

Attitudes towards skills and qualifications of respondents living in workless households

Welsh Assembly Government:
Department for Education, Lifelong
Learning and Skills

May 2007

For and on behalf of Experian	
Approved by:	Dr Fiona Harris
Position:	Associate Director
Date:	May 2007



Attitudes towards skills and qualifications in workless households

May 2007

Contents

Executive summary	1
Introduction	3
1 Worklessness in Wales	4
1.1 Defining workless households	4
1.2 Worklessness and life chances	4
1.3 Profile of workless households and individuals	6
1.3.1 Worklessness in Wales	6
1.3.2 Household type	6
1.3.3 Age.....	7
1.3.4 Gender	8
1.3.5 Disability.....	8
1.3.6 Qualifications	9
1.4 Geography of workless.....	9
2 Workless people's attitudes to skills and qualifications	11
2.1 Overview	11
2.2 Surveying the workless.....	11
2.3 The relationship between worklessness, qualifications and skills.....	12
2.4 Perceptions of generic skills requirements by workless people.....	13
3 Attitudes towards training	19
3.1 Overview	19
3.2 Participation in training	19
3.3 Training outcomes	20
3.4 Barriers to training	21
3.5 Types of training.....	22
4 Conclusion and policy issues	24
Appendix A: Comparing Future Skills Wales 1998 and 2003 Household Surveys	
Appendix B: Bibliography	

Executive summary

Worklessness has become a key focus of policy as unemployment has declined, yet there remains a substantial and persistent level of worklessness. A significant drain on public resources, worklessness also has profound negative implications for individuals and households. It is associated with poverty and poor mental health, and there are intergenerational effects through child poverty and attitudes towards working which result in successive cycles of social exclusion.

The workless in Wales are not homogeneous, becoming workless for a variety of reasons which include unemployment and inactivity, but caring responsibilities and disability are also prominent.¹ There are hotspots of worklessness in deprived areas including Merthyr Tydfil and Blaenau Gwent.

Close to one in four households in Wales are workless, above the UK average, and mainly the result of higher levels of inactivity. Half of workless households are single person households. However, around 300,000 dependent children in Wales reside in workless households.

As the Labour Force Survey records, while reasons for worklessness are various, the workless are, on average, less qualified than working people. In general, the employment rate increases with a rise in the level of qualifications held, with the lowest levels of unemployment and inactivity amongst those with NVQ level 4 and above. Amongst those with no qualifications, more than half are economically inactive and just over a twentieth are unemployed.

Despite this relative under-qualification and despite the fact that Future Skills Wales surveys show they also rate their own levels of generic skills as being lower than the population at large, only nine per cent of workless people in Wales feel that their lack of qualifications and skills prevents them from finding work. In addition, they are likely to undervalue the skills required of job roles.

In the context of global competition, and the belief that the UK's means of competing - as articulated in the Leitch review - is through higher level skills and value-added, the workless face a triple labour market disadvantage:

- They are under-qualified and under-skilled;
- They lack self awareness about being under-qualified and under-skilled (see table 2.3);
- They under-estimate the level of labour market competition they face (see table 2.6).

While being the most in need of upskilling, and not being in a position to learn-on-the-job, only one-fifth of workless people had received training in the preceding year, compared to more than two-thirds of working people. Moreover, the workless were less likely to view the training or education they received as having a positive impact. The workless are:

- Less likely to receive training;
- Less likely to perceive positive training outcomes.

¹ Workless is defined as the unemployed together with people of working age who are neither formally employed nor looking for formal employment (the economically inactive), see section 1.1 for more detail. In this report we use this definition alongside a definition of worklessness that excludes retired people and students (see section 1.1)

The lack of engagement in training by the workless exacerbates the qualification and skills gap with the working, and compounds their disadvantaged labour market position. The challenge for policy makers is how to stimulate the desire for work, and the demand for training amongst the workless.

The skills and qualifications disadvantage, together with the training disadvantage, are interlinked in negative cycles that are difficult for policy makers to challenge:

- Failure to compete on the basis of skills and education results in poor quality jobs which in turn demand low levels of skills;
- In jobs that do not demand qualifications and skills it is less likely that employers will invest in training;
- Investment in skills and training to escape low skilled/low waged jobs may be a step-change too far for individuals who have not experienced educational success.

Added to the challenge of labour market and training disadvantage, there is a complex and interwoven relationship between unemployment, ill health/disability requiring multi-pronged policy interventions.

Some of the policy implications arising from the evidence are:

- The workless require clear messages (or a ‘reality check’) about what the labour market requires by way of skills (and qualifications). There is a tension between encouraging marginal workers into the labour market and meeting market expectations of employability.
- Once out of the labour market, the workless will find it difficult to demonstrate their employability and generic skills levels without qualifications, or an alternative accreditation of life experience.
- The workless are more likely to be receptive to training if it is structured, leading to defined outcomes.
- The workless require help in identifying the transformative benefits of investing in learning
- The workless are a diverse group with different barriers. Lack of skills and qualifications are part of the problem but tackled in isolation will not reduce worklessness. Interventions will need to be multi-faceted and joined-up to respond to individual circumstances.
- There has been success in removing barriers to training but despite this there are workless that are uninterested in training, and those that are uninterested in entering the labour market. Raising workless people’s *demand* for employment and training is also key.

Introduction

This report looks examines the characteristic or workless households and workless persons in Wales. It then goes on to examine the attitudes of the workless toward generic skills and qualifications, in comparison to the workless. Finally we look at some of the implications for policy arising from the evidence base.

Our analysis draws on data from the Annual Population Survey and Future Skills Wales 2003. Where appropriate we make some comparison with the 1998 skills survey.

Report contents

The coverage of the report is as follows:

- **Chapter one** looks at the reasons why worklessness is a policy issues and the profile of workless households in Wales.
- **Chapter two** looks at why individuals are not in work and their attitudes towards generic skills and qualifications.
- **Chapter three** looks at take-up and attitudes to training amongst the workless.
- **Chapter four** summarises the findings and raises issues for consideration by policy makers.

1 Worklessness in Wales

1.1 DEFINING WORKLESS HOUSEHOLDS

'*Workless*' is generally defined as people of working age who are not in formal employment but who are looking for a job (the unemployed), together with people of working age who are neither formally employed nor looking for formal employment (the economically inactive). A '*workless household*' is a household that has at least one adult of working age, but where no member of the household is in work.

Full-time students above the age of 16 are included among the economically inactive, as are those aged under 65 who are retired. In Chapter 2 we discuss the composition of workless households, including students and the retired under-65s, though thereafter we exclude these groups from our analysis on the basis that they are unlikely to be seeking employment, and are not the primary concern for policy makers.

1.2 WORKLESSNESS AND LIFE CHANCES

Over the last 30 years the number of workless households in Britain has quadrupled, and we now have the fourth highest rate of workless households in the OECD² and the highest rate of workless households with children. Workless households are a key area concern for policy makers and the issue has been addressed in the recent Government Green Paper 'A New Deal for Welfare: Empowering People to Work', where new measures to tackle worklessness include the Cities Strategy, which has two pathfinders located in Wales.³

The reasons for worklessness vary widely and there are a number of groups who are disadvantaged in the labour market and at risk of being workless, including lone parents, black and minority ethnic groups, carers, older workers, workers in the informal economy, offenders and ex-offenders. Worklessness is intrinsically entwined with multiple disadvantages, that is, the more of these barriers an individual is faced with the higher is the risk that they will be workless.

The economic activity profile for Welsh households is in most parts similar to that of the UK. In Wales:

- Women are more likely to be workless than men, although less likely to be unemployed;
- Black and Minority Ethnic (BME) individuals are more often workless, but the white population is significantly more likely to live in workless households (ie. households where no adults are working);
- Young people (16-24) and older people (55-64) are most likely to be workless;
- Disability is strongly associated with low levels of employment with nearly three-quarters of the disabled being workless.
- Whether or not any formal qualifications are held is strongly correlated to employment, however, levels of qualifications are less so.

² Ritchie, H., Casebourne, J., and Ricke, J. (2005) *Understanding workless people and communities: a literature review*. Department for Work and Pensions, Research Report No. 255.

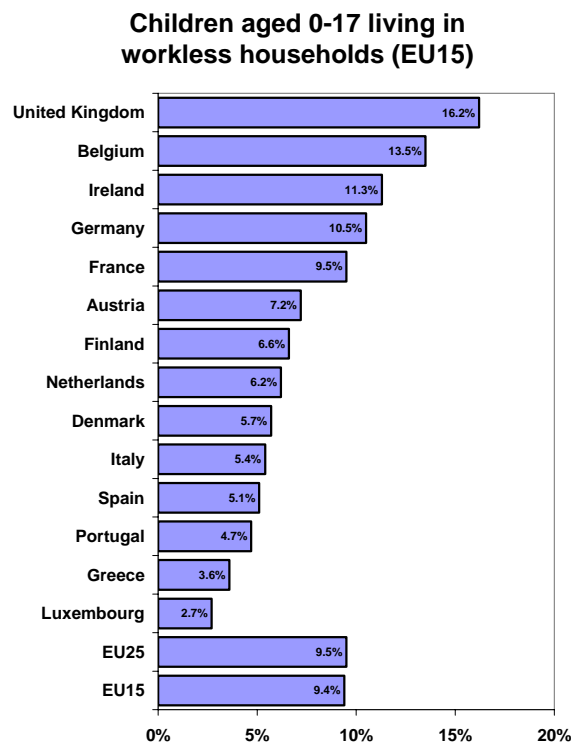
³ Rhyl and Heads of the Valleys.

Worklessness is closely linked to below average incomes and poverty. For most people, work is the main source of income, and consequently worklessness is the main risk factor for both short-term and persistent low income. About three-quarters of workless people in the bottom quintile of income distribution who move into work also move out of poverty.⁴

Research also suggests that there is a strong connection between mental health and worklessness, and also a link between physical health and worklessness, although most studies have focused on unemployment rather than the broader definition of worklessness.⁵ In addition, it has been shown that the mental health consequences of unemployment affect an individual's chances of re-employment.⁶

The UK has a higher proportion of children living in workless households than any other OECD or EU country, as illustrated by figure 1.1 below. There appears to be a correlation between having suffered from poverty as a child and having a greater than average chance of earning lower wages and being unemployed as an adult.⁷ Research suggests that children growing up in workless households, and therefore experiencing social and economic exclusion, are less likely to aspire to employment as adults.⁸

Figure 1.1: Children living in workless households, EU15



Source: APS, LFS 2006

⁴ HM Treasury. (1999) *The Modernisation of Britain's Tax and Benefit System, Number Four: Tackling Poverty and Extending Opportunity*. Available at <http://archive.treasury.gov.uk/pdf/1999/pov1-10.pdf>

⁵ National Health Service. (2005) *Worklessness and health – what do we know about the causal relationship?* Health Development Agency.

⁶ Ritchie, H., Casebourne, J., and Ricke, J. (2005) *Understanding workless people and communities: a literature review*. Department for Work and Pensions, Research Report No. 255.

⁷ Gregg, P., Harkness, S., and Machin, S. (1999) *Child poverty and its consequences*. Joseph Rowntree Foundation.

⁸ Ritchie, H., Casebourne, J., and Ricke, J. (2005) *Understanding workless people and communities: a literature review*. Department for Work and Pensions, Research Report No. 255.

1.3 PROFILE OF WORKLESS HOUSEHOLDS AND INDIVIDUALS

1.3.1 Worklessness in Wales

Wales has a marginally higher level of workless households than the UK average, as table 1.1 shows. The main difference between Wales and the UK average is in the proportion of households where all persons of working age are inactive.

Table 1.1: Households by economic activity

	Wales (%)	UK (%)
All persons in household are employed	40.9	44.2
Household includes employed and unemployed	2.0	2.3
Household includes employed and inactive	18.7	17.5
Household includes employed, unemployment & inactive	0.6	0.8
All persons in household are unemployed	0.9	1.3
Household includes unemployed and inactive	1.2	1.0
All persons in household are inactive	35.7	32.7
All workless households	37.9	35.1

Source: Annual Population Survey, 2006.

1.3.2 Household type

As shown in table 1.2, although a key concern around worklessness is its interrelationship with child poverty and the lack of intergenerational employment role models, workless households that contain children are in fact a minority of all workless households: more than half of workless households are single person households, while a third are comprised of couples with no children. However, there are some 300,000 workless households with dependent children in Wales. About a third of these households have dependent children under five years old, while more than half have dependent children aged between five and fifteen.

Table 1.2: Household type⁹

	1 person, no children (%)	Lone parent, dependent children (%)	Lone parent, non-dependent children only	Couple, no children (%)	Couple, dependent children (%)	Couple, non-dependent children only (%)
All persons in household are employed	27	10	2	24	32	4
Household includes employed and unemployed	6	4	12	28	38	10
Household includes employed and inactive	9	7	7	29	34	15
Household includes employed, unemployed & inactive	12	18	0	6	38	26
All persons in household are unemployed	75	20	4	0	0	0
Household includes unemployed and inactive	9	25	9	14	26	16
All persons in household are inactive	54	7	2	35	2	0
All workless households	53	8	2	34	3	1
All Households	33	8	3	29	22	5

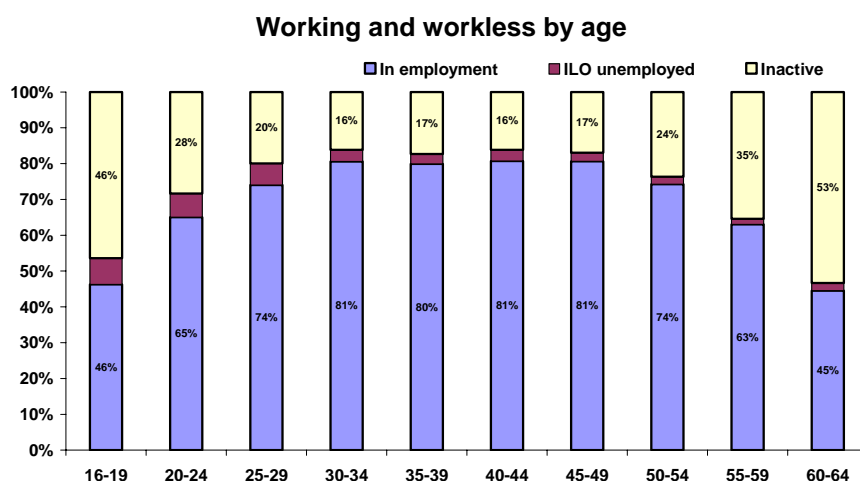
Source: Annual Population Survey, 2006.

1.3.3 Age

The age profile of working people in Wales follows a classic bell curve shape; see figure 1.2 below, with low rates of workforce participation among young people (16-24) and older people (55-64). Lower participation in these age groups is explained by the inclusion of full-time students in secondary and tertiary education in the younger age groups, whilst the older group includes a proportion of retired people.

⁹ The presence of zeros in table 1.4 reflects rounding rather than denoting a total lack of that household type.

Figure 1.2: Age profile of working and workless people



Source: APS, 2006.

1.3.4 Gender

The worklessness rate for women is slightly higher than that for men, as women who are caring for children or other family members are classified as economically inactive. As can be seen in table 1.3, women are slightly less likely to be unemployed than men but are considerably more likely to be economically inactive.

Table 1.3: Economic activity by gender, working age adults

	Male (%)	Female (%)
In employment	73	68
ILO unemployed	4	3
Inactive	22	29
All Workless	27	32

Source: Annual Population Survey, 2006.

1.3.5 Disability

The relationship between disability and forms of worklessness is shown in table 1.4 below. Two definitions of disability are referred to: DDA disabled, which captures people that are defined as being disabled according to the terms of the Disability Discrimination Act; and work limiting disability where an individual is deemed to have a disability that restricts their ability to engage in work.

Clearly the nature and extent of disability are critical in determining the likelihood of worklessness. Individuals that are defined as DDA disabled are actually more likely to be in employment than the working age population (82 per cent compared to 71 per cent), and also less likely to be inactive (15 per cent compared to 26 per cent). However, those that suffer from a DDA disability and work limiting disability are overwhelmingly likely to be workless (73 per cent compared to 29 per cent).

Table 1.4: Disability

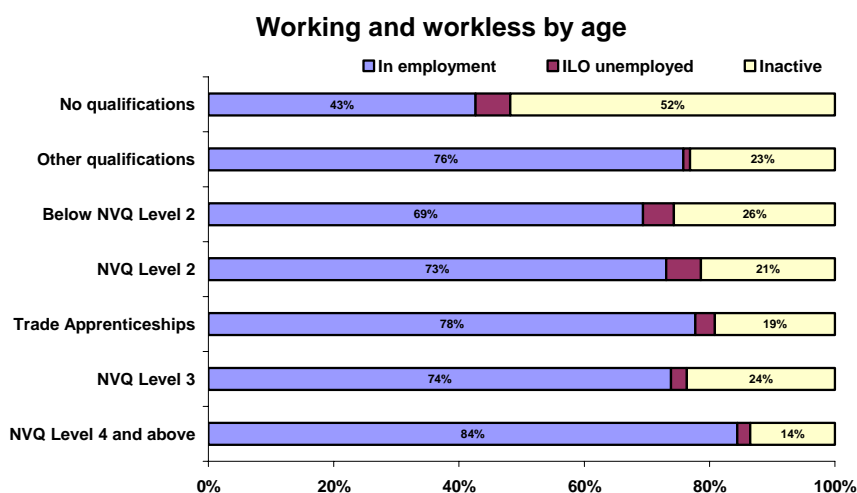
	DDA disabled and work-limiting disabled (%)	DDA disabled (%)	Work-limiting disabled only (%)	Not disabled (%)	Total (%)
In employment	27	82	65	79	71
ILO unemployed	4	2	5	4	4
Inactive	69	15	31	17	26
All Workless	73	18	35	21	29

Source: Annual Population Survey, 2006.

1.3.6 Qualifications

Qualifications, in particular the lack of any formal qualifications, are strongly associated with levels of employment, as shown in figure 1.3. In general, the employment rate increases with a rise in the level of qualifications held with the lowest levels of unemployment and inactivity amongst those with NVQ level 4 and above. Amongst those with no qualifications, more than half are economically inactive and just over a twentieth are unemployed.

Figure 1.3: Economic activity by level of highest qualification held



1.4 GEOGRAPHY OF WORKLESS

There also exists a substantial variation in levels of worklessness across Wales. Table 1.5 below, shows that levels of worklessness across Wales vary significantly: from 23 per cent to 42 per cent. The highest rates of worklessness can be found in Merthyr Tydfil and Blaenau Gwent, and the lowest in Flintshire and Monmouthshire.

Table 1.5: Economic activity by local authority area

	Economically active (%)	In employment (%)	Unemployed (%)	Economically inactive (%)	All workless (%)	Economically inactive - want a job (%)	Economically inactive - do not want a job (%)	Base (%)
Anglesey	76	72	5	24	29	4	20	39,300
Blaenau Gwent	71	65	9	29	38	10	19	40,900
Bridgend	73	68	7	27	33	9	18	77,400
Caerphilly	72	67	6	28	34	8	20	105,200
Cardiff	74	69	6	26	33	8	19	193,900
Carmarthenshire	72	70	3	28	30	6	22	100,900
Ceredigion	71	68	4	29	33	6	23	49,600
Conwy	78	75	4	22	25	3	19	61,600
Denbighshire	77	74	4	23	27	3	19	55,800
Flintshire	80	78	3	20	23	4	16	93,400
Gwynedd	76	73	4	24	27	2	21	67,700
Merthyr Tydfil	68	61	9	32	42	11	22	32,800
Monmouthshire	81	78	5	19	23	4	14	51,300
Neath Port Talbot	70	65	7	30	37	9	21	79,400
Newport	78	73	7	22	29	6	16	80,600
Pembrokeshire	77	72	6	24	29	5	18	67,100
Powys	79	77	3	21	24	3	18	73,800
Rhondda, Cynon, Taff	73	68	6	27	33	8	19	137,500
Swansea	75	71	5	25	31	6	19	134,000
Torfaen	73	68	6	27	34	8	19	53,900
Vale of Glamorgan	78	74	5	22	27	6	16	74,300
Wrexham	80	76	5	21	25	4	16	80,800
Total	75	71	5	25	30	6	19	1,751,200

Source: Annual Population Survey, 2006.

2 Workless people's attitudes to skills and qualifications

2.1 OVERVIEW

Workless people do not perceive a lack of generic skills and formal qualifications as a barrier to achieving employment. They believe that they have sufficient levels of skills to get a job. However, for the majority of skills they rate themselves as having lower levels than those in employment suggesting that in the labour market place they have less to offer than those already actively engaged. While workless people identify the generic skills needed by employers, they underestimate the levels of skills required to succeed in a competitive labour market.

Furthermore, despite the fact that employers do not rate qualifications top of their recruitment list, the workless will have a more difficult task to prove their relevant generic skills and employability than the employed, and therefore should not underestimate the importance of qualifications in signalling suitability for employment and evidence of generic skills.

2.2 SURVEYING THE WORKLESS

In 2003 the Future Skills Wales Household Survey surveyed people of working age (16-64 years for men, 16-60 years for women). The number of workless people surveyed was approximately 2,200, of these approximately 1,700 were neither students nor retired. The survey encompassed nearly 1,400 workless households.

In the analysis that follows we focus on the workless that are neither students nor retired, on the basis people that it is people of working age that are unemployed or inactive that are the main concern for policy makers.

Both workless households and workless people are a concern for policy makers. Workless households are the most acute cases to tackle as the workless in workless households tend to have the greatest difficulty achieving a stable labour market outcome. Moreover, adults in workless households are more likely to have workless children, perpetuating worklessness and its associated social issues through the generations.

However, in the analysis that follows we focus on workless persons rather than workless households, for pragmatic data reasons. In addition to enabling us to undertake analysis with a larger sample size, it also enables some comparison with Future Skills Wales 1998 Generic Skills Survey which captured information on workless residents but not workless households. Moreover, as table 2.1 illustrates, comparing on the basis the level of qualifications held (which is closely associated with labour market engagement), the greatest difference is between the workless and the working, rather than the variation between workless individuals per se and workless individuals in workless households.

Table 2.1: Qualification levels

	All workless people (%)	Workless person in workless households (%)	Working people (%)
NVQ1 or below	18	18	15
NVQ2 or equivalent	19	16	22
NVQ3 or equivalent	15	14	18
NVQ4 or equivalent	12	11	23
NVQ5 or equivalent	3	3	8
No qualifications	32	37	15
Base	1,369	857	3,650

Source: Future Skills Wales, 2003.

Notes: This data is for all qualifications held, not highest qualification held.

Notes: 1998 data is not available for households (only for individuals)

2.3 THE RELATIONSHIP BETWEEN WORKLESSNESS, QUALIFICATIONS AND SKILLS

People may enter a state of worklessness for a variety of reasons: lack of appropriate job opportunities, lack of aspirations, lack of suitable skills, lack of health and/or disability, lack of (transport) accessibility, or care responsibilities. Combinations of these factors typically coalesce at any one point in time to result in worklessness.

Findings from the residents Future Skills Wales 2003 Generic Skills Survey, shown in table 2.2, indicate that reasons for worklessness include first and foremost health/disability (reported by 34 per cent); followed by a lack of/unsuitable childcare (21 per cent); and a lack of suitable jobs available locally (20 per cent); while having to take responsibility for family members was a barrier for 17 per cent. Skills related reasons, i.e. lack of or unsuitable qualifications/skills, lack of training, lack of experience, literacy and numeracy difficulties or looking for training, were reported as a barrier by 9 per cent of the workless. Other barriers to working were transport/mobility issues, reported by 8 per cent; and the low wages/benefits structure identified by 8 per cent.

Table 2.2: Reasons for worklessness 2003

Reason	% of respondents
Health/disability	34
Childcare not available/Childcare too expensive	21
Lack of/unsuitable jobs available locally	20
Responsibility for family/household members, other than children/Want to look after my child/children	17
Lack of/unsuitable qualifications, Lack of/unsuitable training, No/lack of skills needed, No/lack of experience, Reading/writing difficulties, Looking for training	9
Transport problems/lack of transport/Don't want to move to find work/Unable to move to find work	8
Wages too low/Better off on benefits	8

Source: Future Skills Wales, 2003

Base: All workless people, 2003.

Notes: Respondents can make multiple responses therefore percentages will not sum to 100%.

While the responses can be accepted at face value it is worthwhile reflecting on extent to which the reasons are inter related, and also the problem of causality. Taking the primary reason for worklessness, which is given as health/disability: this response suggests that health or disability is the precursor of worklessness, yet worklessness can also result in health issues (for example mental health) that in turn limit participation in the workforce. Similarly, while lack of skills is

cited by less than a tenth as a barrier to accessing work, we know that the more highly qualified rarely comprise the workless or inactive. There are other inter-relationships: the lack of suitable local jobs, indeed the lack of transport is also a function of skills levels and associated labour market earning power, with the better qualified and skilled employed in higher order occupations, earning better wages and willing to travel further a-field to access work.

The workless, in the same survey, were also asked whether they would like a job if the barriers they faced were removed, and just 13 per cent said they would work if this was the case. This is clearly a hypothetical question and therefore fraught with difficulties of interpretation: the most disaffected are arguably the least able to have hope that their circumstances will change for the better. But this response also indicates that in addition to tackling the variety of barriers (and often more than one) faced by individuals in accessing the labour market, the real challenge is stimulating individuals' desire to actively engage in the labour market. Removing the barriers alone will not be enough and these must go hand in hand with selling the benefits of work, as programmes such as New Deal attempt to address.

2.4 PERCEPTIONS OF GENERIC SKILLS REQUIREMENTS BY WORKLESS PEOPLE

Whether the workless are able to make a sound judgement about the barriers they face in accessing employment is also related to their ability to adequately assess the requirements of the labour market, and their own 'offer' within that competitive environment. Here the evidence is somewhat mixed.

Workless respondents in the Future Skills Wales 2003 Household survey were asked, 'At what level are the following qualities needed to get the job you want?' With options of 'Not required', 'Basic', 'Intermediate', 'High', and 'Advanced' offered. The results are shown in table 2.3 (first column) where for clarity we present this data as an aggregate score created by assigning numerical values to each option.

Workless residents rate *understanding customer needs*, the *ability to follow instructions*, and *communication* skills the most highly.¹⁰ They rate management skills, and entrepreneurial skills towards the bottom, reflecting the fact that these are qualities most necessary in owners and managers of businesses, occupations which are seldom, entered into directly from a situation of worklessness. Formal qualifications, which the workless are less likely to hold, are rated towards the lower end of the scale.¹¹

The second column in table 2.3 shows the level of skills the workless perceive themselves to have. Across all generic skills, the workless consistently view themselves as holding higher requisite skills levels than is necessary to access employment (first column in table 2.3). This is even for skills such as *information technology*, which rapidly degrade without use in the market place; and somewhat surprisingly, *management skills*.

¹⁰ It appears that workless people are reasonably accurate in their appraisal of the type of skills employers require. Qualitative research in selected areas of Wales experiencing high levels of inactivity shows that employers look for skills such as turning up on time and willingness to work more highly than formal qualifications. For more information see: Experian Business Strategies on behalf of the National Assembly for Wales (2006) *Quantifying the Demand for Unskilled Labour in Areas of Low Economic Activity*.

¹¹ When people are asked to assess the value of certain attributes it is likely that there will be some bias towards attributes they perceive themselves as having. For example, those who have invested significant amounts of time and/or money in obtaining qualifications are more likely to regard them as useful than those who have none.

The comparing between the levels of skills the workless think they need to access employment and the level they believe they already hold, suggests that the workless feel themselves to be skilled adequately for employment. Possibly they are, in that the jobs on offer for the low skilled and unskilled have minimal requirements. Nevertheless, given the workless are not in employment we can only surmise that a contributory factor is their overestimation of their own skills levels, or that the barriers they face are insurmountable, or that they do not want employment.

Table 2.3: skills required for employment versus skills held 2003

Workless (excluding students and retired)		
Skills	Skills believed necessary to get a job	Skills held
Understanding customer needs	3.7	4.0
Ability to follow instructions	3.7	3.9
Communication skills	3.7	4.0
Adaptability/flexibility	3.6	3.7
Showing initiative	3.6	3.8
Team working skills	3.5	3.9
Ability to learn	3.4	3.8
Literacy	3.3	3.7
Problem solving skills	3.1	3.5
Numeracy	3.0	3.5
Leadership/motivational skills	3.0	3.5
Organising your own learning and development	3.0	3.4
Formal qualifications	2.7	3.2
Information Technology (IT) skills	2.4	2.9
Management skills	2.4	3.1
Entrepreneurial skills	2.0	2.8
Welsh language skills	1.5	2.0

Source: Future Skills Wales, 2003

Notes: The figures in this table were calculated by assigning a numerical value to responses and then creating an average. Scores were assigned as follows:

Skill not required – 1 point

Possess the skill to a basic level – 2 points

Intermediate skill level – 3 points

Highly skilled – 4 points

Advanced skills – 5 points

The values in each category are then multiplied by the number of responses in that category; summed; and divided by the total number of responses (excluding the “don’t know”). This question was only asked of workless people.

While data for 1998 is not directly comparable – the list of skills varies slightly and the focus is on the importance of skills rather than the level – we can look broadly, and this is shown in table 2.4. Comparison over time shows that the workless continue to rank similar skills more highly in respect of what is necessary to get a job. Of skills regarded as being in the top six in terms of levels required in 2003, and which were regarded as being amongst the most important in 1998, are *ability to follow instruction, communication skills, showing initiative and teamworking*. *Formal qualifications* in both surveys loiter in the bottom third both in respect of level required or importance for employment.

Table 2.4: Importance of having skills to get a job 1998

Type of Skill	Workless (excluding students retired)
Ability to follow instructions	2.7
Communication skills	2.7
Showing initiative	2.7
Ability to learn	2.6
Team working skills	2.6
Literacy	2.5
Problem solving skills	2.3
Numeracy	2.3
Organising your own learning and development	2.3
Leadership/motivational skills	2.0
Formal qualifications	1.9
Management skills	1.8
Basic Information Technology (IT) skills	1.7
Advanced Information Technology (IT) skills	1.2
Welsh language skills	1.0
Foreign language skills	0.8

Source: *Future Skills Wales, 2003*

*Index is calculated by assigning the follow value to each answer: Not at all important – 1; Not very important – 2; Fairly important – 3; Very Important – 4. The values in each category are then multiplied by the number of responses in that category; summed; and divided by the total number of responses (excluding the “don’t know”). This question was only asked of workless people.

In general, the skills that the workless highlight as being necessary for employment are those that are identified by employers as being critical: the main skills requirements that establishments reported in the Future Skills Wales 2003 Generic Skills Employer survey were *understanding customer needs, communication, ability to follow instructions, showing initiative, team working and adaptability and flexibility*,¹² which are also those identified at the top of the skills required for employment by workless residents. Therefore, positively, the workless reflect market requirements in terms of prioritising skills needs.

While the workless identify the priority of skills required in the labour market in relation to employers, there is an indication that the workless may underestimate the levels of skills that are on offer in the labour market and their labour market competition. A comparison of the skills levels held by the workless, against those held by the working is shown in table 2.5. The workless – in general – report lower skills levels of skills held than the working. This is particularly so for *formal qualifications, information technology and management skills* (interestingly, also those skills that the workless felt were less required to get a job (see table 2.3)). The workless, report a higher levels of generic skills than the working, for *showing initiative, team working, and ability to learn*, although one might question the presence of *initiative* given their worklessness; while their disengagement with training (explored in chapter 3) also questions the high rating of their own *ability to learn*.

While the lower average scoring of the workless vis a vis the employed may reflect, to a certain degree, a realism about the types of occupations the workless are likely to access in the labour market (which are typically lower order occupations with lower average levels of skills requirements); it also suggests that at their current skills levels, the workless are inadequately placed to compete with those already in employment.

¹² Business Strategies from Experian (October 2003) *Future Skills Wales 2003 Generic Skills Survey. Full report*. www.futureskillswales.com / www.sgiliaudyfodolcymru.com. Section 2.2 details the skills requirements of establishments.

Table 2.5: Skills workless hold versus skills working hold 2003

Skills	Workless	Working
	Skills people feel they have	Skills people feel they have
Ability to follow instructions	4.0	4.2
Communication skills	3.9	4.1
Understanding customer needs	4.0	4.2
Adaptability/flexibility	3.7	4.3
Showing initiative	3.8	3.1
Team working skills	3.9	3.7
Ability to learn	3.8	3.4
Literacy	3.7	3.9
Problem solving skills	3.5	4.1
Leadership/motivational skills	3.5	3.6
Numeracy	3.5	3.9
Organising your own learning and development	3.4	3.8
Formal qualifications	3.2	4.1
Information Technology (IT) skills	2.9	4.2
Management skills	3.1	4.2
Entrepreneurial skills	2.8	4.3
Welsh language skills	2.0	2.5

Source: *Future Skills Wales, 2003*

Notes: The figures in this table were calculated by assigning a numerical value to responses and then creating an average. Scores were assigned as follows:

Skill not required – 1 point

Possess the skill to a basic level – 2 points

Intermediate skill level – 3 points

Highly skilled – 4 points

Advanced skills – 5 points

The values in each category are then multiplied by the number of responses in that category; summed; and divided by the total number of responses (excluding the “don’t know”). This question was only asked of workless people.

As well as not holding the skills levels needed to compete effectively with those that are active in the labour market, the workless also underestimate the level of skills required to find a job. As we have already seen in table 2.3, the workless believe that their level of skills held is more than that required to get a job; yet the level they believe is necessary to get a job is below the skills levels of those doing the jobs. This is shown in table 2.6 below.

Table 2.6: Skills workless believe necessary versus skills of those working 2003

Skills	Workless people	Working
	Skills believed to be necessary to find a job	Skills people feel they have
Ability to follow instructions	3.7	4.2
Communication skills	3.7	4.1
Understanding customer needs	3.7	4.2
Adaptability/flexibility	3.6	4.3
Showing initiative	3.6	3.1
Team working skills	3.5	3.7
Ability to learn	3.4	3.4
Literacy	3.3	3.9
Problem solving skills	3.1	4.1
Leadership/motivational skills	3	3.6
Numeracy	3	3.9
Organising your own learning and development	3	3.8
Formal qualifications	2.7	4.1
Information Technology (IT) skills	2.4	4.2
Management skills	2.4	4.2
Entrepreneurial skills	2	4.3
Welsh language skills	1.5	2.5

Source: *Future Skills Wales, 2003*

Notes: The figures in this table were calculated by assigning a numerical value to responses and then creating an average. Scores were assigned as follows:

Skill not required – 1 point

Possess the skill to a basic level – 2 points

Intermediate skill level – 3 points

Highly skilled – 4 points

Advanced skills – 5 points

The values in each category are then multiplied by the number of responses in that category; summed; and divided by the total number of responses (excluding the “don’t know”). This question was only asked of workless people.

In summary the workless tend to:

- Believe they are already sufficiently skilled to get employment;
- Yet they are report themselves to be less skilled that the employed;
- And the level of skills they perceive to be required, are lower that the skills of those doing the jobs.

The level/importance of formal qualifications falls low in the lists of skills the workless hold (table 2.3, second column) and believe to be required for work (table 2.3, first column). *Qualifications* are the least significant factor in recruiting new employees (see table 2.7) according to employers although 57 per cent of establishments did agree that qualifications are important. Scoring higher are *skills, application process and interview and previous employer*. As was suggested previously in the Future Skills Wales 2003 report, these statistics may be unrepresentative of the true importance of qualifications, which can be used to filter applicants for a job and are found to be a cause of hard-to-fill vacancies, but become less important once filtering has occurred and establishments use the interview process to look at other factors such as skills and work experience.

Table 2.7: Factors important in the recruitment of new employees 2003

	Important (%)	Fairly important (%)	Not very important (%)	Not at all important (%)
Qualifications	23	34	28	12
Skills	54	29	12	3
Work experience	35	34	21	8
Reputation of previous employer	43	28	18	9
Application process/ interview skills	42	34	17	5

Source: *Future Skills Wales 2003*

Note: row percentages do not sum to 100 as exclude respondents who 'don't know'

Weighted base = 6,020 (all establishments)

Given the workless are the least likely to hold qualifications, they will be most affected by any recruitment process that filters on the basis of qualifications. Nevertheless, for low skilled/low qualified jobs which will be the roles many workless would be likely to progress into in the labour market, qualitative interviews with job brokers in areas of high economic inactivity suggest that employers' requirements are fairly minimal and that rather than qualifications, it is any evidence of employability skills such as time keeping and turning up that are key requirements.¹³ While the role of qualifications in the recruitment process remains inconclusive, and certainly mediated by occupation, industry and firm size factors, the messages projected to the workless will need to reflect this ambiguity as sensitively as possible. While there will be employers who do not require qualifications to 'signal' skills¹⁴ some form of evidenced ability to learn and apply skills is generally needed and for the workless without recent job experience this may be difficult.

¹³ Experian for the National Assembly for Wales, Economic Research Unit (2006) *Quantifying the demand for unskilled labour in areas of low economic activity*.

¹⁴ A discussion of the relationship between skills and qualifications can be found in DELLS (2007) *The Relationship between Generic Skills and Qualifications*.

3 Attitudes towards training

3.1 OVERVIEW

The delivery of training is one of many challenges the public sector has sought to tackle in reducing the worklessness. The delivery of training is geared to improving the skills levels of workless people to a level acceptable to employers.

However, a comparison of the training patterns of workless people compared to their working counterparts suggests that those most in need of training are the least likely to take part in training: working people undergo more training than workless people; and working people tend to report greater satisfaction with the outcome of training undergone than workless people.

3.2 PARTICIPATION IN TRAINING

The workless are dramatically less likely to have participated in some form of learning or training activity than those in work, as shown in table 3.1. Just 20 per cent of workless people (excluding students and the retired) had undertaken some form of training, with the most popular kind being participation on taught courses leading to qualifications (9 per cent) and taught courses designed to develop skills that might be used in a job. This contrasts with more than two-thirds of working people taking part in the survey that had undertaken some form of learning or training. In part this is not surprising, as a substantial amount of training is delivered in the workplace and to this end, the workless are substantially disadvantaged; but, is also likely to be indicative of a disengagement from learning and training more generally.

There was remarkably little change in the training activity gap between working and workless people in the period between the 1998 and 2003 surveys.

An interesting finding is the limited degree to which the workless spend time keeping up to date with developments in the type of work they do (4 per cent), which is an important component of the training activity undertaken by the working (38 per cent). While typically associated with continuing professional development, it can also be taken to imply a willingness to engage in self directed learning. Given that the workless have only engaged on training through taught course leading to qualification (9 per cent), or been on taught courses designed to help them develop skills (9 per cent), or received training whilst doing a job (5 per cent), structured forms of training with clear outcomes are most likely to engage and to be of seen to be of value to the workless.

Table 3.1: Training undergone

	Workless people excluding retired people students (%)		Working people (%)	
	1998	2003	1998	2003
Been on taught courses that were meant to lead to qualifications	10	9	27	22
Been on taught courses designed to help you develop skills that you might use in a job	9	9	37	39
Been on any other taught course, instruction or tuition	5	*	18	18
Studied for qualifications without taking part in a taught course	*	*	7	6
Received supervised training while you were actually doing a job	5	5	25	23
Spent time keeping up to date with developments in the type of work you do, eg reading books, manuals etc	5	4	32	38
Any other non-taught course or training	2	*	7	9
Achieved a credit/step towards a qualification	*	*	*	10
None of these	78	80	30	33

Source: Future Skills Wales, 1998 and 2003.

3.3 TRAINING OUTCOMES

Amongst both the workless and the working, the main perceived benefit of training was an improvement in confidence, reported by 60 per cent of workless people, and 58 per cent of working people. The results are shown in table 3.2. For the workless, developing personal interests unrelated to work was the second most cited benefit (27 per cent), followed by learning new skills for the job they were in at the time (25 per cent), and an ability to their job better (22 per cent). This suggests that for the workless (and indeed for the working also) training has a wider impact on wellbeing, community engagement and esteem in addition to the often directly perceived relationship with productivity.

While the majority of participants in training perceive positive outcomes to training there are those that do not, perceiving no gains whatsoever to having undergone training. Negative views are expressed by twice as many workless as working people (17 per cent compared to 9 percent respectively). This may be a reflection of poor quality training; or training with no identified outcomes (be that getting a job or building confidence); or again a reflection of general disengagement and ennui. The structuring of an offer with clearly stated objectives and outcomes may overcome some of this dissatisfaction, but for other individuals, if the desire to partake in training cannot be stimulated, then the provision of training will be a costly and pointless exercise.

Table 3.2: Perceived responses to training

	Workless (excluding the retired and students, %)	Working (%)
	2003	2003
I got a new job	*	8
I changed to a different type of work	*	9
I learned new skills for the job I was doing at the time	25	51
I was able to do my job better	22	57
I stayed in my job, which I might have lost without this training	*	5
I got a pay rise in the job I was doing at the time	*	13
I got a promotion in the organisation where I was working at the time	*	8
I got more satisfaction out of the work I was doing at the time	*	29
I set-up my own/family business	2	1
It helped me with the work problems related to my health/disability	4	4
Other job-related outcome	7	6
I developed personal interests unrelated to work	27	14
I gained confidence in my own abilities	60	58
Other	2	*
None of these/Nothing happened	17	9
Don't know	0	*
Base	336	2,489

Source: *Future Skills Wales, 2003.*

3.4 BARRIERS TO TRAINING

Since 1998 there has been a significant fall in the extent of workless people reporting barriers to learning: 33 per cent of workless people in 2003 said that nothing was preventing them from learning compared to 45 per cent in 1998 which suggests a substantial policy achievement in removing barriers and improving access. In addition, amongst both the working and the workless, there has been a reduction in people reporting that the training on offer is not relevant, particularly for the workless (down from five per cent in 1998 to virtually nothing). Over the 1998 to 2003 period the Labour Force Survey indicates that the number of workless people in Wales taking part in training has risen from nine per cent to 14 per cent.

The improvement in access to training amongst the workless has largely come about through reductions in the number of people reporting expense as an issue (from 17 per cent in 1998 to 6 per cent in 2003) and lack of transport (from 12 per cent in 1998 to 2 per cent in 2003), There has also been a fall off in the number of workless people of working age who felt they were they were too old to partake in training.

However, lack of suitable childcare remains a significant barrier to take-up of training amongst the workless and there has been no more than a slight fall since 1998 (31 per cent in 1998 down to 29 per cent in 2003). Childcare and family responsibilities are also amongst the main reasons given for worklessness (shown in table 2.1). In respect of family and childcare as a barrier there appears to have been a major reduction over time in the number of working people who report caring responsibilities as a barrier (from 21 per cent in 1998 to 13 per cent in 2003); but this is not reflected amongst the workless where there is little change (from 31 per cent in 1998 to 29 per cent in 2003). This suggests that policies to improve the care available to working families have had a positive impact, but that these changes have not translated into an easing of access to training (or indeed access to employment) amongst the workless.

Table 3.3: Common barriers to learning

	Working (%)		Workless (excluding students and retired, %)	
	1998	2003	1998	2003
Too Expensive	18.7	8.7	16.5	6.2
Family Childcare commitments	20.6	13.3	31.0	29.1
Lack of transport	5.7	*	12.1	2.4
Work Pressure	19.6	15	*	*
Not enough time	29.2	27	7.5	6
I feel I am too old	9.0	3	11.9	5
Have better things to do	2.4	2	*	*
Not relevant	3.5	1	4.7	*
Lack of confidence	4.9	*	9.3	4
None - nothing preventing me	28.4	45	16.9	33

Source: *Future Skills Wales 1998 and 2003*

3.5 TYPES OF TRAINING

In the Household Skills Surveys all respondents were asked what forms of training would be most useful to them. Amongst the workless the preferred forms of training are taught courses designed to develop job related skills (24 per cent), followed by taught courses meant to lead to qualifications (22 per cent). These are also the forms of training preferred by the working, and mirrors the patterns of preferred training by both the working and the workless expressed in 1998. The workless differ from the working in that they are markedly less likely to spend time keeping up with developments in their work area. In 2003, 29 per cent of working wanted to participate in this type of learning, but just 9 per cent of workless. The workless are also less interested than the working in achieving a credit or step towards a qualification (11 per cent of workless compared to 20 per cent of working)¹⁵ which will have implications for modularisation of courses.

Workless people are far more likely than the working to reject any form of training. In 2003, 48 per cent of workless, nearly half, said they would not like to participate in any type of training, compared to 28 per cent of the working. This is in line with the fact that workless people are less likely to perceive positive outcomes from training they have undergone than are working people (see section 3.2) and that workless people are more likely to perceive barriers to training than workless people do (see section 3.3). Again, the challenge for policy makers is complex and in addition to offering training that is suitably tailored to the needs of the workless, and removing barriers to access, it is about stimulating an appetite for training and upskilling amongst the workless.

¹⁵ Psychological explanations around impulse control and delay of gratification may be part of the picture.

Table 3.4: Types of training respondents would like to participate in.

	2003		1998	
	In work (%)	Workless (excluding students and retired, %)	In work (%)	Workless (excluding students and retired, %)
Taught courses that are meant to lead to qualifications	33	22	37	25
Taught courses designed to help you develop skills that you might use in a job	38	24	43	25
Any other taught course, instruction or tuition	16	10	15	10
Studying for qualifications without taking part in a taught course	16	11	13	8
Receiving supervised training while you are actually doing a job	19	14	23	16
Spending time keeping up to date with developments in the type of work you do, eg reading books, manuals etc	29	9	31	12
Any other non-taught course or training	10	6	7	5
Achieving a credit/step towards a qualification	20	11	n/a	n/a
None of these	28	48	23	44
Number of respondents	3,766	1,701	3,960	1,771

Source: *Future Skills Wales 1998 and 2003.*

4 Conclusion and policy issues

Despite falls in the levels of unemployment, there are still significant numbers of the population in Wales that are workless and living in workless households. This paper drew on the Annual Population Survey and Future Skills Wales Generic Skills Household Surveys for 2003 and 1998 to review the extent to which there is a difference in the attitudes between the working and the workless towards skills and qualifications, and the role of this in contributing to continuing worklessness.

In this paper we use a number of different definitions of worklessness. The standard definition of worklessness is the sum of:

- people of working age who are not in formal employment but want to work (the unemployed)
- those that are not employed and who are not seeking employment (the economically inactive). This groups includes, but is not limited to, full time students and retired people of working age.

In our analysis of workless attitudes we focus on the workless excluding students in full time education and the early-retired, on the assumption that the labour market issues surrounding these groups are different from those applying to other workless people. We also refer to workless households which are households comprised of at least one person of working age where no member of the household in paid employment.

38 per cent of households in Wales are workless and around 300,000 dependent children in Wales are growing up in workless households. However, more than half of workless households consist of a single adult with no children, yet childless single people occupy just a third of all households in Wales. **Labour market disengagement is thus interlinked with social isolation.**

Women are more likely than men to be workless because of caring responsibilities. Those with disabilities, as defined by the Disability Discrimination Act, and who suffer from a work limiting disability, are overwhelmingly more likely to be workless than the population as a whole. In the Future Skills Generic Skills Survey, the most common reasons given for worklessness are health and disability, followed by lack of suitable childcare, a lack of suitable local jobs, and responsibility for family members.

Few workless people associate their worklessness with a lack of suitable skills/qualifications/suitable experience: less than 1 in 10 workless cite skills as the problem in Future Skills Wales 2003. **However, at an aggregate level, worklessness decreases as qualifications rise.** Of those with no qualifications, 57 per cent are workless with more than half of those being inactive. Amongst those with qualifications at NVQ Level 4 or higher just 16 per cent are workless (see figure 1.3).

This conflict suggests that there are complex interaction effects resulting in worklessness, and **reasons given for worklessness may not reflect the causality of circumstances.** For example, those without qualifications and skills are employed in poorer quality jobs with no autonomy, are more likely to feel job dissatisfaction and associated health problems, and in turn are less likely to hold down work successfully due to ill health.

Future Skills Wales shows that the workless have a fairly good idea of the relative importance in which generic skills are held by employers, with both the workless and employers

highlighting *understanding customer needs, the ability to follow instructions* and *communication skills* as key. However, **where the workless do not ‘get it right’ is over-estimating their own abilities relative to the competition** (see tables 2.5 and 2.6).

In respect of formal qualifications, on average, the workless rate this in the bottom third of their skills; and the average qualification level held is below that of the working population. Although employers value other factors above qualifications in their recruitment practices, **the workless would be wise not to dismiss the importance of qualifications in filtering applicants and in signalling generic skills competence**. Without a track record of labour market engagement or qualifications, an alternative evidencing of competence may be more critical to workless people than it is for working people.

For policy makers the focus needs to be about **the message and ensuring the workless realise the value of qualifications to employers in signalling employability**. While qualifications are not necessarily critical (according to the survey evidence) employers will need some evidence of employability for candidates to make it through the door. Where the workless do not have qualifications, the policy issue is **how to benchmark and recognise generic skills in lieu of formal qualifications**.

Though the workless have fewer qualifications, they are considerably less likely to engage in training. Only one-fifth of workless respondents had engaged in training in the past year compared to around two-thirds of working people. The most common forms of training for the workless are structured programmes leading to qualifications, or leading to job-related skills. The primary difference in the training patterns between the workless and the working is that the workless are considerably less likely to engage in self-directed learning aimed at keeping up with developments in the workplace.

Although the majority of people that experienced training – both working and workless – perceive positive benefits of training, the workless were more than twice as likely to feel that no benefits were conferred by training. **Improved levels of confidence dominate the benefits of training for the workless** (and also for the working), together with developing new interests, learning new job-related skills and improving one’s ability to do a job better.

Workless people said they would like to be involved in training that has tangible outcomes, in that it develops job related skills or leads to qualifications. This is true in spite of the fact that the main benefits they cite following training are general rather than specific, i.e. confidence and wider interests.

For public policy makers, improving the skills and qualifications levels of the workless is about more than offering suitable courses and removing barriers, though these are clearly critical and positive gains seem to have been made in these areas. Crucial and much more difficult is how to improve both the desire to upskill and the willingness to engage in training. Beyond this, **the challenge is how to encourage the workless to want to work**. Just as some Welsh employers are caught in a low-skills equilibrium (i.e. they don’t want skilled labour), a parallel principal operates for Wales’s workless. Low skilled workers are trapped in low quality jobs, earning poor wages, with little belief that they can achieve a step change in skills and qualifications to elevate themselves. Consequently, **the workless are less likely to perceive transformative benefits of investing their time, effort and other resources in skills and education**.

The workless are comparatively confident about skills like *ability to follow instructions, communication skills* and *understanding customer needs*. **Training programmes for the workless could build on this by focussing around the generic skills identified as strengths by the workless**, to instil confidence and attain accreditation, before moving on to the areas the workless identify as weaknesses including *numeracy, IT, and organising own learning and development*.

Appendix A

Comparing Future Skills Wales 1998 and 2003 Household Surveys

Comparing attitudes to skills in 1998 and 2003: from importance to levels

Both the 1998 (question no.18) and 2003 (question no.30) Household Skills Survey included questions that were directly concerned with the importance of skills to employment. However, while the topic of the questions is similar the variation in the wording of the questions means we cannot directly compare answers in 2003 with 1998.

Respondents to the 1998 household skills survey were asked what skills they thought were necessary to get the job they wanted, for a range of skills. An example of the type of question asked was:

“How important is it for you to have *Formal qualifications* to get the job you want?”

- 1 Very important
- 2 Fairly important
- 3 Not very important
- 4 Not at all important
- 5 Don't know

In the 2003 household skills survey the question format was changed to ask respondents to what level of skills they thought were necessary in a job. An example of this type of question is:

“At what level is/are *Formal qualifications* required for you to get the job you want?”

- 1 Not required
- 2 Basic
- 3 Intermediate
- 4 High
- 5 Advanced
- 6 Don't know

Workless households and workless individuals

The 2003 survey collected more extensive information about the households of the respondent, thus enabling us to identify workless households. In the 1998 survey we do not have detailed information around a respondent's household composition and therefore can only identify workless people.

Appendix B

Bibliography

- Business Strategies from Experian for the Future Skills Wales Partnership. (October 2003) *Future Skills Wales 2003 Generic Skills Survey. Full report.* www.futureskillswales.com / www.sgiliaudyfodolcymru.com.
- Gregg, P., Harkness, S., and Machin, S. (1999) *Child poverty and its consequences.* Joseph Rowntree Foundation.
- Kenway, P., Parsonm N., Carr, J., and Palmer, G. (2005) *Monitoring poverty and social exclusion in Wales 2005.* Joseph Rowntree Foundation.
- HM Treasury. (1999) *The Modernisation of Britain's Tax and Benefit System, Number Four: Tackling Poverty and Extending Opportunity.* Available at <http://archive.treasury.gov.uk/pdf/1999/pov1-10.pdf>
- Experian for the National Assembly for Wales. (2006) *Quantifying the demand for unskilled labour in areas of low economic activity.*
- National Health Service. (2005) *Worklessness and health – what do we know about the causal relationship?* Health Development Agency.
- Ritchie, H., Casebourne, J., and Ricke, J. (2005) *Understanding workless people and communities: a literature review.* Department for Work and Pensions, Research Report No. 255.