



LEVERAGE OF THE EMPLOYER VOICE PROJECT LITERATURE REVIEW

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AUGUST 2009

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1. INTRODUCTION

The UK Commission for Employment and Skills (UKCES) is undertaking a one year project which aims to maximise the impact of the employer voice on the employment and skills system. To achieve this, UKCES has begun to examine the current system to understand what works well, what can prevent the employer voice from having impact and ultimately how employer leadership of the employment and skills system can be improved.

Stage 1 of the project involved stakeholder interviews, the development of place-based case studies in three spatial areas (Yorkshire and the Humber, Greater Manchester and Wales), mapping of existing employer voice structures across the four nations and desk research on the policy affecting this area to date. Stage 2 of the project involved a synthesis of key sources of data from a literature review and research into the views of employers currently involved in employer voice structures.

This paper outlines the findings from the literature review. A total of 50 documents that had a perspective on the employer voice (employer leadership, employer engagement and also demand-led were used to refine the search) were reviewed. Of the 50, 37 had relevant information for the project. The key themes and correlations are presented below. A summary of each of the 37 documents is presented at Annex A.

2. KEY THEMES

This section details the key themes derived from the literature review.

2.1 PURPOSE & ROLE OF EMPLOYERS WITHIN THE EMPLOYMENT & SKILLS SYSTEM

What is the Deal between Government and Employers?

The policy of governments across the UK over recent years has determined that employers should have a major role in shaping the employment and skills system. However, a series of different policies and initiatives has created confusion on what government actually expects of employers. The use of different terminology such as employer voice, employer led, demand-led, employer consulted, employer owned and the lack of a consistently used definition is a real problem and the literature picks up on this ambiguity (Ashton 2006). A better understanding of the ways in which government wants to engage with employers is, therefore, required with the different goals and ultimate objectives of employer engagement in skills policy made clear (Cooper et al 2008, Inclusion & IES 2007).

The most commonly used descriptor by government and the public sector to capture the interaction between employers and government is employer engagement. This term, however, is most often used to describe a situation where the employer is acting as a consumer and receiving products and services for the employment and skill system, as opposed to supporting or driving the shaping of the system.

The literature identifies a need to develop a shared and common understanding based on a broad view of what constitutes “putting employers at the heart of government policy”. There is a recognition that the range of employer engagement activity that has been triggered as a result of government policy is substantial and that a single, narrow definition is unhelpful (Hughes 2004, Cooper et al 2008).

Typologies of Employer Engagement?

Attempts have been made to provide a definition or typology. Hughes' reports for LSDA (2003, 2004), which were mainly targeted at the further education sector, break employer engagement into three categories:

- Employers as stakeholders (support design, development, management, delivery and assessment of learning);
- Employers as consumers (purchasing diagnostic services and skills development from Learning and Skills Council (LSC) funded providers), and;
- Employers as strategic partners (sustained interaction between employers and providers providing LMI, workforce development agreements etc).

Cooper et al (2008) argue that without lack of clarity in definition, it is difficult to learn lessons and understand factors that influence employer engagement. Their classification groups the interaction into four:

- Consumer focused;
- Stakeholder focused;
- Strategic partner focused, and;
- Provider focused.

Raddon and Sung (2006) develop four models of sectoral employer engagement based on extensive research into international approaches:

- Employer involved - a) voluntary engagement of employers primarily via consultation (UK Sector Skills Councils (SSCs)); b) statutory engagement of employers in financing and voluntary consultation (South African Skills and Employment Training Associations (SETAs));
- Employer owned – employer funded sectoral approach through employers' associations and representative Groups (Hong Kong);
- Employer modelled – best practice models of skills development in large companies used to shape training practice in the sector (Singapore);
- Employer driven – a) public vocational education and training system determined by employer demand (Netherlands); b) private partnerships bringing employers and partners together to identify and invest in training (USA).

The models all attempt to deliver on multiple objectives in meeting the skills needs of employers, strategic skills needs and social inclusion goals and are supported by a mix of public subsidy and employer funds resulting in different levels of employer ownership. The majority remain subsidised which creates tension in meeting both employer and government needs.

Does Government Really Want Employer Influence?

The literature questions whether the idea of real employer leadership is a misnomer, arguing that the system is so centralised and full of state targets that it cannot provide employers with a role that gives them true ownership (Payne 2008). The majority of the mechanisms that are currently in place with a role to influence the system are state created and funded institutions and while there is some

evidence of employer involvement, most of their business is discussed from the public policy perspective (Payne 2008, Cooper et al 2008).

There is also a question as to how much influence governments across the UK really want employers to have. The Leitch deal is a government-led deal. Deals normally emerge from a process of negotiation causing some commentators to argue that government is paying lip service to the notion of employer influence (Payne 2008).

Some argue that the current policy stance is dangerous for both government and employers as employers have a voice but it is one without accountability or authority. Without a specification on the mutually agreed deal - who does and pays for what, with appropriate benchmarks and performance indicators - employers' activities will not deliver for either party (Gleeson & Keep 2004).

What Does the Evaluation Tell Us?

Whilst some evaluation of employer-led or employer-involved initiatives have been carried out (GHK 2005, Gore 2005, Rhodes & Graver 2002, Reynolds & Jones 2005, Croden & Simmonds 2008, Simmonds & Bivand 2008), it is difficult to measure the extent of impact in terms of employer influence and how it has contributed to the success of the overall policy and / or initiative. Most evaluations measure the success in terms of learning and skills outputs, rather than employer engagement outcomes (Inclusion & IES 2007).

In addition, much of the policy relating to employer policy levers is new which needs to be taken into account in any evaluation (Inclusion & IES). There is strong view, however, that targeted government investment needs to be applied to building direct relationships between employers and the state in order to develop the system and markets. The risks associated with this development needs to be shared and the employer involvement element needs underpinning public investment such as tax exemption, tax relief, grants and payments (Wedgewood 2008).

2.2 HOW TO ENGAGE WITH EMPLOYERS

Success Factors and Barriers

A large part of the literature reviewed accepts that the employer voice should be central to the employment and skills system. The literature describes methods that will result in positive engagement and methods that will cause disengagement. This is, again, mainly done in the context of the employer as a consumer but does provide transferrable lessons. There are also some lessons that are about engaging and working with employers as influencers and shapers of the system.

The core success criteria for engaging and sustaining engagement in groups that are led by or involve employers are identified below:

- Ensure use of business-focused and jargon-free language;
- Understand the business environment and relevant business sector;
- Appoint an independent coordinator who can gain ownership from public and private sector;
- Establish strong leadership from an enthusiastic and well-connected (in the spatial area or sector) employer;
- Develop a clear strategy and purpose;
- Ensure effective communication and feedback mechanisms for employer input and decisions;
- Ensure a cooperative and consultative approach.

(Croden & Simmonds 2008, Hughes 2003, 2004, Rhodes & Graver 2002, Reynolds & Jones 2005, ODPM Evaluation of LSPs 2004, LSP Delivery Toolkit 2006, Wedgewood 2008, Mckinnon Partnership). Working Ventures have also developed 10 recommendations on how to operate an employer board to get the most out of its members (Geering 2009).

The literature also identifies key “turn offs” for employers. These are:

- Bureaucracy and process that stifles creativity, delays action and drives inflexibility;
- Distrust of public sector and potential scrutiny;
- Wrong language and confused messages;
- Lack of impact or action as a result of their involvement or not being provided with feedback;
- Poor relationship management.

(Reynolds 2005, Mckinnon Partnership.)

The Business Case

The literature on how to engage employers emphasises the need to capture the interest of employers as they are most likely to support something that provides a business or personal reward. There is a strong sense that employers seek business benefits (direct and indirect) from employer engagement activities but also wider public benefits and personal benefits. Sustainable employer engagement, therefore, needs to be built on mutual benefit and where the benefits outweigh the costs (Cooper et al, LSN 2006).

Cooper et al (2008) argue that strategic employer engagement (influencing the system at a particular spatial or sectoral level) is more likely to be motivated by wider public benefit. Although corporate social responsibility (CSR) is not embedded into mainstream practice, it is a driver for larger employers to become involved (LSN 2006, Wedgewood 2008).

Personal interests and spatial / sectoral drivers can be a key motivation (supporting a local community or their sector). Employers often engage in the system when they identify a specific issue in-company (such as inability to recruit apprentices). They also engage when they have concerns about local education system or the community (Mckinnon Partnership). Other benefits to employers in engaging with government and the public sector employment and skill system are: it helps recruitment, develops and motivates existing staff, fulfils community responsibility and enhances company reputation (LSN 2006).

2.3 EMPLOYERS AS A HETEREGENEOUS GROUP

A key theme within the literature points to the fact that employers are not a homogeneous group. Talk of employer engagement as if “employers” are one like-minded group is inaccurate. The literature identifies economic conditions, sector, geography and size as key distinguishing features (Inclusion & IES 2007, NAO 2005, LSC 2006, Wedgewood 2008). These differences present a practical challenge in terms of initial and sustained engagement of the different types of employer but also in establishing a coherent and robust employer view (Gleeson & Keep 2004). The literature provides lots of guidance on the former challenge (see below) but not on the latter.

The general view is that large employers are easier to engage. They are well-networked and the importance of skills in increasing productivity and competitiveness is well understood. They are also

more able to devote time and resource to understanding and supporting the employment and skills system. This helps them get closer to government and also cut through the complexity of the system to better understand how they can support workforce development in their own company (LSC 2006, Payne 2008).

The reverse of this is the acknowledgement that engagement of SMEs and micro-businesses is more difficult to achieve (Payne 2008). SMEs have limited resources and tight margins. These not only act as barriers to engagement in training but also to participation in employer voice mechanisms (GHK 2005). They tend to be less responsive to sector approaches and cluster by size and locality. They want to build relationships through informal networks (NAO 2005). Different approaches are needed. The use of an intermediary to engage and provide them with support is identified a key factor in successful engagement (GHK 2005, Mckinnon Partnership, National Skills Forum 2007).

2.4 INTERNATIONAL COMPARISONS

Some of the documents that were reviewed explore international systems and compare them to the UK approach (Raddon & Sung 2006, Ashton 2006, Billett & Smith 2003, Cooper et al 2008). The systems that are analysed offer different levels of ownership, accountability and authority to employers with a combination of a little or a lot of government subsidy. The purpose of the different models is to ensure that the system is able to meet the needs of employers (and the economy) as well as stimulating demand and investment in training and skills development from employers. The role of employers as influencers and shapers of the system is, therefore, directly linked to their role as a consumer (investor in training).

A strong message from the literature on international comparisons is that no one single model is right and the specific economic, political and social climate will make a difference to the success or otherwise of the different models. Raddon & Sung (2005) comment that the use of employers to spearhead a demand-led approach is never quite the same, varies in terms of effectiveness and is subject to the political, social and systemic structures context. Ashton (2006) identifies that the models operating in areas of high economic growth, such as Singapore and Hong Kong, would not necessarily be appropriate in countries with different economic conditions. The high level of public subsidy alongside a compulsory levy in South Africa aims to address the legacy of political and social factors affecting the South African economy but would not work in countries with different histories.

There is, therefore, no single set of best practice from one country and no simple policy prescription that will increase employer leadership and / or investment. This leads to the view that a mix of approaches may be more appropriate. For the UK, the very different structure of employment and dominance of different market sectors in different areas of the UK mean country-wide prescriptions are not appropriate (Ashton 2006, Billett & Smith 2003, UUK 2007).

The tensions created by the combination of employer contribution and government subsidy are also drawn out within this bank of literature and lead to dilemmas in relation to creating full employer leadership. The extremes are, at one end of the spectrum, employers manage and fund training whereby the state has no influence to address some of the strategic skills agenda or social inclusion factors, at the other end of the spectrum, heavily government subsidised models pay lip service to employer ownership. In many cases, government subsidy is often meant to be initial, pump-prime funding with a phasing out of the subsidy over time. This has often not worked in practice as withdrawing public funds means potential loss of impact and even closure of mechanism / initiative and loss of leverage for government (Payne 2008, Raddon & Sung 2006, Gleeson & Keep 2004).

2.5 THE VIEWS OF DIFFERENT PARTS OF THE EXISTING SYSTEM

Employment

The demand-led agenda was introduced into the employment system following the success of a demand-led approach in the USA. The supply-side focus of employment policy was dominated by activation measures which isolated it from wider labour market factors (Gore 2005). This led to the Ambition programme and influenced some of the New Deal pilots and then subsequently influenced the development of employer coalitions and more recently Local Employment Partnerships (LEPs (GHK 2005)).

The sectoral and occupational focus is generally regarded as a benefit, targeting the engagement process to employers with similar requirements (GHK 2005). Demand-led provision is still thought to be less developed, however, for employment and welfare to work policy although impact is much more readily seen than in skills policy interventions. This is down to the fact that employers see a very direct benefit from their involvement in policy development or initiatives in the filling of a vacancy or vacancies within their company (GHK 2005, Gore 2005, Inclusion & IES 2007).

Further Education & 14-19

LSDA (2003/4) have produced several reports on employer engagement. They are mainly focused on engaging employers as consumers of the products and services that further education colleges offer, although there is also some focus on employers as influencers of the further education offer. The later literature (LSN 2006) also begins to explore how the 14-19 agenda has impacted on the relationships between employers and colleges (and schools).

The general view is that colleges have been engaging with employers across a wider range of activities for some time. At a strategic influencing level, this includes: identifying skills needs and developing qualifications through the SSC route, 14-19 forums, CoVES, curriculum development at college department or school level. There are also examples of employers directly working with teachers and lecturers (LSN 2006, Hughes 2003/4).

There are numerous benefits identified for both parties. These include raising of standards and increasing relevance of provision, developing and motivating teachers and employees, enhancing the reputation of providers and providing access to additional resources (either employer-based or college based for the respective party).

There is advice on how to engage with employers and a recognition that providers need to develop specific strategies and set targets for engagement. This involves being deliberate about setting time and resources aside to develop relationships with employers. It also involves building a critical mass of employers by developing or linking into existing networks and employer representative organisations (Hughes 2003/4, LSN 2006, McQuaid et al 2007).

Higher Education

The Higher Education Funding Council's (HEFCE) employer engagement strategy (2006) was developed in response to Leitch. In it, they commented that HEFCE and Higher Education Institutions (HEIs) already engage with employers in a number of ways, through Lifelong Learning Networks,

support for development of foundation degrees, research collaborations and work with SSCs, particularly through the Higher Education Academy (HEA).

However, challenges were recognised in the risks associated with tapping into and growing the latent market for employers to demand and co-fund higher education provision. Indeed, Sastry & Bekhradnia (2007) argue that the current system, focused and funded on meeting the needs of individual students, should not be replaced as it ensures the sector effectively meets the demand of individuals, the economy and society as a whole – so why change it. There is also a weak alignment between employers' interest in competence rather than academic credit and the learners' needs for portable qualifications which could create tensions (HEFCE 2006).

The tone is generally optimistic, however, with the literature signposting to examples of employer and HEI collaboration that has resulted in the realisation of latent market demand. There is also a recognition that employer and HEI collaborations often results in lasting relationships, starting with recruitment and then leading to research and development, lecturing opportunities, advice etc. (Wedgewood 2008 Hogarth et al 2007).

2.6 SECTOR & SPATIAL MODELS

The literature is fairly positive of the role SSCs are playing in the system. They are seen as critical to promoting, conveying and tailoring the business case for training within their specific industries. Some even going as far as to say that they are a primary means by which employers come together to identify their skills needs and influence the system to address those needs (National Skills Forum 2007, Payne 2008). However, it is also recognised that stakeholders have high expectations of SSC employer engagement and that the strategies that some SSCs adopt may not be sufficient to address stakeholder concerns (Payne 2008).

There is also a real concern that SSCs do not have high levels of funding or high levels of staffing in order to deliver on their role. There is a plea to maintain public funding to SSCs (although this then leaves the question of how employer-led they are able to be) so that history does not repeat itself. Employer representative bodies in the UK have been, by European standards, poorly resourced (Gleeson & Keep 2004). The UK has a history of weak and under-resourced employer-led bodies following the dismantling of Industry Training Boards (ITBs) in 1979. They were then replaced by National Statutory Training Organisations (NSTOs), Industry Training Organisations (ITOs) and Nationally Training Organisations (NTOs) before the creation of SSCs in 2002. Each model was replaced by the next on the basis that the evaluation showed it did not have influence or buy-in from employers (Payne 2008, Gleeson & Keep 2004).

Simmonds & Bivand (2008) argue that spatial mechanisms are required because successful economies need to quickly adapt to trends and shocks. The literature argues that employer networks prefer to develop interventions related to place. In traditional economic theory, innovations and knowledge are developed in core locations and diffuse out across space. Localised sharing and generation of knowledge is based on common, spatial agendas and mutual understanding and trust. Spatial co-presence, therefore, provides the most appropriate context for innovation-based economies where geographic distance and accessibility provide an influence on knowledge flows (Mckinnon Partnership). The case for city regions is that they are a policy mechanism that reduces inter-municipal differences and builds on the innovation and knowledge created by employer networks in spatial areas with the aim of reducing social and fiscal problems that affect cities and towns. This

informal structuring around travel to work areas is seen as the most effective way to address key skills and worklessness issues (Mckinnon Partnership, Simmonds & Bivand 2008).

The literature recognises that where there are multiple layers of influence and governance, the voice of employers is weakened (e.g., Australia, UK) across the various mechanisms. In addition, where 2 tier systems exist (centralised and federal, nations and regions), there is weakened impact to one of the levels of government. For example, if a mechanism is organised at national level, it has limited influence at local level. If it is organised at a local level, it has no real influence at national level (Ashton 2006).

The literature is not critical of the need for different approaches, however, recognising that pluralistic economies with complex relationships between government and employers require mechanisms that meet the needs of a specific sector or spatial area to reflect the real differences in the economy. There is a large health warning attached to this view, however, which states that this approach requires clarity about why and where there are differences. Establishing clear boundaries and ensuring overall management of a system that is connected is essential to delivering impact (Ashton 2006, Billet & Smith 2003).

The range of different mechanisms have triggered a great deal of uncertainty in relation to the direction of government policy at a national level (Croden & Simmonds 2008, Simmonds & Bivand 2008). The absence of a clear framework of roles and responsibilities at a national, regional, sub-regional, city region and local level in the UK is perceived to be hampering progress. There is also frustration at the lack of formal powers being awarded (to city regions) preventing potential being realised (Simmonds & Bivand 2008).

The lack of a clear framework also makes it confusing for employers. They are unaware who to approach or where they will get best value for their input in the complex web of routes they could potential adopt (Inclusion & IES 2007, NAO 2005, LSC 2006).

2.7 IS THIS THE RIGHT APPROACH

There is a line of thinking within the literature that questions whether putting employers at the heart of government policy is the right approach. Some of the literature posits that Leitch got it wrong. Mackney (2007) argues that putting employers in charge of delivering the solution to the country's training requirement when they have failed to step up to the mark so far is a poor prognosis ("a bit like using dysentery to cure diarrhoea!").

Gleeson and Keep (2004) argue for clearer rules of engagement so that employers are held to account, alongside the public sector employment and skills partners, for their role. The lack of accountability at the moment allows them to ignore the offer to be involved or become partially involved and then criticise the results, e.g., NVQs. There is a history of "failures" quoted in the literature that are presented as reasons not to increase employer influence. These are:

- Train to Gain has demonstrated to employers that by sitting back and waiting for the market to fail, government will step in and subsidise, which results in deadweight (Payne 2008).
- Massive amounts of public money have been spent on policies and initiatives that bridge school to employment and force the development of oven ready workers through a mass work-based training route. This has resulted in an expansion of FE and HE which puts the cost of training for employment onto the public purse rather than employers (Mackney 2007).

- The history of further education's experience of private sector involvement which resulted in fraud such as ghosting (Mackney 2007).
- The weakening of pre-16 education due to the need to add work readiness, management and leadership, enterprise etc. (all job specific which is best delivered in the workplace within a specific business context). The result is an over-cluttered curriculum (Gleeson & Keep 2004).

The literature argues that putting employers in charge will result in sub-optimal outcomes. Employers focus on the skills needs for now and few employers can predict medium / longer term needs. In addition, Leitch refers to employers as one homogeneous community that has the capacity to tell the skills system exactly what it wants but often employers do not know what they want. There is a risk that in focusing training solely on economically valuable skills and short-term company specific skills it omits the development of cultural value and citizenship. (Gleeson and Keep 2004, Mackney 2007, National Skills Forum 2007, Payne 2008)

In this bank of literature, the key point is that the case for employer control has not been made resulting in calls for a compulsory approach such as employees' entitlement to paid leave, collective bargaining, levies etc. to be established. The core premise is that employers will always complain that system does not give them what they want whatever the government does, as employers will not do anything unless there is an obvious return. There is a threat in Leitch which states that if sufficient progress is not made, an individual legal entitlement to level 2 will be brought in. Mackney (2007) argues that this is not sufficient and without compulsory mechanisms the skills levels of the country will not improve.

3. SUMMARY

Key learning points from the literature:

- Develop a clear and commonly applied understanding of the role employers are expected to play in influencing and shaping the system. This will involve clarifying the "deal" between UK governments and employers, i.e., how much accountability and authority do employers really have, alongside clarifying what elements of the employment and skills system employers are being asked to take action on.
- Embed within the system, ways of encouraging employer leadership (this is subject to the "deal", above, being clarified!) based on the lessons learned from the variety of experiences with different spatial level and sectoral mechanisms and the international models. There is potential to bring together the lessons into a collective set of guidance.
- Establishing the business case for employers is key to motivating them to participate in employer voice mechanisms.
- Employers are a heterogeneous group and this has to be recognised. There is particular recognition that SMEs and large employers are different and need different approaches.
- Exploring international systems provides models where stimulating employer leadership is achieved through different combinations of employer investment and government subsidy. The models show that the impact is dependent on social and political factors so cannot be directly translated into another part of the world. However, there are useful lessons to explore

implementing in a UK context, whereby different levels of employer leadership (ownership in terms of accountability and authority) result in:

- Increased levels of investment in skills;
 - A system that delivers to meet economic need.
-
- Further and higher education are positive about the need to involve and engage employers and have a long history of doing so. There is less of a history of employer engagement in employment related policy.
 - SSCs have a key role to play but UK governments need to ensure they have sufficient resource to deliver and that expectations are managed in relation to their role.
 - Different approaches involving employers are needed to suit the differing needs of the economy. These different approaches, however, need underpinning with a clear policy framework that details inter-relationships and connectivity between different employer voice mechanisms.
 - Giving increased control to employers may not be the right thing to do. It may stimulate demand and investment in skills development but there is evidence to show that employer involvement in the system results in deadweight, short-termism and stifled entrepreneurship and innovation.

There are further areas of literature that may be worth additional exploration in order to add value to the current understanding on how effective employers' influence of the employment and skills system is. Further exploration of the literature in relation to international models would provide more detail on the international experience and lessons to be learned. Further exploration of employer involvement in the 14-19 developments and employment interventions may be helpful as these are new and high profile areas.

Additional literature focusing on the role of employers on institutional governance settings may also provide some useful examples of employer motivation and impact within a specific organisational setting. In addition, a review of general systems literature and also specific and similar systems such as the learner voice and the activity of government departments such as health and defence in actively engaging employers to influence their activities may also broaden the current understanding. This may help to define further options on how the employment and skills system could be designed to make best use of employer influence.

ANNEX A - LITERATURE REVIEW LOG

Ashton, D. (2006) Lessons from abroad: developing sector based approaches to skills: SSDA catalyst issue 2, Sector Skills Development Agency.

This document reviews sector-based approaches to raising employer demand for skills. It identifies best practice from sectoral systems in nine countries outside the UK. It highlights the importance of placing employers at the heart of the system. It provides an academic perspective.

Key points:

- Loose definition of employer-led, employer consulted, employer owned – leads to ambiguity on the role of employers.
- Control over funding is available to employer-led bodies in New Zealand and Netherlands – this enables control over the resources required to deliver the right skills for employers.
- Where there are multiple layers of influence and governance – the voice of employers is weakened (e.g., Australia).
- 2 tier system - centralised and federal, nations and regions – weakens impact to one of the levels of government. If mechanism is organised at national level, it has limited influence at local level, if organised at a local level, it has no real influence at national level. Be clear about respective roles.
- Levies operate in South Africa, Netherlands & France, selective basis in Hong Kong & Singapore. There are also tax refund incentive in Netherlands. Need to align with other parts of the system, e.g., qualifications, unions / employee agenda and objectives of government departments / agencies. UK operates subsidy (Train to Gain) but no other financial incentives which is a mistake.
- Maintain public funding to SSCs / mechanism to ensure government can drive strategic skills remit.
- It is ok to adopt different strategies for different sectors – e.g., Singapore and Hong Kong focus on sectors with higher economic growth.
- Organise sectors / mechanisms to reflect the real differences in the nature of the economy – but be clear about why and where there are differences in functions
- No single set of best practice from one country.

Billett, S. and Smith, A. (2003) Compliance, engagement and commitment: increasing employer expenditure in training, Journal of Vocational Education and Training; 55 (3): 281-299.

Internationally, governments are keen to identify and enact policies to encourage increased contributions from enterprises for the skill development of their employees. However, the goals for these policies often remain unclear. Drawing on a review of international literature and interviews with expert informants, a series of policy options are discussed and evaluated in this article in the Australian context. It provides an academic perspective.

Key points:

- Compulsion is likely to be counter-productive – evidence shows levies reduce employer commitment and expect all training to be subsidised by the levy. Employers make an “unseen” investment in development of their workforce through initial recruitment and ongoing in house development. Also some employers don't feel training (funded through levy) meets their needs so won't contribute further. Don't understand why government want them to contribute further
- In pluralistic economy with complex relationships between government, employers no single mechanism will work – needs to be worked through by specific sector / spatial area. Local area levies are more visible, therefore, easier for employers to see impact. Need clear management and clear boundaries though.
- Demonstrate that investment in training has a direct return on investment – link to development of new technologies.
- Different cultures have a different understanding of who should fund vocational training – North America (individual), Australia and UK employers see training as a cost and look to government to support, Switzerland, Netherlands, Germany have strong employer commitment to training.

- Schemes that involve, include and capture the interest of employers are held to be the most desirable and likely to be supported. Yet, even these may not be able to achieve goals of a fuller employer commitment and an equal distribution of opportunities for all workers.
- No simple policy prescription that will alone increase employer commitment / contribution.

City and Guilds (2008), Briefing note: Employer Engagement, City and Guilds Centre for Skills Development.

In a survey for the City & Guilds Centre for Skills Development, policymakers, researchers, practitioners and employers in nine countries were asked to specify what they believed to be the key issues for vocational education and training today.

Stakeholders in each country identified 'employer engagement' as of prime importance. What these stakeholders meant by employer engagement varied between groups and countries but there was a consensus, as there is in modern research and international policy, that in order to develop a highly skilled workforce employers should be at the forefront, helping to design and deliver training that meets current needs and demands.

Key points:

- Mostly about employer engagement to increase investment in training – looking at why employers should invest, what the barriers to investment are, and international models of engagement.
- Hong Kong Industry Training Associations have remit and financial support from employers (as opposed to government) – has been particularly successful for construction.
- Singapore - blueprint of large employer training programme offered to other companies - kudos and funds to employer.
- Tax rebates (Netherlands) to incentivise employers to train.

Cooper, C., Mackinnon, I. and Garside, P. (2008) Employer engagement: Research Report 29, Sector Skills Development Agency.

Seeks to define and classify employer engagement, identify the drivers of, and barriers to, employer engagement, and understand the main processes and relationships underpinning employer engagement activity. Includes case study summaries. Good practical guide.

Key points:

- No single agreed definition of employer engagement – this report classifies it as: consumer focused / stakeholder focused / strategic partner focused / provider focused. Lack of clarity makes it difficult to learn lessons and understand factors that influence employer engagement.
- Employers seek business benefits (direct and indirect) from employer engagement activities but also wider public benefits and personal benefits. Personal interests and spatial / sectoral drivers can motivate (supporting a local community or own sector). Strategic partner employer engagement more likely to be motivated by wider public benefit.
- 4 distinct phases to employer engagement – preparation, establishing, maintaining and developing.
- Some evidence of employer driven partnership – most engagement is discussed from public sector policy perspective
- Main barriers – how the engagement is conducted – lack of impact or action as a result of their involvement, poor relationship management, not being provided with feedback, frustration with bureaucracy or use of jargon / language. Also confusion over which bodies to approach.
- Main pluses related to good management and clear purpose along with mechanism for providing clear feedback.
- Different approaches work with different employers based on their personal and business motivations – use of language and understanding their business context is important.
- No consensus over whether to compensate employers for participation.

Croden, N. & Simmonds, L. (May 2008). Employment and Skills Boards Current and Potential Role, CFE.

Independent research examining the role of existing ESBs and their potential future role. Looks at the different models and identifies where they add value and some of the challenges they are facing.

- Key points:

- Where they have buy-in from key stakeholders, they provide an opportunity to streamline activity and reduce duplication.
- They differ between and within regions. They are at various stages of development and have different governance arrangements. This provides benefits in meeting local needs but also triggers a perceived lack of direction and guidance.
- There is a great deal of uncertainty in relation to the direction of government policy at a national level.
- 5 key factors promote successful development and operation of ESBs:
 - Sub-regional level takes responsibility for identifying issues and needs
 - Strong independent manager able to get buy-in from both the private and public sector partners
 - Co-ordination and support from the regional level (RDA or RSP)
 - A figure head (most likely an employer of LA leader) to champion the work of the ESB
 - A clear framework for ESBs to operate. National champion/joined-up approach between BERR, DIUS, DWP and CLG.

Department for Work and Pensions; Department for Innovation, Universities and Skills (2008) Ready to work, skilled for work: unlocking Britain's talent, The Stationery Office, Norwich.

Sets out the UK government's aim to work in partnership with employers to develop a workforce with world-class skills from basic literacy and numeracy through to higher-level qualifications. Details how the government and employers' partnership can meet those challenges. Discusses how employers are driving strategic change in the employment and skills infrastructure to deliver the skills needed. Considers how simplified government support can help employers recruit and train staff, and how employers can work with partners in local communities to tackle the most entrenched local problems.

Key points:

- Promotes employer-led approaches where employer voice actively shapes the way government does things, e.g., UKCES, SSCs, accrediting employer in-house training, NSAs.
- Promotes demand-led approach to employment and skills through LEPs, Train to Gain, Skills Pledge and enhanced apprenticeships.
- Promotes employer action in communities through city strategy pathfinders and ESBs. Discusses how services can be combined in "new and imaginative ways" at sub-regional and city region level.

Geering, C. (2009). Employer Voices, Working Ventures.

Working Ventures research with employers who participate as chairs and members of coalitions, ESBs or City Strategy Pathfinders. Identifies trends and correlations and scores the groups at 5.63 out of 10 in relation to how demand-led the system currently is.

Key points:

- 10 recommendations are made as to how to operate an employer-led board to get the best out of members:
 - Create an inspiring local vision that is not policy or target driven. Foster a shared vision..
 - A private sector chair is essential in ensuring the partnership remains business friendly. There should also be a good spread of sectors and business-sizes represented - employers are a diverse group with different needs and motivations, no one voice could effectively reflect this.
 - A partnership has got to be business-like. It needs key priorities, deliverables, objectives and timescales. All partners must be responsible for actually delivering results; and the partnership must hold individuals to account for inaction and non-delivery.
 - Cut through the bureaucracy with accessible language in briefings, documentation and meetings.
 - Focus discussion on measuring outcomes and achieving objectives rather than on governance, protocol and process.
 - Be clear on the role you want employers to play and what you expect them to contribute (e.g. governance, business perspectives, putting their job and skill needs on the table); as well as the business benefits to them of participation.
 - Protect the majority of the employers from the complexity and bureaucracy of the system - partnerships shouldn't focus on the genealogy of funding but on practical local problems and solutions.

- Make sure when trying to engage employers you actually have the capacity and resources to quickly respond and deliver solutions to their needs. Establish a clear visible line between employer input and changes in funding and delivery on the ground. Change must be seen operationally as well as at a strategic and policy sphere.
- If employers are to truly be treated as a partner, they are not just there as a consultative group. Be prepared for employers to push back against the default view and ensure their view is acknowledged; explored and, most important of all, responded to.
- Thank people for their efforts and successes. This can be in meetings; the local media and in their organisations - this reinforces personal and organisational commitment to the partnership.

GHK Consulting (2005). Ambition: identifying best practice for demand-led approaches, DWP Research Report No 264.

An evaluation into the DWP's Ambition Programme which looks at how the demand-led approach and employer engagement aspects of the programme impacted on its operation.

Key points:

- The employer engagement element of the programme was to ensure that specific employer requirements were addressed and specific vacancies were identified.
- Employer engagement was largely the role of the intermediary organisation – worked best where the organisation was connected to the target industry and tapped into existing networks. Diversity of employers needs to be recognised – size, sector, company ethos, industry structures etc. SMEs are hardest to engage. Flexibility and adaptability of the intermediary was key to success.
- The intermediary organisation, national tier of Jobcentre Plus worked closely with employers on the design and delivery of the programme. Employer engagement was most effective when employers were involved in every step of development and delivery – ensuring the programme has relevance to employers – and should start before the programme is developed.
- The sectoral and occupational focus was generally regarded as a benefit, targeting the engagement process to employers with similar requirements.
- Employers differed in their preferred level of involvement – and liked to have options as to what level to engage. Those already investing in training were most likely to engage. Creating employer confidence and trust in the process and ensuring effective communication was key to success.

Gleeson, D. and Keep, E. (2004) Voice without accountability: the changing relationship between employers, the state and education in England, Oxford Review of Education 30(1): 37-63

In the past decade employers, the market and the economy have had a marked impact on vocational education and training policy. This article critically examines the effect of such impact on the relationship between employers, state and education in England. The article challenges the broadly held consensus by government (in England) that employers & the economy's needs should be the drivers of education. It states that education has a subordinate relationship to employers (needs to listen and learn as opposed to genuine 2 way partnership) and the economy yet employers are not measured on their performance, whilst the education system is. The article argues for clearer rules of engagement for employer, state and education partnerships, where power and accountability is shared. The employer voice is described as "a voice without accountability".

Key points:

- Employers' needs and individual needs are in conflict in relation to skills development.
- Who influences the education system and who pays for skills development are areas of contestation.
- Employers focus on the skills needs for now. In the longer term this is sub-optimal – few employers can predict medium term needs.
- Employers are not a homogeneous group – their views vary in relation to size, sector or industry.
- Employer representative bodies are by European standards weak and poorly resourced.
- Coherent and robust employer view is problematic.
- Skills are not of primary importance to the employer – they are a derived need.
- Over emphasis on qualifications as a performance indicator and a proxy for skills.

- Employer voice role needs specification – who does and pays for what – benchmarks and performance indicators are required for employers' activities.
- Massive amounts of public money been spent on policies and initiatives that bridge school to employment and make schools develop over ready workers. Expansion of FE and HE puts cost of training for employment onto public purse rather than employers'. Mass work based training route has not worked.
- Education pre 16 is being weakened due to need to add work readiness and curriculum is cluttered (m&l, enterprise etc.) – this is too job specific and should be done in work environment.
- Employers ignore the offer to be more involved – and then criticise the results (e.g., NVQs).

Gore, T. (2005) 'Extending employability or solving employers' recruitment problems? Demand-led approaches as an instrument of labour market policy,' in Urban Studies, Vol. 42, No. 2, pp. 341-353. EMP 41.

Assesses attempts to involve employers in employability programmes in the UK. Examines projects under the New Deal Innovation Fund (NDIF), which are currently testing the merits of a 'demand-led' approach to employability, whereby employers are involved in the design of skills training and work experience programmes. Discusses the subsequent introduction of the Ambition scheme, which adopted a sector specific approach. Concludes that in most cases demand-led schemes in the UK have been less about improving employability than meeting employers' short-term labour needs.

Key points:

- Supply-side focus of most employment policies is dominated by activation measures which isolates it from wider labour market factors.
- Employability involves more than just equipping job seeker with wide range of skills – also involves understanding labour demand and employer behaviour – therefore, employers need to be directly involved in the design of training and work experience.
- American model introduced concept of labour market intermediaries – help to bring together understanding of supply and demand factors. Help employers improve recruitment practice and act as buffer for employer and individual in understanding complex funding and training packages.
- Employer involvement helps employers to see potential recruits as opportunity rather than a cost. Also helps to trigger fundamental shift in culture in-company required to recruit from disadvantaged target groups. Also helps to keep training relevant to industry.

Higher Education Funding Council for England (2006) Engaging employers with higher education.

This is HEFCE's strategy to support links between HEIs and employers. It resulted in higher level skills partnerships and a number of other pilot projects. It focuses mainly on employer engagement to support more imaginative sector-wide approaches to shared curriculum and programme development but requires provision that is partly funded and led by employers.

Key points:

- HEFCE and HEIs already engage with employers in a number of ways: Lifelong learning networks, support for development of FDs, research collaborations, work with SSCs particularly through the Higher Education Academy etc. so there is a diverse range of employer engagement in HE.
- There is a need to synthesise the extensive and complex literature on skills and the labour market being produced by a range of agencies to inform policy development.
- There are barriers to employer understanding and influence on HE largely due to:
 - Lack of shared language between employers and HE;
 - Lack of capacity and incentives for HE to engage in riskier markets linked to employer needs when traditional young entrants represent a safer investment;
 - Weak alignment between employers' interest in competence rather than academic credit and the learners' needs for portable qualifications;
 - Diversity of employers needs may act as a barrier;

- Focus of employer on graduates' abilities in basic skills rather than their ability to transform the business is short-sighted;
- HEFCE do not believe it is their primary responsibility to promote engagement but that of RDAs and SSCs.

Hogarth, T., Winterbotham, M., Hasluck, C., Carter, K., Daniel, W.W., Green, A.E. and Morrison, J. (2007) Employer and University Engagement in the Use and Development of Graduate Level Skills: Main Report, Report RR835A, Department for Education and Skills.

This study addresses a number of research questions relating to the engagement of employers with HEIs. These include: how do employers use and view graduate skills; what are employer views on high-level skills development and HEI; is there scope for greater employer-HEI collaboration in pursuit of knowledge transfer through high-level skills development; and; what are the geographical patterns of employer-HEI engagement and is this engagement organised at national or local (city-region) levels.

Key points:

- When employers target HEIs often results in lasting relationship – starts with recruitment and then leads to R&D, lecturing opportunities, advice etc.
- Some employers go beyond the purely market relationship and become actively engaged. Employers delivering lectures and advice often do it through altruism or for increased access to graduates.
- FDs have had little impact in terms of increasing employer involvement – only a few employers are involved so far.
- It is unlikely that there is a single one size fits all method to encourage engagement. The support required must fit with the individual business and barriers that are specific to them.
- The Lambert review recommended new formal and informal networks between employers and HEIs including business led R&D employer forums.

Hughes, M. (2003) What we know about working with employers. Learning and Skills Development Agency, London.

A synthesis of findings from previous LSDA research into employer engagement activity primarily of colleges. It is the first of a 3 part series of studies. The view mainly relates to strengthening college employer responsiveness although there are brief references to employers as strategic partners and some lessons in engaging employers effectively.

Key points:

- Employer engagement is categorised into: employers as stakeholders (support design and development of learning), employers as consumers and employers as strategic partners (sustained interaction).
- Employers as strategic partners in this document defined as: colleges used as support for business development, collaborating on new provision, contributing cash or in-kind resource / kit, sharing or subsidising specialist staff.
- Conditions are needed that foster mutually beneficial relationships and outcomes - ensure the potential benefits of involving employers are understood by colleges (in this case) and employers themselves.
- More must be done to engage a wider range of businesses – through work of SSCs and employer organisations.
- Employer engagement is complex and it is not possible to arrive at a single, shared definition.
- Need to speak a “common language”.
- Developing successful partnerships involves: clear strategy and purpose; similar commitment in time and resource; effective communication and awareness of difference on cultures, cooperative and consultative approach.

Hughes, M. (2004) Reviewing the impact of employer engagement targets. Learning and Skills Development Agency, London.

Outlines the findings and conclusions emerging from a project that examined the nature and range of employer engagement targets agreed in provider 3 year development plans and the early impact of these targets on provision. The report recommends that a typology of employer engagement is consistently adopted and proposes a strategic framework for agreeing and reviewing the targets.

Key points:

- A broad view of what constitutes employer engagement reveals the complexity of the concept. A shared and commonly understood definition is required.

- A single narrow definition of employer engagement would not encompass the full range of useful employer interactions with learning activities and may limit ambitions in extending good work.
- The range of employer engagement activity is substantial and difficult to classify.

Inclusion and IES (September 2007) UK Skills and Employment Policy Commentary – 9 Employer Related Policy Levers.

A summary of UK wide employer related policy levers whereby government can engage employers in policy initiatives to ensure they have a voice in shaping the system.

Key points:

- Employers contribute with the incentive of a better skilled workforce or a larger employment pool to draw from.
- Leitch identified inadequate employer contribution to skills policy, supply-led skills provision model, fragmented delivery of skills and employment services.
- His recommendations included – improved mechanisms for employers to influence skills policy, demand driven model, integrated employment and skills and stronger employer voice through UKCES and relicensed SSCs.
- Demand-led provision is less developed for employment / welfare to work – fair cities / LEPs leading the way.
- Employer engagement varies across the UK – initiatives have different geographical and or sectoral eligibility – confusing for employers.
- UKCES is employer-led voice to government – SSCs intend to provide a forum for employers to discuss their needs.
- Whilst some evaluation of employer-led initiatives have been carried out, it is difficult to measure the success of employer engagement and evaluate extent it has contributed to the success of the overall programme. Most evaluations measure the success in terms of learning and skills outputs, rather than employer engagement outcomes.
- SME engagement is a challenge – SSCs have limited resources.
- 2 issues impacting on employer engagement – external parameters such as economic conditions, geography, size and sector and process factors such as engagement activities and level of commitment required.
- Dearth of evidence on employer perspectives of employer engagement – from employers that are engaged and those that are not engaged.
- Developing a better understanding of the ways in which government wants to engage – what are the ultimate objectives (learning from existing practice) – in what ways are employers expected to engage.
- Different goals of employer engagement in skills policy needs to be made clear.
- Some employer related policy levers are not fully embedded – this needs to be taken into account in any evaluation.

Learning and Skills Council (2006), The national services for large employers: the views of employers and partner organisations, LSC.

Presents the views of employers and partner organisations about the service to be provided in future by the LSC to large, multi-sited employers. It proposes that one point of contact, i.e., NES, working in conjunction with regional and sectoral partners is a model that meets the requirements of large employers.

Key points:

- In order to add value to current work with large employers, NES should form strategic relationships (doesn't say what this looks like).
- In order to maintain effective relationships with large employers, NES should maximise the impact of well-established high performing employers and work with large employers to promote funding along supply chains
- Most employers surveyed wanted a strategic relationship with the LSC, linking skills planning and development in their organisations to the wider skills agenda – NES will need enhanced capacity to form and maintain these types of relationships at a corporate level.
- NES should analyse regional clusterings and SSAs to see how they apply to current base of large employers.
- Large employers are well-networked and often engage in forming skills policy (through SSCs etc.) The importance of skills in increasing productivity and competitiveness is well understood.

- Large employers are well-equipped to develop the skills of their workforce – however, they cannot always find the training they require (is this a motivating factor to get involved in employer voice mechanisms?)
- Involvement with the LSC is not just purely in relation to accessing funding for training – it also enables closer involvement with government and a contribution to the corporate social responsibility agenda.
- Large employers are capable of playing distinctive roles and being sources of good practice and encouragement to other employers (supply chain). Some are setting up in-house academies often available to train employees from other firms – this is seen as training for stock.
- Large employers would value a continuing dialogue on policy and initiatives and greater involvement in the skills agenda.
- Clarity of responsibility is needed between sectoral, regional and national roles and responsibilities in relation to large employers. A central point of contact with NES would “keep it simple” and “give us some stability”.
- Intelligence about employers is the lifeblood of an effective service to employers.

Learning and Skills Network. (2006) Developing employer engagement. Learning and Skills Network, London.

A guide for schools and colleges which defines the different types of employer engagement they can be involved in. This applies in the main to providing services to employers but also touches on employers having a more strategic role in the 14-19 context. The document contains checklists for both schools and colleges to consider the whole school / college approach to employer engagement.

Key points:

- Employer engagement is defined in the context of this document as the involvement of employers in developing the skills of the existing and future workforce through links with 14-19 providers.
- Strengthening work with employers for 14-19 learning is a key priority 14-19 pathfinder programme required involvement of employers in the design and delivery of the curriculum and to make sure materials were up-to-date and relevant..
- Focus on employers who can take time out to work with education and are of sufficient seniority.
- Identifies where in the system employers are currently involved – identifying skills needs and developing qualifications through SSC route, 14-19 forums, CoVES, curriculum development at college department or school level. There is also direct working with teachers and lecturers.
- Employers will need to know the benefits which accrue from engagement – sustainable employer engagement needs to be built on mutual benefit – and where the benefits outweigh the costs.
- CSR is not embedded into mainstream practice but is a driver for larger employers to become involved. Other benefits are: helps recruitment, develops and motivate existing staff, fulfils community responsibility, enhances reputation.
- Non-engagement is a result of seeing no business benefit, constraints due to lack of time and capacity and lack of awareness.
- Benefits to colleges & schools – raises standards and quality, develops and motivates teachers, enhances reputation of provider, gives access to additional employer-based resources.
- Structures for employer engagement – governing body employer representatives, college/school representation on chambers etc., employer breakfast meetings/focus groups, operational contact through apprenticeships/work placements etc.

London Skills and Employment Board (2008) London's Future: the Skills and Employment Strategy for London 2008-2013. Skills and Employment Board, London. pp21-28 and London Skills and Employment Board (2008) Implementation Plans. Skills and Employment Board, London. pp. 4-12.

One of the solutions identified in the strategy and implementation plans is a London Employer Awareness Campaign which will “use” employers to sell the message of training to other employers, i.e., and employer to employer sales force, focusing on delivering the business case.

Mackney, P. (2007). The right medicine? Employer control of training, Adults Learning, Vol 18 No 10 Jun 2007, pp13-14

Criticises proposals contained in the Leitch review of skills to give employers control over adult training. Discusses the involvement of employers in the training system. Calls for employees to be entitled to paid educational leave. Argues that training should be broad in nature and link with other policy objectives such as citizenship, rather than being focused on company-specific skills. Criticises Leitch for failing to consider how individuals can be engaged in the training system.

Key points:

- Leitch's argument – employers have failed to meet the country's training requirements, need change otherwise there will be more serious skills problems, put employers in charge of the solution – good diagnosis / poor prognosis (a bit like using dysentery to cure diarrhoea!).
- Applaud evidenced-based policy making but Leitch has not taken into account history of FE's experience of private sector involvement (ghosting, ILAs etc.).
- Train to Gain is seen as positive way forward – but evidence shows lots of deadweight.
- Need a compulsory approach – employers will always complain that system doesn't give them what they want whatever the government does. Unless there is an obvious return, they will not do it. Leitch says that progress will be reviewed and if there is not sufficient progress an individual legal entitlement to level will be brought in – this will not be sufficient.
- SSCs could play a valuable role in helping to shape and encourage demand, but they are not the demand.
- The case for employer control has not been made – Leitch refers to employers as 1 homogeneous community that has the capacity to tell the skills system exactly what it wants.
- Training should not just involve economically valuable skills, short-term company specific skills but should focus on creating and sustaining cultural value. Stop seeing everything solely in economic terms.

The Mackinnon Partnership (?) Employer Engagement Research – Interim Literature Review Report for SSDA.

An analysis of literature (including international comparisons), existing practice and policy to determine a framework to help define and understand employer engagement. Identifies that most contemporary policy guidance literature focuses on the depth and character of employer engagement.

Key points:

- Identifies the following themes from the literature – identify the business case for interventions with the private sector; understand the partnership emphasis of sharing, communication, cultural understanding, continuity in order to deliver a coherent approach; address challenges to collaboration around competition, lack of history of working together, cultural difference, preconceived ideas about other partners; apply an awareness of where businesses access support, i.e., geographical proximity; use supply chains to build interventions; understand whether a business is coming from an economic perspective (transaction cost) or strategic perspective (build strategic network, organisational learning opportunity); honest and interactive discussions about strategy, dealing with what matters most create a sense of ownership; building social capital is important for SMEs in building networks and giving something back to the community.
- Spatial argument is outlined as the need for networks to create meaning (intervention) related to place. In traditional economic theory innovations and knowledge are developed in core locations and diffuse out across space. Localised sharing and generation of knowledge is based on common agendas and mutual trust. Spatial co-presence provides the most appropriate context for innovation based economies where geographic distance and accessibility provide an influence on knowledge flows.
- City regions are a policy mechanism that reduces inter-municipal differences to reduce social and fiscal problems that affect cities and towns. Recent literature recommends informal, cooperative partnership arrangements (as opposed to a rigidly boundar-ied urban region) for public sector partners, private sector and the community.
- Identifies collaborative relationships which are often vertical (assist voluntarily) v cooperative relationships which are horizontal. The former involves sharing risks, responsibilities and rewards. The latter involves sharing of information for mutual benefit.
- CSR is a driver for engagement and can be stimulated by use of appropriate language – “what” is right in the wider public domain, language of morality.

- SMEs tend to be less responsive to sector approaches – they are clustered by size and locality. They want to build relationships through informal networks.
- Identify who is involved in the development process and target different messages to result in engagement and empowerment. Enable beneficiaries to become a driving force in the development and evolution of initiatives.
- What turns employers off is – bureaucracy, time consuming process, distrust of public sector and potential scrutiny, cannot see the benefit, wrong language, inflexible, confused messages.
- Good practice – tailoring, knowledge of sector, mutually beneficial offer, feedback mechanisms, use of existing networks, work with trusted intermediaries.
- What makes companies commit – raise profile of business, customer relations, boost staff morale, opening potential doorways, networking opportunities. Appeals to philanthropic nature of business as opposed to economic.
- All of the above can be translated into action to support more effective engagement and fall into 3 categories and it's important to get the mix right:
 - Contextual – setting the scene and the environment (where and why)
 - Operational issues – partnership building, communication, stakeholder mapping)
 - Strategic – understand interplay between processes and what level they operate in relation to the dynamics of the sectors and businesses that are to be engaged.
- International comparisons review identifies there is little evidence of direct and systematic studies. May be due to fact that Europe, US and Australia relatively late into developing demand side engagement. High degree of variance in involvement of social partners across OECD nations. Employers are involved through a range of committee and council structures, many have advisory roles, many are localised (below regions). There is some legal requirement (Slovenia, Finland, Spain, Portugal) for employers to take action on training.
- Employers often engage in the system when they identify a specific issue in-company – such as inability to recruit apprentices. They also engage when they have concerns about local education system or the community.
- There is an argument that employers value things more if they have paid for it or made a significant monetary contribution.
- The following factors stimulate engagement – local history of engagement between private sector and state; organisational tradition of being involved in similar programmes; employers have internal capacity to be involved, employers are aware that programme has succeeded previously. (key barriers – previous poor experience, employers not treated as partners so do not feel valued, programme lacks flexibility). Make it easy to navigate.

McQuaid, R. et al (2007) Skills upgrading needs: the challenge for employers and training providers in Scotland and Northern Ireland: Research Report 26, Sector Skills Development Agency.

Presents the findings of research on meeting employers' skills upgrading needs through engagement with FE and commercial VET providers in Scotland and Northern Ireland. Looks at key issues to arise from the textiles and financial sector in Scotland, and the metal and machinery manufacturing sector, the printing and publishing sectors and the architectural, engineering and related design activities sector in Northern Ireland.

Key point:

- Providers should set aside time and resources to build relationships with employers through mechanisms, such as Centres of Excellence (NI), which act as hubs. SSCs, Training Councils and Workforce Development Forums in NI, Local Enterprise Companies in Scotland need to support links to providers.
- Establish a critical mass of employers to develop cross-sectoral training initiatives – SSCs could facilitate this.

National Audit Office (2005) Employers' perspectives on improving skills for employment: report by the Controller and Auditor General (HC 461 Session 2005-2006), The Stationery Office, Norwich.

Outlines why skills are essential to a successful and sustainable economy and society. Argues that the delivery chain for providing education and training for employment is complex. Contains four main themes: employers want simple way of getting advice; employers want training that meets their business needs; employers want incentives to train their staff more and employers want to influence skills training without getting weighed down by bureaucracy. The last theme contains relevant points about employer voice.

Key points:

- Improving skills for employment requires employers' cooperation and involvement however employers come in all shapes and sizes.
- Classes employer influence as involvement and providing reps on SSCs; participation in the Skills Strategy through SSCs and in building work related curriculum; sponsoring skills academies and specialist schools; providing apprenticeship places; collaborating with HE on the development of higher level skills, knowledge transfer and research and innovation.
- Research showed that:
 - Employers were equally as satisfied and dissatisfied with opportunities to get involved in influencing the system.
 - Were unaware of opportunities to influence, who to approach and the roles of the different bodies.
 - Engagement is particularly difficult for SMEs.
 - Awareness of SSCs was good amongst large employers but not good in medium / small employers.
 - 94% thought influencing was important.
 - 59% are engaged in some influencing activity although most common form of influence is informing course content.
 - Main barrier is time away from work followed by lack of knowledge of who to approach.
 - More innovative methods for employers to engage are needed.

National Employer Service, News Article, John Cridland CBE Deputy Director-General CBI, Keeping the skills agenda afloat during difficult times, Posted on 23 March 2009.

Speech asking for employers to maintain engagement with system during recession – mainly in relation to supporting apprenticeships and diplomas.

National Skills Forum. (2007) Incentives to train: ensuring employer engagement. National Skills Forum, London.

Mainly focuses on what tools can be used to incentivise employers to invest in training their workforces.

Key points:

- SMEs have limited resources and tight margins act as barriers to engagement in training. Different approaches are needed.
- More support should be given to help SMEs work collaboratively to address their training needs.
- Training levies that are statutory do not work – voluntary levies are more effective.
- The introduction of tax incentives for training would provide an incentive.
- SSCs are critical to promoting, conveying and tailoring the business case for training within their specific industries. They are a primary means by which employers come together to identify their skills needs and influence the system to address those needs.
- A purely demand-led system will not address the future skills needs and address all current skills shortages.

ODPM (March 2006). LSP Delivery Toolkit. Involving the Private Sector: a practical guide.

Provides a rationale for private sector involvement in LSPs and toolkit to enable effective employer engagement. The document also contains a menu of opportunities for employers to become involved across a range of activities – education, enterprise, crime, employment and LSP / community support. Three levels are identified ranging from tactical to strategic involvement.

Key points:

- Private sector companies have an economic stake in the regeneration of their local areas. They bring expertise from the world of business to help address community issues.
- Ensure you are clear of the role you want them to play and present the business case of why it is in their interest to become involved.
- Make it easy for them, be action focused, ensure that see the problems they are being asked to address through community visits, give them real ownership of the issues.

ODPM (May 2004). Evaluation of Local Strategic Partnerships. Community Engagement: A briefing note for LSPs by LSPs.

This focuses on how to engage communities to strengthen the work of LSPs. The term community encompasses businesses that operate in the LSC area and so some of the lessons apply to employer engagement. The document contains a framework with guiding principles and a checklist to ensure strong and effective partnerships are developed.

Key points:

- Establish aims and objectives and set realistic goals against them. Clarify roles and responsibilities at the outset.
- Ensure regular and targeted communication to members of the LSP and ensure ongoing monitoring so that progress and impact can be emphasised.
- Provide training and development for group members.
- The framework and checklist looks at best practice in terms of ownership, partnership structure, working styles and relationships and culture.

Payne, J. (2008), Sector Skills Councils and employer engagement - delivering the 'employer-led' skills agenda in England, Journal of Education and Work, Vol 21 No 2 Apr 2008, pp93-113.

Examines the challenges facing the UK's SSCs in engaging employers in their sectors and building commitment to the Leitch agenda. Outlines the history of sectoral training bodies in the UK, focusing on the skills for business network. Discusses employer engagement in sector skills development, looking at: employer financial contributions; SMEs; employer's views on skills training; direct engagement through project based activity; tailoring strategy to available resources; and commitment to Leitch targets. Suggests that there is still some confusion among SSCs in terms of what employer engagement means, and how performance in this area can be effectively measured and evaluated.

Key points:

- UK SSCs are seen as critical to policymakers' aspirations to develop an education and training system that is both demand driven and employer-led where employers play their part in national upskilling as a partnership between government, the state, employers and individuals. However, in a voluntarist training system and weakly regulated labour market, there are few levers to match government's aspirations to what employers are willing to do and pay for.
- Do employers want this role? System is so centralised and full of state targets that the idea of employer-led is a misnomer.
- UK has a reliance on national qualifications targets as a driver of and proxy for skills acquisition.
- Train to Gain has demonstrated to employers that by sitting back and waiting for the market to fail, government will step in and subsidise – this results in deadweight.
- SSCs are state created and funded institutions – and they do not have high levels of funding or high levels of staffing but their role is critical to stimulating demand and investment in skills. Initially were to become self-financing on the basis of employer contributions – however, that aspiration has now been shelved. Are they really employer-led or state-led?
- Is history repeating itself – a legacy of underfunded bodies following ITB dismantling in 1979 – NSTOs, ITOs, NTOs.
- Lack of success may be down to fragmented employer interest groups, no collective bargaining, very individual firm by firm power base.
- Government's desire to take a demand-led approach – where does this leave SSCs in relation to planning / SSA type activity.
- SSCs have varied histories, operate in vastly different markets, have different mixes of SME & large firms – strategies for employer engagement will therefore vary considerably.
- No real definition for employer engagement. How much influence does government really want employers to have? Leitch deal is purely of government's own making (normally deals emerge from a process of negotiation).
- Assumptions – employers are not an homogeneous entity, employers know what they need in terms of skills, SSCs have the same employers turning up, supply-side drives the agenda, government has same old prescriptions to problems, Larger firms easier to engage.

- Stakeholders have high expectations of SSC employer engagement – targeted and strategic engagement that some SSCs adopt may not be sufficient to address stakeholder concerns.

Process Industry Informer (News bulletin) , Tom Crotty Chief Executive of INEOS Olefins and Polymers, Employers urges to take control of skills crisis, National Skills organised by the National Skills Academy Process Industries.

NSA for the Process Industries board member stresses need for collective employer action to sustain training during recession.

Quality Improvement Agency (2008) What is the impact of CoVE clusters on employer engagement and delivery? Report Summary.

Summarises critical success factors of CoVEs. Identifies that it was important to involve employers from the early stages of development, including the design of the CoVE. This was done a variety of ways, such as ensuring it was employers who chose the CoVE theme based on their own evidence of what was needed. CoVE effectiveness was identified as being based on a clear mission, good leadership and a clear linkage to an SSC.

Raddon, A. and Sung, J. (2006) The Role of Employers in Sectoral Skills Development: International Approaches, CLMS Working Paper No 49, Centre for Labour Market Studies, University of Leicester.

This paper considers models of employer engagement within different international approaches to sectoral skills development, focusing on examples from the UK, New Zealand, South Africa, Hong Kong, Singapore, the Netherlands and the USA. Four sectoral models of employer engagement are explored and what is expected from employers within these different models.

Key points:

- Skills policy aims to deliver on multiple objectives – meeting skills needs of employers, meeting strategic skills needs, meeting social inclusion goals.
- The use of employers to spearhead a demand-led approach is never quite the same and varies in terms of effectiveness – and subject to the political, social and systemic structures context.
- Current research and literature overlooks the role of employers in demand-led systems – often focuses on regional, occupational, type of provision / provider, qualifications, costs and financing, looking at the value of the end product – leaving the wider role of employers in policy approaches under-researched.
- Sectoral approaches are increasingly seen as the most effective means of employer engagement – this is not a new idea.
- 3 key drivers for sectoral skills policy 1) in a multi-stakeholder driven policy climate with a shared responsibility for investment; 2) VET systems continue to be criticised for not meeting the needs of industry and the labour market; 3) emergence of China and India as low cost manufacturing bases has placed urgent emphasis on high value added and moving up the value chain – therefore, demanding higher level skills.
- 4 models:
 - Employer involved a) voluntary engagement of employers primarily via consultation (UK SSCs); b) statutory engagement of employers in financing and voluntary consultation (South Africa SETAs).
 - Employer owned – employer funded sectoral approach through employers' associations and representative Groups (Hong Kong).
 - Employer – modelled – best practice models of skills development in large companies used to shape training practice in the sector (Singapore).
 - Employer driven – a) public VET system determined by employer demand (Netherlands); b) private partnerships bringing employers and partners together to identify and invest in training (USA).
- Public subsidy v employer ownership – majority remain subsidised which creates tension as have to meet demands of employers and government.
- Fully employer-owned – little incentive to address national skills policies, not necessarily able to address strategic skills needs, not always inclined to address social dimensions.

- Government subsidy often meant to be initial, pump-prime with phasing out of subsidy – this has not worked in practice as withdrawing public funds means loss of leverage for government.
- Poses interesting dilemma – funding and willingness of government to let go of public policy approaches are significant in impacting level of employer engagement.

Reynolds, J. and Jones, J. (2005) Skills and employer engagement: final report. Matter of Fact, Northampton.

This report identifies the skills priorities and shape of employer engagement to inform the activities of the Leicester Shire LSP. The section on employer engagement identifies factors to support strategic employer engagement plus stimulating investment in training.

Key points:

- The challenge to the supply-side is how to engage employers in all aspects of the agenda – strategy and planning, management and resourcing, expertise and delivery – as well as defining and understanding employer engagement and what the expectations of all parties are.
- Sustainable and active employer engagement requires collaboration across a number of organisations – supply-side and demand.
- Strategies for involving employers vary across different agencies and serve to frustrate and confuse employers – and are, therefore, ineffective.
- Terms of reference of employer groups are loose resulting in various approaches being adopted and little coordination of activity.
- Lessons – ensure strong business influence through membership of group, focus on concrete tasks which might be project or initiative-led, concentrate on the business case to provide incentive for employers to become involved.

Rhodes, P. and Graver, A. (2002) An Evaluation of Employer Learning Networks, Research Report RR367, Department for Education and Skills.

The National Skills Task Force drew attention to the importance of group training arrangements for SMEs. They argued that a group approach provides an effective means for small firms to meet their training needs through the sharing of resources. The evaluation looks at the Employer Learning Network Challenge fund which was set up in response funding 18 ELNs between November 2000 and July 2001 with £2.5m.

Key points:

- The most successful projects were those that involved partners, employers and providers in the initial bid-writing process.
- A strong lead partner coordinating role was essential in keeping all partners motivated.
- Lack of time, funding, perceived benefits and competitive issues within single sector ELNs have been barriers to engaging employers.
- Active engagement of employers throughout the lifetime of the ELN suggests constant need for an impartial body to keep their interest.
- Factors affecting success – involvement of employers in design, quality and credibility of lead partner coordinator (including from an industry perspective).

Sastry, T. and Bekhradnia, B. (2007) Higher Education, Skills and Employer Engagement, Higher Education Policy Institute.

Argues against an employer demand-led approach for HE to replace the current student-demand approach. Challenges how preferences will manifest themselves – do we really know the extent of employer demand to access and co-fund HE. Lists HEFCE funded FDs through the Strategic Development Fund and Train to Gain trials through the Higher Level Skills Partnership pilots. Challenges Leitch's narrow view of HE in providing an oven ready graduate for an employer, disregarding the analytical and generic knowledge that HE has traditionally supplied to learners.

Simmonds D. and Bivand, P. (2008) Worklessness: A city approach .

Explores how worklessness in cities can be tackled by empowering cities to take action. It argues that worklessness is concentrated in cities so a less centralised approach, allowing more local control with integrated services, is required. This would build on the City Strategy Pathfinders approach

Key points:

- Devolution and decentralisation – skills is devolved to nations but employment is UK wide through JOBCENTRE PLUS but often functions and decisions are decentralised.
- Active labour market programmes such as New Deal have had lower success rates in most high workless cities. Employment Zones exist but do not provide the cities with any input into the objectives or design of the contracts.
- City strategies lack formal responsibilities and, therefore, cannot realise their full potential.,
- There is an absence of a clear framework of roles and responsibilities at a national, regional, sub-regional and local level – this is also hampering progress at city region level.
- Lack of progress is seen as a delay that is caused by factors outside of the control of the strategy pathfinder itself and has frustrated private sector partners.
- Successful economies need to quickly adapt to trends and shocks – devolution permits local economies to adjust quickly.
- Government had continued to encourage organic growth of ESBs – now need urgently clarity about powers at different levels of government – particularly city region and local authority level – too many conflicting messages at moment.
- Proposes framework for regional government and sub-regional / city region ESB and then LSPs. ESBs should be licensed.
- No real recommendations or conclusions drawn on employer involvement – just an assumption that they will be involved?!

Wedgwood, M. (2008) Higher Education for the Workforce: Barriers and Facilitators to Employer Engagement, DIUS Research Report 08-04, Department for Innovation Universities and Skills.

This document addresses the DIUS employer engagement policy area for HE. The main context is the Leitch report, and particularly the aim to raise HE qualifications in the workforce from 29% to 40% by 2020. The policy area is therefore about growing the market and sustaining it through co-funding (from employers).

Key points:

- Value is the critical factor for engaging employers combined with accessibility, flexibility and responsiveness of HEIs.
- Latent market demand from employers is shown to be realised when HEIs, providers and employers work closely together and play to each of their respective strengths. This takes time and resource.
- Targeted government investment needs to be applied to building direct relationships between employers, employer representative organisations and employers.
- High risk in developing the markets – risk needs to be shared.
- Where there is shared business drivers, language and value framework and direct dialogue HEI and employer partnerships are shown to be successful – requires different culture and skillset from HEIs.
- Policy needs to be joined up to support more effective employer involvement – plus admin needs simplifying. Range of policies in this area that overlap and duplicate. Link employability, skills and business support policy.
- Private sector competition, change in staff, tightened market – all can affect employer involvement and need taking into account in developing employer engagement strategy / intervention.
- Recognise heterogeneity of employers (and HEIs) – public v private, large v SME, geography etc.
- Employer involvement needs underpinning public investment – tax exemption, tax relief, grants and payments.
- This new tradition for HEIs will bring a range of transactions with employers – capturing both the Leitch/Lambert agendas.

Universities UK. (2007) Response to HEFCE's employer engagement strategy.

Key points:

- Very different structure of employment and dominance of different market sectors in different areas of the UK mean county-wide prescriptions are not appropriate.
- HEIs need to make better links nationally and locally with employers – through mechanisms such as the SSCs.

ANNEX B - GLOSSARY OF TERMS

BERR	Department for Business, Enterprise and Regulatory Reform
BIS	Department for Business, Innovation and Skills
CLG	Department of Communities and Local Government
CoVEs	Centres of Vocational Excellence
DIUS	Department for Innovation, Universities and Skills
DWP	Department for Work and Pensions
ESB	Employment and Skills Boards
FD	Foundation Degrees
FE	Further Education
HE	Higher Education
HEFCE	Higher Education Funding Council
HEI	Higher Education Institutions
ILA	Individual Learning Accounts
LA	Local Authority
LEP	Local Employment Partnership
LSC	Learning and Skills Council
LSDA	Learning and Skills Development Agency
LSP	Local Strategic Partnership
NES	National Employers Service
NSA	National Skills Academy
NVQ	National Vocational Qualification
RDA	Regional Development Agency
RSP	Regional Skills Partnership
SME	Small and Medium-Sized Enterprise
SSA	Sector Skills Agreement
SSC	Sector Skills Council
UKCES	UK Commission for Employment and Skills
VET	Vocational Education and Training