

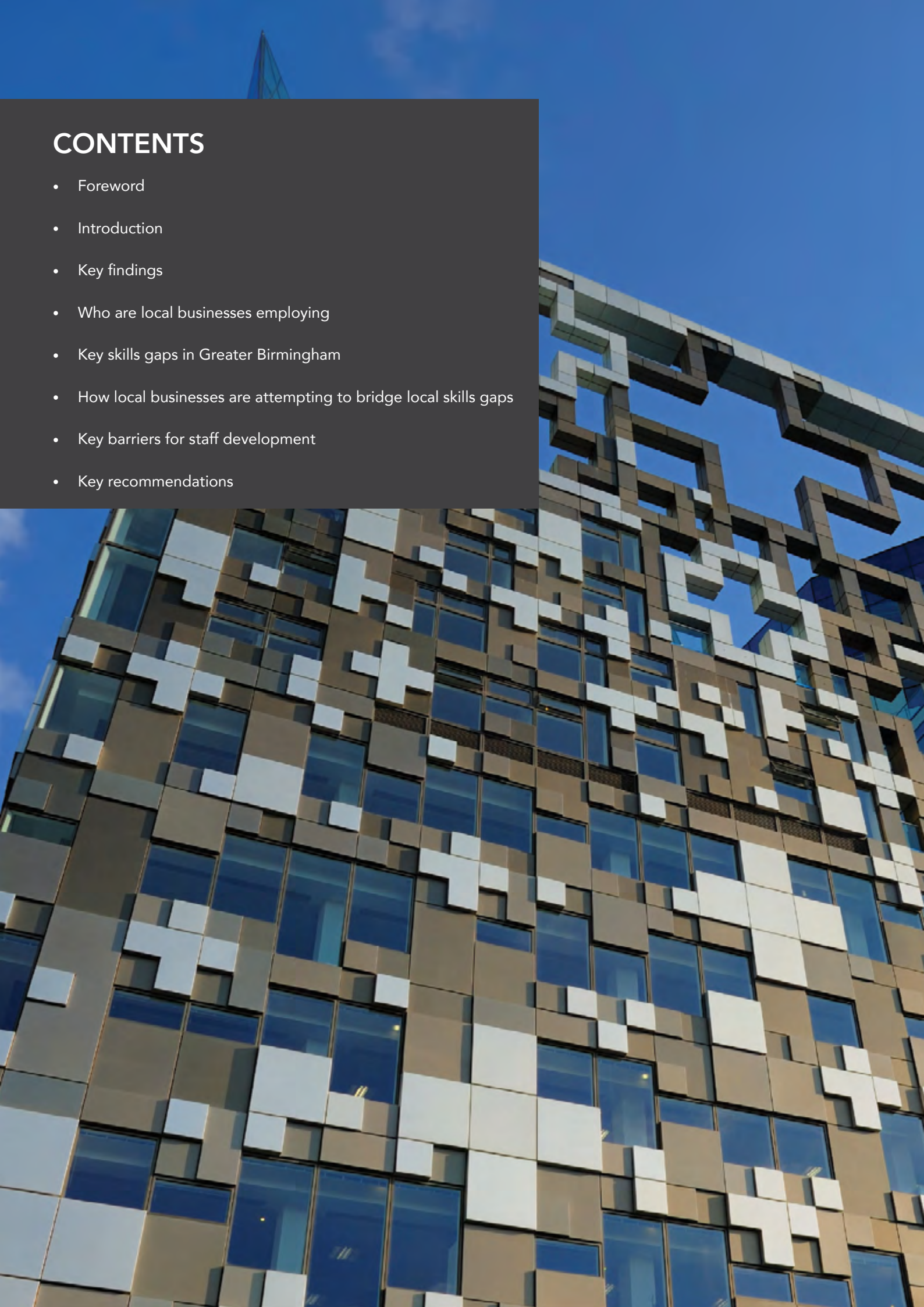
BRIDGING SKILLS GAPS IN GREATER BIRMINGHAM: HOW TO AVOID TALENT SHORTAGES FOR THE FUTURE

ROBERT WALTERS



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- Who are local businesses employing
- Key skills gaps in Greater Birmingham
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FOREWORD

Greater Birmingham is a fantastic city which as a Chamber, we are proud to be a part of. Looking back at Chamber archives from 200 years ago, we have long been and still remain very aware of skills gaps in the city-region. We know that there is a skills gap, and a productivity gap partially fuelled by this.

Our Quarterly Business Reports consistently show that organisations across Greater Birmingham experience difficulties hiring, and our annual Birmingham Economic Review highlights the areas in which skills are particularly low. The Office of National Statistics reports of lower than average employment figures in the West Midlands, and data from various stakeholders illustrates how certain areas of Birmingham are experiencing particularly low employment rates.

However, in the 11 years I have been in Greater Birmingham, I have seen key public bodies, stakeholders and businesses working together to tackle the issue and bridge skills gaps. This report shows an appetite for improvement, and the Chambers have prioritised working with various organisations and bodies to bring about positive change in the areas of skills, employment and productivity.

Paul Faulkner, Chief Executive, Greater Birmingham Chamber of Commerce

Determining how to attract and retain high-calibre professionals within the Greater Birmingham region is vital for local businesses to expand and upskill staff in 2018. Robert Walters works closely with Midlands businesses who often voice their concerns regarding the poor quality of talented professionals in local talent pools.

Working with local people to ensure they have the skills they need to access and succeed in the new jobs being created across Greater Birmingham is essential for achieving growth and bridging skills shortages for the future. Skills gaps can impact on employee performance, motivation and staying ahead of local competition.

This research provides insight into the local skills shortages and the expectations for the local market in 2018.

Habiba Khatoun, Associate Director at Robert Walters Plc.

INTRODUCTION - Research overview

Despite economic and political shifts over the last few years, Birmingham and the broader West Midlands has continued to enjoy economic growth in a number of different areas. However, the key skill areas are changing and professionals and organisations will have to adapt to remain in demand and in-keeping with the ever-changing economy.

Regional businesses and policy bodies have expressed ongoing concerns about existing and potential skills shortages in the local regional areas. As a result of these concerns, the Greater Birmingham Chambers of Commerce and recruitment specialists Robert Walters, have partnered together to present the latest trends and key findings in the region's skills and talent disparities.

This research examines which skills will be most highly sought after in the evolving economy, which skills employers believe they will need in the future, where key skills gaps are likely to appear and how businesses can upskill existing staff or acquire the skills they need through recruiting new talent.

For businesses, it will be vital to understand the strategies other employers are using to future-proof their workforce and identify the opportunities to engage with talented professionals possessing in-demand skills.

As new industries emerge and traditional ones adapt, employers and professionals in the region will need to be prepared to adjust to new economic pressures in 2018.

This research aims to explore:

- How significant the issue of skills shortages is in the region
- To what extent organisations are developing existing staff
- What key skill areas organisations struggle to find when recruiting new talent
- What businesses are doing to develop the employability of the local population
- What strategies businesses in Greater Birmingham are employing to avoid talent shortages



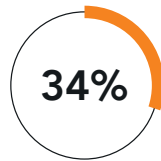


**MARK TAYLOR, REGIONAL MANAGING
PARTNER, CENTRAL, RSM:**

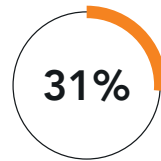
“THE RECRUITMENT MARKET IS AS CHALLENGING AS IT HAS EVER BEEN; A KEY PART OF OUR STRATEGY IS TO WORK MORE CLOSELY THAN EVER BEFORE WITH LOCAL SCHOOLS, COLLEGES, UNIVERSITIES AND SOCIAL MOBILITY INITIATIVES TO IDENTIFY AND RECRUIT ENTHUSIASTIC, DIVERSE PERSONALITIES TO BUILD A LONG-TERM CAREER WITH US.”

KEY FINDINGS

What do local businesses consider to be the hardest skills to find?



Critical thinking
problem solving

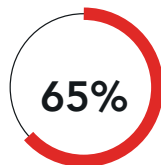


Knowledge
of the business
sector / industry

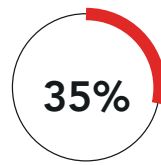


Commercial
Aptitude

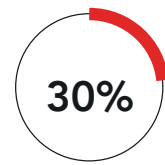
What are the highest valued training methods to help up-skill staff?



Providing
formal training



Networking



Moving staff internally
and making new hires

32%

OF BUSINESSES RECRUITED JUST 0-25% OF NEW STAFF
FROM THEIR LOCAL AREA IN THE LAST YEAR

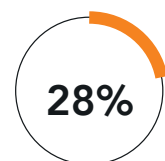
Hardest to fill roles in Greater Birmingham?



Management
level roles



Executive
level roles



Assistant/entry
level roles

Hiring managers in local Greater Birmingham business are faced with three key barriers to up-skilling staff:



47% Lack of
available funds



45% cannot
spare staff time



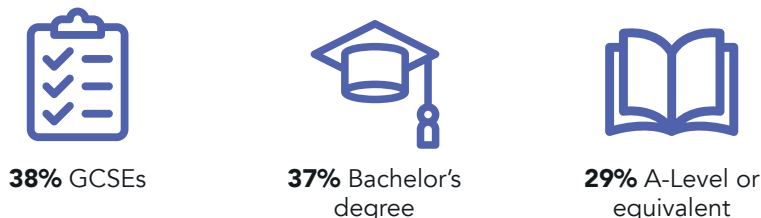
27% training is
too expensive

WHO ARE LOCAL BUSINESSES EMPLOYING?

Qualifications for entry level roles

Employment entry level requirements for Greater Birmingham businesses during 2017 are shown in Figure 1. Nearly 40% of local businesses consider GCSE, as typical requirements for entry level roles, **37%** reported that Bachelor's degrees are typically required, and **29%** 'A level or equivalent.

Figure 1:



Outside of local authority area

Organisations are regularly hiring from outside of the local authority area in which they are based.

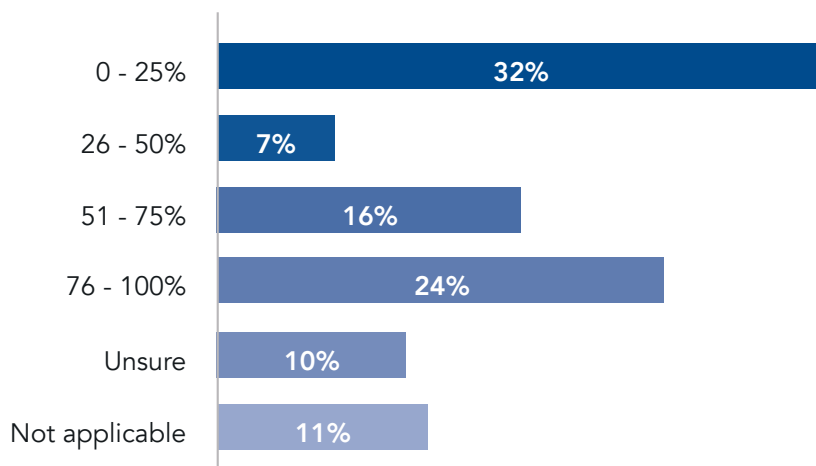
Overall, **32%** of organisations surveyed reported that approximately **0-25%** of new employees in their business in the last year have been from the local authority area in which the business is based. Compared to nearly a quarter (**24%**) of local business who made approximately **76-100%** of last year's hires from within their local area.

While **48%** of manufacturing sector organisations indicated that over **50%** of new employees during the past year have been from the local area, they also indicated that they are facing the most difficulties when finding the right skills for new employees to perform their role effectively.

40% of service sector organisations reported to have made over **50%** of the last year's hires from their local authority area as opposed to **35%** who made less than **25%** of hires from the local authority area in which they're based.

Approximate percentage of employees new to the business within the last year hired from the local authority area in which the business is based:

Figure 2:



STAFF RETENTION RATE

39% of respondents reported the average retention rate of staff in their organisation is approximately 2-5 years. The second most frequent results were 5-10 years and more than 10 years, each reported by 21% of respondents.

Manufacturing organisations have on average a higher retention rate than service sector respondents. A higher proportion indicated that their approximate average retention rate of staff was more than 10 years (37%) compared to service sectors (19%). However, the majority of those who responded, 'Less than 1 year' were Manufacturing respondents.

Figure 3:



ANDREW CLEAVES, PRINCIPAL AND CEO, BMET:

"THIS REPORT IS A VALUABLE CONTRIBUTION TO UNDERSTANDING THE NEEDS OF EMPLOYERS AS THE ECONOMY OF OUR AREA CONTINUES TO GROW. WE ARE WORKING HARD TO ENSURE THAT OUR LOCAL EDUCATION AND TRAINING OFFER RESPONDS TO THIS AND ENABLES MORE PEOPLE, OF ALL AGES AND FROM ALL BACKGROUNDS, TO SHARE IN THIS GROWING CONFIDENCE AND PROSPERITY."

WHAT ARE THE KEY SKILLS GAPS FOR BUSINESSES IN GREATER BIRMINGHAM?

The hardest skills to find:



34% Critical thinking & problem solving



31% Knowledge of business sector/industry

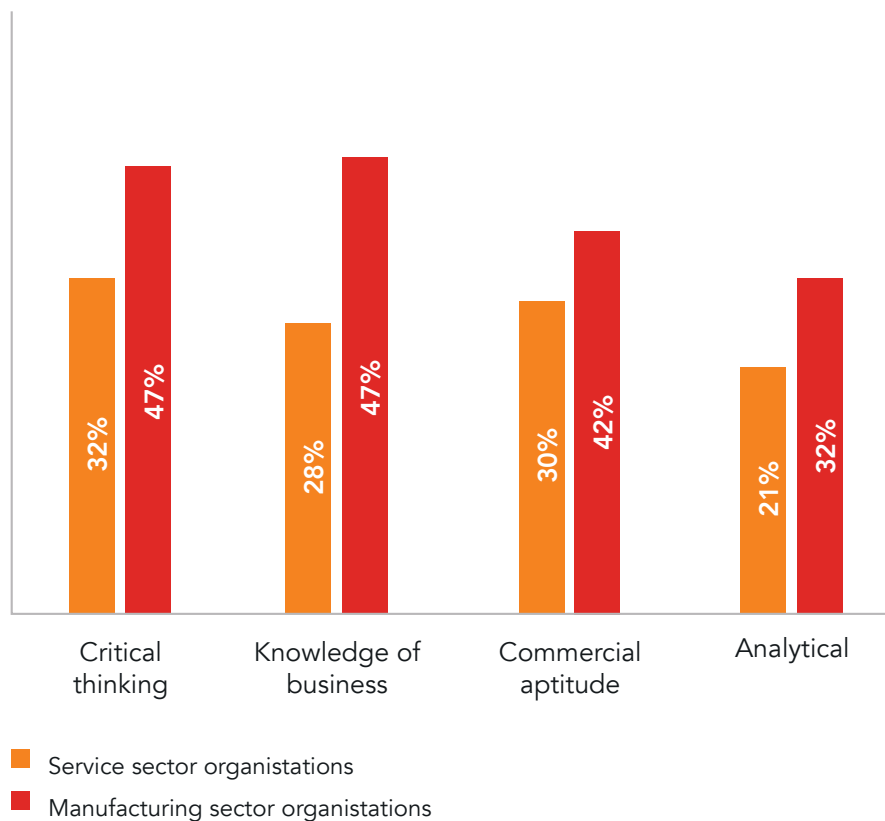


29% Commercial aptitude

Overall, critical thinking & problem solving; knowledge of business sector/industry; and Commercial aptitude are considered the top three skills that local businesses are struggling to find in new employees.

Manufacturing organisations in particular highlighted such difficulties, with **47%** reporting each of 'Critical thinking and problem solving,' and 'Knowledge of Business sector/industry' as difficult to source, compared to **32%** and **28%** for service sector businesses respectively.

Figure 5:



RECRUITMENT CHALLENGES FOR DIFFERENT JOB ROLES


The challenges for businesses recruiting different job role levels are highlighted in **Figure 6**. **28%** of organisations reported 'Assistant / entry level' and 'Management level' positions as levels at which they find it most difficult to find new staff with the required skills to perform their roles effectively. These were closely followed by Executive (**22%**) and Trainee (**20%**) level positions.

Both manufacturing and service sectors have trouble finding the right staff with the right skills within the Greater Birmingham area. Only **19%** of services sector organisations reported that they do not struggle to find new staff with the required skills and, this figure was just **5%** among manufacturing sector respondents.

Most difficult roles to fill in Greater Birmingham

Figure 6:





“BOTH MANUFACTURING AND SERVICE SECTORS HAVE TROUBLE FINDING THE RIGHT STAFF WITH THE RIGHT SKILLS WITHIN THE GREATER BIRMINGHAM AREA”.

HOW LOCAL BUSINESSES ARE ATTEMPTING TO BRIDGE SKILLS GAPS

Common strategies employed

Most organisations are employing a range of strategies aimed at bridging skills gaps, most commonly by providing formal training to up-skill staff. However, a significant proportion of respondents believe their organisations to be under-utilising mentoring and coaching as methods of bridging skills gaps within organisations.

Though mentoring was only reported as a technique used to bridge skills gaps in **35%** of organisations, **73%** of respondents believe mentoring and/or coaching to be among the most effective strategies for upskilling staff. Internal training was also highlighted as an effective way of upskilling staff by **73%** of respondents.

Our research indicates that the majority of employers are utilising a range of strategies in their own organisations and staff have the appetite for utilising further strategies.

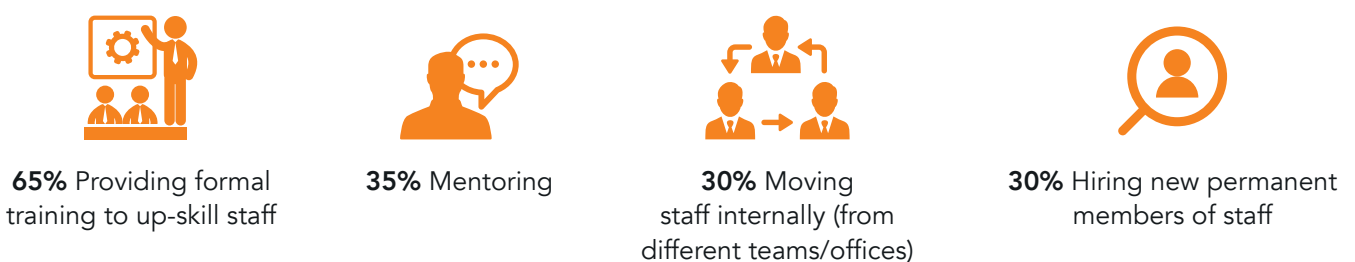
Figure 7:

Strategies believed to be the most effective for upskilling staff



Figure 8:

Strategies most frequently employed to bridge skill gaps







“THE SURVEY RESULTS HIGHLIGHT THE LACK OF VERY CLEAR PLANS FOR STAFF TO REACH PROMOTIONS AND AVOID TALENT SHORTAGES IN THE REGION”.

ENGAGING EMPLOYEES

The survey results highlight the lack of very clear plans for staff to reach promotions and avoid talent shortages in the region.

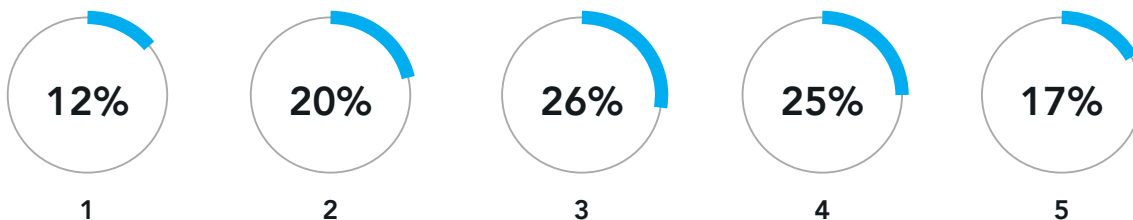
Just **17%** of respondents reported that their organisation offered very clear plans for staff to reach promotions and avoid talent shortages. **12%** reported that their organisations did not offer such plans at all.

24% of manufacturing firms do not offer clear progressive plans for staff, compared to **21%** of Service sector organisations that do offer very clear plans to encourage internal promotions and avoid skills shortages. This highlights a disparity between the two sectors in the region.

Yet, while **24%** of manufacturing firms do not offer such plans, over **35%** of manufacturing sector organisations report that average staff retention is more than 10 years, while **40%** of services sector organisations struggle to retain staff for longer than 5 years.

Figure 9:

To what extent does your organisation offer clear plans for staff to reach promotions and avoid talent shortages? (1 = not at all, 5 = very clear plans)



72% of respondents reported that staff in their organisations are encouraged to be actively involved in strategic commercial decision making to a moderate, significant or large extent. **28%** indicated that staff are not, or are only to a small extent, involved in such decision making.

However, **67%** of the same respondents indicated their belief that staff either 'do not at all' have the skills to be involved in these decisions, or have such skills only to a low, or moderate extent.



DEVELOPING THE NEXT GENERATION OF EMPLOYEES

The Status of Apprenticeships

There is a notable difference in perceptions of apprentices between business sectors.

Manufacturing sector organisations far more frequently view apprenticeships as essential to the future success of their business than services sector organisations, reflecting a sector-disparity in perceptions of apprentices.

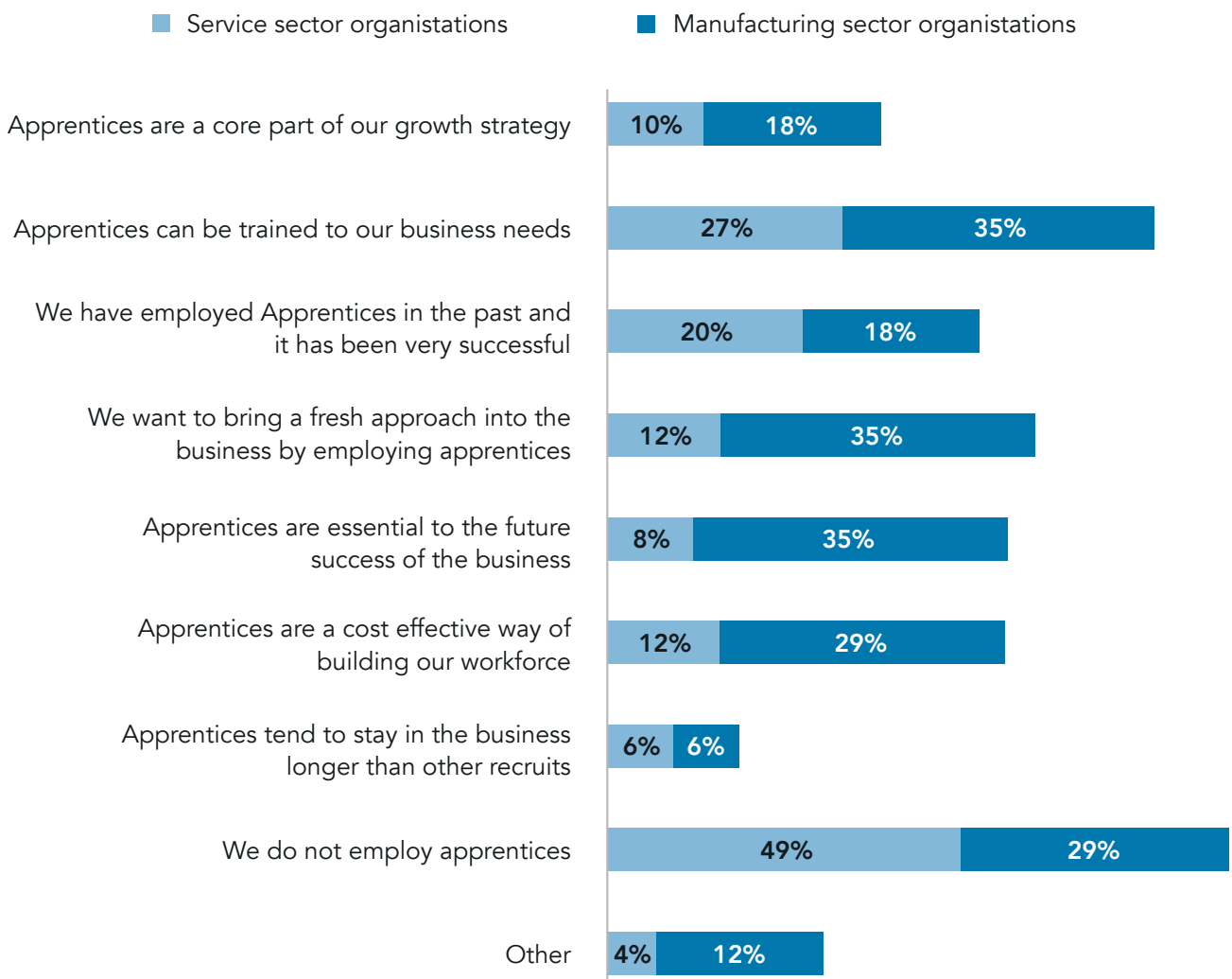
49% of services sector organisations, in comparison to just **29%** of manufacturing sector organisations reported that they do not employ apprentices at the time of surveying for this report.

Further, while **35%** of manufacturing sector organisations indicated that apprentices are considered essential to the future success of their business, this figure was just **8%** among services sector organisations.

Similarly, higher proportions of manufacturing sector organisations recognised apprentices as: a core part of their growth strategy; capable of being trained to their business needs; desirable, so as to bring a fresh approach into the business; and a cost-effective way of building their workforce.

Figure 10:

Perceptions of Apprentices





“THERE IS A NOTABLE DIFFERENCE
IN PERCEPTIONS OF APPRENTICES
BETWEEN BUSINESS SECTORS.”

ENGAGEMENT WITH SCHOOLS AND COLLEGES

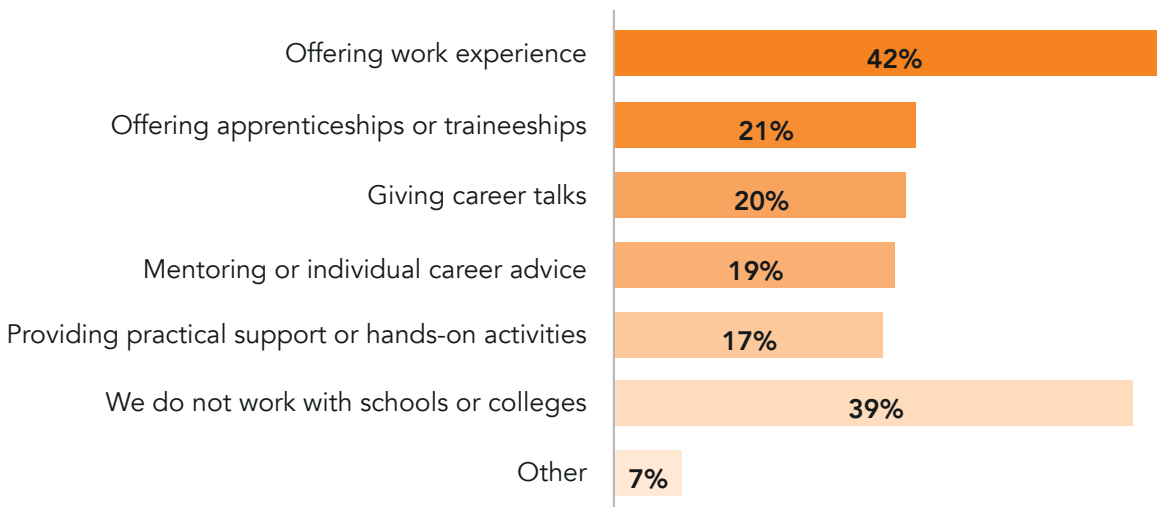
Approximately **1 in 5** organisations report offering apprenticeships or traineeships in the local area. Just **21%** of organisations reported working with schools to support the development of employability in young people by offering apprenticeships and traineeships.

42% indicated that they offer work experience opportunities: **41%** of services sector organisations, in comparison to just **25%** of manufacturing sector organisations. This was by far the most considerable sector divergence in response to this question.

39% of organisations reported that they do not work with schools or colleges.

Figure 11:

Business engagement with schools & colleges



"APPROXIMATELY 1 IN 5 ORGANISATIONS
REPORT OFFERING APPRENTICESHIPS OR
TRAINEESHIPS IN THE LOCAL AREA".

KEY BARRIERS TO EMPLOYEE DEVELOPMENT

Barriers to training and upskilling workforces:



Even where skills gaps can be identified, many still face various challenges when attempting to reduce this gap and upskill their workforce. The biggest barrier identified by survey respondents were the 'lack of funds' (**47%**) and 'can't spare staff time' (**45%**), preventing organisations offering training to staff, rather than a lack of interest coming from staff.

27% criticised that 'training is too expensive,' and **15%** that its 'hard to find the time to organise training.' Only **13%** of respondents cited disinterest from staff as such a barrier.

Just **6%** of businesses regarded staff as fully proficient and not requiring additional training, highlighting the need to overcome these barriers for developing highly skilled staff to avoid skills shortages in the future.





51%

OF SERVICES SECTOR
ORGANISATIONS EXPRESSED
CONCERNS WITH A
'LACK OF SKILLS' AVAILABLE
FOR UPSKILLING STAFF.



**SIAN AVERILL, PRESIDENT, FUTURE
FACES CHAMBER OF COMMERCE:**

“IN A CITY AS YOUNG AS BIRMINGHAM, IT IS ESSENTIAL FOR BUSINESSES TO DEVELOP THE YOUNG TALENT WITHIN THEIR ORGANISATION. AS A YOUNG PROFESSIONAL, KNOWING YOUR EMPLOYER IS SUPPORTIVE OF INVESTING IN YOU AND YOUR CAREER IS KEY FOR MOTIVATION AND STAFF RETENTION. FUTURE FACES OFFERS A RANGE OF FREE EVENTS FOR MEMBERS CENTRED AROUND PROFESSIONAL DEVELOPMENT, SO IT’S GREAT THAT WE CAN SUPPORT EMPLOYERS AND THEIR STAFF WITH THIS.”



**HELENA MORRISSEY, SENIOR
ASSOCIATE, SQUIRE PATTON BOGGS:**

“AS AN EMPLOYMENT LAWYER I SPEAK REGULARLY WITH CLIENTS ABOUT THE DIFFICULTIES THEY FACE WHEN LOOKING FOR NEW EMPLOYEES. RECRUITMENT IS A FAST-MOVING AND HIGHLY COMPETITIVE MARKET, AND ENGAGING AND RETAINING NOT JUST THE BEST TALENT BUT THE RIGHT TALENT FOR THEIR BUSINESS IS A KEY CHALLENGE FOR MANY EMPLOYERS, LARGE AND SMALL.”



KEY RECOMMENDATIONS

Hiring from your local talent pool highlights to customers and clients your support for the local area. Though made a particular challenge by persisting skills gaps in Greater Birmingham, investing time and effort into building your workforce from the home region can have huge benefits, including creating a more positive and motivated workforce as well as retaining staff long term.

Key recommendations to bridging skills shortages in Greater Birmingham for the future are discussed below;

1. DEVELOPMENT SCHEMES WITHIN THE BUSINESS

Given the low cost and high enthusiasm from staff, encouraging mentoring and one-to-ones is a method more organisations in the region could be utilising to improve the development of staff skills and knowledge as well as staff retention – both crucial aspects of bridging skills gaps.

Local businesses need to reassess the barriers of staff availability and lack of funding. If you want your staff to stay, then make training a priority. Mentoring and internal training can be provided on tight budgets. Work on developing structured personal development plans to help increase productivity, team moral and business growth using internal resources.

The GBCC's annual productivity campaign, Growth Through People, provides free workshops, panel discussions and thought leadership content aimed at improving leadership and management skills in the region and encouraging businesses to rethink investing in upskilling staff to bridge skills gaps in Greater Birmingham, despite barriers. A positive indication of staff interest in development opportunities illustrates the potential and ambition in the region.

2. STAFF SUCCESSION PLANNING

Local authorities should work closer with organisations to help overcome boundaries such a 'lack of funds' and 'staff time' to up-skill internal staff.

Succession planning is key for developing leaders and managers within a business. Organisations should ensure that these plans are prioritised and continually reviewed to address current and future skills shortages and improve behavioral and capability needs to ensure internal structures are evolving with the business and external competition.

3. STRATEGIC PLANNING

Strategic commercial decision making involves decisions which shape an organisation's goals, values, objectives and ideally, successes. It is important that businesses develop their employees' understanding of and capability for strategic decision making if they are to be entrusted with the responsibility of participating in it.

Effective leadership and listening to what your employees have to say can encourage staff engagement, providing them with a 'voice' and the feeling of being valued. This can be done through cost-effective internal surveys as well as appraisal systems and performance management processes.

4. APPRENTICESHIPS

The local market is not producing enough work-ready/qualified candidates, in particular for manufacturing businesses in the region. It is imperative that local businesses are actively involved in efforts to improve the workforce readiness of the local talent pools.

Entry level and junior level roles appear to be notably difficult to fulfil within the Greater Birmingham. Providing specific industry development schemes can be achieved through apprenticeships.

The Government's recent Apprenticeship reforms, and the impending introduction of T-levels aim to encourage higher take-up of apprentices and trainees. However, following changes to the Apprenticeship funding system in May 2017, the Department for Education and the Office for National Statistics reports total apprenticeship starts reported by January 2018 for the first quarter of the 2017/18 academic year as having decreased by 26.5% compared to figures reported at the same time in 2016/17.

The Chamber are calling on the government to simplify the new apprenticeship system and allow more flexibility in the use of apprenticeship-levy funding

(Source: Apprenticeships and Traineeships Release: January 2018. Department of Education)

5. WORKING WITH SCHOOLS AND COLLEGES

With only **19%** of local businesses currently providing mentoring or individual career advice to schools and colleges there is sufficient opportunity to set yourself apart from other employers.

The Department for Education's Careers Strategy advises schools and colleges to increase 'STEM encounters' between employers and students. Working closely with local schools and education boards can help improve local skill levels and build brand awareness.

Through work experience schemes and local partnerships, Greater Birmingham businesses can proactively work with schools and colleges to develop in-demand skills, jointly addressing skills shortages and creating local solutions.







ABOUT THE GBCC

The Greater Birmingham Chambers of Commerce is here to connect, support and grow local businesses. We're a team of advisors who dedicate themselves to helping local businesses grow through constant support and connecting them to limitless possibilities. Accredited by the British Chambers of Commerce, we have been creating partnerships with businesses across Birmingham since 1813 in order to help them transform and develop. We have over 2,600 members of all sizes and sectors.

With over 200 years of experience, today's Chamber is a modern, innovative, membership-based business support organisation that exists to connect its members to opportunity. The Greater Birmingham Chambers of Commerce are an accredited member of the British Chambers of Commerce and the prominent independent business voice in the city region.

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ABOUT ROBERT WALTERS

Robert Walters is a global, specialist professional recruitment consultancy.

"Over the last 33 years the business has grown and so has our ambition. We now operate across 28 countries and employ over 3,800 people. It's a powerful success story built on the strength of our people.

Organisations rely on us to find high quality professionals for a range of specialist roles. Professionals who are looking for a new role, whether it's on a permanent, interim or contract basis, trust us to find them their ideal job.

I believe that Robert Walters is something special. But I and others in the company never forget that the most important person to us is you – whether you're a hiring manager or a job seeker."

Giles Daubeney, Deputy CEO, Robert Walters

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