



Turbulent Times: Skills for a Global World

OCR
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Learning for a just and sustainable world

Foreword



In an increasingly turbulent and uncertain global world, it is vital that as a society we work together to maximise opportunities and mitigate threats. This report examines some of these emerging threats and opportunities from a skills perspective, looks at the role those stakeholder groups play and how we should all come together to prepare our young people for these fast changing times.

In the spirit of this kind of collaboration, members from the Education Committee and the Business, Innovation and Skills Committee, have come together to form a new Sub-Committee on Education, Skills and the Economy. The Committee, co-chaired by Neil Carmichael MP (Chair of the Education Select Committee) and myself, aims to bring together committee members in an innovative way to examine issues around education and skills, and how they impact upon business and the economy.

We have done this because we recognise that in order to move towards political solutions to some of these emerging opportunities and threats, we need to breakdown the traditional government department silos and stakeholder groups and join up our thinking, policy making and implementation.

This report highlights the importance of this kind of joined-up approach to tackle the stubbornly persistent skills problems that many of our young people, particularly around numeracy and literacy and those elusive 'soft skills', are experiencing and that employers say they so urgently require.

Only by coming together to address some of the issues highlighted in this report will we foster the environment to equip our young people with the necessary skills they need to succeed in this fast-changing world. Only by enabling our young people to succeed and progress through their careers will employers gain the workforce that will allow our UK economy to compete on the global economic stage.

Iain Wright MP

Chair of Business, Innovation and Skills Select Committee

Co-Chair of Sub-Committee on Education, Skills and the Economy

Executive summary

Britain today exists within a complex and volatile global system. That system is changing and evolving more rapidly than ever before, and the world in which our young people are growing up is being shaped not only by changes within our own cities and communities, but by massive and uncontrolled forces that cross borders and continents with impunity.

Preparing our young people to live and work within this global system is a major challenge confronting our education and training systems. Of no less importance is ensuring that our businesses and employers are aware of global factors affecting their sectors, and playing an active role in helping to ensure the young people who will eventually come to them as recruits are appropriately skilled and ready to work both domestically and within an international labour market.

Think Global and OCR have worked together to examine the views of current UK employers on a series of questions related to how well we are coping, and are likely to cope in the future, with the unpredictable demands of a global world. Our key findings from this survey-based research fall into three main categories:

1. **The Skills Gap Persists.** Despite numerous government, education and industry interventions in recent years, employers still consistently report a gap between the skills they require, and those available in the labour market. There are particular issues in some types of organisations (such as large companies); and some sectors (such as agriculture). There are also, however, deep problems with a lack of core literacy and numeracy skills – skills which are not only vital for work, but for life. Notable in the global context which informs this research, was the finding that over a quarter (28%) of employers were affected by a lack of workers with foreign language skills; a figure rising to almost half (44%) in London.
2. **More needs to be done to prepare for future skills requirements in a global world:** Government has clearly recognised that both now and in the future, Britain's prosperity relies not on becoming more separate from, but more embedded within, the wider world. Some employers seem to be aware of this, and are expecting to work within a more connected system, by employing more people from non-English backgrounds, and accepting that the labour force in their industries will become more globally mobile. However, dealing with this in a coherent system-wide way remains a problem.
3. **Employers themselves are out of touch:** Perhaps the starkest finding the research was that, despite some bright spots, in general employers themselves are out of touch both with the real global context in which their industries operate, and with their own roles and responsibilities in helping prepare their future workforces. Some of the problems highlighted, such as lack of articulation between the school, further education and tertiary education sectors, have been noted before (a fact which makes them no less troubling). Of particular interest, however, were indications that employers are simply expecting too much of training organisations (particularly of schools), while also being unwilling actively to engage themselves in providing training. Views on the proposed new apprenticeships levy were particularly telling here – despite the levy's introduction, more employers did not expect to start providing more apprenticeships.

These findings point to the need for a concerted, coordinated push involving not only Government, but also from trainers and employers themselves, in finding a way better to prepare our young people from the reality of work and life in turbulent, global times.

Summary of recommendations

For Employers: Employers need to understand the multiple purposes of the education system, and take their own share of responsibility for improving the work-preparedness of young people. They need to be more connected with young people, and work should be done to better understand mismatches between employer and young peoples' expectation of work purpose and requirements. Employer bodies and associations should work actively to make employers aware of (and understand the relevance of) important global trends and developments.

For the Skills System: Core skills remain vital; but curricula and careers advice must also include employability/soft skills. Schools should be more demanding of employers; and regulatory and qualifications bodies should highlight the importance of global skills and competencies in standards frameworks.

For Government: Government should be the facilitator for ensuring all stakeholders are engaged in the education and skills system rather than the determiner of requirements. The focus of activity should be on how to ensure efficient and effective partnership working is developed and maintained. To future-proof the education and training system, global and long-term perspectives must be adopted into curricula; and official projections for employment and skills in the UK (for example, from the ONS) should include specific consideration of global trends over the same periods studied in each projection

Introduction

The world in which our young people grow up is changing more rapidly than ever before. Immediate influences such as family, friends, and education are as important as they always have been; but there are now, more than ever, much larger critical issues at play.

National policies and programmes on education, economic and industrial circumstances, the environment and security all have a direct effect on young peoples' lives, through the environmental and social conditions they create, and the opportunities they foster. Beyond the national level, even greater, harder to control, forces are at work. Like never previously experienced, national governments are finding these global challenges much harder to legislate for and mitigate. Climate change, international competitiveness, terrorism, large-scale migration and rapid technological advances are all having an increasing effect on how young people experience their lives, and help determine the quality of life they will have in the future. In such a turbulent and unstable world, there has never been such opportunity but with it comes real and substantial threats. Our young people need both the skills and knowledge to succeed in this exciting but turbulent global environment.

Preparing our young people for an increasingly volatile world must be a key priority for educators and politicians. With the age of a 'job for life' long gone, young people will now be expected to work for longer than ever and have a number of jobs throughout their careers. The opportunity to retrain and up-skill throughout their working lives is now vital.

Recent concerns about the UK's lack of productivity have sparked political activity seeking to address this issue, including a dedicated plan to raise levels of productivity. With the UK 20% less productive than the average of our G7 partners, the Chancellor recently spoke to business leaders in the UK "about a creeping complacency in the national debate about our economy" and a "dangerous cocktail of new threats from around the world."¹ The Business, Innovation and Skills Select Committee also recently reported on an inquiry into UK productivity, finding that the Government's Productivity Plan is a "worthy document" but "that it lacks focus, there's an element of it being just a collection of government policies" and "it runs the risk of being useless and just sitting on the shelf".²

So, if we are to begin to reverse the trend of falling productivity, plug the skills gaps we need to compete effectively in a global economy, then we need a skills plan, an education policy and an economic strategy which are interlinked and are forward looking enough to transcend the 5 year political cycles which our electoral system locks us into.

Government must realise that now, as never before, our world is increasingly influenced by large national and global forces. Government policy decisions on funding and regulation of education affects what training is available, for whom, when and where. International trade and migration influences the types of jobs available in Britain, across industries and regions. Developments

¹ <https://www.gov.uk/government/speeches/chancellor-on-challenges-facing-uk-economy-in-2016>

² House of Commons Business, Innovation and Skills Committee, The Government's Productivity Plan, Second report of Session 2015-16, available at www.publications.parliament.uk/pa/cm201516/cmselect/cmbis/466/466.pdf

in technology or security can open completely new employment opportunities, or close long-established career pathways. Global climate change is shifting the fundamental physical circumstances in which all life exists, with immediate and profound effects on those employment sectors closely connected with the natural world, such as agriculture and tourism.

How well are our young people prepared to live and work in such a world? Are the decisions being taken by the authorities calibrated to support employment opportunities for young people, or will they limit and hinder our engagement with the global economy and global society? Are education and training arrangements appropriate for young peoples' future global needs? Do employers themselves understand the role they play in national and international development, and the responsibilities they have as part of a complex economic and social system?

These questions are at the heart of understanding and imagining how Britain's young people can best go forward. To answer them, Think Global and OCR are working together on a research project aiming to examine the current and future dynamics of Britain's global skills training system. This report, with its recommendations, represents both the culmination of that research, and the start of a longer-term project to research, engage and build a community including Government, industry, education, academic and charity bodies, who can work together to address coherently the need for a more sophisticated and effective global skills system to future proof our young people.

Method summary

The research informing this report took the form of a survey, deployed for Think Global and OCR by independent provider ICM Unlimited. The views of 500 senior (director-level or above) employers, from across industry sectors and across the UK, were surveyed by telephone over a two-week period in October 2015. Questions covered three main topic areas, namely

- Current global skills priorities and situations
- Skills training provision
- Future situations and requirements

Key findings

1. The Skills Gap persists

Shortages in the skills businesses need to grow and succeed in Britain have been identified through a range of studies over the last decade and more.³ Despite some signs of improvement in recent years, there remain particular shortages in some areas, such as STEM-related jobs. For example, a recent study by the CBI found that 43 percent of STEM-sector employers experience difficulty recruiting staff, and even more expect to experience difficulty in the future.⁴

In this study, the first and most important finding was confirmation that, despite policy and programme initiatives in recent times at government, education and industry level, **there remains clear evidence of a skills gap**. In total, over half (52%) of employers agreed that there is a difference between the skills they require and those possessed by the available workforce (only 39% disagreed, with the rest being unclear).



Some notable variations were found related both to industry and geographic area. For instance, the gap appears particularly severe in Scotland, where a strong majority (71%) of employers agree there is a skills gap (and only 16% believe there is not). With reference to different industries, there appear to be particular problems with large companies, and with those working in agriculture. The most ambivalent responses (that is, approximately equal numbers of employers agreed and disagreed that they experience a skills gap) were obtained from employers based in the Midlands, and working in construction and distribution (only one percentage point difference).

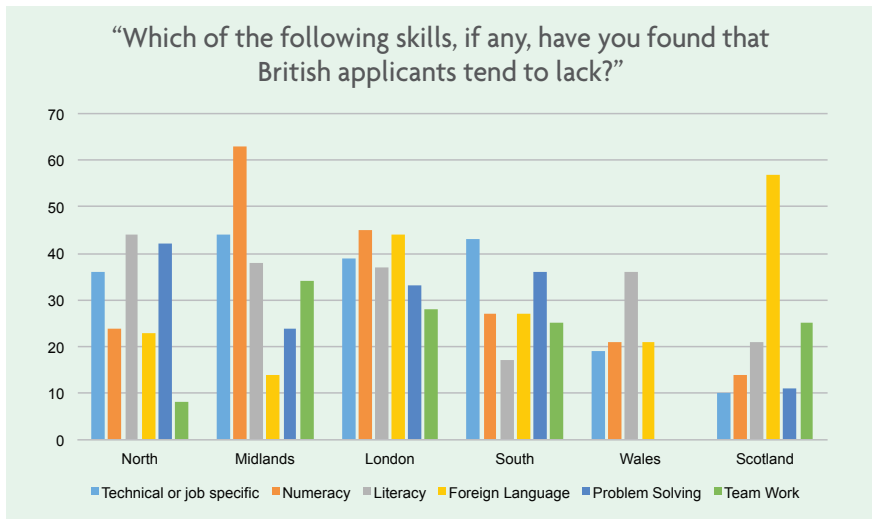
³ See, for example, Frogner, M. L. (2002) 'Skills Shortages', Office for National Statistics Special Feature, available at www.ons.gov.uk/.../volume-110--no-1/skills-shortages.pdf.

⁴ Confederation of British Industry (2011) 'Building for Growth: Business priorities for education and skills' Education and Skills Survey 2011, available at www.cbi.org.uk/media/1051530/cbi__edi_education__skills_survey_2011.pdf

To understand the importance of these findings, and to help identify possible solutions, the study went further, to examine which skills employers find most lacking, and what the business consequences are.

The roles and occupations in which the skills gap is most severe are those with particular professional or technical requirements. Over a third (34%) of employers in skilled trade occupations have difficulty recruiting, as do a quarter of employers in associate professional and technical occupations. The least difficulty, by contrast, is experienced by those operating within the elementary, administrative and secretarial occupations (6% and 4% respectively).

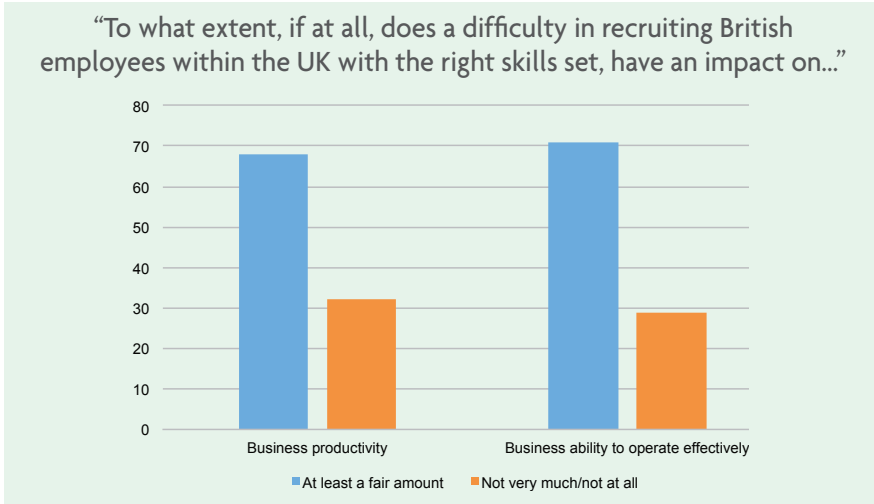
Within those occupations where a skills gap exists, the study dug down still deeper, to examine which particular types of skills are most problematic. Technical, practical or job specific skills were the most commonly missed, but close behind were the core skills of literacy and numeracy. Given the high priority of these skills, there were some troubling regional variations. For instance, fully half (50%) of employers in the Midlands reported that job applicants lack adequate oral communication skills; and in the North, almost half (44%) reported inadequate numeracy skills. Given that these skills are so fundamental to success not only in a business context, but in wider social and personal contexts, these findings must cause concern.



Importantly, given the Government’s current emphasis on international outreach, and on trying to build more effective relationships with rapidly-developing parts of the world, the study showed that there is also a substantial skills gap in relation to foreign language skills. Overall, 28% of employers are affected by employees’ lack of foreign language skills, with that number rising to 35% percent in large and service-based companies; and to close to half (44%) of all employers in London reporting a lack of foreign language skills. If Britain is to maintain and build a meaningful position on the world stage, this finding should ring alarm bells.

In terms of the actual consequences for business of this skills gap, and therefore the types of interventions are likely to be most useful, the study found that between two thirds and a half

of those experiencing a skills gap believe it negatively affects both their business productivity (68%), and their ability to operate effectively (71%). These effects are felt particularly in large organisations; in the construction and distribution sectors; and in London, the South, and Wales.



Taken together, these findings paint a clear picture of an economic and employment situation in Britain today where, despite previous research and various government interventions and initiatives, there remains a serious problem with a gap between the skills employers need, and those available in the current and prospective workforces. This has real implications for both productivity and operational effectiveness. The fact that so little has yet been achieved in terms of change and improvement, suggests that serious thought needs to be given to the likely trajectory of this situation, and what that means for the UK economy and society in the future as well as the present. The next section of our study raised this question with employers.

2. More needs to be done to prepare for future skills requirements

“You don’t avoid the world’s problems by trying to pretend, in the modern age, that we can be completely self-contained... our problem is that we haven’t had strong enough links with many of the fastest growing parts of the world.”

Chancellor George Osborne, 7 January 2016 (Speech to the Cardiff Business Club)

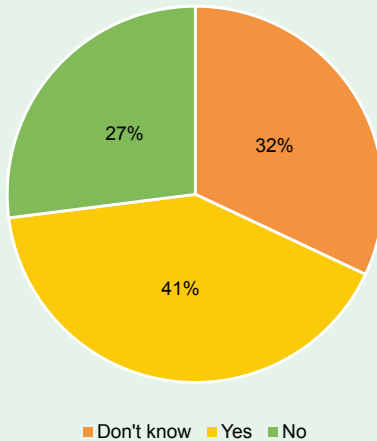
“We live in an ever-changing world. Globalisation means that we are competing with economies old and new.”

Nicky Morgan, 24 February 2016 (Speech to the Association of Colleges)

As highlighted in the introduction to this report, the UK is deeply embedded in a much larger global economic, social and political system. It is impossible, and indeed unwise, to think that the UK can develop skills policy and practice without reference to this broader context. In 2015, the UK exported £512.4 billion worth of goods and services; but imported even more (£547.2 billion worth of goods and services).⁵ The single largest recipient and source of UK imports and exports is the European Union, although the rapid growth of other developing countries means emerging markets are also important, and perhaps increasingly so in the future. In human terms as well, the UK is inextricably linked to other countries. Setting aside current developments in relation to refugees and migration, in 2014 13% of the UK population was born overseas, a figure which increased slowly but steadily in the preceding decade.⁶ Many of the issues which are contributing to these turbulent times, such as the future of the European Union, instability in the Middle East, and climate change, are global issues and not easily controlled or mitigated by our Government alone.

Increasing globalisation of the labour market is one particular part of this volatile mix, and is a feature not only of regional blocs such as the European Union, but across larger international networks also. The UK is deeply embedded within this trend, a fact of which employers in our study were aware. Over a quarter (28%) believe that in the future, more young people in their industry will work abroad for a while (with a further 32% being unsure). Moreover, almost a third (32%) believe they will probably employ more people from non-English backgrounds; an expectation perhaps related to the fact that over a quarter (27%) believe in the future it will not be easy to recruit enough good quality British people for business needs.

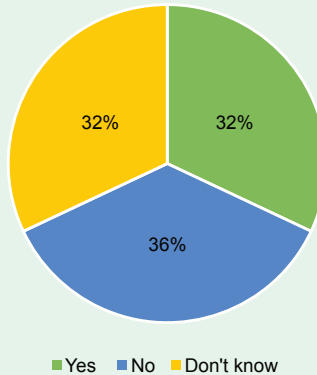
“Thinking about the next 10 years, by 2025 do you expect it will be easy to recruit enough good quality British people for (your) business?”



⁵ Office for National Statistics, UK Trade website, 'Summary: UK Trade, December 2015', available at www.ons.gov.uk/ons/rel/uktrade/uk-trade/december-2015/summ-uk-trade--december-2015.html.

⁶ Office for National Statistics, Population by country of birth and nationality report, August 2015, 'Main Findings', available at www.ons.gov.uk/ons/rel/migration/population-by-country-of-birth-and-nationality/2014/rpt-population-of-the-uk.html#tab-conclusions.

“Thinking about the next 10 years, by 2025 do you expect (your) business will probably employ more people from non-British backgrounds?”



The Government has clearly recognised this volatile reality, and the need to embrace the opportunities as well as the imperatives that global connections imply; or risk negative consequences. In a speech to business leaders in Cardiff in January 2016, the Chancellor explained that “...we were complacent in the run-up to the crash. We didn’t go out there and build those links with the rest of the world. Well now we are.”⁷ Very similar messages have also been broadcast by other Government Ministers, including the Foreign Secretary; members of the Opposition including the Shadow Foreign Secretary Hilary Benn; and business and civil leaders including Bank of England Governor Mark Carney.⁸ There appears therefore to be a broad and non-partisan consensus that more international engagement and attention, not less, is what the UK needs to ensure social and economic progress.

3. Employers are out of touch

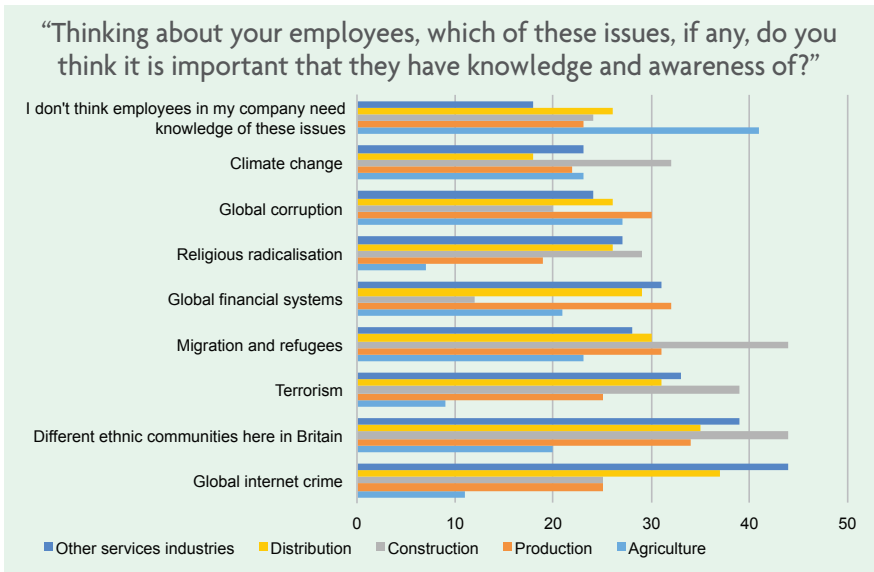
However, our study showed that there is at least one group who appear unaware of these developments, and moreover, largely uninterested: the UK’s employers. When presented with a list of nine global skills and knowledge areas, and asked which were important for business, in five of the nine cases a majority of employers responded that the skill or knowledge was unimportant (generally by a margin of about two thirds). The only two categories considered important by a majority of employers were an ability to think ethically (73%) and factual knowledge of the world, such as countries and general geography (64%). In Wales, employers appear particularly

⁷ The Right Hon George Osborne MP, The Chancellor on challenges facing the UK economy in 2016, Speech to business leaders in Cardiff, Wales, 7 January 2016. Transcript available at www.gov.uk/government/speeches/chancellor-on-challenges-facing-uk-economy-in-2016

⁸ See, respectively: The Right Hon Philip Hammond MP, Global uncertainty underlines the case for our economic reform, Speech to the Lloyds Annual Business Leaders Summit, London, 5 February 2016, available at www.gov.uk/government/speeches/global-uncertainty-underlines-the-case-for-our-economic-reform; The Right Hon Hilary Benn MP, The Internationalist case for Europe’, Speech at Chatham House, London, 11 February 2016, available at www.hilarybennmp.com/the_internationalist_case_for_europe; and Mark Carney, The UK at the heart of a renewed globalisation, Speech at the Financial Times, London, 24 October 2013, available at <http://www.bankofengland.co.uk/publications/Documents/speeches/2013/speech690.pdf>

disengaged from global imperatives; only 14% of respondents believed that global skills are important for their business.

Moreover, when asked which of a series of current international issues employers believe their employees should have knowledge of (including, for example, migration and refugees, global climate change, global financial systems, and terrorism), over a fifth (21%) of employers did not think their employees needed knowledge of any such issues. Within these responses, notable variations arose; for example, only 23% of employers working in agriculture believed that employees need any knowledge of climate change. This is remarkable, considering the close relationship between weather patterns, climate systems, and agricultural production.



Such thinking is clearly out of line with political and policy debate; not only in a contemporary context, but also with reference to the future. While debate surrounding political statements such as those mentioned above focuses clearly on a need for the UK’s international engagement to increase, and for more attention to be given to global connections, employers in our study appear less concerned with such matters. For example, fewer than half (47%) thought that the UK is in danger of being left behind by emerging economies unless young people learn to think more globally; and only 38% considered that a challenge for their business in the future would be to help build a better and more environmentally sustainable world.

Statements like these indicate a level of inwardness and insularity that is out of step with Government efforts to encourage more global connectivity. It also points to a potentially inefficient attitude to training and recruitment, in which despite acknowledged skills gaps amongst British job applicants, employers are nevertheless reluctant to seek recruits from abroad or from non-British backgrounds. Our study showed that while only 41% of employers were confident they would be able to recruit sufficient numbers of British people for their business need over the next ten years, most were not attracted to the idea of seeking alternative skilled

recruits from non-British background. Almost half (49%) did not think they would employ more people with foreign qualifications; and 36% did not believe they would have any more people from non-British backgrounds working in the companies.

Overall, this begins to paint a picture of a system in which employers, who have such great potential and deep responsibility to contribute to our national economic and social development, are fundamentally out of tune with the real needs and preferences of our communities, and indeed, their own industries.

4. There are gaps in our skills and training system

Of course, the persistence of a UK skills gap is due also to other factors beyond employers' misunderstanding of real work contexts and imperatives. A number of research and policy reports in recent years have pointed to deep structural problems with our skills, education and training system, and ones which again seem to have defied measures seeking improvement. In a major 2014 report, the Parliamentary Skills Commission identified four 'Strategic Alerts' which represent fundamental weaknesses in our skills system, and which need to be addressed if the skills gap is to be resolved.⁹ A follow-up publication, *Guide to the Skills System*, made clear the complexity and fragmentation of the system; while a report from the NUS Commission on the Future of Work identified particular problems in three key areas: the quality of jobs, access to opportunities, and the variability and quantity of employment.¹⁰ That these problems persist was evident in our study, which also provided deeper levels of details on some issues, as well as highlighting new problem areas.

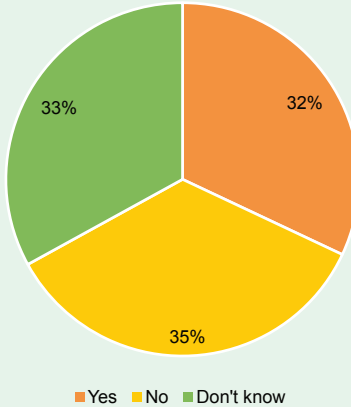
Unsurprisingly, a core area of concern was responsibility for providing and paying for training. One of the Government's major initiatives in this field has been the announcement of the introduction, in the 2015 Summer Budget, of an apprenticeships levy on large employers. Aiming to generate enough funding to support three million more apprenticeship places, the aim of the levy is to encourage larger firm to take on more apprentices, and therefore increase their contribution to staff training.

Respondents' views on the levy were very ambivalent, both in relation to whether it would likely affect their own business operations, and whether it would achieve the Government target of 3 million new apprenticeships. In relation to the latter (whether the target will be achieved), employers were split almost equally between believing it would; that it would not; or being unsure. In relation to whether the levy would affect individual business operations, almost two thirds of employers (64%) expected no change at all. Given that a very large proportion (78%) of study respondents do not currently offer apprenticeships, the fact that most also do not expect to begin to offer them would seem to bode ill for the success of the levy; at least in rhetorical terms.

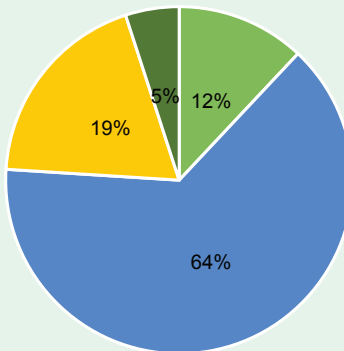
⁹ The four 'Strategic Alerts' are 1) uncertainty around responsibility for training, 2) reduced alignment between skills provision and work, 3) fragmentation in the system making it difficult for employers to engage, and 4) alarming policy dissonance between different Central Government Departments. Skills Commission (2014) *Still In Tune? The skills system and changing structures of work* (London: Policy Connect)

¹⁰ Skills Commission (2015) *Guide to the Skills System* (London: Policy Connect); and National Union of Students (2015) *NUS Commission on the Future of Work* (London: NUS)

“Do you think that the apprenticeships levy will help the government meet its target of 3 million apprenticeships by 2020?”



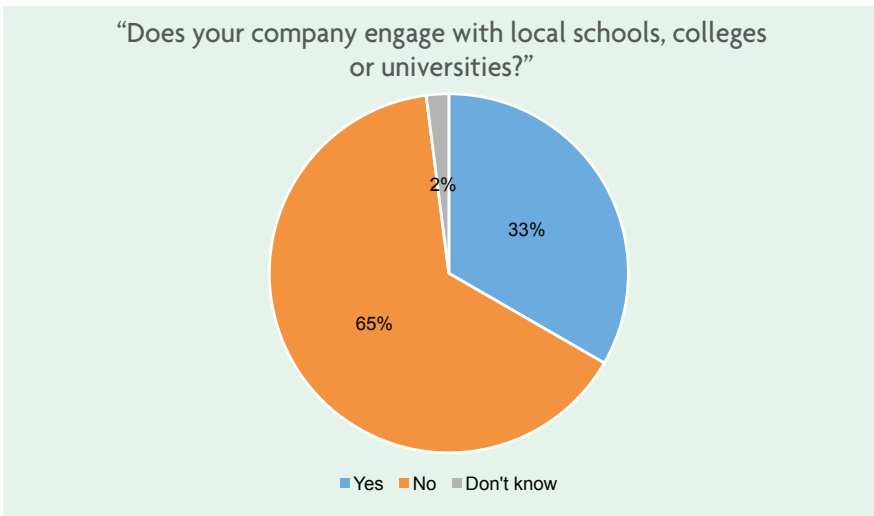
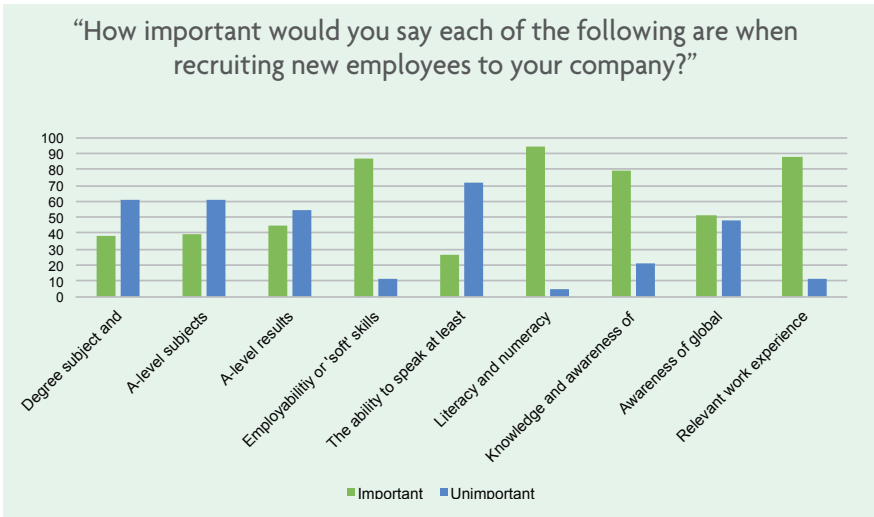
“As a result of the apprenticeships levy, do you expect your company will take on more apprentices, fewer apprentices, or about the same number of apprentices as it currently does?”



■ More apprentices ■ About the same number of apprentices ■ Fewer apprentices ■ Don't know

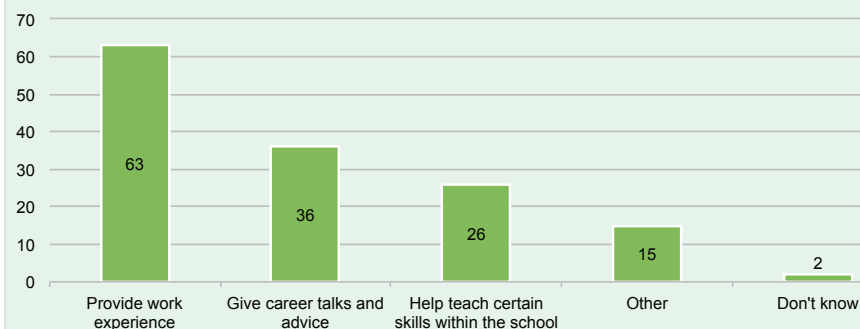
This lack of enthusiasm for the apprenticeships levy does not, however, seem to be accompanied by other ideas or preferences amongst employers for better approaches to providing and funding training. In terms of where responsibility for training should lie, our study again showed considerable ambiguity, and some problematic inconsistencies. For example, although almost a third (29%) of employers believe schools are responsible for ensuring young people have appropriate work skills, the single most important factor they consider in choosing between applicants is work experience (important to 74%). The only way for schools to provide work

experience is by collaborating with employers who can give placements; but only one third (33%) of employers in our study reported any engagement with schools, and then only some (63%) of those did so to provide work experience.¹¹ So there appears to be a disconnect between what employers expect of schools, and their understanding of their own role in achieving that expectation.



¹¹ The other two main options for school engagement were giving career talks and advice, and helping teach certain skills within the school.

(For those engaging) “In which of the following ways does your company engage with local schools, colleges or universities?”



Considering other institutions, one noteworthy finding in relation to perceived responsibility for ensuring young people have appropriate skills, was the fact that so few respondents (only 15%) believed that colleges should have a role here. Given that the *raison d'être* of many colleges is to provide skills and technical training with specifically vocational perspectives in mind, this lack of interest on the part of employers seems strange. Whether or not this is a research anomaly, or whether it points to serious problems with links between employers and the vocational college system in the UK, would be worth further consideration.

Further, the only institution type ranked even lower in importance than colleges were universities (only 10% of employers believe universities should be responsible for providing skills training). This is unsurprising given the traditional focus of universities on less 'vocational' courses; but it also points to problems with continued lack of articulation between further and higher education. Also, it points to more complex issues of what precisely constitutes 'vocational training'. For instance, medicine is clearly a university discipline; but it is also unquestionably a type of vocational training. A similar case could be made for other disciplines, such as education, and engineering.

Yet more ambiguity was found in employers' views of government responsibility for training provision and funding. For instance, more employers disagreed than agreed (36% compared with 28%) with the statement "It's not really the responsibility of the business to pay for training like this: these are skills that apply to many businesses, so should be provided by the government." This indicates a sense that businesses ought to have at least some responsibility to pay for training. However, a strong majority (68%) also reported that they would implement skills training if they were paid to do so; presumably by the government. How to reconcile these positions, and determine a clear direction of intervention, is likely to be difficult.

Taken together, our study shows that there are deep confusions and inconsistencies in the ways that employers (and probably other stakeholders) think about the structures and systems for skills training in the UK. Other research has pointed to different aspects of this confusion; but comprehensive solutions are yet to be forthcoming, and whether or not the apprenticeships levy will prove useful in the future remains to be seen.

Case Studies – innovative/efficient approaches to skills training

Despite these clear and substantial challenges, there are some important signs of hope and progress. A few employers are leading the way by implementing truly creative and efficient methods of training provision. The most effective of these reflect the findings of this report, in their emphasis not only on immediate business priorities, but also on larger global issues. By recognising that business operations are part of a wider international social and economic contexts, and addressing this through innovative training solutions, some companies are providing a valuable example for both policy and practice.

SIEMENS PROGRAMME FOR INTEGRATING REFUGEES

Siemens AG is one of the biggest international players in the technology and engineering sector. Based in Germany, but with a global presence, the company is a major employer; in the UK alone Siemens has over 13,000 employees across 13 manufacturing sites and over 25 major offices.

The recruitment and skills training requirements of such a large workforce are substantial. At its German operations, however, Siemens has introduced an innovative scheme that not only helps ensure a flow of highly skilled and qualified workers, but also helps address one of today's most pressing international issues – the influx of refugees into Europe as a result of political instability in the Middle East and North Africa.

Under the programme, Siemens is offering a 'fast-track' training process for integrating appropriately skilled and qualified refugees into the company workforce. Through a combination of special classes and extended internship opportunities, Siemens has enabled refugees who have useful skills but who are still waiting to be processed through the asylum system to become self-supporting, and to connect more quickly with mainstream German society.

Recommendations

It's clear from the findings of this report, the issues affecting our skills system are multiple and complex. It is, perhaps, foolish to forever chase reform (whether to qualifications, structures or systems) as a sort of silver bullet that will provide a quick fix. Our Skills system faces not only complex problems, but it also exists in an increasingly uncertain global environment. Our recommendations have been divided into sections for the relevant stakeholders that they affect the most. We must recognise the individual and collective expertise of all players in the Skills system and remember no one party is more critical than the others.

For Employers

Employers clearly play a critical role in defining their skills needs, however, employers perceptions are often tainted by previous experiences, can be out of date with the current labour market and put their immediate business needs ahead of long-term skills planning for the economy as a whole. Therefore, employers' own awareness and understanding of skills and global contexts needs to improve:

- Employers need to understand the multiple purposes of the education system, the remit for education and skills system is and must remain broader than employers training needs.
- Employers' Associations, Unions, Sector Skills Councils, Trade Bodies and other business organisations should conduct communications campaigns linking the interests of their members with relevant global issues.
- Employers need to take responsibility for helping to improve the work-preparedness of young people, it should not be acceptable for employers to criticise the education and skills system if they have no involvement in trying to improve it.
- Employers need to be more connected with young people. This will help their skills pipeline as schools and colleges will gain greater understanding of the requirements of business and can tailor curricula accordingly, but it will also ensure that young people leave these institutions better prepared to enter the workforce.
- Work should be conducted to find out more about the apparent mismatch between employers' and young people's expectations and priorities on the moral dimensions of employment

For the Skills System

Core skills remain vital and must include global employability/soft skills:

- School careers services should include advice to help students understand the importance of core and global skills for employment, and support them to gain those skills.
- Curricula and courses at further, higher, in-work, adult and community education should include focus on employability and soft skills.

- Regulatory bodies such as the Ofsted, Ofqual and the QAA should highlight the importance of global employability and soft skills in standards frameworks.
- Schools and Colleges need to be more demanding of employers, they need to actively seek out and maintain links with employers to ensure young people are effectively prepared for work and also to expose young people to the breadth of opportunity in work, which would support their duties in providing careers information.
- Providers need to be responsive to business, while maintaining the breadth of their educational mission.

For Government

Much of the instability in the skills system, particularly in relation to vocational education, has come from the impact of cyclical government intervention. The reality is that while changes can relatively quickly be made to qualifications (and to some extent structures), the evidence of the impact of those changes takes a long time to come through. Primary Schools are now teaching the new national curriculum, the 2015-16 cohort of Year 6s will take the first assessments on that new curriculum. If this cohort of young people enters the workforce at the end of their compulsory participation in education and training, they will do so aged 18 in 2023, at the current cycle of review, we could not guarantee that they will sit the A Levels or Vocational qualifications that have been developed for first teaching September 2016. Government must recognise the need to free the education and skills system from the short-term political cycle:

- Government should be the facilitator for ensuring all stakeholders are engaged in the education and skills system rather than the determiner of requirements.
- A culture of continuous improvement rather than continuous revolution must be adopted, this will engender stability in the system and generate sustainable relationships between employers and the education and skills system.
- The focus of government activity should be on how to ensure efficient and effective partnership working is developed and maintained. We have had a constant churn of qualification-led education reforms and yet many of the issues reported by employers remain stubbornly unchanged.
- Further work should be commissioned to evaluate employer needs for literacy and numeracy. Existing work tends to focus around what particular qualifications need to look like. While employers in our research told us strongly that literacy and numeracy were important skills, anecdotally they report these skills to be lacking even in young people who have attained a 'good pass' at GCSE.
- To future-proof the education and training system, global and long-term perspectives must be adopted into curricula
- Official projections for employment and skills in the UK (for example, from the ONS) should include specific consideration of global trends over the same periods studied in each projection.

OCR

Oxford Cambridge and RSA

OCR

Progress House, Westwood Way
Coventry, CV4 8JQ

+44 (0)2476 851509

vocational.qualifications@ocr.org.uk

Think Global



Learning for a just and sustainable world

info@think-global.org.uk

www.think-global.org.uk

Think Global, CAN Mezzanine,
32-36 Loman Street, London SE1 0EH

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