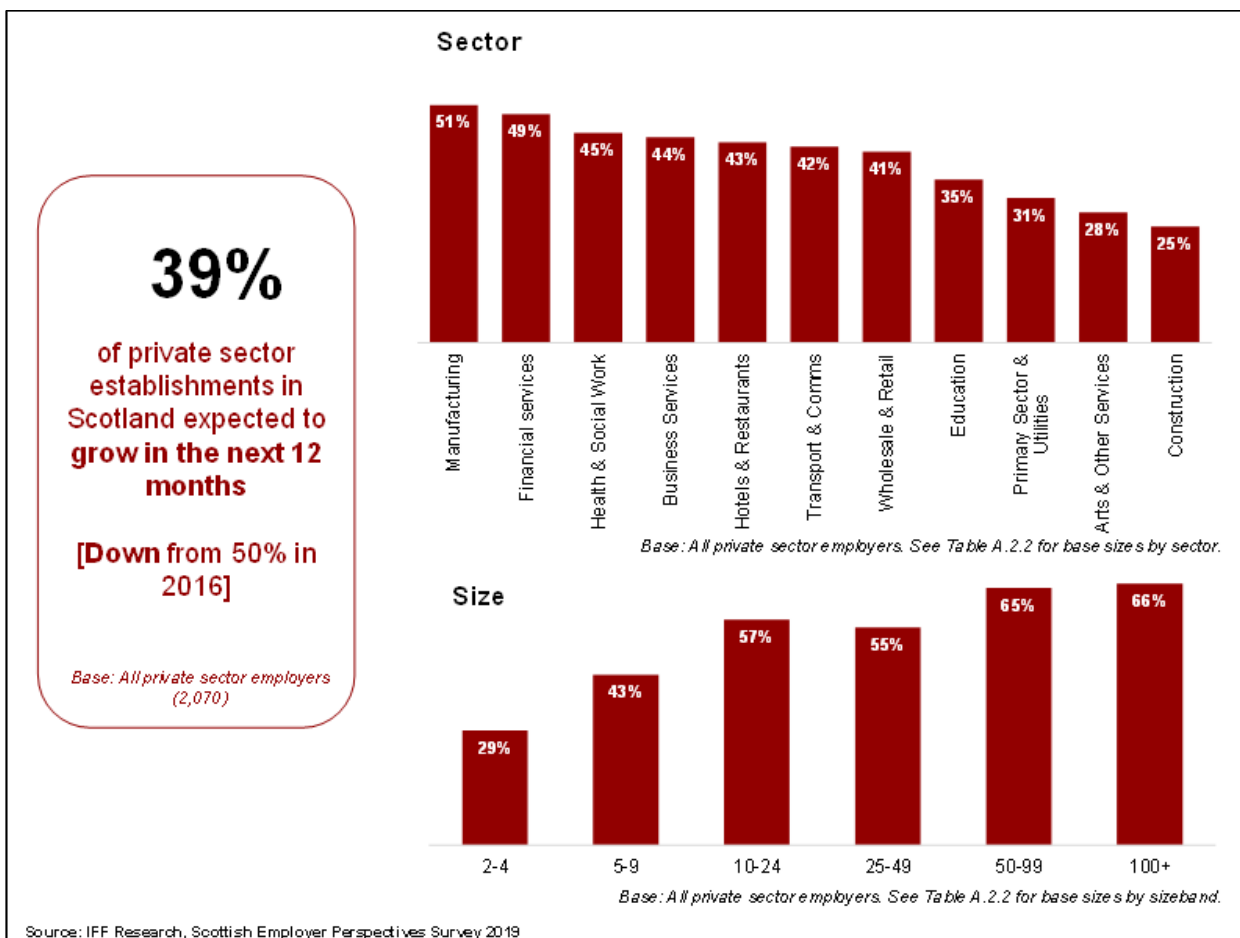
In addition to the increase in employee numbers over the previous 12 months, employers in the private sector were asked whether they expected their operations to grow, contract or remain the same over the next twelve months. These responses give a basic measure of business confidence over the next year. Nearly two-fifths (39%) of Scottish private sector establishments expected to grow in the next 12 months. In contrast one in ten expect to contract (10%), leaving around half expecting no change (47%) or unsure (4%).

By size, establishments with 50+ employees had the most positive outlook, with 65% expecting growth in the next 12 months. The smallest employers (with 2-4 employees)

were less confident, with three in ten (29%) expecting to grow, though with 13% expecting to reduce staff numbers. Private sector employers in Manufacturing (51%) and Financial Services (49%) were most likely to expect growth in employee numbers, this at twice the level in Construction (25%) where a high proportion expected to stay at the same size (61%). In Transport, Storage and Communications a high proportion expected to contract (17%), though the proportion expecting growth was also a little above average (42%), suggesting quite a polarized outlook in this sector.

Results varied by region: confidence was highest among employers in West Lothian (49%) and Lanarkshire (46%) expected their establishment to grow, statistically significantly higher than the proportion in Ayrshire (30%).

Figure 2.6 Proportion of private sector establishments who expect to grow in the next twelve months overall and by sector and size, 2019



Public admin companies were not asked the question on business outlook and are therefore excluded from this chart.

3. Entry to work

Chapter summary

Around half (48%) of Scottish employers had at least one vacancy in the 12 months preceding the 2019 study, and 43% had recruited. The proportion of establishments that had successfully recruited at least one person had decreased slightly (from 46% in 2016), possibly a reflection of decreasing unemployment rates.

Half of employers (51%) who had had a vacancy in the 12-month preceding the study collected information to monitor the diversity of applicants, rising to 77% of the larger employers with 100+ employees. The majority of employers (82%) do not though take any specific action to encourage a diverse range of applicants.

Three-quarters (74%) of employers were aware of the new gender pay gap legislation, rising to 95% of those required to report. Almost all (94%) of all businesses aware of this legislation said this had resulted in no changes to their recruitment practices and this was the case for the majority (58%) of those required to report.

There was an increase in the proportion of employers who had recruited older workers (42% hired someone aged 50 or older in the year preceding the study compared to 31% in 2016), however there was a decrease in the proportion who recruited a young person aged under 25 (60% compared to 64% in 2016).

In line with 2016, the majority of employers who employed a young person had used word of mouth or personal recommendation (59%), with a quarter (24%) relying solely on this approach to reach potential candidates.

Progress towards the 2018 DYW target of 35% of employers recruiting young people directly from education has stalled - 30% of employers had recruited an employee to their first job after leaving a Scottish school, college or university in the two to three years preceding the study compared to 32% in 2016. The majority of employers who had recruited an education leaver thought they were well prepared for work.

Introduction

The 2019 Employer Perspectives (EPS) study was conducted during a time of economic growth and relative stability for Scotland. Brexit uncertainty will though be impacting on employers, potentially impacting on recruitment patterns in sectors more exposed to this risk. The Scottish Labour Market Strategy sets out how the desire to create an inclusive labour market with high employment will be met through measures including support for employability and skills, especially for those furthest from the labour market, to help those facing specific barriers.

These strategies and initiatives Scottish Government has in place, alongside other programmes of work, require an evidence base for employer recruitment practices, current attitudes and actions. The information presented in this chapter will contribute to understanding of the employment, education, skills and equality landscape by establishing benchmarks or indicating the extent of any progress.

Since the previous wave of EPS research gender pay gap legislation has come into force, and from 2018 most employers with 250 or more employees have been required to publish information on their gender pay gap. For the first time as part of the EPS series employers adoption of practices to monitor equality and diversity are measured, as well as awareness of the new gender pay gap reporting requirements.

In summary, this chapter covers:

- **Overall recruitment activity:** including the methods (recruitment channels) used to recruit and variations by size and sector, and factors employers look for when recruiting;
- **Equalities and diversity in recruitment:** considering action employers take to improve the equality of recruitment, awareness of positive action, awareness of the gender pay gap legislation and the extent to which this has influenced their recruitment approach;
- **Recruitment of older and younger workers:** including the recruitment patterns by size and sector, and methods used to recruit young people; and
- **Recruitment of education leavers:** examining recruitment from Scottish schools, colleges and universities, and employer views on individual's preparedness for work straight from education.

Recruitment

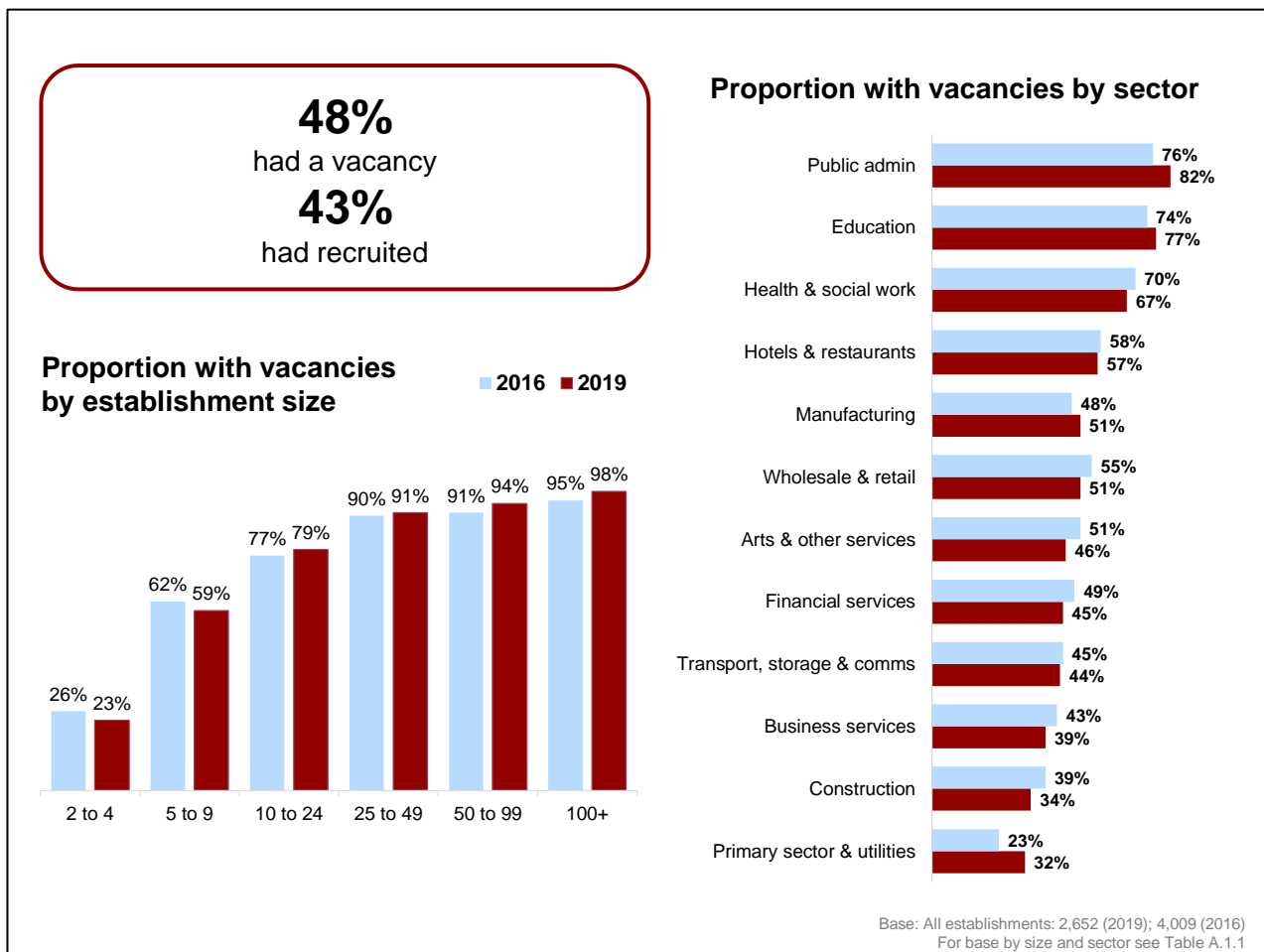
Recruitment activity

Around half of employers had recently been active in the labour market, 48% had a vacancy in the 12 months preceding the 2019 EPS study, similar to 49% in 2016. Just over two-fifths (43%) of employers had successfully recruited at least one person during that time, a little lower than the 46% in 2016.

The proportion having had a vacancy in the last 12 months increases substantially with size (see Figure 3.1). The propensity for employers to have vacancies in the previous year

increased along with size. This was the case for 23% of those with 2-4 employees, 59% of those with 5-9, 79% of those with 10-24, 91% of those with 25-49, 94% of those with 50-99 and 98% of those with 100+ employees. Correspondingly, larger employers were far more likely to have recruited over the previous year (96% of those with 100 or more employees, had done so compared to just 19% of those with 2-4 employees).

Figure 3.1 Proportion of establishments with vacancies in the last 12 months, by sector and size, 2019



By sector, Public Administration, Education and Health and Social Work employers were more likely to have had vacancies (82%, 77% and 67% respectively). Employers in these sectors were also the most likely to have recruited in the last year (70% of Education establishments, 70% of Public Administration, 60% of Health and Social Work establishments).

Perhaps reflecting their likelihood to be smaller employers, Primary Sector and Utilities, Construction and Business Services employers were less likely than average to have had vacancies (32%, 34% and 39% respectively), or to have recruited (29%, 29% and 36% respectively). The lower recruitment rate in the Construction sector appears to contrast with recent growth in the sector (2% GDP growth in the first quarter of 2019 compared to

the same period in 2018). This may indicate that larger employers were growing but smaller employers were not expanding their workforce in this sector.¹¹

Despite marked differences in employment rates across Scotland (Scottish Government, 2019b), vacancies and recruitment varied very little by region, though employers in Edinburgh and Lothians were more likely to have recruited than average (49% had done so compared to the Scottish average of 43%).

Recruitment channels

Employers in Scotland find around a quarter of their vacancies hard to fill due to applicants lacking the skills, qualifications or experience they require for the post.¹² Being able to find candidates with the desired skills and experience is at least partly dependent upon the size of the audience reached when positions are advertised. The more widely employers can search for applicants, the more likely they are to increase the number, quality and diversity of applicants and find appropriately skilled workers. Findings from the Employer Skills Survey (ESS) indicate the actions most likely to be taken by employers with current skill shortage vacancies are to increase their advertising or recruitment spend (42%) and / or to use new recruitment methods (31%), but this still leaves a sizeable proportion not taking proactive steps to expand their potential candidate pool (Winterbotham et al., 2018b).

This year's EPS found that most employers who had recruited in the 12 months prior to the research had used multiple recruitment methods, but 20% of those with a vacancy were reliant on a single route to access candidates.

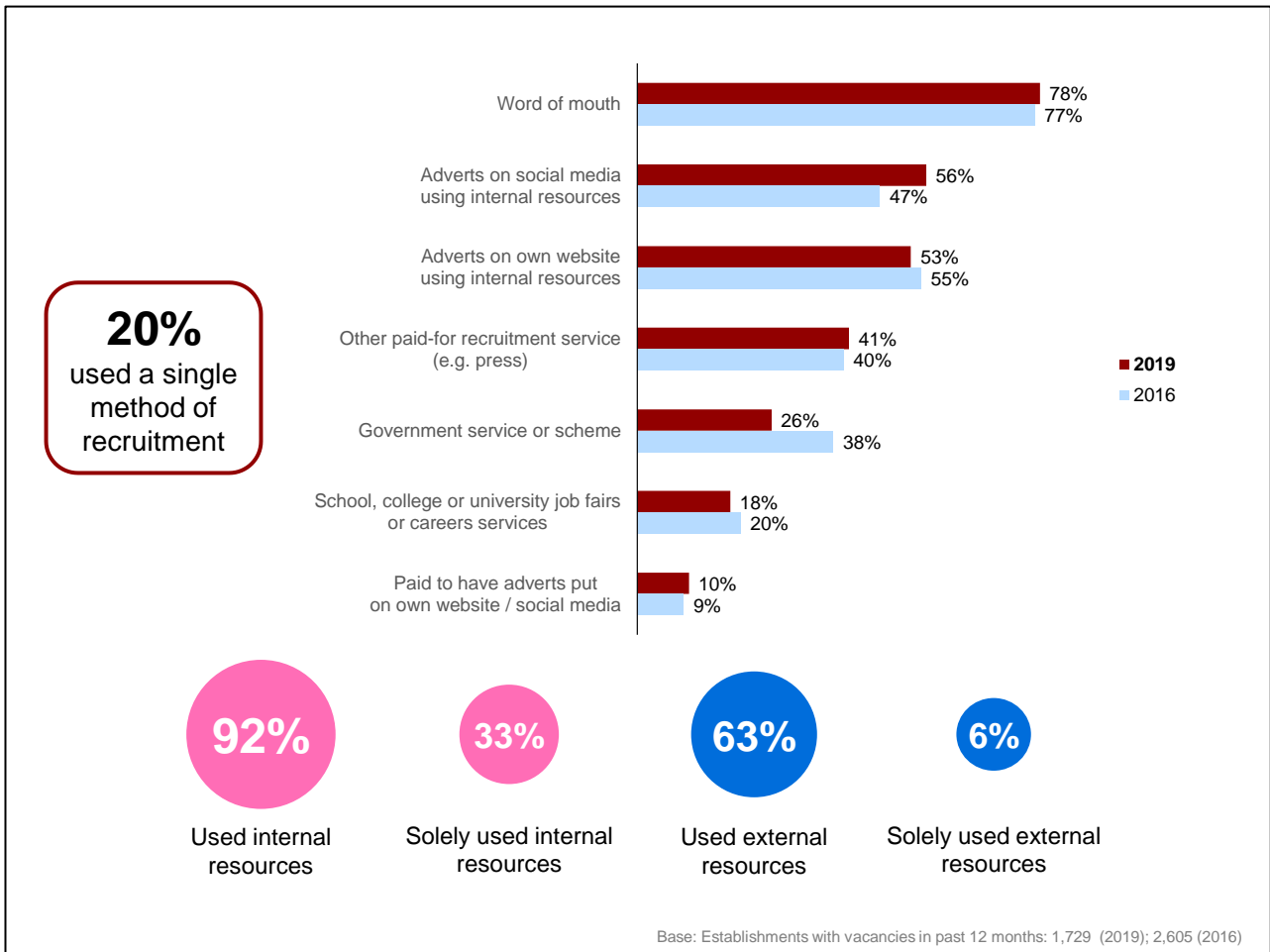
As shown in Figure 3.2, nearly all employers with vacancies utilised internal resources (92%) such as advertising on their own social media (56%) or website (53%). However the single most common approach was through word of mouth or personal recommendation, used by 78% of employers with a vacancy. A third (33%) of employers with a vacancy used solely internal resources to seek candidates; 12% of these employers used only word of mouth, which is likely to limit the range of applicants.

Three-fifths (63%) of those with a vacancy did use external resources to seek candidates, most commonly paying for a recruitment service such as press advertising (41% of employers with a vacancy). The specific types of paid-for recruitment services most used by establishments with a vacancy were paid-for recruitment websites which were used by one in five (20%), followed by recruitment agencies which were used by one in eight (12%). Traditional press advertisement was relatively rare, with 10% of those with a vacancy advertising via their local press, 3% via trade press or professional publications and 2% in the national press.

¹¹ GDP growth of 2% in real terms compared to the first quarter of 2018 in Construction, compared to 1.4% overall (Scottish Government, 2019a).

¹² 24% of vacancies in 2017 and 2015 were skill shortage vacancies, Winterbotham et al. (2018a).

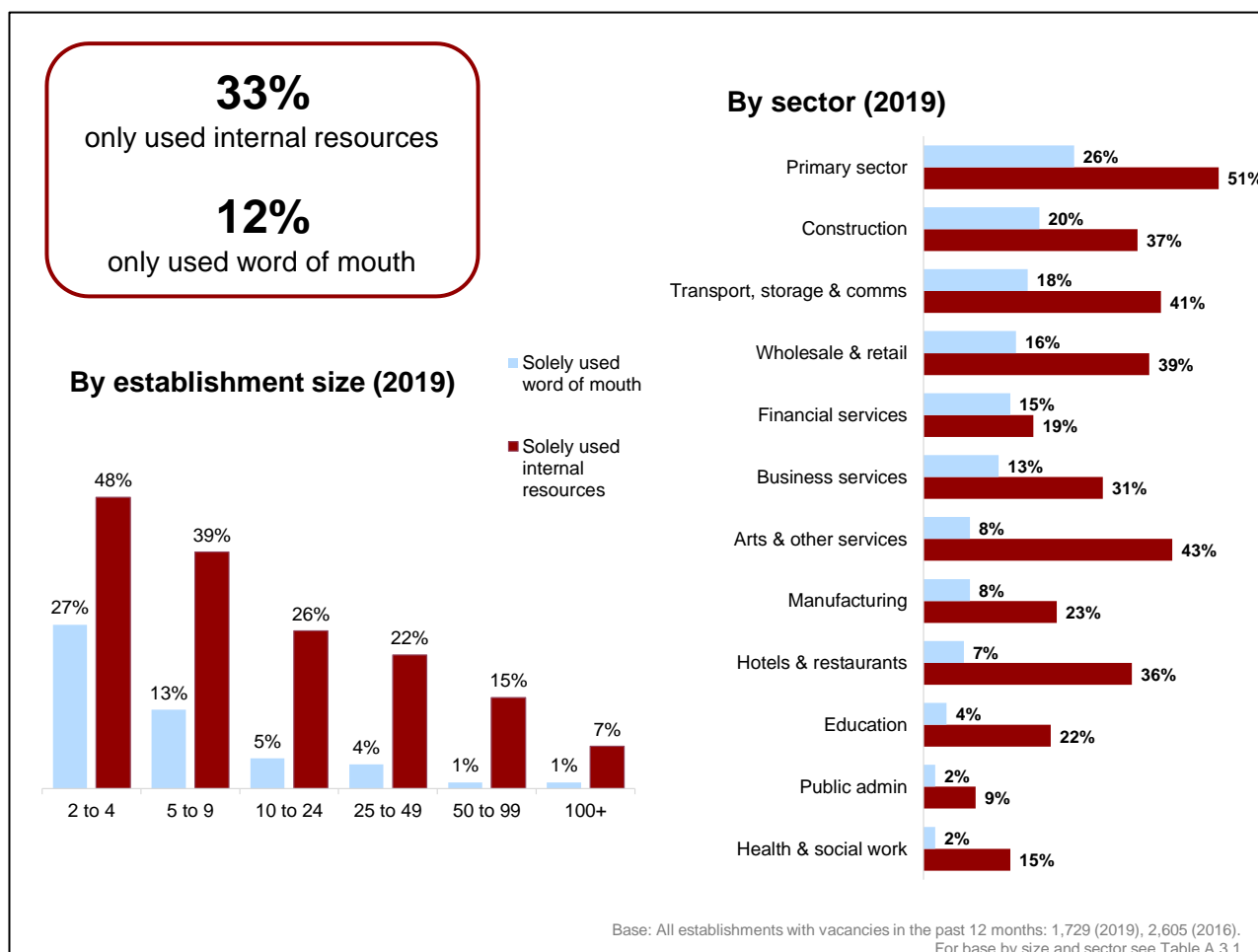
Figure 3.2 Recruitment methods used in the last 12 months, 2019



Overall, use of social media to attract applicants has grown (used by 59% of those with vacancies compared to 50% in 2016), with this now more common than employers advertising on their own website (though 41% use both). Use of Government recruitment services or schemes has decreased from 38% to 26% of those with vacancies.

As shown in Figure 3.3, the smallest employers with up to nine employees were those most likely to only rely on internal resources (48% of those with 2-4 employees compared to 33% overall) or only word of mouth when recruiting (27% of those with 2-4 employees compared to 12% overall). Virtually all larger employers with over 100 employees (92%) used some external resources to attract candidates, compared to less than half of the smallest employers (47% of those with 2-4 employees). Accordingly, smaller establishments, which account for over half of all employers, may be at particular risk of not finding appropriately skilled applicants as well as making it difficult for young people or others who may be under-represented in their immediate network to find work.

Figure 3.3 Recruitment methods amongst those with vacancies in the last 12 months, by size and sector, 2019



Primary and Utilities, Arts and Transport, Storage and Communications employers with vacancies were most likely to only use internal resources to recruit (over two-fifths in each sector), with those in Primary and Utilities, Construction, Transport, Storage and Communications particularly likely to rely solely on word of mouth for recruitment. The impact of this limited approach to recruitment may have contributed to the Construction sector in Scotland being particularly likely to suffer from a high density of vacancies due to skill shortages and it being perceived poor for equality and diversity (Winterbotham et al., 2018a).

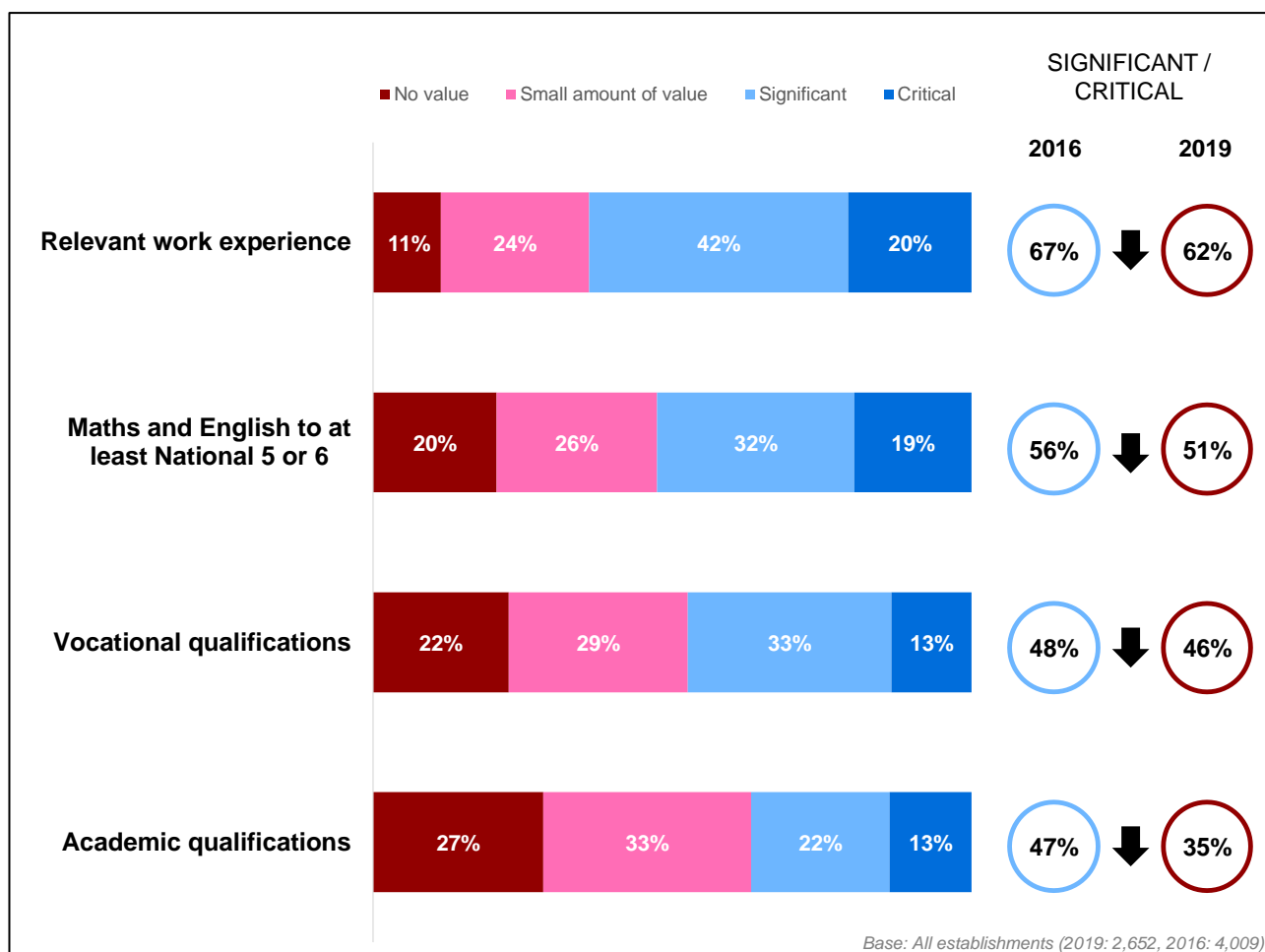
Public Administration and Health and Social Work employers were most likely to have used some form of external resource to recruit, which may also reflect their size (they account for a quarter of establishments with 250 or more employees), and many will have more formal 'best practice' recruitment policies seeking to ensure they reach as many candidates as possible (e.g. 75% of Public Admin establishments with vacancies advertised vacancies where the job design allows applicants to request flexible working arrangements, see Figure 3.5 below). Public sector employers as a whole were more likely to have accessed a Government service (70% of those with vacancies did so) and were also more likely to have used school, college or university fairs or services (40% did so).

Employers based in Edinburgh and Lothians and Glasgow were particularly likely to have paid for a recruitment website to advertise their vacancies (30% and 27% respectively of those with a vacancy did so compared to a Scottish average of 20%), and those in Edinburgh and Lothians were also particularly likely to have used a recruitment agency (21% compared to a Scottish average of 12%). This arguably reflects the wide geographical reach of jobs in these cities, especially higher skilled roles for graduates, which candidates may be willing to relocate for in some cases.

What employers look for when recruiting

To gauge what drives employer decisions on recruitment, the study measures the relative importance to employers of a number of factors: (a) academic qualifications (Maths and English as well as more broad academic qualifications); (b) relevant vocational qualifications; and (c) relevant work experience. Employers rated whether these attributes were ‘critical’, ‘significant’, of a ‘small amount of value’ or of ‘no value’ when taking on new staff (see Figure 3.4).

Figure 3.4 Factors looked for when recruiting, in 2019 and 2016



Relevant work experience remains a key factor for most employers when seeking suitable candidates, it is ‘critical’ or ‘significant’ for 62% of employers making it a more common requirement than any type of qualification.

Being able to prove basic competence in Maths and English via qualifications at least National 5 or 6 (equivalent to general or credit standard grade) is 'critical' or 'significant' for around half of employers (51%), though of no value for 20%.

Relevant vocational qualifications are important for just under half of employers, 'critical' or 'significant' for 46%, but of no value for 22%.

Particular academic qualifications such as Nationals, Highers or a degree are less likely to be important, with 27% saying they hold 'no value' when they compare applicants – but they are 'critical' or 'significant' for 35% of employers. This is a notable decrease from 2016 when 47% of employers believed them 'critical' or 'significant' and only 21% thought they held 'no value'.

Employers who have recruited in the last year were more likely to think work experience critical than those who have not had any vacancies (24% compared to 16%), though it is less important for those who have recently hired a young person (19%). Employers who do not actually offer work experience themselves are almost as likely as those who do to think it 'critical' (19% compared to 22%).

By size of employer, larger employers generally assigned greater importance to each of the factors (except vocational qualifications) – see Table 3.1.

By sector some larger differences appear in the value different groups place on the factors looked at when recruiting:

- Work experience is most likely to be 'critical' or 'significant' for employers in Education (79%) and Primary and Utilities (71%). It was least likely to be 'critical' or 'significant' for Hotels and Restaurants (53%);
- Maths and English qualifications were more likely to be 'critical' or 'significant' for employers in Financial Services (71%), Business Services (67%), Public Administration (65%) and Education (65%) and less likely to be 'critical' or 'significant' for the Hotels and Restaurant sector (34%) and those in Primary and Utilities (27%);
- Holding a National, Higher, degree or other academic qualification was particularly important for employers in Education (critical/significant for 76%), Public Administration (64%) and Financial Services (59%). Such qualifications were relatively less likely to be 'critical' or 'significant' for those in Primary and Utilities (20%) and Hotels and Restaurants (12%); and
- Employers most likely to value vocational qualifications were those in the Education sector ('critical' or 'significant' for 73%), and to a lesser extent those in Health and Social Work (62%). As with work experience and academic qualifications, employers in the Hotel and Restaurant sector were less likely to say vocational qualifications were of 'critical' or 'significant' importance (30%).

Table 3.1 Factors looked for when recruiting, by size and sector, 2019

<i>Row percentages</i>	<i>Unwtd Base</i>	Factors looked for when recruiting: Critical or significant				
		Relevant work experience	Math's & English at National 5-6	Vocational Qualifications	Academic qualifications ¹³	
Scotland	2,652 %	62	51	46	35	
Size						
2 to 4	643 %	59	50	42	32	
5 to 9	608 %	60	51	45	34	
10 to 24	619 %	69	52	50	39	
25 to 49	364 %	71	51	57	43	
50 to 99	161 %	68	58	61	52	
100+	257 %	70	60	54	54	
Sector						
Primary Sector & Utilities	137 %	71	27	42	20	
Manufacturing	160 %	61	56	41	37	
Construction	162 %	61	48	50	32	
Wholesale & Retail	525 %	57	50	36	25	
Hotels & Restaurants	293 %	53	34	30	12	
Transport & Comms.	170 %	56	61	40	29	
Financial Services	91 %	61	71	32	59	
Business Services	422 %	66	67	56	54	
Public Admin.	76 %	64	65	44	64	
Education	134 %	79	65	73	76	
Health & Social Work	274 %	66	46	62	44	
Arts & Other	208 %	64	45	49	33	

Base: All establishments

Employers who had a vacancy but had not yet recruited were particularly likely to report that several factors – relevant work experience, English and Maths qualifications and other academic qualifications were ‘critical’ or ‘significant’. This may indicate that those with higher requirements were not easily finding candidates of sufficient quality.

¹³ Academic qualifications such as Nationals, Highers or a degree

Equalities and diversity in recruitment

The previous sections have considered broadly *how* employers approach recruitment and *what* they look for when recruiting. This section now considers the extent to which employers factor equality and diversity into their recruitment practices, including job-design.

A key priority for the Scottish Government, articulated in their economic strategy and other policy areas touching on employment, skills and the labour market is to improve inclusivity and reduce inequality. A series of questions covering the monitoring of equality and diversity, and any actions employers take during the recruitment process to improve the equality and diversity of their workforce have been added to the EPS study for the first time in 2019. These data establish a picture of current practices and provide a benchmark for the future. Good recruitment practices in terms of equality and diversity are not mandatory, though larger employers and those in the public sector have more obligations than other employers.¹⁴

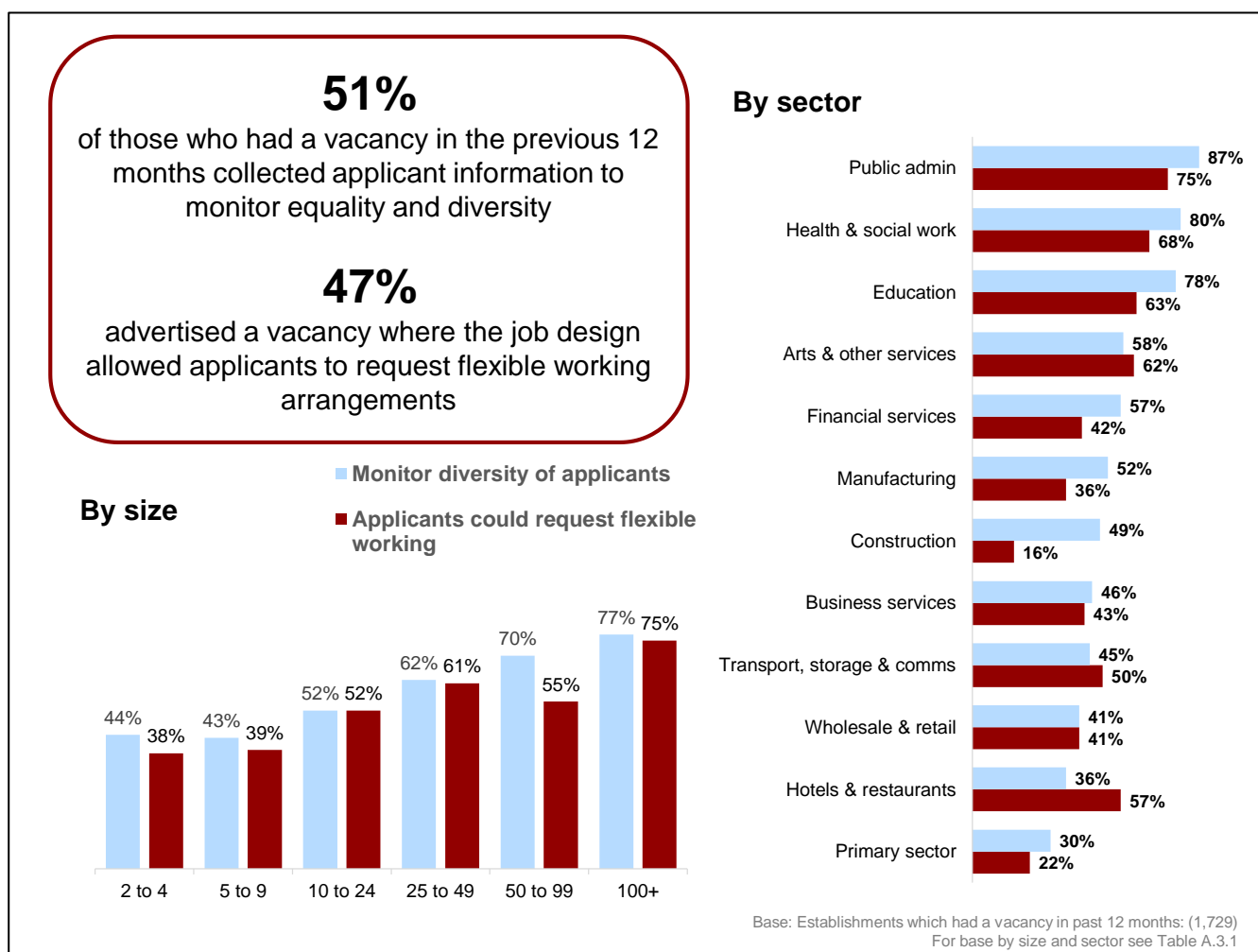
Overall, half (51%) of employers who had a vacancy in the preceding 12 months reported they collected information from applicants to monitor equality and diversity; 46% had not collected this information, and 4% were unsure if this happened. It was explained that this could include collecting information such as age, disability, gender, race, religion or sexual orientation. This figure is considerably lower than the 80% of employers who reported they had an equal opportunities policy in ESS 2017, which raises questions around the limited nature of these policies' content, and the extent to which these policies are acted upon (Winterbotham et al., 2018).

As shown in Figure 3.5, larger establishments were more likely than smaller establishments to collect information from applicants to monitor equality and diversity (77% of those with 100+ staff compared to 44% of those with 2-4 employees). Raising awareness around the importance of equality and diversity monitoring among smaller employers (including those who may not frequently recruit), may be more costly than amongst the fewer larger employers who often recruit but would help ensure more applicants experience good recruitment practice in the long term.

Public and voluntary sector employers were markedly more likely to collect information than those seeking a profit (81% and 73%, compared to 43%). This difference is also reflected by sector, with a majority of establishments in the public and voluntary sectors having the highest collection rates – around four in five of employers in the Public Administration (87%), Health and Social Work (80%) and Education (78%) sectors compared to less than two in five amongst employers in the Primary and Utilities (30%) and Hotels and Restaurants (36%) sectors.

¹⁴ When recruiting, public sector employers must advance equality of opportunity between those who share an Equality Act 2010 protected characteristic and those who do not - removing or minimising disadvantages due to protected characteristics and taking steps to meet their needs. Larger employers, across all sectors, with 250 or more employees must report their gender pay gap.

Figure 3.5 Whether employers with vacancies in the previous 12 months monitored the diversity of applicants or designed jobs to allow flexible working, by size and sector, 2019



Recruitment actions to improve equality

Moving beyond simply monitoring the diversity of applicants, employers who had recently had vacancies in the last 12-months were asked about specific actions they might have taken to improve the equality and diversity of their workforce during recruitment.

Employers were asked about:

- **The advertisement of vacancies which make clear that job design allows applicants to request flexible working arrangements** – such as part-time working and job sharing.
- **Positive action** – being able to choose to recruit someone with a protected characteristic over other equally qualified candidates because they have identified that this protected characteristic is under-represented in their workplace; and
- **‘Blind’ or ‘no name’ recruitment** – where non-relevant information such as the applicant’s name is anonymised on their application,

Employers were first asked if they were aware of positive action, and if they were aware, whether they had used it. They were then asked (regardless of awareness of positive action) if they had used blind recruitment or advertised vacancies where job design allows requests for flexible working.

As Figure 3.5 above shows, almost half (47%) of employers who had a vacancy had **advertised at least one vacancy where the job design allowed applicants to request flexible working arrangements**, such as part-time working and job sharing. Such roles may widen the potential candidate pool, for example to include disabled people whose impairments cause fatigue or those with young children and caring responsibilities.

Size is a factor in the uptake of good practice, with 75% of the largest employers (100+ staff) with vacancies able to offer flexible roles compared to 55% of those with 50 to 99 staff and 38% of those with 2-4 employees.

Public and voluntary sector employers with vacancies were more likely to have advertised such roles (70% and 66% compared to 42% of those seeking a profit), rising to 75% of Public Administration employers. Over three-fifths of those with vacancies in the Health and Social Work (68%), Education (63%) and Arts (62%) sectors advertised potentially flexible roles compared to only 16% of Construction employers and 22% of those in Primary and Utilities with vacancies.

Two-thirds of employers (65%) who had a vacancy in the last 12 months were aware of **'positive action'**. A fifth (19%) of establishments that were aware of positive action had used it to recruit someone in the preceding 12 months, equating to 13% of those with a vacancy.

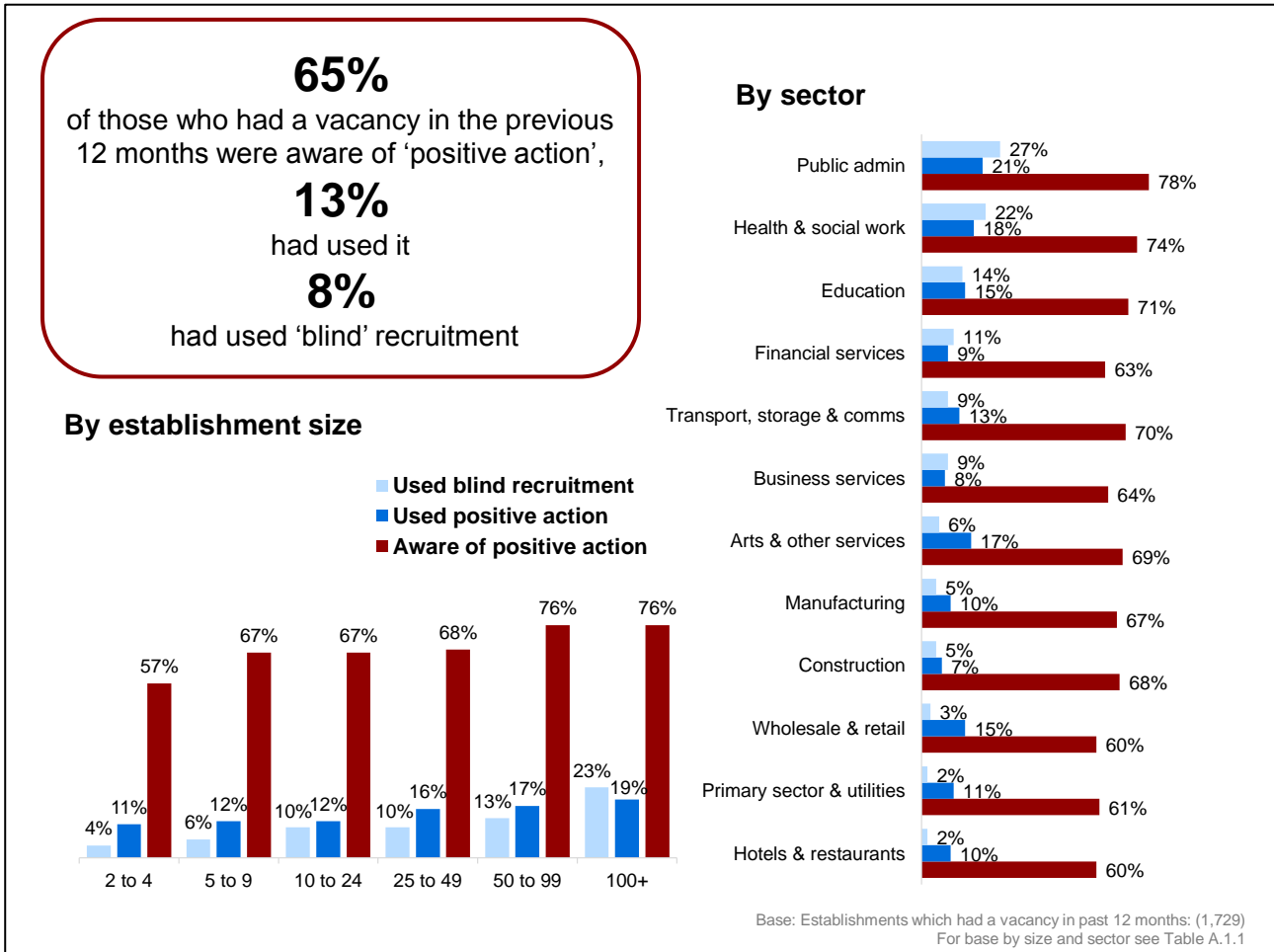
Smaller employers had lower awareness levels, with 57% of those with 2-4 employees and a recent vacancy having heard of the practice. Around two-thirds (67%) of those with five to 49 employees were aware of positive action, rising to three-quarters (76%) of those with over 50 employees. The largest employers were almost twice as likely to have actually used positive action, 19% of those with 100+ staff who had a vacancy compared to 11% of those with between 2-4 staff. This is shown in Figure 3.6.

While 'positive action' is voluntary, it may be particularly useful for public sector employers who need to comply with the Public Sector Equality Duty. Accordingly, awareness was higher amongst public and voluntary sector employers with a vacancy than amongst private sector employers with a vacancy (76% and 76% compared to 63% respectively). Despite the fact that voluntary sector employers are not mandated to comply with the Public Sector Equality Duty, they consistently fall in line with public sector employers on related measures, suggesting a concerted effort to work towards equality in the voluntary sector. By sector, awareness was highest in the Public Administration, (78%) and Health and Social Work (74%) sectors and was lowest in the Hotel and Restaurant (60%) and Wholesale and Retail (60%) sectors.

Among those with vacancies, actual use of positive action was most likely in those sectors with the highest awareness (21% of those in Public Administration and 18% of those in Health and Social work) and was least likely in Business Services and the Construction

sector (8% and 7% respectively) although these were not the sectors with lowest awareness, which were Wholesale and Retail and Hotels and Restaurants (both 60%).

Figure 3.6 Whether employers who had a vacancy in the previous 12 months were aware of positive action, whether they had used positive action and whether they used blind recruitment



By region, awareness of positive action was notably higher in Glasgow (76% of those with a vacancy), though only 12% had used it. Use of positive action was more likely in Dumfries and Galloway (24% of those with a vacancy, with 70% aware). Awareness was notably lower in West Lothian and Fife (46% and 54% of those with a vacancy) and use was particularly unlikely in West (7% of those with a vacancy, despite 61% being aware).

Turning to use of **'blind' or 'no name' recruitment**, this was less common – only 8% of employers with vacancies had used this approach in the last year. However the practice was far more likely among large employers – a quarter (23%) of employers with 100+ staff who had a vacancy in the past year had used it, compared to only 4% of those with 2-4 employees.

Use of this approach to avoid unconscious bias was more common in the public sector, where a quarter (26%) of those with vacancies had used it, compared to only 4% of employers seeking profit. Public Administration employers, and those in the Health and Social Work sector were particularly likely to have used blind recruitment (27% and 22% of

those with vacancies) whilst the practice was almost non-existent in several sectors, used by 5% or fewer of those with vacancies in Construction, Manufacturing, Wholesale and Retail, Primary and Utilities and Hotels and Restaurants.

The McGregor-Smith review recommended that all employers should consider how they are portrayed online to attract a diverse pool of applicants, and the UK Government's response agreed that this type of inclusive recruitment process is key to delivering long-term success (McGregor-Smith, 2017). In addition to being asked explicitly if they were aware of or used any of the above methods to monitor or improve diversity, employers who had had vacancies in the last 12-months were asked a more open, unprompted question about how they try to encourage a diverse range of applicants when recruiting.

The majority of employers (82%) could not identify anything they do to specifically encourage diversity in their applicant pool, with only 5% promoting inclusive messages about the company on their website or recruitment materials.

Even among those who monitor the diversity of their workforce, use positive action, blind recruitment and / or offer jobs designed for flexibility the majority reported they did nothing specific to improve the diversity of applicants, though it was markedly lower than those not using these practices. Employers who collect information to monitor the diversity of their applicants, for example, were more likely to take specific action to encourage more diverse applicants than those who do not monitor, but almost three-quarters still take no action (73% compared to 92% among those who do not monitor). It appears employers are more likely to be focussed on their selection procedures than considering the ways in which they might reach a wider pool of candidates to start with. Good practice during subsequent steps in the recruitment process might be more effective if greater consideration was also given to earlier stages.

Smaller employers were more likely to have not taken any specific actions to encourage diversity in their applicant pool than larger employers: this was the case for 84% of employers with vacancies 2-4 employees and just 57% of employers with vacancies and 100+ employees). This difference when compared to smaller employers was driven by their higher likelihood to have: (a) promoted inclusive messages about the company on their website or recruitment materials; or (b) to have altered the language used in their job adverts (18% and 9% respectively of employers with 100+ employees compared to 2% and 1% respectively of employers with 2-4 employees who had a vacancy in the preceding year).

The proportion of public and voluntary sector employers with vacancies who took no specific action was lower than amongst private sector employers (54% and 66% compared to 88%), with 11% and 13% respectively promoting inclusive messages on their website or recruitment materials. The vast majority of employers in the Construction, Primary and Utilities and Hotels and Restaurants sectors reported they took no specific action to encourage a diverse range of applicants (94%, 92% and 90% respectively of those with vacancies).

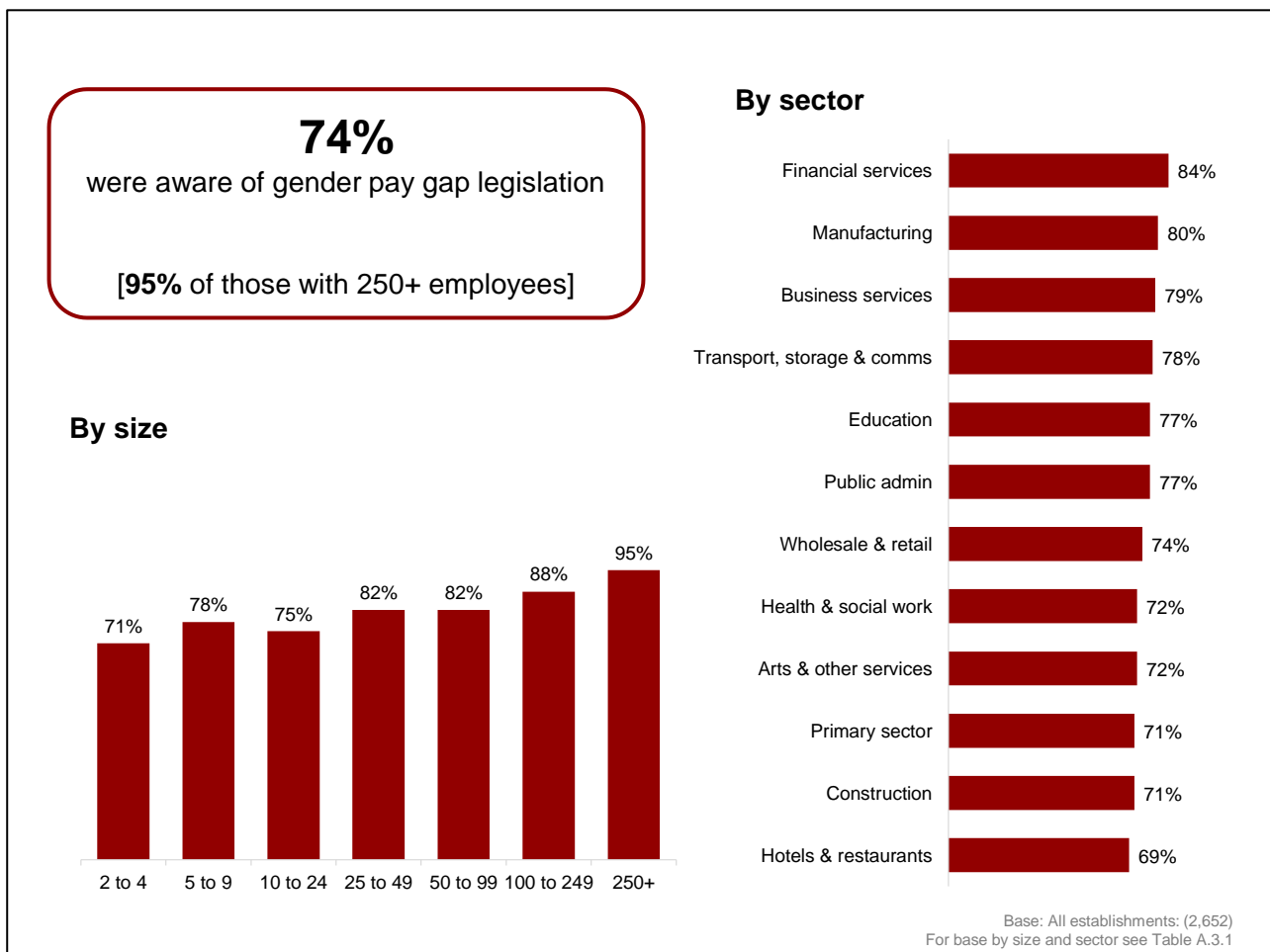
Newer establishments had rarely embedded this good recruitment practice, with 94% of those in operation for less than three years (that had vacancies), indicating they have taken no specific actions to widen the diversity of applicants.

Gender pay gap and recruitment

Awareness of the gender pay gap legislation which came into force in 2018 and any resulting changes in recruitment practices are also measured by the survey this year. Three-quarters (74%) of employers confirmed they were aware of the legislation which requires employers to publish annual statistics regarding the pay of their workforce split by gender.

Although only employers with 250 or more employees are required by law to publish their gender pay gap, awareness and any resulting action is checked amongst all employers surveyed regardless of establishment size – their site may be part of a larger organisation or there may be a ‘trickle down’ effect as smaller employers are prompted to consider their own pay structure in terms of gender. As would be expected awareness is almost universal amongst those with 250 or more employees (95% aware), but awareness was also relatively high amongst smaller employers (84% of those with 50 to 249 employees and 74% of those with 2 to 49 employees; see Figure 3.7).

Figure 3.7 Awareness of gender pay gap legislation, by size and sector



Awareness amongst private sector employers is in-line with that of their public and voluntary counterparts. Financial and Business Services employers were particularly likely to be aware of the legislation (84% and 79% respectively – statistically significantly higher than 74% overall). The lowest level of awareness was amongst Hotel and Restaurant employers (69% aware).

Awareness is consistent across all regions, with none statistically significantly higher or lower than the overall 74% figure.

High levels of awareness have not yet generally translated into any change in recruitment practice – just 1% of those aware of the legislation reported they had altered salaries of positions they recruit to. There were no changes made by 94% of those aware, although 5% were unsure if changes had been made or not.

Over half (58%) of the largest employers with 250 or more employees (who would be required to publish their gender pay gap data) had made no specific changes to their recruitment practices. Amongst these largest establishments, of those aware: (a) 5% had increased the transparency of their salaries or salary bands; (b) 5% altered the salaries of positions they recruit to; (c) 5% had recruited more women; (d) 4% had made changes to personnel on recruitment panels; (e) 4% had altered the language used in job adverts; (f) 2% had raised awareness generally. However, with the legislation relatively new it may be that more changes are planned as employers seek to understand their data in more depth. This may be an area to explore in subsequent EPS waves.

Recruitment of older workers

Moving on from *how* employers recruit, *what* they broadly look for, and *actions* they may have taken to widen their recruitment pool, the following sections examine *who* employers are recruiting, specifically looking at the recruitment of older workers, young people and leavers from the education system. With rises in retirement age, older workers represent an increasing proportion of the UK workforce (DWP 2017). As such it is helpful to understand the extent to which employers are recruiting older individuals compared to younger workers. Wider evidence suggests that the workplace experiences of older workers tends to differ from the rest of the workforce, individuals receive less training but have higher levels of job satisfaction, however business performance does not differ between those employing more or less older workers (ibid.). Several Scottish Government initiatives have offered older workers opportunities for training and access to support in their working lives. This includes Scottish Union Learning, which supports lifelong learning and skills development; the Workplace Equality Fund, which can be used to support older people who wish to extend their working lives; and redundancy support (PACE).

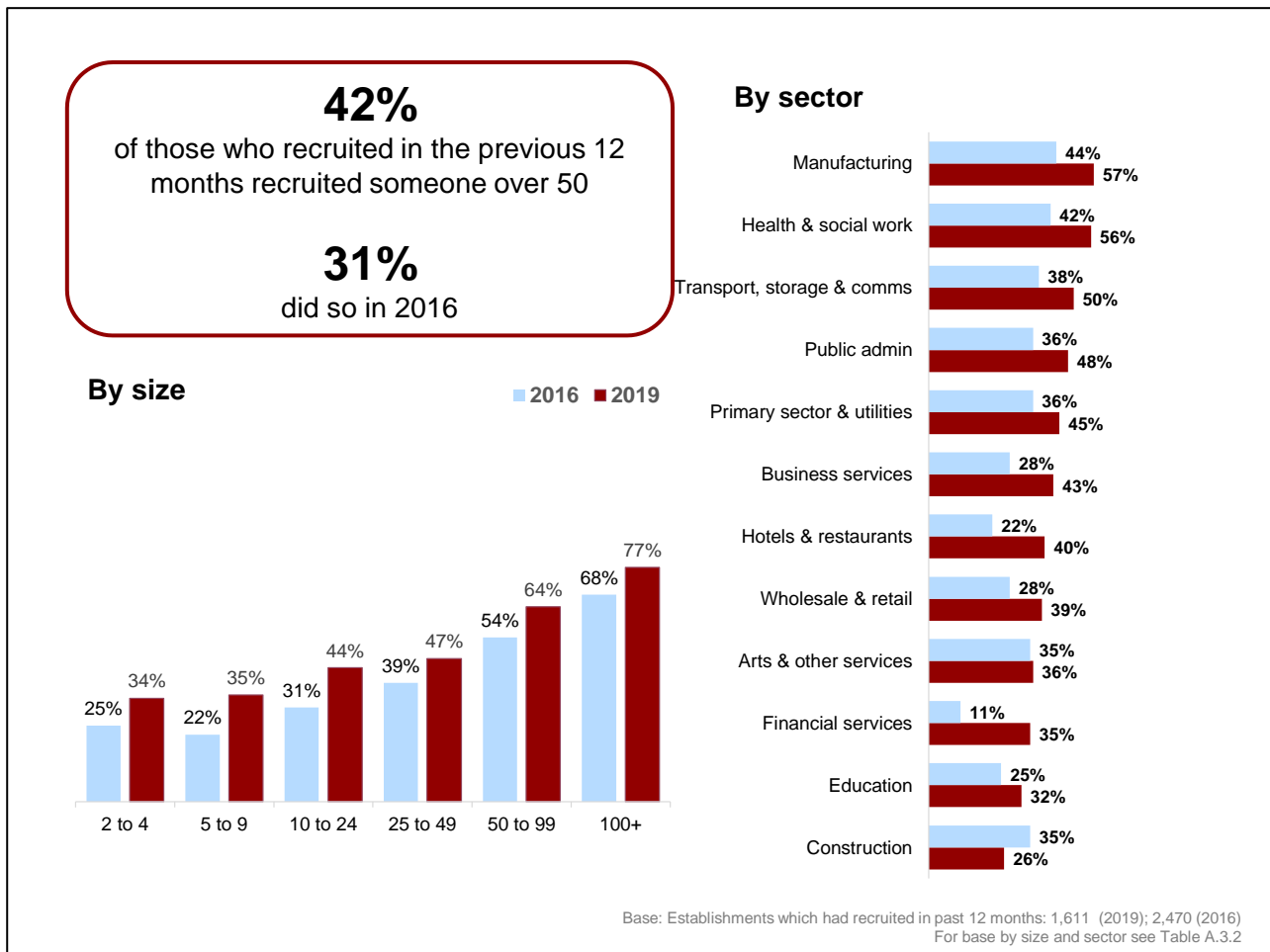
Around two in five (42%) employers who had recruited in the year preceding the study had recruited an older person aged 50 or over. This is a notable increase from the 31% who did so in 2016.

Employers who monitor the diversity of their applicants, use positive action, use blind recruitment, offer flexible posts and / or encourage a diverse range of applicants are all more likely to have recruited an older person than their counterparts who have not

adopted these good recruitment practices. These approaches may therefore be helping to improve the diversity of the workforce in terms of age.

As shown in Figure 3.8, larger employers were almost twice as likely as smaller employers to have employed an older person (77% of those with 100+ employees, decreasing to around a third (34%) of those with 2-4 employees). Larger employers are more likely to have recruited more people and so should be more likely to have recruited those with any given characteristic.

Figure 3.8 Recruitment of those aged over 50



Private sector establishments were less likely to have recruited an older person than those in the public sector (41% and 50% respectively of those with vacancies). The proportion of public sector establishments that recruited an older person increased from 30% in 2016. However, employers in the Education sector (of which around half are in the public sector) who recruited are notably less likely to have recruited an older person with only 32% doing so. Construction is the only sector less likely to have employed someone aged 50 or older in 2018 than they were in 2016 (26% of those who recruited). In contrast those in the Health and Social Work sector were particularly likely to employ an older person (56% of those who recruited did so). Manufacturing employers were the most likely to have employed an older person in the last year, 57% of those who recruited did so.

The greatest geographical contrast in the proportion recruiting older workers is between Edinburgh and Lothians and West (35% and 53% of those who recruited).

Recruitment of young people

Background

Youth employment rates in Scotland during the first quarter of 2019 (59.3%) were the highest they had been for over a decade, maintaining the recovery seen in 2015 (59.2%) following concerningly low youth employment in the years 2010 to 2014 (average 53.2%). The total number of young people in employment in the first quarter of 2019 was 2% higher than in the first quarter of 2016 (Scottish Government, 2019c).

Correspondingly, the youth unemployment rate had decreased from 16% in the first quarter of 2016 to 7% in the first quarter of 2019 (reflecting an absolute decrease in unemployment during the same period).

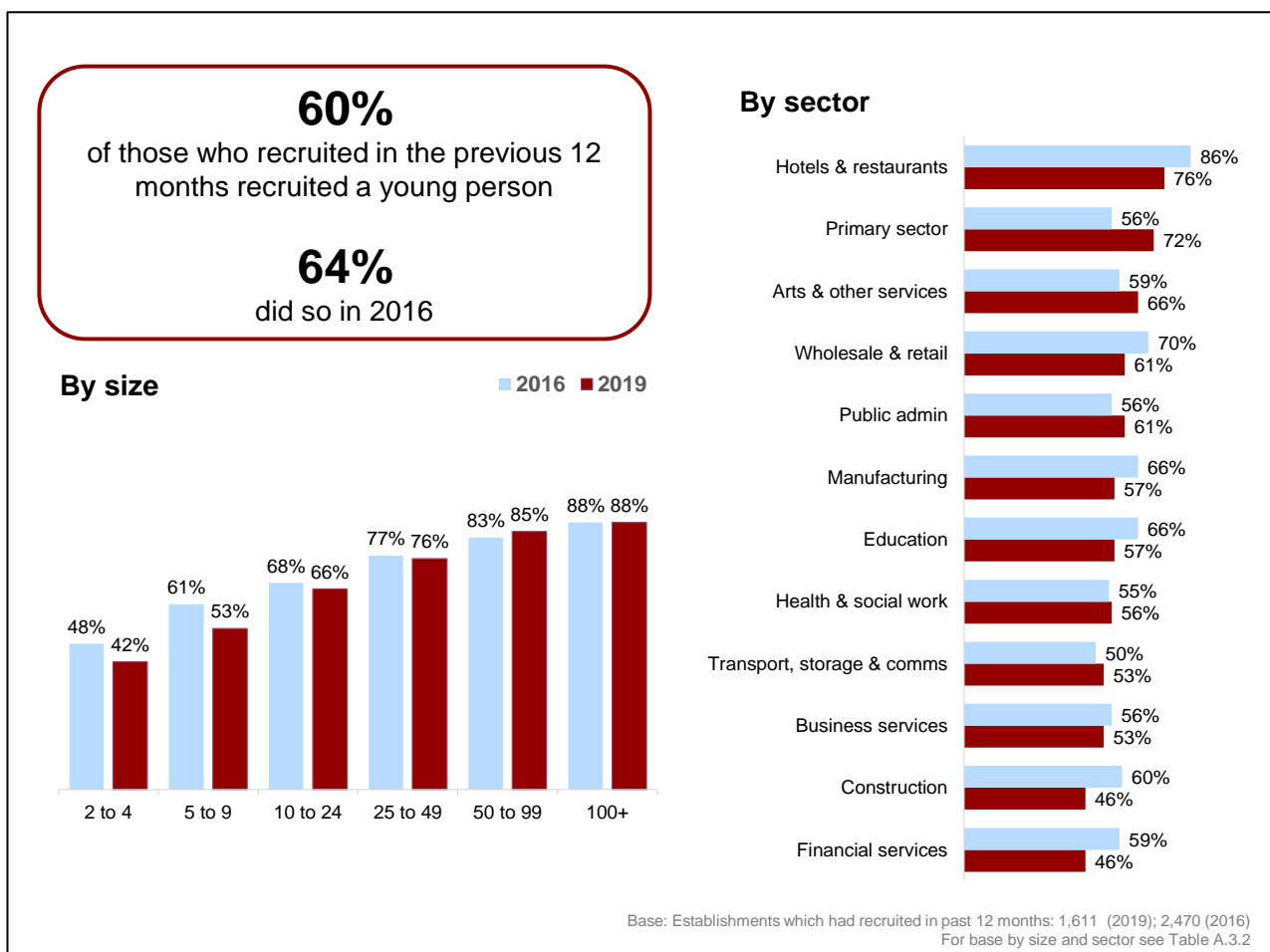
Demographically, Scotland has an ageing population, over the last ten years (1998 to 2018) the population aged 16-24 increased by 3%, whereas during the same period the 45-64 age group increased by 20% (National Records of Scotland 2019). As such the supply of younger workers is growing at a slower rate than older workers in the labour market.

Trends in the recruitment of young people

This year's EPS found that while employers were still more likely to have recruited a young person under the age of 25 than a worker aged over 50, the proportion recruiting an over 50 has increased, whereas recruitment of young people has decreased since the last survey (2016). Three out of five employers (60%) who had recruited in the year preceding the study had recruited a young person aged under 25, a decrease compared to 2016 when 64% of those who had recruited had recruited a young person.

Among those who recruited in the 12 months preceding the 2019 EPS study, the proportion who *only* recruited those 25 or older increased from 35% in 2016 to 38% in 2019. Recruiting older workers does not make it any more or less likely though that employers will recruit a young person, 60% of both those who had recruited someone aged 50 or older and those who had not, also recruited a young person under 25.

Figure 3.9 Proportion of employers who had recruited a young person in the last 12 months, by size and sector



Regarding recruitment of under 25s, as in previous years, employers were almost twice as likely to have recruited at least one young person aged between 19 and 24 (50% had done so) than to have recruited at least one 16 to 18 year old (28%).

However, there has not been a statistically significant change in the proportion who recruited those aged 16 to 18 since 2016, whereas the proportion recruiting those aged 19 to 24, has decreased from 56% in 2016.

As explored in more detail below, decreases in the recruitment of young people are greatest amongst smaller employers, the public sector and the Construction sector.

Larger employers were more likely to have recruited a young person, 88% of those with 100+ employees had done so compared to 42% of those with 2-4 employees.

Compared to 2016, the smallest employers with under 10 employees were less likely to have recruited a young person in the preceding 12 months. Youth recruitment amongst those with between 2-4 employees had decreased by seven percentage points from 48% to 42%. Amongst those with 5-9 employees there was a decrease of nine percentage

points in youth recruitment, from 61% in 2016 to 53% in 2019, with a particularly steep decrease in the recruitment of 19 to 24 year olds, from 50% to 38%.

Employers in the Hotels and Restaurant and Primary and Utilities sectors were particularly likely to have recruited a young person, with around three-quarters doing so (76% and 72%). The Hotel and Restaurant sector was particularly likely to recruit both those aged 16 to 18 (41% compared to 28% overall) and those aged 19 to 24 (67% compared to 50% overall), whilst those in Primary and Utilities were twice as likely as average to only hire 16 to 18 year olds (19% compared to 10% overall). Employers in the Wholesale and Retail sector were also particularly likely to recruit 16 to 18 year olds, 33% did so with 14% only recruiting from this age group.

Employers in the Construction and Business Services sectors had particularly low levels of youth recruitment. Compared to 2016, youth recruitment had decreased from 60% to 46% in the Construction sector, this was driven by a decrease in the hiring of 19 to 24 year olds (from 47% in 2016 to 32% in 2019). In the Business Services sector low rates of youth recruitment were mainly due to their low likelihood of hiring 16 to 18 year olds (15% compared to 28% overall).

By region, employers in Tayside were the least likely to have hired a young person, only 49% had done so (only 20% had hired a 16 to 18 year old) – see Table 3.2. Youth recruitment was most likely in the Borders, 75% had recruited a young person, driven by 63% recruiting someone aged 19 to 24. Highlands and the Forth Valley had notably high rates of recruitment for 16 to 18 year olds (35% and 43%).

Employers who consider work experience to be a 'critical' or 'significant' factor when recruiting were less likely to have hired a young person (57% compared to 69% of others). However, employers who invest in their workers through the provision of training and work experience were more likely than those who do not to have hired a young person in the preceding 12 months: 78% of those who have or offer Apprenticeships, 64% of those who offer work experience and 61% of those who provide training had recruited a young person.

Table 3.2 Recruitment of young people and those over 50 amongst those who had recruited, by region

Row %s	Unwtd Base		Recruited any young person	Recruited any 16 – 18-year-old	Recruited any 19 -24-year-old	Recruited anyone aged over 50	Only recruited those aged 25 or older
Scotland 2019	1,611	%	60	28	50	42	38
Scotland 2016	2,470	%	64	27	56	31	35
Region							
Aberdeen & Aberdeenshire	197	%	62	28	50	43	36
Ayrshire	100	%	53	30	39	49	45
Borders	51	%	75	22	63	41	25
Dumfries & Galloway	72	%	57	31	51	52	42
Edinburgh & Lothians	220	%	58	25	50	35	40
Fife	93	%	63	23	52	44	34
Forth Valley	88	%	61	43	49	48	39
Glasgow	169	%	64	24	58	37	34
Highlands & Islands	246	%	61	35	48	41	38
Lanarkshire	141	%	55	22	45	41	45
Tayside	134	%	49	20	42	42	50
West	85	%	64	26	58	53	35
West Lothian	40	%	73	36	60	44	27

Base: Establishments recruiting in the last 12 months

Occupations young people are recruited to

When young people were recruited it was typically to fill 'lower level' roles. Around three-fifths (59%) of employers who recruited a young person within the last year hired them for a relatively low skilled occupational area; 28% elementary, 14% caring, leisure and other service, 13% sales and customer service, 4% process, plant and machine operatives. Smaller employers were particularly likely to have recruited for an elementary occupation (43% of those with 2-4 employees compared to 17% of those with 100 employees or more). The only notable change from 2016 is a decrease in the share recruited for sales and customer service occupations down from 22% to 13%.

One in ten employers (10%) who recruited a young person in the last year placed their most recent young recruit in a skilled trade occupation and around the same proportion (9%) in an administrative or secretarial occupation.

In total only 13% of employers who recruited a young person hired their most recent young worker for a relatively highly skilled role; 8% associate professional and technical, 4% professional and 1% as a manager, director or senior official.

There is considerable variation by sector, reflecting occupational structures. Employers in the Education sector were particularly likely to have hired a young person for a professional role, 15% had done so. Business Services employers and those in the Health and Social Work sector were particularly likely to have placed a young person in an administrative or secretarial role, (20% and 14% respectively, compared to the 9% overall average).

The Construction sector, which had seen a marked decrease in youth recruitment was most likely to have been hiring for skilled trade roles, with 57% filling this type of role compared to 10% average overall. Caring, leisure and other service occupations were particularly common occupations employers hired young people for in the Health and Social work (62%), Education (48%) and Arts (44%) sectors compared to 14% overall.

Recruitment channels used to recruit young people

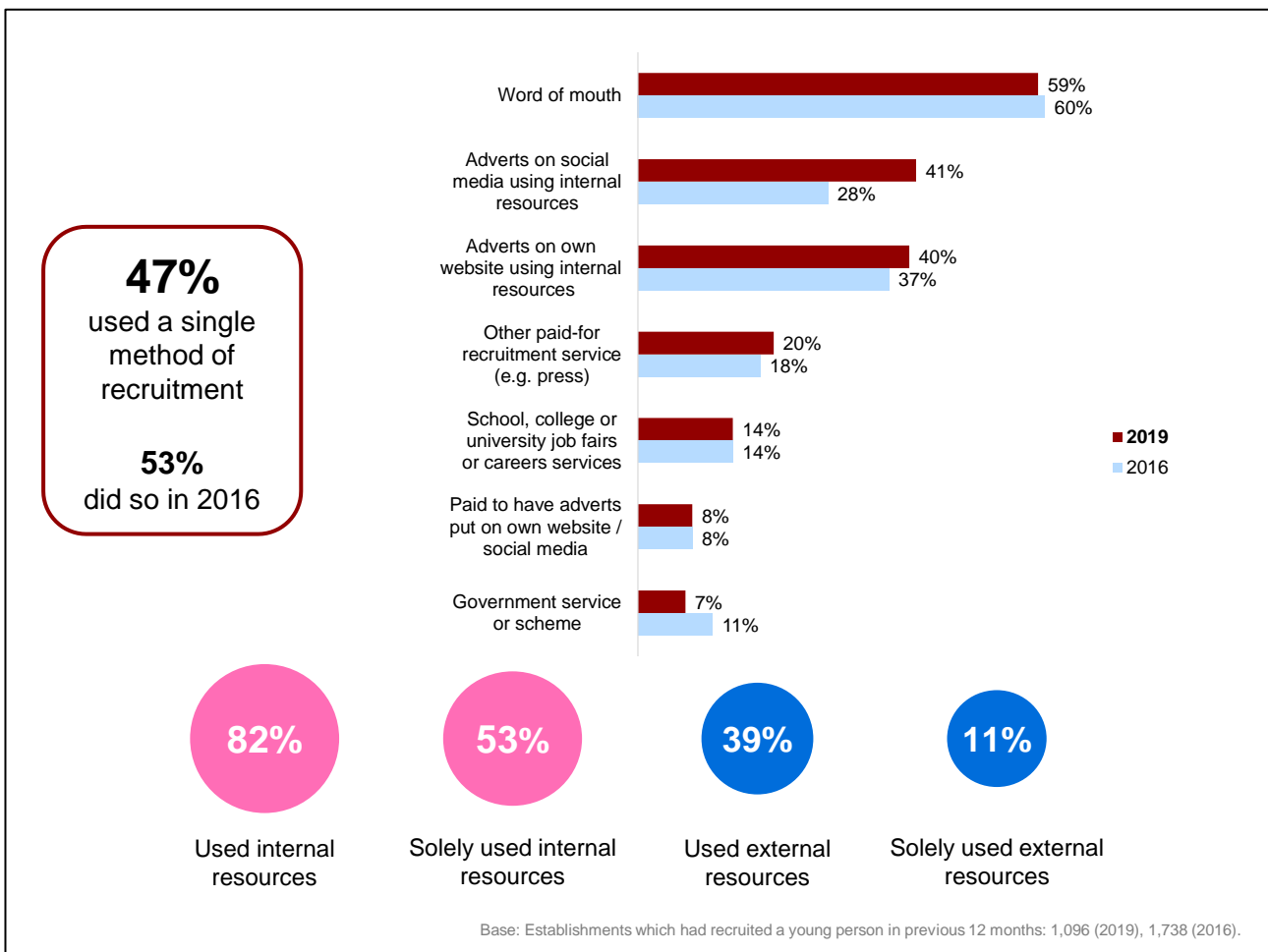
As young people are more likely to lack experience of paid employment, and are less likely to have developed contacts in industry, the channels used to reach them are crucial to equality of opportunity. Employers were asked which recruitment methods they used for the last vacancy that resulted in the recruitment of a young person. This gives us a good picture of where the job-roles that are deemed suitable for young people are most likely to be advertised. However, we cannot tell from the data which recruitment method was successful in reaching the young person taken on.

The majority of employers who employed a young person had used word of mouth or personal recommendation (59%), with a quarter (24%) relying solely on this to reach potential candidates, both figures in-line with the proportions who did so in 2016. Many used their own social media channels (41%), or website (40%) to advertise the position, with an increase in the use of social media from 2016 when 28% used it. Overall 82% used at least one of these internal resources and 53% used only internal resources (in line

with 51% in 2016) – meaning that they did not incur any external costs but may have limited their reach to those who were already aware of them.

Around one in ten (8%) paid for a recruitment service to place adverts on the employers own website or social media channels, and one in five (20%) paid for some other form of recruitment service (e.g. press advertising). School, college, university jobs fairs or careers services were used by 14% of those who recruited a young person, and 7% accessed a Government recruitment service or scheme. Overall 39% used at least one of these external resources, which may have widened the chances of more young people seeing the opportunity.

Figure 3.10 Recruitment methods used to recruit last young person



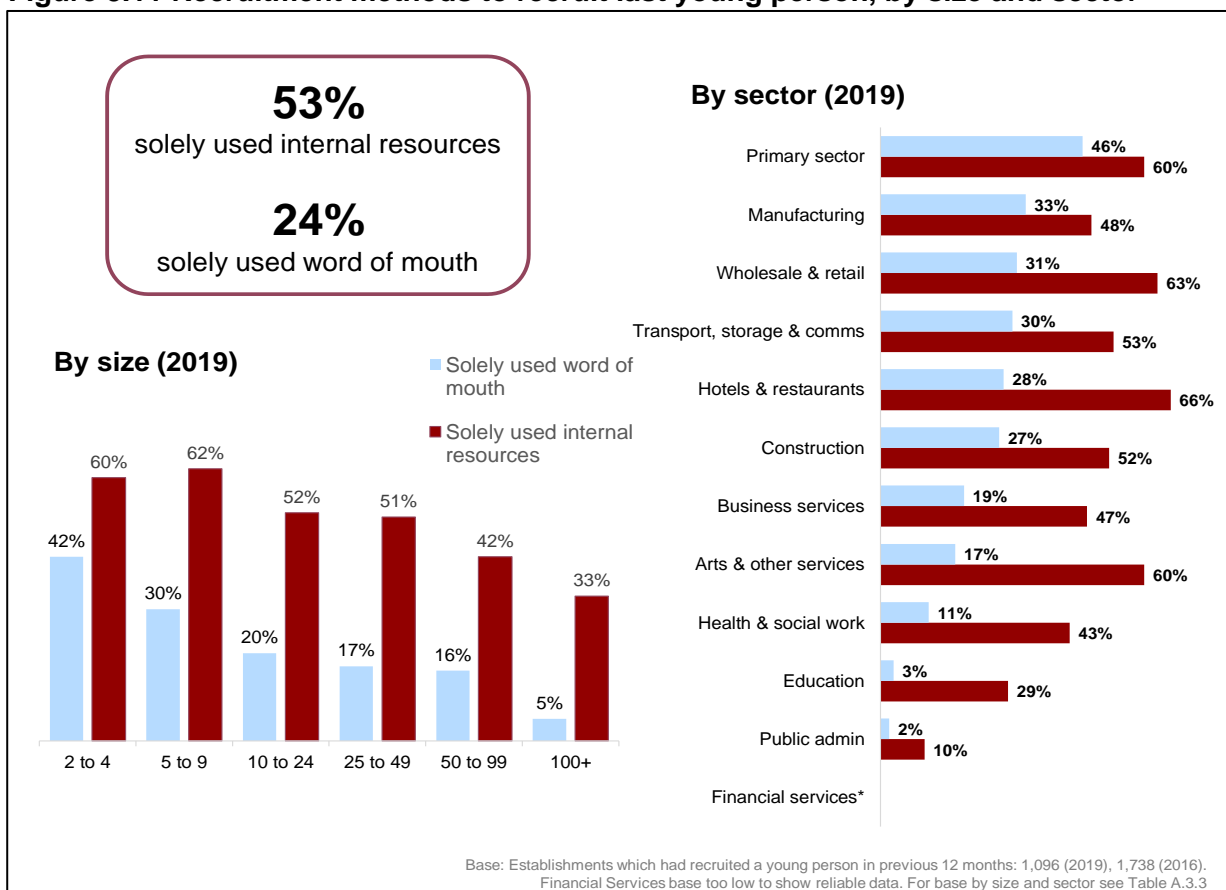
There has been no statistically significant change from 2016 when 40% used external resources. A recruitment website was the most common type of external, paid-for recruitment service employers who recruited young people had used (9%, increasing to 14% amongst employers with 100 or more employees, and 21% of those in the Education sector), followed by a recruitment agency (5%, increasing to 9% of those with 100 or more employees, and 9% of those in Business Services, Manufacturing and Public Admin) and local press (4%, increasing to 7% of those with 100 or more employees).

Employers were asked specifically about the recruitment method(s) used on the last occasion they recruited a young person. As such, the figures presented in this section are not directly comparable with the data presented earlier around which recruitment channels employers had used in general over the past 12 months, the previous figures were also based on all establishments with vacancies regardless of whether they had recruited. Only using internal resources was far more common in the recruitment of the most recent young person than it was as a general recruitment practice over the last year. This indicates young people may be at a particular disadvantage when looking for opportunities, and that employers are potentially restricting their choices. Added to this, around half of employers who had recruited a young person in the 12 months preceding the survey (47%) had used only a single channel (whether internal or external) to advertise the post most recently filled with a young person.

As shown in Figure 3.11, smaller employers were more likely to have only used internal resources to advertise the most recent position filled by a young person (60% of those with between 2-4 employees compared to 33% of those with 100 or more), and to have only used word of mouth (26% of those with between two and 49 employees compared to 5% of those with 100 or more).

Employers in Public Administration, Education and Health, and Social Work were more likely to have used external resources than the overall average (90%, 64% and 51% versus 39% respectively). On the other hand, those in Wholesale and Retail, and Hotels and Restaurants were more likely to have only used internal resources in recruiting their most recent young person.

Figure 3.11 Recruitment methods to recruit last young person, by size and sector



Employers in Edinburgh and Lothians and Glasgow had the lowest proportions of employers using only internal resources when recruiting their most recent young person (45% and 43% respectively).

Higher skilled roles filled by young people were more likely to have had external resources used to advertise them than lower skilled roles. Among those employers whose most recent young recruit was for a professional role 70% had paid for or accessed other external resources in seeking candidates, including 34% who had used a paid for recruitment service. Likewise, 61% who recruited for an associate professional role had used external resources, with the same proportion (34%) using a paid for recruitment service. In comparison, just 30% of employers whose most recent young recruit was to a sales and customer service job and 22% of employers whose most recent young recruit was for an elementary occupation had used external resources (see Table 3.3).

Finally, only a minority of employers who recruited a young person in the 12 months preceding the study had used a Government scheme or service to do so (7%). Use of Government schemes or initiatives was also less common than in 2016 when 11% of those who recruited a young person accessed one. This reduction may in part be due to the decrease in youth unemployment, as reported earlier, with use of Jobcentre Plus recruitment services decreasing from 4% of those who recruited a young person in 2016 to 1% in 2019.

Table 3.3 Recruitment methods used to reach young people by role recruited, 2019

Row %s	Unwtd. Base		Word of mouth / personal recommendations	Placed adverts on your website	Placed adverts on social media	Paid-for recruitment service	Educational careers services	Paid someone to advertise on website or social media	Government recruitment service
All role types	1,096	%	59	41	40	20	14	8	7
Managers	**	%	**	**	**	**	**	**	**
Professionals	51	%	49	55	29	34	37	6	6
Associate Professionals	89	%	56	58	55	34	24	20	15
Administrative /Clerical	110	%	43	32	28	28	16	13	12
Skilled Trades	109	%	59	30	40	16	10	8	5
Caring, Leisure and Other	164	%	48	51	46	23	21	6	10
Sales/Customer Service	123	%	64	47	41	17	7	6	5
Machine Operatives	61	%	66	27	35	26	12	4	5
Elementary Occupations	275	%	68	33	42	13	6	7	1

Base: Establishments that took on their last young person into each job role

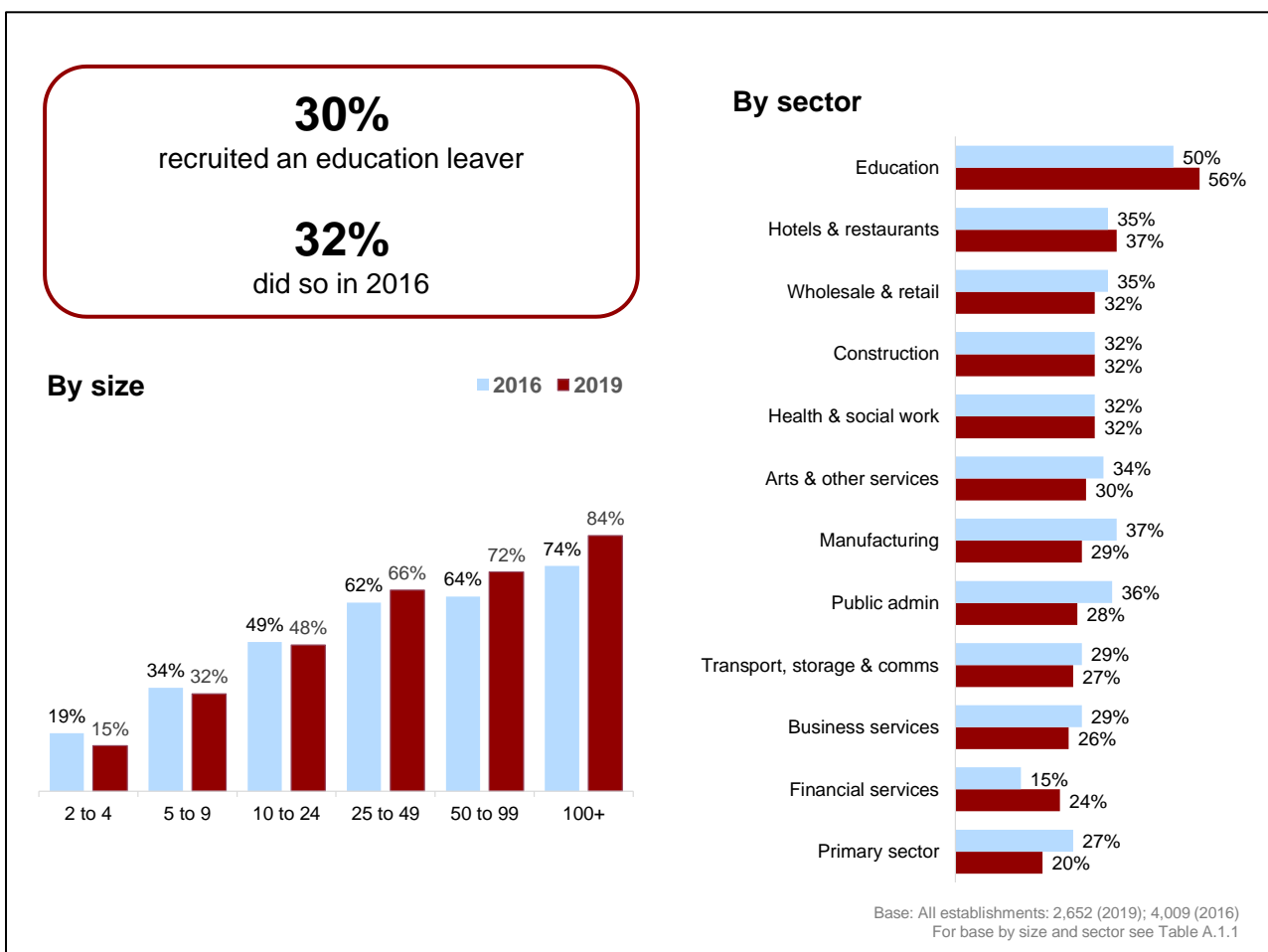
** Base size less than 25

Recruitment of education leavers

To further unpick establishments' experience of recruiting young people, the survey also establishes the proportion of employers who have taken on an education leaver in the last 2-3 years (these could be of any age). As in previous years, employers were asked to focus on leavers from Scottish educational institutions.

In the two to three years preceding the study 30% of employers had recruited an employee to their first job after leaving school, college or university. One in five (20%) had recruited from a Scottish secondary school, 12% from a Scottish college and 11% from a Scottish university. Although the proportions who recruited from school or colleges in 2019 are in-line with 2016 and 2014, there has been a decrease in the proportion recruiting from university to 11% in 2019 from 14% in 2016 and 13% in 2014. As discussed in more detail below this change appears to have mainly been driven by a decrease in the recruitment of university leavers amongst employers who are in the Arts, Public Administration, Business Services, Manufacturing, Hotels and Restaurants sectors and / or who are smaller (with under 50 employees). This change warrants further investigation in order to meet the Scottish Government's key performance indicator of 35% of employers recruiting young people directly from education by 2021.

Figure 3.12 Recruitment of education leavers, by size and sector



The smallest employers with between 2-4 employees were half as likely as average to

have recruited from school (9% compared to 20%), college (5% compared to 12%) or university (4% compared to 11%). Slightly larger employers with between 5-9 employees were also less likely than average to have recruited from university (7% compared to 11%) but were more likely than average to have recruited from school (23% compared to 20% overall).

As larger employers are more likely to hire all types of recruits (as they hire in greater numbers), they are more likely to have a range of job types requiring different levels of experience, qualifications and skills. Indeed employers with 100+ employees are around three times as likely (57%) as those with between 2 and 49 employees (18%) to have recruited from school, and six times as likely to have recruited from college or university (60% and 57% vs 10% and 9% respectively).

Compared to 2016, the largest differences were increases in the likelihood of those with 25 to 49 employees, or with 100 or more employees to have recruited a school leaver (increases of 10 and 8 percentage points respectively), and in the likelihood of those with 50 or more employees to have recruited a college leaver (an increase of 10 percentage points).

Employers in the Education sectors were most likely to employ education leavers, 56% had done so with 30% hiring a university leaver, 27% a school leaver and 25% a college leaver. Those in the Hotel and Restaurant sector were the next most likely to have recruited an education leaver, 37% had done so though these employers were more likely to have recruited a school leaver (29%), with 16% recruiting a college leaver and 13% recruiting a university leaver.

Employers in the Primary and Utilities sector were the least likely to have recruited an education leaver, this is due to particularly low likelihood of recruiting university leavers (only 2%). A low proportion of Construction and Wholesale and Retail employers also recruited university leavers (3% and 8% had done so), however these employers were particularly likely to have recruited school leavers (29% and 26%).

By region, overall over a third of employers in the Forth Valley (38%) and West (37%) had recruited an education leaver compared to only around a quarter in Aberdeen and Aberdeenshire and Borders (25% and 24% respectively), however, there are further variations by type of education leaver:

- Employers in West (27%) were more likely – and employers in Edinburgh and Lothians (16%) were less likely than the overall average (20%) to have recruited a school leaver;
- Employers in Lanarkshire were more likely than those in Aberdeen and Aberdeenshire, Ayrshire, Highlands and Islands and Tayside to have recruited a college leaver (17% compared to 9% to 10%); and
- Employers in Edinburgh and Lothians, Glasgow, Forth Valley and West were more likely to have recruited university leavers (14% to 15%) compared to those in Ayrshire, Dumfries and Galloway and Fife (all 6%).

Table 3.4 Recruitment of education leavers by Scottish region, 2019

Row %s	<i>Unwtd. Base</i>		Recruited any education leaver	Recruited any school leaver	Recruited any college leaver	Recruited any university leaver
Scotland 2019	2,652	%	30	20	12	11
Scotland 2016	4,009	%	32	19	11	14
Scotland 2014	4,015	%	32	19	11	13
Region						
Aberdeen and Aberdeenshire	313	%	25	18	9	9
Ayrshire	167	%	31	23	9	6
Borders	103	%	24	16	12	9
Dumfries and Galloway	111	%	27	19	12	6
Edinburgh and Lothians	334	%	31	16	12	15
Fife	150	%	34	23	14	6
Forth Valley	137	%	38	25	15	14
Glasgow	275	%	28	17	12	15
Highlands and Islands	432	%	30	22	10	11
Lanarkshire	245	%	32	19	17	7
Tayside	233	%	28	19	10	10
West	143	%	37	27	15	15
West Lothian	61	%	34	20	14	7

Base: All establishments

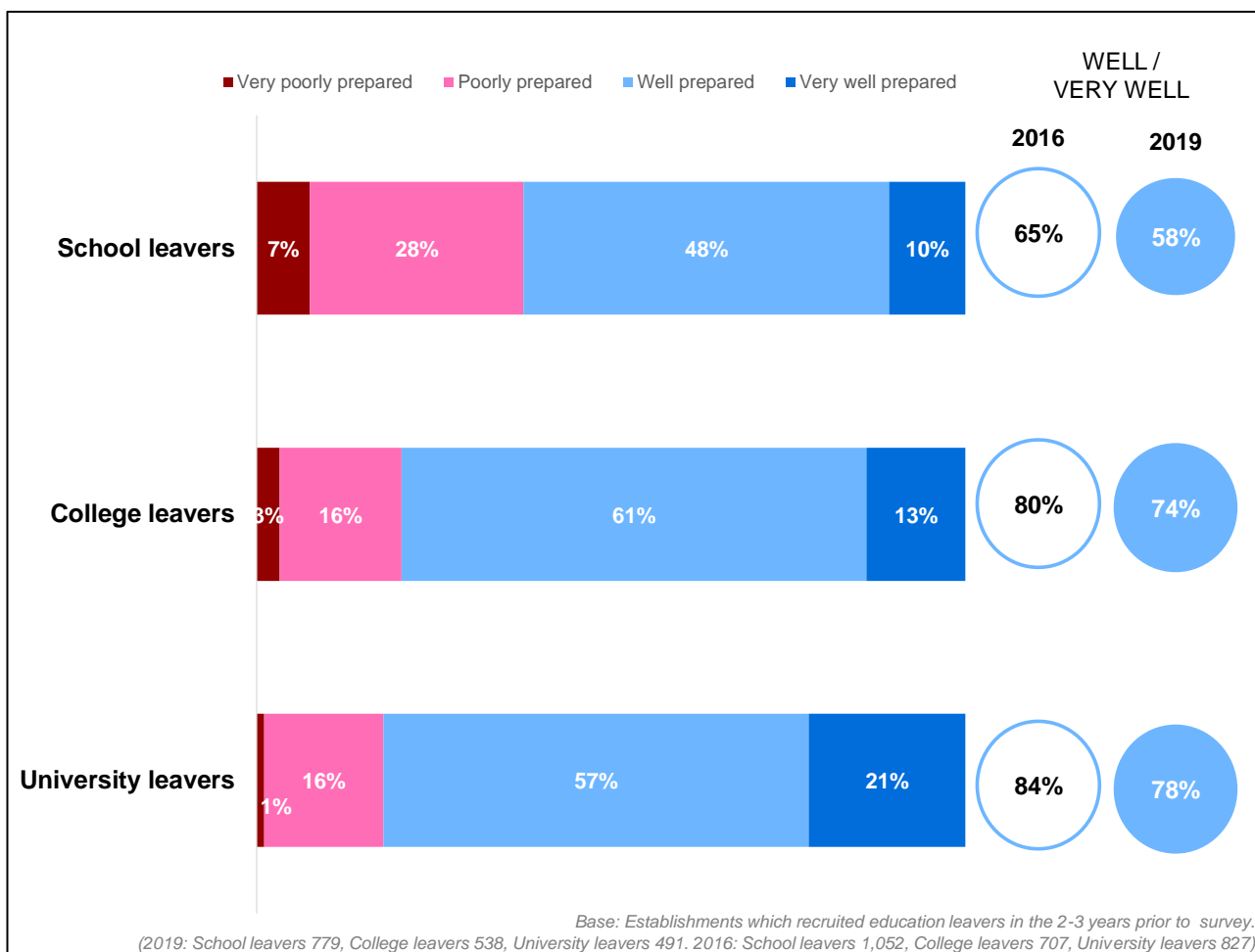
Preparedness for work of education leavers

A key issue for employers, education providers and policy-makers is whether individuals leaving education to join the workplace are deemed to be well-prepared for their job role. Overall, the majority of employers find their education leavers to be well prepared, and this level of preparedness increases with the level of educational attainment.

By type of leaver, 58% of those who had recruited a school leaver, 74% of those who had recruited a college leaver and 78% of those who had recruited a university leaver felt they were well prepared (see Figure 3.13). Employers were less positive about work preparedness than they were in 2016, the proportion of employers that rated each type of

education leaver 'poorly prepared' or 'very poorly prepared' rose by around five percentage points for each type of leaver.

Figure 3.13 Preparedness of education leavers for work, 2019 in comparison with 2016



The most common reason for feeling education leavers were poorly prepared was a *lack of experience of the working world/life experience or maturity*, 21% of those who had recruited a school leaver, 12% of those who had recruited a college leaver and 9% of those who had recruited a university leaver reported this issue. Amongst those who had recruited school leavers almost as common a problem was a *poor attitude, personality or a lack of motivation* (for 16%), although this was less likely to be an issue for those who had recruited college or university leavers (given as a reason by only 6% and 5% respectively) it was still the second and third most common reason respectively among these groups. Similarly a *lack of common sense* was an issue for 6% of employers who had recruited school leavers but for only 2% to 3% of those who had recruited college or university leavers.

For school and college recruits (who were more likely to be thought poorly prepared) issues around general life experience and attitude were more prevalent than issues around their skills or competencies, whilst for university leavers a lack of work preparedness was as likely to be linked to issues with skills or competencies as general experience or attitude.

Compared to 2016 the only notable change is an increase in the proportion of employers who felt the university leavers they recruited lacked the specific skills or competencies they required (not those related to literacy or numeracy), which had increased from 5% in 2016 to 8% in 2019.

4. Supporting entry to work

Chapter summary

Around one in seven employers (14%) were aware of their Developing the Young Workforce (DYW) Regional Group and 3% had engaged with them. Engagement levels rose to 12% of public sector employers.

Work experience placements (including education placements, broad adult placements and internships) were provided by 36% of employers (compared to 39% in 2016), and work inspiration activities by 15% (an increase from 13% in 2016). The smallest employers were half as likely as those with five or more employees to provide work placements, the majority of employers with at least 10 employees did provide work experience.

Overall, education placements have increased since 2016 but there was a reduction in the number for university students (11% fewer). Adult work placements were provided by 12% of employers, most commonly in the form of work trials for potential new recruits (9% of employers). Placements for the unemployed were provided by fewer employers in 2019 than in 2016 (4%, compared to 7%).

A third of employers (34%) went on to permanently hire those who had been on a placement. Altruism generally motivates the provision of work experience and work inspiration activities, with company benefit of secondary importance.

Structural issues such as not having suitable roles were the most common barriers to providing work experience, with only one in five actively choosing not to offer it.

Introduction

In the previous chapter, we highlighted the high value employers place on work experience when recruiting new staff. Wider research has shown the positive impact on employment that work placements afford young people (Mann, 2012), the unemployed (Haigh and Woods, 2016) and graduates (McCulloch, 2013). Work experience can help challenge barriers to entry into work, but to achieve this these opportunities need to be open to a broad range of individuals.

As part of supporting young people into work specifically, the Developing the Young Workforce (DYW) programme has been in place since 2014. The DYW programme

includes 21 employer-led Regional Groups, which work to foster partnerships between local industry and employers, and education. A key aim of this is that employers work with schools and colleges to provide more young people with a labour market-relevant range of work-based learning opportunities (including work placements and training), and a broader range of post-education employment opportunities.

The DYW programme runs from 2014 – 2021. DYW's headline target of reducing youth unemployment by 40% (compared to 2014 levels) has been met ahead of 2021, but work continues across a range of intended outcomes, including improving gender balance across Apprenticeship frameworks, increasing the number of minority ethnic Apprenticeship starts, and increasing the employment rate for young disabled people. This includes the call for shorter journeys into employment (via the right courses and information) from the recent review of the 15-24 Learner Journey (Scottish Government, 2018b).

Employer engagement is a key part of DYW. The remit of the employer-led DYW Regional Groups includes undertaking work to increase employer engagement with schools and colleges, for example encouraging employers to mentor young people and help with interview skills, and – in the case of more developed partnerships – facilitating employer input to the curriculum. One of the key aims of this work is to increase employers' recruitment of young people. By June 2017, 21 Regional Groups had been established (Scottish Government, 2014). Early evaluation found that their rate of development and progression (e.g. level of autonomy achieved and degree to which they reflect the local context) and approaches adopted have varied, but all Regional Groups are required to demonstrate that they have commitment to engaging a wide range of employers (Scottish Government, 2018c).

Through this chapter we examine the support offered to individuals to enter work. We will cover:

- **Awareness and engagement with DYW regional groups:** the extent to which employers are aware and have engaged with DYW and differences by size, sector and region;
- **Work placements and supporting entry into employment:** the extent to which employers are supporting entry into work through different types of work placements – including education placements, broad adult placements, and internships;
- **Work inspiration activities:** we consider the broader work experience activities employers engage in such as hosting site visits for students, talking to them about careers, or conducting activities such as mock interviews to improve their employability. We describe these activities as 'work inspiration' to distinguish them from work placements; and
- **Barriers to work placements and work inspiration:** we lastly consider the benefits and barriers employers experience with regards to offering work placements and work inspiration.

Awareness and engagement with DYW Regional Groups

The data presented in this section of the report indicates the extent to which the DYW groups as a whole are reaching and engaging with employers. Data relating to a DYW counterfactual analysis can be found and is discussed in Appendix B.¹⁵

One in seven employers (14%) were aware of the DYW Regional Groups and 19% of those who had heard of the Groups had engaged with them over the past 12 months by offering work-related experience to school / college students, equating to 3% of all employers.

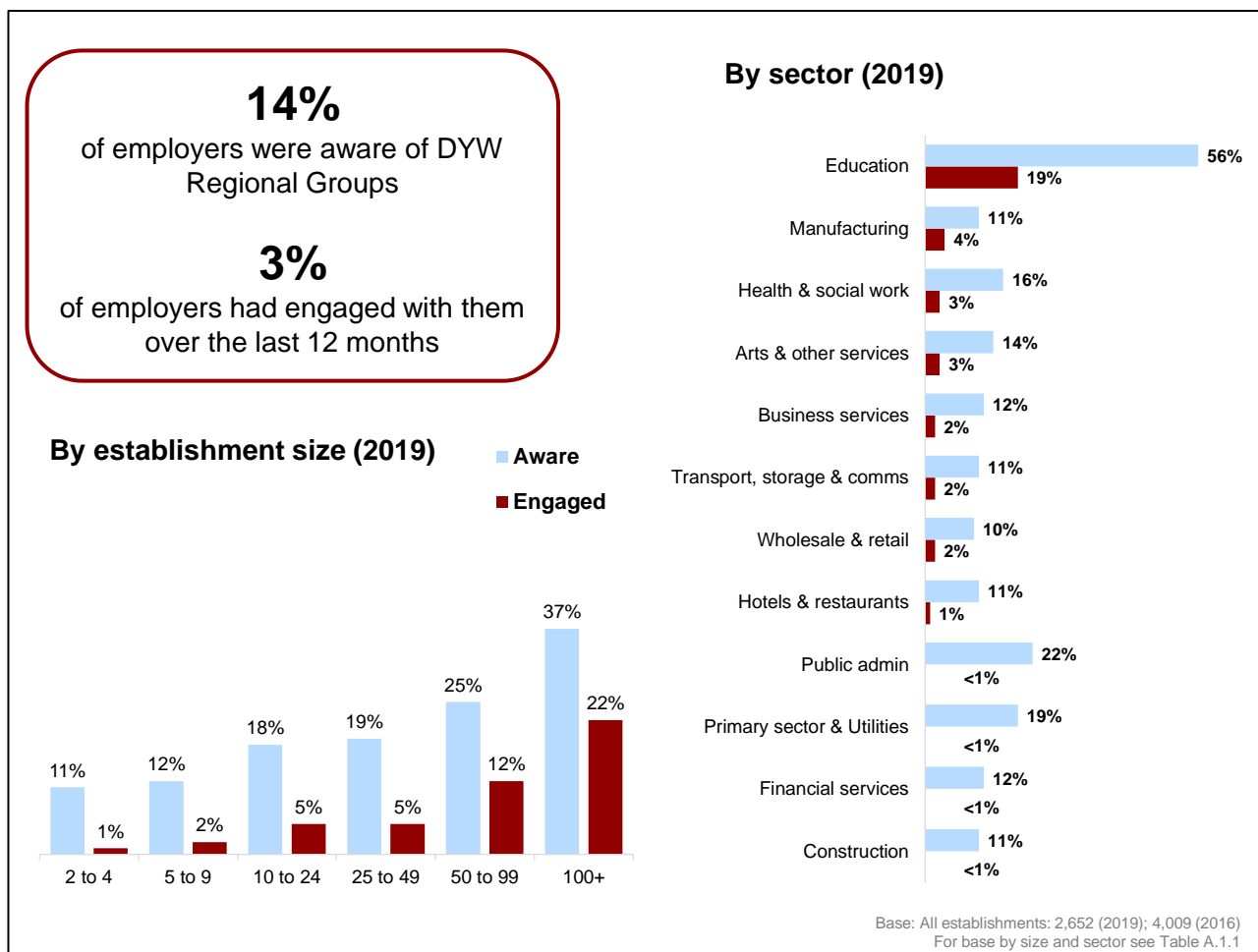
As shown in Figure 4.1, awareness of DYW Regional Groups increases with establishment size, from one in ten (11%) of those with 2-4 employees to over a third (37%) of those with 100+ employees. Larger employers were also more likely to have engaged with a DYW Regional Group.

Awareness levels were especially high amongst employers in the Education sector (56%), and more than double that in any other sector. However it should be caveated that schools and colleges may have heard of/interacted with DYW for reasons other than being an employer, principally because they are the main delivery mechanism / actor for many parts of the DYW programme but also because of their role in 'school-employer partnerships', which the Regional Groups help facilitate. So it is perhaps unsurprising the Education sector has the highest awareness (and engagement, see below). Awareness is also notably above average amongst employers in the Public Administration, and Primary Sector and Utilities (22% and 19%); it decreases to 10% amongst Wholesale and Retail employers.

Moving to *engagement* with DYW Regional Groups, similar to awareness, the highest levels of engagement were in the Education sector (19%), followed by those in the Manufacturing (4%), Health & Social work (3%) and Arts sectors (3%).

¹⁵ This analysis shows differences in the proportion of employers engaging in DYW-type activities (using work inspiration activities as a proxy) among those who: (a) have not heard of or engaged with DYW Regional Groups; (b) have heard of but not engaged with DYW Regional Groups; and (c) have heard of and engaged with DYW Regional Groups.

Figure 4.1 Awareness of and engagement with DYW Regional Groups, by size and sector



As detailed in Table 4.1, by region, *awareness* was above average in Dumfries and Galloway (25%), Highlands and Islands (21%), Ayrshire (20%), and particularly low in West Lothian (5%), Aberdeen and Aberdeenshire (9%) and Edinburgh and Lothians (10%). Amongst all employers *engagement* was highest in Dumfries and Galloway (6%), Highlands and Islands (5%), and Borders (5%), whilst only 1% or less of those in Edinburgh and Lothians, Lanarkshire, West, West Lothian and Fife had engaged.

Employers who train, and particularly those who provide both internal and external training are more likely to be aware of DYW Regional Groups (15% and 19% compared to 11% of those who do not train). These same employers were also more likely to have engaged.

Awareness levels are twice as high amongst employers who provided work experience (20% compared to 10% of those who did not), and around three times as high amongst those who provide 'work inspiration' activities for students (e.g. site visits or careers talks). Again, these employers were more likely to have gone on to engage with a DYW Regional Group.

Table 4.1 Awareness of and engagement with DYW Regional Groups, by region, 2019

	Unwtd. Base		Aware	Engaged
Scotland 2019	2,652	%	14	3
Region				
Aberdeen and Aberdeenshire	313	%	9	2
Ayrshire	167	%	20	4
Borders	103	%	19	5
Dumfries and Galloway	111	%	25	6
Edinburgh and Lothians	334	%	10	1
Fife	150	%	10	<1
Forth Valley	137	%	10	<1
Glasgow	275	%	12	2
Highlands and Islands	432	%	21	5
Lanarkshire	245	%	10	1
Tayside	233	%	13	2
West	143	%	11	<1
West Lothian	61	%	5	<1

Base: All establishments

Work placements and supporting entry into employment

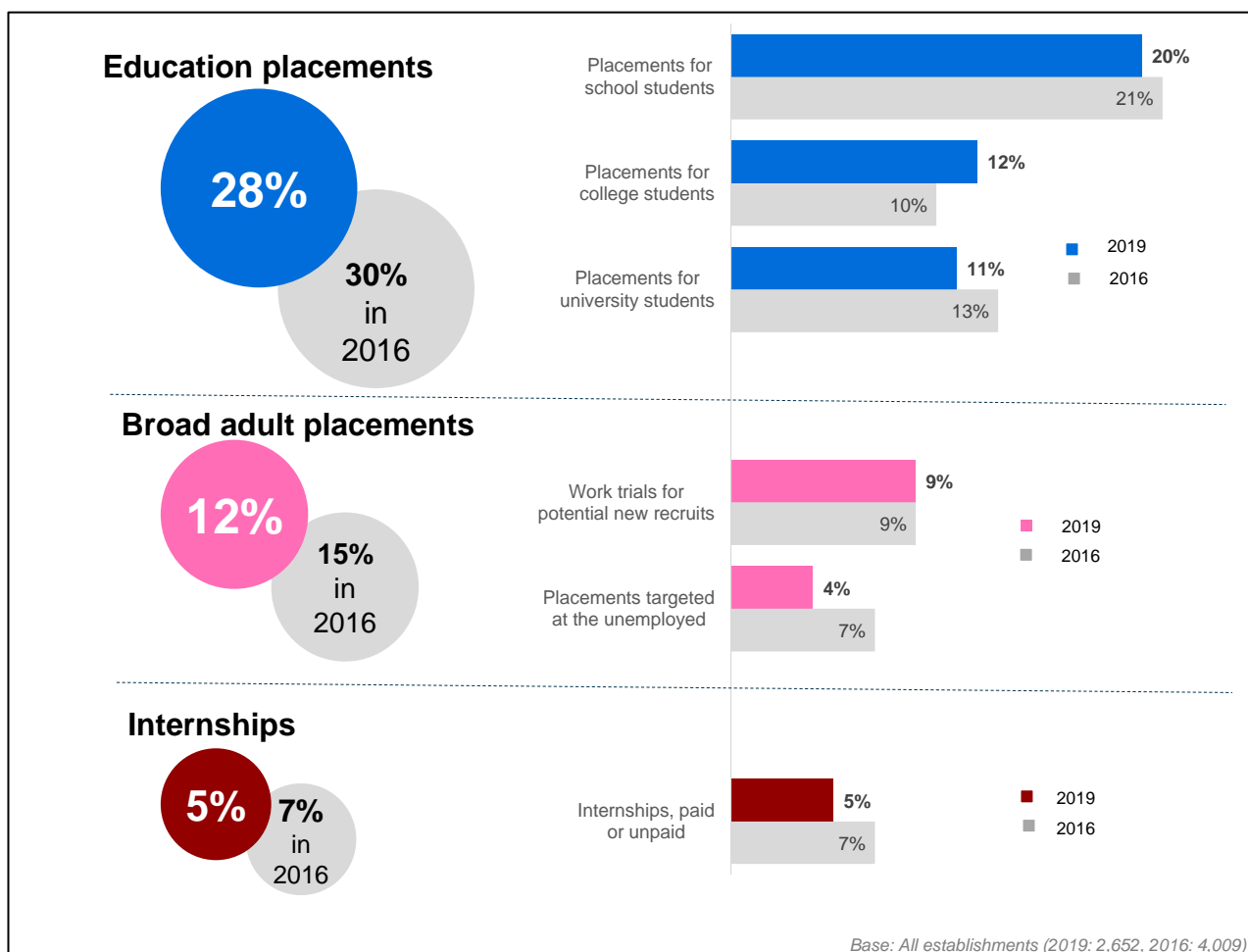
Offering work placements

The previous chapter reported that work experience was a 'significant' or 'critical' factor looked for in candidates for the majority of employers. However, only 36% of employers had themselves provided any type of work placement in the 12 months prior to the study. Compared to previous years, the upward trend in provision of work placements appears to have stalled with a slight decrease from 39% in 2016.

The most common form of work placement provided was an education placement, (provided by 28% of employers, broadly in line with 2016): 20% of employers had provided a placement for people at school; 12% for those at college; and 11% for those at university – see Figure 4.2.

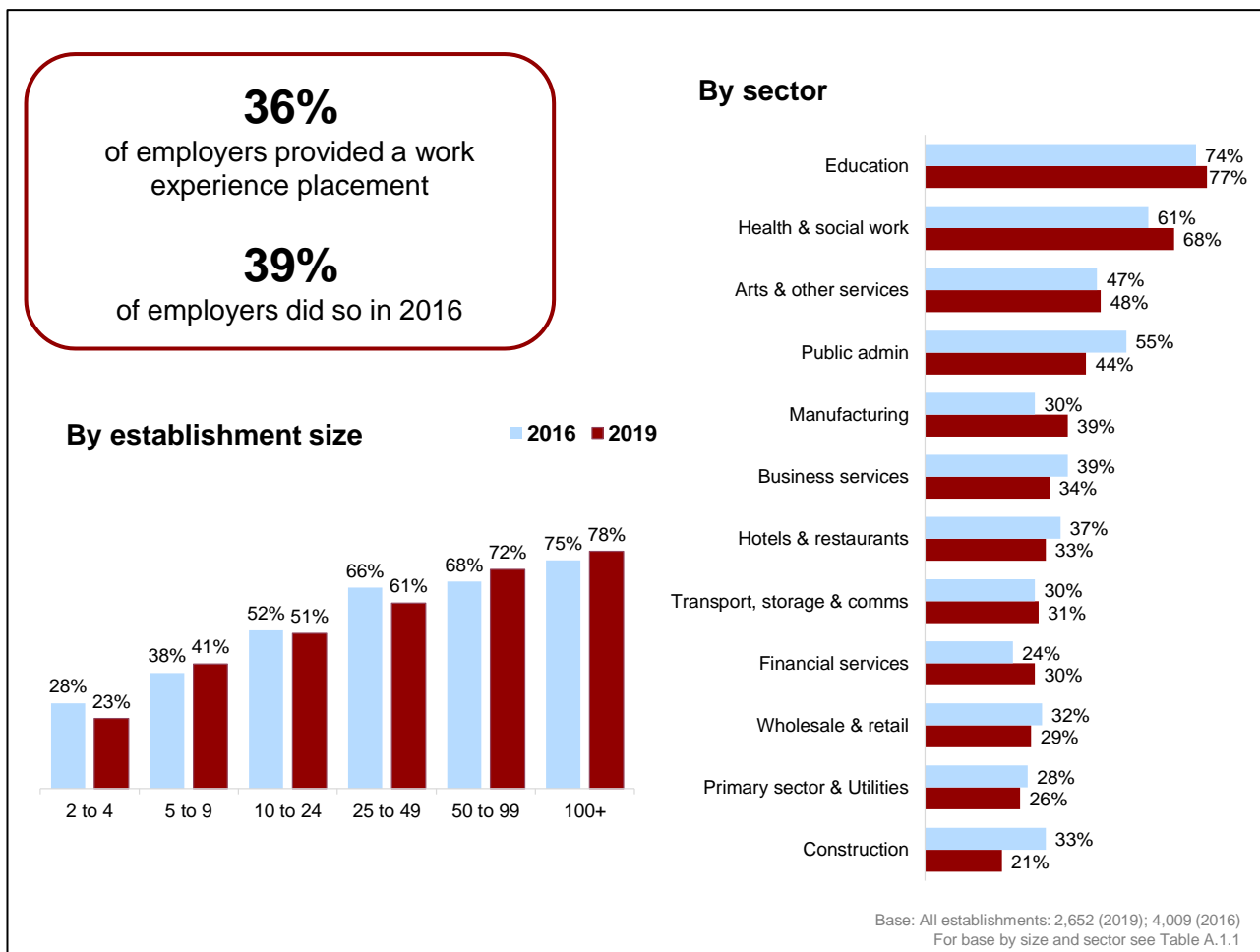
Broader, adult work placements were provided by 12% of employers, most commonly in the form of work trials for potential new recruits (9% of employers) but also placements to give work experience to the unemployed (4%). Internships (paid or unpaid) were provided by 5% of employers - a slight but significant decrease from the 7% who did so in 2016.

Figure 4.2 Broad and specific work placements provided in the last 12 months



As shown in Figure 4.3, the likelihood of having provided any form of work experience increases steadily with size, from 23% of those with 2-4 employees, to 78% among those with 100+ employees. This pattern is consistent across each type of specific work experience listed.

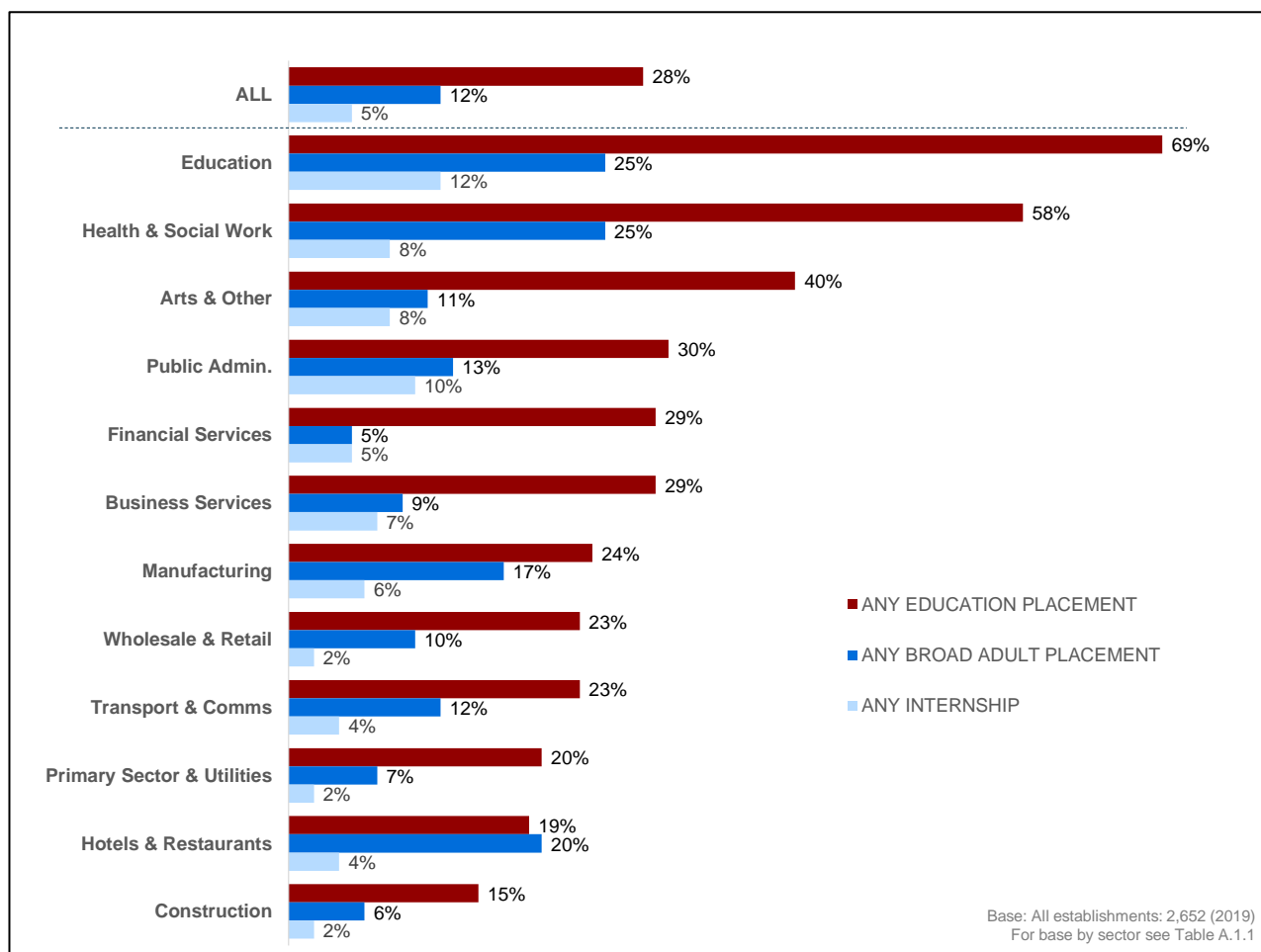
Figure 4.3 Provision of work placements in previous 12 months, by size and sector



As shown in Figure 4.3, employers in the Education and Health & Social Work sectors are particularly likely to have provided some form of work experience in the year preceding the 2019 study, followed by those in the Arts sector (77%, 68% and 48% respectively, compared to 36% of all employers). These three sectors were more likely to have provided education placements compared to other sectors (69%, 58% and 40% of employers compared to 28% of all employers).

Employers in the Health & Social Work, Education, and Hotels & Restaurant sectors were also more likely than others to have provided broader adult work experience in the last year (25%, 25% and 20%), the latter driven by a particularly high proportion of employers providing work trials for new recruits (18% compared to 9% across all employers).

Figure 4.4 Broad type of work placements provided in previous 12 months by sector, 2019



By region, Tayside employers were the most likely to have provided any form of work experience in the last 12 months, with 42% having done so in the year preceding the study, compared to only 25% of those in Dumfries and Galloway and 32% of those in Highlands and Islands. By specific type of placement:

- Around a third of employers in Forth Valley, Glasgow, Lanarkshire, Tayside and West provided educational placements compared to only around a quarter of employers in Highlands and Islands, and a fifth of employers in Fife and Dumfries and Galloway;
- Employers in Forth Valley and Tayside were especially likely to have provided work experience for school students, 27% and 26% compared to 10% amongst those in Fife;
- Lanarkshire employers were more likely than the average overall to have provided work experience for college students (19%) and those in Highlands and Islands were less likely than average (9%);
- Glasgow employers were particularly likely to provide placements for university students (15% compared to only 6% in Borders) and to have provided internships (8% compared to only 3% to 4% of employers in several regions); and

- In contrast to their low likelihood of having provided educational placements, employers in Fife were particularly likely to have provided other broad adult placements, 18% compared to 12% amongst all employers.

Employers who place higher value on candidates' work experience were more likely to have provided work placements (39% of those for whom it is 'critical' or 'significant' compared to 32% of those for whom it is only of small value or no value). However, 60% of those who highly value work experience still did not provide it, perhaps contributing to the gap between demand and supply of experienced workers.

Employers who have engaged with their DYW Regional Group are more likely to be those who have provided work experience (84% compared to 36% amongst all employers).

Volumetrics

As well as the *proportion of establishments* offering work placements in the previous 12 months, as in previous years, the survey determined the *number of individuals* offered work placements. In this next section we present the mean number of individuals taken onto work placements during this period.

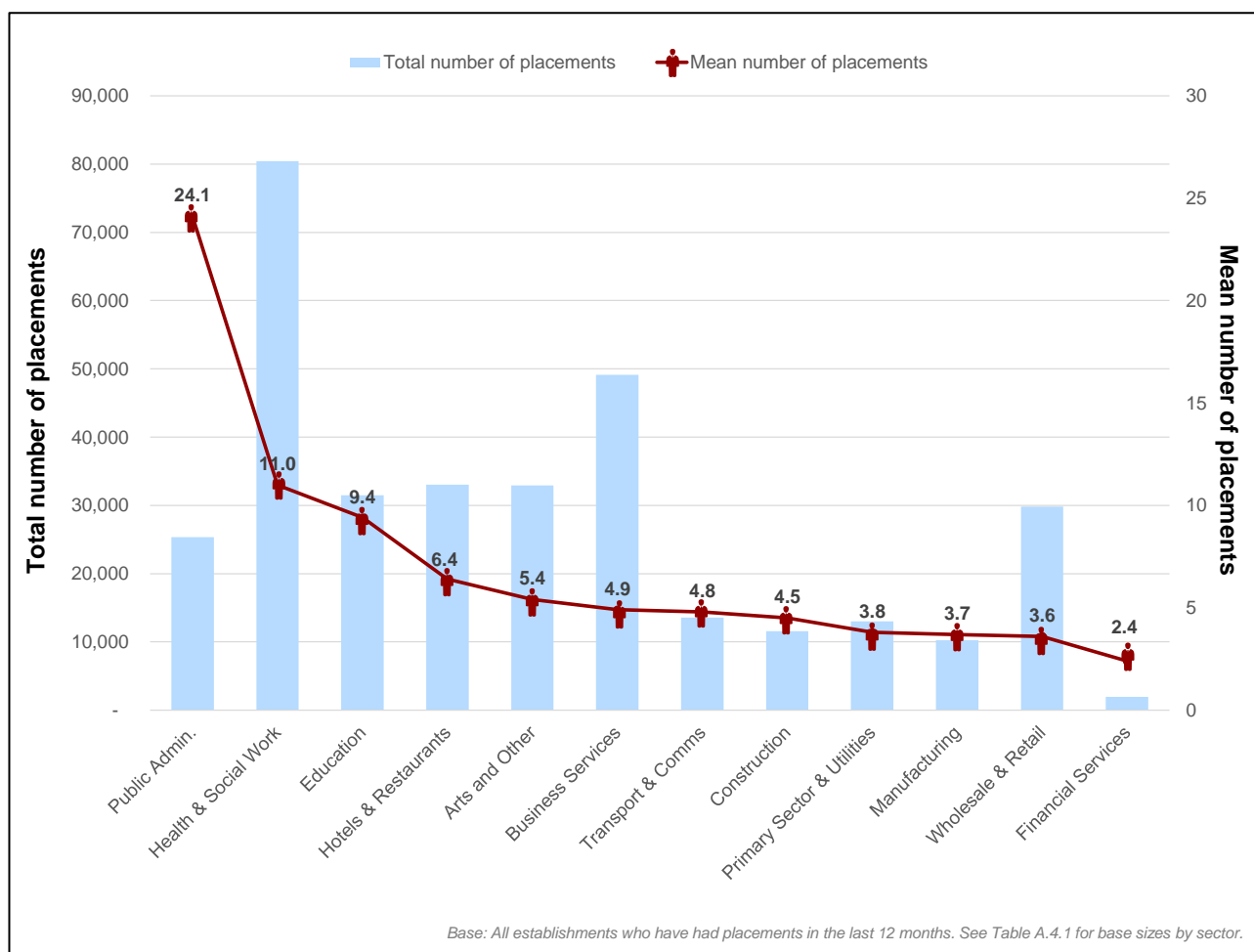
In total, employers offering work placements each took an average of just over 6.2 individuals on to a placement in the 12 months before the survey, an increase from an average of just over 5 individuals per establishment in 2016. So although the proportion of employers offering placements in Scotland has decreased, those who do are offering to more individuals. Almost 333,000 placements were offered to individuals by employers, an increase of 6% from just under 315,000 in 2016.

As might be expected, the average number of placements per employer offering placements increases with establishment size – from 4.1 per employer among the 2-4s (compared to 3.1 in 2016), to 21.2 placements per employer amongst those with 100+ staff (a slight decrease from 21.7 in 2016). Therefore those employers who do offer work placements typically take on more than one individual, over the course of a year.

By sector there was substantial variation. Employers in the Public Administration sector who provided placements each provided the most placements (an average of 24.1), followed by the Health and Social Work sector (an average of 11), Education (9.4) and Hotels and Restaurants (6.4). In contrast the average number of placements offered by each establishment in Financial Services, Wholesale and Retail, Manufacturing, and Primary Sector and Utilities was four or under (see Figure 4.5).

Figure 4.5 also shows the total and mean number of placements being offered within each sector among employers offering placements in the last 12 months, which gives further context. For example although Public Administration employers provided the highest average number of placements per employer, they represent a relatively small number of the overall 'pool' of placements. By contrast, Business Service employers whilst providing fewer placements per employer on average (an average of 4.9) provided almost double the volume in absolute terms.

Figure 4.5 Total and mean number of work placements among those offering in the last 12 months, by sector



Work placements leading to employment

A third (34%) of employers who provided work placements had gone on to recruit the trainee into a permanent or long-term paid role, similar to the 31% who had done so in 2016. In most cases this was directly following their placement (25%), though 10% hired them upon completion of their course.

As detailed in Table 4.2, work trials were by far the most likely form of work placement to lead to permanent employment: 63% of employers who offered these to potential new recruits then hired them for a long term role. This is unsurprising given that they are primarily designed to test the suitability of the candidate for a permanent role.

Work placements for those at university or college were more likely to lead to permanent employment than for those who were still at school (24% and 23% compared to 14%). School work placements are likely to have been shorter and are intended to give a learning experience of the workplace, and help young people make informed choices about their chosen career (Education Scotland, 2015), rather than lead to permanent employment.

Table 4.2 Whether any work experience placements led to permanent or long-term paid employment by broad type of placement, 2019

	<i>Unwtd. base</i>	Establishments recruiting into a permanent or long-term paid role by placement type
		%
ANY	1,260	34
Education placements	1,016	22
For school students	722	14
For college students	479	23
For university students	448	24
Broad adult placements	526	49
Work trials for potential new recruits	333	63
Targeted at unemployed	187	31
Internships	316	21

Base: All who have offered placements in the last 12 months

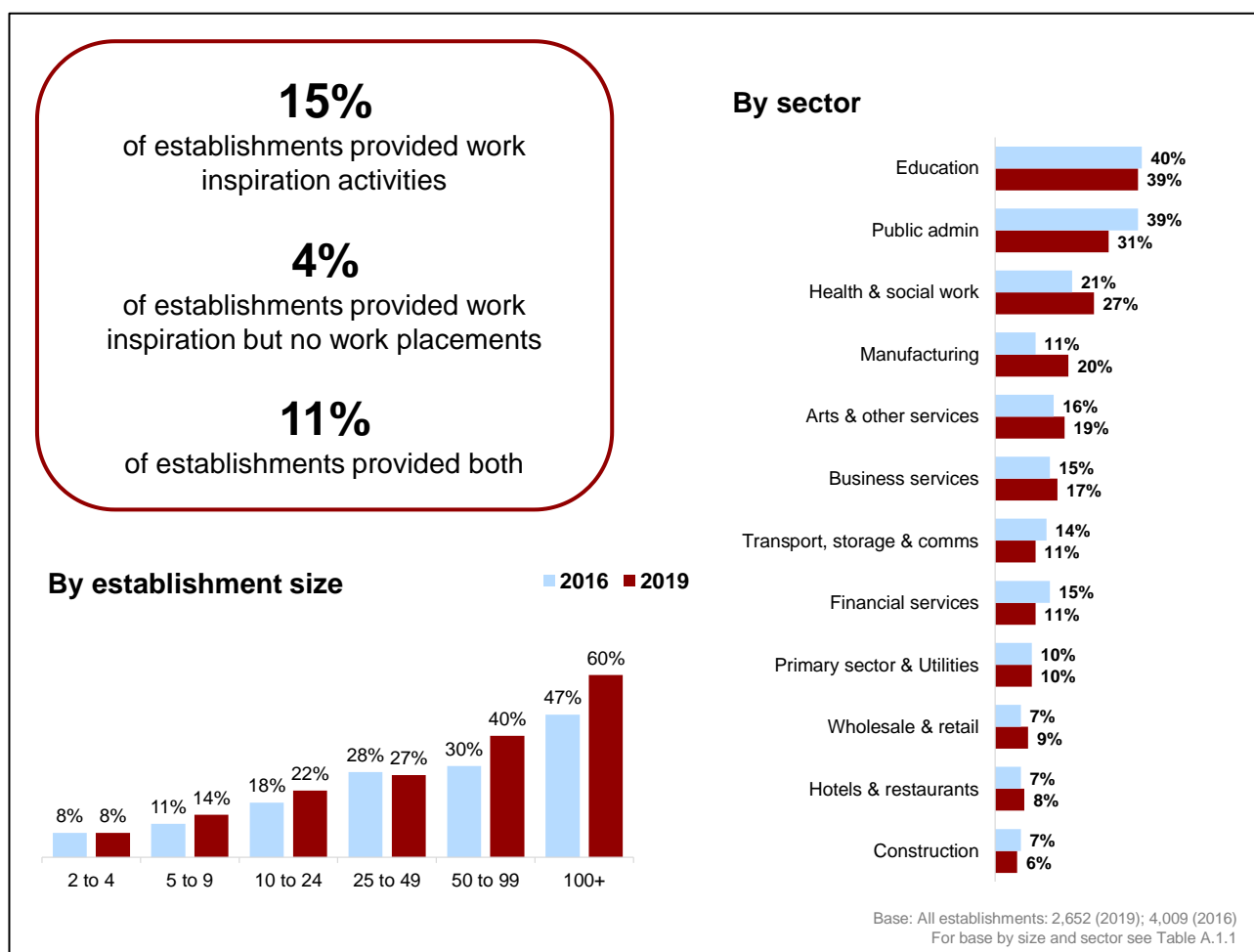
Other work experience activities

Overall around one in seven employers (15%) had engaged with schools, colleges or universities during the 12 months preceding the study to provide work experience activities for students in addition to or instead of providing work placements. This may have involved hosting site visits for students, talking to them about careers, or conducting activities such as mock interviews to improve their employability. To distinguish from the work experience provision reported above we describe these activities as ‘work inspiration’.

Those establishments that were aware of DYW Regional Groups were significantly more likely to have provided work inspiration activities than those who were unaware (33% compared to 12% respectively). Provision of work inspiration activities increases further still among those that have engaged with their DYW local lead or Regional Group, 72% of those engaging had provided some type of work inspiration activities, compared to 24% who had not engaged with their DYW group.

As with work experience the likelihood of offering work inspiration increases with establishment size, from only 8% of the smallest employers with 2-4 employees, rising to 60% among those with 100+ employees. (see Figure 4.6).

Figure 4.6 Provision of work inspiration activities by size and sector



Among sectors, 39% of those in the Education sector (who were asked to focus only on engagement with students external to their organisation), 31% of those in Public Administration sectors and 27% in the Health and Social Work sector had provided work inspiration activities. Whereas, only 6% in Construction, 8% in the Hotels and Restaurants sector and 9% in the Wholesale and Retail sector provide work inspiration for students at schools, colleges or universities.

Employers based in Glasgow lead in the provision of work inspiration activities (as they do in the provision of work placements for university students and internships), 20% provide them as do 18% in Dumfries and Galloway, compared to only 9% in Fife (who were also particularly unlikely to provide placements for those in education, especially those in school) and 11% in Aberdeen and Aberdeenshire.

Combining the provision of work experience as reported in the previous section, some form of work experience or work inspiration was offered by 40% of employers in the last year. Most provided work experience alone (26% of employers) and providing work inspiration alone is rare (4% offered only this and no work experience). 11% offered both. Nearly all larger employers offered either work experience or work inspiration (87% of those with 100+ employees), as did a large majority of those in the Education sector (86%).

Three in five (60%) of all employers offered neither work experience of work inspiration. This increases to three-quarters (74%) of those with 2-4 employees, 78% of those in the Construction sector and 79% of those that do not offer any training.

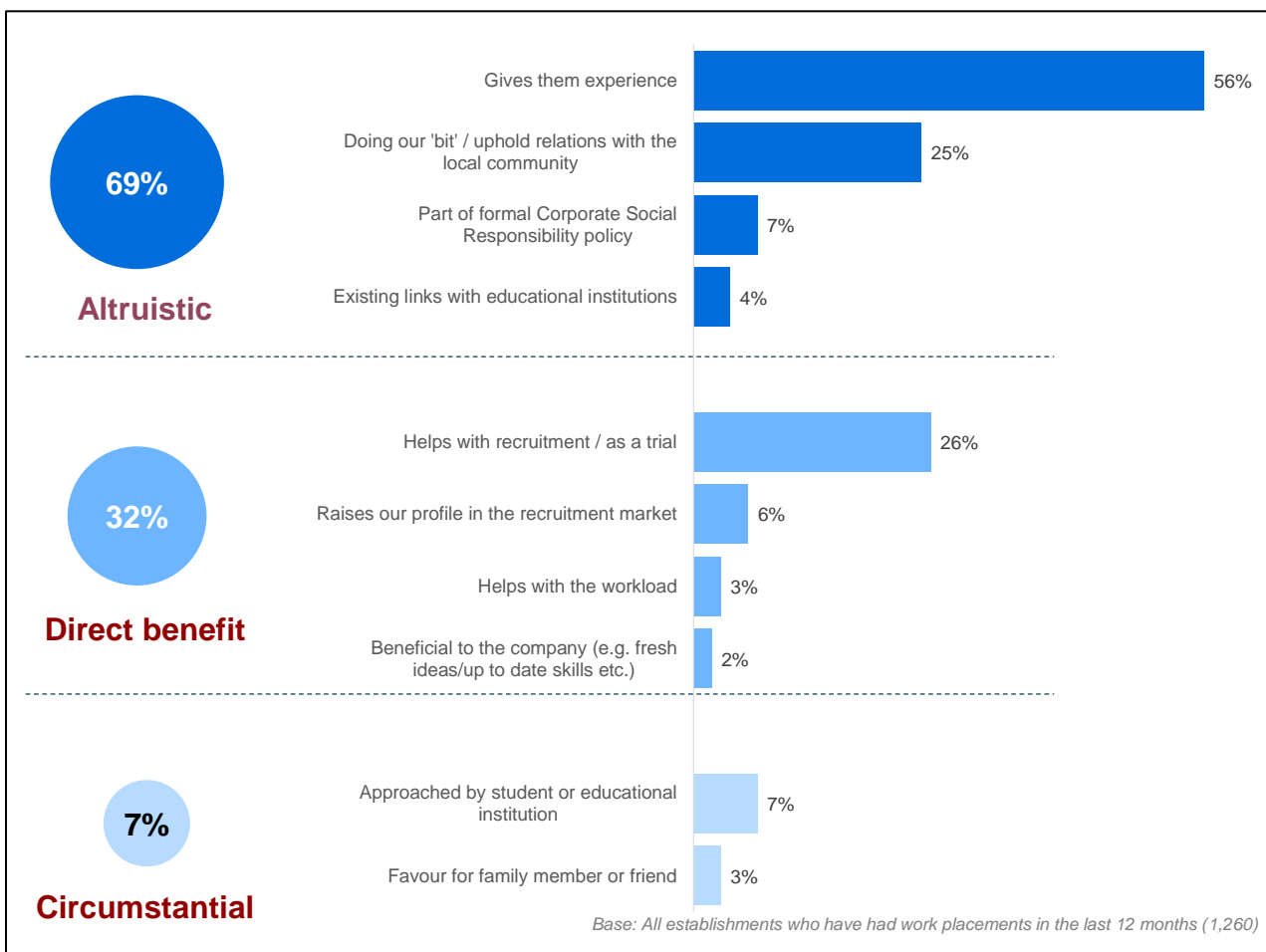
Reasons for offering work placements

Employers generally state altruistic reasons for offering work placements or internships (69%), with only around a third stating that they do so for their own benefit (32%) and a small minority stating that they do so to meet particular circumstances, e.g. they were approached by a student or education provider (7%).

As shown in Figure 4.7, the most common single reason was to provide experience for the trainee (56%), for 25% it was for 'moral' reasons (i.e. to benefit young people or 'do their bit'), for 7% this was part of a formal social responsibility or Coporate Social Responsibility (CSR) policy.

A quarter (26%) reported that it helped them with recruitment, or that they use it as trial period, and 6% that it raises their profile in the recruitment market.

Figure 4.7 Reasons employers provide work experience, 2019



The importance of benefit to the company is greater for larger companies, mentioned by over two-fifths (45%) of those with 100+ employees compared to a quarter (26%) of those with 2-4 employees.

Company benefit remains of secondary importance to altruistic factors in all sectors, but is more likely to be a reason for the provision of work experience for those in Primary Sector and Utilities (48%), Hotels and Restaurants (47%), Manufacturing (46%) and Transport and Communications (43%). Many of these sectors were less likely to provide work experience. This suggests that promoting the company benefits of offering work placements / inspiration activities amongst these sectors may help encourage greater provision.

Barriers to offering work experience opportunities

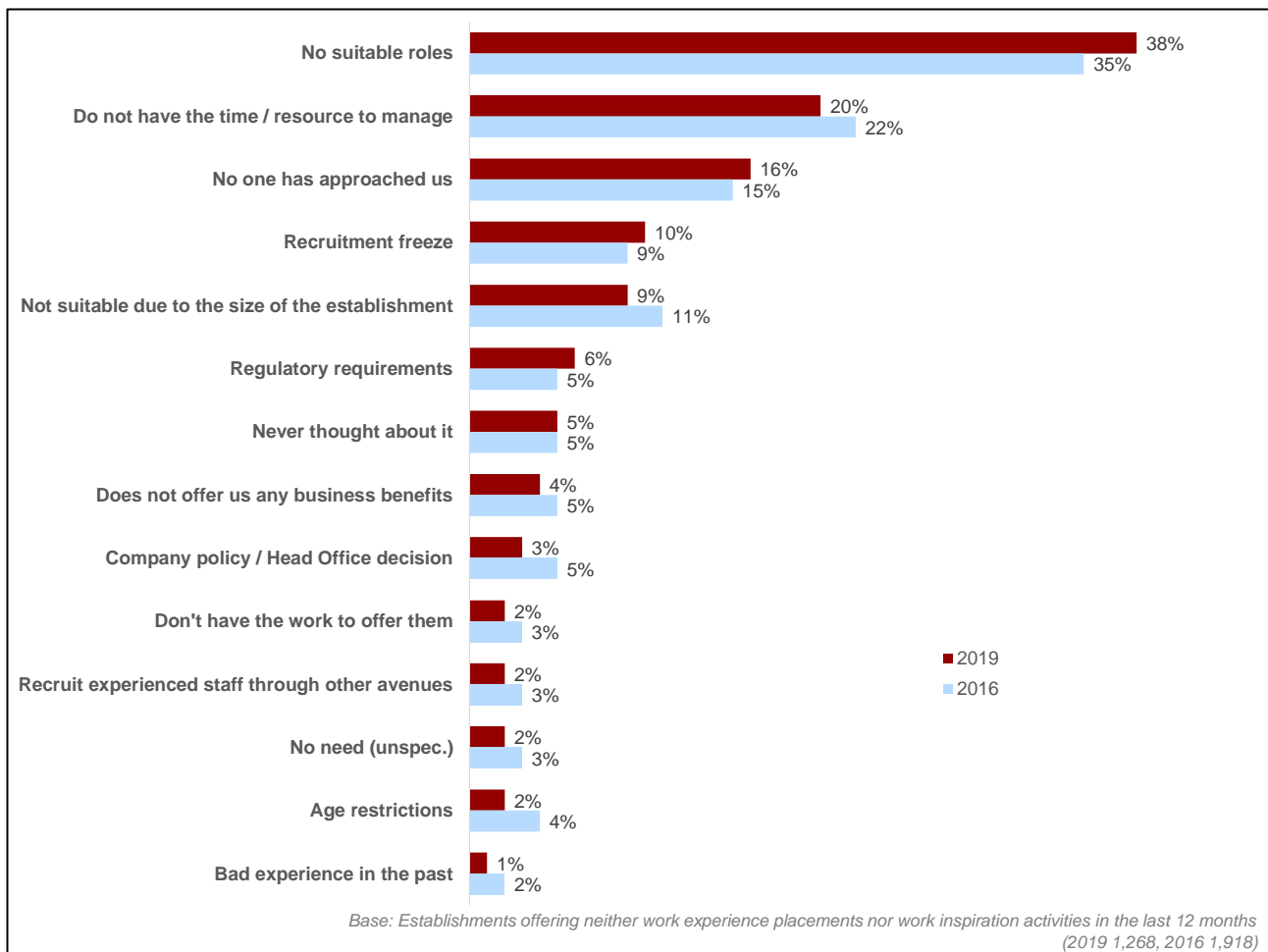
As in 2016, EPS 2019 asked employers not providing work placement / internship programmes or other work-related experience what the barriers were to doing so.

Structural issues were the most common barrier to employers being able to offer work experience or work inspiration activities, raised by 68% of establishments. Within this group, 38% thought they had no suitable roles and 20% did not have time or resources (see Figure 4.8). Transport and Communication sector employers who did not provide any work experience or related activities were particularly likely to cite a structural barrier (81%).

One in five (19%) of those that did not offer work experience said this was an active choice, employers with 2-4 employees were significantly more likely to cite this than average (22%). Some of these employers (10%) were under a recruitment freeze and 4% thought that offering these opportunities would not result in any business benefit (or that any benefit would not be worth the cost). Primary Sector and Utilities employers who did not provide any work experience or related activities were particularly likely to have made an active choice not to do so (31%).

There is clear opportunity for expanding the number of employers offering work placements, with one in five (21%) employers unaware of what they might be able to offer. This includes 16% that had not been approached about providing work experience or work inspiration activities, and 5% had simply never considered it. A lack of awareness is particularly likely amongst establishments with between five and 24 employees, and it is less likely that those in this size band have made an active choice not to provide work experience. A continued / renewed policy focus on this group of smaller employers could therefore be particularly impactful.

Figure 4.8 Barriers to providing work placements and work inspiration activities, 2019 and 2016



5. People Development

Chapter Summary

Around seven in ten employers (70%) had provided any training (internal or external) for their staff in the 12 months preceding the survey, a decrease from the 73% seen in 2016. This decrease in overall training levels was concentrated on the smallest employers (those with just 2-4 staff).

More employers offered internal training (60%) than external (49%), with 39% having provided both. Employers that provide training (referred to throughout the chapter as “training employers”) predominantly use private training providers (65%), compared to just 19% using public providers (i.e. colleges and universities).

Three in ten (31%) of **all** employers had provided training for staff designed to lead to a vocational qualification. This equates to 44% of all training employers. This is a statistically significant increase on the proportion seen in 2016 (26% of all employers, 36% of training employers). Employers were positive about the impact vocational qualifications had had on their business, with 84% agreeing they could easily be adapted to business needs and 85% agreeing they lead to better business performance.

Around three in ten employers (29%) had experienced a skills or training issue in the last 12 months that required external information, advice or practical help. Of these, 76% had sought or received such advice.

Under half (44%) of employers who had provided training towards VQs had been somehow involved in the design of the delivery and/or content of the course. Similarly, 39% of employers who had provided external training had been involved in its design or influenced the content. Of those who were not involved with each, 18% said they would have liked to have been involved in the design of VQs and 17% said they would have liked to have been involved in the design of external training. The most common reason for not being involved was that they did not know they could or had not been given the opportunity, but many also said they felt it was too much time and effort to do so or that the provider was not open to their involvement.

Introduction

This chapter looks in detail at the employers that are providing training to staff and the types of training they offer. Specifically, it includes:

- **Employer approaches to training:** including provision of internal and external training, and the source of this training, in particular use of public and private training providers;
- **Vocational Qualifications:** whether the current offering is meeting employer needs, including: (a) the uptake of the qualifications; (b) employers' views on their benefits and impacts; and (c) the reasons employers give for not using them;
- **Sources of information, advice and support** on skills and/or training related issues;
- **Employers' level of involvement with the design of their training courses:** both for vocational qualifications and external training; and
- **National Occupational Standards:** including awareness and involvement with / use of.

Employer approaches to training

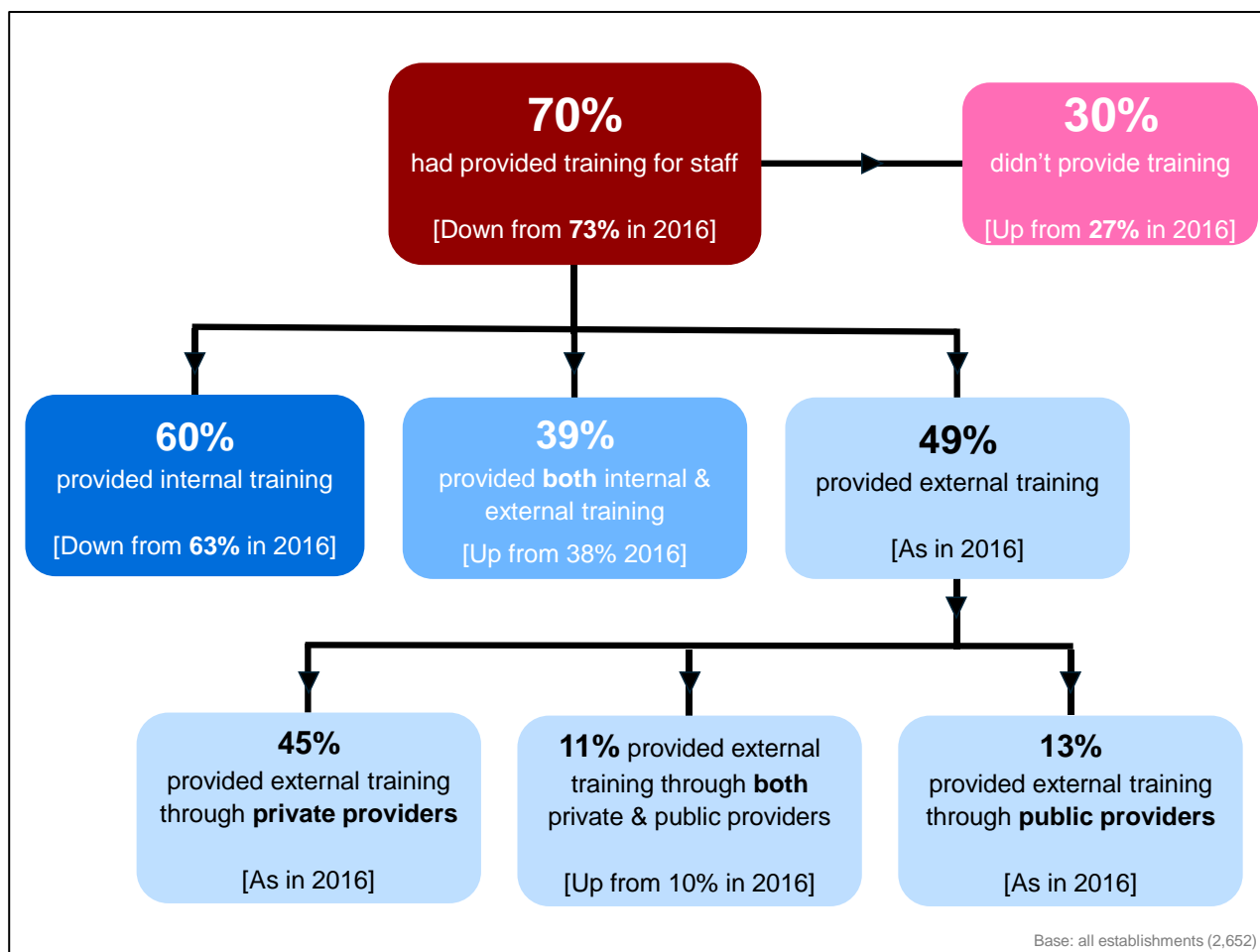
The Employer Perspectives Survey (EPS) identifies two categories of employer training:

- **Internal** training (training delivered directly by the organisation through its own staff); and
- **External** training (delivered through external organisations, such as commercial training providers, colleges, universities and other not-for-profit providers).

Separating training into internal and external provision in this way allows us to explore the way in which employers utilise public and private training provision and the extent to which each meets their needs.

Figure 5.1 illustrates how employers approach their training and the types of providers they use. Around seven in ten establishments (70%) had provided either internal or external training for their staff in the previous 12 months. More employers reported providing internal training (60%) than external (49%), with 39% providing both.

Figure 5.1 Nature and source of training offered by employers in last 12 months



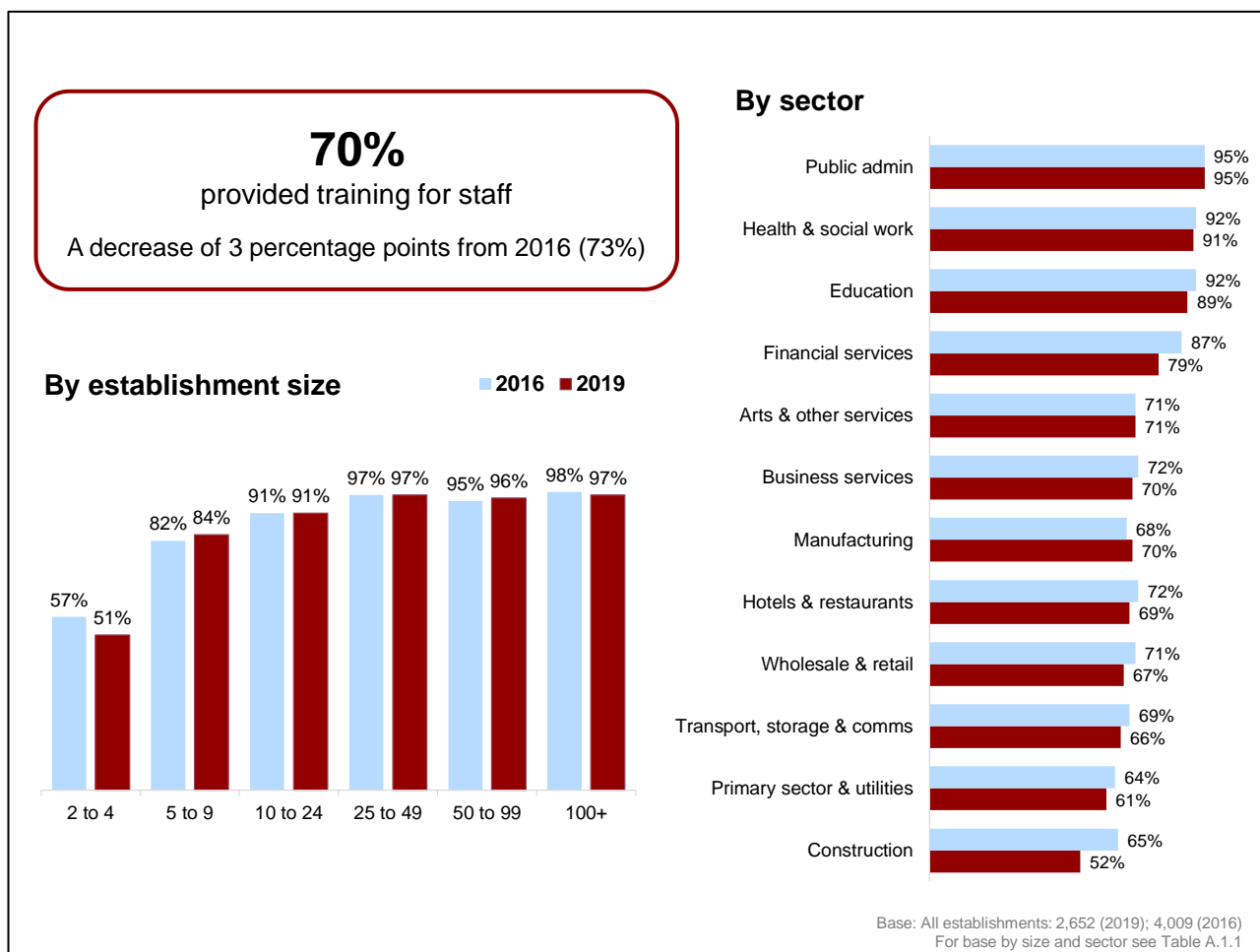
The proportion of employers offering training has decreased by three percentage points since 2016, from 73% to 70%.¹⁶ The decrease was driven by a decrease in training among the smallest employers, with 2-4 staff, where rates decreased from 57% in 2016 to 51% in 2019 (see Figure 5.2). Training levels among employers in each of the other sizebands remained consistent with those seen in 2016. As seen in Chapter 2, the proportion of the employer population falling into the 2-4 staff category has increased since 2016, so the decrease in training among this group has had a notable impact on the overall figure. As Figure 5.2 illustrates, size is the key factor in determining the likelihood of an employer providing training to staff. The smallest employers were least likely to offer training by some margin, with 49% of employers with 2-4 staff not providing any training to their staff at all. Conversely, the provision of training was over 97% in employers with 25 or more staff.

There were considerable differences in training provision by sector. As in 2016, employers in public-sector dominated industries were most likely to have provided training to staff:

¹⁶ This decline in training is consistent with other sources such as the Annual Population Survey (APS) which show the percentage of employees who reported receiving job related training (in the last 3 months) decreased from around one third of workers (31.2 per cent) in 2004 receiving job related training in the last 3 months, to 22.5 per cent in 2018 (Scottish Government, 2019d).

Public Admin (95%); Health and Social Work (91%); and Education (89%). Employers in the public sector were overall most likely to provide training (93%, compared to 66% in the private sector and 85% in the voluntary sector). The Construction sector, dominated by small, private sector employers, showed the lowest level of training provision (52%) and the largest (and only significant) decrease in training provision since 2016, down 14 percentage points from 65%.

Figure 5.2 Training provision by size and sector, 2019 vs. 2016



By region, training provision was more common than average in the Edinburgh and Lothians (76%), this was particularly true for internal training (70%, compared to 60% average). Conversely employers in Lanarkshire were less likely than the overall average to have provided any training to staff (62%); again the difference was primarily seen in the provision of internal training (52%, compared to 60% overall).

Table 5.1 shows how training provision breaks down by internal and external sources by size and sector. The decrease in training provision has been focused on internal training, which has reduced from 63% of all employers to 60%. This decrease in internal training has not been focused on any one sizeband or sector; individual reductions do not reach statistical significance in any sub-group, but the cumulative effect amounts to a significant reduction overall.

Table 5.1 Training incidence and source by size and sector over time

	Unwtd Base (2016)	Unwtd Base (2019)	%	Any internal training		Any external training		Both internal and external training		Any training	
				2016	2019	2016	2019	2016	2019	2016	2019
Scotland	4,009	2,652	%	63	60	48	49	38	39	73	70
Size											
2 to 4	1,004	643	%	45	40	33	32	21	21	57	51
5 to 9	983	608	%	71	73	52	55	41	45	82	84
10 to 24	905	619	%	84	84	67	69	60	62	91	91
25 to 49	519	364	%	93	89	81	82	77	75	97	97
50 to 99	289	161	%	93	91	83	85	80	80	95	96
100+	309	257	%	95	94	84	87	81	84	98	97
Sector											
Primary Sector & Utilities	257	137	%	47	42	46	53	29	34	64	61
Manufacturing	187	160	%	60	64	44	45	37	39	68	70
Construction	252	162	%	51	35	48	37	34	20	65	52
Wholesale & Retail	847	525	%	63	60	39	40	31	32	71	67
Hotels & Restaurants	448	293	%	67	65	40	38	35	34	72	69
Transport & Comms.	233	170	%	58	60	41	43	31	37	69	66
Financial Services	91	91	%	81	72	44	53	38	46	87	79
Business Services	669	422	%	60	62	50	52	38	44	72	70
Public Admin.	109	76	%	86	92	70	61	61	58	95	95
Education	172	134	%	84	82	75	76	68	69	92	89
Health & Social Work	463	274	%	82	85	75	79	65	72	92	91
Arts & Other	281	208	%	62	57	48	49	39	35	71	71

Differences in the *type* of training provided can be seen by sector. Training employers in Primary Sector and Utilities were most likely to have provided external training (87%, compared to 70% of all training employers), and almost a third (32%) provided *only* external training (14% average). Training employers in Construction were also more likely than average to provide *only* external training (32%), although their overall use of external training was only marginally higher than average. Other high users of external training were training employers in Health and Social Work (86%), and Education (85%), these employers were likely to complement their external training with internal training (79% and 77% respectively had offered both).

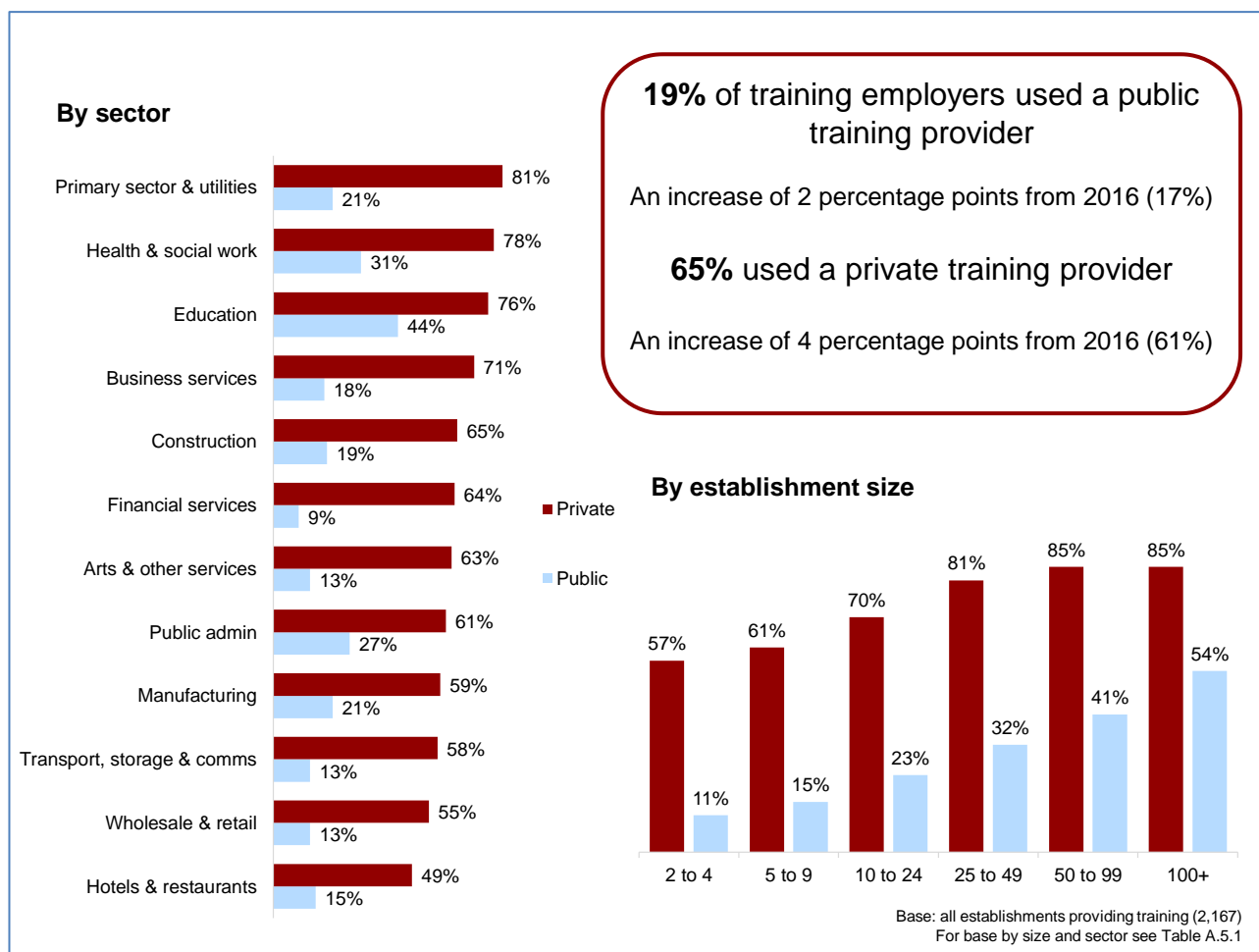
Differences in the type of training were also seen by region, with training employers in Tayside most likely to have provided external training to staff (78%) and training employers in Forth Valley (94%), Ayrshire (92%) and Edinburgh and Lothians (also 92%) most likely to have supplied internal training.

Sources of external training

Use of public and private training providers

Training employers primarily use private training providers (as opposed to public providers) to deliver external training (see Figure 5.3); around two-thirds (65%) of used private providers, compared to two-fifths (19%) who used public providers. This is consistent with the figures seen in 2016. Just under one in six (16%) of training employers use *both* public and private providers to deliver their external training. Only a small minority (3%) solely relied on public providers to deliver their external training, whereas around half

Figure 5.3 Sources of training by size and sector over time



(49%) used solely private provision.

A minority of training employers with 2-4 staff used public training providers (11%), compared to over half (54%) of employers with 100 or more employees. The likelihood of using both public and private training providers increased with size, from 7% of those with

2-4 employees to 54% of those with 100 or more employees. Use of both public and private training providers increased across most sizebands between 2016 and 2019, however, the only significant increase was use of public training providers among employers with 10 to 24 employees (from 18% in 2016 to 23% in 2019).

There were considerable differences in the likelihood of employers using public training providers by sector. Training employers in the Education (44%), Health and Social Work (31%) and Public Administration (27%) sectors were most likely to use public training providers, and employers from Financial Services (9%) least likely to do so. The figures were again consistent with patterns seen in 2016.

This variation among employers may reflect the differing training requirements in different sectors, i.e. employers from Education, Health and Social Work and Public Administration are more likely to require employees to have the sort of formal qualifications (either vocational or academic) which tend to be delivered by public providers.

In terms of private provision, there were few significant changes among sectors from 2016. Training employers in the Primary Sector and Utilities (81% - up from 64% in 2016), Health and Social Work (78%) and Education (76%) were the most likely to use private training provision. Training employers in Health and Social Work and Education were also most likely to be using public providers, demonstrating the breadth of training needs in these sectors.

There were few significant differences by region, although employers in Edinburgh and Lothians were significantly less likely than average to have used any public training providers (12%, compared to 19% overall).

Specific training providers used by employers

A key aim of the EPS is to understand the specific types of provider(s) that employers use to upskill their workforce.

The types of providers employers used in 2019 have not changed significantly since 2016. Commercial training organisations¹⁷ were again the most common type of training providers used, with over half (51%) of training employers using them for their training. Other providers used by training employers included: regulatory bodies (23%); suppliers (23%); and non-profit making organisations (15%).

Amongst all training employers 15% of employers used Colleges and 8% used Higher Education Institutions (HEIs) for training.

In terms of sector, employers from the Primary Sector and Utilities (61%), Health and Social Work (61%) and Education (61%) sectors were most likely to use commercial training organisations, whereas employers from the Financial Services (39%), Health and Social Work (33%), and Education (32%) sectors were more likely to turn to regulatory bodies.

¹⁷ Commercial training organisations included consultants and private training providers.

Training employers in Financial Services (33%) were more likely to rely on suppliers¹⁸ to provide training, this may reflect the fact that they are more likely to need specialist equipment or software (e.g. financial software).

There were a few differences by region. Training employers in the Borders were more likely than average to have used suppliers to deliver their training (34% compared with 23% nationally) whereas those in Highlands and Islands were less likely than average to have utilised this source of training (19%). There were few differences in the use of public sources, however training employers in Glasgow were more likely than elsewhere to have used HEIs to deliver training (13% vs. 8% average) whereas those in Edinburgh were less likely than elsewhere to have used Colleges (8%).

Vocational qualifications

This next section focuses specifically on the vocational qualifications¹⁹ currently available and the extent to which they meet employer needs. This excludes apprenticeship qualifications, which are discussed in detail in the next chapter.

Take up of vocational qualifications

Despite a decrease in the proportion of employers offering training to their employees, the proportion of the population that had arranged or funded training designed to lead to a recognised vocational qualification in the last 12 months had increased to just under a third (31%, up from 26% in 2016). This equated to 44% of *training* employers, which was a significant increase of eight percentage points from 36% in 2016.

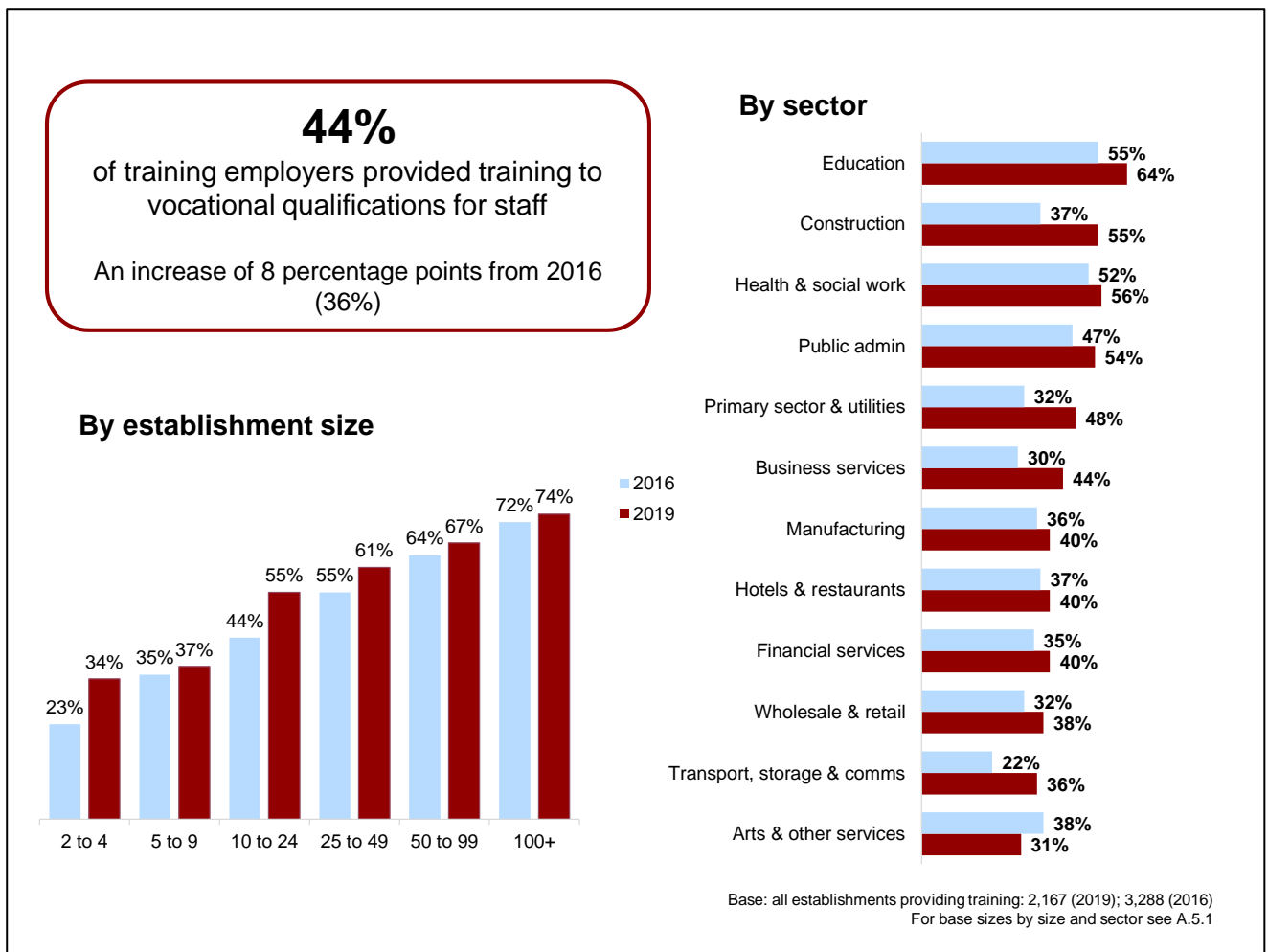
The proportion of training employers providing training designed to lead to a vocational qualification has increased across all sizebands, significantly so for those with 2-4 staff (from 23% to 34%) and 10-24 staff (from 44% to 55%).

By sector, Education remained the sector where training employers were most likely to have provided training to vocational qualifications (64%). However 2019 has seen significant increases in Construction (55%, up from 37%), Primary Sector and Utilities (48%, up from 32%), Transport, Storage and Communications (36%, up from 22%), Business Services (44%, up from 32%) and Wholesale and Retail (38%, up from 32%). Figure 5.4 shows the full breakdown by size and sector.

¹⁸ Suppliers included organisations that were part of the supply chain, providing training on new equipment, machinery and software.

¹⁹ Vocational qualifications are “work-based qualifications...inherently practical and offer a guarantee that someone can do their job well and to national standards.” (SQA, 2018).

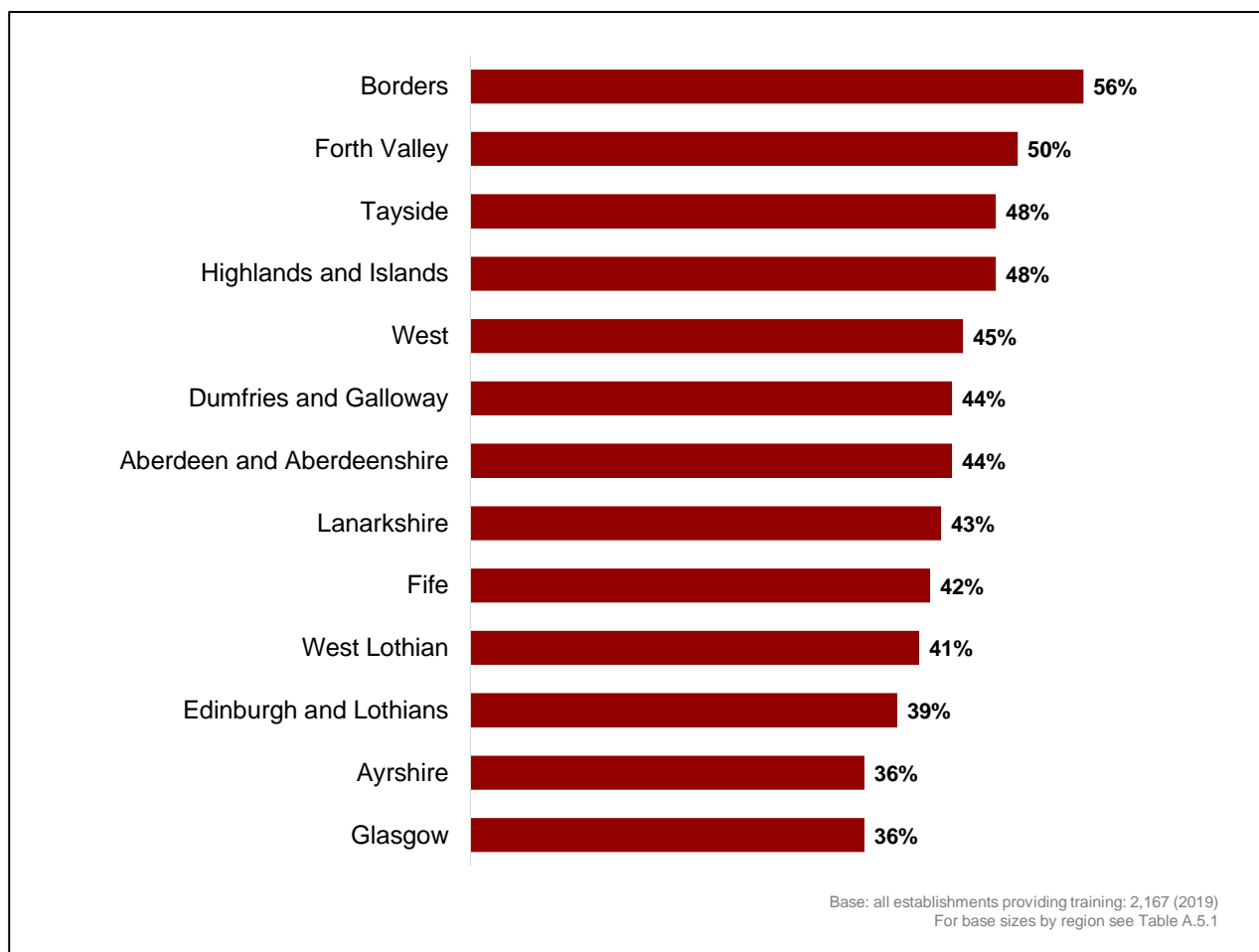
Figure 5.4 Employers training to Vocational Qualifications, 2019 and 2016



Training employers in certain regions were more likely than others to provide training to vocational qualifications (see Figure 5.5). Most likely to were those in the Borders (56%), Forth Valley (50%), Tayside (48%) and Highlands and Islands (48%).

Indeed, at the overall level, training employers who had engaged with local DYW Leads or Regional Groups were more likely to provide vocational qualifications to staff than those who had not (59% vs. 45%).

Figure 5.5 Proportion of training towards vocational qualifications by region, 2019



Levels of vocational qualification provided

Employers who had arranged or funded training towards vocational qualifications for their staff in the last 12 months were most likely to have provided training towards vocational qualifications at the higher levels of the Scottish Credit and Qualifications Framework (SCQF), with 50% reporting they had trained staff to VQs at SCQF Level 6 or higher, compared with 32% to SCQF Level 5 or lower. The remainder did not know or gave an answer that could not be classified.

The 50% training to higher level qualifications was equal to that seen in 2016, however the 32% training to Level 5 or below was a decrease from 40% in 2016. The most common level of vocational qualification employers provided training for was SCQF Level 6 (30%); this was consistent with 2016.

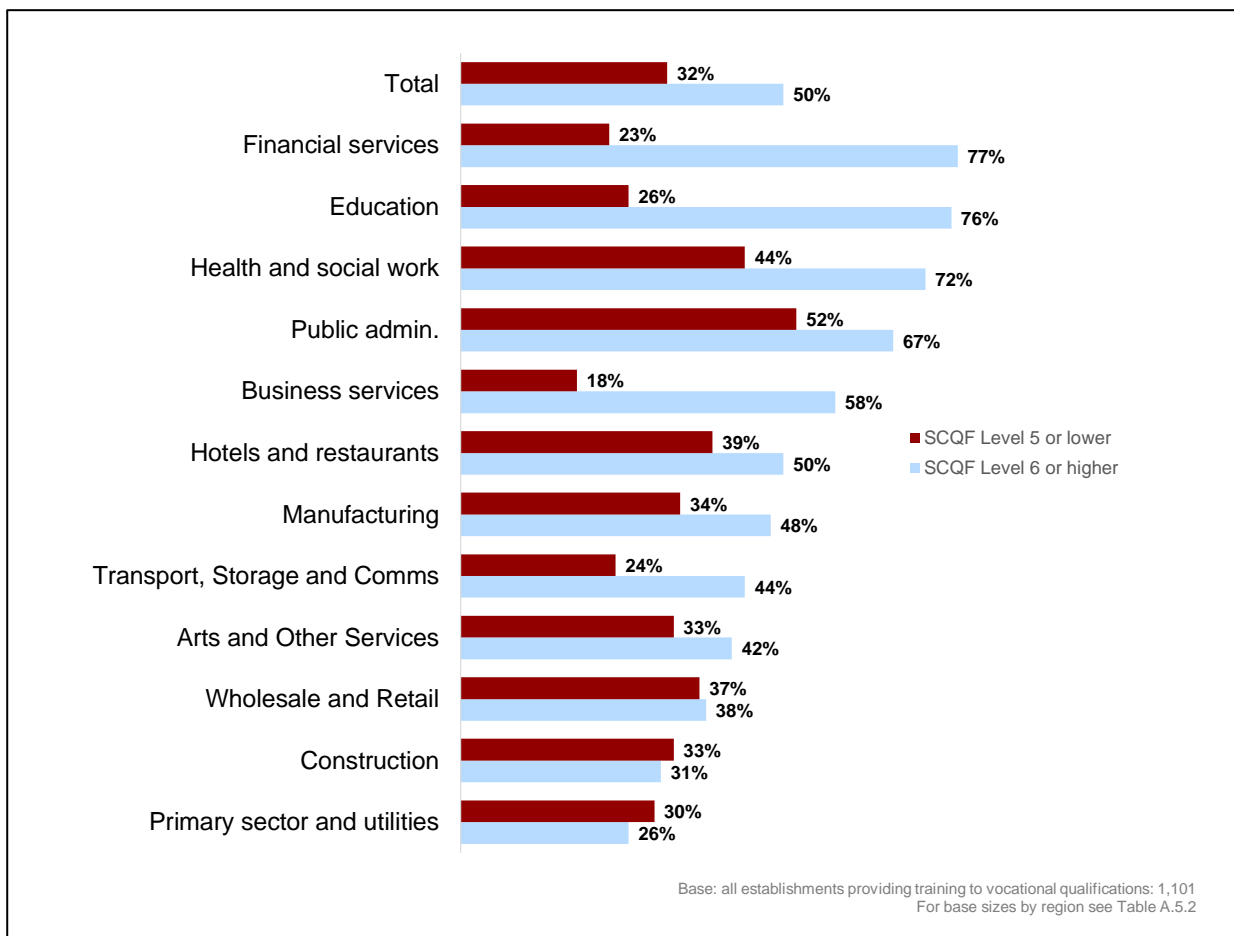
Differences by size of employer reflected the propensity of larger employers to provide more training, with the proportion training staff to each level increasing with employer size.

Figure 5.6 shows the considerable differences in levels trained to by sector. Higher level qualifications (SCQF Level 6 and above) were most commonly provided by employers offering training to vocational qualifications in the Financial Services, Education and Health and Social Work sectors, and least often among Primary Sector and Utilities, Construction and Wholesale & Retail. Qualifications at SCQF Level 5 or lower were most common in

the Public Admin and Health and Social Work sectors and least common in Business Services.

In some sectors, including Primary Sector and Utilities, Construction and Wholesale and Retail, employers were equally likely to offer training towards higher (SCQF Level 6+) and lower (SCQF Level 5 and below) level qualifications, illustrating the wide range of skill levels required in these sectors. For others, including Financial services, Education and Business Services, SCQF Level 6+ qualifications dominated their vocational qualification training offering.

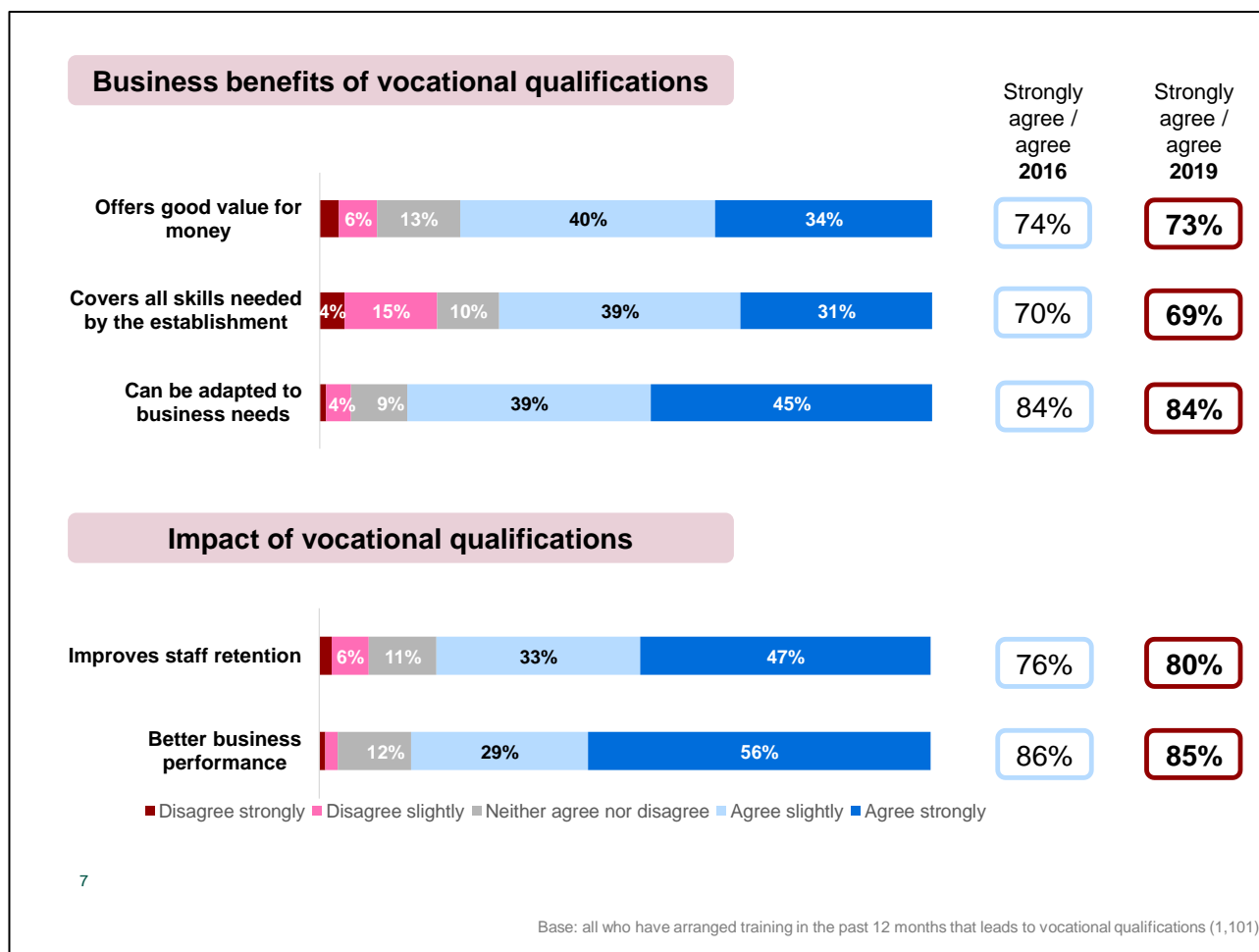
Figure 5.6 Levels of vocational qualification employers offer training towards



Perceived benefits of vocational qualifications

Employers that had arranged or funded training towards vocational qualifications in the last 12 months rated the extent to which they agreed vocational qualifications had provided certain benefits and impacts on their business and their staff. Figure 5.7 shows the breakdown of responses. The proportion of staff agreeing that vocational qualifications have helped staff retention has increased (from 76% to 80%) since 2016; overall levels of agreement for the other listed benefits have remained consistent since 2016.

Figure 5.7 Benefits and impacts of vocational qualifications



Employers offering training towards vocational qualifications were on the whole positive about the impact they had on their business. They were most likely to agree that vocational qualifications lead to better business performance and that they can be adapted to business needs. This is consistent with 2016.

Large employers, with 100 or more staff, were most likely to agree vocational qualifications lead to **better business performance** (91%), however employers in the Public Admin sector were much less likely to do so (72%).

Employers in Hotels and Restaurants sector were most likely to agree vocational qualifications **can be adapted to business needs** (90%).

Employers were less likely to agree that vocational qualifications cover all the **skills needed by the establishment**, indeed almost a fifth (19%) actively disagreed. Disagreement was significantly higher than average in the Manufacturing (30%) and Business Services (24%) sectors.

There were some other differences by sector. Employers in Construction were most likely to agree that vocational qualifications lead to **better staff retention** (89%), and those in Arts and Other Services were more likely to agree vocational qualifications offer **good value for money** (86%).

Small employers were less likely than larger employers to agree vocational qualifications offer **good value for money**. Among employers with 2-4 and 5-9 staff, 68% and 70% respectively agreed with this statement compared to 77-80% among the larger sizebands.

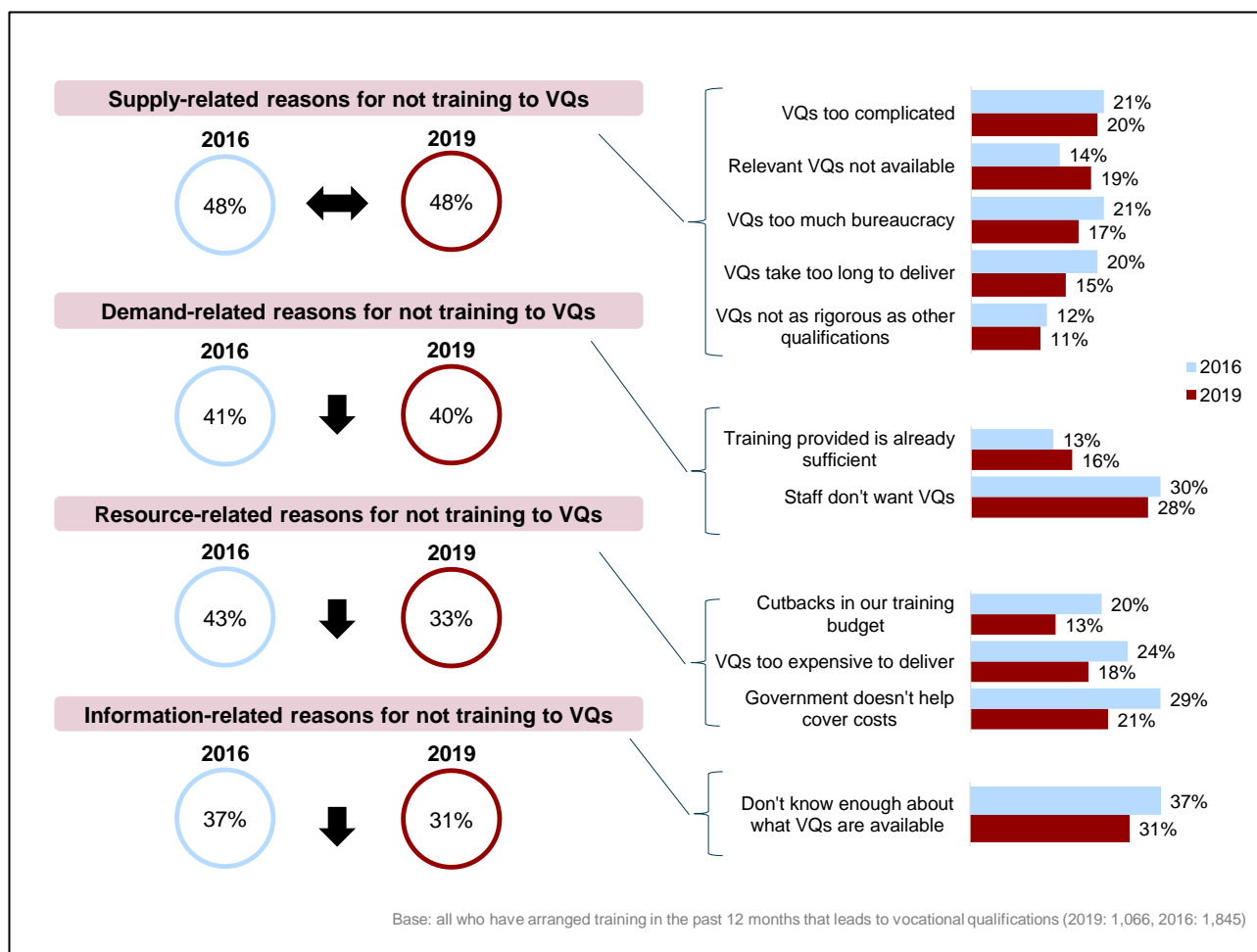
Barriers to greater take-up of vocational qualifications

Employers who had not arranged or funded training designed to lead to vocational qualifications in the 12 months preceding the survey were asked what the reasons were for not doing so.

The most common reason was a lack of knowledge with three in ten (31%) saying they did not know enough about what vocational qualifications were available. A similar number (28%) said their staff did not want vocational qualifications, and a fifth (21%) said they would need funding or grants from Government to consider doing so. The same proportion (20%) said they perceived vocational qualifications to be too complicated for their needs.

Figure 5.8 groups each of the reasons given into four categories: (a) Demand for vocational qualifications (from employers or employees); (b) issues around the Supply of vocational qualifications (for example, the delivery or format of the qualifications); (c) issues around financial Resources to deliver vocational qualifications; and (d) Information gaps as a barrier to take up.

Figure 5.8 Barriers to delivering vocational qualifications



This analysis demonstrates that the main barriers to greater take up of vocational qualifications are related to the supply of qualifications, with nearly half (48%) citing at least one issue with the vocational qualifications available that dissuades them from offering vocational qualifications to staff. Supply issues include that they are perceived to be: too complicated (21%); not relevant or available for all industries (19%); there is too much bureaucracy involved (17%); or that they take too long to deliver (15%). One in ten (11%) felt vocational qualifications were not as rigorous as other qualifications.

Four in ten employers (40%) not offering vocational qualifications to staff gave reasons relating to the demand for the qualifications. This was primarily from staff (28% said staff do not want vocational qualifications), but 16% also said they already offered sufficient training to staff.

Resources were mentioned by a third of employers (33%), including: 21% who said they did not offer vocational qualifications because the Government does not offer funding to help; 18% who said they were too expensive to deliver; and 13% who cited cutbacks in their training budgets. This was significantly fewer employers than in 2016, when 43% mentioned issues relating to the resource they had, and the decrease was seen across all three of the reasons feeding into this category.

The final category – lack of information – was mentioned by 31% of employers as being a barrier to them investing in vocational qualifications for staff. This is a notable decrease from 2016, when this was mentioned by 37% of employers.

There were a few differences by the sector the employer was operating in. Supply issues were most commonly reported in the Transport and Communications sector (60%), with 31% reporting that there were no vocational qualifications relevant to their industry. Employers in this sector were also more likely to cite financial reasons, with 44% giving a reason relating to the resources available for vocational qualifications.

Employers in the Education sector were also more likely than average to cite financial resource as a barrier (50%); this was driven by the 29% that said this was due to cutbacks in their training budget (compared to 13% average).

A lack of information about vocational qualifications was more commonly mentioned by employers in Wholesale and Retail (39%), and less likely than average to be cited as a reason by employers in Health and Social Work and Arts and Other Services (both 21%).

Employers in Financial Services were less likely than average to say supply issues were causing them a barrier (28%), and those in Manufacturing were less likely to be experiencing a lack of demand (27%).

There were not many differences by the employer's region. Supply issues were more common than average in Tayside (60%), where employers commonly felt vocational qualifications were too complicated (29%) and too much bureaucracy (28%). Employers in the Highlands and Islands were less likely than average to say a lack of information prevented them from offering vocational qualifications (24%).

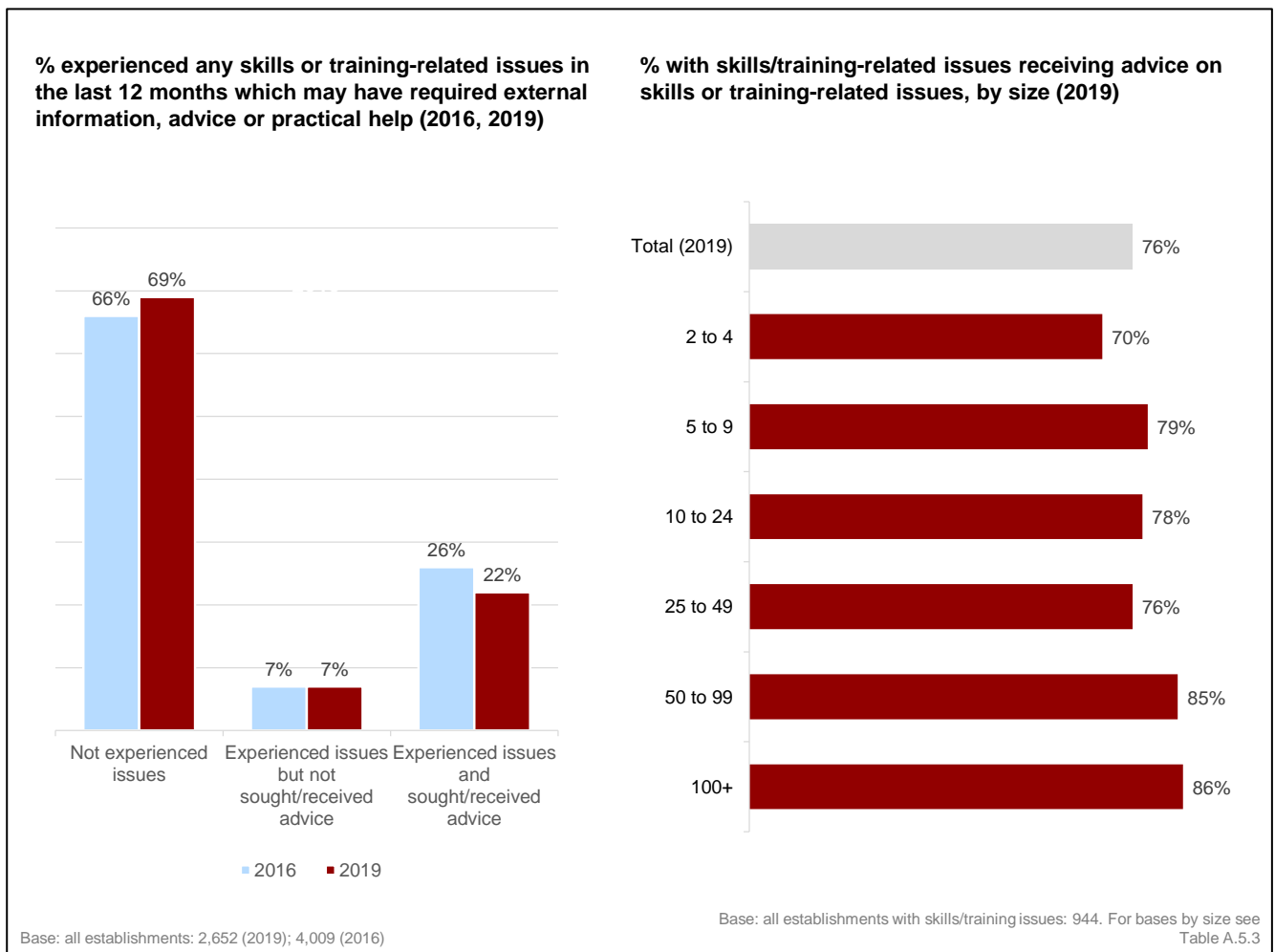
Information, advice and support

This section of the report aims to inform Scottish Government of the efficacy of current information channels and employers' awareness and use of different providers and schemes of support.

Overall, around three in ten employers (29%) had experienced an issue that required advice, information or support on skills and/or training related issues in the 12 months preceding the survey. This was slightly lower than in 2016, when 33% experienced such an issue. Of those experiencing an issue, three-quarters (76%) had sought or received advice on the issue, leaving one quarter (24%) who had not.

Larger employers were more likely than smaller employers to have had a need for such support, with 22% of employers with 2-4 staff experiencing an issue rising to 58% of employers with 100 or more staff. When they did experience an issue, large employers were more likely than smaller employers to seek or receive advice (see Figure 5.9).

Figure 5.9 Employers seeking information, advice and other support on skills and training-related issues, 2019

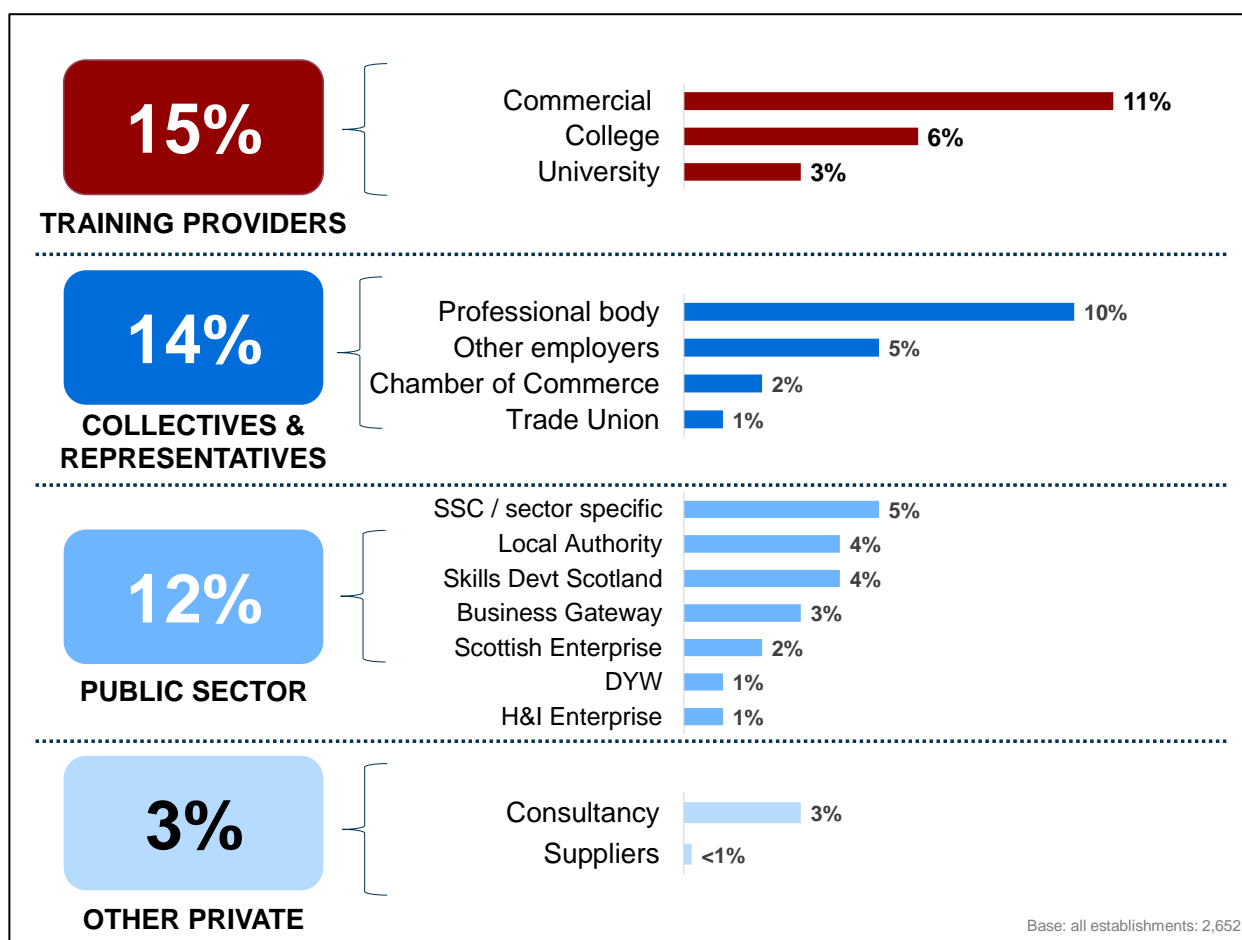


Employers in Education (55%) and Health and Social Work (40%) were more likely to have had a need for advice or information on training and skills related issues. However these were also the two sectors in which employers with a need were most likely to seek or receive such advice (91% and 87% respectively).

Conversely, employers in Wholesale and Retail were least likely to have a need (23%) but of those that did need advice or support just 59% sought or received any. In 2016 these employers were also less likely to have needed support (25% compared to 33% overall) but no less likely than average to have received it (79%, the same proportion as average). This suggests an issue for this sector in terms of the skills and training support available to them.

As in 2016, training providers were the most common source of support with 15% of all employers having received advice or information from each in the 12 months preceding the study. Around one in eight (14%) had used collectives and representatives (including professional/trade bodies, trade unions, other employers) and a similar proportion (12%) had used the public sector as a source of advice, including a Sector Skills Council (SSC) or other sector-specific body (5%), a local authority (4%), Skills Development Scotland (4%), Business Gateway (3%), Scottish Enterprise (2%), local DYW Lead or Regional Group (1%) and Highlands and Islands Enterprise (also 1%). Other private sources of advice were used by 3% of employers.

Figure 5.10 Sources of advice, information and support, 2019



Regional differences in public sector sources of advice were notable, particularly where the initiative has a regional focus. Employers in Forth Valley (17%) and Dumfries and Galloway (14%) were most likely to have used public sector sources of information, and the following differences were observed for specific initiatives:

- Employers in Lanarkshire were most likely to have turned to their Local Authority for advice (7%), and those in Edinburgh and Lothians least likely (2%);
- Employers in Glasgow were the most common users of Skills Development Scotland (7%);
- Business Gateway was most commonly a source of advice in the West (7%) and Lanarkshire (5%);
- 4% of employers in the Highlands and Islands had used Highlands and Islands Enterprise; and
- 5% of employers in Dumfries and Galloway and 2% in Highlands and Islands had used their DYW local Lead or Regional Group.

Related to their larger and more complex training needs, larger employers were more likely than smaller to have used every category of advice source. This difference was particularly notable relating to public sector sources of information, where employers with 100 or more staff were almost 10 times more likely to have used public sector sources of support than those with 2-4 staff (41% and 6% respectively).

Awareness and use of public sector initiatives

Employers were prompted as to their awareness and use of a series of initiatives set up or managed by Scottish Government, namely:

- Union Learning Fund²⁰;
- Flexible Training Opportunities;
- PACE (Partnership Action for Continuing Employment);²¹ and
- The right of employees to request time to train.²²

In total 19% of employers were aware of any of these initiatives, and 1% had used any. These figures varied widely by size of employer and, as Table 5.2 shows, 40% of employers with 100 or more staff were aware of at least one of the initiatives and 13% had used at least one.

²⁰ The Union Learning Fund (ULF) aims to encourage greater take up of learning in the workplace. The ULF is managed and administered by union learn, the TUC's Learning and Skills Organisation, under an agreement with the Department for Education (DfE).

²¹ PACE helps companies and people who are facing redundancy, local teams assist businesses to try and minimise the risk of redundancy before it happens, and as such their services would only be used by businesses at risk of being made redundant.

²² The right to request time to train policy, gives employees of large businesses (with over 250 employees) the right to request time off for study or training (Department for Education, 2017).

Table 5.2 Awareness and use of specific Government initiatives, overall and by size

		All	2 to 4	5 to 9	10 to 24	25 to 49	50 to 99	100+
<i>Unwtd Base</i>		2,652	643	608	619	364	161	257
		%	%	%	%	%	%	%
Union Learning Fund	Aware	2%	1%	2%	3%	3%	4%	12%
	Used	<1%	<1%	0%	0%	0%	1%	3%
Flexible Training Opportunities	Aware	10%	8%	12%	12%	13%	15%	13%
	Used	1%	1%	<1%	1%	2%	2%	8%
PACE	Aware	10%	8%	10%	13%	17%	18%	26%
	Used	<1%	<1%	<1%	0%	1%	2%	4%
Right to train	Aware	<1%	0%	0%	0%	0%	0%	12%
	Used	<1%	0%	0%	0%	0%	0%	4%
ANY	Aware	19%	15%	20%	22%	27%	32%	40%
	Used	1%	1%	1%	1%	2%	5%	13%

Compared with 2016, awareness of the Union Learning Fund and Flexible Training Opportunities have seen significant decreases (from 4% to 2% for Union Learning Fund, and 13% to 10% for Flexible Training Opportunities). Conversely, awareness in PACE has increased, from 8% to 10%. These changes in awareness have not resulted in any changes to the propensity to use each initiative, however.

Employer collaboration

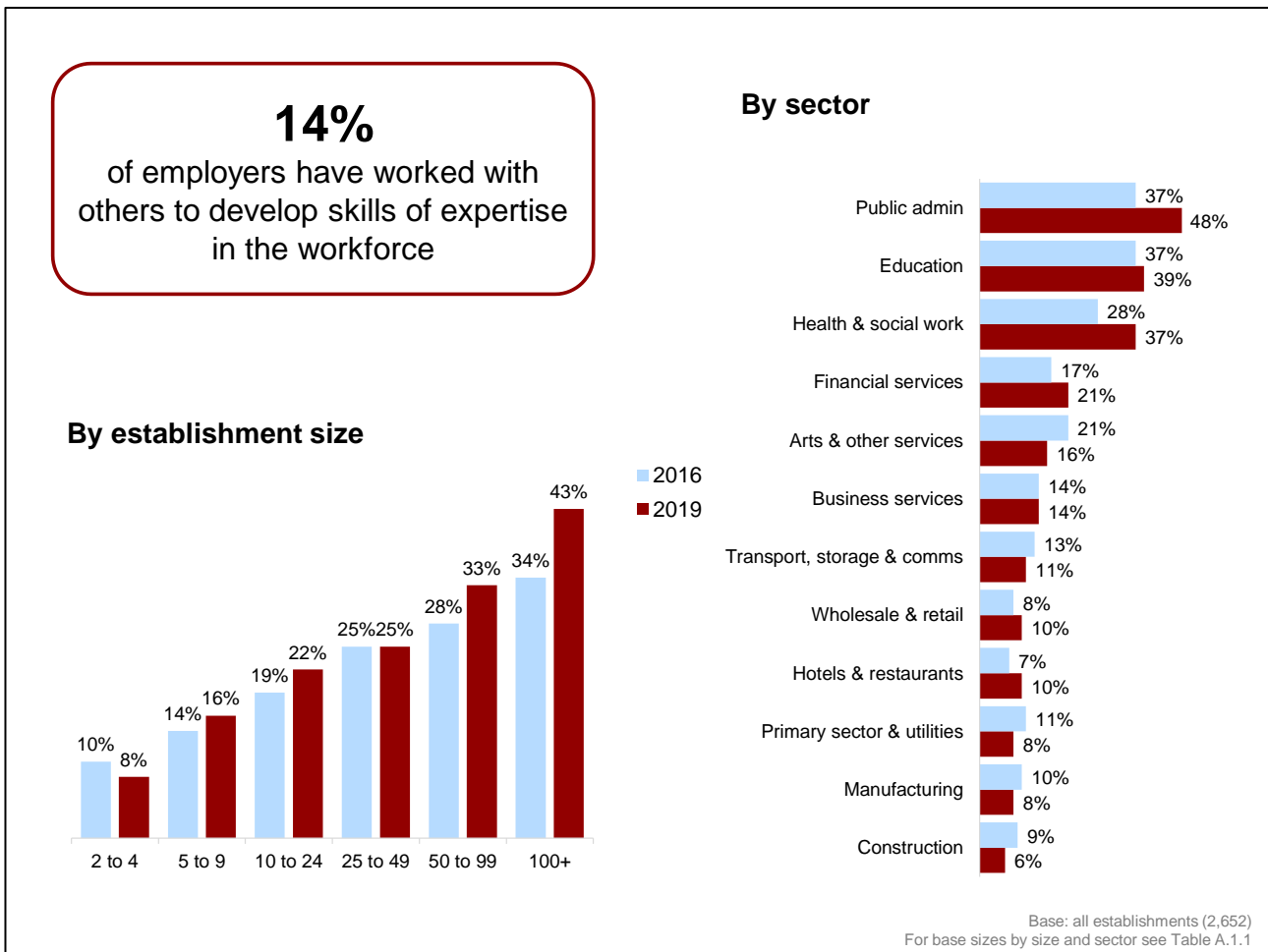
Employers working together to develop the skills or expertise of the workforce is something Scottish Government would like to encourage. This might include combining resources with other employers to fund a training course for staff at both/all participating organisations, providing training to (or receiving training from) staff from another employer, or working collaboratively to develop training policies and/or programmes for the employers' specific industry or region.

Overall, just over one in seven (14%) of employers had collaborated with other employers in this way. This was in line with the figure seen in 2016. As Figure 4.12 shows, the propensity to work with other employers in this way increases with employer size, with

43% of the largest employers (100+ staff) having done so compared to just 8% of the smallest (2-4 staff).

Employer collaboration on training matters was much more common in the public sector (37%) and voluntary sector (30%) than in the private sector (11%). This is reflected in the sector breakdown in Figure 5.11, with sectors with a higher proportion of public and voluntary organisations (Public Admin, Education and Health and Social Work) showing much higher levels of collaboration.

Figure 5.11 Extent of employer collaboration to develop skills or expertise in the workforce, by size and sector



Collaboration was much more common among employers who had engaged with the local Developing the Young Workforce Lead or Regional Group, at 33%. The DYW Regional Groups promote such employer collaboration, suggesting that either they are effectively encouraging the collaboration or that the sorts of employers engaging with the Groups tend to be more collaborative anyway.

Involvement in the development and design of external training

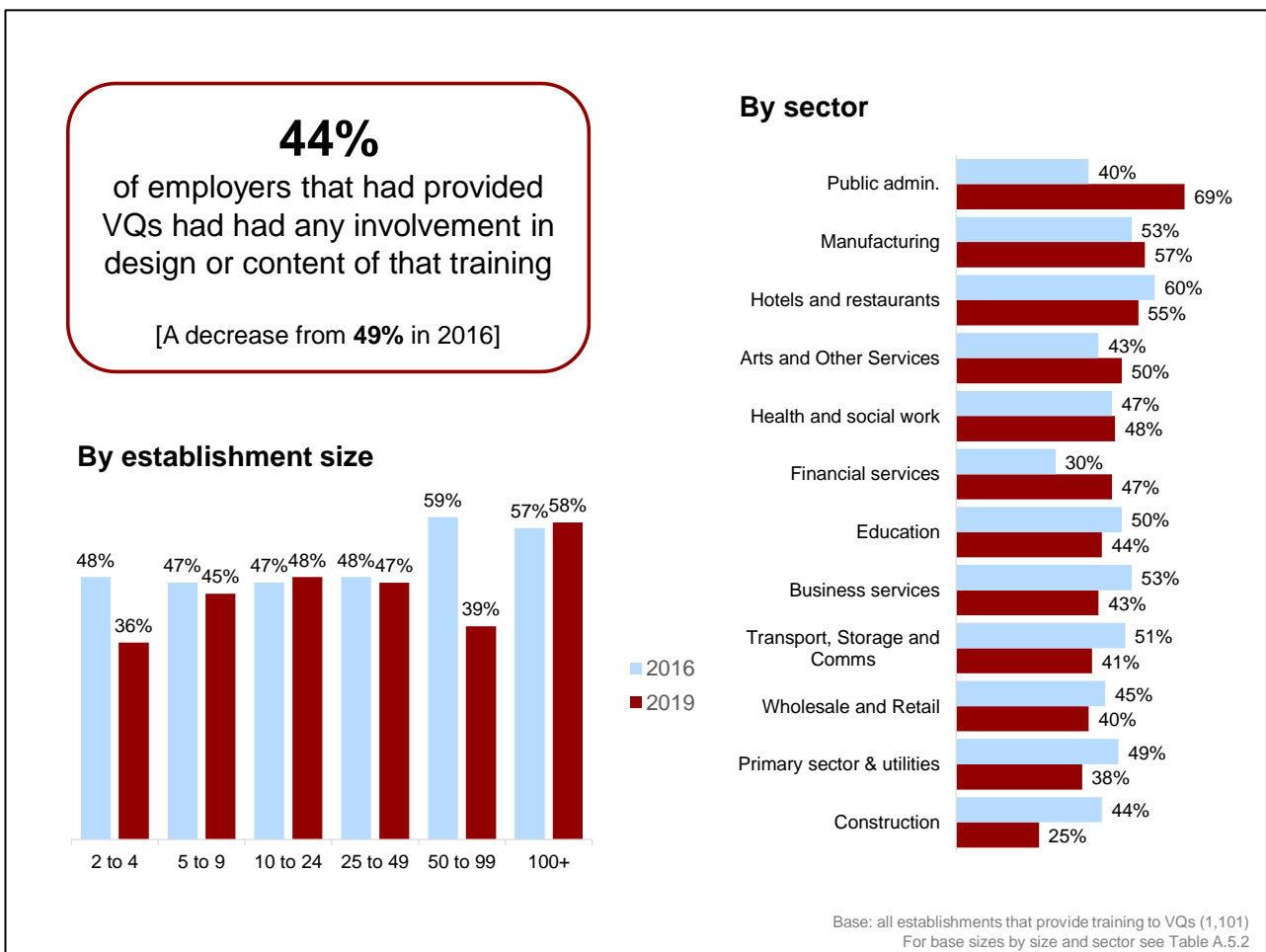
This section looks at the extent to which employers who are engaging with external training providers are taking ownership of the content of this training, by making or taking the opportunity to tailor this training to their individual needs.

Developing the content of Vocational Qualifications

Overall 44% of employers who had provided training towards vocational qualifications for staff had had some level of involvement in determining the design or content of that training. Mainly this consisted of tailoring or developing the content of existing external training to make it suitable for their needs (33%), but 7% had devised the training content from scratch (4% had done both). This is slightly lower than in 2016 when 49% of employers training to vocational qualifications had been involved in the design of the training.

Employers with 100 or more staff were more likely to have been involved than smaller employers with 2-4 staff (58% compared to 36%). However, in 2016 employers with 50-99 staff were as likely as those with 100 or more staff to be involved; as illustrated in Figure 5.12 there has been a large reduction in 2019 in the proportion of employers in this sizeband (from 59% to 39%) involved in designing vocational qualification training.

Figure 5.12 Employers' involvement in the design of training towards vocational qualifications



Employers in the Public Admin sector were significantly more likely than average to have had involvement in the design of vocational qualification training (69% vs 44% overall). In addition, the proportion of employers in the Public Admin sector involved in designing vocational training increased between 2016 to 2019 (from 40% to 69%). However, the size of this increase may not be as large as the data suggests due to low base sizes.

Employers in Manufacturing (57%) and Hotels and Restaurants (55%) were also more likely than average to be engaging in vocational qualification training design. Employers in Construction however were far less likely than average (25%) and less likely than in 2016 (44%) to be involved.

Employers who had had involvement in the design of vocational qualifications most commonly had worked with a training provider that was not a school, college or university to design and deliver this training (54%). A fifth (22%) had worked with a school or college and 7% with a university – both of these were more common among employers with 100 or more staff (41% and 17% respectively), and employers in Manufacturing were more likely than average to have used a school or college (41%).

A small number of employers who had been involved in vocational qualification design said they had worked with local DYW Leads or Regional Groups (3%), rising to 11% of employers with 100 or more staff, and 19% of those in the Education sector.

Other organisations involved included: industry specific organisations (3%); companies in the supply chain (3%); Government institutions (e.g. local authorities) (2%); and other non-profit making organisations (also 2%). A quarter (25%) said they did not work directly with other organisations to design vocational qualification training – this was particularly common among the smallest employers with 2-4 staff (34%).

Employers who had not been involved in the design or tailoring of the training content for vocational qualifications generally said they did not want to be involved (80%); however 18% said “yes” they would have liked to have been involved in this. This indicates a level of unmet demand for this sort of employer input into the design of training. This was more common among the largest employers (41% of those with 100 or more staff would like to have been more involved) and mid-sized employers (25% among those with 25-49 staff).

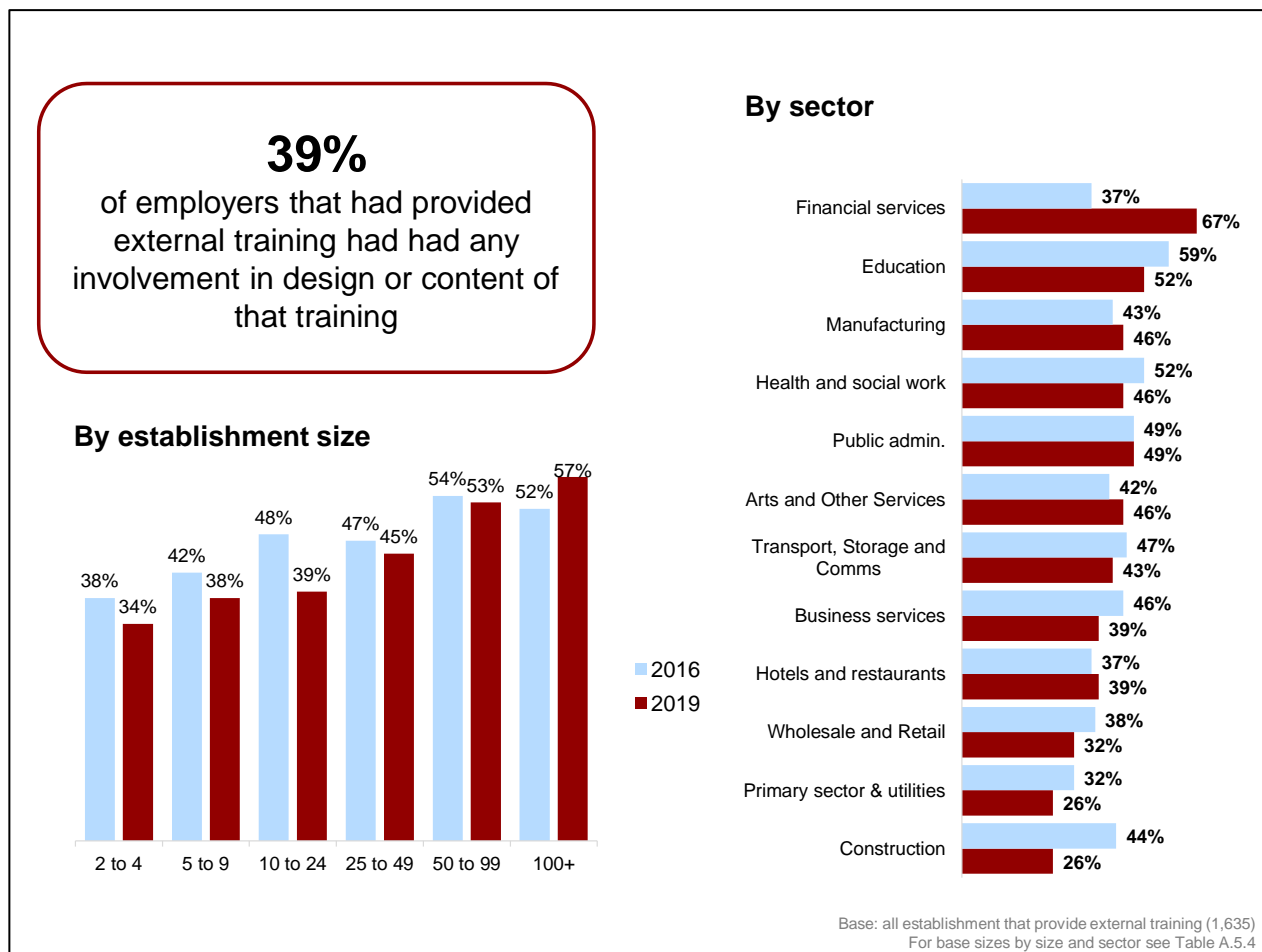
A third of employers (34%) that wanted involvement but did not get it said they did not know it was an option or were not given the opportunity. Other reasons given for not having the involvement they wanted included the time and effort required (22%), training providers who were uncooperative or unable to alter the content (18%) and not knowing how or who to approach (12%).

Developing the content of external training

Overall 39% of employers that had provided any external training to their staff had had any involvement in developing or tailoring the design or content of that training. This was slightly lower than the 43% seen in 2016. One in twenty (6%) had been involved in designing the training content from scratch, whereas 29% had tailored existing content to their needs (4% had done both).

As Figure 5.13 illustrates, the decrease has been mainly among smaller sized employers, in particular those with 10-24 staff which has seen a significant decrease from 48% to 39%. By sector, small declines were seen across the board with the exception of Financial services, where involvement has jumped from 37% to 67%. As with vocational qualification involvement, however, it is worth caveating the low base sizes involved.

Figure 5.13 Employers' involvement in the design of external training



Employers who had been involved in the design of external training had most commonly worked with a training provider other than a school, college or university (59%). Around one in six (17%) had worked with a school or college and 6% with a university.

Local DYW Leads or Regional Groups had been involved in 3% of cases; as with vocational qualifications this was particularly common among employers with 100 or more staff (14%) and employers in Education (17%).

Other organisations mentioned included Government institutions (e.g. Local Authorities), industry specific organisations and companies within the supply chain (all 4%), and other non-profit organisations (3%). A fifth (20%) said they had not worked directly with other organisations when designing the training.

Of those who were not involved in the design or tailoring of external training content, 17% indicated they would have liked more involvement. This was particularly common among

mid sized organisations; 27% of employers with 25-49 staff and 28% of those with 50-99 staff would have liked more involvement.

The top three reasons for not having the involvement they would have liked were all mentioned by a similar proportion: 23% were not given the opportunity or did not know it was an option, 21% said it required too much time and effort, and 19% said the provider was uncooperative or unable to alter the content.

National Occupational Standards

National Occupational Standards (NOS) are developed by industry bodies and SSCs in conjunction with employers to benchmark the expected standard of performance of an individual in a particular workforce role, as well as the knowledge and understanding they need to enable them to meet that standard. They can be used to help employers plan training provision and benchmark whether their employees meet the expected standard.

Awareness of NOS has increased by four percentage points since 2016, from 40% to 44%. This brings it back up to the levels seen in 2012 (43%). One in twenty (5%) felt they had a “good” knowledge of NOS and what they involve, and 17% had “some” knowledge. The remaining 23% were aware of NOS but did not know what they were.

Figure 5.14 Awareness and use of National Occupational Standards (NOS), 2019

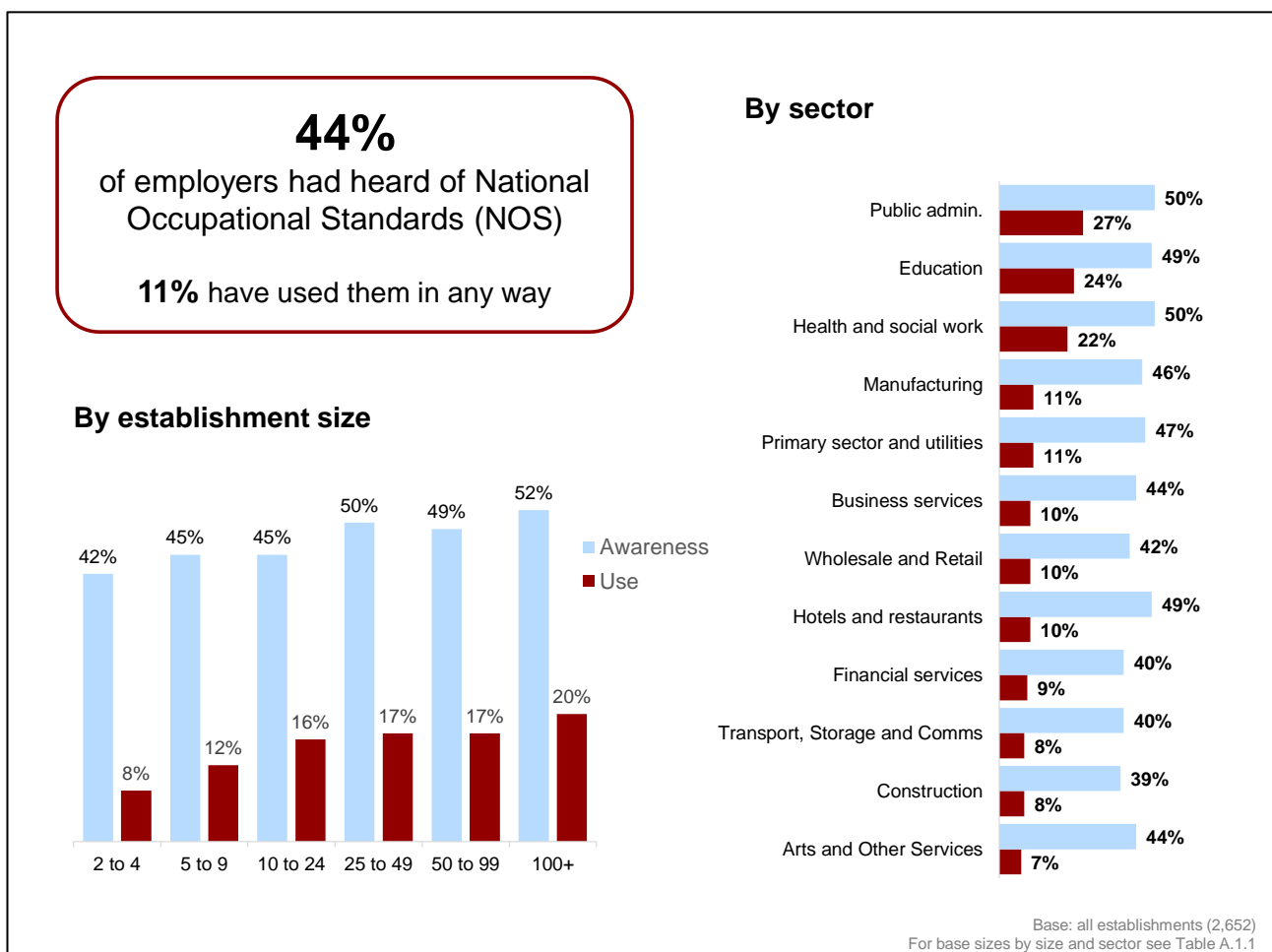


Figure 5.14 shows the breakdown in awareness and usage by size and sector. Awareness was higher among larger employers than smaller, however the biggest increase in awareness has been seen among the smallest employers (2-4 staff), where awareness has increased from 36% in 2016 to 42% in 2019.

By sector, there were no significant differences from the average in terms of overall awareness. However employers in Health and Social Work (32%) and Education (31%) were more likely than average (21%) to have any knowledge of what NOS are and what they involve.

Despite the increase in awareness, use of NOS remains unchanged from 2016 at 11% of all employers. Usage increased with employer size, and was more common among employers in the public sector (20%) and voluntary sector (15%). Reflecting this, the sectors showing the highest usage of NOS were Public Admin (27%), Education (24%) and Health and Social Work (22%).

Most commonly employers had used NOS to: develop training plans (8%); for performance management and staff appraisals (7%); to develop job descriptions or guide recruitment (6%); and for succession planning or competency frameworks (6%). This is consistent with usage patterns in 2016.

6. Apprenticeships

Chapter Summary

Around one in seven employers (16%) were offering apprenticeships at the time of the survey, unchanged from the proportion of employers offering apprenticeships in 2016.

Large employers were more likely than smaller ones to offer apprenticeships, ranging from 8% of employers with 2-4 staff offering apprenticeships to 56% among those with 100+ staff. By sector, the offering of apprenticeships was most common in the Education and Construction sectors (32% and 28% respectively).

Across all employers with apprentices, the average number of apprentices employed was between two and three apprentices.

Compared to when they first started offering apprenticeships, a quarter of employers with current apprentices (25%) reported that the number of apprentices they employ has increased. Only 5% reported that the number of apprentices they employ has decreased.

The main reasons behind employers starting to offer apprenticeships was because they view them as a good way to get skilled staff (a reason cited by 30% of employers that had started offering apprenticeships in the last three years), followed by viewing them as a good way to bring in young people to the company (28%). Common reasons for employers not offering apprenticeships included a perception that apprenticeships are not suitable for the size of employer (mentioned by 20% of all employers not offering apprenticeships) and that apprenticeships are not offered for their industry (13%). These reasons may point to a lack of awareness / knowledge among some employers as to the breadth of apprenticeship frameworks available and the ability to tailor apprenticeships to their needs. Employers not looking for staff (17%) or feeling that there was no need because their existing staff were fully skilled (14%) were other key reasons cited for not offering apprenticeships.

Awareness of two new types of apprenticeships – Graduate Apprenticeships and Foundation Apprenticeships – was reasonably high. Just over half of all employers (52%) were aware of Graduate Apprenticeships, including a small proportion (1%) that had a current Graduate Apprentice at the time of the survey. Just over two-fifths (43%) were aware of Foundation Apprenticeships, including a small proportion (1%) who in the past year have had a secondary school pupil in their senior phase undertake an FA with them.

In terms of future plans, the vast majority (90%) of employers already offering apprenticeships plan to continue offering them in future. Among those not currently offering apprenticeships 14% plan to start offering them in future. Together this means that 26% of all employer's plan to offer apprenticeships in future.

Introduction

Modern Apprenticeships (MAs) in Scotland allow individuals to work whilst gaining an industry-recognised qualification, and allow employers to develop their workforce through training new staff and upskilling existing employees. Skills Development Scotland (SDS) administers Scotland's Apprenticeship family on behalf of the Scottish Government. There are over 80 MA frameworks in Scotland, covering a wide range of industries from healthcare and financial services to construction and IT. These frameworks have been developed by Sector Skills Councils (SSCs) in consultation with their industry.

Various Apprenticeship related policy developments and initiatives have been introduced in recent years, including the Scottish Government's commitment to provide 30,000 new Apprenticeship starts by 2020/21. Two new types of Apprenticeship have also recently been introduced to Scotland's Apprenticeship family: Foundation Apprenticeships (FAs) in 2014; and Graduate Apprenticeships (GAs) in 2017.²³

FAs provide work-based learning opportunities for secondary school pupils making their senior phase subject choices. FAs have been designed and developed with industry and the Scottish Qualifications Authority (SQA) and are aligned to key sectors of the economy with current skills shortages and projected future growth. FAs provide qualifications which are at the same level of learning as a Higher (SCQF level 6). The FA is delivered through partnerships between schools, a local college or learning provider and local employers. Foundation Apprenticeships (FAs) are also being expanded to equip more young people at school with industry-recognised qualifications, skills and industry relevant practical experience. 5,000 FA opportunities are now available for 2019.

GAs are industry recognised, degree level work-based qualifications offered in key sectors where there is a need for skilled employees. The GA programme is delivered through partnerships between universities and employers, where the apprentice is in employment for the duration of their studies. GAs combine academic knowledge with skills development to enable participants to become more effective and productive in the workplace.

Whilst other apprenticeships research undertaken with employers tends to focus on employers that are known to be engaged with apprenticeships, the Employer Perspectives Survey (EPS) series contributes to current understanding by exploring levels of engagement with and awareness of apprenticeships within the general employer population.

This chapter will cover:

- **Engagement with apprenticeships:** the proportion of employers that offer apprenticeships; the average number of apprentices employed by those with current apprentices; and whether the number of apprentices employed has

²³ Further information on Scottish apprenticeships can be found at: <https://www.apprenticeships.scot/>

increased, decreased or stayed the same relative to when they first started offering apprenticeships;

- **Reasons for offering (and not offering) apprenticeships:** the reasons why employers had started offering apprenticeships (among those that had started offering in the last three years); whether the decision to start offering apprenticeships was influenced by contact from external agencies; and the reasons why employers were not offering apprenticeships;
- **Characteristics of current offering:** the ages of people that employers offer apprenticeships to; whether employers offer apprenticeships to new recruits or existing employees; whether employers have used work placements and to assess the suitability of prospective apprentices; and the types of training provided for apprentices; and
- **Market potential for apprenticeships:** the level of future demand for apprenticeships among employers; the timescales in which employers plan to start offering apprenticeships; the reasons why employers plan to start offering apprenticeships; and the expected change in apprentice numbers over the next two years among employers with current apprentices.

Offering apprenticeships

Around one in seven employers (16%) were offering apprenticeships at the time of the survey. This breaks down as 11% of employers that employed at least one apprentice at the time of the survey, with a further 5% that were offering apprenticeships but did not have any current apprentices. These proportions are in line with results from 2016.

As shown in Figure 6.1, the proportion of employers offering apprenticeships varied by size and sector. Offering apprenticeships was much more common among larger employers compared with smaller ones: ranging from 8% of employers with 2-4 employees offering apprenticeships to 56% of employers with 100+ employees.

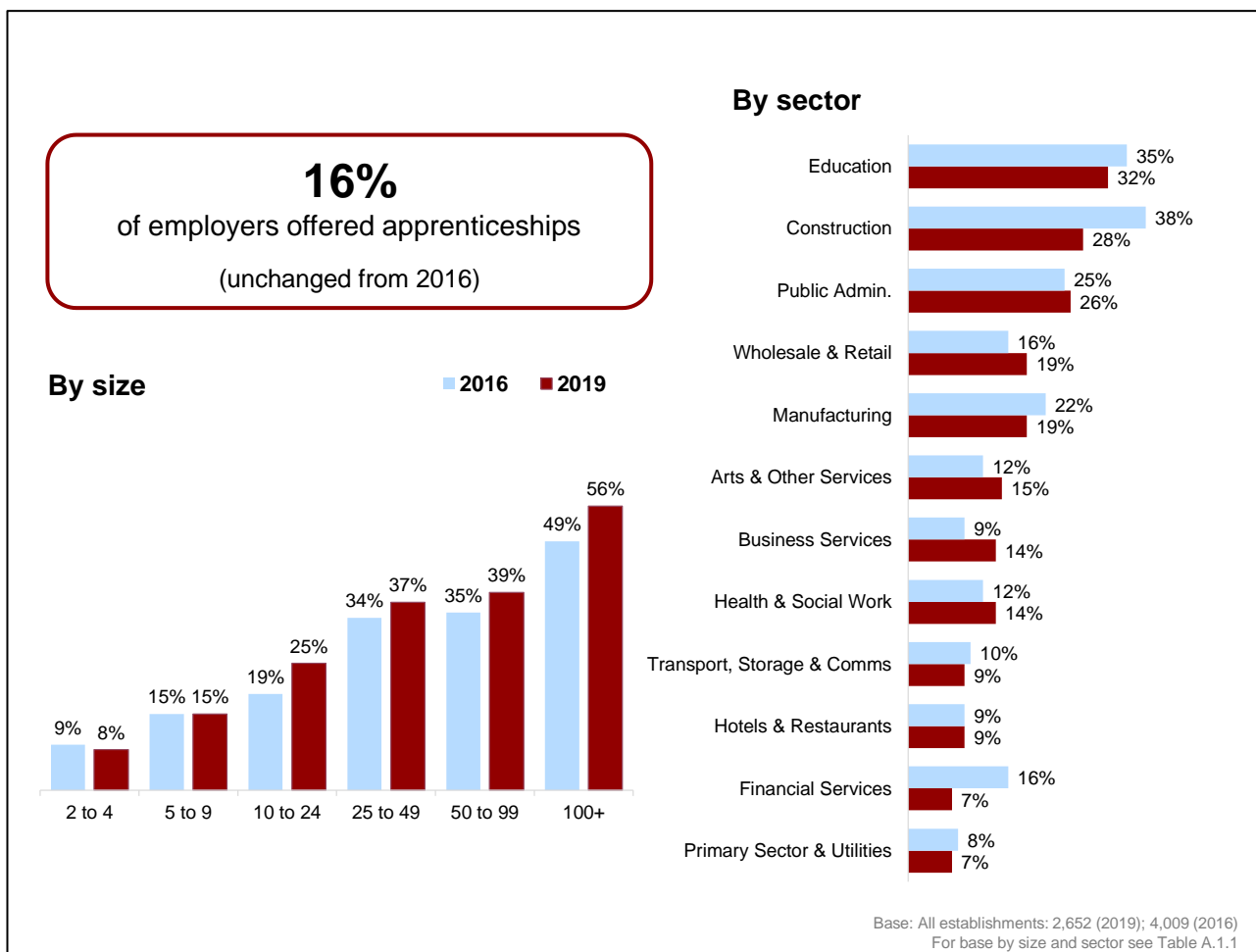
There is also considerable variation by sector in the proportion of employers offering apprenticeships: ranging from 7% of Primary Sector and Utilities and Financial Services employers to 32% of employers in the Education sector. In Chapter 3, it was reported that general recruitment levels in the Construction sector were low relative to other sectors. It is notable, however, that employers in this sector were the second most likely to be offering apprenticeships (28%).

Whilst the overall proportion of employers offering apprenticeships is unchanged from 2016, Figure 6.1 illustrates that there has been changes within employers of certain sizes and in certain sectors:

- Most notably the proportion of employers offering apprenticeships has increased among those in the 10-24 size band (from 19% to 25%); and

- The proportion of employers offering apprenticeships has increased among employers in the Business Services sector (from 9% to 14%). In contrast, the proportion offering apprenticeships has decreased in the Construction sector (from 38% to 28%), broadly returning to the levels reported in 2014.

Figure 6.1 Proportion of employers offering apprenticeships, by size and sector



By Regional Outcome Agreement (ROA) region, the proportion of employers offering apprenticeships was highest in West Lothian (27%), followed by West (22%), Tayside (19%), Aberdeen and Aberdeenshire (17%) and Glasgow (17%). At 12% each, the regions with the lowest proportion of employers offering apprenticeships were Fife and Edinburgh and Lothians.

Table A.6.1 in Appendix A provides a full breakdown of the proportion of employers offering apprenticeships by region (including ROA regions and other regional groupings).

Number of apprentices

As well as the proportion of establishments offering apprenticeships, the survey collected data on the number of current apprentices that employers had at the time of the survey.

Over half of employers with current apprentices (56%) had one apprentice, with a further third (32%) employing two to four apprentices, and 12% employed five or more apprentices.

Looking at the average number of apprentices employed, employers with current apprentices employed a mean of between two and three apprentices (median: one apprentice).

As would be expected, the average number of apprentices employed was higher among larger employers: ranging from a mean of one apprentice among employers with 2-4 employees to eight apprentices among those with 100 or more employees (see Table 6.1).

Table 6.1 Average number of apprentices

	2016	2019
Scotland	2.5	2.6
Size		
2-4	1.0	1.1
5-9	1.4	1.3
10-24	1.8	1.9
25-49	2.8	2.7
50-99	3.7	4.0
100+	8.7	8.2

Base: all employers with current apprentices and knew how many they employed

Change in apprentice numbers since first offering apprenticeships

Employers with current apprentices were also asked whether the number of apprentices they employ had increased, decreased or remained about the same since they first started offering apprenticeships.

Most employers (67%) reported that the number of apprentices they employ has remained about the same since they first started offering them. A further quarter (25%) reported that their apprentice numbers has increased since they first started offering them, and 5% reported a decrease, which is a decrease from 9% in 2016.²⁴

Low base sizes do not permit meaningful analysis by size, sector and region.

Reasons for offering apprenticeships

Alongside establishing current levels of employer engagement with apprenticeships, the survey collected information on the motivations behind employers starting to offer apprenticeships, as well as reasons for not offering apprenticeships. This section will first explore the profile of employers that were relatively new to offering apprenticeships (i.e.

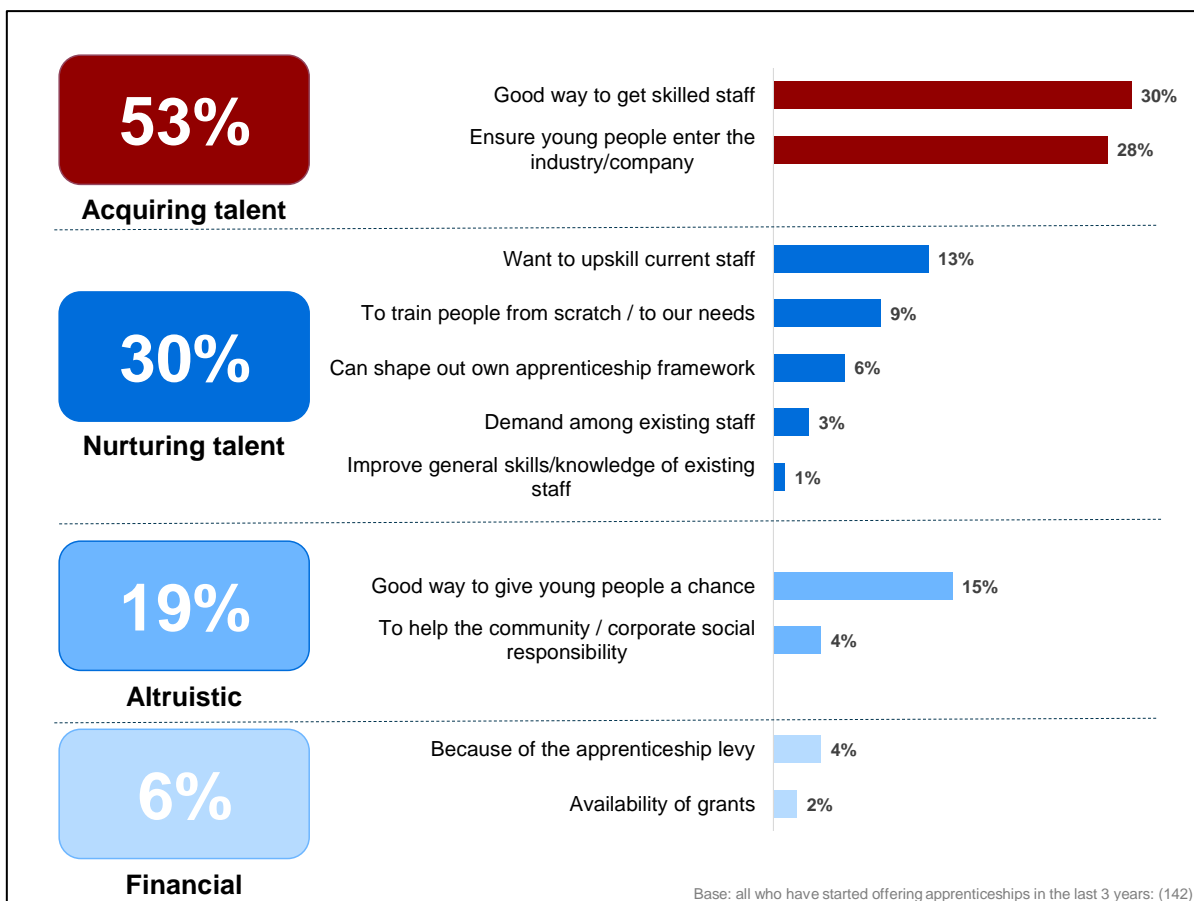
²⁴ These proportions are based on employers that had current apprentices at the time of the survey. One might assume that employers who were offering apprenticeships but did not currently employ any at the time of the survey have 'decreased' the number of apprentices they employ, but the survey did not establish whether these establishments have previously employed any apprentices.

those that started offering them in the last three years), before detailing the reasons why these employers started offering apprenticeships and the extent to which their involvement in offering apprenticeships was influenced by approaches from external organisations.

Among employers offering apprenticeships, a fifth (22%) had started offering them within the last three years. This was broadly consistent across employers of difference sizes. By sector, however, the proportion of employers offering apprenticeships within the last three years was higher than average among those in Hotels and Restaurants (60%) and Health and Social Work (38%). In contrast, very few employers in the Construction sector were relatively new to offering apprenticeships (only 8% had started offering them in the last three years).

Establishments that were relatively new to offering apprenticeships (i.e. those that started offering them in the last three years) were asked for the reasons why they started offering them. As shown in Figure 6.2, the most common reasons for starting to offer apprenticeships related to ‘acquiring talent’, including viewing apprenticeships as a good way to get skilled staff (30%) and to help bring in young people to the company or industry (28%).

Figure 6.2 Reasons for starting to offer apprenticeships (unprompted)



Just under a third (30%) of employers new to offering apprenticeships cited reasons related to ‘nurturing talent’, including wanting to upskill current staff (13%), using apprenticeships as a way to train people from scratch and to the employer’s needs (9%), and being able to shape their own apprenticeship framework (6%).

Around a fifth (19%) cited reasons of a more altruistic nature, such as viewing apprenticeships as a good way to give young people a chance (15%) and offering them as part of a corporate social responsibility (CSR) policy (4%).

The overall reasons (e.g. acquiring and nurturing talent, altruistic and financial) for starting to offer apprenticeships have not changed significantly since 2016.

External influences in deciding to start offering apprenticeships

Among employers that were relatively new to offering apprenticeships – i.e. started offering them in the last three years – most (72%) reported that the decision to start offering apprenticeships was initiated by themselves, without direct external influence. Under a fifth (18%) reported that their decision to offer apprenticeships was influenced by being approached by an external individual or organisation and a further 6% reported that the decision to offer apprenticeships came from a ‘bit of both’ internal and external influence. Although these proportions have changed since 2016, with more employers initiating the decision to start offering apprenticeships themselves (72%, compared with 65% in 2016), due to low base sizes these changes were not found to be statistically significant. Similarly, low base sizes mean there is limited scope for analysis by size and sector; this applies throughout the chapter.

When employers were approached by an external organisation or individual, the contact most commonly came from: a commercial provider of apprenticeships (27%); a direct approach from a prospective apprentice (17%); a local authority or government organisation (14%); or a school or college (11%).²⁵

Reasons for not offering apprenticeships

Given recent policy drives to increase the uptake of apprenticeships the EPS provides useful insight on the perceived barriers that employers face in offering apprenticeships.

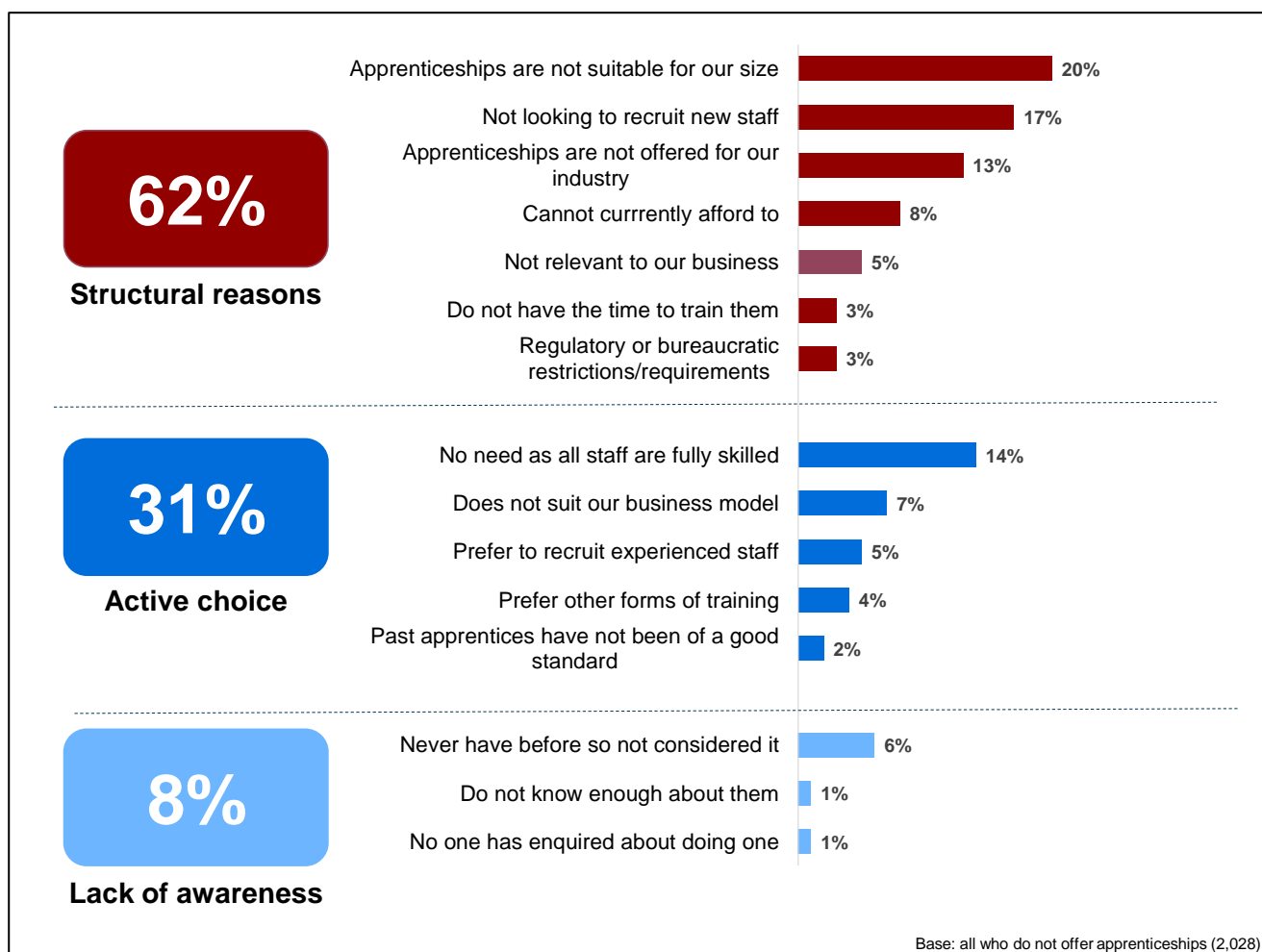
Employers not offering apprenticeships at the time of the survey were asked for their reasons for not doing so. The (unprompted) reasons given largely relate to three main themes that have been reported in previous EPS reports, namely:

- **Structural barriers** that employers perceived to be preventing them from offering apprenticeships, including a perception that apprenticeships are not available for certain sectors or are not suitable due to the size of employer;
- **Active reasons** that indicated the employer had actively chosen not to offer apprenticeships for reasons such as preferring other forms of training or preferring to recruit experienced staff; and / or
- A **lack of awareness** of apprenticeships in terms of knowing what offering apprenticeships involves or having never considered it.

²⁵ Note that these data on who approached employers about offering apprenticeships are based on a relatively small number of respondents (36) and should be interpreted with caution.

As shown in Figure 6.3, around three-fifths (62%) of employers not offering apprenticeships cited at least one perceived structural barrier as a reason for why they were not currently offering apprenticeships. These structural barriers included a perception that apprenticeships are not suitable for their size (20%) – a reason that was primarily cited by smaller employers with fewer than 10 staff – and a perception that apprenticeships are not offered for their industry. This latter reason was most common among those in the Education sector (33%), followed by Arts and Other Services (19%) and Health and Social Care (18%). These two reasons are of note as they may point to a lack of knowledge among employers as to the breadth of apprenticeship frameworks that may be applicable to them, as well as the potential for employers to tailor apprenticeships to their needs.

Figure 6.3 Main reasons for not offering apprenticeships (unprompted)



Characteristics of current apprenticeships offering

This section of the chapter first focuses on the characteristics of employers' current apprenticeship offerings. This includes: (a) the ages of apprentices that employers offer apprenticeships to; (b) whether their apprenticeship programmes are available to new recruits (c) whether employers have used work placements to assess the suitability of prospective apprentices; (d) how long their apprenticeship programmes typically last; and (e) the types of training provided.

Age of apprentices

Among employers offering apprenticeships:

- 90% offered them to 'young people' aged under 25 years (44% offered apprenticeships *only* to young people); and
- 47% offered them to people aged 25 years or older (1% offered them *only* to this age group).

Offering apprenticeships to young people was fairly uniform across size, sector and region and is in line with 2016. Among those employers who have engaged with their local Developing the Young Workforce (DYW) Lead or Regional Group, this increases to 98% of those offering an apprenticeship offered these to young people. Since 2016, however, overall the proportion of employers offering apprenticeships *only* to young people has decreased (from 52% to 44%). This decrease was particularly pronounced in the Manufacturing (63% to 32%) and Public Administration (48% to 22%) sectors. This decrease was also seen amongst employers who expected their business to grow over the next 12 months (49% to 39%).

Apprenticeships for new recruits and/or existing employees

Apprenticeships can be offered to new employees or can be offered to existing employees in order for an employer to upskill current staff.

Among employers offering apprenticeships:

- 43% *only* offered them to new employees recruited specifically as apprentices;
- 7% *only* offered them to existing employees; and
- 46% offered them to a combination of both new recruits and existing employees.

Offering apprenticeships to *only* existing employees was more common than average among employers in the Hotels and Restaurants (25%) and Health and Social Care (22%) sectors. In contrast two sectors where it was more common than average to offer apprenticeships *only* to new recruits were Construction (65%) and Arts and Other Services (58%).

The proportions of employers offering apprenticeships to new recruits and/or existing staff have not changed significantly since the last EPS in 2016.

It is worth noting that among those who offered apprenticeships to existing employees, some of the employees could have been new recruits who were taken on with the intention of starting an apprenticeship, but for whom there had been difficulties or delays in finding suitable apprenticeship providers. Thus, by the time they started their apprenticeship they were considered to be an existing employee. It could also be the case that some were new recruits who were deliberately recruited on a trial basis pending entry to an apprenticeship and, therefore, by the time they started their apprenticeship they were considered to be an existing employee. The next section touches on this by looking at the use of work

placements as a way for employers to assess the suitability of potential apprentices before employing them as an apprentice.

Use of work placements to check suitability of prospective apprentices

Among all employers offering apprenticeships, half (50%) had used some form of work placement to help determine whether an individual is suitable for an apprenticeship prior to recruiting them as an apprentice. This was in line with the proportion that had done so in 2016 (47%).

Using work placements prior to taking on an apprentice was more common among smaller establishments. Half (53%) of the smallest employers with 2-4 staff and two-thirds (67%) of those with 5-9 staff had used work placements to assess the suitability of prospective apprentices, compared with 41% among larger employers with 10+ staff.

Length of apprenticeships

The length of an apprenticeship will vary depending on the type and level of apprenticeship, the industry and how much experience the apprentice has in the role before commencing their apprenticeship.

In the EPS survey, employers offering apprenticeships were asked how long their typical (or most common) apprenticeship offering lasts for. As shown in Table 6.2, employers most commonly offered apprenticeships lasting between 3-5 years (44%), in line with previous iterations of the EPS series. The proportion of employers offering apprenticeships lasting less than 12 months has decreased from 11% (reported in both 2014 and 2016) to 7% in 2019.

Table 6.2 Length of a typical apprenticeship offered

Length of apprenticeship	2014	2016	2019
<i>Unweighted base:</i>	715	817	624
	%	%	%
Less than 12 months	11	11	7
At least 12 months but less than 18	17	14	15
At least 18 months but less than 24	9	8	9
At least 2 years but less than 3	14	15	17
At least 3 years but less than 5	45	44	44
At least 5 years	2	2	2
Don't know	2	6	5

Base: all employers offering apprenticeships

Offering apprenticeships lasting less than 12 months was more common in the Health and Social Work (19%), Transport, Storage and Communications (19%) and Hotels and Restaurants (16%) sectors. As reported earlier, in the case of Health and Social Work and

Hotels and Restaurants, these two sectors were more likely than others to only offer apprenticeships to existing employees which, if the existing employees had relevant experience, may contribute to the higher incidence of shorter apprenticeships lasting less than 12 months in these sectors.

Delivery of apprenticeship training

This section first discusses the delivery of training as part of employers' apprenticeship offerings, including the types of training that apprentices receive (whether delivered by an external provider, in-house by the employer, or both) and the types of training providers used.

Among employers offering apprenticeships, 82% had used an external provider to deliver at least some of the training for their apprentices and 77% provided formal training sessions in-house for at least some of the training that their apprentices receive (67% provided both types of training). This was in line with the types of training reported in 2016.

Of the employers that used external providers to deliver at least some of the training for their apprentices, the most common types of training providers used were:

- Colleges (57%);
- Commercial training providers (42%);
- Professional or regulatory bodies (28%);
- Non-profit making organisations, such as employer associations or voluntary sector organisations (10%).
- Universities of other higher education institutions (8%); and

Compared to 2016 the proportion of employers using colleges to deliver at least some of their apprenticeship training has increased (from 49% to 57%), whereas the use of universities and other higher education institutions has decreased (from 12% to 8%).

There were few notable differences by size or sector. The use of colleges for apprenticeship training was near universal among apprenticeship employers in the Construction sector (93% compared with the average of 57% across all sectors) and Education employers were more likely than average to use commercial training providers (67% compared with the average of 42% across all sectors).

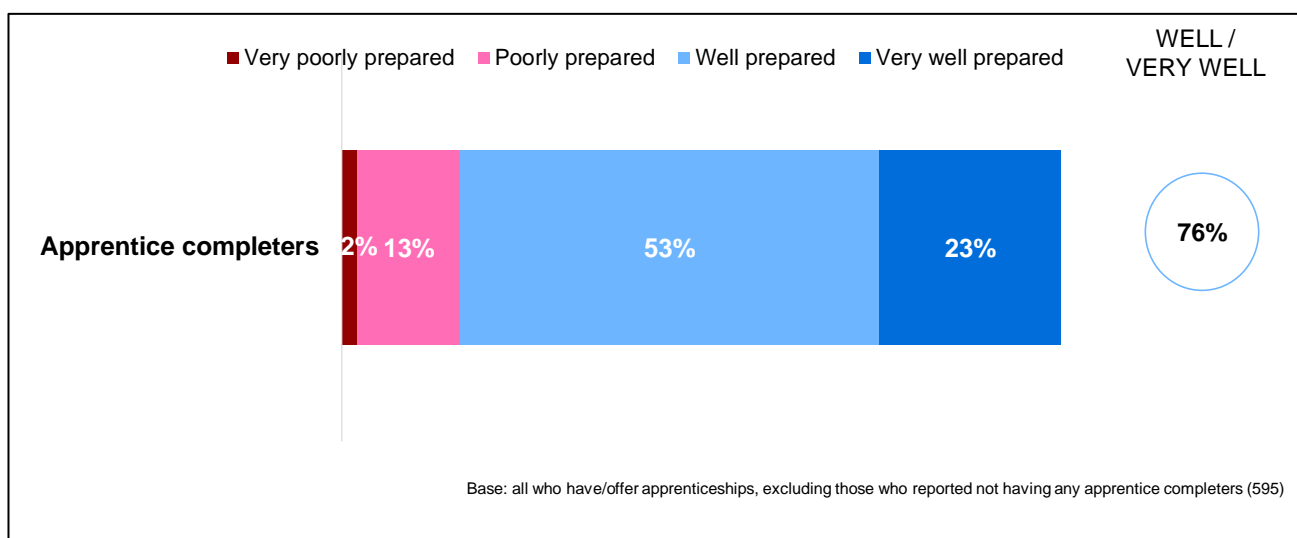
Preparedness for work of apprentice completers

New for the 2019 survey, employers offering apprenticeships were asked about the perceived work preparedness of individuals who have completed their apprenticeship. As shown in Figure 6.4, three-quarters (76%) of employers offering apprenticeships – excluding those who reported not having any apprentice completers – assessed that they were prepared for work. A small proportion (15%) felt that their apprentice completers

have been poorly or very poorly prepared for work.²⁶ These high levels of perceived work preparedness of apprentice completers were broadly consistent across employer size, sector and region.

Earlier in Chapter 4, it was reported that 58% of employers who had recruited a school leaver perceived them to be well prepared, 74% of employers who had recruited a college leaver considered them to be well prepared, and 78% of employers who had recruited a university leaver considered them to be well prepared. Though there are limitations to comparing the perceived work preparedness of apprentice completers to the education leavers (mainly because it is probable that employers may have been including their apprentices when assessing the work preparedness of education leavers), it is nevertheless notable that the perceived preparedness of apprentice completers was at a similar level to the university leavers.

Figure 6.4 Work preparedness of apprentice completers



Awareness of apprenticeships

Alongside levels of engagement with apprenticeships, the EPS series collects information on the general awareness and knowledge of apprenticeships. This section discusses employer awareness of apprenticeships among those not currently offering them, as well as (among all employers) awareness and use of Graduate Apprenticeships and Foundation Apprenticeships.

Awareness of apprenticeships

Across all employers that were not offering apprenticeships at the time of the survey, only a very small proportion (2%) had not heard of apprenticeships at all, with a further 21% having heard of apprenticeships but possessing a (self-reported) lack of knowledge as to what apprenticeships involve. The remaining 77% – the majority of employers not offering

²⁶ The remaining 9% of employers either reported that it varies too much to say or that they were not sure.

apprenticeships – were aware of apprenticeships and had at least some (self-reported) knowledge of what is involved. Though similar to the level of awareness/knowledge reported in 2016 (80%), this does represent a small but statistically significant decrease in the proportion of employers that were aware and had some knowledge of apprenticeships.

Levels of employer awareness of apprenticeships by size, sector and region are included in Table A.6.2 in Appendix A.

Awareness and use of Graduate and Foundation Apprenticeships

Graduate Apprenticeships are a new type of apprenticeship introduced in 2017 designed to provide work-based learning opportunities up to Master's degree level. Graduate Apprenticeships are available to current or new employees.

Across all employers, just over half (52%) were aware of Graduate Apprenticeships, including a small proportion (1%) who had a current Graduate Apprentice at the time of the survey.

As shown in Table 6.3, awareness of Graduate Apprenticeships was higher among larger employers, ranging from 48% of employers with 2-4 employees aware of them to 75% of employers with 100+ employees aware of them.

Foundation Apprenticeships are also a new type of apprenticeship introduced in 2014. They are different to the other types of apprenticeships available in Scotland in that they are targeted at senior-phase secondary school pupils and provide qualifications at SCQF Level 6. Typically lasting two years, pupils can begin their Foundation Apprenticeship in S5. The apprenticeship involves students spending time out of school at college or with a training provider to build on their knowledge and skills. Pupils also spend time with a local employer to provide them with real-world work experience and access to work based learning whilst at school.

Across all employers, just over two-fifths (43%) were aware of Foundation Apprenticeships, including a small proportion (1%) who in the past year have had a Foundation Apprentice undertake a work placement with them.

As shown in Table 6.3, awareness of Foundation Apprenticeships was higher among larger employers, ranging from 41% among those with 2-4 employees to 58% among those with 100+ employees.

Table 6.3 Awareness and use of Graduate and Foundation Apprenticeships

	Unwtd. base	Graduate Apprenticeships		Foundation Apprenticeships	
		% aware	% with a current graduate apprentice	% aware	% with a Foundation Apprentice over past 12 months
Scotland	2,652	52	1	43	1
Size					
2 to 4	643	48	*	41	*
5 to 9	608	51	*	46	1
10 to 24	619	57	2	42	2
25 to 99	364	63	3	48	4
50 to 99	161	68	3	55	3
100+	257	75	8	58	7
Sector					
Primary Sector & Utilities	137	52	*	42	*
Manufacturing	160	57	1	45	1
Construction	162	39	1	56	3
Wholesale & Retail	525	43	1	39	1
Hotels & Restaurants	293	53	*	37	1
Transport, Storage & Comms	170	62	*	50	1
Financial Services	91	60	-	51	-
Business Services	422	54	2	40	1
Public Admin.	76	57	-	46	2
Education	134	72	2	57	5
Health & Social Work	274	58	1	46	1
Arts & Other Services	208	56	*	43	*

Base: all employers. ('*' denotes a figure greater than zero but less than 0.5. '-' denotes a figure of zero).

Market potential for apprenticeships

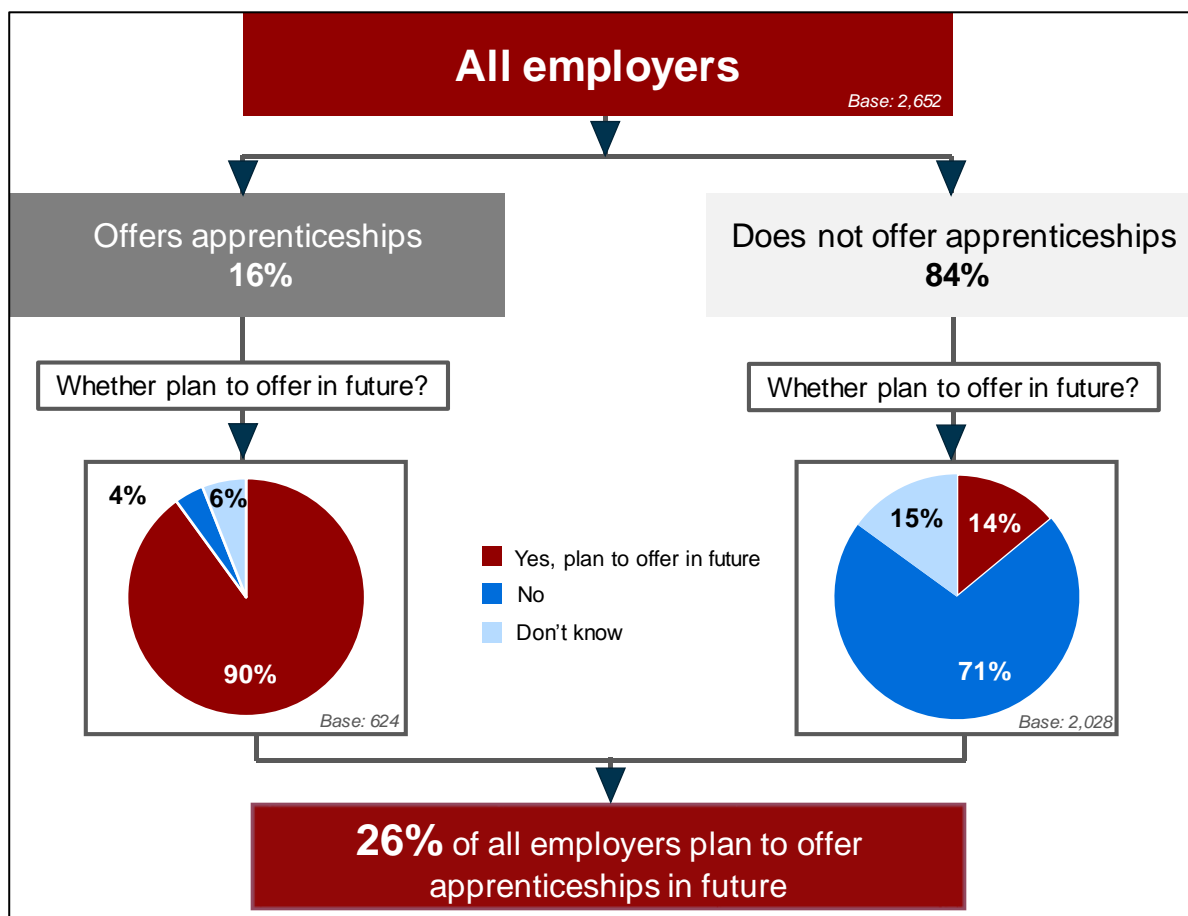
This final section of the chapter describes employers' stated intentions for offering apprenticeships in the future. This includes the proportion of employers currently offering apprenticeships but expecting to stop, as well as the proportion of employers that do not currently offer apprenticeships but who expect to start doing so, as well as their reasons for planning to start or stop offering apprenticeships. Alongside this, the section provides insight on how employers expect the numbers of apprentices they employ to increase or decrease over the next two years.

Future demand for apprenticeships

Among employers already offering apprenticeships, the vast majority (90%) were expecting to continue offering them in future with the remainder either expecting to stop offering them (4%) or unsure as to their future intentions (6%). Among the employers not currently offering apprenticeships at the time of the survey, around one-in-seven (14%) were expecting to start offering them in future.

As shown in Figure 6.5, this means that a quarter (26%) of all employers in Scotland plan to offer apprenticeships in future. This unchanged from the future plans for offering apprenticeships reported in 2016.

Figure 6.5 Future plans for offering apprenticeships across all employers



The 14% of employers that were not currently offering apprenticeships **but were planning to start offering them in future** tended to:

- Be larger employers (35% of employers with 100+ employees had plans to start offering apprenticeships compared with 10% among those with 2-4 employees);
- Be in Construction (26%), Manufacturing (22%), or Education (20%), compared with a range between 9% and 17% among other sectors;
- Be in Tayside (20%), compared with a range between 10% and 17% among other regions;
- Be aware of (22% vs. 13% of those with no awareness) or have had engagement with their local DYW Lead or Regional Group (36% vs. 19% of those who had not had engagement); and
- Have had recent experience of offering apprenticeships in the last three years (53%) compared with those who have either never offered apprenticeships, offered them more than three years ago, or were unsure (12%).

Of these employers planning to start offering apprenticeships, over a third (35%) were planning to start offering apprenticeships in the next 12 months, a similar proportion (38%) were expecting to start offering them in the next 2-3 years, whereas a further 6% were planning to start offering them in some other timescale (either more than three years or on an unspecified timescale, such as 'when the need arises') and 20% were unsure of the timescale.

Key characteristics of the 71% of employers that were not currently offering apprenticeships **nor were planning to start offering them in future** tended to be:²⁷

- Smaller employers (78% of employers with 2-4 employees had no plans to start offering apprenticeships in future compared with 39% among those with 100+ employees);
- In Transport, Storage and Communications, Financial Services and Primary Sector and Utilities (each 77%), compared with a range between 59% and 74% among other sectors;
- In Lanarkshire (78%), Glasgow (76%), Ayrshire (75%), Borders (75%) and Edinburgh and Lothians (75%), compared with a range between 65% and 71% among other regions; and / or
- Unaware of (72% vs. 65% of those who were aware) and not engaged with (69% vs. 45% who were engaged) their local DYW Lead or Regional Group.

It is known from previous editions of the EPS series that employers' stated intentions for offering apprenticeships in the future do not necessarily materialise, at least not to their fullest extent. For instance, the proportion of all employers reporting that they plan to offer apprenticeships in future has consistently been higher than the proportion of employers actually offering apprenticeships, which has consistently been much lower. Nevertheless, the EPS data on employer intentions to offer apprenticeships in future provides an indication of the market potential for employer engagement with apprenticeships.

Reasons for planning to start offering apprenticeships

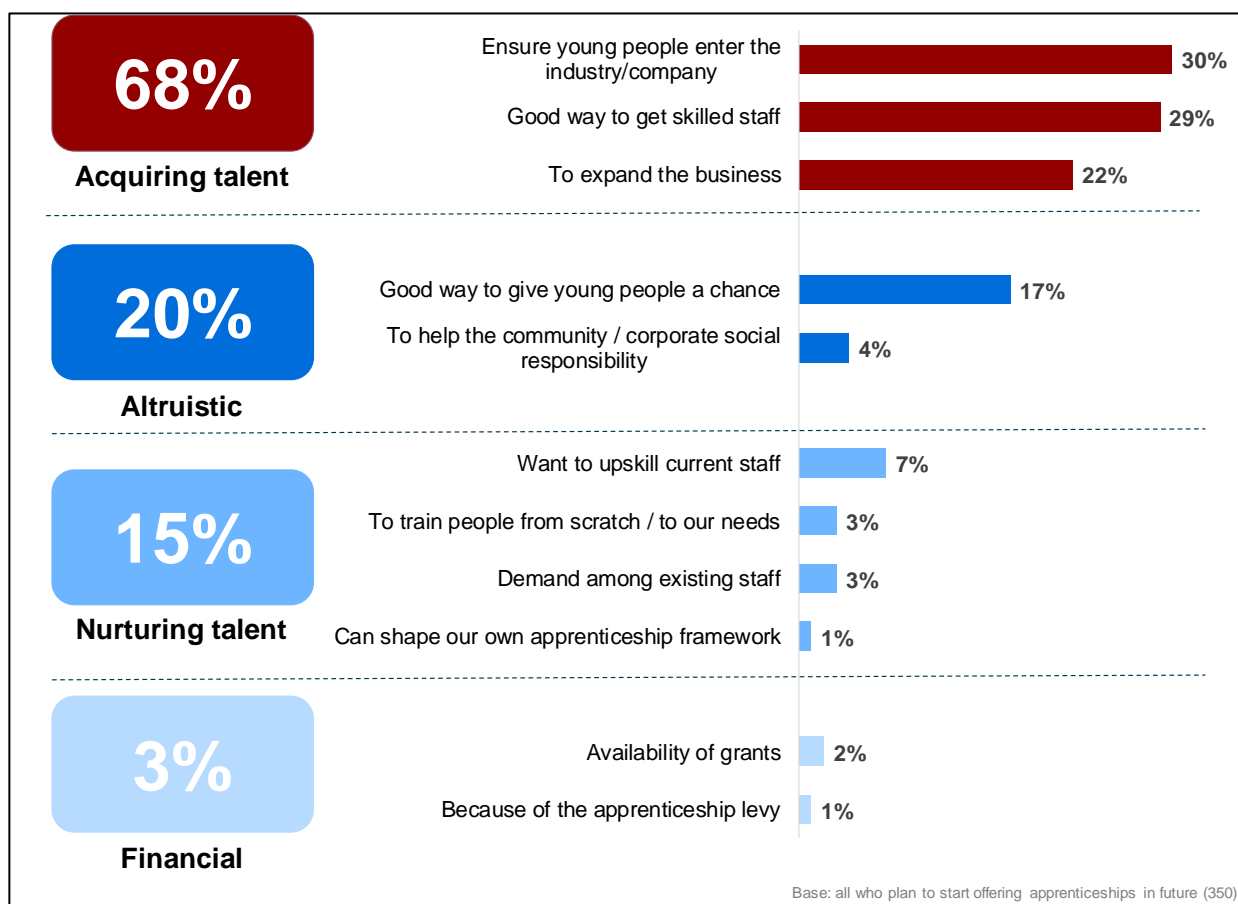
Employers that were not currently offering apprenticeships but planned to start offering them in future were asked for the reasons behind their intentions to start offering apprenticeships. The unprompted reasons mentioned are shown in Figure 6.6.

By far the most common type of reasons related to the theme of 'acquiring talent'. Specifically, 30% of employers were planning to start offering apprenticeships to help ensure young people continue to enter the company, 29% because they consider them a good way to get skilled staff, and 22% intended to start offering apprenticeships in order to help expand the business.

²⁷ Note that these characteristics are not merely the opposite of the characteristics listed for the employers planning to start offering apprenticeships as there were varying levels of employers reporting that they were unsure of their intentions.

Reasons of a more altruistic nature – such as wanting to give young people a chance in employment (17%) and as part of a corporate social responsibility (4%) – were the next most common theme of reasons given, followed by reasons related to ‘nurturing talent’, such as wanting to upskill current staff (7%).

Figure 6.6 Main reasons for planning to start apprenticeships in the future (unprompted)



The reasons for employers planning to start offering apprenticeships are broadly similar to the reasons why employers had started offering apprenticeships in the last three years (as presented earlier in this chapter in Figure 6.2). One notable difference, however, is the decreased emphasis placed on ‘nurturing talent’ among those that intend to start offering apprenticeships in future (15%) compared to those that started offering apprenticeships in the last three years (30%).

There were some differences in the reasons for intending to start offering apprenticeships in future depending on the size of employer. The smallest employers were more likely than the largest ones to be intending to start offering apprenticeships in order to expand their business (28% of those with 2-4 employees cited this reason compared with just 2% among those with 100+ employees). Larger employers were instead more likely than smaller ones to be planning to start offering apprenticeships in order to upskill current staff (17% among those with 100+ employees compared with 4% among those with 2-4 employees).

Expected change in apprentice numbers

As well as their intentions to either continue or stop offering apprenticeships, employers with current apprentices were asked whether they expected the number of apprentices they currently have to increase, decrease or stay about the same over the next two years.

Overall, 22% of employers with current apprentices (and with plans to continue offering apprenticeships) were expecting to increase the number of apprentices they employ over the next two years, only 5% expected a decrease in apprentice numbers, whereas most (71%) expected the number of apprentices they employ to stay about the same. These proportions are in line with those reported in 2016.

The proportion of employers that planned to increase their apprentice numbers over the next two years was higher among larger employers, increasing from 7% among those with five to nine employees to 41% among those with 100+ employees.

Reasons for expected change (or lack of change) in apprentice numbers

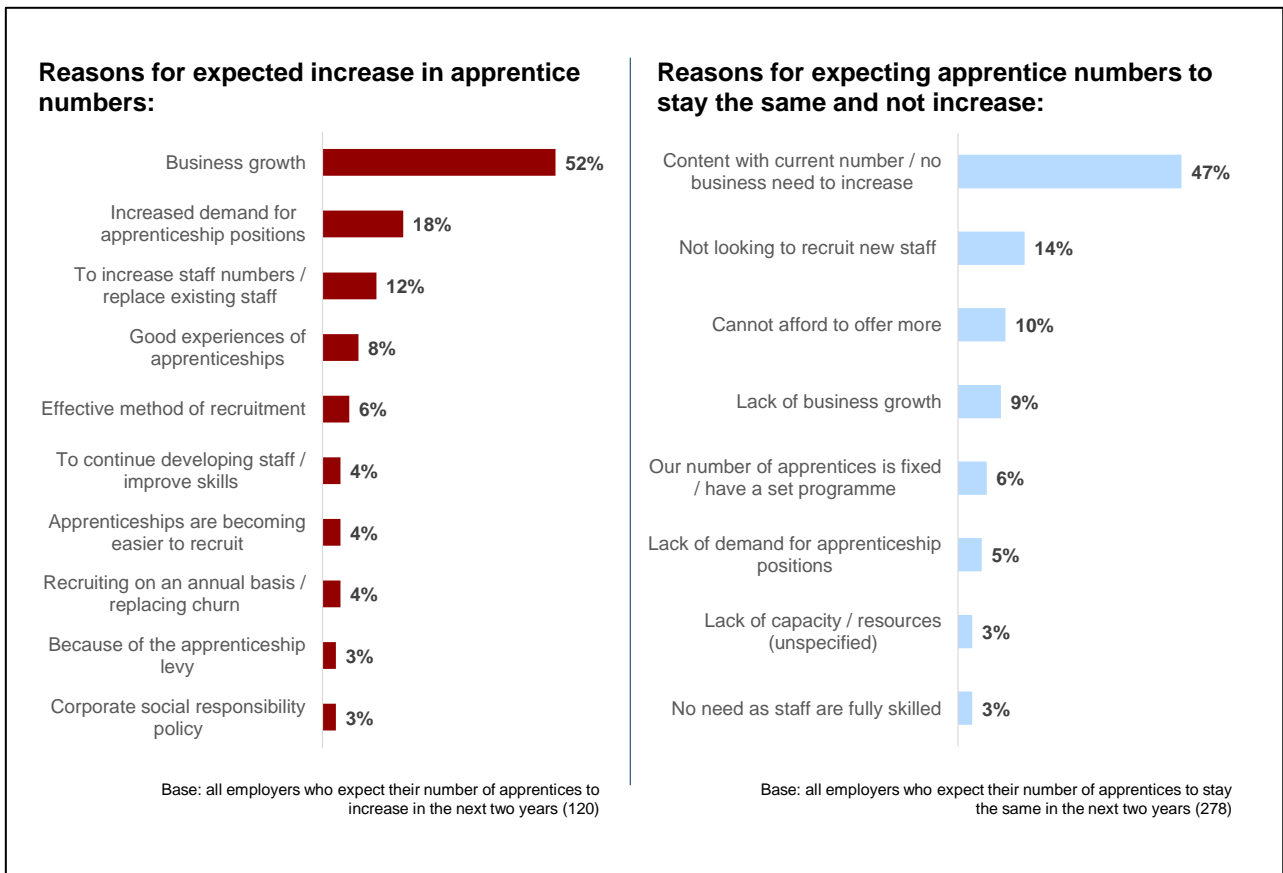
The unprompted reasons why employers were expecting the number of apprentices they employ to increase, or remain the same, over the next two years (among those who have current apprentices and plan to continue offering apprenticeships) are shown in Figure 6.7.²⁸

By far the main reason for employers expecting their apprentice numbers to increase was because of business growth (52%). What is unclear from the survey is whether these employers plan to increase their apprentice numbers in order to drive business growth, or whether more apprentices are needed to fill capacity created by business growth. The next most common reason was an increased demand for apprenticeship positions among either current or prospective staff (18%), and to increase staff numbers or replace existing staff with apprentices (12%).

Among the employers that were expecting the number of apprentices they employ to stay about the same over the next two years, the most common reason for this was being content with the numbers they currently employ (47%). Somewhat related to this, 14% mentioned that they were not looking to recruit new staff in general and 10% mentioned that they cannot afford to offer more apprenticeships.

²⁸ The number of employers expected their apprentice numbers to decrease over the next two years was too low (base of 17 employers) to report their reasons for expecting a decrease.

Figure 6.7 Reasons for expected change (or lack of change) in apprenticeship numbers over the last three years



7. Conclusions

The inaugural Scottish Employer Perspectives survey spoke to 2,652 Scottish employers gaining valuable insight into their approach to recruitment and training, and their use and engagement with the skills system.

The survey was undertaken during both a time of economic growth and relative stability within Scotland. However, it was also a time of uncertainty with a lack of clarity around Brexit and future trading arrangements and supply of labour from the EU. Against this backdrop, it is more important than ever to have good labour market intelligence. Evolving from the UK Employer Perspectives Survey, the 2019 Scottish survey continues a long-timeseries for key measures that stretches back biennially to 2010. Long-term series such as the EPS can serve as a key tool in understanding the skills challenges faced by employers, their responses and potential areas of support.

The robust and reliable labour market information provided by this research gives a rich evidence base to inform strategic and operational decision making at the national, regional, sectoral and local level. It supports the Scottish Labour Market Strategy, which sets out the desire to create an inclusive labour market with high employment, met through measures which support employability and skills.

This years' survey also contains new areas, reflecting more recent policy interests in Scotland including equality and diversity in recruitment practices, and awareness and engagement with the Developing the Young Workforce (DYW) Regional Groups.

This years' survey considers:

- How employers recruit new staff, including equality and diversity in recruitment;
- Their perceptions of new recruits (including young people and education leavers);
- Employers engagement with training providers and Developing the Young Workforce (DYW) regional groups; and
- Their offering of work placements and apprenticeships.

In this concluding section we bring together the findings of each section to consider the implications for those involved in helping employers improve their recruitment, training and people development.

Entry to Work

The EPS creates an evidence base for employer recruitment practices, employer attitudes and actions. The data collected supports the Scottish Government's aim of achieving an inclusive labour market with high employment and assisting those furthest from the labour market and those facing specific barriers.

Around **half of employers had been active in the labour market**, having had at least one vacancy in the 12 months preceding the EPS, similar to levels in 2016. The study concluded:

- **Most employers who had recruited in the 12 months prior to the survey had used multiple recruitment methods**, only one in five had used a single channel to access candidates;
- However, **word of mouth or personal recommendation was the most commonly used approach by employers** with a vacancy used by almost four out of five employers, and other internal resources such as their own social media or website were also commonly used; and
- **Relevant work experience remains the attribute most commonly sought by employers** in candidates for job roles, with three in five employers rating it 'significant' or 'critical'.

Such search strategies are **likely to disproportionately impact the people furthest from the labour market (such as the long term unemployed)**, as it limits the range of applicants employers receive but also excludes potential candidates who do not have the contacts or connections to find out about these vacancies. The more widely employers search for applicants, the more likely they are to increase the number, quality and diversity of applicants and find appropriately skilled workers. The research found that:

- **Actions to diversify their workforce through good recruitment practices when reviewing applications were relatively rare;**
- Although almost half of employers who had had a vacancy had advertised a role that would be suited to flexible working, just **one in eight had used “positive action”**, where a candidate with a specific protected characteristic is chosen over other equally qualified candidates because that characteristic is under-represented in the workplace, and **one in twelve had used “blind” or “no name recruitment”**, where irrelevant information such as names are left off CVs to avoid unconscious bias;
- The majority of employers who had had a vacancy **could not identify any specific action they had taken to attract and encourage a diverse range of applicants;**
- However, encouragingly, **half of employers** who had had a vacancy in the 12-month preceding the study **collected information to monitor the diversity of applicants**, rising to over three-quarters of employers with 100 or more employees; and
- Finally, **three-quarters of employers were aware of the new gender pay gap legislation**, however only a minority of employers aware of the legislation had changed their recruitment practices as a result.

Whilst good recruitment practices in terms of equality and diversity are not mandatory for most employers, supporting and encouraging employers to use them could help the

Scottish Government achieve its aim of improving inclusivity in the labour market and reducing inequality.

In addition to considering how employers recruit and what they look for in applicants, the EPS has also examined *who* employers are recruiting with regards to older workers, young people and education leavers. The study concluded:

- **Recruitment of older workers has increased.** Around two in five employers who had recruited in the year preceding the study had recruited an older person, defined as aged 50 or over, an increase from 2016;
- Employers who monitor the diversity of their applicants, use positive action, blind recruitment, offer flexible posts and / or encourage a diverse range of applicants **are all more likely to have recruited an older person than their counterparts who have not** adopted these recruitment practices; and
- Whereas recruitment of older workers has increased, recruitment of young people has decreased, however overall employers are still **more likely to have recruited a young person under the age of 25 than an older person over the age of 50.**

These trends have occurred against a backdrop of relatively high youth employment levels, suggesting perhaps fewer young people were seeking employment in 2019, as fewer were unemployed, and thus employers had a smaller pool of young candidates applying for roles. It also suggest that 'good recruitment practices' as identified above may help to improve the diversity of the workforce by opening up opportunities for older workers.

Turning to look specifically at leavers from education, DYW set a target of 35% for the proportion of employers recruiting young people directly from education in 2018. A key issue for employers, education providers and policy-makers is also that these leavers are well-prepared. The survey found that:

- In the 2-3 years preceding 2019 survey, **just under a third of employers had recruited an employee to their first job after leaving a Scottish school, college or university;**
- The proportion of establishments recruiting from schools (20%) and colleges (12%) was broadly unchanged from 2016 but the proportion recruiting university leavers has decreased from 14% in 2016 to 11% in 2019;
- Overall, **the majority of employers find their education leavers to be well prepared**, and this level of preparedness increases with the level of educational attainment; and
- However, **employers were less positive about work preparedness than they were in 2016**, and the proportion who felt leavers were poorly or very poorly prepared for work rose between five and six percentage points for each type of leaver.

The fall in recruitment of university leavers may warrant further investigation in order to meet the Scottish Government's key performance indicator from DYW of 35% of employers recruiting young people directly from education. Similarly, employers less positive views on work preparadness (which were most commonly a result of a lack of experience of the working world, lack of life experience and lack of maturity) may also benefit from further in-depth follow up.

Supporting Entry to Work

The survey has shown that employers place a high value on work experience when recruiting new staff. However in order for work experience to challenge barriers to entry to work, opportunities for this experience need to be open to a broad range of individuals.

A key aim of the 21 DYW Regional Groups are that employers work with schools and colleges to provide more **young people with a labour market-relevant range of work-based learning opportunities, including work placements, mentoring and interview skills training**. The DYW programme has been in place since 2014 and runs until 2021 working to foster partnerships between local industry and employers, and education. For the first time this year the EPS survey asked employers about DYW Regional Groups, alongside questions from 2016 on work experience, placements and work inspiration, finding that:

- Around **one in seven employers were aware of their DYW Regional Group** and a fifth of those who were aware had engaged with them over the previous 12 months. Larger employers were more likely to be aware of and to have engaged with their Regional Group;
- Despite the majority of employers saying relevant work experience was 'critical' or 'significant' when evaluating candidates in the recruitment process, fewer than two in five **employers had themselves provided any type of work placement in the 12 months prior to the survey**, and this had fallen since 2016;
- However, **although the proportion of employers offering work placements in Scotland has decreased, those who do so are offering them to more individuals**. Almost 333,000 placements were offered to individuals by employers, an increase from just under 315,000 in 2016; and
- Around one in seven employers had engaged with schools, colleges or universities in the 12 months preceding the survey to **conduct 'work inspiration' activities**.²⁹

Both work experience and work inspiration activities were more common among larger employers, and among those in the public sector. Aside from the importance employers themselves placed on work experience when recruiting, placements themselves were often used by employers as a recruitment route, with over a third of employers who

²⁹"Work inspiration" activities include activities such as hosting site visits for students, talking to them about their careers or conducting activities such as mock interviews to improve their employability.

provided work experience going on to recruit the trainee to a permanent or long term paid role.

Key to improving the provision of work experience opportunities will be overcoming the barriers that employers cite for not offering it. The majority who do not offer such opportunities cite structural reasons - such as not having suitable roles, or lacking the time or resources to do so. This perhaps highlights a key support role for the DYW Regional Groups in helping to break down these barriers to work experience provision. Indeed, the survey found that **employers who had engaged with their local DYW Regional Group were more likely to have** offered any work experience, or work inspiration activities.

People Development

Within Scotland there is an increased focus on alignment and co-operation between the skills and enterprise agencies, as outlined in the 2018 Enterprise and Skills Board Strategic Plan (Scottish Government, 2018a). The Scottish EPS 2019 considered how employers are meeting their training requirements, the type of provider they access, their use of vocational qualifications and their involvement in shaping the training they give to staff. The 2019 survey concluded:

- **Around seven in ten employers had provided training to their staff in the 12 months preceding the survey**, a slight decrease from 2016. The reduction in training was concentrated on just the smallest employers (those with 2-4 staff);
- Employers were **more likely to offer internal training than external training**. Among those who did offer external training, private training providers were most common, consistent with 2016;
- Despite a decrease in the proportion of employers offering training to their employees, **the proportion of employers that had arranged or funded training designed to lead to a recognised vocational qualification in the last 12 months has increased**; and
- In addition, training to **higher level vocational qualifications (SCQF Level 6 or above) was more common** than to lower level qualifications.

As such, although the quantity of training has declined, training quality has risen - with a greater proportion of employers training to qualifications and at higher levels. Those **employers who had trained to vocational qualifications viewed them positively**, with the vast majority believing they lead to better business performance, can be adapted to business needs, and improve staff retention. Given the benefits that employers who engage with vocational qualifications cite, it is worth considering the reasons why employers do not engage and how these barriers can be broken down, the **most common reason employers cited for not providing vocational qualifications was that they did not know enough about what qualifications were available**.

Encouraging employers to get involved with or provide input into the design or content of training helps ensure that the training employers provide to staff meets their needs. **Overall 44% of employers who had provided training towards vocational**

qualifications for staff had had some level of involvement in determining the design or content of the training. Among those who were not involved, 18% said they would have liked to have been. The most common reason for not being involved was that they did not know they could or had not been given the opportunity, but many also said they felt it was too much time and effort to do so or that the provider was not open to their involvement.

Considering how training provision can be increased among employers is a key question for policy makers. Encouraging employers to work together is just one approach to increasing training provision for the workforce, through shared resources to fund courses or through working collaboratively to develop training policies or programmes for the industry or region. Overall, 14% of employers had collaborated with other employers in this way. Such employer collaboration was more common in larger employers and among the public and voluntary sectors. **DYW Regional Groups encourage employers to work together in this way; and collaboration was more common among employers who had engaged with their local DYW Regional Group.**

Apprenticeships

The Scottish Government has a target to increase Modern Apprenticeships (MA) new starts to 30,000 by 2020. Apprenticeships in Scotland allow individuals to work whilst gaining an industry-recognised qualification, and allow employers to develop their workforce through training new staff and upskilling existing employees. Apprenticeships are well recognised among employers in Scotland, with awareness of them high even among those not offering them, almost four in five employers not offering apprenticeships reported they had some knowledge of what was involved.

Foundation Apprenticeships (FA), which were first introduced in 2014 to provide work-based learning opportunities for senior phase secondary school pupils, and Graduate Apprenticeships (GAs) introduced in 2017 to provide a new route into degree-level study, also had reasonably high levels of employer awareness despite their relatively recent introduction. Just over half of all employers were aware of GAs, and just over two-fifths were aware of FAs.

In terms of provision of apprenticeships by employers:

- Around **one in seven employers reported they were offering apprenticeships at the time of the survey.** Overall the proportion offering apprenticeships remains unchanged from 2016;
- **However there are key changes within certain sizebands and sectors.** Most notably the proportion of employers offering apprenticeships has increased among those in the 10-24 sizeband (from 19% to 25%). There was also an increase in the Business Services sector, and a decrease in Construction;
- Around a **fifth of employers offering apprenticeships had started doing so in the last three years;** and

- Apprenticeships were **offered mainly to new recruits rather than existing staff**, however almost half of those offering apprenticeships had offered some form of work experience placement prior to offering an apprenticeship.

The importance of work experience is again highlighted by the findings on apprenticeships, with many employers preferring to recruit apprentices that had already completed work experience with them. Overall there were high levels of satisfaction reported with apprenticeship completers, with three-quarters of employers reporting that their completers were well prepared for work (in line with the work preparedness of college and university leavers).

With the proportion of employers offering apprenticeships remaining unchanged between 2016 and 2019, it will be important for policy makers to consider what can be done to further increase employer uptake of apprenticeships, whilst continuing to build upon the high levels of satisfaction employers have with the work preparedness of apprenticeship completers.

Looking ahead, around a quarter of all employers plan to offer apprenticeships in the future, the vast majority of these are those who currently offer apprenticeships and plan to continue offering them. There are however 14% of employers who don't currently offer apprenticeships but report they plan to do so in future. Capitalising on this, as well as understanding the barriers and reasons why employers don't offer apprenticeships may help increase numbers in the future. Employers who do not offer apprenticeships most commonly believe them not to be suitable for employers of their size or sector. These reasons may point to a lack of awareness or knowledge among some employers as to the breadth of apprenticeship frameworks available and the ability to tailor apprenticeships to their needs.

Final thoughts

The development of the Scottish EPS 2019 sought to carefully balance the need to track change over time on some key measures, as well as developing to address key questions of interest to policy. The new questions on DYW and equalities, in particular, have the potential to serve as a valuable baseline against which policy can be assessed in future years.

The insight that the EPS provides can be used by Government and stakeholders at the regional and sectoral level to improve initiatives designed to help individuals find work, support business growth and develop the workforce, so they better meet the needs of employers. As in the past, the survey also represents a valuable resource for identifying different types of employers to target with complimentary in-depth follow-up research to shed further insight into the findings of this research.

Appendix A: Supplementary tables

Table A.1.1 Unweighted base sizes (i.e. number of completed interviews) for all employers, by size and sector (2012, 2014, 2016 and 2019)

	2012	2014	2016	2019
Scotland	2,000	4,015	4,009	2,652
Size				
2-4	448	879	1,004	643
5-9	460	984	983	608
10-24	430	930	905	619
25-49	264	586	519	364
50-99	144	308	289	161
100+	254	328	309	257
Sector				
Primary Sector & Utilities	134	293	257	137
Manufacturing	147	202	187	160
Construction	133	263	252	162
Wholesale & Retail	403	825	847	525
Hotels & Restaurants	167	415	448	293
Transport, Storage & Comms	105	217	233	170
Financial Services	28	67	91	91
Business Services	308	613	669	422
Public Admin.	70	124	109	76
Education	106	186	172	134
Health & Social Work	248	543	463	274
Arts & Other Services	151	267	281	208

Table A.2.1 Unweighted base sizes (i.e. number of completed interviews) for all establishments in operation for more than a year

	Unweighted base
Scotland	2630
Size	
2-4	638
5-9	601
10-24	613
25-49	362
50-99	160
100+	256
Sector	
Primary Sector & Utilities	137
Manufacturing	158
Construction	162
Wholesale & Retail	524
Hotels & Restaurants	282
Transport, Storage & Comms	169
Financial Services	90
Business Services	421
Public Admin.	75
Education	134
Health & Social Work	272
Arts & Other Services	206

Base: all establishments operating for more than a year

Table A.2.2 Unweighted base sizes (i.e. number of completed interviews) for all private sector establishments

	Unweighted base
Scotland	2,070
Size	
2-4	545
5-9	504
10-24	481
25-49	274
50-99	112
100+	154
Sector	
Primary Sector & Utilities	135
Manufacturing	158
Construction	161
Wholesale & Retail	498
Hotels & Restaurants	281
Transport, Storage & Comms	152
Financial Services	87
Business Services	382
Public Admin.	4
Education	34
Health & Social Work	90
Arts & Other Services	88

Base: all private sector establishments

Table A.3.1 Unweighted base sizes (i.e. number of completed interviews) for all establishments with vacancies in the past 12 months

	Unweighted base	
	2016	2019
Scotland	2,605	1,729
Size		
2-4	270	153
5-9	612	351
10-24	697	490
25-49	468	331
50-99	263	152
100+	295	252
Sector		
Primary Sector & Utilities	103	73
Manufacturing	112	113
Construction	143	90
Wholesale & Retail	549	328
Hotels & Restaurants	355	217
Transport, Storage & Comms	143	107
Financial Services	51	42
Business Services	386	246
Public Admin.	86	67
Education	138	111
Health & Social Work	363	215
Arts & Other Services	176	120

Base: all establishments with vacancies in the past 12 months

Table A.3.2 Unweighted base sizes (i.e. number of completed interviews) for all establishments that had recruited in the past 12 months

	Unweighted base	
	2016	2019
Scotland	2,470	1,611
Size		
2-4	220	127
5-9	573	311
10-24	669	461
25-49	460	319
50-99	258	144
100+	290	249
Sector		
Primary Sector & Utilities	95	68
Manufacturing	102	110
Construction	134	81
Wholesale & Retail	521	303
Hotels & Restaurants	349	209
Transport, Storage & Comms	136	103
Financial Services	46	36
Business Services	364	228
Public Admin.	78	57
Education	134	105
Health & Social Work	348	200
Arts & Other Services	163	111

Base: all establishments that had recruited in the last 12 months

Table A.3.3 Unweighted base sizes (i.e. number of completed interviews) for all establishments that had recruited a young person (aged under 25) in the past 12 months

	Unweighted base	
	2016	2019
Scotland	1,738	1,096
Size		
2-4	103	52
5-9	342	159
10-24	463	302
25-49	360	243
50-99	213	121
100+	257	219
Sector		
Primary Sector & Utilities	57	48
Manufacturing	74	69
Construction	92	50
Wholesale & Retail	393	206
Hotels & Restaurants	315	176
Transport, Storage & Comms	78	67
Financial Services	30	16
Business Services	230	150
Public Admin.	49	39
Education	91	62
Health & Social Work	226	131
Arts & Other Services	103	82

Base: all establishments that had recruited a young person in the last 12 months

Table A.4.1 Unweighted base sizes (i.e. number of completed interviews) for all establishments that have had placements in the past 12 months

	Unweighted base
Scotland	1,221
Size	
2-4	161
5-9	239
10-24	312
25-49	213
50-99	114
100+	182
Sector	
Primary Sector & Utilities	50
Manufacturing	77
Construction	50
Wholesale & Retail	175
Hotels & Restaurants	132
Transport, Storage & Comms	71
Financial Services	28
Business Services	199
Public Admin.	29
Education	108
Health & Social Work	194
Arts & Other Services	108

Base: all establishments that have had placements in the last 12 months

Table A.5.1 Unweighted base sizes (i.e. number of completed interviews) for all establishments providing training

	Unweighted base
Scotland	2,167
Size	
2-4	340
5-9	505
10-24	566
25-49	352
50-99	155
100+	249
Sector	
Primary Sector & Utilities	104
Manufacturing	133
Construction	117
Wholesale & Retail	399
Hotels & Restaurants	238
Transport, Storage & Comms	138
Financial Services	73
Business Services	344
Public Admin.	73
Education	125
Health & Social Work	259
Arts & Other Services	164
Region*	
Aberdeen and Aberdeenshire	256
Ayrshire	135
Borders	78
Dumfries and Galloway	90
Edinburgh and Lothians	283
Fife	123
Forth Valley	117
Glasgow	231
Highlands and Islands	344
Lanarkshire	195
Tayside	187
West	120
West Lothian	51

Base: all establishments providing training; *Note: summing the regional bases will not sum to an all-Scotland base due to overlap in the local authorities included in each ROA (see appendix C)

Table A.5.2 Unweighted base sizes (i.e. number of completed interviews) for all establishments training to vocational qualifications

	Unweighted base
Scotland	1,101
Size	
2-4	109
5-9	185
10-24	310
25-49	214
50-99	102
100+	181
Sector	
Primary Sector & Utilities	52
Manufacturing	68
Construction	69
Wholesale & Retail	173
Hotels & Restaurants	119
Transport, Storage & Comms	61
Financial Services	31
Business Services	177
Public Admin.	45
Education	78
Health & Social Work	170
Arts & Other Services	58

Base: all establishments providing training to Vocational Qualifications

Table A.5.3 Unweighted base sizes (i.e. number of completed interviews) for all establishments with skills/training issues

	Unweighted base
Scotland	944
Size	
2-4	140
5-9	182
10-24	232
25-49	159
50-99	82
100+	149
Sector	
Primary Sector & Utilities	50
Manufacturing	70
Construction	63
Wholesale & Retail	128
Hotels & Restaurants	88
Transport, Storage & Comms	55
Financial Services	28
Business Services	149
Public Admin.	34
Education	83
Health & Social Work	125
Arts & Other Services	71

Base: all establishments with skills/training issues

Table A.5.4 Unweighted base sizes (i.e. number of completed interviews) for all establishments providing external training

	Unweighted base
Scotland	1,635
Size	
2-4	209
5-9	334
10-24	427
25-49	301
50-99	137
100+	227
Sector	
Primary Sector & Utilities	91
Manufacturing	101
Construction	94
Wholesale & Retail	257
Hotels & Restaurants	161
Transport, Storage & Comms	97
Financial Services	50
Business Services	279
Public Admin.	52
Education	107
Health & Social Work	232
Arts & Other Services	114

Base: all establishments providing external training

Table A.6.1 Proportion of employers offering apprenticeships, by region

Region (data shown as row percentages)	Unwtd. base	Has current apprentices	Currently offers apprenticeships	Summary: has/offers apprenticeships
ROA Regions				
Aberdeen & Aberdeenshire	313	11%	6%	17%
Ayrshire	167	12%	3%	15%
Borders	103	10%	4%	14%
Dumfries & Galloway	111	10%	2%	13%
Edinburgh & Lothians	334	9%	4%	12%
Fife	150	8%	5%	12%
Forth Valley	137	12%	3%	15%
Glasgow	275	11%	6%	17%
Highlands & Islands	432	9%	4%	13%
Lanarkshire	245	11%	5%	16%
Tayside	233	10%	9%	19%
West	143	17%	6%	22%
West Lothian	61	15%	12%	27%
SDS Regions				
North	432	9%	4%	13%
North East	696	10%	7%	17%
West	399	14%	5%	19%
South West	490	12%	4%	15%
South East	383	9%	3%	12%
City Deal Regions				
Glasgow City Region	611	13%	5%	18%
Edinburgh & South East	648	9%	5%	14%
Stirling & Clackmannanshire	78	13%	5%	17%
Inverness & Highlands	217	7%	5%	12%
Growth Deal Regions				
Argyll & Bute Rural Growth Deal	103	10%	3%	13%
Falkirk Investment Zone	59	10%	1%	12%
The Islands Growth Deal	54	9%	5%	14%
Moray Growth Deal	58	16%	-	16%

Base: all employers findings of 'zero' are denoted by a dash '-'.

Table A.6.2 Awareness and knowledge of apprenticeships among employers not offering apprenticeships

<i>Row percentages</i>	<i>Unwtd. base</i>		Have not heard of apprenticeships	Have heard the term but do not know what is involved	Aware of them and have some knowledge of what is involved	Aware of them and have a good knowledge of what is involved	Aware of them and have a very good knowledge of what is involved
Scotland	2,028	%	2	21	50	19	8
Size							
2 to 4	596	%	3	21	49	19	8
5 to 9	520	%	2	19	50	20	8
10 to 24	467	%	1	23	51	17	7
25 to 49	230	%	2	17	51	21	8
50 to 99	101	%	1	17	52	21	8
100+	114	%	1	10	49	31	9
Sector							
Primary Sector & Utilities	119	%	2	23	59	13	*
Manufacturing	110	%	2	13	51	22	12
Construction	90	%	3	9	38	32	18
Wholesale & Retail	392	%	2	20	49	22	7
Hotels & Restaurants	246	%	5	27	46	14	7
Transport, Storage & Comms	137	%	2	20	49	24	4
Financial Services	84	%	2	24	56	15	4
Business Services	321	%	2	23	52	13	10
Public Admin.	47	%	-	14	62	17	6
Education	86	%	-	18	34	40	7
Health & Social Work	227	%	2	23	49	21	5
Arts & Other Services	169	%	1	20	51	20	8

Base: all employers not offering apprenticeships

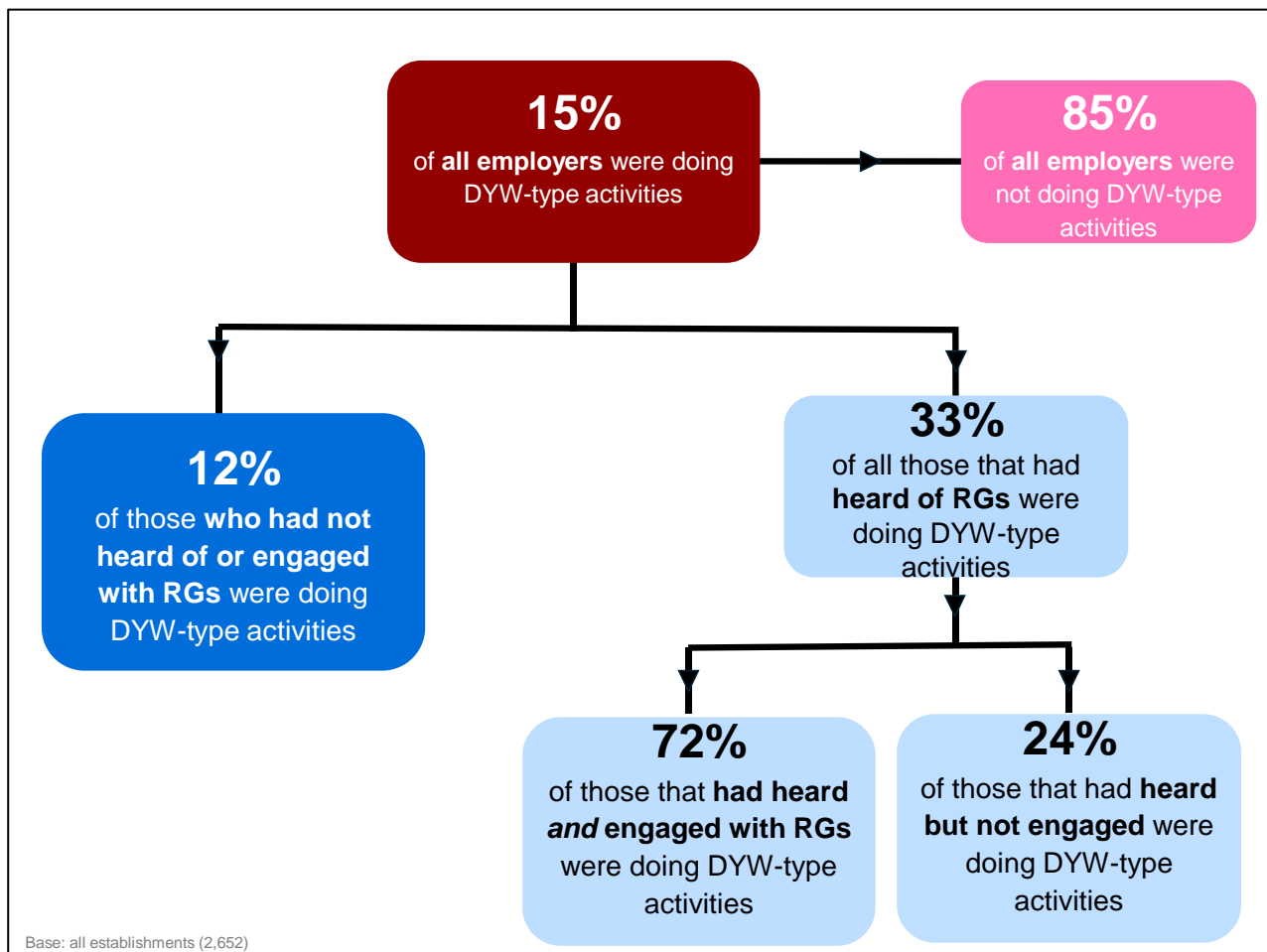
Findings of 'zero' are denoted by a dash '-'; an asterisk '*' is used if the figure is larger than zero but smaller than 0.5.

Appendix B: DYW Counterfactual Analysis

The analysis below shows the difference in provision of Developing the Young Workforce (DYW) type activities among different levels of engagement with DYW leads or Regional Groups. For this analysis we use provision of 'work inspiration' activities as a proxy for 'DYW-type' activities.

Overall 15% of all employers were doing some kind of DYW-type (in this case 'work inspiration') activities. Among employers who have not heard or engaged of DYW Regional Groups, this figure is lower at 12%. However, among employers who heard of but not engaged with DYW groups this figure increases to 24% of employers, and increases further still among those who have both heard of and engaged with their DYW lead or Regional group to 72% undertaking some kind of DYW activities.

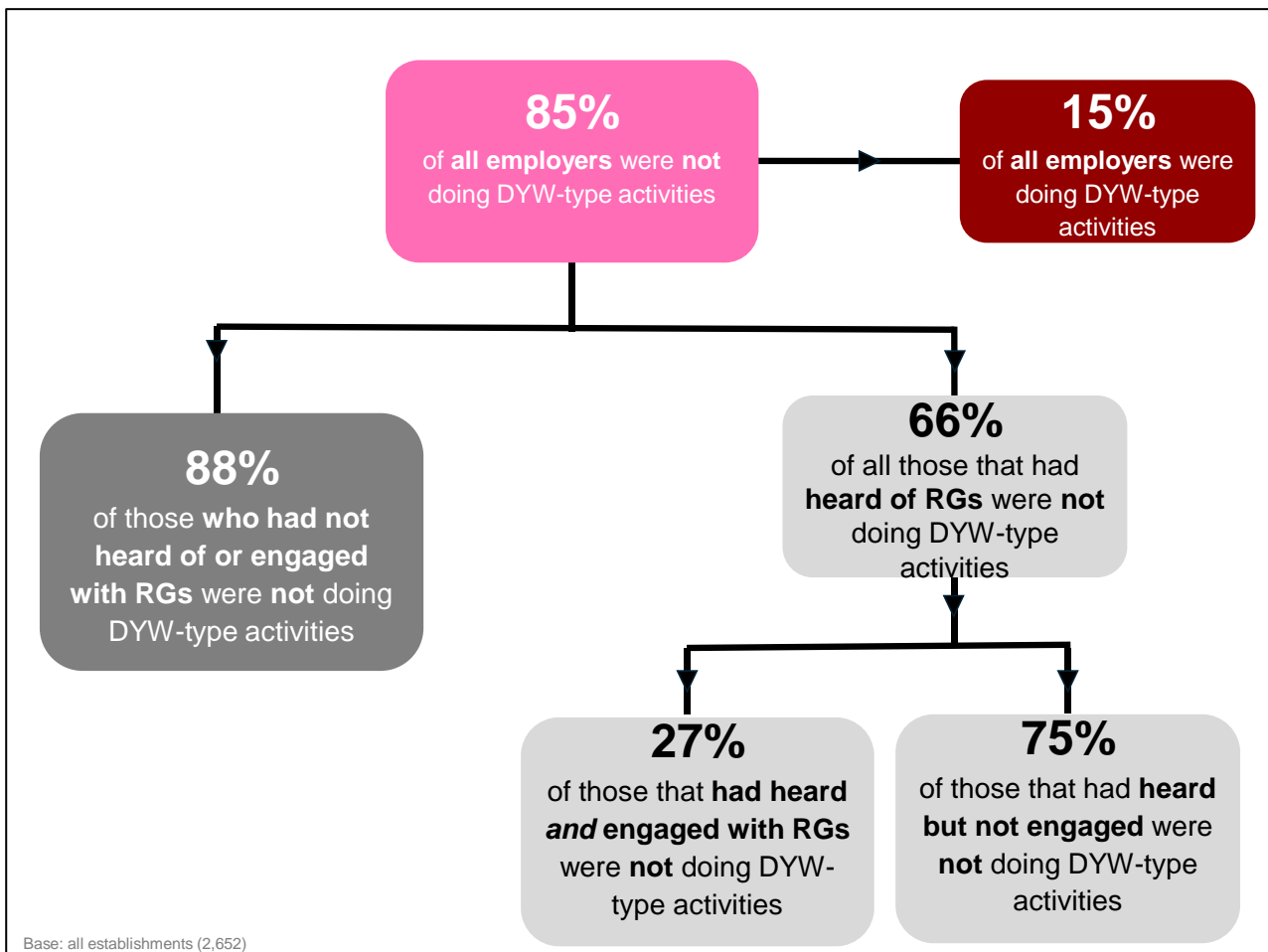
Figure B1 Proportion of employers undertaking DYW-type 'work inspiration' activities



Turning to look at those employers not doing any DYW type activities the opposite pattern emerges. Firstly, among all employers the vast majority (85%) are not undertaking any DYW type activities. And among those who have not heard or engaged with their DYW Regional Group this is higher still, with 88% not undertaking any of these types of

activities. Considering those who have both heard of and engaged with their Regional Group, the figure is far lower – with 27% having not provided any DYW type activities.

Figure B2 Employers not engaging in DYW-type ‘inspiration’ activities



Overall we can conclude that employers that have had some level of interaction with DYW (either having heard of DYW, or having engaged with a DYW lead/Regional Group), are more likely to have provided some kind of work inspiration/DYW type activities than employers who have not heard or engaged with DYW.

Appendix C: Sector Definitions

Where respondents did not agree with the classification of their establishment, they were asked to give a description of the organisation's activities, using an approach developed by IFF over multiple surveys. The data was coded to 4 digit Standard Industrial Classification (2007), and subsequently grouped into the sector categories used for analysis and reporting. In total, just over one in five respondents (21%) disagreed with the classification of their establishment.

The table below shows the 12 sectors and their corresponding SIC 2007 definitions.

Sector	SIC 2007
Primary sector and Utilities	<p>A - Agriculture, forestry and fishing (01-03) Including farming, hunting and other related service activities, forestry and logging, fishing and aquaculture</p> <p>B - Mining and quarrying (05-09) Including mining of coal, metals, sand/stone/clay, and extraction of crude petroleum and natural gas</p> <p>D - Electricity, gas, steam and air conditioning supply (35) E - Water supply, sewerage, waste management and remediation activities (36-39)</p> <p>Including electric power generation, transmission and distribution, manufacture of gas and distribution of gaseous fuels, steam and air conditioning supply, water collection, treatment and supply, sewerage and waste collection, treatment and disposal activities and materials recovery</p>
Manufacturing	<p>C - Manufacturing (10-33)</p> <p>Including manufacture of food and beverages, textiles, chemicals and chemical products, basic pharmaceutical products, other mineral products, manufacture of metals and metal products, machinery, computer and electronic products and equipment, motor vehicles and other transport equipment, furniture, and repair and installation of machinery and equipment</p>
Construction	<p>F - Construction (41-43)</p> <p>Including the construction of buildings, civil engineering (constructing roads, railways and other utility projects), demolition, and specialised activities such as electrical installation, roofing and scaffold erection</p>

Wholesale and Retail	<p>G - Wholesale and retail trade; repair of motor vehicles and motor cycles (45-47)</p> <p>Including sale, maintenance and repair of motor vehicles, parts and accessories, nonvehicle wholesale (for example agriculture, food, household goods), and the retail trade of all products whether in stores, stalls, markets, mail order or online</p>
Hotels and Restaurants	<p>I - Accommodation and food service activities (55-56)</p> <p>Including hotels, campsites, youth hostels, holiday centres, villages and other short stay accommodation, restaurants and takeaways, event catering and licensed clubs, pubs and bars</p>
Transport and Communications	<p>H - Transport and storage (49-53)</p> <p>Including land, water and air transport (passenger and freight), warehousing and support activities for transportation, postal and courier activities.</p> <p>J - Information and communication (58-63) Including land, water and air transport (passenger and freight), warehousing and support activities for transportation, postal and courier activities, publishing (books, journals, newspapers etc. and software/computer games), television, film and music production, broadcasting, telecommunications, computer programming and consultancy, information service activities (e.g. data processing and hosting)</p>
Financial Services	<p>K - Financial and insurance activities (64-66)</p> <p>Including banks and building societies, activities of holding companies, trusts, funds and similar financial entities, credit granting, pensions, insurance and reinsurance</p>
Business services	<p>L - Real estate activities (68)</p> <p>M - Professional, scientific and technical activities (69-75)</p> <p>N - Administrative and support service activities (77-82)</p> <p>Including the buying, selling and renting of real estate, legal activities, accounting, bookkeeping and auditing, management consultancy, architectural and engineering activities, scientific research and development,</p>

advertising and market research, specialist design, photographic activities, translation and interpretation, veterinary activities, renting and leasing of tangible goods (motors, household, machinery), employment agencies, travel agencies and tour operations, security and investigation activities, office administration and business support

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