

Unlocking the potential to influence construction skills policy

Introduction

At a national level vocational education and training may be designed to resource learning, provide learning frameworks and encourage independent learning. It may also be managed through employers to provide the knowledge and skill base that will meet the impact of competition on the economy (Keep and Mayhew, 1999) particularly in terms of creating a demand led system. In recent years, there has been a growing emphasis on the needs of small to medium enterprises (SMEs) in terms of vocational education and training (Matlay and Mitra, 2000).

A review of the role of National Training Organisations led to the creation of umbrella organisations better equipped to undertake the change in emphasis required. The Sector Skills Development Agency funds and supports the UK wide network of employer led Sector Skills Councils (SSCs) through which employer demands are identified and this information used to inform the policy and funding processes (DFES, 2005). These councils are independent, made up of groups of employers, in particular industry or business sectors of economic or strategic significance, for example, construction.

SSCs are 'at the heart of delivering the Government Skills strategy' (HM Treasury, 2004:31) and give responsibility to employers to provide leadership for strategic action to meet their sector's skills and business needs. In return they receive substantial public investment and access to relevant government

departments (Giles and Campbell, 2003). This was to enable sector employers to influence directly policy developments that affected skills and productivity, and secure increased influence with education and training partners (Duff, 2003). However, a reevaluation of indicated that on average across all SSCs only about 5% of employers surveyed had any dealings with their own SSC (Lloyd, 2008) there are concerns about the SSCs lack of effective engagement with representative bodies and the need to improve partnership structures with stakeholder organisations like the CBI, TUC and inspection bodies if it is to successfully implement its Sector Skills agreements.

This article draws on the experience of the construction industry as a case example to explore the processes whereby public policy formation is informed by the requirements of end users. The article explores two different but related questions. First, the disjuncture that exists between policy setting at a national level and skills delivery at a regional level. Second, whether or not the SSC process of articulation provides real opportunities for SME involvement and contribution to decision-making processes which lead to investment in workplace training and development .

The optimistic expectations for the SSCs were moderated by the Skills Task Force (2000: 19), which reported that *"skills tend to be a neglected issue when employers are formulating their business strategies. There must be a question therefore about whether employers properly evaluate their skill needs and, even where they attempt to do so, whether they give full*

consideration to these needs...". Skills deficiencies are also apparent in the quality of skills available to employers (Bloom, *et al*, 2004: 3). This may be in part due to the qualifications structure that now underpins training and skills development which demands that employers are actively engaged in providing appropriate training and development experience for their employees able to respond to strategic developments . However, as Grugulis (2003) points out, employers generally tend to respond to immediate short-term skills needs with few employers planning skills development over an extended period. The unfortunate legacy of employment training decisions and industry's continued reliance on outsourcing is an enduring paucity of high quality skills within the labour market (Dainty *et al*, 2007: 9).

In addition, there seems to be a mismatch between the needs of the larger organisations and the needs of the smaller employers. For example SMEs constitute a significant percentage of the firms operating in the construction sector with micro and one person operations proliferating. An increasing emphasis on the SME sector has created tensions within systems of skills needs identification and delivery which national reforms were aimed to address (DfEE, 2000). The role of the SSCs, in formulating policy and delivering the anticipated outcomes appears so far to have failed to provide the anticipated benefits which the reforms set out to achieve.

When considered in terms of a regional level economic activity (see for example OECD, 2000; WDA, 2001) with focus on the delivery of local solutions to local problems (Morgan *et al*, 2004) these attempts at reform

have not been able to stimulate the anticipated response to the gap in skills provision or achieve the stated goal of the construction SSC to reduce skills gaps and shortages by 2006 (Duff, 2003; CITB-ConstructionSkills, 2004).

The article first introduces the importance of the construction sector and its function in a buoyant UK economy. The research method and the survey respondents upon which the discussion is based are then described before the findings are presented in themes drawn from the data. The article discusses the way in which the good intentions of the SSC model processes have been undermined by the articulation model utilised for policy formation purposes. It is argued that policy formation appears driven by the interests adopted by large organisations which significantly impact on the delivery of skills and training required by small businesses particularly at a regional level. There are clear needs for system reforms and a more informed understanding of the tensions which exist for small businesses and self-employed owner managers about the competing demands between running their business and which requires a short to medium term view as opposed to the longer term view anticipated by skills and workforce development planning

The construction industry

The UK construction industry is a dynamic and complex industrial environment. It is very responsive to the economy especially in terms of new house build and is used as a key indicator by economists (Telegraph, 2008).

.The sector in 2004 had an annual output of £102.363 billion with a total workforce of 2,216,000 (DTI, 2005). Its contribution to UK gross domestic product is estimated to be between 5% (Pearce, 2003) and 8% (Strategic Forum for Construction, 2002:5). The size of the workforce alone justifies construction as a worthwhile context for research (Dainty *et al*, 2007). The potential impact which these figures have for the UK economy generally is significant making this a valid sector upon which carry out research related to public policy formation and delivery.

The sector consists of an estimated 250,000 establishments (Spilsbury Research, 2004) including a large number of SMEs (96% of the total number of organisations). These firms employ the majority of construction workforce (67.2% in 2003). More than half of the 96% are described as micro-enterprise or sole traders (CITB, 2002). The large organisations in the sector (c. 2000) represent less than 1% of the total number of firms but employ 33% of the entire workforce. Their contribution to the sector is significant but what is more important is the ability to have their 'voice' heard. It is suggested that this may have a lot to do with the employment of increased numbers of specialist staff including those in human resources roles which provides more of an opportunity to attend meetings and undertake training which for smaller type organisations has proved problematic to participate in.

Most construction work is organised on a project basis and the relationship between organisations is typically a contracting or partnering arrangement where a large contractor acts as a managing agent who employs the services

of subcontractors to carry out 'bundles' of work (Raiden *et al*, 2007). Tight project deadlines, seasonal changes in weather conditions and fluctuations require significant flexibility on behalf of the sub-contractors' availability for work (Langford *et al*, 1995).

The impact of this on skills availability and therefore investment is significant. Clarke and Wall (1998) and Clarke (2006) reflect much research on the need to improve the quality of vocational construction skills. A key characteristic of the industry's output is that the finished product is largely non-transportable and must be assembled at the point of use, usually outside (Fellows *et al*, 2002); factors which have significant implications for skills demands and geographical flexibility in the available workforce (CITB, 2004; CITB, 2005).

Generally public perceptions of the industry are that it is dirty and low skilled (Strategic Forum for Construction, 2002: 29). Its site-based itinerant work patterns and poor health and safety record project a view of a much less attractive working environment than that presented by other sectors which are seen to offer good wages and career prospects (CITB, 2003; Loosemoore *et al*, 2003: 7).

The CITB (2002: 3) declared that the four key characteristics of the best construction companies include

- *Strategic management*
- *Business development*

- *Construction management*
- *Stakeholder management.*

It is significant that there is no reference to trade skills; that is, the skills of the people who undertake the actual building work such as bricklayers, carpenters and plumbers and so on. Despite recognising that training drives up skills which in turn drives performance, the CITB report (CITB, 2002) found the focus of in-company training budgets was on safety (22%), technical skills (21%) and information technology (14%).

It is important to note that a large part of sector skills development is funded through a levy system under which all firms with a wage bill in excess of £61,000 pay an annual levy of 0.5% for direct employees and 1.5% of the net value of payments made to labour contractors (IFF Research, 2003: 1). This difference is based on partially supported assumptions that organisations making extensive use of labour only subcontracting are less likely to invest in training activities due to the temporary nature of their relationship, assumptions that labour only subcontractors are more highly skilled which further contributes to uncertainty about whose responsibility training might be (CITB, 2002: 7).

In terms of operative level training, apprenticeship schemes are one of the most common forms particularly in larger organisations, although the system is subject to significant criticism (Majekodunmi, 2005); principally that the number of people taking apprenticeships is at a 30-year low, few of those who

enrol complete them, and the system is losing the industry's respect.

According to IFF Research (2003) 87% of employers with 250+ employees have staff formally designated as trainees or apprentices. This is followed by 68% of medium sized firms (5-249 people), 55% of small firms (10-49) and 40% micro organisations (1-9). Despite this apparently high participation actual completion rates continue to be problematic. Industry conditions and the ability to gain high wages by turning self-employed before the training programme finished are often quoted as the two main reasons for this (DfES, 2003). Further, Green (1999) suggests that training for other workers tends to be dominated by induction training at the outset of employment and by training courses pursued by individuals outside of work during employment. These factors may serve to distort training participation rates and misdirects resources (Cremers, 2006).

In addition, there are a range of initiatives developed and maintained by ConstructionSkills, the SSC for construction and the national training provider. Their On-Site Assessment and Training (OSAT) scheme helps experienced workers achieve the appropriate qualifications to prove they can do the job. It turns existing skills and experience into a nationally recognised standard such as an NVQ. Having these qualifications also helps individuals meet the criteria for a Construction Skills Certification Scheme (CSCS) card. The whole process is carried out on site so they don't have to take time off to attend college lessons

[\http://www.citb.org.uk/traininglearning/trainingqualifications/onsiteassessment/training/whatisosat.asp (accessed 24/04/07)]

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

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

A further key element of the planning brief focussed on making lifelong learning a reality with the government and major clients' aims to move towards all qualified workforce (CITB 2002: 6). Taking the IFF Research (2003) figures for their sample as representative of the industry overall, this aim was some way underachieved half way through the period in 2003. Of the total 504 workers in the sample on average 73% held relevant qualifications for that occupation. Drivers (92%) and electricians (88%) were among the best qualified. Not unexpectedly perhaps, labourers (40%) and ground workers (53%) held the least qualifications. However, significantly, many of the skilled trades also had non-qualified workers in them, for example, bricklayers (70% qualified) and plumbers (73% qualified).

Research method

Construction SMEs present a particularly interesting arena for research that seeks to explore the extent to which organisations influence, or are influenced by, national training policies mainly because of the stark comparison with larger firms: the latter usually have in-house resources able to satisfy their training and development needs where SMEs generally rely on the services of other firms for workforce training. National Statistics emphasise this importance of SMEs: it is estimated that of the 4.3 million businesses in the UK 99.9% were SMEs (ONS, 2005). The second highest section of these were based within the geographical boundaries of this research, in Wales (over 70%), with the majority (94%) of the estimated 170,000 business enterprises in the area being micro enterprises employing 31% of all employees (ONS, 2004). According to Walsh (2006) the majority of Welsh

SME businesses are in the service sector and in the construction industry. This is not surprising taking that the construction industry provides more than 30,000 jobs in Wales and more than 95% of Welsh construction firms employ less than 14 people (ibid). Furthermore, recent reports suggest that the most serious problem facing the construction industry is the shortage of skilled craftspeople (Ruiz, 2004; Cormican, 2005). Since large firms in the industry tend to subcontract their manual and craft work (Raidén, *et al*, 2007: 42) this skills shortage has direct implications for SMEs (FMB, 2003).

The experience of the authors follows others (for example Jashapara, 2003: 37) in that questionnaire surveys to organisations within the construction industry only produce a low response rate (Jashapara's survey of 1,284 firms in the industry produced a 14.1% response rate). The apparent low level of willingness, by employers, to complete questionnaires is in the main related to the type and size of the businesses that dominates in the sector. Because most of their work takes place away from their 'office' the tendency to ignore any but the most important correspondences is high. However, these organisations and their employees/owners are prepared, even enthusiastic to discuss their particular concerns in person. Therefore, semi-structured interviews were used as the main vehicle for data collection because it gave the interviewer more of an opportunity to secure the attention of the individual respondents. The questions were first piloted and following analysis the findings were cross checked via a focus group and key informant interviews. Drawing on the emerging issues from the literature a question schedule was developed. Although all respondents were asked specific questions they were

given freedom to talk about the topic generally and give their views in their own time (following Hollway and Jefferson, 2000).

The survey sample

Following, exploratory discussions with employers, employers groups and ConstructionSkills, 12 organisations representative of the type of construction work undertaken in South West Wales were included for survey. The selection criteria was based upon the industry's main supply chain arrangements (as a main or sub-contractor), size of firm (1-20 or 21+ employees) and main work categories (civil engineering, general construction, repair and maintenance). Although representative of the type of organisations in the area, these organisations were purposefully selected to be 'atypical' of the local employers.

The average trading period of organisations in the sample was 16 years with a range from 11 to 27 years. Four were engaged in civil engineering work, five in general construction and three undertook repairs and maintenance activities as the main part of their business. Nine classed themselves as main contractors, which, given their size and the nature of their work, was a surprising self-classification. Clarification of this point found that it was a matter of interpretation with the respondents engaging other contractors to carry out specialist work although much of it was through ad-hoc, informal arrangements.

All respondents held senior positions within their organisation with just over half holding the top job. Two had employment service of less than ten years, while many stated that they had founded or co-founded the firm. In a significant number of cases those interviewed held additional job roles, including HRM and training responsibilities, reflecting the multi-functional manager commonplace in SMEs.

Between them the organisations employed in excess of 550 individuals although their exact employment status varied from full-time permanent to temporary part-time. The type of jobs in which they engaged ranged from general operatives and the trades to technical/supervisory roles and professional/ managers.

Findings

The findings from the interviews were organised into six themes:

- Engagement with the skills development agenda
- Skills shortages
- The value of learning and development
- Frequency and type of training activities undertaken
- Communications with policy makers
- Funding issues.

Engagement with the skills development agenda

All of the SMEs interviewed were registered with ConstructionSkills/ CITB and ten were paying levies. The two that did not pay the levy did not see any direct value accruing to them as a result of membership. All received grant-aid from the CITB whilst nine had obtained additional financial support from a local CITB sponsored training group that operate across South West Wales.

Three of the firms also belonged to the ISO 9000 Quality Assurance scheme or similar and the same number held the Investors in People award. One of the primary reasons for applying for such accreditations was instrumentalist and related to a perceived improvement in the chances of getting on tender lists. Most respondents believed such 'qualifications' were important for this and quoted client expectation as a main driver.

No respondents made direct reference to the benefits for skills training that arise from such accreditation. Although the influence of these national initiatives on local workforce development was seen to be potentially very important it was deemed largely ineffectual. One reason given for this was the influence of the funding bodies over the nature and content of vocational training. Despite this, many recognised the improved image and professionalism that these initiatives give to the construction industry generally. One informed respondent argued these demonstrated high standards and competencies and can be a useful business tool especially as a monitoring vehicle.

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

Two of the SMEs in the survey said they did not belong to local training groups or associations because they did not have '*the time to train never mind attend meetings on training*'. Both firms employed less than ten people and neither demonstrated an awareness of the benefits of workforce development outside legal compliance. However, on an optimistic note, both expressed an interest in finding out more about such groups in the future.

All those who did belong to local training groups or associations talked positively about the advantages of membership. The groups were said to offer the best chance of influencing skills training and having their voice heard. A significant number of SMEs benefited financially from membership of the local CITB sponsored training group although this did not feature highly on the list of benefits given by the interviewees. Other groups or associations mentioned by the respondents concerned health and safety, which is not surprising since this subject is often cited in discussions on training needs and site safety

raises most concerns in the media. Most of the SMEs were able to draw on external health and safety advisors to meet their specialist needs.

Skills shortages

Seven respondents reported a shortfall in skills. There were two trades in particular that were in short supply: bricklayers and carpenters. At the time of interviewing three firms were having problems recruiting qualified workers in these crafts. Outside the trades there were also problems with recruiting technical and managerial staff, especially site managers and quantity surveyors.

Seven respondents expressed their dissatisfaction with recently qualified trades moving to other jobs; as one put it, “...*having gone to the expense and trouble of putting apprentices through their training they leave*”. Automation and mechanisation were raised as potential means of helping to reduce the growing skills gap. An example, given by a training representative, for the shortage of bricklaying skills was the use of timber-framed construction which relies less heavily on the trowel trades. However, a focus group member pointed to the increase use of carpenters in this development where there is also a shortfall. Another member voiced concerns over the de-skilling of trades especially when standardised factory components are becoming commonplace for most building projects. It was suggested that whilst this is a major influencing factor in the type and level of skills training required locally, national decision makers have not yet grasped that the need for skilled workers is not reduced by such initiatives. The demand is simply moved from

one discipline to another thereby exacerbating skill shortage in affected areas and creating further problems for those organisations charged with planning and delivering skills training.

Value of learning and development

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

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

Three SMEs utilise the ConstructionSkills training plans rating these highly in the benefits afforded to their organisations. Reduced bureaucracy was quoted as a key factor but the substantial assistance given by CITB staff in developing the plans may also be a significant factor. All respondents agreed

the CITB training plans are influenced by available grant-aid but many also spoke of their inducement in forward planning. Only two respondents actively considered the influences of national training policies and initiatives on their own workforce training policy and practices. However, most respondents made references to the negative effects of government priorities on local training levels and skills shortages.

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

Frequency and type of training activities undertaken

All but one of the respondents had themselves received at least the minimum of one day of vocational updating in the previous year. The majority of this training was provided at no cost by the CITB, the local training group or through ConstructingExcellence Wales. Most encouraged work colleagues to attend as well although the participants at these CPD type events tended to be from professional, managerial or supervisory groups. Two of those interviewed had also undertaken longer term vocational training. When

questioned on the selection criteria for their own updating most spoke of the need to keep abreast of changes in legislation, government policies and VET initiatives. Most again said these events were an effective way of learning about important issues affecting their organisations but did not view them as a conduit through which policies on training could be influenced.

All respondents reported at least some workforce development in the last 12 months. At the time of the interviews all but one of the SMEs had engaged at least one apprentice with four employing two or more. Apart from this, training tended to focus mainly on that required under legislation such as health and safety. This latter point was quoted by many as the main influencing factor for training and some even relegated current apprenticeship training below this in importance. The argument that the legal and financial consequences of health and safety breaches outweighed the need for apprenticeship training was not supported by all respondents.

Work-based learning featured in a number of firms mostly through the CITB OSAT scheme. Amongst those firms offering this type of skills development almost all expounded the virtues of the OSAT philosophy in that it offers formal recognition to their previously 'unqualified' but competent workers. Nine respondents suggested this type of training was a major influencing factor in the overall improvement in construction skills achievements in the locality.

Unhappy with the availability of local training one civil engineering contractor undertook much of the company training in-house using their own staff. Whilst the training need is often of a specialist nature the contractor argued the cost and convenience of sending employees away for this training is prohibitive and also claimed employees are generally unwilling to travel or stay away even for relatively short periods. An additional benefit claimed for in-house training is the level of control over the type of training and arrangements for delivery. Another civil engineering firm also delivered much of their training in-house for much the same reasons but in this case the latter often utilises the services of an independent training company on the contractor's own premises. In both cases respondents expressed frustration over the level of influence they can exert on the provision of specialist training available for construction SMEs.

Despite the apparent preference for the varieties of work-based learning there was a general level of satisfaction on the type and quality of college-based skills training. However, four respondents declared strong reservations on the current apprenticeship system in the construction industry. Whilst they supported the general view that college training is well planned and run the retention and completion of frameworks remains very poor. One summarised the situation by saying "*we lose too many youngsters to these schemes*" and suggested that "*no company should own trainees*". The current arrangements for apprenticeship schemes also came under much criticism from the focus group not least because the participants claimed it was conceived by national policy makers without local input.

Communication with policy makers

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

Those in membership of the local independent training group claimed this form of SME cluster is an effective communication vehicle between them and sector skills development. The majority see regular meetings as a networking opportunity and a medium for exchanging training related views. How effective this method of communication with policy formation might be was debatable since none of the respondents were able to give examples of changes attributable to the efforts of the group. Nevertheless, the group enjoyed a good relationship with the CITB Wales with their representatives regularly attending group meetings. The funding of the group by the CITB is particularly well received by the members who claimed this as evidence of the CITB's commitment to local training needs. More importantly is the

opportunity for collaboration between the group and the local college which, according to a group representative, is removing barriers and creating a more responsive training environment.

Funding issues

Not unexpectedly nearly all interviewees (11) expressed a view on the costs of training particularly referring to the CITB levy. One complained about micro-firms not having to pay the levy despite them receiving benefit from the grants and five referred to the “hidden costs” associated with the loss of productivity and supervision of trainees. When discussing available grants a more upbeat response emerged with the mainstream conveying general satisfaction with the level of financial assistance although three SMEs said they would prefer government funding to go direct to those firms that carry out training and not channelled through ‘agencies’ and training providers.

Discussion

The two questions posed as the focus for this research were; First, the disjuncture that exists between policy setting at a national level and skills delivery at a regional level in the construction industry. Second, whether or not the SSC process of articulation provides real opportunities for SME involvement and contribution to decision-making processes which lead to investment in workplace training and development

This section is organised in three parts; skills shortages, level of qualification and opportunities for influencing policy so that the different responses to these perspectives are highlighted but the inextricable nature of their relationship is confirmed.

Skills shortages

A review of the literature on the subject of skill shortages in the construction industry revealed the extent of a UK wide problem. In particular Clarke and Wall (1998) referred to frequent warnings about this and although their concerns were expressed a decade ago they remain a concern which continue to be raised (see for example, Cormican, 2005). The continuance of this dilemma was apparent despite the stated goal of the SSCs to reduce skills gaps and shortages by 2006. National skills shortages and the loss from the industry of trainees and apprentices either during or just after their training programmes create significant difficulties for providers of training and skills development in maintaining the quality and quantity of skilled trades people entering the industry.

Cremers (2006) is one of many who express dismay at the waste of resources with Cormican (2005) blaming much of this on the CITB being the largest of the construction industry craft training providers but with whom only a quarter of trainees completed their qualifications. In recognising this squandering of skill resources several respondents pointed to the lack of influence they have in 'shaping' their own training programmes and having an opportunity to inform the organisations that decide and then manage the policy decisions about their needs.

Level of qualification

The high level of untrained workers in the construction industry has been highlighted (see Clarke, 2006). There was recognition that this was being addressed in the way government funding for training was being refocused towards qualifying the workforce to Level 2. However, this attracted criticism

from respondents and trade unions who argued the redirection of funds was having the effect of stifling investment in the continuing development of workers. There is much agreement within the industry that the entry standard should be to train to level 3 but that some training providers have been accused of “chasing the money” by providing only lucrative level 2 training and discouraging progression to level 3 which attracts less funding.

The economic importance of training and skills investment to construction SMEs was argued by Doyle and Hughes (2004) who were concerned about the far-reaching implications this has on the success and sustainability of small businesses. Local SMEs joined in the call for resources to be targeted towards supporting in-company learning. Local training providers in particular accuse national policy decision makers of emphasising training for skills development whilst ignoring the need to develop and educate the learner and it is improved investment in the educational process that would better serve the longer term needs of smaller construction firms. A professional body respondent pointedly claimed the CITB tended to focus on the “can do [NVQs] training rather than understanding and knowledge” and suggested potential tensions in a dynamic system wherein the sector skills body charged with identifying skills shortages was also largely responsible for delivering the related training.

There is wide range of research reflecting the need to improve the quality of construction training in the UK. Apprenticeship training has been singled out for particular criticism. Problems in this area were also acknowledged by the

local training group who were dismayed at the poor level of trainee outcomes in Wales. Proposals for alternative arrangements in attempt to ensure quality and the completion of qualifications has attracted some local interest.

Sustainable responses to this problem suggest that trainees would be in a better position if they were employed directly by regional training group and undertake their learning experiences, involving skills and craft training, across the SMEs which comprise the group membership.

Further, the question of using completions as evidence of employer satisfaction or levels of quality measured by providers and/or funding bodies requires further consideration.

Opportunities for influencing policy

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The matrix is not offered as an end in itself but as a way forward from this summation. One of the keys to successfully influencing national policy decision-making is through developing and nurturing a professional relationship built on trust and understanding. For local SMEs this was vital since they argued their needs were being influenced by the large national construction firms who sit on major VET bodies and who claim to represent the interests of the whole industry. The survey respondents argued this arrangement is flawed given that the larger contractor undertakes little training and their needs for skills development can be very different from the smaller

firm in terms of type, level, frequency and location of training provisions and support (Dainty *et al*, 2005).

The point about disjuncture of needs at one end of the scale with the views expressed by large organisations on national bodies and its attendant influence on policy decisions resonated with the focus group who called for stronger links with like minded training groups and associations with the aim of better influencing national decision makers and improving the quality and frequency of communications between regional groups. Such groups would be in a position to represent the interests of their constituents thereby enabling the interests of small employers to be represented.

SMEs generally preferred personal contact with the CITB and other training advisors as opposed to the plethora of documents and circulars which is the current preferred mode of communication. The SSC's objective of encouraging Training and Development Plans (CITB-ConstructionSkills, 2005) had been taken up enthusiastically by local SMEs. In particular, they felt this gives them greater influence in what training is undertaken although some uncertainty was expressed as to their value in terms of potential to influence policy formulation at national level.

Despite the intricate relationships that exist as a result of these sources of influence an analysis of SME and other interested parties' views identified three key players who are seen to hold effectual power to influence training policies and to claim an interest in training outcomes. These can be seen to

occupy the high power and high interest quadrant of the stakeholder matrix shown above. Unexpectedly, respondents viewed customers as being powerless and showing little interest in relation to training outcomes whilst the literature found many large and informed clients purporting to promote training and in some cases demand evidence of training activity from their supply chain. Interestingly, this latter group also fall into the low-power low-interest quadrant in the SME stakeholder matrix (Fig 1).

Whilst categorising of the above influencers is based on the amalgamation of all discussions held during the primary research process some participants questioned the positions of individual influencers however the verification process via the focus group did not identify this as an issue. In particular there was confirmation of the three most influential stakeholders were all government 'agencies'. There was also an inference that these should be the dominant conduits for future consultations although the means of achieving this 'direct' approach was not explored in this study.

The development of small medium enterprises assumes a central economic role across the UK. The relative importance of investment in training and skills to sustain this has been a concern for writers over some time. The emerging economic relations of the 21st century demand more thoughtful planning and structure yet this fits uneasily with the informal, more flexible approaches thus far adopted by SMEs and the more formal, less flexible processes associated with government led national policy formation. The article partly corroborates previous research which shows that only a minority of SMEs take a planned and structured approach especially in respect of longer term investment in

skills development and that they more usually adopt a short term horizon which better suits the more immediate needs of their businesses.

Drawing on the experience of the construction industry as a case example to explore the processes whereby public policy formation is informed by the requirements of end users the article highlights a disjuncture between public policy articulation and training and skills delivery. The sector has several distinctive characteristics which make it very exposed to business cycles making longer term planning and forecasting difficult especially in terms of skills requirements. The industry standard operating procedure of sub-contracting out work suggests that for some firms the issue of skills and workforce development offers very little relationship to their business model and their ability to collaborate effectively with other firms. This will clearly have implications for size and growth potential making it easier for smaller organisations with few overheads to survive in shortened economic circumstances. Supporting the entry of young people (14-18 year olds) into the sector through properly designed apprenticeship programmes is likely to respond to a number of concerns about the nature of employment in the sector with its heavy reliance on self-employment and the age limits applicable for site-based employment which often present an ideal entry point into the industry. And in response to the numbers of trainees who leave their training before completing their qualifications or leave their sponsoring employer immediately afterwards employing trainees by training consortia suggests a plausible solution which deserves to be tested.

Qualifying the workforce to Level 2 and using this as the entry benchmark has attracted a variety of criticism about the way considerable funds are distributed to training providers and the impact this has had of stifling investment in the continuing development of workers. There is much agreement within the industry that the entry standard should be to train to level 3 but it is clear that some training providers provide only lucrative level 2 training and appear to discourage progression to level 3 which attracts less funding. Further, the CITB tends to focus on the “can do [NVQs] training rather than understanding and knowledge” and this is symptomatic of potential tensions in a dynamic system wherein the sector skills body charged with identifying skills shortages is also largely responsible for delivering the training. Interestingly, however, making life-long learning a cornerstone for development was one of the key elements in the CITB’s workforce development planning brief 2001-2005. This clearly points to either an incorrect interpretation of the policy or at best a breakdown in the articulation process.

In terms of communications between the policy makers and the SME representatives the study confirmed the findings of Dainty *et al* (2004): despite efforts to include SMEs it is the interests of the larger contracting organisations that are best represented in the training and development policy consultation groups. Clearly this remains one of the key challenges to be overcome if demand and supply of skills is to be more accurately enacted. This appears further exacerbated by the fact that many of the respondents did not understand the consultation processes and structures within the CITB.

The SMEs strong preference for personal contact may pose a challenge for widespread inclusion but the desire to participate more fully in the policy making processes clearly suggests a way forward. The fundamental issue exposed here is that the construction sector is being forced to be more closely tied to a structured approach to skills training and planning and that current changes in the business environment resulting from economic fluctuation, supply chain relations and technological innovations are likely to intensify in the foreseeable future.

There is no doubt that small firms face disproportionately higher constraints of time and resources including their compliance costs when meeting the obligations of contract or government regulation. Further the ability of these small firms to negotiate improved contracts is severely limited often being forced to take work at a fixed price sometimes simply because if they do not there will be a several others firms who will. These conditions are not ideal for forward planning and investing in workforce development in fact flexibility may provide a greater opportunity for survival than time spent constructing a training and skills development plan.

The luxury of human resource planning is not able to operate with a such a transient sub contracting group of employed workers and is therefore, of necessity, not considered to be a high priority The room for improvement in the relationship between the CITB and professional bodies was also recognised. Somewhat surprisingly this research confirmed the most

influential stakeholders as the relevant government agencies (the DTI, SSCs and funding bodies).

Other factors related to, for example, the availability of different types of vocational education and training, the implications of automation, the impact of migrant workers all affect public perception of the industry. These were also identified during the research process as factors that affect the ability of SMEs to influence training policy and implementation. These areas clearly require further, more in depth, investigation. Moreover, it is recognised that this study despite its limited scope and focus on one part of one region within the UK has identified significant issues that require further exploration. It would be useful to further explore the notion that entrepreneurial owner managers must possess the capacity to learn experientially and be able to communicate their ideas of good business practice to both the people they employ directly and with those who they work closely with. Recognition of this may affect the willingness of small businesses owners to acknowledge the importance of, and participate in, training and development consultation and the degree to which the owner considers such actions to be important.

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Figure 1 SME Stakeholder matrix (adapted from Johnson and Scholes 2002: 208)

		Level of interest in training outcomes	
		HIGH	LOW
Power to influence training policy	HIGH	Government Sector Skills Councils Funding bodies	Training providers Auditors Large contractors
		Trade unions Employees Training groups & advisors Federations	Supply chain Customers