Digital Skills & Barriers to Training Executive Summary
LLEP area

For Serco
Dec 20

RESEARCH

ISO 20252
MRS
Cert No. 0475

UKAS
PRODUCT
CERTIFICATION
036

Education & Skills
Funding Agency

European Union
European
Social Fund

Executive Summary

- This research sets out to gain a better understanding of the skills issues and barriers faced by employers in the Leicester and Leicestershire area so that resources can be allocated more effectively and local training provision (through Serco's Skills Support for the Workforce (SSW) programme) can be more targeted.

- Telephone depth interviews were completed with 55 businesses from a range of sectors across Leicester and Leicestershire between March and October 2020.

- Overall, business requirements for workforce development, and specifically digital skills, varied considerably and were often bespoke to the nature of the business, its core offering and its size, rather than the business sector.

- In terms of the impact of Covid-19, it is unsurprising that many businesses are still experiencing difficulties. Unfortunately, a minority have already been forced to close as a direct result of the pandemic and, although minimal so far, a small number of businesses have had to make redundancies to keep afloat. Others had put that decision on hold until the furlough scheme ended, and now have more breathing space before making those decisions.

- For the majority the future remains uncertain and this has a particular impact on sectors such as tourism/hospitality and retail and those that rely on affected supply chains. It has however allowed some businesses time to look at their business model and in some cases diversify, with work relating to digital marketing and e-commerce being prioritised for many. A minority of businesses, particularly those working within the health and social care sector, have faced increased workloads and associated pressures as a result of the pandemic.

- Aside from the Covid-19 pandemic a number of other challenges face businesses in the next five years. These included Brexit and the resultant impact on economic uncertainty; supply chain issues and imports/exports; cashflow; overseas and domestic competition; connectivity; and a wide variety of sector specific challenges e.g. a move to using electric vehicles and the decline of the in-store non-essential retail sector.

- Not all Leicester and Leicestershire based SMEs are high-tech, instead they often have limited but at the same time varied experiences of the usage of digital and automated technology.

- Common uses and applications fall into the following categories: basic desk based software e.g. Microsoft Office; financial systems or software; customer relationship management (CRM) systems or software; bespoke booking or ordering systems; digital marketing tools; and a wide variety of industry specific technology. SMEs commonly felt that requirements to use some or all of these forms of 'digital' would likely increase in the future.

- Where businesses tend to utilise more digital technology, they are often medium in size or a start-up in sectors such as manufacturing or creative and digital. Business output is also instrumental in determining the extent to which digital/automated technology might be relevant. Businesses with a more developed understanding and usage include manufacturers across a range of sectors.

- Automation, robotics or artificial intelligence (AI) were mentioned infrequently, but when they did feature this was more prevalent, or likely in the future, amongst medium sized firms and most commonly manufacturers. Specific examples include: advanced automated machinery to speed up production; technological advancements in equipment to enhance product quality; software for more efficient and accurate CRM management; and bespoke software and hardware project management tools.

- For many businesses usage of digital technology is limited and there is little anticipation of this situation changing in the foreseeable future. It simply doesn't 'fit' the profile of some businesses such as nurseries or logistics, whilst others lack motivation or find the costs or time involved in researching it prohibitive.

- SMEs tend to prioritise job specific skills over digital skills when recruiting, and it is these job specific skills that occasionally present recruitment challenges. In order to fill any digital skills gaps most tended to expect to train existing staff rather than bring in new staff with specialist digital skills or invest in freelancers.

- Specific digital skills lacking varied, with the most common relating to digital marketing including web design, search engine optimisation and social media literacy. Other skills gaps include skills related to e-commerce, the usage of CRM systems, PRINCE2 project management skills and programming/software language skills e.g. Python. Businesses were also aware of the importance of basic IT skills and many felt there was room for continued improvement in that respect, but typically this is managed in-house.

- Training and development was very much dependent on the nature of the skill concerned and also dictated in some instances by the sector. Training relating to software or technology is common but typically provided by the manufacturer and additional external support is rarely needed.

- Where employee turnover is high, business owners often prefer doing the training themselves and passing on to other members of the workforce. Many employers (primarily small and medium sized) have a preference for 'cascading' skills and training as a way of maximizing impact, either through 'on the job' shadowing or training or passing on learnings from an external course to other team members.

- The nature of the skill requiring training or development tends to dictate the appropriate methodology but fitting around work and current Covid-19 related restrictions means that online delivery methods/webinars are popular with SMEs. This also tends to be cost-effective which is important. Even subjects previously delivered in classrooms have been found to work online giving SMEs greater flexibility and reducing time spent 'off the job'. However, online courses are found by a minority of SMEs to be inflexible and ideally require post-course support in some instances to ensure SMEs benefit.

- Other SMEs felt that going off-site to get their head out of work was advantageous as it aided concentration and felt it is too easy to switch off from online courses. As regulations are relaxed it was also noted that the networking benefit of interacting with others in the same field at face-to-face courses is also very valuable.

- Some subjects and sectors will likely always require face-to-face training such as 'hands-on' training in the health and social care sector; products you need to interact with to understand the manufacture and appliance of the technology; and some IT skills where sitting in front of a laptop with an instructor is necessary.

- The vast majority of businesses are generally comfortable with where to go for information on training. Sources commonly used include: manufacturers and suppliers; search engines such as Google; family members, colleagues, associates or other SMEs; expert agencies (for e.g. employment law); professional bodies or membership organisations; Government bodies and Local Authorities; and local universities and colleges.

- A small number of businesses had accessed training courses through the Business Growth Hub and were positive about their experience.

- A range of barriers to accessing training or development exist and one of the biggest is sparing time for training. This is particularly critical for micro and small sized businesses (which make up the vast majority of businesses in Leicester and Leicestershire) as employees have a variety of different roles and responsibilities making it difficult for them to be given the time away from work to attend training. Many businesses simply can't afford for staff to be in training as production would have to stop. Time also presents an issue in terms of sparing the time to find the right kind of course, develop a plan and organise it, and then apply it to the business. Other barriers include: the cost (or perceived cost) of undertaking training or development; the extent to which it provides return on investment; a lack of relevant training courses (linked to specific skills e.g. early years childcare); and the red tape associated with funding that is prohibitive for SMEs.