Does construction skills policy reflect local needs for skills investment?

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Increasing emphasis on the small medium enterprise (SME) sector has created tensions within systems of skills delivery. Recent national reforms in this area aimed to address concerns highlighted by micro and SME organisations; principally those related to a lack of realistic provision in training type and levels, service, cost and quality. Although the subject has received little attention by way of methodical research, there exists a common belief that smaller firms lack influence in developing or implementing important training and workforce development related policy and skills investment decisions. This research examined these issues through a series of key influencing factors; skills shortage recognition, training quality and communications. A three-stage research project was conducted. An initial pilot study highlighted key areas which were followed up through series of semi-structured interviews in the South-west Wales area. Key informant interviews were then conducted with key stakeholders and re-checked through the use of a focus group. The results identify the problems faced by micro-small-medium sized organisations when finding themselves in what can almost be described as active competition, for training related funding, with the large contractors. The point being that the skills requirements of these types of organisations are very different and it is the needs of the larger organisations which carry more influence over policy making at the national level. In order to achieve the considerable economic benefits from the construction sector, the UK must develop a more coherent approach to skills development that particularly recognises and embraces the role of micro and small organisations.

Keywords: education, training, SMEs.

Introduction

At a national level vocational education and training may be designed to resource learning, to provide learning frameworks and to encourage learning by individuals acting on their own initiative. It may also be managed through employers to provide the knowledge and skill base that will meet the impact of competition on the economy (Keep and Mayhew, 1999). In recent years, there has been a growing emphasis on the needs of small to medium enterprises (SMEs) in terms of vocational education and training (Matlay and Mitra, 2000) resulting in considerable expansion of post-16 learning and education delivery systems.

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Sector Skills Councils (SSCs) are independent, made up of groups of employers in particular business sectors of economic or strategic significance, for example, construction. Although they involve trade unions, professional bodies and other stakeholders in the sector, SSCs give responsibility to employers to provide leadership for strategic action to meet their sector's skills and business needs. In return they receive substantial public investment and access to relevant government departments (Giles and Campbell, 2003). However, within the construction industry in Wales there are concerns about the SSC's lack of engagement with representative bodies and the SSC accepts the need to improve its partnership structures with stakeholder organisations like the CBI, TUC and Estyn (the Inspectorate for of Education and Training in Wales) if it is to successfully implement its Sector Skills Agreement in Wales (CITB, ConstructionSkills, 2003).

The expectations for the SSCs are moderated by the Skills Task Force (2000: 19), which reports that "skills tend to be a neglected issue when employers are formulating their business strategies. There must be a question therefore about whether employers properly evaluate their skill needs and, even where they attempt to do so, whether they give full consideration to these needs..." The tension thus created by demand and supply may not be straightforward to resolve. Grugulis (2003) points out, employers generally tend to respond to immediate short-term skills needs with few planning skills development over an extended period. This contrasts with Cole (2003), who suggests that organisations should train their employees beyond the firms’ immediate needs.

This paper explores the disjuncture that exists between policy setting at a national level and skills delivery at a regional level in the construction industry. More specifically, it questions whether or not the Sector Skills Council infrastructure provides real opportunities for SME involvement and contribution in workplace training and development related decision-making in South West Wales.

CONSTRUCTION SKILLS

Despite the levy system, the industry appears to suffer from a severe mismatch between industry requirements and training provision at operative level resulting in skills shortages (see Clarke and Wall 1998); concerns which are repeated by Cormican (2005). Apprenticeship schemes are one of the most common forms of training particularly in larger organisations, although the system is subject to significant criticism by Majekodunmi (2005), who reports that the number of people taking them is at a 30-year low, few of those complete them, and the system is losing the industry’s respect. According to IFF Research (2003) 87% of employers with 250+ employees have staff formally designated as trainees or apprentices. This is followed by 68% of medium sized firms (5-249 people), 55% of small firms (10-49) and 40% micro organisations (1-9). Despite this apparently high participation actual completion rates continue to be problematic (DfES, 2003).

Outside of the employment relationship there are also extensive provisions for further and higher education as well as other types and forms of funded and self-funded training provision. These include Continuing Professional Development (CPD) for more senior/professional employees and National Vocational Qualifications (NVQs) for operative staff. Furthermore, at national level organisations such as Connexions and JobCentre Plus are supported by a range of independent local/regional providers. Within Wales these are funded in the main through the Welsh Assembly Government.
In addition, there are a range of initiatives developed and maintained by the CITB based organisation ConstructionSkills who carry out the dual role of a national training provider and Sector Skills Council (CITB, 2001). Their On-Site Assessment and Training (OSAT) scheme helps experienced workers get the appropriate qualifications to prove they can do the job. It turns their existing skills and experience into a nationally recognised standard such as an NVQ. Having these qualifications also helps them meet the criteria for a Construction Skills Certification Scheme (CSCS) card.

Dainty et al (2004) found that many of the industry training providers actively seek to communicate and collaborate with employers to ensure an accurate match up between skills demand and supply. However, their research found that training providers also encountered a range of difficulties in engaging with the smaller firms and that as a result much of the training and skills agenda was driven by the large employers. This confirmed the findings by IFF Research (2003) who projected a mismatch in the planning and delivery of vocational education and training in the industry.

The construction workforce planning brief for the period 2001-2005 (CITB, 2001) attempted to address this gap. This document outlined the need to arrange training provision for the approximately 64-74,000 entrants to the industry each year through formal entrant training (22,000), higher education (10,000) and other means (40-50,000). Supporting the entry of young people (14-18 year olds) into the sector through apprenticeship programmes under Curriculum 2000 (in England) and via the education and business partnership companies Education Business Link Organisations (EBLOs) and Connexions was highlighted as a key priority. However, Dainty et al (2004) found that this was a highly problematic area for many support/training organisations due to two critical factors: firstly, because of the heavy reliance on self-employment in the sector, and secondly, the age limits applicable for site-based employment which often present the ideal entry point into the industry. Local recognition of this issue has encouraged local providers of related skills training to set up their own systems to tackle the problem.

**RESEARCH METHOD**

Semi-structured interviews were the main vehicle for collecting the research data. Although all respondents were asked specific questions they were given freedom to talk about the research topic generally and give their views in their own time (following Hollway and Jefferson, 2000). The question schedule was developed drawing on the emerging issues from literature and piloted successfully. When all interview data had been collated the findings were cross-checked using a focus group.

**The sample**

Following discussions with employers, employers groups and the CITB, 12 organisations representative of the type of construction work undertaken in the South West Wales region were included for survey. The selection criteria was based upon the industry’s main supply chain arrangements (as a main or sub contractor), size of firm (1-20 or 21+ employees) and main work categories (civil engineering, general construction, repair and maintenance).

The average trading period was 16 years with a range from 11 to 27 years. Four were engaged in civil engineering work, five in general construction and three undertook repairs and maintenance activities as the main part of their business. All respondents held senior positions within their organisation with just over half holding the top job.
Two had employment service of less than ten years, while many stated that they had founded or co-founded the firm. In a significant number of cases those interviewed held additional job roles, including HRM and training responsibilities, reflecting the multi-functional manager commonplace in SMEs. Between them the SMEs employed in excess of 550 employees although their exact employment status varied from full-time permanent to temporary part-time. The type of jobs in which they engaged ranged from general operatives and the trades to technical/supervisory roles and professional/ managers.

**RESEARCH FINDINGS**

**Engagement with the skills development agenda**

All of the SMEs interviewed were registered with the ConstructionSkills (CITB) and ten were paying levies. All received grant-aid from the CITB whilst nine had obtained additional financial support from a local CITB sponsored training group that operate across South West Wales. Three of the firms also held the Investors in People award. No respondents made direct reference to the benefits for skills training that arise from such accreditation. Although the influence of these national initiatives on local workforce development was seen to be potentially very important it was deemed largely ineffectual. One reason given for this was the influence of the funding bodies over the nature and content of vocational training.

Similar comments were made on the benefits of trade federation membership. Some respondents mentioned that the larger federations did try and influence national training policy, although this was not seen as an effective way of communicating their training and skills development needs. The majority of SMEs were members of one or more of these organisations and cited many advantages to their membership, including ‘informed’ advice, recognition of professional capabilities, business trends analysis, changes in legislation and training matters and access to a legal aid scheme.

Two of the SMEs in the survey said they did not belong to local training groups or associations because they did not have ‘the time to train never mind attend meetings on training’. Neither demonstrated an awareness of the benefits of workforce development outside legal compliance. All those who did belong to local training groups talked positively about the advantages of membership. The groups were said to offer the best chance of influencing skills training and having their voice heard. A significant number of SMEs in the survey benefited financially from membership of the local CITB sponsored training group although this did not feature highly on the list of benefits given by the interviewees.

**Skills shortages**

In discussions on skills shortages seven respondents reported at least some degree of shortfall. There were two trades in particular that were in short supply: bricklayers and carpenters. Seven respondents expressed their dissatisfaction with recently qualified trades moving to other jobs: “…having gone to the expense and trouble of putting apprentices through their training they leave”. Automation and mechanisation were raised as potential means of helping to reduce the growing skills gap. An example, given by a training representative, for the shortage of bricklaying skills was the use of timber-framed construction which relies less heavily on the trowel trades. However, a focus group member pointed to the increase use of carpenters in this development where there is also a shortfall. Another member voiced concerns over the de-skilling of trades especially when standardised factory components are becoming
commonplace for most building projects. It was suggested that whilst this is a major influencing factor in the type and level of skills training required locally, national decision makers have not yet grasped that the need for skilled workers is not reduced by such initiatives. The demand is simply moved from one discipline to another thereby exacerbating skill shortage in affected areas and creating further problems for those organisations charged with the planning and delivering of skills training.

**Value of learning and development**

Without exception those firms that belonged to training groups or associations were emphatic about the importance of workforce learning in enhancing business success. Only two micro-firms appeared to question the value of vocational training although this was much to do about time constraints and bureaucracy concerns rather than the general philosophy of workforce development.

In response to questions on the planning of workforce training nine had no formal system of planning or recording of the company’s training activities although most talked confidently about specifics suggesting they at least were aware of what training is current or what has recently taken place. Most of those that had a system in place also had well developed training plans and records. One example offered included fairly sophisticated organisation based evaluation of the training events their employees attended.

Only two well informed respondents actively considered the influences of national training policies and initiatives on their own workforce training policy and practices. However, most respondents made references to the negative effects of government priorities on local training levels and skills shortages.

Five organisations had well structured staff development policies that were reviewed regularly by the senior management team. Two claimed these policies were heavily influenced by changes in national training policies but admitted this was a one way direction of influence suggesting that SMEs do not generally develop documentation for the purpose of persuading national decision makers of their local training needs. However, at least one respondent routinely prepared documents on training needs for sector skills and government consumption and regularly engages in dialogue with national decision makers.

**Frequency and type of training activities undertaken**

The majority of the training provided within the respondent organisations was at no cost by the CITB, the local training group or through Construction Excellence Wales. When questioned on the selection criteria for the delivery most spoke of the need to keep abreast of changes in legislation, government policies and VET initiatives. Most again said these events were an effective way of learning about important issues affecting their organisations but did not view them as a conduit through which policies on training could be influenced.

All but one of the SMEs engaged at least one apprentice with four employing two or more. Apart from this, training tended to focus mainly on that required under legislation such as health and safety. This latter point was quoted by many as the main influencing factor for training and some even relegated current apprenticeship training below this in importance. Work-based learning featured in a number of firms mostly through the CITB OSAT scheme. Amongst those firms offering this type of skills development almost all expounded the virtues of the OSAT (On-site Assessment and Training) philosophy in that it offers formal recognition to their previously
‘unqualified’ but competent workers. Many also explained the additional benefits of a more motivated workforce and all gave financial savings and reduced impact on productivity, compared to alternatives, as key factors in choosing this means of qualifying their employees. Nine respondents also suggested this type of training was a major influencing factor in the overall improvement in construction skills achievements in the locality.

Unhappy with the availability of local training two civil engineering contractors undertook much of the company training in-house. Whilst their training needs were often of specialist nature the contractors argued that the cost and convenience of sending employees away for this training was prohibitive. An additional benefit claimed for in-house training was the level of control over the type of training and arrangements for delivery. In both cases respondents expressed frustration over the level of influence they can exert on the provision of specialist training available for construction SMEs.

Communication with policy makers

The mechanics of communicating their skills training needs to policy makers was raised many times during the interviewing process. The majority of respondents felt their organisations lacked effective means of influencing national policies that impinged on their own businesses. Six of the SMEs received correspondence, in the form of questionnaires, from sector skills, other industry and business bodies on a range of training topics. However, they dismissed this process mainly because in their view ‘a mere questionnaire’ fails to take account of the complex environment in which they operate. Most argued the construction environment required flexible and responsive training policies at national and local levels and they suggested other forms of dialogue would better capture the rationale for changing the current system.

Those in membership of the local independent training group claimed this form of SME cluster is an effective communication vehicle between them and sector skills development. The majority see the regular meetings as a networking opportunity and a medium for exchanging training related views. The group enjoyed a good relationship with the CITB Wales with their representatives regularly attending group meetings. The funding of the group by the CITB is particularly well received by the members who claimed this as evidence of the CITB’s commitment to local training needs. More important is the opportunity for collaboration between the group and the local college which, according to a group representative, is removing barriers and creating a more responsive training environment.

DISCUSSION

Skills shortages

The skill shortages discussed in literature (CITB 2001; Clarke and Wall 1998; Cormican 2005) were not replicated locally to the same extent, most of the organisations surveyed were concerned about the poor achievement and retention of craft apprentices generally. Nationally, Cremers (2006) is one of many expressing dismay at the waste of resources with Cormican (2005) blaming much of this on the CITB being the largest of the construction industry craft training providers but only ensuring a quarter of trainees completed their qualifications. In recognising this squandering of skill resources several respondents pointed to the lack of influence they have in ‘shaping’ their own training programmes and having an opportunity to
inform the organisations that decide and then manage the policy decisions about their needs.

**Level of training**

Clarke (2006) highlighted the high level of untrained workers in the construction industry. This problem was also identified in the local survey although there was recognition that this was being addressed in the way government funding for training was being refocused towards qualifying the workforce to NVQ Level 2. However, this attracted criticism from respondents and a local trade unionist who argued the redirection of funds was having the effect of stifling the continuing development of workers. There is much agreement within the industry that the entry standard should be to train to level 3 but that some training providers have been “chasing the money” by providing only lucrative level 2 training and discouraging progression to level 3 which attracts less funding.

The importance of training to construction SMEs was highlighted by Doyle and Hughes (2004) who argued about the far-reaching implications this has on the success of a small business. Local SMEs joined in the call by Doyle and Hughes (ibid) for resources to be targeted towards supporting in-company learning while O'Donoghue, and Maguire (2005) highlighted training as being only one of three processes in achieving life-long development. Local training providers in particular accuse national policy decision makers of adopting training for skills development whilst ignoring the need to develop and educate (the other two processes) the learner and it is improved investment in the educational process that would better serve the needs of smaller construction firms. A professional body respondent pointed the finger at the CITB claiming they tended to focus on the “can do [NVQs] training rather than understanding and knowledge” and suggested potential tensions in a dynamic system wherein the sector skills body charged with identifying skills shortages was also largely responsible for delivering the training.

Clarke and Wall (1998) reflect much research on the need to improve the quality of construction training in the UK while Majekodunmi (2005) singled out the apprenticeship training for particular criticism. Cole (2003) called on the government to re-educate employers on the necessity to develop the trainee beyond the firm’s immediate needs. Similar problems were also acknowledged by the local training group who many regard as influential on training matters and who are dismayed at the poor level of trainee outcomes in Wales. Whilst there is evidence of this nationally (Cormican, 2005) the local CITB-ConstructionSkills framework completion statistics for the South West Wales suggests participation in related programmes is not a problem locally. However, the question of using completions as evidence of employer satisfaction or indeed levels of quality as measured by providers and/or funding bodies requires further consideration. It is also interesting to compare the CCTA (2006) scheme objectives with the arguments made by Clarke and Wall (1998) who identified a range of problems with providing the full range and extent of on-site training. Particularly, they drew attention of individual firms “…ceasing to provide the pivotal focus and point of entry for training”.

**Opportunities for influencing policy**

According to a local spokesperson for the delivery of training the key to successfully influencing national policy decision-makers is through developing a professional relationship that is built on trust and understanding. For local SMEs this was seen as vital since they argued their needs were being influenced by the large national
construction firms who sit on major VET bodies and who claim to represent the interests of the whole industry. The survey respondents argued this arrangement is flawed given that the larger contractor undertakes little training and their needs for skills development can be vastly different from the smaller firm in terms of type, level, frequency and location of training provisions and support (Dainty et al., 2005).

The point about disjuncture of needs at one end of the scale with the views expressed by large organisations on national bodies and its attendant influence on policy decisions resonated with the focus group who called for stronger links with like minded training groups and associations with the aim of better influencing national decision makers. A CITB employee, expressing a view on the state of communications between training groups in Wales, claimed there is a “missed opportunity to consult with each other”. The same CITB representative expressed a belief, endorsed by six of the SMEs, that the industry federations are an important method of expressing SME views. Through their strength in numbers they are able to influence national training policies.

Several comments made particular reference to problems experienced with consulting with the CITB direct which was described as inadequate though almost all admitted they did not understand the consultation processes or structures of the CITB. The FMB (Federation of Master Builders) was also unimpressed by the CITB communications via their publications and various documentations which they say lack clarity and makes assimilation of content and advice difficult for SMEs to take on board. This was an issue mentioned by three SMEs who otherwise generally preferred personal contact with the CITB and other training advisors. The SSC’s objective of encouraging Training and Development Plans was well received by those local SMEs who had adopted them. In particular, they say this gives them greater influence in what training is undertaken by them although one expressed uncertainty on their value in changing national policies on apprenticeships and NVQs.

In a construction context the SSC accepts the need to improve its partnership structures with organisations like the CBI, TUC and Estyn (the Inspectorate for of Education and Training in Wales) if it is to successfully implement its Sector Skills Agreement in Wales (CITB, ConstructionSkills 2003). However, the level of influence of such ‘partners’ is not explained and one FE college representative was sceptical about the real benefits to SMEs especially at a local level. A CITB representative confirmed the existence of a Wales Advisory Committee that has among its members an SME representative but none of the local respondents were aware of this. Still, the comment of “…a hundred different views may be difficult to manage” may be used to sum up the misgivings by stakeholders who questioned the true value of extensive deliberations with the array of training influencers.

Despite the intricate relationships that exist as a result of these sources of influence, an analysis of SME and other interested parties’ views identified three key players who are seen to hold effectual power to influence training policies and to claim an interest in training outcomes: the government, SSCs and funding bodies. Unexpectedly, respondents viewed customers as being powerless and showing little interest in relation to training outcomes whilst the literature review found many large and informed clients purporting to promote training and in some cases demand evidence of training activity from their supply chain.
CONCLUSION

This paper sets out to explore the disjuncture between policy setting and skills delivery in the construction industry within South West Wales. It was clear from the interviews that local SME perception was that the current Sector Skills Council infrastructure does not provide real opportunities for SME involvement and contribution in workplace training and development of related policy and decision-making. The results indicated that policy making was biased toward training for skills development (and upgrade) and a training provider’s view was adopted where the literature suggested that it was the life-long development agenda and broad skills development that better served the needs of SMEs. This clearly points to 1) a problem in the translation/delivery of the SSC brief into practice, 2) a communications issue and/or 3) incorrect interpretation of the policy.

In terms of communications between the policy makers and the SME representatives the study confirmed the findings of Dainty et al (2004): despite efforts to include SMEs it is the interests of the larger contracting organisations that are best represented in the training and development policy consultation groups. Clearly this remains one of the key challenges to be overcome if demand and supply of skills is to be more accurately enacted. The problem with communications appears further exacerbated by the fact that many of the respondents did not understand the consultation processes and structures within the CITB. The SMEs strong preference for personal contact may pose a challenge for widespread inclusion but the desire to participate more fully in the policy making processes clearly suggests a way forward. Is it that simply more time should be made available for one-to-one contact and less emphasis on publication of [difficult to access/interpret] documentation? The room for improvement in the relationship between the CITB and professional bodies was also recognised.

Somewhat surprisingly this research confirmed the most influential stakeholders as the relevant government agencies (the DTI, SSCs and funding bodies).

Other factors related to, for example, political positioning, different types of vocational education and training, the implications of automation, the impact on minority groups and of migrant workers all affect public perception of the industry. These were also identified during the research process as factors that affect the influence of SMEs on training policy and implementation. These areas clearly require further, more in depth, investigation. Moreover, it is recognised that this study despite its limited scope and focus on one part of one region within the UK has identified significant areas that require further exploration in terms of the disjuncture that exists between policy making and the needs of local organisations for skills. Further research is necessary therefore to cross check these findings and conclusions. In particular, to articulate practical ways in which the level of influence which SMEs have on policy formation might be enhanced if the considerable economic benefits from the construction sector in the UK are to develop a more coherent approach to skills development.

REFERENCES


