

# Employer Engagement with Higher Education: A Literature Review

Compiled for the South West Higher Level Skills  
Project on behalf of HERDA South West

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**November 2008**

## Acknowledgements

The authors would like to acknowledge the contribution of Anthea Duquemin and Peter Whalley in helping to compile literature for this review. This document is one output from a larger research project to support and inform the work of the South West Higher Level Skills Project, funded by HEFCE and managed by HERDA South West, which runs until December 2009. We would like to thank both organisations for their financial support and, in particular, acknowledge the contribution of Shamala Govindasamy in overseeing this project.

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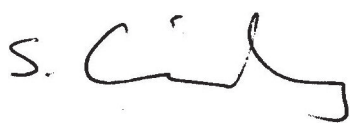
## Foreword

The Higher Skills Project in the South West commenced in early 2007, sponsored by the Higher Education Funding Council for England (HEFCE) and heavily driven by the Leitch agenda and its ambitious targets. The wider project aims to meet the demands of employers by providing them with higher level skills training to improve their business offering. This offer allows employers the opportunity to provide flexible training for their employees, who can work towards university-level awards as part of their professional development.

The Research Strand of the project, lead by the Centre for Leadership Studies at the University of Exeter, runs concurrently to all project activity in order to capture lessons learned from the coal face. The Strand aims to uncover cultural, structural and other barriers to effective employer engagement with Higher Education in order to identify mechanisms for ensuring timely, effective, relevant and mutually beneficial relationships between both partners.

The Employer Engagement with Higher Education Literature Review identifies the existing empirical evidence on employer engagement from Higher Education and business perspectives and highlights implications for effective employer engagement practice. Whilst not the only project dabbling in Higher Skills, we are one of the forerunners (alongside the two Pathfinders in the North East and North West) so wish to leave some sort of legacy to the Higher Education skills and workforce development agenda. The next stage for the Research Strand will be a best practice recommendation report gleaned from local and national Higher Skills activity, due out in late 2009.

As Leitch made clear, the UK's competitiveness hinges on our current workforce being skilled to a high level. Therefore the critical role that the Higher Education Institutions play in engaging with businesses needs to be evaluated and improved. While there has been significant progress in this arena, now is the time to reevaluate and rethink positive ways forward. This review contributes to this endeavour by outlining the policy and findings to date, thereby providing a valuable bedrock to the next stage of identifying what success looks like and how to achieve it.



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## 2. Overview

1. This report has been produced as part of the South West Higher Level Skills Project. It summarises recent literature on employer engagement with higher education (HE), with a central focus on HE involvement in work based learning for people in employment, where employers play a central role in the design, delivery and/or funding of provision.
  2. The report is structured into seven main chapters (context, market, systems, culture, promotion, pedagogy and leadership and management), followed by a summary of key issues and implications for different stakeholder groups (including policy makers, employers, HE providers, brokers and learners).
  3. Overall, the report identifies that HE-employer engagement is an issue of great significance within current UK government policy. It is proposed that through the development of higher level skills in the workplace the HE sector can make a significant contribution to UK competitiveness.
  4. Despite assertions about the importance of higher level skills, however, and a drive for closer engagement between higher education institutions (HEIs) and employers, the scale and profitability of this market remains relatively uncertain. It is an unpredictable and contested market that poses many risks and challenges.
  5. Whilst universities and employers potentially stand to gain many benefits from closer engagement substantial cultural and structural changes are required in order to facilitate and maximise the benefits. These changes, however, are not easy to mobilise and may lead to unanticipated and undesired outcomes for other parts of the higher skills landscape.
  6. In particular, the employer engagement agenda requires a fundamentally different approach from the traditional market for HE (i.e. the delivery of full-time undergraduate education to school leavers). The vast majority of university systems are designed to meet the requirements of this dominant client base, lacking the flexibility demanded by more employer-responsive provision.
  7. Employers invest in higher skills for a variety of strategic and operational reasons and learners generally seek qualifications for career progression and personal development. To be effective, it is proposed, employer engagement requires an alignment between the strategic, practical and personal needs and aspirations of employers, providers and learners.
  8. Government support is largely in the form of subsidy (for employers and HEIs) and the provision of brokerage services to facilitate the translation of employer needs into HE provision. The nature and format of this support has undergone substantial change over recent years and remains complex and variable.
  9. In order to facilitate closer engagement between HE and employers, appropriate channels for communication and dialogue are required. Traditionally much HE-employer engagement has been based on personal relationships between key individuals. For this provision to be expanded, it requires a more formalised and scalable model of engagement. The extent to which this is possible without compromising the quality of relationships and provision is, as yet, unproven.
  10. The expansion of employer engagement in HE places new expectations on the role of HE in society and challenges the perception of universities as a primary source of knowledge. In particular, the need to collaborate with employers and other organisations in the design, delivery and assessment of learning may erode traditional academic autonomy and the impartiality of HE. Increasingly HEIs may find themselves moving from being the principal providers of HE to assuming a quality assurance, coordination and accreditation role. As the pressures on universities to excel in different aspects of teaching, learning and research expand further strategic differentiation between institutions is likely and may lead to fragmentation of the sector.
  11. The literature reviewed in this report reveals that there are no easy answers or quick fixes to the issues of employer engagement and higher skills development. Whilst the benefits and opportunities are many, so too are the risks and challenges. In presenting a summary of perspectives it is hoped that this report will help sensitise the reader to important concerns and considerations so that they are better able to judge what may or may not be appropriate within a given situation.
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## 3. Introduction

### 3.1 Background

This report has been compiled as part of the Higher Level Skills project in the South West of England. Higher Level Skills Pathfinder Projects (HLSPP) were initiated within three regions of the UK in 2007 through funding from the Higher Education Funding Council for England (HEFCE) to explore and embed effective strategies for higher education (HE) providers to engage and collaborate with employers in the development of workforce skills<sup>1</sup>.

Whilst universities have long sought to establish strategic relationships with employers of all types, traditionally the main emphasis has been on optimising research output through knowledge transfer and applied research, with substantially less attention given to teaching and learning<sup>2</sup>. Business and community engagement, it could be argued, continues to be perceived as a 'third stream' mission to be carried out *in addition* to academic research and teaching/learning for traditional undergraduate (UG) and postgraduate (PG) student groups<sup>3</sup>.

Since the first government White Paper on Skills in 2003<sup>4</sup> increasing emphasis has been placed on encouraging businesses and universities to work together although it was not really until the publication of the Leitch report in 2006<sup>5</sup> that serious attention was given to how HE providers can contribute towards upskilling the nation's workforce.

The Leitch agenda, backed by subsequent government policy, has become a major driver for change in the HE sector and is encouraging providers to consider new and innovative ways of addressing employer skills needs. In effect, the intent is to bring about a shift from a supply to a demand-led market in which employers have a far stronger say in what and how higher level skills are provided to the workforce. Such a shift poses substantial opportunities and challenges to the providers of HE and the businesses and organisations with whom they collaborate.

It is these issues that this report seeks to illuminate. Furthermore, it seeks to make sense of, and draw together, the proliferation of material derived from research, policy and practical concerns that has emerged since the publication of the Leitch Report in 2006. Indeed, of the 135 references cited in the bibliography for this review 80% have been published since 2006.

Whilst this review was compiled specifically to inform the work of the South West HLSPP it is expected that the content will be of relevance and interest to a far wider audience. Readers may include policy makers, HE managers, HE academics/educators, organisations that partner, broker and support HE in the provision of higher skills, and employers themselves who may be looking for new and effective ways of growing the skills of their workforce.

### 3.2 What is Employer Engagement?

In July 2007 the Leitch Implementation Plan advised that "...all HE institutions need to grow their capacity to engage on a large scale with employers in ways adapted to their different profiles and missions"<sup>6</sup>. As might be expected, however, the term 'employer engagement' means a lot of different things to different people.

In their 2007 report to the Department for Education and Skills (DfES), Hogarth *et al* identified five main ways in which Higher Education Institutions (HEIs) can be seen to engage with employers and their local communities<sup>7</sup>:

1. Through graduate recruitment (as a supplier of highly skilled labour);
2. As a source of labour demand (many HEIs are amongst the largest employers in their localities);
3. As a source of lifelong learning (through continuous professional development and training (CPD));
4. As a supplier of research and development (R&D), and the provision of support for the knowledge economy;
5. As a key player in a variety of economic development related networks and partnerships (typically publicly funded through the UK/EU), and an important means of building new partnerships.

Whilst the diversity and value of these contributions should not be underestimated, the primary focus of attention from Leitch and related initiatives is on issue 3 – the provision of **lifelong learning opportunities for people already in work**.

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1 The Pathfinder regions are North West, North East and South West. The South West pathfinder runs until December 2009. See <http://www.hefce.ac.uk/learning/employer/path> for further details.

2 The Royal Society (2008)  
3 Hatakenaka (2008)  
4 DfES (2003)

5 Leitch (2006)  
6 DIUS (2007)  
7 Hogarth et al. (2007)



Indeed, given the Leitch objective of at least 40% of the UK population of working age being qualified to National Qualifications Framework (NQF) Level 4 or above by the year 2020 and the fact that around 70% of this workforce is already beyond the age of compulsory education, substantial attention is required as to how HEIs can more effectively target and engage such learners<sup>8</sup>.

Thus, despite the breadth of activity that could be considered as 'employer engagement', for the purposes of this review the primary focus is on developing links between HE providers and employers for **workforce development**, particularly through **work-based learning** (WBL). Furthermore, whilst HEIs clearly already cater to some extent to the needs of employers and people in work through standardised, supply-led, programmes (such as the MBA and traditional CPD courses), the primary emphasis of this review is on **demand-led provision** incorporating some form of active engagement on behalf of the employer, be it in the design stage, funding and/or delivery<sup>9</sup>.

Additional forms of engagement with HE, on behalf of employers, include: involvement in curriculum development (either directly or through advisory boards); helping to define professional standards and qualifications (such as the National Occupational Standards); engagement in governance (i.e. sitting on governing boards); offering student/graduate placements; mentoring/coaching HE staff and students; and speaking about their organisation/work to students<sup>10</sup>.

Such activities are part and parcel of the development of closer strategic relationships between HEIs and a host of other organisations and highlight the extent to which the higher skills agenda requires a partnership approach in which the boundaries between different organisations become increasingly blurred. The 2005 Skills Strategy White Paper<sup>11</sup>, for example, emphasises the importance collaboration between the SSCs and Regional Skills Partnerships (RSPs) in working with higher and further education to deliver the necessary higher level skills for regional economic development.

Together these developments pose a number of significant challenges for HE. Provision will increasingly become vocationally-orientated, comprising a range of learning and teaching methods, including formal on-the-job training, informal learning and work-related off-the-job education and training<sup>12</sup> and the need to work in partnership will lead to some loss of control/need for compromise in what universities do<sup>13</sup>. Despite this, however, new opportunities will inevitably emerge and if UK HE is able to embrace these demands then its contribution to national competitiveness will be secure.

### 3.3 What are Higher Skills?

In positioning the contribution of HE to meeting the skills needs of employers it is important to clarify precisely which part of the skills market HE is best able to address. Higher education, as its name would imply, is specifically focussed on developing 'higher level skills' – that is, training and development at certificate level or above (post-compulsory education level).

Typically, HE provision is at National Qualifications Framework (NQF) Level 4 or above, be that as a standalone course or part of a larger programme of study (such as a UG degree or PG certificate, diploma, masters or doctorate). Higher level skills can also include professional qualifications (accredited through an industry or trade body) of an equivalent academic level. Skills can be acquired through a variety of mechanisms (short or long courses, classroom or work based, etc.) and may not necessarily lead to a qualification. Provision may be offered in part or full by universities, FE colleges, private providers and in-house training facilities.

The NQF exists in England, Wales and Northern Ireland and was revised following public consultation completed in November 2003. A Framework for Higher Education Qualifications (FHEQ) also exists. Table 1, overleaf, shows how these frameworks relate to one another.

Whilst the distinction between Level 4 and other skills may be understood within the education sector it is less appreciated outside. In a survey of employer investment in skills, commissioned by the East Midlands Universities Association (EMUA), a quarter of business that reported to have undertaken higher level skills training had not – the majority having participated in training at Level 3 or that had 'felt like' higher skills<sup>14</sup>. The authors conclude that "it is clear that the concept of higher level skills eludes clear definition and the qualification levels in the National Qualifications Framework do not resonate with employers".

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8 Leitch (2006)  
9 HEFCE (2006a)  
10 Miller (2007)

11 DfES (2005)  
12 Kersh and Evans (2006)

13 UVAC (2005b)  
14 Kewin et al. (2005)



Furthermore, it could be argued that whilst HE providers cater for a wide range of learner needs, from relatively vocational qualifications such as Certificates and Diplomas of HE, Higher National Certificates and Diplomas (HNCs and HNDs), Foundation Degrees and Level 4 NVQs, to more theoretical/academic qualifications ranging from Honours degrees to PhDs, the definition of higher skills behind current government policy is more restricted. In their report for the Higher Education Policy Institute (HEPI) Sastry and Bekhradnia (2007) argue, for example, that the Leitch report "appears to define them largely in terms of the knowledge an employee needs to do an immediate job of work for an employer, disregarding the analytical skills and deeper more generic knowledge that it has in the past been uniquely the function of higher education to provide".

Framework for Higher Education Qualifications	National Qualifications Framework (as implemented from Spring 2004)	Previous National Qualifications Framework
D (Doctoral) - Doctorates	8 - Vocational diplomas	5 - Higher levels
M (Masters) - Masters degrees, postgraduate certificates and diplomas	7 - Vocational certificates and diplomas (NVQ 5)	
H (Honours) - Bachelors degrees, graduate certificates and diplomas	6 - Vocational certificates and diplomas	4 - Higher levels
I (Intermediate) - Diplomas of Higher Education and Further Education, Foundation Degrees, Higher National Diplomas	5 - Key skills Vocational certificates and diplomas (NVQ 4)	
C (Certificate) - Certificate of Higher Education	4 - Vocational certificates and diplomas	
–	3 - Key skills, Vocational certificates and diplomas, A-levels, (NVQ 3)	3 - Advanced
–	2 - Key skills, Vocational certificates and diplomas, Basic Skills, GCSE (Grades A* to C), (NVQ 2)	2 - Intermediate
–	1 - Key skills, Vocational certificates and diplomas, Basic skills, GCSE (Grades D to G), (NVQ 1)	1 - Foundation
–	Entry - Basic skills, Certificates of achievement	Entry

Table 1 - Summary of Qualifications Frameworks in the UK (Source: adapted from EdExcel NQF Grid<sup>15</sup>)

If this is the case then it should provide grounds for concern, especially given that, as workers take on a wider range of responsibilities "technical skills alone are not considered to be sufficient, as cognitive skills, together with an array of generic skills and dispositions, come to be regarded as the essential ingredients of successful performance in the workplace"<sup>16</sup>. Indeed, evidence would imply that employers place great value on generic skills and attributes and the majority of graduates entering the labour market do not enter fields directly related to their academic studies.

Whilst higher skills are necessarily broader in focus than direct technical or job-specific training, however, this does not negate the value of work-based learning (WBL). On the contrary, many generic skills may be more effectively developed in the workplace than the classroom and thus employer engagement could offer the potential for an enriched learning environment<sup>17</sup>.

15 URL: <http://www.edexcel.org.uk/quals/nqf-grid/>, accessed 3rd July 2008.

16 UVAC (2005b)

17 Australian National Training Authority (2003) High Level Review of Training Packages: Phase 1 Report. URL: [www.anta.gov.au](http://www.anta.gov.au).

In a review of good practice of WBL in HE the University Vocational Awards Council<sup>18</sup> proposed that the main characteristics of this learning are that it:

1. Is context bound, driven by specific and immediate work requirements;
2. Emphasises learning over teaching or training as a defining characteristic;
3. Depends on the responsibility for learning being spread between a number of people within the workplace;
4. Is consistent with new learning concepts such as learning networks, learning organisation and communities of practice.

Thus, as indicated earlier, the combination of a higher skills and employer engagement agenda poses new challenges and opportunities for providers of HE. This will be the primary focus for this review.

For the purpose of this review, we use the definition from King (2007) which considers "Higher-level" learning as broadly equivalent to first degree level and above (Level 4 onwards) and covering a range of provision from non-accredited CPD through foundation degrees to postgraduate and professional qualifications. It may also include small chunks of learning delivered in a flexible format, not specifically validated by a university. In particular our attention is focussed on workforce development, defined as "the upskilling and reskilling of an organisation's employees".

### 3.4 Structure of the Report

This report aims to give a synopsis of recent literature on the nature of employer engagement with HE. The central focus is on HE involvement in work based learning (WBL) for people in employment, where employers play a central role in the design, delivery and/or funding of provision. Whilst other aspects of employer engagement (such as knowledge transfer, applied research and graduate placements) may be touched upon, these largely fall outside the scope of this review. Furthermore, this review is largely restricted to UK-based publications and initiatives rather than offering an international benchmark or comparison of good practice.

The report is structured into seven main chapters, each addressing one of the main themes underlying research for the South West Higher Skills project as represented in Figure 1: context, market, systems, culture, promotion, pedagogy and leadership and management.

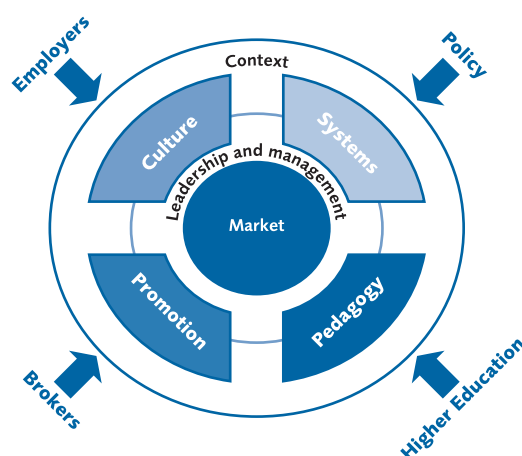



Figure 1 – Key Research Themes



Within the discussion of each theme, consideration is given to four main perspectives: employers, policy makers, brokers and HE. The preponderance of literature reviewed, however, focuses specifically on the policy (government) and HE perspectives and, seeing as these are the groups that are largely driving the national agenda for the expansion of higher level skills provision it is not unreasonable that greatest attention is given to these areas.

The review concludes with a summary of key issues and implications for different stakeholder groups as well as regional priorities for the South West and a number of cross cutting themes.

Chapter 12 gives a number of additional resources, including a table of abbreviations, details of useful websites and sources of case studies/examples of employer engagement and WBL.

The References/Bibliography gives a comprehensive list of sources cited and reviewed.

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## 4. Context

This chapter gives an overview of the context of the higher skills and employer engagement agenda, including the political context, key players and regional issues.

### 4.1 Policy Context

#### 4.1.1 The National Skills Agenda

The overall government aim according to the Department for Innovation, Universities and Skills (DIUS) consultation document *Higher Education at Work – High Skills: High Value*, published in April 2008, is to raise the skills, and capacity for innovation and enterprise, already in the workforce. Recently published reports and policy documents summarise the strategic and policy environment and consider the political drivers for skills agenda. The key drivers for change in respect of higher skills development appear to be as follows:

- **Drive to improve national skills and productivity through developing graduate level skills and qualifications.** Nixon et al. (2006) argue that changes in employment patterns and the organisation of work have impacted on the demand for higher level skills. Employees are now expected to be more flexible, have a broader range of skills and be better able to manage their own career and development and, although the supply of graduates has been rising steadily, employer demand for graduates remains high. Employers generally report that they get what they pay for, with most large employers (over 80%) believing that Level 4 qualifications are a good proxy for skills, compared to 55% who believe the same of Level 2 qualifications<sup>19</sup>.
- **Drive to compete in an increasingly competitive world.** In 1997, 22% of adults of working age in England had a Level 4 qualification or above and now, in 2008, it is 31%, but in order to compete in a globalised world the UK will need a higher proportion of people with higher skills<sup>20</sup>. The Leitch Report, published in 2006, proposes that the percentage should increase to 34% by 2011, 36% by 2014 and exceed 40% by 2020, but many of the UK's competitors are already well ahead of these targets (Japan, Canada, the Russian Federation and the US are at 40% or more already). It is argued that the next 10 years will be critical to securing advantage as emerging economies also move into highly skilled industries - if the UK is to match the aims of other countries it is possible that a target of 40% by 2020 is too conservative.
- **Drive to meet the skills needs of the future.** A recent DIUS consultation document states that improving the progress of school leavers into HE will be necessary but not sufficient to meet the skills needs of the future<sup>21</sup>. Demographic changes mean that the numbers of school and college leavers will shortly start to fall, with latest projections suggesting a drop of 16% in 18 year olds in England between 2009 and 2020 (from 684,700 to 578,300)<sup>22</sup>. As around three-quarters of the 2020 workforce have already left compulsory education a significant focus will need to be enhancing the skills of people currently in work<sup>23</sup>.
- **Drive for economic growth.** There is evidence that an increase in high level skills is beneficial to the economy. For example, labour market projections suggest that 18 million jobs will become vacant between 2004 and 2020, and that half of them will be in the occupations most likely to employ graduates<sup>24</sup>. Sastria and Bekhradnia (2007) argue that if the courses offered by HEIs can be better aligned with the needs of employers productivity is expected to improve. This is supported by research by Galindo-Rueda and Haskel<sup>25</sup> who concluded that productivity is 30% higher if the entire workforce has a degree than if none do. It is also estimated that differences in management practices account for 10-15% of the productivity gap between the US and the UK<sup>26</sup>, with 74% of US managers being qualified to graduate level compared to 49% in the UK<sup>27</sup>.
- **Drive to unlock the potential of towns and people.** HE drives economic regeneration by attracting, nurturing and retaining talent in a local area, creating a highly skilled workforce, stimulating entrepreneurship, creating jobs and helping local businesses to solve problems and become more competitive – it is proposed that a 10% increase in the proportion of the local workforce educated to degree level increases business productivity by 13%<sup>28</sup>. But this is not just about jobs and the economy. Supporting more people to experience HE and gain high level skills has benefits to a society that go beyond economic prosperity. The DIUS strategy *A New University Challenge*<sup>29</sup> states that those who are mature, part-time, have

19 DIUS (2008b)

20 Leitch (2006)

21 DIUS (2008b)

22 ibid

23 Ibid., also see Nixon et al. (2006)

24 Based on analysis provided for the Leitch Interim Report, December 2005.

25 Galindo-Rueda and Haskel (2005), cited in DIUS (2008b)

26 Bloom et al., 2005 cited in DIUS (2008b)

27 Keep and Westwood, 2003 cited in DIUS (2008b)

28 DIUS (2008b)

29 DIUS (2008a)

caring responsibilities/families, or who want to stay locally deserve the chance to fulfil their potential through study: locally based provision is particularly important for reaching out to adults who have missed out on HE in the past.

- **Drive to increase the supply of science, technology, engineering and mathematics (STEM) skills.** HE can have a central role to play in reversing the downward trend in supply of STEM skills, seen as key to innovation, survival and growth of businesses operating in the global economy. Nixon et al. (2006) argue there may be a need to develop stronger, more coherent and substantial innovation partnerships to boost research collaboration (as well as workforce development) between universities and businesses.
- **Drive to create and apply new knowledge.** It is argued in *Higher Education at Work*<sup>30</sup> that high level skills can help form a sustainable knowledge economy in which ideas inform and improve practice. The workplace itself is now being recognised as a site for learning and knowledge production brought about by the development of a 'knowledge economy' in which the creation and deployment of new knowledge in the workplace is essential. The growing intellectual capital of businesses, however, has the potential to erode the position of universities as the dominant force in knowledge creation and if HE is to continue to make a contribution, collaborative activities based in and around the workplace should be considered<sup>31</sup>.
- **Drive to maximise innovation, creativity and enterprise.** HE is identified as playing a central role in supporting businesses to innovate, though it's ability to provide specialist expertise for product/service development and to equip learners with the necessary skills for enterprise and creativity. This capability is regarded as fundamental for the UK to compete in rapidly changing global markets<sup>32</sup>.
- **Drive for widening participation.** Over successive years educational policy has emphasised the need for widening participation in FE and HE to offer opportunities for non-traditional students in order to address social and economic disadvantage. Employer engagement and the extension of higher skills provision in the workplace is seen as a key strand of this activity and an essential means for working towards the Government's participation targets<sup>33</sup>.
- **Drive to reduce dependence of HE on public funding.** Traditionally many HEIs have been heavily reliant on public funding through HEFCE. In order to increase participation rates as planned, however, this is not a sustainable model in the long-term, and the Government is promoting employer engagement as one mechanism through which universities can generate additional income. A recent DIUS consultation document states that whilst the public purse can offer some support, it neither can, nor should, cover the full costs of a significant upsurge in demand as the benefits of high level skills are shared more widely between individuals, employers and society<sup>34</sup>.

Nixon et al. (2006) argue that, together, these drivers encourage HE (in collaboration with employers) to focus on three interrelated activities: (1) increase the number of employees attaining higher level skills; (2) encourage higher value added activity in businesses; and (3) enable innovation, enterprise and creativity. The HE sector is already making substantial progress in each of these areas however the degree to which each will be prioritised is dependent on a broad range of factors, not least the availability and reliability of funding. These issues also point towards more active government intervention in the HE sector and the increasing significance of employers as key stakeholders. These points will be discussed in the next section.

#### 4.1.2 Recent Changes in Skills Policy<sup>35</sup>

National government has long been concerned with educational policy yet recent years have seen a marked increase in emphasis on the 'skills agenda' and making HE more responsive to employer demands. Although employer demand is already taken into account by the HE sector, the ways, extent and reasons why this might be done vary across institutions. Scesa and Williams (2008) conclude that these variations often reflect custom and practice in the particular occupational area, and might also reflect the extent to which particular HEIs feel the need to be seen to respond proactively to government calls for greater responsiveness.

30 DIUS, 2008b  
31 Brennan (2005),  
cited in Nixon et al. (2006)  
32 DIUS (2008c)

33 Nixon et al. (2006)  
34 DIUS (2008b)

35 The following sources have been used in compiling this policy context section:  
Hogarth et al. (2007), King (2007), Scesa and Williams (2008)

The first government Skills Strategy, *21<sup>st</sup> Century Skills: Realising our Potential*, was published by DfES in July 2003 and since then the UK skills agenda has gained year-on-year momentum. While the first Skills Strategy made virtually no mention of HE or skills beyond Level 3, successor documents have drawn attention to the UK's need to match the economic progress of burgeoning low-wage economies, such as Brazil, Russia India and China, with a focus on high-level skills and the development of niche markets in high-technology. In December 2003, the *Lambert Review of Business-University Collaboration* stressed the economic need for a better flow of innovation and ideas between business and universities and urged the HE sector to engage more closely with employers in order to address a perceived mismatch between the needs of industry and current provision.

Subsequently, the *Foster Review of Further Education in England* in November 2005 focused heavily on meeting the needs of employers and expanding the provision of Centres of Vocational Excellence (COVEs) within FE Colleges (FECs). Whilst these mainly provide training to Level 3 they are also often involved in the delivery of HE (where the FEC works with a validating HEI) and are now a key element of Regional Skills Partnerships (RSPs). This arrangement was reinforced in the FE White Paper of March 2006<sup>36</sup> which noted that a significant amount of HE was already delivered in FE<sup>37</sup>, to the benefit of both local people who wanted to pursue vocational higher education in a local setting and local/regional employers seeking workforce development.

The Secretary of State's grant letter to HEFCE in February 2006 provided a strong steer to HEFCE on developing employer engagement<sup>38</sup>. It asked the Council to lead "radical changes in the provision of HE" through a strategy of growth which will incentivise provision which is fully or partly funded and led by employers. In spite of this focus, in 2006 the Government's skills strategies had still not fully articulated the role that HE might play and only latterly sought to embed HE in the regional and national skills infrastructure.

At the end of 2006, two major announcements were made about English skills policy. The first was the *Further Education and Training Bill*<sup>39</sup>, which included proposals enabling FECs to award Foundation Degrees (FDs). This would reduce the commercially significant time lag between recognition of the need for a new skill and its validation by an HEI. The FE Bill was followed rapidly by the final report of Lord Leitch who had been tasked with reviewing UK skills policy. Whilst a keynote of his findings was the need to raise employees' aspirations and awareness of the value of skills to them and their families, he also emphasised the need to increase employer investment in Level 3 and Level 4 qualifications in the workplace. One of his recommendations was that the targets faced by HEIs be changed to increase the focus on workforce development and away from a sole focus on young participation rates. The Leitch review set out the Government's vision for a high-skilled, knowledge-driven economy and the changing role of both FE and HE in delivering this vision. It placed increasing emphasis on the need to improve the range, scope and nature of the relationship between HEIs and employers in setting out and responding to the higher skills agenda.

In between these two reports, HEFCE announced its own employer engagement strategy<sup>40</sup> in November 2006 and, as part of its strategy to extend the Train to Gain (T2G) programme to Level 4, established three Higher Levels Skills Pathfinder Projects (HLSPP)<sup>41</sup> with the aim of linking with and building networks to "improve the journey to higher-level learning for employers and employees" and testing how HE-level programmes can be developed, packaged and marketed to create funding partnerships between employers, learners and providers. In its strategy HEFCE announced that employers can expect to see more undergraduate and postgraduate courses that are relevant to employer needs and more HEIs and FECs offering opportunities for workforce development through WBL and the formal accreditation of prior, experiential and in-house learning. Alongside this 'new push' on HE to meet the high level skill needs of employers, the government also recognised the need for learners to progress seamlessly between FE and HE. One way of encouraging this was the establishment of Lifelong Learning Networks (LLNs) to improve progression opportunities for vocational learners into and through HE. The government also continued to explore opportunities for employer-demand led funding of HE.

In the annual grant letter to HEFCE in January 2007, the government stressed the importance of developing radical approaches to increasing access to HE by older people already in the workplace, proposing that HE should be "available, relevant, flexible and responsive and meet the high level skill needs of employers and their staff"<sup>42</sup>. There was (in theory) a clear market for HEIs, FECs and other providers who were able to meet the needs of industry, assuming that employers were aware of the providers' existence and that all parties could agree on costs and delivery methods.

36 DfES (2006)  
37 Now estimated  
at 8% (LSC, 2008a)

38 DfES (2006)  
39 DCSF (2006)  
40 HEFCE (2006a)

41 In the North West, North East and South West  
regions of England – see 4.2.5 for further details.  
42 DfES (2007)

A year later, in the 2008 Grant Letter to HEFCE, the Secretary of State made clear the priority to accelerate progress towards a new relationship between employers and HE, announcing ambitious and ground breaking plans to deliver growth in the form of HE co-funded by employers<sup>43</sup>. It was proposed that funding would rise to at least £50 million in 2010–11 and enable delivery to 5,000 entrants in 2008-09, rising to at least 10,000 the following year and 20,000 in 2010–11, thereby enabling the financial risks for HEIs investing upfront in structural changes to be shared. To support this, the government have asked HEFCE to develop a new funding model for HE that is co-financed with employers, achieves sustained growth in employer-based student places, and introduces the principle of employer-demand led funding. This model will run alongside the existing HE funding model and will incentivise providers to respond quickly to employer demand and to offer accessible and tailored provision.

In March 2008, DIUS launched its *A New University Challenge*<sup>44</sup>, which encourages local partners to come together and develop a case for an HE centre or university campus. HEFCE is currently consulting on the criteria to be used in assessing cases (which includes business engagement) including developing the skills of the local workforce. In *Innovation Nation*<sup>45</sup> announced plans to increase the availability of innovation vouchers in the regions so that SMEs can buy engagement with knowledge based institutions. Finally, in April 2008 DIUS published a consultation document *Higher Education at Work – High Skills: High Value*<sup>46</sup> setting out the aims that the UK needs more and more employable graduates and to raise the skills, innovation and enterprise of those already in the workplace.

## 4.2 Key Players

Whilst it may seem obvious that the central players in HE-Employer engagement are precisely that - HEIs and employers - a wide number of other organisations and agencies have a substantial interest and stake in this agenda. These include among others a number of non-departmental bodies and agencies including (until most recently) the Learning and Skills Council (LSC), the Alliance of Sector Skills Councils (formerly Sector Skills Development Agency - SSDA), Sector Skills Councils (SSCs) and Regional Development Agencies (RDAs). This is a rapidly shifting landscape. The SSDA, for example, has recently been replaced by the UK Commission for Employment & Skills (UKCES) which now takes responsibility for the SSC network, and the LSC is due to be disbanded in 2010 and replaced by two new bodies: the Skills Funding Agency (SFA) which will continue to fund FE and Train to Gain, and the Young People's Learning Agency (YPLA) who will manage the budget for 14-19 education, allocated via Local Authorities. The turbulence within this domain is demonstrative of the current priority of higher skills and employer engagement it also, however, may contribute towards confusion and potential duplication of effort.

A summary of the main organisations currently involved in shaping higher skills provision to employers are outlined below under five headings: (1) government departments and non-departmental agencies; (2) employer focussed organisations; (3) HE providers; (4) HE-related bodies; and (5) related schemes and initiatives. Links to the many of the related websites are given in chapter 12.

### 4.2.1 Government Departments and Non-Departmental Agencies

These organisations are responsible (either directly or indirectly) for implementing government policy on skills and are either entirely or predominantly funded from public sources.

- **Government departments.** One major shift in the policy landscape that has been brought about by the government's commitment to raising skills levels in the UK has been the restructuring of the departments responsible for the learning and skills agenda. In June 2007 the Department for Education and Skills (DfES) was broken up into two new departments – the Department for Children Families and Schools (DCSF), with a remit for the 'compulsory' phase of school education, and the Department for Innovation Universities and Skills (DIUS), with a remit for post-compulsory further and higher education. Alongside this has been the establishment of the Department for Business, Enterprise and Regulatory Reform (BERR) (replacing the Department for Trade and Industry- DTI), with oversight of the Regional Development Agencies (RDAs) and the competitiveness and productivity agendas. BERR has a leading role in promoting employer-HE engagement in relation to innovation and competitiveness as well as from a regional perspective, whilst DIUS (and its predecessors) has a pivotal role in delivering the skills agenda and has direct responsibility for encouraging links between HEIs and employers.

43 DfES (2008d)  
44 DIUS (2008a)

45 DIUS (2008c)  
46 DIUS (2008b)



- **Higher Education Funding Council for England (HEFCE)**. Working in partnership with DIUS, HEFCE's aim is to promote and fund high-quality, cost-effective teaching and research and meet the diverse needs of students, the economy and society. It runs pilot projects on employer engagement (e.g. Higher Skills Pathfinders, projects funded by the Higher Education Innovation Fund (HEIF), and the Strategic Development Fund (SDF)). HEFCE's proposed strategy with regard to higher skills development adopts a two-stage approach: the first being experimental market-testing through a range of research and pilot work (e.g. Higher Skills Pathfinders) and the second drawing on the findings of the first, to develop a shared strategy between HE and its partners (e.g. SSCs). HEFCE's employer engagement strategy has five strands: (1) developing responsive provision to meet employer and employee needs; (2) engaging employers in the HE curriculum; (3) co-funding partnerships and sharing the costs and benefits of HE; (4) meeting demand for higher level skills and embedding HE in the skills infrastructure; and (5) valuing learning undertaken in the workplace<sup>47</sup>.
- **The Learning and Skills Council (LSC)** is a non-departmental public body which began work in 2001, taking over the roles of the former Further Education Funding Council (FEFCs) and Training and Enterprise Councils (TECs), and exists to increase the skills and competitiveness of England. Its main aim is to improve the skills of young people and adults to ensure that England has a workforce of world-class standard. It is responsible for planning and funding high quality education and training for everyone in England other than those in universities.
- **The UK Commission for Employment and Skills (UKCES)** was established in April 2008 as a single employer-led board providing direct and independent advice to Ministers after relevant functions of the SSDA and National Employment Panel were transferred. The UKCES, which was set up in direct response to the Leitch report, operates across the UK and plays a central role in raising the UK's skills base, securing its ambitions of achieving a world class profile on skills by 2020, improving productivity and competitiveness, increasing employment and making a contribution to a fairer society. The Commission's remit includes developing an independent view of how successful and well integrated the UK's employment and skills systems are in meeting the competitive challenges faced by business, and in supporting changing employment trends; funding and managing the performance and re-licensing of the SSCs; reviewing employability skills and helping determine the targets, policies and progress necessary to the UK's ambition of world class skill levels by 2020.
- **Regional Development Agencies (RDAs)** provide the strategic framework for economic growth and regeneration in their regions, bringing together the views of the people who live and work in each English region, and combining these with a unique set of business and economic insights to make the most of the opportunities globalisation brings. Each RDA is working with partners to build on their region's natural assets, develop the knowledge-based economy, revitalise places and meet the needs of regional businesses. They have a particular role – with national and sub-national skills bodies – in identifying and prioritising the supply and demand for skills in a region and want to see all regions developing a sophisticated understanding of demand for high level skills and its relationship to business strategies. They are also responsible for coordinating the work of the Regional Skills Partnership (RSP) – a network of employers and providers – for their respective region and the implementation of regional skills priorities.

#### 4.2.2 *Employer-Focussed Organisations*

The following organisations are responsible for supporting businesses in identifying and addressing skills needs.

- **Alliance of Sector Skills Councils** (formerly the SSDA) was launched in April 2008 as a collective body comprising all 25 SSCs in the UK. The full scope of the Alliance will develop over time, but its initial focus is to represent and co-ordinate the strategic work of SSCs to stakeholders across the four home nations.

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<sup>47</sup> HEFCE (2006a)

- **Sector Skills Councils** (SSCs) are employer-led, independent organisations that cover a specific sector. Their key goals are to reduce skills gaps and shortages, improve productivity, business and public service performance, increase opportunities to boost the skills and productivity of everyone in the sector's workforce, and improve learning supply, including apprenticeships, HE and National Occupational Standards (NOS). There are 25 SSCs and together they cover approximately 89% of the UK workforce; collectively the 25 SSCs operate under the banner of the Skills for Business Network (SfBN). Higher learning to Level 4 and above has become a key priority for the network as a whole and in this the central role of SSCs is to represent the skills needs of employers in their sector and to encourage learning provision to be available at the right level to meet those needs<sup>48</sup>. SSCs articulate this demand-led approach in their Sector Skills Agreements (SSAs), which are developed in consultation with employers and other stakeholders, including colleges and universities. They are also involved in the development of work-based progression routes to HE (e.g. Advanced Apprenticeships) and of honours degrees in the context of progression from Foundation degrees and are leading the development of another new progression route from the new applied Diplomas to HE to be introduced from 2008. The SSCs have been supported by HEFCE in enhancing their strategic engagement with the HE sector, particularly through the Higher Education Academy (HEA)<sup>49</sup>.
- **Business Link** is a national, publicly-funded, information, diagnosis and brokerage (IDB) service for businesses - acting as an 'honest broker', referring businesses to the most appropriate provider (public or private) for their requirements. In April 2005 responsibility for the funding and management of Business Link passed to the RDAs and they have subsequently been reviewing how to deliver business support under the Business Link brand in their regions. There is a plan to launch a single, integrated business support brokerage service in April 2009 that will fully integrate Train to Gain skills brokerage into Business Link to ensure a single brokerage service managed within the regions. The 2007 Comprehensive Spending Review settlement increased the DIUS contribution to the RDA Single Pot by £24 million per year to enable the RDAs to take on this responsibility. This is consistent with the Government's reform agenda to make the skills system more responsive to the needs of employers and to raise their demand for training.
- **Employer Groups**. Many employer organisations, representing the business community at large, have taken it upon themselves to promote employer-HEI links. One of these organisations is the Confederation of British Industry (CBI), the UK's leading independent employers' organisation, representing public and private sector companies, with a mission is to help create and sustain the conditions in which businesses in the UK can compete and prosper for the benefit of all. Another employer group with a specific interest in HE-employer engagement is the Federation of Small Businesses (FSB).
- **Professional bodies**. In their response to the Leitch review, several universities commented to Universities UK on the lack of reference to professional bodies, and stressed their central and longstanding role as 'valued partners' in developing curricula across a wide range of subjects<sup>50</sup>. Links with the Royal Society of Chemistry, the Royal Academy of Engineers, General and Social Care Council, the Law Society and the medical, veterinary and dental professional bodies, were mentioned in particular as exerting significant influence with their particular sector.
- **UnionLearn** supports the contribution of trade unions to informing and developing skills provision and learning opportunities within organisations. Their mission is to "increase workers' life chances and strengthen their voice at the workplace through high quality union learning" by helping unions to become learning organisations; to broker learning opportunities for their members; and to identify and share good practice and promote union contribution to learning agreements and sector skills agreements<sup>51</sup>. UnionLearn also currently administers the Union Learning Fund, a government fund of £12.5 million per year to support work with employers; provide access to high quality information, advice and guidance; and promote commitment to equality and diversity.

48 FdF (2007)  
 49 Universities UK (2007)  
 50 Universities UK (2007)

51 From UnionLearn website (<http://www.unionlearn.org.uk/about>), accessed 11/08/08.

### 4.2.3 Higher Education Providers

Higher level skills are provided by a range of organisations, including HEIs, FECs and private/independent training organisations.

- **Higher Education Institutions (HEIs).** The UK HE sector consists of 130 HEIs: universities and higher education colleges with degree-awarding powers conferred by statute. Many are long-established; others were polytechnics linked to local education authorities until 1992 when they were accorded independent university status. In addition there are Colleges of Higher Education which are usually smaller and more specialised in nature as well as University colleges, a number of which have now been granted degree-awarding powers and full University title.
- **Further Education Colleges (FECs)** also make a highly significant contribution to higher-level provision, especially for learners who might otherwise find HE difficult to access because of lack of prior academic attainment, inadequate funding, geographical location, or lack of confidence. A wide range of higher-level courses is available through FECs, but they can be grouped into three basic types: (1) higher-level vocational courses, primarily higher national diplomas (HNDs), higher national certificates (HNCs), which are increasingly being replaced by Foundation degrees and national vocational qualifications (NVQs); (2) 'traditional' higher education, primarily undergraduate and postgraduate degrees, certificates/diplomas of higher education; and (3) professional and technical qualifications awarded by professional, statutory or regulatory bodies<sup>52</sup>. In spite of downward pressure on numbers in the sector caused by funding difficulties and the expansion of conventional HE, the sector has held up remarkably well - enrolments at higher levels are consistently in excess of 180,000 learners, 100,000 of which are full-time equivalents (FTEs) – and FECs currently account for 11% of all HE by learner headcount and 8% by FTEs<sup>53</sup>.
- **Private and independent providers.** A significant proportion of higher skills provision continues to be delivered by private sector and independent providers. Whilst much of this is unaccredited, many providers are now able to offer professionally recognised awards which may compete with traditional HE programmes. Such providers vary considerably in size and influence and are represented nationally by bodies such as the Association of Learning Providers. Due to the experience and flexibility of such organisations, in expanding HE provision in the workplace HEIs may find it more beneficial to partner and collaborate with such providers rather than to compete directly.

### 4.2.4 HE-Related Bodies

The following organisations are primarily responsible for supporting the HE sector through providing guidance on quality in teaching and research, as well as a channel for influencing national policy.

- **Quality and Regulatory Bodies.** These organisations are responsible for ensuring the quality of teaching and learning in HE. They include the Quality Assurance Agency for HE (QAA), which maintains academic standards in HE, and the Qualifications and Curriculum Authority (QCA), which defines the national curriculum and National Qualifications Framework (NQF).
- **HE lobbying organisations.** These are membership organisations that represent the interests of all or a selection of HE providers. They include Universities UK, the representative body for the executive heads of UK universities; Million +, the coalition of modern universities; GuildHE, comprising members of HE colleges, specialist institutions and some universities; the Russell Group, comprising 20 of the leading large UK research-intensive universities, and 1994 Group, comprising 19 of the leading smaller UK research-intensive universities. Together these groups provide a variety of channels to help members promote their common interests, respond efficiently to key policy issues, and share best practice.
- **HE Regional Associations.** There are currently eight such organisations in England, covering the East of England, East Midlands, London, North East, North West, South West, West Midlands, Yorkshire and the Humber. These associations are designed to enhance the contribution of HE to regional competitiveness and work in close association with their local RDAs.

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52 LSC (2008a)  
53 ibid

- **HE support organisations.** Additional organisations that support the mission of HE, include the Higher Education Academy (HEA) that supports HEIs in providing the best possible learning experience for their students, and the Leadership Foundation for Higher Education (LFHE) that supports the development of leadership and management capacity for the sector.
- **The University Vocational Awards Council (UVAC)** was established in 1999 to enable HEIs to influence the development of vocational education and training. UVAC's membership spans pre and post-1992 universities, colleges of higher education, FE colleges delivering HE, and national skills, learning and employer bodies.

#### 4.2.5 *Related Schemes and Initiatives*

The employer engagement agenda for HE is part of a wider skills initiative within the UK, focussing on improving national and regional productivity and competitiveness through skills development. This section briefly outlines other significant national initiatives, most of which focus on developing the skills pipeline up to Levels 3 and 4.

- **Modern Apprenticeships** were introduced in 1994 as a government-supported WBL programme. Originally only 16-24 year olds were eligible but in 2003 it was extended to individuals aged 25 and above. The programme was initially introduced at Level 3 only, but in 2001 it was split into two phases: the Foundation Modern Apprenticeship leading to NVQ Level 2, and the Advanced Modern Apprenticeship leading to NVQ Level 3. The revised Modern Apprenticeship programmes are a mixture of work-based training and education, including an NVQ, key skills (e.g. communication), a technical certificate and other mandatory or optional elements as specified by the particular occupation. For the majority, learning takes place both in the workplace and off-site through day or block release at an FEC or private training provider.
- **Graduate Apprenticeships (GA)** were announced by the DfES in 1998 as a means of enhancing the employment skills of new graduates and established as frameworks for combining existing HE qualifications with work-based learning. From November 1998 the DfES funded several National Training Organisations (NTOs) to develop a series of pilot GA frameworks in partnership with HEIs and after the pilot phase made £5 million available (in 2000-02) to encourage wider delivery and roll-out. Following a review in July 2003, however, it was found that despite some successes GAs were perceived as resource intensive and were disbanded in favour of the FD route to vocational learning.
- **AimHigher** is a government-funded national initiative which aims to join efforts between schools, FECs and HEIs and other agencies to widen participation in HE of under-represented groups, primarily through raising the aspirations, and educational attainments of young people. Aimhigher, jointly funded by DIUS and HEFCE, operates across nine regional partnerships and 45 area partnerships throughout England and in October 2007 Ministers announced that funding will be continued until 2011. Since most Aimhigher activities take place at regional and local area levels, they can be tailored to the needs of specific communities and, as a result, the range of activities is extremely broad. Common activities, however, include offering information, advice and guidance to potential HE students and their teachers and families; organising summer schools, taster days, master classes and mentoring schemes to raise the aspirations and attainment of young people with the potential to enter HE; working with employers and training providers to progress students onto vocational routes to HE; and working to encourage those already in the workplace to become full-time, part-time or distance learning students.
- **Lifelong Learning Networks (LLNs)** complement the work of the AimHigher programme through their focus on vocational routes into and through HE. They aim to create new learning opportunities; forge agreement across institutions on how qualifications are valued; produce publicity to help people understand how they can progress through the system; clarify existing progression routes and engage in collaborative curriculum development in order to meet the needs of the vocational learner. When LLNs were first established in 2005 they were firmly set within government's broader policy of widening participation in HE but have subsequently been extended to focus on employer engagement in a local context. In October 2007 HEFCE reported that approx £103 million had been allocated to fund 29 LLNs spanning 120 HEIs and more than 300 FECs, although the nature of these initiatives is variable may well depend on pre-existing institutional priorities and relationships<sup>54</sup>.

- **Foundation Degree Forward (FdF)** is a national body established in 2003 to provide a national network of expertise to support the development and validation of high quality Foundation degrees (FDs) in partnership with all relevant agencies, institutions, organisations and interest groups to ensure that the development of FDs is driven by the needs of students and employers and satisfies the requirements of all stakeholders. FdF is not a regulatory body - its staff are all practitioners with experience of developing FDs who are able to offer advice and consultancy on issues such as employer development, learning innovation, quality assurance and enhancement, and partnership working. FDs are now a key element of how HEIs are endeavouring to meet regional and employer needs, with 2,500 different FD courses currently in existence (800 more in development) and more than 70,000 students (with a target of 100,000 enrolments in 2010)<sup>55</sup>.
- **Train to Gain (T2G)** was introduced in August 2006 as the primary skills service - aiming to raise skills levels (up to Level 4), the quality of training in businesses across England and to ensure that the delivery of training is more responsive to the needs of every business. To achieve this goal the Government, through the LSC, invested £230 million in the first year<sup>56</sup>, which is expected to rise to £399 million in subsequent years. A key element of this initiative are Skills Brokers, who together with employers, can identify the skills employers need, pinpoint the right training, agree a tailored training package, find available funding, and review progress. The recently published, *Train to Gain: A Plan for Growth*<sup>57</sup>, set out a range of changes for the skills brokerage service, stating that skills brokerage would be reformed and extended, including through the creation of greater sector specialist expertise. Although it is still too early to assess the effectiveness and impact of this initiative, criticisms have included that so far it has focussed too much on Level 2 qualifications and lower<sup>58</sup>; is more effective at stimulating demand in well-defined niche areas than expanding the volume of demand nationally<sup>59</sup>; and that brokers are having little impact upon provision in colleges<sup>60</sup>. Such comments are being taken into consideration in the ongoing development and review of this initiative.
- **Higher Level Skills Pathfinder Project (HLSPP)**. In autumn 2006 HEFCE agreed to fund three pathfinder projects to explore and embed shared strategies for HE provision and workforce development in collaboration with employers. Pathfinder projects are located in the North East, North West and South West regions of England and link into the existing infrastructure for HE-employer engagement. In particular, they have been tasked with exploring possibilities for the extension of the Government's integrated brokerage scheme, Train to Gain, into HE provision (Level 4 upwards). Each regional pathfinder has adopted a somewhat different structure but has resources for the development of new HE provision tailored to employer needs and to support dialogue and engagement between HEIs and employers within their localities. An early formative evaluation was completed in 2007<sup>61</sup> and HEFCE will incorporate lessons from across the projects into subsequent initiatives.

## 4.3 Regional Context

The current review has been written to support the HLSPP in the South West of England and hence it is useful to briefly outline significant priorities and issues for the Region. Whilst these will differ between UK regions, some of the more general issues about the contribution of HE to the regional economy will be relevant to a broader audience.

### 4.3.1 The South West Labour Market

Much has been written over the recent years about the condition of the South West region and its labour market<sup>62</sup>. The South West region as a whole is characterised by a workforce that is highly qualified and a relatively 'tight' labour market with high levels of employment, low unemployment and a varied economy.

As the Regional Economic Strategy (RES) notes, "in terms of productivity – a measure of how well we use resources to produce the things we want – the region could perform better"<sup>63</sup>. One measure of productivity, Gross Value Added (GVA) per hour worked, shows the South West operating at 95% of the national average, fifth of the English regions behind London, South East, East and East Midlands (down from 97% for 2003). Within that, performance varies widely across the region – from well below average in Cornwall and the Isles of Scilly to above average in the Gloucestershire, Wiltshire and North Somerset area.

55 DIUS (2008b)

57 LSC (2007d)

56 In 2006-07 52,730 employers were engaged; almost million employees trained through public funding; of these 100,000 achievements so far; 72% of companies were 'hard to reach' (LSC, 2007d).

58 All but 15,000 of the 170,000 enrolments are reported to be at Level 2 (LSC, 2007d)

59 Sastry and Bekhradnia (2007)

60 See P. Kingston, Network Fail, the Guardian, 10 April, 2007

61 GHK Consulting (2008)

62 See, for example, SWO (2008), HEFCE regional profiles, Jobcentre plus SWRDA (2008)

63

Skills and human capital are a key driver of productivity. Whilst by no means the only significant factor, variations in the UK regions' skills composition are a major factor in explaining regional variations in productivity<sup>64</sup>. Many studies have demonstrated a link between skills and different measures of human capital to productivity and economic growth. Skill levels have also been widely built in to indices of productivity, competitiveness or innovative capacity. Yet to that extent the South West bucks the trends: whilst the region has relatively high skill levels this is not reflected in its productivity performance - pointing to problems with the utilisation of these skills within the region.

In terms of the Graduate Labour Market in the South West, Perryman et al (2003) found that the South West is considered as good place in which to live and study but not necessarily in which to work due to limited job opportunities. As such, employers may need to depend on local people to meet their labour needs although it may not always be possible to retain people within the region.

### 4.3.2 *Contribution of HE to the Regional Economy*

Evidence, much of it from the USA, has demonstrated the role of HE in fostering economic development. From a city/regional perspective, it is possible to regard HEIs as geographical hubs – linking labour supply (graduates), labour demand (employers), R&D, networks and partnerships (national and international) and CPD provision<sup>65</sup>.

A similar argument is presented by the European Universities Association (EUA, 2006) research on the rise of knowledge regions where universities were seen to fulfil five key roles: a) identifying important new developments; b) educating and training graduates for the knowledge region; c) providing the research base for the knowledge economy; d) transferring and/or exchanging of knowledge that is not directly commercialisable; and e) developing individuals.

Within the UK, the Lambert Review (2003) concluded that increased collaboration between business and universities would bring significant economic benefits to the UK but that "the biggest single challenge in achieving this lies in boosting the demand for research from business, rather than in increasing the supply of ideas and services from universities". The Review made a number of recommendations including:

- giving RDAs a greater role in facilitating knowledge transfer within their regions;
- creating a new funding stream for business-relevant research, along with increased and improved 'third stream' funding for knowledge transfer;
- the development of a university code of governance and an agreement that if HEI demonstrates good management and strong performance this should be matched by a lighter regulatory touch by Government and the Funding Councils;
- the development of model contracts and a protocol for intellectual property (IP) to speed up negotiations;
- the encouragement of new forms of formal and informal networking between business people and academics, including the establishment of a business-led R&D employers' forum; and
- the provision of more information by universities on student employability, and businesses to take a greater role in influencing university courses and curricular.

Within the South West, the 13 HEIs (eight Universities and five HE Colleges) and 33 FECs delivering HE are home to an HE student population of 155,600. The HEIs alone bring to region £1,105 million per annum in income<sup>66</sup>, including grants from funding bodies, tuition fees, research grants and contracts as well as through the provision of wider services (including hospitality and catering, conference etc). As businesses in their own right, therefore, the contribution of HE to the regional economy should not be underestimated. In addition to this, through their capacity to stimulate growth of the commercial sector and effectiveness of the public sector, HE has a pivotal role to play in the continued economic success of the Region.

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64 HM Treasury (2001)

65 Hogarth et al. (2007)

66 HEFCE (2007c)

### 4.3.3 Regional Skills Priorities and Challenges

Despite the opportunities, however, the South West faces a number of specific challenges to achieving optimal impact of the skills agenda as outlined below.

- **Nature of work:** rather like the East Midlands the South West labour market is characterised by a low wage, low skill equilibrium where high employment rates are, to an extent, maintained by a concentration of low paid, low skill jobs<sup>67</sup>. This is particularly the case for seasonal employment associated with the tourist industry and agriculture. In such an environment "increasing the demand for higher-level skills from employers and individuals in the region is a significant challenge"<sup>68</sup>.
- **Size of employers:** the South West has a high prevalence of small and micro businesses. Research evidence suggests that a significant proportion of such employers do not provide any training for their staff, let alone at higher levels. The National Employer Skills Survey 2005, for example, identified that half of the smallest establishments with fewer than 5 employees and just over a fifth of those with 5-24 employees had not provided any training in the previous 12 months. In contrast, well over nine-tenths of establishments with 25 or more staff had trained some of their employees over the previous 12 months<sup>69</sup>. Similar findings were identified by the EMUA study with regards to accessing the services of HEIs<sup>70</sup>.
- **Geography and industries:** the South West is the largest of the English regions, measuring nearly 23,800 km<sup>2</sup>, with a population of 5 million. Government Office South West describes the region's economy as "very varied... Traditionally it has been associated with tourism; agriculture and fishing; food, drink and tobacco; and the aerospace and defence sectors. More recently there has been a substantial growth in the financial and business services sectors; the multimedia industry; and the electronic and high technology industries. The M4/M5 corridor provides a base for global manufacturing companies, as well as major telecommunications and electronics producers. The north and east of the region are generally economically prosperous, but the far south-west and other less accessible rural and coastal areas are over-dependent on static or declining industries, such as agriculture and fishing"<sup>71</sup>. As such a large and varied region, with a widely dispersed population the South West faces specific challenges for skills development, especially in the timing and location of provision.
- **Sectors:** partly in response to the disparity of impact between industrial sectors, the RDA has prioritised a number of key sectors for development and support. These include advanced engineering, marine, biotechnology, leisure and tourism, environmental technologies, food and drink, ICT and creative industries. A further regional priority for skills (and one of the foci of the Regional Skills Partnership) is Management and Leadership, which is recognised as underpinning all business improvements. Within the Higher Skills project in the South West three target sectors have been identified for the expansion of employer engagement activity: engineering, creative and cultural, and business improvement. Health has been added as a further area of focus since the start of the project.

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67 Kewin et al. (2008)  
68 ESP (2007)

69 LSC (2006)  
70 Kewin et al. (2008)

71 Cited in HEFCE (2007c)



## 5. Market

As indicated in the previous chapters, the wide scale of expansion of higher skills development for the workforce effectively requires HEIs to access and cater to a new/under-exploited market. Understanding the nature of this market and the potential contribution of the sector, along with agreeing realistic growth targets, is a key aspect of resolving the HE-employer engagement challenge. This chapter outlines policy and research evidence on the market for employer focussed higher skills provision.

### 5.1 Demand for High Level Skills

Despite the clear conviction of government of the need for increased levels of higher skills in the workplace, evidence of the demand for high level skills from employers and people in work is less conclusive. Research by the Council for Industry and Higher Education (CIHE) consistently concludes that the degree of employer demand for CPD and other forms of work-based learning that HEIs could provide to businesses remains unquantifiable<sup>72</sup>. Neither the SSCs nor the RDAs have focused on trying to gather estimates of employer demand at HE level (priorities being set at lower levels) and the LSC's National Employers Skills Survey (NESS) and CBI/Edexcel Education and Skills Survey do not differentiate between levels. It is proposed, therefore, that the DfES estimate of a £5 billion annual market for higher skills<sup>73</sup> is questionable as it is based on inadequate and incomplete data<sup>74</sup>. This lack of data, according to King (2007), reflects in part devolution of staff development responsibilities to lower levels (middle managers and employees themselves in larger organisations) and employers tending to develop and run short courses internally, only sourcing external provision from HE in the form of stand-alone modules and/or for senior managers only. Furthermore, such data tends to only be stored centrally for senior managers and may be regarded as confidential and not for public dissemination.

Nearly all reports on HE-employer engagement emphasise the heterogeneity of the workforce development market - that it is not a single market but multiple markets, with differing requirements and responses. Furthermore, this market is more complex and unpredictable than the traditional student market for HE. Firstly, it is a dynamically changing market that consists of employers and adult employees who have varying needs and aspirations<sup>75</sup>. Learners may be looking to extend their capabilities to Level 4 or above (or seeking to gain recognition for them) whereas their employers are more likely to be interested in outcomes in terms of business performance (often on a relatively short timescale)<sup>76</sup>. Moreover, adult learners have a more varied range of prior learning experiences and qualifications, which may be difficult to articulate in advance. Secondly, the public sector market for workforce development is different from the private sector and within each there is further market segmentation<sup>77</sup>. This segmentation is complex and relates to sector, size, geography, and the type of market an organisation is engaged in (whether international, national or local) - for example, requirements for education and training are likely to vary widely between large corporate organisations and small and medium enterprises (SMEs). Thirdly, there are funding differences, with the costs of study usually met wholly or in part by the employer or employees rather than by the state. Furthermore learners on workforce development usually seek a more flexible timetable for study that fits with their work and in relatively short/discrete bursts, with assessment that relates in some way to their work.

Given the diversity of the higher skills market it is perhaps not surprising that there are also substantial differences between HEIs and their strategic missions. Whilst some are interested in growing the full range of provision at Level 4 and upwards others concentrate specifically on Levels 6-8<sup>78</sup>. Within research-intensive universities there is a tendency to focus on employer engagement activities that may lead to research findings, whereas teaching focussed and business-facing institutions may be broader in the kinds of opportunities they will pursue. Within such a stratified environment it is clear that a 'one size fits' all approach to employer engagement is not appropriate – in the same way as employers will have different experiences when engaging with different HEIs (in many cases being strategic about which institution to target for a particular need) so too, do different universities bring to bear different capabilities.

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72 See, for example, Connor (2005, 2007), Connor and Hirsh (2008) and King (2007)

73 Cited in HEFCE (2007b)  
74 King (2007)  
75 Wedgwood (2008)

76 Connor (2007)  
77 Wedgwood (2008)  
78 Wedgwood (2008)

The heterogeneity of the workforce development market is clearly demonstrated in the reports highlighted in this review, which find considerable variations in the extent to which business tap into external courses in HE. According to Connor (2007), for example, the service sector appears to use external courses frequently, whilst distribution companies are significantly less likely to invest in management education that leads to formal qualifications. Smaller businesses are also less likely to access external courses. By comparison, international and multinational businesses appear to be more sophisticated in their development and deployment of Human Resource (HR) management strategies. These include the use of external courses, consultants and the development of their own specific products in partnership with HEIs - particularly business schools. CBI's *Fit for Business Report* published in 2007, likewise suggests that 52% of firms with over 5,000 employees use university provision for some of their learning and development needs. Where small firms are concerned, however, 71% had used private provision compared to 20% using FE and just 15% HE<sup>79</sup>.

How big a market there is perhaps best determined by employer expenditure on workforce development. The *National Employers Skills Survey 2007*<sup>80</sup>, for example, estimates employer expenditure on training in the previous 12 months to be £38.6bn (including labour costs) - an increase of £5.3bn (16%) from the NESS05 value<sup>81</sup>. Factoring in inflation this is equivalent to an increase in real terms of £3.5bn (10%). The increase in overall training expenditure is predominantly the result of increased spending on on-the-job training (up 23% from 2005); the increase in spending for off-the-job training in contrast was comparatively modest (9%). Overall more was spent by employers in 2007 on on-the-job training (£20.3bn) than off-the-job training (£18.4bn), whereas in 2005 there was a roughly even split between the two. In comparison, fees to external providers represent 7% of total training expenditure. Although there has been a large increase in total training expenditure since 2005, therefore, there has been little overall change in the composition of this investment. By any calculation, however, the current share of the workforce development market held by HEIs is reported to be small and focussed predominantly on certain sectors such as healthcare<sup>82</sup>.

DIUS has very much welcomed research commissioned by the East Midlands University Association (EMUA) in 2008 and proposed that HEFCE should fund similar work in other regions<sup>83</sup>. This project, undertaken by CFE consultancy, attempted to unpick regional business demand for higher skills, assess the nature of this demand and establish the market share of various providers<sup>84</sup>. It was conducted through a telephone survey of 438 businesses and identified that in total, 39% of the businesses surveyed had undertaken higher level skills training in the preceding 12 months<sup>85</sup>. The majority of these businesses used local HEIs to deliver the training, with the largest market share held by post-1992 universities. While HEIs may dominate the market for traditional academic qualifications, however, the market for professional and vocational qualifications is hotly contested. When choosing a provider, it was reported that acquiring a recognised qualification is a more important factor than the method, location or cost of training. Most businesses surveyed tend to meet the full cost of higher level skills training and prefer accessing local HEIs where possible. Employers that undertake higher level skills training tend to do so because it forms part of their wider business and/or HR strategy and 77% reported that higher level skills training had had a positive impact on their business.

The majority (61%) of businesses surveyed had undertaken no higher level skills training in the preceding 12 months. When asked why, the most frequent response was that they saw no benefit to their business by doing so. Only a small number cited financial costs or lack of awareness as a substantial barrier. Although around a third of these businesses (34%) indicated that they may undertake higher level skills training in the future, the majority (59%) reported that they were 'unlikely' or 'definitely not' inclined to do so during the next 12 months. Thus, as indicated in Figure 2, the majority of businesses that do not currently invest in higher skills can be considered as 'hard' nos – unlikely to participate even if HE provision was better promoted and more freely available.

79 Cited in DIUS (2008b)

80 LSC (2008b, 2008c)

81 Please note that these figures do not differentiate between levels.

82 King (2007)

83 DIUS (2008b)

84 Kewin et al. (2008)

85 Although there was some initial uncertainty about what constituted 'higher skills', with an initial quarter of those claiming to have done this actually having done Level 3 or below.

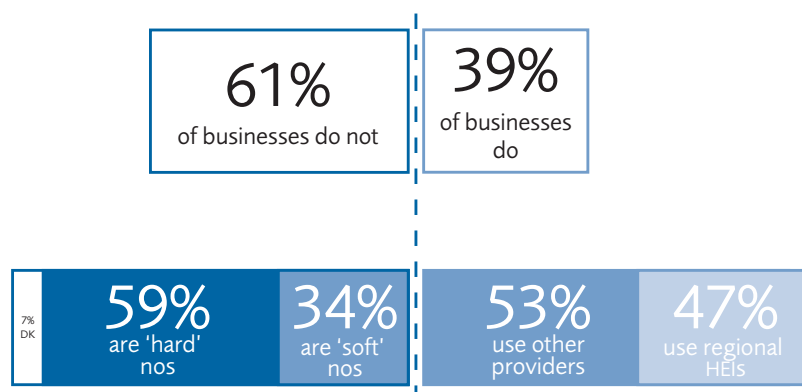


Figure 2: Market Demand for Higher Level Skills in the East Midlands (Source: Kewin et al., 2008: 7)

Whilst these findings give a good indication of the current demand for high level skills amongst employers in the East Midlands area, they also indicate some further market segmentation between those that do, those that might be persuaded and those that definitely don't invest in high skills. The findings of the survey would indicate that hard to reach businesses (the 'hard nos') will only start to undertake higher level skills training if there is a change to the market context in which they find themselves. In other words, they are only likely to become engaged with higher skills through a wider economic development approach, largely outside the remit of HE itself. The common policy response of national government to assume that all businesses that currently do not invest in higher skills are 'soft' nos that could be attracted if only higher level skills were easier to access or more financially attractive is clearly misguided in this case.

The requirement for HEIs to better understand the demand for higher skills training from the adult, employed market is partially addressed through the recent research report *University is not just for Young People*<sup>86</sup>. Overall, the research indicates that there is a significant level of demand for higher-skills from this group, but that there is a need for more flexible and part-time programmes if that demand is to be met. The research looked at attitudes towards HE of adults in the labour market without Level 4 qualifications (a total potential market of 12 million adults) and showed that 30% would consider going to university at some point in the future and that 6% were already seriously considering it - suggesting an additional target population of 4 million working adults, motivated by a desire to improve employability, career prospects and personal development. Even amongst those who were currently not considering accessing HE, the majority said they could be encouraged to do so if it was easier to study from home or work; they were given greater encouragement by their employer; or if there was a suitable course close to their home - equating to a further 6 million adults who might be persuaded to access HE given the correct circumstances.

At an occupational level, part of the remit of SSCs is to look at the impact of demographic change on their particular sector and to identify ways of addressing skills needs. These are set out in Sector Skills Agreements (SSAs) which map out the skills needed by employers in the short, medium and long term (along with details of how these will be supplied) in each of the 25 SSCs. All SSAs were completed in early 2007 and highlight varying degrees of need for Level 4 skills and above. In some sectors, such as Logistics and Hospitality, Leisure, Travel and Tourism (People First SSC), only a small proportion (around 12%) of the workforce has a Level 4 qualification, whilst in others such as Media and the Financial Services skill levels are much higher. Some, such as SEMTA (covering the science, engineering and manufacturing sectors), have specified that there is a shortage of specialist degree programmes to meet the specific needs of their sector and also highlight a need for increased training of technicians to Level 4, such as through the Higher Engineering Apprenticeship scheme<sup>87</sup>.

Universities UK in their response to the Leitch Report state that the emphasis on employer demand, and its calls for a 'demand-led system', does not adequately recognise that university decisions about course provision are governed, to a great extent, by student demand<sup>88</sup>. As one Universities UK member put it, "we cannot afford to develop programmes that employers want if students do not want them". If employers want to exert a greater influence on course provision, there needs to be a mechanism whereby they can test student demand, and share the costs and risks involved in developing provision where student demand

86 DIUS (2008f)  
87 King (2007)  
88 Universities UK (2007)

is untested. The Universities UK want the government to recognise that universities are businesses in their own right, and are required by government and the Funding Councils to ensure their solvency and success in a highly competitive national and international market. Thus, despite government calls for enhanced provision of higher skills in the workplace what is actually offered will continue to be largely shaped by the market. If employers find ways of clearly articulating a demand, a market and a realistic funding mechanism for HE provision of higher skills then universities are likely to respond favourably. Where the market remains largely untested and/or difficult to sustain universities will be less likely to respond.

## 5.2 Skills Gaps and Shortages

One of the most comprehensive sources of evidence of skills gaps in England is the *National Employers Skills Survey 2007* (NESS07)<sup>89</sup>, commissioned by the LSC, DIUS and the SSDA. It provides comprehensive and up-to-date information on the recruitment, skills and workforce development issues and challenges facing employers in England. In 2007 over 79,000 establishments provided information on their recruitment, skill needs and training behaviour. In addition to providing a comprehensive national picture, the size of the study enables robust analyses by region, sector and size of employer. NESS07 is the fourth in the NESS series<sup>90</sup> and throughout the report the 2007 results are compared with these earlier studies in order to assess how employer skill needs and challenges are changing over time. The main findings of NESS07 are as follows:

- **Vacancies:** the number of employers affected by 'hard-to-fill' and 'skill-shortage' vacancies, where candidates lack the necessary skills, qualifications or experience, is relatively low (at 7% and 5% respectively) and has decreased since 2005.
- **Skills gaps:** a minority of employers (15% - a decrease on figures for 2003 and 2005) are affected by 'skills gaps', where it is considered that employees are not proficient at their jobs. Only 6% of employees are considered to lack basic proficiency, most of which are in sales or elementary positions (36%) despite these occupations accounting for just over a quarter of all employment.
- **Competence:** where staff are described as lacking job competence this is most commonly attributed to a lack of experience or 'time served'. A fifth of all skills gaps, however, are attributed to a lack of training or development in the organisation, with a similar proportion attributed to difficulties in keeping up with the pace of change.
- **Skills type:** where skills gaps are reported these cover a wide range of both 'hard' and 'soft' skills. Unsurprisingly skills gaps vary by occupation, however, they are also concentrated in particular skills areas. Three out of four cases where managers lack proficiency, for example, are linked to management skills; in over two-thirds of cases where skilled trades lack proficiency these relate to technical and job-specific skills; and in just under two-thirds of cases where sales staff lack proficiency this is associated with customer handling skills.
- **Training provision:** the proportion of employers providing training has increased (from 65% in 2005 to 67% in 2007) as well as the number of employees receiving training (employers provided training for 14.0 million workers over the previous 12 months, the equivalent of 63%, compared to 13.1 million in 2005 or 61% of the workforce). These increases, however, have been driven by an expansion of on-the-job training - the proportion of employers providing off-the-job training remaining unchanged.
- **Reasons for not training:** a belief that all staff are already fully proficient is the predominant reason for not providing training, and was mentioned by nearly two-thirds of non-trainers. Relatively few non-trainers (5%) cite issues relating to problems of training supply, such as the courses they require not being available locally, dissatisfaction with the quality of the courses or providers locally, or the dates or times of courses not being convenient for their needs. Proportionally staff in managerial and professional roles receive the greatest degree of off-the-job training
- **Regional variations:** the NESS07 highlights that employers in the North East of England are most likely to experience skills gaps followed by London (17%) and the South West (16%). All other regions have an incidence of skills gaps at the national average or below.

89 LSC (2008b)

90 It was previously conducted in 2003, 2004 and 2005.

Another important source of evidence of skills gaps in the UK is the CBI/Edexcel Education & Skills Survey 2008. Like the NESS07 study, no clear distinction is made between higher level skills and the general skills needs of organisations, however their sample of 735 firms paints a more concerning picture of the current availability of important skills in British industry.

- **Skills gaps:** 53% of employers reported a lack confidence in their ability to find enough people with the right skills for their business. While most employers (63%) described staff in high skilled roles as 'good', fewer did so for those in intermediate level jobs (43%) and even fewer for lower skilled staff (35%). Poor basic skills (reading, writing and arithmetic) were perceived to have a serious impact on customer service according to two-fifths of respondents and lower productivity according to a third. IT skills were also seen as weak, with over half of employers (56%) concerned about the ability of existing employees to use computers and 69% reporting that they are investing in IT training in order to keep existing staff up-to-date.
- **Transferable skills:** 32% of jobs currently require degree-level education and this is expected to grow as the UK continues to move towards a 'knowledge economy'. Similar to NESS07 this survey shows that employers want graduates who can communicate well and work as part of a team. The majority (86%) of respondents ranked 'positive attitude' and 'generic employability skills' (including team-working, communication, business awareness, self-management and problem-solving) in their top three demands.
- **Leadership and management:** effective leaders and managers are regarded as key to ensuring that a business drives forward a culture of continuous improvement. Whilst nearly half (47%) of firms think their senior managers are effective, there are concerns about team leader and supervisory skills, with just 20% of firms describing these as good. Almost all (98%) companies are investing in in-house training for leaders and managers, with two-thirds providing external training such as MBAs for their senior managers.
- **Science, technology, engineering and mathematics:** firms employing people with STEM skills are considerably more likely to demand a specific degree subject than those that do not (ranging from around 60-80% vis-à-vis a cross-sector average of 30%), although STEM graduates are highly sought after in all sectors. By 2014, it is forecast that the UK will need to fill an extra 730,000 jobs requiring highly numerate, analytical people with STEM skills, making a net total of 2.4 million of these jobs in six years' time. Currently, however, 59% of firms employing such staff report recruitment difficulties in recruiting, citing the low uptake of STEM subjects at university as a large part of the problem<sup>91</sup>.
- **Languages:** employers generally look for conversational ability rather than full fluency when seeking to recruit staff with foreign languages. 75% of firms in the CBI/Edexcel sample sought people with language skills - primarily European languages although increasingly Mandarin/Chinese for expanding Asian markets.
- **Apprenticeships:** the survey results also indicate that employers value non-academic routes to learning. Around half of the employers surveyed offer apprenticeships, giving young people a chance to develop valuable vocational skills, with the possibility of progressing on to higher-level studies at a later stage if they have the right attitude and ability. Despite this, however, 81% of the largest employers reported excessive bureaucracy in this process, 57% have difficulty finding suitable applicants and 22% of all firms find the scheme too costly.

## 5.3 Trends in Higher Skills Demand

Alongside the changing demand for higher skills and the nature of skills gaps are a number of broader trends that impact upon HE provision generally. Some key issues identified in the literature are highlighted below.

- **Demographics:** the HEPI report *Demand for Higher Education to 2020 and Beyond*<sup>92</sup> identifies how the changing demographic profile of the UK is likely to influence demand for HE over the coming years. It proposes that growing demand over recent years can be largely attributed to increases in the 18-30 year old population<sup>93</sup>. Population statistics indicate a continued growth of the 18-21 market until 2010-11, following which there will be a significant decline – by more than 12% between 2010-11 and 2020-21. In subsequent years there will be a steady increase in the 25-29 age group as the population

91 There has been a 15% fall in engineering and technology graduates over the past decade (from 23,300 to 19,700).  
92 Bekhradnia (2007)

93 67% of full-time HE first degree entrants are under 21 and 85% are under 30 - this remains the dominant target group for HE and the main influence on current forms of provision (Bekhradnia, 2007).

peak of the late 1980s/early 1990s matures, following which there will be a substantial decline in that market too. Future demand for HE, however, is unlikely to be as turbulent as demographics alone might suggest. Educational achievement at school remains the key determinant of progression to HE and is strongly correlated to social class and the future decline in the 18-21 year old population will be most marked within those groups least likely to participate in HE. The report concludes that "there are two influences on higher education demand - changes in the population from whom students are drawn, and the ability and willingness of this population to participate in higher education".

- **Social inclusion:** whilst widening participation in HE remains a key strand of government policy and a priority for universities, it is unlikely to be meaningfully addressed until the disparity of achievement at school is addressed successfully. If it is, then social class may become less of a barrier to participation in HE and there would be major implications for HE demand. To this extent, whilst not directly concerned with Level 3 provision and below, success at these levels have a major impact on progression to HE and hence play an important role in shaping the higher skills market<sup>94</sup>. One of the potential benefits of a shift towards a demand-led system in FE is to begin to tackle those segments of the economy where productivity is weak, that is: amongst the low skilled, in industries with low value-added and in local areas with low skills<sup>95</sup>. Such initiatives may not only help increase social mobility but also improve the economic well being of deprived industries and communities.
- **Vocational qualifications:** the HEFCE strategy on *Engaging Employers with Higher Education*<sup>96</sup> indicates a changing profile of vocationally-orientated programmes within HE. There has been a substantial decrease in the number of funded sandwich placements (from 22,850 in 1999-2000 to 17,810 in 2004-05), partly due to difficulties in identifying placements, and students opting for shorter courses for financial reasons. In contrast, demand for Foundation Degrees has risen (from 8,260 new starters in 2002-03 to 21,550 in 2004-05) although part-time attendance remains low (at just under 2% of all part-time new entrants to HE including postgraduate qualifications). Professional healthcare qualifications remain a significant aspect of vocational education in HE, with just over 7% of full-time students training towards medical, social care and dentistry professions in 2004-05. Level 4 and 5 National Vocational Qualifications (NVQs) remain relatively negligible within universities (perhaps due to the fact that they are currently not funded by HEFCE), although in 2004-05 24,970 students were registered for Level 4 NVQs at FECs.
- **Occupations:** the LSC report *Skills in England*<sup>97</sup> identifies a steady shift in employment towards the service sector and of job losses in manufacturing industry, the primary sector and utilities over the past 10 years. Despite this, it is argued that "the predicted demise of manufacturing has been greatly exaggerated" and will still constitute a substantial number of job opportunities over coming years. The shape and occupational structure of employment, however, is changing. In England (and across the Western world generally) the most rapid growth is amongst jobs requiring relatively high level skills (that is, managers, professionals and associate professionals) and those requiring relatively low-level skills (that is, personal service workers and sales occupations). The reasons for this change are complex and reflect a number of influences, driven by technology and international competition.
- **Generic skills:** whilst technical skills are important, employers also recognise the importance of generic skills. Evidence from the *National Employers Skills Surveys*<sup>98</sup>, the *Skills at Work 1986 to 2006* research<sup>99</sup> and other sources suggests that employers have placed increasing emphasis on the importance of: leadership and management skills; influencing skills (including communication); customer-handling skills, including authority to act (especially among sales occupations); numerical skills (especially among clerical and secretarial occupations); problem solving; team working. The evidence from the *Skills at Work 1986 to 2006* survey also indicates that the skill intensity of jobs is increasing.

94 Bekhradnia (2007)  
95 LSC (2007c)

96 HEFCE (2006a)  
97 LSC (2007c)

98 LSC (2007b, 2008b)  
99 Felsted et al. (2007)

## 5.4 Incentives for Employers to Invest in Higher Skills

Businesses will invest in higher-level vocational training/qualifications that are specific to the roles of their employees or that can deliver measurable bottom-line benefits to the organisation. Returns on training investment are, however, notoriously difficult to accurately quantify. Research such as that described earlier in this chapter indicates the extent to which businesses invest in higher skills but what are the key drivers for this investment?

Figure 3 indicates the main reasons for investing in higher skills that were identified by businesses in the East Midlands<sup>100</sup>. From this graph it can be seen that HR issues such as improved retention, increased staff motivation and staff reward was the most frequently cited reason (36%), with a significant proportion of businesses (34%), also investing in training in order to meet business strategy goals such as increased sales, productivity and profitability. It can be concluded, therefore, that amongst this sample of businesses investment in higher level skills training is primarily for *strategic* reasons rather than as a short-term response to market demands.

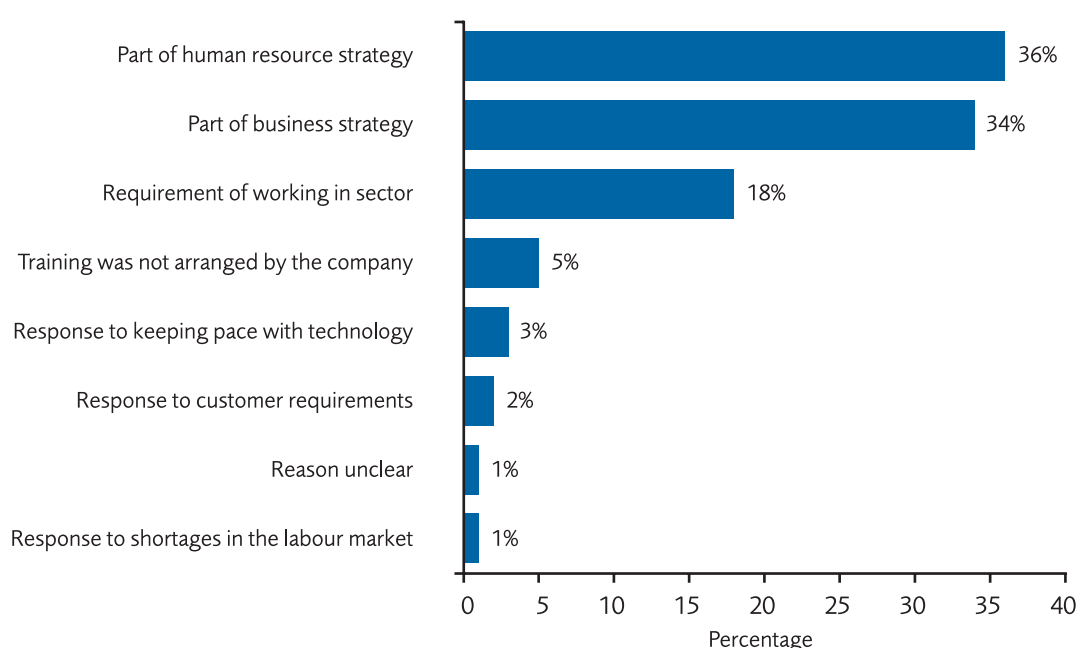


Figure 3: Drivers for Investment in Higher Skills Training (Source: Kewin et al., 2008: 28)

This research also indicated a significant interest in accessing HE for accredited learning leading to a qualification (with a mean ranking of 8.07 on a scale of 1-10). Similar levels of priority were given to flexible training that can be delivered in bite-size chunks, location of delivery and cost of training (6.99, 6.98 and 6.85 respectively). Reasons for not investing have already been discussed; however, almost 40% of businesses that had not undertaken higher level skills in the previous 12 months claimed that they saw no benefit of such training to their business. Notably, though, those that had invested in 'general' skills training during the preceding 12 months appeared to have acquired a 'habit' of training.

Research by the Learning and Skills Council *Skills in England 2007*<sup>101</sup> indicates that the commitment of employers to training and skills development is most frequently based on belief in the value of skills rather than any compelling empirical evidence. The following benefits to employers are identified as particularly important employers to invest:

- evidence of a positive relationship between training and a firm's performance;
- skills being recognised as an essential ingredient in what makes a business a high-performance work organisation;

100 Kewin et al. (2008)

101 LSC (2007c)



- spill-over effects from investment in training in the workplace, arising through knowledge being transferred to other people in the organisation, not just the trainee;
- positive relationships between higher turnover and employment growth and investment in skill;
- workplace survival rates improving where investment in skills takes place.

Although figures indicate an 8-9% improvement in performance and survival rates where companies invest in workforce development a degree of caution is required when assessing evidence of the impact as this is often undertaken as part of a wider range of initiatives to improve organisational performance and, whilst an important part of that package, in isolation may be unable to bring about the changes identified<sup>102</sup>.

## 5.5 Opportunities and Challenges for HE

For the HE sector itself there are a number of clear opportunities posed by increased employer engagement. A policy document *A Higher Degree of Concern* by the Royal Society identifies the following opportunities for HEIs<sup>103</sup>:

1. an additional stream of work/income;
2. enhancing the appeal of courses through their relevance and currency;
3. the potential to establish relationships that may lead to research, consultancy, enhanced profile, etc.; and
4. the opportunity to keep academics up-to-date with what is happening in the world of business .

In relation to the CPD market, in particular, HEFCE employer engagement strategy highlights opportunities for HE, which may include<sup>104</sup>:

1. a means for engaging with the ageing population;
2. a means for addressing requirements for more high value-added products and services;
3. supporting the rise in enterprise and entrepreneurship (including people starting their own businesses);
4. meeting the need for enhanced management and leadership training; and
5. supporting sectors needing to manage increased risk and regulation (e.g. health).

*A Guide to integrating WBL into HE*<sup>105</sup> concludes that much of this provision will be through work-based learning. This form of delivery, it is argued, is particularly well suited to meeting the needs of SMEs and for supporting organisations that are under pressure to compete in an increasingly global marketplace. Analysis suggests a particular emphasis on generic skills (including entrepreneurship, problem-solving abilities and the development of intellectual capital), traditionally associated with 'graduateness' acquired during the course of graduate studies. The changing shape of the labour market is considered to be a direct consequence of changes to the work environment, as organisations endeavour to shift from bureaucratic to more flexible structures, enabling organisations "to be more agile, to be able to respond quickly to changing market conditions and to develop new collaborative capabilities both within and between organisations."<sup>106</sup> Furthermore, organisations are facing increased job complexity; multi-tasking and multiskilling; and flattening of organisational hierarchies that is likely to drive the need/demand for higher level skills. Together with the declining number of large organisations in relation to SMEs and the difficult for employers to 'release' employees for off-site training, these trends will drive a demand for work based training in higher skills.

Whilst these factors clearly point towards a number of potential opportunities for HE, particularly when faced with a declining student population for traditional programmes (as discussed in section 5.3), they also pose some series challenges. Increased workforce development and employer engagement will inevitably divert resources from other market development activities<sup>107</sup>.

102 Ibid  
103 The Royal Society (2008)  
104 HEFCE (2006a)

105 UVAC (2005b)  
106 Australian National Training Authority (2003),  
cited in UVAC (2005b).  
107 Kewin et al. (2008)

As relatively autonomous institutions with diverse missions and contexts, it may not be in the interests of all HEIs to invest extensively in workforce development. As the Universities UK's submission to the Lambert Review argues:

"What policy makers and others outside the system also commonly overlook is the enormous variety of HEIs in the UK, each with very different characters and traditions that can be reflected in their mission, governance and leadership. This diversity of HEIs includes...new universities, formed after 1992 from Polytechnics, usually with a strong vocational focus to their programmes and a concentration on applied research and consultancy rather than pure or strategic research and often with a long tradition of working in collaboration with business."<sup>108</sup>

In their review for HEPI, Sastry and Bekhradnia (2007) argue that in setting policies the government needs to clearly identify what currently works well and what could be improved. In particular, they should not underestimate the fact that for the majority of those who access 'mainstream' HE, as well as those who employ, them the current system based upon student demand works perfectly well. Indeed, the authors argue that HE already has many of the features the government seeks to replicate elsewhere: (1) universities are independent third sector bodies providing publicly funded services whilst drawing in very large revenues from other funders (they are, in fact, the outstanding examples of this model); (2) the mix of subjects offered by each institution is extremely sensitive to shifts in demand and universities depend upon demand from their users (students) to maintain viable provision; and (3) unlike most social providers, universities are accustomed to judging themselves against international competitors and perform well according to the available measures. It is almost certainly the case that universities have expertise which could benefit the economy if utilised properly by employers but if so, the best test of whether this applies in any given case is the willingness of employers to meet a reasonable proportion of the costs of the activity.

One of the most significant challenges for HE to address, therefore, will be overcoming a reluctance of businesses to work with the sector, due to factors such as a perceived lack of value, interest or knowledge; competition and costs; previous bad experiences; and insurance and health and safety concerns<sup>109</sup>. HEFCE sees itself as able to support HEIs in addressing a number of these challenges by advocating the role of HE in improving productivity; facilitating more effective dialogue between HE, policy makers and employers; enhancing the capacity and incentives for HEIs to engage in riskier markets linked to employer needs; and developing quality assurance systems that are sufficiently flexible to meet the special needs of workplace delivery of learning<sup>110</sup>. Other factors, however, extend beyond its remit and require the collective effort of a wide range of agencies including the RDAs, SSCs, and those bodies responsible for education up to Level 3.

Despite the potential benefits of closer HE-employer collaboration Lambert (2003) found relationships to be somewhat patchy. In 2003 the majority of research and development, for example, was carried out in just four industries (pharmaceuticals, aerospace, transport equipment, and communications equipment) and was often concentrated in just a few firms. Overall, the Review estimated that only around 16% of UK businesses used information generated by the HEI sector to help with innovation. The most recent research also suggests that the barriers to effective employer engagement with HE still remain. The following concerns were expressed by employers for Hogarth et al.'s (2007) research:

- difficulty in identifying 'who does what' within the HEIs;
- poor customer service;
- disagreements over Intellectual Property;
- distortions caused by the Research Assessment Exercise (RAE);
- the discipline-based nature of much of HEI activity; and
- outdated and cumbersome university management practices.

Similar concerns were expressed by HEIs themselves and, in particular, it was noted by both sides that the constraints are much greater, relatively, for SMEs than for larger organisations.

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108 Universities UK (2003)

109 Miller (2007)

110 See HEFCE (2006a)

## 5.6 Particular Issues for HE Engagement with SMEs

One of the principal aims of the UK skills agenda as highlighted in the reports presented so far is to extend provision of higher skills to small and medium enterprises (SMEs). There are a number of reasons for this, including the prevalence of SMEs in UK industry<sup>111</sup>; their contribution to the national economy; and the fact that they currently tend to be hard to reach/excluded from HE provision.

The reluctance/difficulty of SMEs accessing courses in HE may partly be a reflection of a low level of awareness of what is available and/or the reluctance of universities to develop learning products that meet their (often very specific) needs undoubtedly is also associated with a difficulty in clearly articulating what learning they require<sup>112</sup>. Vice-Chancellor members of the Council for Industry and HE (CIHE) question the benefits of engaging with SMEs, arguing "what is there in it for us; small businesses are often unable to articulate what they want and unable to assess what they need, while the funding mechanisms provide no incentives (rather the reverse) to engage and develop the bite-sized learning they require and the quality and accreditation systems are not geared to work-based learning"<sup>113</sup>.

According to the NESS07<sup>114</sup>, the average annual cost of providing training is equivalent to £1,750 per employee in the workforce (up from £1,550 in 2005) and £2,775 per person trained (up from £2,550 in 2005). Large employers, it would seem, spend far less per trainee than small employers; the average spend per trainee amongst the smallest employers (with fewer than five staff) totalling approximately £6,125, compared to just £925 amongst those with 500 or more staff. Part of the explanation for this is the economies of scale and greater 'purchasing power' of larger employers - a similar degree of customisation is required whether the cohort size is 5 or 50.

The majority of reports emphasise that it is particularly difficult for universities to develop sustainable links for customised learning with SMEs, for a number of reasons to do with the small scale and unpredictability of their demand and a lack of continuity from year to year. Most SMEs do not see HE as being able to address their learning needs and are more likely to turn to local colleges or private training providers or prefer informal learning approaches. Many reports, therefore, highlight the need for HEIs to invest considerably more time in raising their profile, marketing and developing relationships with SMEs if they are going to have more success here<sup>115</sup>. Wedgwood (2008) also points to a need for a high degree of expertise on behalf of academic staff and extensive administrative support due to the complexity of the operations of many small businesses, and how managers in that sector often need to apply a wider range of skills and knowledge than in larger firms. This poses major challenges in curriculum design and promotion and may well require crossing university discipline boundaries, especially where 'buy-in' from a number of Schools is needed.

The Federation of Small Businesses (FSB) consistently calls for more on-site training tailored to employers' needs and in their view, SMEs would do more training if grants or wage compensation were more widely available. An FSB survey *Lifting the Barriers to Growth in UK Small Businesses* (2006) identified a need for better information and advice about what is available, and more tailored training delivered in the workplace. There was a sense that government training schemes covered the agenda for government, not the agenda for business. FSB members were also reluctant to fund higher-level skills, seeing these as something that the employee should pay for; and poaching of trained staff and the cost of releasing people for training were also seen as significant issues.

Various reports suggest that SMEs are not unwilling to train *per se*, but have a number of financial and organisational constraints that make this difficult. For example, the average member of the FSB has 4 employees, so structured off-site training by one person would leave the company without one quarter of its workforce, which would be unsustainable for a business of any size. A lack of awareness of grants to small business for training can also be a barrier. Furthermore, SMEs do not usually want traditional products from HE, showing a preference for more informal approaches such as coaching and mentoring<sup>116</sup>. Despite existing barriers, some examples can be found where innovative work is underway with a group of SMEs working together with an HEI, but rarely is there, as yet, much activity on the ground with regard to sharing costs<sup>117</sup>.

111 99% of UK businesses are under 250 employees and, together, constitute 50% of the country's private sector workforce (King, 2007)


112 Members of the Sector Skills Network, for example, have generally focused on Level 1-2 skills and been slow to address higher level learning (King, 2007).

113 King (2007)  
114 LSC (2008b)

115 See, for example, Connor (2007), King (2007) and Wedgwood (2008)

116 King (2007),  
Skills for Business (2008)

117 For sources which provide examples of good practice and case studies see chapter 12.



Following the Leitch Review the National Skills Forum (2007) published findings from a consultation exercise that sought to identify areas for enhancing employer engagement with businesses, in particular SMEs. These included:

- making the business case for training;
- improving training information and advice;
- developing flexible delivery systems;
- offering incentives;
- improving access to funding;
- pooling resources; and
- extending the provision of leadership and management training for SMEs.

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## 6. Systems

This chapter reviews evidence on the impact of organisational systems, processes and structures on the capacity and willingness for HE providers to engage with employers. Most of the detail within this chapter relates to universities, however, where appropriate reference is made to the delivery of HE in FECs, as well as the policy and support landscape and business environment.

### 6.1 Organisational Infrastructure

#### 6.1.1 Support for Work Based Learning

A study of work based learning (WBL) in HE funded by the Higher Education Academy in 2006<sup>118</sup> identified that some HEIs have put in place structures to support the expansion and uptake of WBL. A number have established 'one stop shop' approaches to act as a focal point for employer engagement and to provide support for WBL. Such units either deliver programmes themselves and/or facilitate outreach to the relevant academic experts/departments within the institution. The development of such structures has been supported in many cases through public funding (particularly through the European Union and RDAs) and has tended to be used subsidise programme costs for employers, especially SMEs. The availability of funding has also been a useful lever in encouraging practitioners to take risks and innovate, even if the wider institution is less supportive of the WBL agenda. Nationally funded initiatives (such as Centres of Excellence in Teaching and Learning (CETLs) and the Higher Education Innovation Fund (HEIF) have also proved valuable in supporting these endeavours.

In the 2005 *Higher Education-Business and Community Interaction Survey*<sup>119</sup> 117 out of 130 institutions reported they had a dedicated unit to provide support for SMEs and 109 provide entrepreneurship training to spin off companies. Table 2 below indicates the extent to which different institutions offer employer-related learning. An increase can be seen in all forms of provision from 2004-05, in particular short courses both on campus and at the company.

	Distance learning for businesses		Continuous work-based learning		Short bespoke courses for business on campus		Short bespoke courses at companies' premises	
Year	2005	2004	2005	2004	2005	2004	2005	2004
England	88	86	82	79	113	109	106	103

Table 2: Provision of Employer Related Learning in HE (Source: HEFCE, 2006a: 19)

Concerning employer involvement and intelligence, 102 institutions reported active involvement of employers in programme and curriculum design, and 74 institutions monitor sectoral change and skills needs through Labour Market Information (LMI)<sup>120</sup>.

Institutional priorities, however, are often most strongly influenced by traditional teaching and research, with employer engagement regarded as an additional 'third stream' activity. Where institutions do not have a strong history of employer engagement, however, relationships with employers may well have been built up by individual academics. The Higher Education Innovation Fund (HEIF) has proved to be an important initiative in embedding pre-existing contacts and links more firmly within the institution, although to date has centred on research and knowledge transfer activities rather than WBL specifically. Whilst a growing number of institutions recognise the value and interconnectedness between teaching, research and employer engagement, the latter still often poses significant challenges in terms of promotion, as well as aligning the necessary systems and processes to become more responsive to this market.

The 2008 DIUS report on *Higher Education at Work* observes that over the past few years an increasing number of institutions have chosen to position themselves as 'business facing' universities, specifically aiming to capitalise on the opportunities of the employer engagement market. Despite this, however, many of the current recognition and reward systems for HE fail to sufficiently acknowledge such forms of excellence and there may be a need to review these system both on an institutional and national level.

118 Nixon et al. (2006)

119 Cited in HEFCE (2006a)

120 HEFCE (2006a)

## 6.1.2 Academic Workload and Recognition Systems

It could be argued that one of the main barriers to effective employer engagement by HEIs remains the impact of the traditional academic year. Universities as a whole are geared up to cater for the 18-21 year old full time undergraduate attending for 30 weeks, through the provision of 10-12 week modules (aligned to the semester/term and structured by year), delivered on campus between the hours of 9-5, Monday-Friday<sup>121</sup>. This structure is distinctly at odds with the requirement from employers for flexible, part-time and modular programmes delivered outside of work-hours and often in the place of work.

Resource structures, workload models and job contracts are all heavily informed by the academic year, making it difficult to engage academics in activities that fall outside this framework. For academics, student vacations (especially summer) are used as an opportunity to take annual leave, to catch up on reading, conduct research and prepare for the year ahead. Likewise, despite the potential for flexible working, for many academics the opportunity of working a traditional week (leaving evenings and weekends free of formal work commitments) is a major perk of the job. Many also use such times to network with colleagues and potential sponsors and so may be reluctant to commit themselves to regular out-of-hours teaching.

Another barrier to wide scale engagement with workforce development, particularly within 'research intensive' universities, is the academic performance and reward system. Since 1986 the reputation of individual academics (and the institutions to which they belong) has been determined through the Research Assessment Exercise (RAE)<sup>122</sup>. This system ranks academics on a five point scale according to the quality of their research outputs (as determined through independent peer-review) from unclassified, through work of national quality to work of international and world-standard quality. Whilst this system takes into consideration a number of esteem factors, undoubtedly greatest emphasis is given to the publication of articles in internationally renowned academic journals. As an individual academic's ability to contribute beneficially towards an institution's RAE ranking is a key factor taken into consideration during recruitment and promotion, it is in their best interests (and that of their organisation) to ensure that they perform well against this metric. Furthermore, it impacts directly on their ability to attract further research income, PhD students and invitations to act as a keynote speaker, board representative, etc. (all also factors considered in calculating the RAE score). Given the time required to conduct research and prepare articles that are sufficiently robust to get through the peer review process, however, academics may well prefer to spend time doing this outside their traditional teaching and administrative responsibilities rather than to engage in employer engagement activities that are time consuming and less likely to generate publishable research outputs<sup>123</sup>. Whilst Research Council funded research represents only a small proportion of the work of most UK universities, through the RAE process it has a disproportionate impact upon academic priorities and the format and style of dissemination (in international academic journals in preference to local or national knowledge transfer/ employer engagement activities). The pressure to compete in this environment resonates throughout the culture of universities although this may slowly change over coming years as the RAE becomes replaced by the Research Excellence Framework (REF) which is due to take into account a broader range of research outputs and activities, including some more directly related to employer engagement activity<sup>124</sup>.

Whilst the RAE process clearly impacts upon academics at an individual level, at an institutional level a range of other factors are significant in terms of how the HEIs are regarded. A recent report for HEFCE, for example, highlights the impact of university league tables on institutional performance<sup>125</sup>. From analysis of five of the most influential league tables the following conclusions were reached:

- League tables do not provide a complete picture of the sector – privileging full-time, undergraduate provision and institutional, rather than subject-based, rankings;
- Some of the measures included are poor proxies for the qualities identified – being determined by available data rather than by a clear and coherent concept of excellence and/or performance;
- There is insufficient transparency about the way the various league tables are compiled – many being non-replicable and non-standardized;

121 Wedgwood (2007)  
122 Administered by HEFCE in England, along with the Scottish Funding Council (SFC), the Higher Education Funding Council for Wales (HEFCW) and the Department for Employment and Learning, Northern Ireland (DEL), in other UK nations. See <http://www.rae.ac.uk> for further details.

123 See, for example, the Academy of Management Journal special issue from December 2007 which highlights the tensions between academic and practitioner-orientated research in management and organisational studies.

124 2008 marks the final year of the RAE. Consultation is still ongoing for the system that will replace it but it is expected to incorporate a more diverse range of indicators including style of research and where/how it is presented.  
125 CHERI and Hobsons Research (2008)

- The resulting rankings largely reflect reputational factors and not necessarily the quality or performance of institutions with a disproportionate emphasis on academic research published in international journals;
- The format and content of league tables could be brought up to date – representing a rather inflexible and traditional set of measures.

The report concludes that:

"The influence of league tables is increasing both nationally and internationally, and cannot be ignored despite serious methodological limitations. They are being used for a broader range of purposes than originally intended, and being bestowed with more meaning than the data alone may bear. It is possible that the influence of league tables will increase further if the cap on tuition fees for full-time undergraduate courses is raised or lifted altogether. It is possible that ranking position will affect an institution's ability to charge the highest fees across all its courses. The world rankings are growing in influence due to internationalisation and are likely to continue to do so if bibliometric indicators are introduced to assess research quality in the UK."

In such an environment it is not surprising that activity, such as employer engagement and workforce development, which is not well represented in existing university performance measures, becomes treated as a secondary priority by many universities. As a recent article in the *Education Guardian* argues: "vice-chancellors were often under intense pressure from their governors to move up the league tables at the cost of other objectives, such as widening access to students from poor families"<sup>126</sup>. This situation is unlikely to change significantly unless performance assessment frameworks for the sector are revised accordingly. The solution, however, is unlikely to come through simply adding more criteria against which HEIs are assessed but, perhaps through allowing more scope for strategic differentiation of priorities.

## 6.2 Funding

### 6.2.1 Employer Investment in Higher Skills

As discussed in Chapter 5, the market for employer investment in higher skills is considered to be quite considerable. NESS07, for example, estimates annual employer expenditure on training at £38.6bn – an average of £1,750 per employee in the workforce and £2,775 per person trained – although just 7% of this constitutes fees paid to external providers, including universities<sup>127</sup>.

Despite these figures it remains difficult to distinguish investment in higher skills as opposed to other forms of provision. Most businesses do not generally keep a central record of the amount spent with external providers at HE level or the financial support given to part-time learners. The overall picture that emerges is of companies generally willing to contribute in some way towards the costs of HE for their employees yet seeking to supplement this with external funding and/or student contributions<sup>128</sup>. A recent report from HEFCE<sup>129</sup>, for example, indicated that whilst the majority (77%) of 2004/05 part-time foundation degree qualifiers had some financial support from their employer, only 29% had their full fee paid<sup>130</sup>. Research by Universities UK and Guild HE<sup>131</sup> suggests that, whilst evidence is sometimes contradictory, most part-time students in HE pay their own fees although some may subsequently recover these costs from their employers.

The extent to which employers are prepared to invest in higher skills training for their employees remains a topic worthy of further investigation. Kewin et al.'s (2008) study of high level skills investment in the East Midlands discussed in section 5.1 indicated that 70% of businesses in the sample claimed to have met the full cost of this training although this is less likely for those courses provided by HEIs, which may well be partially subsidised (especially for SMEs).

The 2007 HEFCE *HE-Business and Community Interaction Survey* indicated that, overall UK companies appear to be more reluctant than their overseas competitors to invest in formal staff development, spend less than others with external training providers and place greater emphasis on knowledge and skills acquired in the work-place. Despite this, the HE-BCI data for 2005–06 indicated that universities earned over £400m from businesses and other external sources for CPD and training (compared with less than £130m in 2002–03), although the CBI estimated that total spending in this area was £23.5bn in 2004 thereby implying that formal HE currently accounts for only a very small part of this market<sup>132</sup>.

126 Education Guardian (2008) *Out of Our League?* 15 April.

127 LSC (2008b)  
128 King (2007)

129 Foundation Degrees: key statistics 2001/02–2006/07, HEFCE, 2007 – cited in 32.

130 Although HESA student record data indicates just 4% of full-time Foundation Degree students having their fees paid by an employer.

131 Part-time students and part-time study in Higher Education in the UK, 2006 – cited in 32.

132 King (2007) cites an estimated market of £5 billion of which HE currently secures no more than £300 million.



Of employer funding for HE in universities a significant proportion comes from healthcare and teacher training. The HEFCE strategy on *Engaging Employers with Higher Education* (2006a), for example, reported that 64,970 of 620,680 new entrant UG students (10 per cent) were on programmes funded by NHS/DOH and social care. Such areas demonstrate well established and successful links between HE and employers and, although it is unclear to what extent to which this model could be transferred to other sectors and occupations, it is certainly worthy of investigation.

As discussed in section 5.1, despite evidence of substantial investment in higher level WBL it is unclear what proportion of this market could be realistically accessed by HE or the extent to which employers could be encouraged to contribute a greater proportion of the costs. In their review of employer engagement Sastry and Bekhradnia (2007) conclude “there is little evidence of a pent-up demand amongst employers to invest in the education of their staff” and place a question mark over the extent to which the government objectives of increasing participation in HE whilst reducing public funding are achievable.

### 6.2.2 Co-Funded Provision

As indicated above, much employer funding of higher skills is only partial, although government policy clearly indicates that where employers benefit directly from the development of their workforce they should be expected to share the costs of the provision<sup>133</sup>. Co-funded provision, therefore, calls for private sector income to supplement core public funding such as that available from HEFCE. A number of challenges, however, are posed through the use of such a dual income stream.

- **Illegal state subsidy:** the more closely a course is aligned with the specific training needs of employees of a single employer, the more likely it is to be considered as an inappropriate or illegal state aid<sup>134</sup>.
- **Employer control of provision:** in inviting employers to contribute a greater financial investment in HE it is anticipated that they will seek a greater degree of control over course content and format. In consequence, HEIs themselves will have less freedom to develop their own provision to meet the needs of traditional students and may become more constrained in terms of curriculum and pedagogy<sup>135</sup>.
- **Diminishing public funding:** the demand that provision should be 'co-funded' effectively reduces future government support such that employer contributions will increasingly replace rather than supplement existing funding for particular programmes. Government policy to support new product development and build the capacity of HEIs to engage with employers (through initiatives such as HEFCEs' Strategic Development Fund (SDF), HEIF and HLSPP) tends to be based on pump-priming and pilot initiatives rather than long-term financial subsidy. As a result, whilst such initiatives may well increase demand in the short term, as the balance of funding shifts from the government to employers HEIs may well find demand tailing off prematurely<sup>136</sup>.
- **Exposure to risk:** whilst public service reforms in other sectors have generally involved a trade-off of benefits and risks, the same is not necessarily true within HE. As reasonably autonomous organisations (a hybrid of public and private sector) universities may be faced with the worst of all worlds: reduced state funding, a requirement to raise additional funds from employers, and a greater exposure to risk through entering an unpredictable and potentially volatile market. As Sastry and Bekhradnia (2007) propose “if universities are not compensated for this by some other route, it will be attractive only to those in the weakest position (the price-takers rather than the price-setters); if such compensation does exist, the taxpayer is effectively paying a higher rate than is officially advertised”. The long-term viability of much employer engagement will not be evident in many cases until any pump priming has worked its way through the system.

133 See, for example, HEFCE (2006a)  
134 HEFCE (2006a)

135 Sastry and Bekhradnia (2007)  
136 *ibid*

Thus, whilst government documents pledge a commitment to supporting HEIs in developing co-funded provision and funding packages that "will incentivise higher education providers to respond quickly to employer demand and to offer accessible provision tailored to individual businesses"<sup>137</sup> it is likely that HEIs themselves will remain sceptical of much of this support. In any case, funding remains an important factor in influencing the behaviour of institutions and will be instrumental in facilitating or inhibiting the growth of WBL in response to employer demand<sup>138</sup>.

### 6.2.3 Alignment with Other HE Funding Streams

A common barrier cited to employer engagement is the HEFCE funding methodology which is not well suited to supporting part-time provision for mature adults in the workforce<sup>139</sup>. Sastry and Bekhradnia (2007) argue that whilst this model works very well within traditional HE provision by ensuring that where there is student demand there is always a group of willing suppliers without imposing burdensome planning controls, it may disadvantage HEIs in the case of co-funded provision. Because the HEFCE funding model does not directly reflect student numbers (only being adjusted where there is a large variance from projected figures) it is likely that where part of the funding comes from employers HEFCE will automatically assume that payment has been made even if it hasn't. In this case the onus will be on universities to demonstrate a shortfall in finances and some may be prepared to accept additional numbers on unfavourable terms to avoid the more serious prospect of downward revisions in their baseline grant levels: "the tighter the squeeze on 'mainstream' HE the more universities will be in this position"<sup>140</sup>.

Other reporting processes and metrics may also inhibit engagement with employers. In a report for DIUS Wedgwood (2008) commented how a Vice Chancellor from a Russell Group university explained that CPD was inhibited by the need for academics to achieve high levels of research output in order both to optimise research funds from HEFCE and to leverage additional research funding dependent on academic esteem. She concludes by proposing that "the funding and QA model require review and careful modelling and development, to at best, encourage growth in the workforce provision, and, at the very least, to avoid unnecessarily or inadvertently inhibiting it". Furthermore, issues to do with student fees and how they are paid may act as a disincentive for engagement in WBL. Whilst increasing course fees and the need to make payment up-front may be desirable for HEIs they disadvantage students from poorer and more deprived areas/occupations as well as those on part-time and flexible programmes.

In the 2008 Grant Letter to HEFCE<sup>141</sup>, the Secretary of State for Innovation, Universities and Skills announced ambitious plans to extend co-funded provision of HE for employers whereby financial risks would be shared. To support this, he asked HEFCE to develop a new model for co-financed HE that facilitates a shift towards greater demand-led provision, arguing that providers will need a growing appreciation of the needs of employers, and the general employability skills that are increasingly wanted in the workplace, to provide and adapt courses in response to demand, to offer provision tailored to individual businesses and make it accessible in ways that suit employers and students.

Despite this, many of the successful initiatives to date have been pilot projects with small numbers of students involved, often run with very limited resources. Such initiatives have tended to work around existing systems for funding, quality, etc. that may prove inappropriate for upscaled provision. One key challenge remains the design of an efficient and fair funding system for small 'bites' of learning with large numbers of participants<sup>142</sup>. Evidence suggests that WBL can be more resource intensive than other modes of learning and is generally reliant on the goodwill of enthusiastic individuals rather than part of a well planned or managed business model<sup>143</sup>.

## 6.3 Accreditation

### 6.3.1 Qualifications

Without doubt, one of the key selling points of the HE sector is the capacity to award qualifications. University accredited learning is widely acknowledged as meeting the HE quality assurance process as set out by the Quality Assurance Agency for HE (QAA), an international benchmark that provides credibility and consistency. Furthermore, within certain professions

137 DIUS (2008b)  
138 Nixon et al. (2006)  
139 Wedgwood (2008)

140 Sastry and Bekhradnia (2007)  
141 DIUS (2008d)  
142 Connor (2007)

143 JM Consulting (2003),  
cited in Nixon et al. (2006).

(such as law, medicine and dentistry) there is a long-standing expectation for vocational training to be delivered within HE and in many occupations there is a need for continued learning on issues such as legislation, technology and work practices. HE, therefore, is well placed to meet such needs<sup>144</sup>. SSCs, for example, are increasingly developing their own sector qualifications for HE accreditation and HEIs provide the necessary skills and knowledge to develop a curriculum and assessment process. The combination of occupational and academic knowledge, skill, experience and understanding is argued to be a powerful resource in preparing organisations for changing and unpredictable work environments and is part of what gives HE its competitive edge over other providers<sup>145</sup>.

Whilst businesses do not often relate the learning they offer to academically recognised levels (being more interested in the impact on performance), the opportunity to gain a qualification remains appealing to participants themselves. King (2007), drawing on a number of previous reports, concluded that qualifications relevant to the business are more likely to attract employer funding than more general programmes, thus implying that HE provision should be more problem based rather than qualification driven.

The EMUA study of the higher skills market in the East Midlands<sup>146</sup> revealed a strong preference for accredited qualifications, with nearly all of those having accessed higher skills training in the previous 12 months having worked towards a formal qualification<sup>147</sup>. In terms of 'traditional' academic qualifications there was a clear tendency for organisations to access institutions within the region, particularly for PG qualifications with 22 of the 24 PG degrees completed being undertaken at universities in the East Midlands. Competition for professional qualifications was fiercer, with EMUA institutions delivering just a third of the total (35%) and local FE colleges a further 16%. Of the remaining 49%, universities, FE colleges and industry bodies outside of the East Midlands accounted for 19%, and private training providers 28%.

In addition to the accreditation of formal programmes delivered in HE, universities also have the opportunity for Accreditation of Prior Learning (APL) provided, for example, by employers and/or private providers. Such an approach to accreditation can be appealing to employers but may require a lot of time and resource. Streamlining these processes and ensuring greater consistency and transparency of approach is a key priority in addressing the workforce development agenda<sup>148</sup>. UVAC (2005b) proposes that accreditation of in-company programmes is a growing area of HE activity and is likely to increase in significance over the coming years. In addition to the income that HEIs can generate through this activity, accreditation plays to the traditional strengths of HE in evaluating the outcomes of learning - something which employers have less experience of. Such activities may also lead to other areas of collaboration (such as research) that adds benefits to HEIs.

Accreditation of Prior Experiential Learning (APEL) is another process that exists within most UK HEIs that enables entrants to gain academic credits (often in the form of exemption from part of a course) as a result of previous workplace experience rather than prior study. Despite the existence of agreed systems, however, this area remains highly contested, is rarely used in practice and is a subject that would benefit from developing greater consistency across the entire HE sector<sup>149</sup>.

One national system for ensuring greater flexibility, transparency and transferability of qualifications between HEIs is the Qualifications Credit Framework (QCF) which is being trialled by the Quality and Curriculum Authority (QCA) in England, DELLS in Wales and Council for the Curriculum, Examinations and Assessment (CCEA) in Northern Ireland from Sept 2006 to July 2008<sup>150</sup>. This system seeks to determine a mechanism for the accumulation of learning credits for every 10 hours of learning, building up towards the award of a diploma of HE, and may also provide a framework for the accreditation of in-house programmes. DIUS (2008b) plans that by 2009/10 all HEIs will have credit-rated their main provision such that learners can determine a more consistent and transparent approach to credit transfer and progression both within and between institutions. Regional initiatives such as the South West Higher Level Skills Project's 'Shell Accreditation Framework' also represent significant steps towards enhancing flexibility and transparency in the HE qualifications process. Nixon et al. (2006) cite a framework for accrediting in-house company training which has been developed by Northumbria University, and a UVAC study (comprising University of Kent, London Metropolitan University, University of Luton, Southampton University and Middlesex University, and Harper Adams University College) to explore how a credit rated system could recognise learning in the workplace and be matched against the HE qualifications framework.

144 Connor (2007), King (2007)

and Wedgwood (2008)

145 Wedgwood (2008)

146 Kewin et al. (2008)

147 This may, in part, be due to the high proportion of larger companies in the sample. The Workforce Training in England 2006 study (cited in Kewin et al., 2008) demonstrates that the proportion of businesses undertaking training that results in a formal qualification (at any level) rises in line with employee size, peaking at 85% with businesses in the 500+ band.

148 Connor (2007)

149 Nixon et al. (2006)

150 QCA (2007)

The National Occupational Standards (NOS) provide additional support when considering the development of work-related skills. UVAC (2004) draws a distinction here between *work-based* and *work-related* learning, arguing that whilst "work-related learning provides broad knowledge of a range of occupations and disciplines [...] only through *work-based* learning can learners gain competencies based on National Occupational Standards". In essence NOS "set out what people in their respective occupations should know and how they need to apply that knowledge to perform their jobs well"<sup>151</sup>. They are regularly updated and informed by industry practitioners (via the SSCs), cover virtually every industry and area of employment and, as such, offer an invaluable resource for all involved in the provision of work-based learning and employability. In particular universities are requested to draw on the NOS in developing and delivering Foundation Degrees, an increasingly important progression route into HE.

NOS also form the basis of the National Vocational Qualifications (NVQ) system and "provide ready-made tools in most vocational disciplines for integrating academic and practical learning and ensuring that HE programmes meet the needs of employment"<sup>152</sup>. Despite this, however, whilst NVQs have proved popular at Levels 1-3 their uptake for Levels 4 and 5 has been more patchy (as they then compete with traditional academic qualifications) and many employers report the accreditation process for in-house learning as bureaucratic and cumbersome<sup>153</sup>.

In addition to accredited learning, however, much higher skills training delivered by HEIs to business remain unaccredited. Informal learning opportunities (such as mentoring and coaching, developing business plans, etc.) are often valued by employers, especially very small businesses, which have neither the funds nor the time to invest in formal programmes<sup>154</sup>. Such initiatives offer opportunities both for greater flexibility of study and may well be appealing to those who already have a higher level qualification. The Open University, for example, has developed a suite of short non-accredited courses for employees seeking post-qualification training and professional skills updating<sup>155</sup>. In such cases the very fact that the course has been provided by a recognised academic institution may serve as evidence of quality and referred to by participants when articulating their level of qualification and experience.

The 2008 *CBI Education and Skills Survey* calls for a reform of qualifications to meet business needs. Of the 735 firms surveyed, 36% felt that available qualifications lack relevance for their firms and only 32% invest in training that leads to a recognised qualification. Whilst official measures of UK skills remain qualifications-based a significant proportion of employer investment in skills (over £33bn annually) goes unrecognised. In many cases employers are more concerned with the impact on business performance than the achievement of an individual award, thus accreditation of WBL "needs to be on terms which employers recognise, value and embrace... [and as such] ...is frequently cited as an inhibitor to the effective delivery of workforce development by HE"<sup>156</sup>.

### 6.3.2 Quality Assurance

As indicated above, one of the unique selling points of universities is that they are seen to provide a consistent and high standard of quality. The QAA oversees the awarding of academic qualifications in the UK; with the ability to grant awards being determined by government mandate and requiring the agreement of the Privy Council. These quality control and assurance mechanisms can be applied to both to an HEI's own provision as well as the accreditation of external provision such as that delivered by an FEC or in-house training by employers. As universities enter the market for workforce development they will increasingly compete and/or collaborate with a wider range of organisations and stakeholders<sup>157</sup> and as professional qualifications gain in reputation and overseas universities increasingly compete for provision within the UK, there is a risk that the competitive advantage of UK HEIs will be slowly eroded. Within this context it is essential that universities find a means for maintaining their reputation as high quality providers whilst also becoming responsive to changing market needs and demands.

HE, however, is about more than skills training. Its primary focus is on education and knowledge that tends to develop broader, more generic competences such as critical reflection and analysis. The 'academe' (an international community of scholars that safeguards the integrity of the academic disciplines) is looked to for maintaining academic rigour and objectivity yet much of this is done on a goodwill basis with the aim of contributing towards wider social benefit rather than the improved economic

151 UVAC (2004)  
152 FdF (2007)  
153 Little et al. (2003)

154 Connor (2007)  
155 ibid.  
156 Connor (2005)

157 For example SSCs in the design and delivery of Foundation Degrees. A wider range of providers are also being granted award giving powers - see, for example, DIUS news from 6 May 2008. URL: <http://nds.coi.gov.uk/environment/fullDetail.asp?ReleaseID=366624&NewsAreaID=2>, accessed 15 July 2008

performance of businesses. Wedgwood (2008) identifies that "the critical factor for teaching and learning for the workforce is that it integrates learning in practice with learning in academe". Whilst professional bodies and employers themselves may be able to provide an understanding of work contexts and work roles to inform education without substantial buy-in from academic staff quality standards may suffer. Some of these cultural issues are discussed in the next chapter.

One particular concern is whether qualifications attained through WBL will be perceived as a lower standard or an easier option than traditional qualifications (although the reality may be the converse due to the need to address both theory and practice). The 'gold standard' for university education remains that it is informed by leading edge research and this should equally remain the case for workplace learning - such an approach is not replicable within the commercial training sector. One key learning lesson observed by Connor (2007) is that the development of WBL programmes in collaboration between universities, employers and other stakeholders is that that process tends to be complex and time consuming:

"Experience has shown that much longer timescales are usually needed to develop new accredited programmes than businesses expect, and the internal processes of accreditation can seem laborious to them. The expectations of both partners on this need to be clear at the outset, and especially agreement on timescales. Ways need to be found to make the academic processes simpler but without jeopardising academic standard."

A further issue that may affect the degree to which universities are prepared to engage with WBL is the effect that it has on entry qualifications. In many instances, the level of previous qualifications held by entrants is taken as a proxy measure for the quality of university's intake (and hence it's reputation as high quality and desirable destination of choice). Due, in part, to the widening participation agenda of much WBL, entry qualifications tend to be lower than on traditional courses and hence may reduce the institutions' overall average entry level, thereby making it unappealing to those institutions wishing to be at the top-end of the league tables<sup>158</sup>.

## 6.4 Progression Routes

### 6.4.1 Progression from Level 3 to Level 4

Much of the current focus on the development of higher level skills in the workplace is founded on the requirement for effective progression routes from school, FE and WBL into HE. In the 2007 Grant letter the Secretary of State, Alan Johnson, urged HEFCE to ensure that universities are prepared to accept entrants from vocationally focussed Level 3 courses and the Government's skills strategy is increasingly paying attention to how learners in the workplace can progress into higher skills provision through, for example, the piloting of Train to Gain in HE, the enhanced role of Union Learning Representatives, the work of the SSCs and FdF in the development of Foundation Degrees, and AimHigher<sup>159</sup>.

A survey of all WBL providers in the West of England identified the following main barriers to promoting progression<sup>160</sup>:

1. lack of funding for promotion work;
2. limited mutual understanding and respect of FE by HE and vice versa;
3. unwillingness of academic staff to promote/discuss progression opportunities due to limited awareness;
4. organisational culture (from a managerial level); and
5. variable funding streams for HE provision.

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158 Sastry and Bekhradnia (2007)

159 DfES (2007).

160 Cited in WTPN (2007)

To assist this it was proposed that the following actions might help:

1. helping education leaders tackle the funding models that restrict innovation;
2. supporting people who want to be innovative in the way they integrate and embed progression;
3. giving WBL tutors and lecturers career incentives and training for embracing progression for all their learners;
4. giving learners better progression support for meeting their personal learning goals;
5. making assessment a driver of innovation, not a barrier; and
6. building a better market for quality assured progression resources.

For students already studying towards a higher-level qualification progression from sub-degree level (e.g. certificates and diplomas) to honours degree-level education is high<sup>161</sup>. Whilst this is clearly desirable in many respects, however, it may serve to diminish the currency of intermediate, sub-degree qualifications in their own right thereby effectively reducing opportunities for people with qualifications of a lower standing<sup>162</sup>.

A related issue, highlighted by Sastry and Bekhradnia (2007), is that for the quarter of young people who are achieving significant success at GCSE level but do not progress to HE (along with many others who do not do so well at GCSE but who would still benefit from HE) the expansion of HE may actually lead to them being excluded from occupations for which their qualifications would previously been sufficient. They conclude that "the expansion of HE presents a danger which no responsible government could ignore – the potential emergence of a society which educates one half of the population to degree level whilst failing to provide any credible post-16 qualifications for the other half".

For students, both young and old, Foundation Degrees (FDs) have been promoted as a major progression route into higher skills for learners seeking to complete more vocationally orientated qualifications. First launched in 2001-02, the aim of FDs was to offer degrees with extensive employer involvement and they are, in many regards, considered as the template for employer-led HE. Despite a steady growth in student numbers, however, evidence would imply that FDs still only represent a small part of the overall HE-employer engagement offering<sup>163</sup> - HEFCE's Foundation Degree statistics (2007a), for example, indicate that in 2004-05 only 2,045 places were funded by employers (only 0.4% of the total entry). In the East Midlands study<sup>164</sup> only three of the 472 employers surveyed reported that they or their employees had worked towards an FD during the preceding 12 months.

For FD provision more generally, much of the growth in demand can be directly attributed to the declining popularity of HNCs and HNDs – in effect a displacement of students from these traditional sub-degree qualifications to FDs rather than the emergence of a new and previously untapped market<sup>165</sup>. In response to this, HE providers and their funders are considering new, more flexible forms of provision, including a two-year part-time option designed to meet the needs of mature, mid-career learners although the success and uptake of such options are yet to be seen<sup>166</sup>. Another difficulty is the absence of a central database of FD provision, meaning that information and advice is dispersed and inconsistent, although FdF has recently compiled a catalogue of literature on FDs to enhance the research base<sup>167</sup>.

Despite these challenges, however, the most recent HEFCE statistical overview of Foundation Degrees identifies that nationally there are over 72,000 students studying towards an FD and that this is expected to reach the target level of 100,000 by 2010-11<sup>168</sup>. Moreover, it is expected that as FDs and co-funded qualifications have been exempted from the Government's Equivalent and Lower Qualifications policy (ELQ), which removes public subsidy for qualifications of the same or lower level to those currently held by a student, the popularity of FDs will increase for 'second time' graduates.

161 A report for the LSDA cited progression within some colleges to be up to 70% (Little et al., 2003).  
162 Little et al. (2003)

163 Sastry and Bekhradnia (2007)  
164 Kewin et al. (2008)  
165 ibid.

166 See, for example, DIUS (2008b)  
167 Burns (2008)  
168 HEFCE (2008)

## 6.4.2 Progression beyond Level 4

Although the learning targets set out in the Leitch report are defined in terms of Level 4 qualifications (Certificate of HE) this obviously is only the entry point for HE and a substantial amount of provision is at higher levels such as diploma (Level 5), honours degree (Level 6), masters (Level 7) and doctorate (Level 8). A number of reports have expressed concern that the Leitch definition of higher skills is rather narrow, focussing almost exclusively on 'economically valuable skills' (i.e. those directly related to a job in the workplace) with little consideration of generic, transferable skills and knowledge<sup>169</sup>. Furthermore, there is a concern that "Leitch's emphasis on achieving qualifications at 'Level 4 and above' [may come] to be interpreted in targets simply as 'Level 4'. Leitch does not suggest what the balance of qualifications might be, but Universities UK would not like to see the expansion of education at the higher levels limited to Level 4, as this will not duly address the higher skills needs of the economy"<sup>170</sup>.

A strong theme in Universities UK's (2007) response to the Leitch Report was that universities are responsible for developing fundamental knowledge and analytical skills that will equip students to tackle future challenges that may not yet be apparent to employers, or to education providers. There is a danger that such skills may not be recognised through skills audits that largely focus on past and present needs.

A further tension within the government skills agenda is that significant parts of UK industry (e.g. manufacturing) remain dependent on a 'low skills equilibrium' (requiring people trained to Level 2 or below). Progression opportunities for people in such jobs are likely to be limited both by their own desire and capacity to complete higher level qualifications and their ability to secure a job once they have finished. Despite recognition of a shortfall in skilled employees (particularly within science areas)<sup>171</sup> one should not forget that the prevalence of such jobs is still relatively low in comparison to those requiring lower skills levels.

In order to achieve the levels of growth forecast by Leitch substantial changes (both cultural and structural) will be required to the delivery of and demand for higher-level education and training.

"Growth of this order is unlikely to be achievable by trying to expand further the current model of HE. There are limits in capacity, and also limits to how far the current HE model can fully meet the expectations of the greater volume of employers and employees who would need to be attracted. Further improvements in the UK's high skills base must come from workforce development and increased employer engagement."<sup>172</sup>

Despite DIUS's assertion that of the 12 million adults in the UK who do not currently hold Level 4 qualifications over a third would consider progressing to HE<sup>173</sup> the extent to which such people could be persuaded to progress to Level 4 or above, however, remains open to question. The Higher Education Initial Participation Rate (HEIPR), calculated by the government each year to measure participation in HE by the under-30s, indicates that nearly half of the increase in participation comes from under 21s in full-time education and that there has been barely any change during the past 10 years in the proportion of part-time entrants who are 30 and over<sup>174</sup>. Despite government policy clearly stating that much of the future growth in HE should come from students who are already in employment this market remains untested.

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169 See, for example, Sastry and Bekhradnia (2007) and Universities UK (2007)

170 Universities UK (2007)  
171 CBI (2008)  
172 *ibid*

173 DIUS (2008b)  
174 Bekhradnia (2007)



## 6.5 Interface with Employers, Brokers and Other Providers

Much of what has been discussed in this chapter relates to the systems and structures that exist within HEIs, or that influence them directly (such as funding, accreditation and progression). Provision from HEIs, however, only constitutes a relatively small proportion of the higher skills market. As demand for employer-led HE and workforce development expands it is likely that HEIs will need to collaborate and partner closely with other providers (including public, private and non-profit organisations), as well as employers' own in-house teaching and learning provision. Furthermore, brokers and intermediaries are likely to take a more significant role in defining, shaping and sourcing higher skills provision and matching employers to providers. Together this situation places a greater need for effective collaboration and partnership between organisations involved in higher skills and an effective interface and communication between them.

The realities of partnership working, however, are challenging and complex. The Leitch Report, for example, states that "currently, employers collectively articulate their qualification needs through their Sector Skills Councils" yet, in actuality, HEIs collaborate and engage with a wide range of professional and statutory bodies, as well as individual employers, as part of this dialogue. Universities UK warn against blanket implementation of initiatives, such as enhancing the role of SSCs in HE-employer engagement, however, that may unintentionally drive out other forms of collaboration<sup>175</sup>.

Also, in promoting the contribution of HEIs to the delivery of WBL we must not lose sight of the significant amount of training that already goes on in organisations that is heavily tailored to their own needs and requirements. Little et al. (2003) cite evidence of large companies increasingly relying primarily on their own internally developed and delivered training programmes, with possibly some specific input from private training providers and/or colleges as appropriate. This applies not only to general supervisory and management training and development programmes, but also to specialised programmes (e.g. financial services). Employers spoken to within this study spoke of developing links with 'a preferred supplier' for specific aspects of in-house training - not necessarily a single supplier, rather develop good relationships with a number of different, carefully selected education suppliers. In some, but not all, instances employers see value in measuring their internal programme outcomes against an external reference point, although decisions about whether or not to map internal provision against external benchmarks may well change over time. Advantages of in-house provision include that they may be better able to reflect the company ethos and culture, can draw on current company working practices and operations to contextualise the learning, and that in-house trainers may be better able to relate well to those undertaking the course.

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<sup>175</sup> Universities UK (2007).  
For further examples see Universities UK (2006).

## 7. Culture

As indicated in the previous chapters, widespread expansion of employer engagement with HEIs in the area of workforce development will require some major changes to the ways in which HE is delivered, structured and funded, as well as a shift in employers' perceptions of HE as a valuable source of learning provision. This chapter reviews the main cultural issues for HEIs, employers, learners and other stakeholder groups - beginning with barriers before moving on to opportunities and facilitators.

### 7.1 Barriers

As discussed throughout this review, there are a number of substantial cultural as well as structural barriers that need to be addressed before employer engagement becomes a widespread and mainstream activity within the HE sector. Recent reports identify the following main barriers<sup>176</sup>:

- **Flexibility and responsiveness:** Almost all reports considered in this review criticise HE for being too passive, unresponsive and inflexible when it comes to workforce development. In order to respond effectively to the needs of employers and the complex and changing nature of workforce markets HE must develop a business culture and an infrastructure to support it. A key feature of this culture is responsive flexibility (timing of lectures, offering a menu of different qualifications or modules, accrediting/approving courses/curriculum changes more quickly, tailoring content, etc.) and an ability to communicate this to business. However, as indicated earlier, such a culture does not sit easily alongside existing HE structures and processes arranged primarily for the convenience of full-time students based on campus.
- **Learning and teaching methods:** Despite significant innovation in the ways teaching and learning are conceptualised, designed and delivered in the workplace, these are not well supported by traditional HE practices. The learning needs of mature adult learners in work are very different from those of the typical 18-21 year old full time undergraduate student, yet much HE policy (and associated funding, recognition and reward systems) fails to take sufficient account of this, thereby acting as a disincentive to engage in these markets.
- **Measures of excellence:** As noted in section 6.1.2, since 1986 individual and organisational performance in research-intensive universities has been determined through the peer-review process as encapsulated by the RAE. The primary criterion within this framework is publications in high-ranking academic journals, which drives an emphasis on theoretical rather than applied research, and publication rather than dissemination. In such an environment academics (and their institutions) may find employer engagement a distraction from their core activities of teaching and research and although some HEIs have chosen to become 'business facing' universities, they also fear that there is less recognition of employer engagement than of traditional teaching and research. There is a need to capture the different ways in which excellence can be measured.
- **Financial and other risks:** In comparison to the traditional 18-21 year old full-time undergraduate market, investment in employer-led provision is a risky endeavour. HEIs face significant up-front costs in setting up courses and risk being unable to recoup these from the fees that employers are willing or able to pay. Other significant risks include competition from other WBL providers (particularly private ones); unproven nature of the markets; market volatility; and delayed return on investment. As long as employer engagement remains a comparatively risky enterprise it will remain unappealing to those universities that have the option to choose between various priorities and activities.

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176 See, for example, DIUS (2008b), Hatakenaka (2005), Little et al. (2003), Nixon et al. (2006), Wedgwood (2008)

- **Accreditation procedures:** As noted in section 6.3, one of the key features of HE is the ability to accredit learning and ensure quality assurance of provision but current accreditation and quality assurance systems are again predicated on a full-time undergraduate market of 18-21 year olds. The existing accreditation procedures are neither flexible nor geared towards courses tailored to employer practices and requirements which are complex and wide-ranging. The main concern for employers with regards to accreditation of courses is its very slow turn-around time and whilst accredited courses may not be as important for employers as they are for employees, many employers would like to have an option of being able to offer their employees accredited courses when they engage with HE.
- **Market responsiveness and adaptability:** Employers emphasise that HE has to understand which markets and customers it is working with (e.g. the sector, employer or employee) and identify a number of common inhibitors to their and employee engagement with HE. These inhibitors include financial costs, confidence in HE, credibility (demonstrable value of HE to employer and employee), time constraints, availability of courses, student support in the workforce, complicated systems and bureaucracy, lack of relevance, and outdated curricula. To overcome many of these inhibitors a great deal of communication is required between HE and employers for HEIs to become more responsive and adaptable.
- **Effectiveness of relationships:** Despite cultural, structural and system barriers, the 2005 CBI Innovation Survey data showed a healthy relationship and increasing collaboration between employers and HEIs<sup>177</sup>. However, in the survey employers rated its effectiveness as low and attributed this problem to a lack of understanding between two communities whose cultures and missions are very different. Developing a common vocabulary used and understood by both HEIs and employers could be a first step towards fostering a better, more mature and sustainable relationship with each other.
- **Language and expectations:** The evidence suggests that successful dialogue between employers and HE results when each understands the other's business drivers and when there is a common language. Yet, one of the problems in the workforce development landscape, as will be discussed below, is the lack of a common language that is used and understood by both HE and employers. The importance of this problem should not be underestimated as it may lead to different and sometimes conflicting expectations.
- **WBL as a contested area:** Employers would like to see the informal learning and support systems that operate naturally within the workplace to be harnessed and recognised in a way that does not detract from the very informality that may be the secret of their success<sup>178</sup>. In support of this, research suggests that over 70% of learning comes from 'real work' experiences (planned and unplanned) yet HE remains poorly prepared to offer such opportunities<sup>179</sup>. Indeed, from an HEI perspective WBL may well challenge the very position of universities as the primary source of knowledge and remains a strongly contested area<sup>180</sup>.
- **Learning culture in organisations:** The barriers and inhibitors do not only reside with HE and it is proposed that the wide scale expansion of HE into vocational and employment related areas will require a cultural shift on behalf of employers. They will need to invest more time and money into higher skills development; develop and facilitate a culture of learning within their organisations; relate a greater proportion of learning to nationally recognised qualifications; and increase line management support for learning and development activities<sup>181</sup>. The 2008 CBI *Education and Skills Survey* revealed that initiatives such as the SME Leadership and Management Programme helped create a culture of learning in firms – with the engagement of the Chief Executive in delivering a commitment which benefits employers and 42% of firms reporting improved productivity<sup>182</sup>.
- **Perceived employer reluctance to engage with HE:** Reports<sup>183</sup> also note that there is a perception that British employers are reluctant to develop their staff and many lack the time or desire to become engaged with HEIs, particularly if it involves paying for learning and development where the immediate business benefits are unclear and that some employers may also be unaware what a modern university does, or can offer.

177 Cited in the Royal Society (2008)  
 178 Dear and Lonsdale (2007)  
 179 Nixon et al. (2006)

180 *ibid.*  
 181 Connor (2007)  
 and Wedgwood (2008)

182 CBI (2008)  
 183 See, for example, DIUS (2008b).

"The House and those way beyond it will have to accept that the employers in this country will have to change. The economy of this country has no option but that employers change...We do not have the option, given the number of people in the workforce without the kinds of skills we need over the coming periods, or, indeed, the skills we need today. There is no option other than that there is a fundamental lifting of the level of skills. The role of employers has to be that they increase whatever they have done historically."<sup>184</sup>

The CBI *Fit for Business, Employment Trends Survey 2007* suggests, however, that employers are open to promoting and developing learning in the workplace but that they need considerable support and guidance to do it<sup>185</sup>.

- **Focus on short term priorities:** Research suggests that large firms are better engaged with HE, with 52% of firms with over 5,000 employees using HE provision for some of their learning and development needs<sup>186</sup>. But the picture is very different where small firms with fewer than 50 employees are concerned: 71% has used private provision, compared to 20% using FE and only 15% HE. Smaller firms are much less likely to have training budgets and much less likely to invest in workforce development (possibly because of disadvantages of scale)<sup>187</sup>. Whilst the owners and managers of small firms may be adept at change and innovation technically, they often focus on short term priorities and may be less inclined to anticipate development needs for the medium term<sup>188</sup>.
- **Barriers to mature learners:** The recent DIUS report *University is not just for Young People* (2008f) identified two main types of barrier for mature learners entering HE. The first is structural barriers, including social and educational inequalities, financial factors and availability of financial support, ability to balance work and family commitments with study, and geographical factors. The second set of barriers are motivational and attitudinal, including a lack of interest and perceived lack of value or usefulness in HE study. As noted throughout this review, for mature learners to see the value in entering HE, institutions must provide a different service than the traditional model.
- **Lack of information and awareness:** The conclusion of a survey into employers' attitudes to part-time study conducted by London Higher (2006) found that employers were largely unaware of the subsidies currently available from the government for part-time study. Employers thought that there was a lack of information reaching them from London's HEIs and they themselves were reluctant to seek out this information. Similarly, a study for DIUS<sup>189</sup> found that adults felt they knew what HE had to offer but were less sure of how to access it, the costs involved and the financial support available. In this regard, government structured support programmes (e.g. Train to Gain) are important as they can help employers and learners navigate the skills system, find funding for training, locate good training providers and provide support for putting high quality process in place<sup>190</sup>.

Despite these barriers, it should be emphasised that there are robust examples of good and innovative practice where both HEIs and employers are willing to engage with each other and where both sides are making successful efforts to build effective relationships and ensuring both meaningful and sustainable engagement<sup>191</sup>. However, as Connor (2007) points out many current initiatives have been successful because of their 'cottage industry' nature, i.e. not mass-market, small scale, unique and bespoke learning provision, committed and enthusiastic individual academic staff, and based on personal relationships. For this very reason they worked successfully within existing HE structures and practices, but this would be near impossible if scaled up.

184 Lord Hansard: Edited verbatim report of proceedings in the House of Lords, 3rd December 2007, cited in Kewin et al. (2008)  
185 Cited in DIUS (2008b)

186 Cited in DIUS (2008b)  
187 DIUS (2008b)  
188 Little et al. (2003)

189 Pollard et al. (2008)  
190 CBI (2008)  
191 For sources of case studies see Chapter 12.

## 7.2 Opportunities

Clearly then, the expansion of employer engagement with HE to meet the higher skills needs of employers faces a number of serious challenges. If these can be addressed, however, a number of significant benefits may arise for employers, learners and HEIs.

### 7.2.1 Benefits to Employers

As discussed in section 5.4, employers will invest in engagement with HE only if they find it to be value for money. They want a return on their investment wherever it is and to be able to identify and define it. If HE is to provide learning and training services and products, then employers want, from HE, impacts on productivity and performance and a commercial business-like approach. Currently this is not as generally available as they would like<sup>192</sup>.

In addition to incentives and benefits already identified elsewhere in the review (see section 5.4), evidence from research conducted for CIHE by King (2007) suggests that employers see the following benefits of working with HEIs:

- **Improving the skills base and flexibility of the workforce** at all levels leading to increases in productivity. This is crucial in underpinning the UK's competitiveness against lower wage cost countries. Research by Machin et al. (2003) suggests that a one percentage point increase in the proportion of the workforce with a degree, instead of A-level or equivalent qualifications, led to an increase in productivity of 0.5%. Another study found that productivity is 30% higher if all the workforce has a degree than if none do<sup>193</sup>.
- **Enabling each member of staff** to contribute according to their ability in a system that values the practical skills alongside the theoretical knowledge. HE helps unlock the potential of people by attracting, nurturing and retaining talent in a local area.
- **Recognising, rewarding and incentivising staff** through awards that link to a national framework can also encourage progression. For example, locating training within a progression continuum was seen by respondents of the University of Bath research as critical to take up and effectiveness<sup>194</sup>.
- **Supporting employee recruitment** via non-traditional routes into sectors such as engineering. In the same University of Bath project employers identified knock on effects for recruitment and retention of employees. For example, it was observed that, in a larger organisation, apprentice and graduate recruits are still in touch with training and development, but the needs of the middle order tranche of the workforce can be neglected<sup>195</sup>.

The Lambert Review (2003) found that businesses that engaged with HEIs in research and learning gained competitive advantage of working with HE and reaped a number of business benefits, including:

1. access to new ideas of all kinds, international networks of academics, the latest research and cutting edge technology;
2. the ability to achieve excellence across a wider range of disciplines and through a much larger intellectual gene pool than an individual;
3. a chance to spot and recruit the brightest young talent; and
4. access to specialised consultancy and continuing professional development for staff and management.

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192 See, for example, Wedgwood (2008)  
193 Cited in DIUS (2008b)

194 Dear and Lonsdale (2007)  
195 *ibid*

Similarly, in a study conducted by the Royal Society (2008) into employer engagement with HE it was concluded that benefits for employers may include:

1. a means to deliver the appropriate skills, knowledge and experience at the right time to coincide with a business need;
2. a means of ensuring a stream of prospective employees through retaining and expanding the pool of potential candidates;
3. being able to bring together skills or expertise from more than one HEI; and
4. establishing broader strategic alliances with specific HEIs that may open possibilities for further collaborations in research, education, student placements, etc.

In research into employer engagement with school and FE provision, Hillage, Hyndley and Pike (1995) identified three main categories of motivation:

1. Narrow self-interest – relating directly to business priorities;
2. General or enlightened self-interest – such as aiming to increase the industrial or economic understanding of young people, their attitudes towards work, the image of the sector and the range of careers available; and
3. Benevolent interest – a more philanthropic incentive to 'give something back' to the community, education and/or sector.

Similar incentives are likely to hold true in the HE sector whilst 'benevolent interest' is perhaps dependent on the personality, background and experience of the business owner, the first two categories offer strong arguments that educationalists could use in articulating their offering to employers. It also emphasizes the value of carefully evaluating the benefits of employer engagement so as to help articulate the benefits that employers might see from their efforts<sup>196</sup>.

### 7.2.2 *Benefits to Learners*

The reports in this review identify a number of benefits for learners, too. A study for DIUS (2008f) involving 1,401 respondents between the ages of 22-55 and with no Level 4 qualification concluded that:

- **HE is a chance to improve career prospects:** The respondents saw participation in HE as a way to improve their career prospects and employability, change the work they do and earn more money. 48% of respondents considering going to university said this was their main reason for doing so and few thought that it would not improve their job prospects. Even amongst those not considering entering HE 52% still recognised it beneficial.
- **HE aids personal development:** 34% of respondents gave personal development as their main reason for considering going to university, and 26% of those not considering HE recognised this as a benefit of HE. Together this represents almost one-third of responding adults who saw this particular benefit to HE. Personal development was particularly a key motivator for older adults and those from managerial/professional backgrounds.
- **HE improves career prospects not jobs:** 25% of respondents recognised that HE to be less about improving their current job (in terms of job skills, pay, promotion or satisfaction) than their longer-term career. 22% gave this as their main reason for considering HE, and 26% of those not considering HE recognised this as a benefit of going to university. Whilst for employers engagement with HE was about up-skilling their workforce, for individuals it was about moving on. This may be an issue when trying to get employers to engage with HE, as working adults and employers appeared to have differing motivations for involvement. The findings also indicated that HE was viewed differently from other types of learning, which did tend to be undertaken for reasons relating to an individual's current job.

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196 Miller (2007)

The same report identified three groups of adults who are most likely to consider accessing HE:

- **Traditional mould:** adults who have considered HE in the past and are consequently more likely to consider it as an option for the future. They have similar characteristics to traditional HE entrants, in that they are: younger (22-30 years old); in social networks where HE is the norm (those with family and peer group experience of HE); those with higher level qualifications; and those from black and minority ethnic backgrounds.
- **Second-chancers:** those for whom HE can be a second chance or way out of disadvantage. They may not have considered HE in the past but, along with Group 1, are more likely to be considering HE for the future. These are more likely to be currently unemployed, to be disabled, have had negative experiences of school, be living in social housing, or reporting financial difficulties.
- **Waverers:** those who may need a little more convincing to consider HE. They have a lower tendency to consider HE for the future but could be encouraged to apply. These include adults from lower socio-economic backgrounds and those in mid-career.

Based on the review of the previous research, Kersh and Evans (2006) distinguish a number of motivational factors that may stimulate learners towards engaging in workplace learning. The first group of factors are related to learners' personal backgrounds, previous educational/workplace experiences, age, family circumstances and financial situation. For example, in terms of factors relating to previous educational experience and age, research by Bates et al.<sup>197</sup> suggests that those with the lowest levels of educational attainment and older workers, especially those beyond the state retirement age, are the least likely to participate in work-related education and training. The second group of motivational factors relate to the issue of an environment at a workplace. It is argued that a stimulating 'learning environment' in a workplace may considerably facilitate learning and the extent to which students are motivated to learn and develop at work. For example, one of the important benefits associated with a WBL is that of engagement of learners and re-integration of those who are disaffected and disengaged by drawing on an interest in work. The third group of motivational factors relates to skills development and recognition. Kersh and Evans argue that recognition of employees' tacit skills and competencies may enhance their motivation and further facilitate their learning attitudes and willingness to take on various workplace learning opportunities.

### 7.2.3 Benefits to HEIs

As indicated in section 5.5, HEIs can also benefit from relationship with employers. Many explicitly acknowledge this in their mission statements or have clear strategies to engage with employers. The benefits for HEIs include:

- **Expansion into new markets:** For HEIs the primary benefit of greater employer engagement is argued to be expansion into new and relatively untapped markets. Evidence of the impending decline in the population for traditional 18-21 students may help increase the desirability of such a route, as does the current availability of government subsidy for such activities<sup>198</sup>.
- **An enhanced role in local, as well as, national economic development:** The benefits of local HE provision can bear across the country. HEIs can enhance their role in unlocking the potential of towns and people by attracting, nurturing and retaining talent in a local area and driving economic regeneration both locally and nationally by creating a highly skilled workforce, stimulating entrepreneurship and creating jobs<sup>199</sup>.
- **New engagement opportunities:** The social networks that develop through targeting for recruitment purposes, especially for smaller organisations, can lead into other forms of engagement – R&D, lecturing opportunities, advising on the qualities employers look for in graduates, and so on<sup>200</sup>.

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197 Cited in Kersh and Evans (2006)  
198 Sastry and Bekhradnia (2007)

199 DIUS (2008b)  
200 Hogarth et al. (2007)



- **Development of formal and informal links:** Universities can provide their expertise to companies, but such relationships can be both formal/systematic and informal/ad hoc. For example, Hogarth et al. (2007) argue that employers often tend to engage with individual academics rather than particular institutions, continuing to work with them if they move away from their local university.
- **R&D and access to facilities:** Evidence suggests that HEIs can play a key role in helping businesses to solve their problems in research and development and by doing so gain access to new facilities, research sites and research funding. For example, the real world problems and issues can be used as case studies in teaching and research and academics can access businesses for industrial placements. Universities and academics can also gain an opportunity to market their ideas.
- **The use of practitioner expertise:** Another benefit is an opportunity to use the expertise of practitioners to deliver occasional lectures or tutorials (to supplement the theoretical and academic content), act as mentors for students, academics or managers working in HE or serve as governors. This is already happening both in the FE and HE sectors – 75% of employers surveyed for the *CBI Education and Skills Survey* (2008) reported providing work experience, 49% giving talks to help young people understand the world of work and 36% having employees who act as governors or mentors.

Various reports indicate that HE-employer partnerships have been increasing in such areas as student placements, knowledge transfer, collaborative research (supported by HEIF, Knowledge Transfer Partnerships (KTPs) and Industry Fellowships), but the role of HE in solving skills gaps is less developed. It is clear that only when all parties fully understand the benefits they can reap from working in partnership, will various cultural, structural and attitudinal barriers be broken down, leading to an increase in demand for higher skills development.

### 7.3 Facilitators

The reports reviewed here reveal that there is significant innovation and good practice in employer engagement with HE which are shaping new culture, drawing out complementary roles for the employer and HEIs and providing leading-edge insights to continuously inform the culture change needed, and on which skills development can be built on and further developed. In addition, with regard to skills development specifically, HEIs have a number of unique selling points (USPs) which give them market credibility and differentiation. These relate to their quality assurance capability; the knowledge and skills base they have; their stability and endurance for long term partnerships that link accredited learning with career development; and their ability to research the new models required to educate the workforce in the nascent professions of the knowledge economy<sup>201</sup>.

The respondents for Wedgwood's (2008) research specifically identified the need for underpinning public investment as one of the main facilitators which would address the areas of market failure and potential risks for both employers and HEIs and help HEIs build their capability, capacity and confidence. However, they also stressed that such investment would have to be significant to achieve critical mass, light touch, not over regulated, and flexible enough to give individual institutions the opportunity to build their markets independently and thereby avert the danger of 'one size fits all'. It should at the same time create the circumstances for building a community of expert practitioners that create common frameworks wherever they make sense e.g. funding methods, metrics, credit transfer and esteem factors.

Wedgwood (2008) also found that some employers are prepared to engage in development work and to share some of the risk. A study by Little et al. (2003) suggests, however, that employers are more likely to invest in qualifications with which they are familiar. In construction and engineering, for example, there has traditionally been a preference for HNCs and HNDs because many managers have completed these qualifications themselves. They also identified that employers are motivated by qualifications that are linked towards membership of professional bodies rather than, for example, specific NVQs or academic qualifications. In working alongside professional bodies HEIs may be able ensure a substantial and sustained student base as it is already has for occupations in healthcare and education.

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201 Wedgwood (2008)

As noted briefly in section 7.1 various reports highlight the importance of language and communication in ensuring a shared understanding of this particular area of focus from both an institution's and employer's perspective. As Nixon et al. (2006) argue the lack of a common vocabulary may confuse the situation and undervalue the potential benefits of WBL as a mode of learning at a higher level. For example, even the term WBL has a raft of interpretations and meanings for different people (e.g. workplace learning, vocational learning, on the job training, work-related learning, etc.)<sup>202</sup>. Irrespective of the terms used, the authors consider it to be crucial to establish a shared understanding. It is equally critically important to develop communication between employers and academics. Employers are frequently deterred by 'academic' language and potential opportunities are constrained by the manner in which they are discussed. A first step to how the language and vocabulary could change to facilitate more effective HE-employer engagement is given in Box 1.

In her research Miller (2007) identifies some actions that would facilitate employer engagement and encourage more employers to be involved in learning, education and workforce development. These actions may include universities and other education providers becoming more proactive in approaching employers; helping make links between employers and education providers through other relevant bodies (e.g. SSCs); exploring various ways in which employers can be involved with the world of education and learning (e.g. day visits and mock exams); assessing and publishing the benefits of engagement and workforce development; giving guidance to employers as to what is available; reducing legal concerns for employers; and providing incentives (e.g. tax allowances).

- Education and training not just training
- Knowledge and skills and competencies not just skills
- Intellectual knowledge and skills combined with occupational skills and knowledge
- Thinking, analysing, synthesising, adapting, achieving, improving
- Professions and professionals as well as or instead of vocations and vocational
- The new and nascent professions as well as the traditional professions
- The new professional worlds in all occupations
- Practical experience with academic insight
- Practical insight with academic experience
- Combining work-based learning with an academic 'backbone'
- Imagination, creativity, innovation 'grounded' in relevance, value-added, business benefit
- The combination of practice with theory to move the organisation on
- Relevance, value-added, business benefit informed by academic endeavour, discovery, frameworks
- Reality, practicality, relevance and usefulness enriched by academic insight, understandings, rationality and objectivity
- Graduates not learners
- Talent management not training
- Shared responsibility of investment
- The body of knowledge for the 'business sector' as well as the body of knowledge in a subject discipline
- Integration of practice and theory, integration of the academic and occupational practice, integration of subject disciplines, integration of learning in the workplace and in the HEI, integration of career progression and achievement with academic progression and achievement and integration of academic and professional qualifications (accreditation) to give licence to practice.
- Not a single discipline approach but a multi interdisciplinary approach

*Box 1 - The Changing Vocabulary of Skills (Source: Wedgwood, 2008: 29)*

<sup>202</sup> Nixon et al. (2006) argue that narrow interpretation of WBL relates to learning in the workplace that is driven by employer needs and motivations, whereas the broad perspective focuses on learning that relates to work and is driven more by individual and societal needs.

## 8. Promotion

This chapter considers the experiences and channels through which HE can engage with employers. It begins by considering employer experiences of engaging with HE, before considering how HE engages with employers and how brokers attempt to mediate the relationship.

### 8.1 Employer Experience of Engaging with HE

In their report *Employer and University Engagement in the use and Development of Graduate Level Skills* Hogarth et al. (2007) suggest that employers often do not know who to contact within an HEI to pursue possible partnerships or to inquire about graduate recruitment. When considering how employers choose a provider the following factors were identified:

- Large employers tend to target specific HEIs and focus on those considered the 'best' or those who are top of their field in specific subjects of particular relevance to the business. Smaller employers value engagement with local universities because it is easier to maintain contacts or because employers seek graduate recruits who wish to develop a career locally.
- Engagement for R&D tends to be both informal and ad hoc, unless the company has a specialist need. Also, employers tend to engage with particular academics rather than their institutions.
- CPD is mainly a local relationship, as employees need to be able to study close to where they work. However, it was typically companies or employees who initiated these links and HEIs were relatively passive. Some employers were critical of the lack of flexibility in the provision of CPD by HEIs.
- The introduction of Foundation Degrees (although highly regarded by those employers that have committed to them) has had little impact on HE-employer engagement. Comparatively few employers have been involved so far and, in general, the level of awareness of FDs amongst employers appears low.
- The factors underlying the extent and form of HE-employer engagement are not simple and vary considerably between employers. It is unlikely that there is a single 'one size fits all' method to encourage engagement as the support required must reflect the needs of individual businesses and the barriers to engagement that each face.
- Some employers, especially those that employ new graduates, are unsure about how to engage with HEI. There may be a role for a broker, or intermediary, to help facilitate engagement. A broker could assist employers to articulate their needs to HEI and communicate to employers to obtain the most from the services of HEI.

In a recent report for the CIHE Connor and Hirsh (2008) conclude that in order for effective HE-employer engagement opportunities to develop there needs to be an alignment between the needs and drivers (strategic fit); processes, structures and resources (practical fit); and relationships and commitment (people fit) of both the HEI and the employer, as indicated in Figure 4.

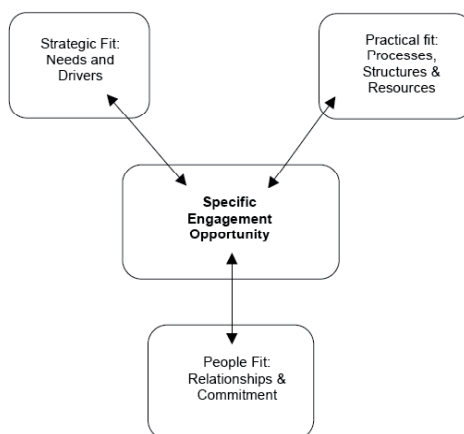


Figure 4 – Engagement Opportunities and Dimensions of Fit (Source: Connor and Hirsh, 2008: 26)

Other evidence calls for a closer partnership between employers and universities and a firm commitment on behalf of employer to provide appropriate work opportunities for skilled employees:

"The article concludes that in keeping with what new models of high-skills formation tell us about nations that are high-skills exemplars, there is need for policymakers in market-led economies of the UK and USA to call capital to account by rejecting a dualism that envisages states as producers and firms as consumers of skill. Rather, employers must be called upon to participate on the supply side, through engagement in training; to create a higher volume of intellectually challenging jobs; and to adopt work organization methods that can optimize the use of skill."<sup>203</sup>

## 8.2 Promoting Work-Based Learning to Employers

Wedgwood (2008) identifies that the key to enhancing provision of WBL from HE to employers will be effectively stimulating market demand. In her survey of barriers and facilitators to employer engagement she found that HEIs often comment on "employers' lack of interest in investing; a lack of understanding and awareness about HE; a reluctance to meet real costs; the lack of plans or enlightened plans for developing staff; and the inability of employers to articulate their training and learning needs". Long term development activities tend to be treated as a lower priority than immediate operational concerns and, even where it is carried out HE may well not be considered as a potential provider.

The study highlights a widespread lack of knowledge, appreciation and understanding of the value of HE for the employer and the employee, and recommends a national communications campaign to raise awareness about HE, its value in the workforce, and to communicate messages which create confidence in the services and products that HE can provide. The target audience for such a campaign would include: employers (public and private sector); employees; and support agencies (particularly business support agencies). In order to support such an initiative an appropriate language/vocabulary would be required, along with a robust evidence base to support claims. HEIs themselves are also well placed to stimulate demand within their local communities due to the scale and diversity of their relationships and their influence within the regional economy. The role of skills brokers, government agencies and business support organisations was perceived as unclear and reactions and experiences were mixed.

King (2007), however, suggests that employer engagement will not just be brought about by better marketing. Greater flexibility in provision, accreditation and assessment will be required in order to make HE offerings more widely appealing. "Small businesses will generally only buy bite-sized chunks of learning which is flexibly delivered to suit their needs as they cannot afford to release their staff for long periods. Co-funding models that only operate at 30 credits or above (as currently proposed by some) are inadequate; the apparent assumption in the Leitch report that small businesses will buy existing courses and qualifications is unfounded". This report highlights how little is known about demand or potential demand from private sector employers nor how HEIs can effectively respond to this. The Government's aspiration that the extension of brokerage services, such as Train to Gain, into HE will extend demand is relatively untested and other organisations that promote skills to employers, such as SSCs, have a patchy engagement with HE level learning.

Connor (2007) cites similar findings and identifies flexibility and relevance as key issues to consider. For many smaller employers, with limited experience of graduates or HE, there is little awareness of what HEIs can offer them and recent developments within the sector. Hence, HE continues to be regarded as lacking in flexibility and relevance to the needs of business or its impact upon performance. Furthermore, many businesses have little opportunity to find out/experience what HE can provide, receive little in the way of marketing materials, and may find it difficult to assess and articulate what support/development their employees require. HEIs, likewise, tend to be poor at clearly articulating the business case for investing in workforce development and the likely benefits for organisations and their employees.

Marketing of new programmes or initiatives to businesses was found in CIHE examples to be harder to do than expected by the HE staff involved and is a significant challenge. It requires significant time, effort and resources; a high level of expertise and familiarity with business; there is no consensus on a 'best' approach; and frequently a long lead time is required. Traditional HE infrastructure is not well-suited to providing such support.

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203 Lewis (2007)

The DIUS report *University is not just for Young People*<sup>204</sup> indicates six practical ways to encourage and support participation of adult learners in HE:

1. **Promoting HE as an option early on** (whilst at school) so that individuals understand what HE is and know that it can be accessed at any point in their working lives.
2. **Promoting the value of HE** so that individuals appreciate and understand the benefits both in terms of career benefits and also wider personal development benefits.
3. **Providing clear information** about the full range of options HE has to offer and particularly about the real costs of HE study and the financial support available.
4. **Providing the right HE offer**: courses that meet adults' preferences for location and mode of study. Adults generally want local part-time study options, delivered in evenings and weekends, as this allows them to balance study with existing family and work commitments.
5. **Providing financial support** that is tailored to adults' preference for part-time study.
6. **Continuing to engage employers** as they have an important role in overcoming attitudinal and motivational barriers to participation through providing encouragement to study and more concrete support such as paid time off for study.

There is also substantial evidence that greater attempts are required to clarify the nature and value of various HE qualifications. Little et al. (2003) and FdF (2006) in particular indicate an uncertainty amongst employers about Foundation Degrees and their potential benefits.

Further evidence of the impact of WBL on employers and employees will be given in the forthcoming HEA report *Work-based Learning: Impact Study*<sup>205</sup>.

## 8.3 Skills Brokerage

Whilst talk of employer engagement with HE implies the establishment of a direct dialogue between HEIs and employers, there are a substantial number of skills 'brokers' whose role it is to mediate/facilitate this process. A recent report for the South West Regional Skills Partnership<sup>206</sup> defines brokerage as "an independent interface between employers and the providers of skills, business development or employment (recruitment) services". Whilst not all organisations or staff will refer directly to themselves as 'brokers', they are marked out by the intermediary nature of their role – in bringing together employers and HE providers.

In England, funders and providers of skills brokerage services include organisations such as: the Learning and Skills Council (LSC), Regional Development Agencies (RDA), Business Link, Jobcentre Plus, Sector Skills Councils (SSCs), Trade associations and employer federations (e.g. FSB, CBI) and European funded services. There is a broad spectrum of activity which could loosely be described as brokerage currently taking place in England, the vast bulk of which has been delivered through the mainstream services of Train to Gain (T2G), Business Link IDB service, Jobcentre Plus and the Higher Level Skills Pathfinder projects (in the South West, North West and North East). In addition to these services HEIs themselves frequently employ project managers and programme staff to act as intermediaries or brokers between business and HE. SSCs are also seen as holding a vital role in developing and maintaining partnerships and relationships between employers and skills providers and hence should be seen as part of the wider brokerage system.

A study on the growth of knowledge regions the European University Association<sup>207</sup> identified five different types of intermediary institutions and concluded that:

"The importance of these intermediary institutions cannot be overestimated. On the basis of the wide range of interviews at four cities, we can safely claim that the growth and success of inter-institutional partnerships for innovation is greatly

204 DIUS (2008f)  
205 Nixon (2008)

206 SLIM (2008)  
207 EUA (2006)

influenced and determined by these nodal institutions. They are the ones to identify promising areas of cooperation and to create the climate and mutual understanding on which sustainable partnerships can be built."

The notion of an intermediary organisation employed in this study goes beyond that typically used in this context, to include business incubators, science parks and specialist institutions, as well as consultancies or public-private organisations which act as interfaces or translating devices between different types of institutions. In most cases they do not seek to replace direct contacts between HE and employers, but rather help to provide the right conditions for these relationships to develop – often withdrawing once the relationship is established. Moreover, in addition to the remit of specific groups/organisations, the study also identified certain individuals within each organisation who were particularly skilled at liaising between HE and business – in effect offering a bridge between academic and the commercial world. They identify that "successful knowledge brokers represent a particular kind of hybrid professional who is sufficiently rooted in an academic or scientific discipline to understand the thrill of discovery and innovation". They have a sufficiently robust academic background to identify strongly with knowledge producers or innovators but have chosen to gravitate toward a connecting/bridge-building function rather than a traditional academic career. Key skills and capabilities for people in these roles are listed in Box 2.

- Gaining a quick overview of a field and identifying the key frontiers and challenges
- Identifying potential common ground,
- Formulating questions and future issues which a diverse group of people might want to explore together;
- Intuiting which people might chemically interact very well and at finding the right entry lines to make them connect;
- Spreading an atmosphere of warmth and human and intellectual acceptance which cuts through the usual hierarchy and territorial preoccupations of the professional world and allows everybody to concentrate together on the matter at hand,
- Organising events and group work in such a challenging and structured way that participants develop a communal ambition and a sense of pride and achievement at the end of the day,
- Being naturally generous with the passing on of information and contacts,
- Being able to accept without grudge that they are not going to be credited for a new idea, even if it came from them, while their chief ambition consists in being the initiators and catalysts who make others develop ideas,
- Inspiring identification in others and making participants feel at home in such network activities.

*Box 2: Key Characteristics of Skills Brokers (Source: EUA, 2006: 39)*

They conclude that "this new knowledge broker profile appears to be deeply akin to the old 18th century host or hostess of a salon: smart intellectuals who love to discover nearly as much as they love the sharing of discovery, who not only have the talent for both, but also the communicative disposition and generosity to develop this combination into a human art form, a celebration of shared knowledge development."

Whilst such people may always have existed within HE the current political drive to increase higher skills in the workplace has led to a massive expansion of the brokerage arena. The current brokerage model represents a significant change in the way in which skills are purchased – marking a shift from a supply to a demand-led approach<sup>208</sup>. It is also a rapidly changing environment, with some impending policy changes including<sup>209</sup>:

- The development of the UK Commission on Employment and Skills, and of local Employment and Skills Boards and Local Employment Partnerships. Alongside this run the Skills Pledge and the Jobs Pledge.
- A shifting of responsibility to local authorities of a significant element of the 14-19 skills agenda away from the LSC.
- The end of the LSC to be replaced by the Skills Funding Agency in 2010 and the National Apprenticeship Agency.
- The requirement on HE to work more effectively in partnership with employers.
- The simplification of business support.

208 Nixon et al. (2006)

209 SLIM (2008)

A key feature of most Sector Skills Agreements (SSAs) developed by SSCs, is the recognised need for skills brokers to put employers and providers of HE in touch with one another, and to devise innovative ways of attracting funding and sharing costs of training. Several SSAs note that if employers were to offer more student placements, this would promote employability skills amongst undergraduates (often cited as lacking by employers) and also build closer relationships between employers and HEIs. Such a move would also address the steady decline in sandwich courses noted over the last five years, part of which has been driven by changes in student finance (making a two-year course cheaper and quicker) and the difficulties of finding placements in the first place<sup>210</sup>.

Brokers, in addition to stimulating demand and sourcing provision may also be able to mediate cultural and systems barriers between HEIs and employers, thereby fostering more mutually beneficial working relationships. There are also examples of them acting as 'a critical friend' to businesses through the HEI accreditation process of jointly designed programmes<sup>211</sup>.

A common critique of the brokerage landscape is a lack of clarity over who does what. To this extent, the Government has invested heavily in Train to Gain (T2G) to act as a one-stop information, advice and guidance (IAG) service for people looking for skills provision and is currently extending this service to cover provision within HE. It is the only service to demand broker accreditation<sup>212</sup> and aims to offer an independent and impartial service to employers. It is currently managed by Business Link on behalf of the LSC and offers a variety of services including: analysis and recommendation of skills training solutions; access to relevant and flexible high quality funded training; information and support to access a wide range of other training packages; a free impartial diagnostic to identify skills gaps and future needs; and advice on selecting a provider and managing the relationship<sup>213</sup>.

In the report *Train to Gain: a Plan for Growth*<sup>214</sup> it was concluded that whilst some colleges and training providers were quick to see the opportunities provided by T2G others were slower off the mark and did not all see that they needed to work alongside skills brokers to generate more learner referrals. Furthermore, as already mentioned in section 4.2, concern was expressed that the service had focussed too much on Level 2 and lower-level skills; was incorrectly positioned by some as being about free training; had failed to gain the engagement of HEIs; showed variable support from SSCs; and wide regional variations in terms of delivery and performance (being strongest in the North East, North West and West Midlands). For example, the Guardian has reported that: "more than 80 per cent of (FE) colleges have gained less than 10 per cent of their T2G business through brokers, and 60 per cent have not seen a single person walk through their doors courtesy of a broker"<sup>215</sup>. Despite these reservations, however, the LSC recorded employer satisfaction with skills brokerage by T2G at over 80%; employee satisfaction with training at 77%; and 95% of eligible skills brokers having achieved the required professional standard<sup>216</sup>.

To improve the breadth of skills brokerage, attempts are now being made to extend T2G into the HE sector. The HEFCE Higher Level Skills Pathfinder Projects includes a piloting of T2G for Level 4 skills and above and DIUS (2008b) have committed to ensuring that T2G meets the brokerage requirements of HE, including:

- making sure HEIs are aware of the opportunities available;
- offering a comprehensive diagnostic service which identifies skill needs at all levels; and
- supporting a national 'clearing house' service for T2G brokers that provides a single and reliable point of access connecting them with a named co-ordinator in each HEI (funded by HEFCE).

In addition to T2G other key players in the brokerage of Level 4 skills include Business Link, Jobcentre Plus and the Trade Union Congress (TUC) via the Unionlearn programme.

In a review of brokerage services in the South West of England<sup>217</sup> a number of barriers to effective integration of brokerage services were identified, including demanding targets and limited resources; limited trust and understanding between services; lack of shared client information; inadequate data on the benefits of partnership working; and lack of knowledge about how and when to make referrals. It was concluded that:

210 King (2007)  
211 Connor (2007)

212 The Small Firms Enterprise Development Initiative (SFEDI) is the nationally recognised accreditation scheme that assesses the competence of business advisers. The purpose of the accreditation is to ensure business advisers have the ability to provide a high standard of business advice and to demonstrate their commitment to continuing their own professional development to maintain that quality of advice.

213 SLIM (2008)  
214 LSC (2007d)  
215 Kingston P., Network Fail, The Guardian, 10 April 2007.

216 LSC (2007d)  
217 SLIM (2008)



"The links between the services is highly variable regionally and within localities. Clearly the two significant organisations in this field in terms of size are Business Link (the RDA and LSC as strategic bodies and contracting organisations) and Jobcentre Plus. Whilst joint working is taking place with the Train to Gain service and there are signs of improvement there, relationships with the IDB service appear sparse. As the Business Links move to integrate the Train to Gain skills brokerage service and IDB services, this relationship will need some attention."

In April 2006, the Skills for Business Network issued a prospectus, *Sector Skills and Brokerage*, which stated that "Sector Skills Councils are ideally positioned to help develop employer brokerage services and in many sectors, to deliver them directly"<sup>218</sup>. In general, the mapping found that the main interface between SSCs and employers is mainly through the different partnerships and employer groups. They therefore see their brokerage role as being at a more strategic level, in the sense that they work with the groups of employers, training providers and examining boards to develop courses/qualifications/curricula, providing the link between them<sup>219</sup>.

With regard to SSCs' engagement with HEIs the former do not have blank sheets with which to plan and take forward this agenda. The Skills for Business Network *Higher Level Skills Audit* conducted in September 2007 revealed a number of issues, which will impact on SSCs' engagement with HE<sup>220</sup>. These range from legislative changes (e.g. the changes to Initial Teacher Training legislation will have an impact on the current relationship between the SSC concerned and HEIs) to environmental issues and the shift in focus towards more WBL delivery (e.g. WBL focus will make greater demands on some sectors). A clear message from the audit is that the SfBN feels positive about its capacity to fulfil the enhanced role outlined by Leitch, but capacity and capability issues are important and will require additional resourcing. The audit proposes to make a better use by SSCs of the current infrastructure, including the existing Subject Centre Network, Lifelong Learning Networks and Higher Level Skills Pathfinders. Sastry and Bekhradnia (2007) raise a note of concern, however, over the potential impact of brokerage, advising that "the Government should shy away from a 'planning' based approach to encouraging responsiveness to employer preferences. Government intermediaries are not good at capturing employer preferences and cannot substitute for real employer-customers (although they can advise them on their dealings with HEIs)".

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218 Skills for Business (2006)  
219 SLIM (2008)  
220 Skills for Business (2007c)

## 9. Pedagogy

As indicated throughout this report the higher skills market as framed by the employer engagement agenda opens up opportunities for the widespread expansion of HE into non-traditional areas. Associated with these opportunities, however, are a number of changes to the manner in which HE is delivered. With the growth of the market for older, more professionally experienced learners, looking for greater flexibility in modes and styles of learning, come serious challenges to the traditional hegemonic status of universities and disciplines. In particular, the expansion of WBL calls for greater use of experiential and participative modes of study. Whilst this is a large and diverse field of study in itself and a full review is beyond the scope of this document, this chapter highlights some of the key issues and how they may impact upon HE provision<sup>221</sup>.

### 9.1 Work Based Learning

A significant proportion (although not all) of higher skills provision for employers and employees is conducted via work based learning (WBL). In a review of the field for the HEA Nixon et al. (2006) identified the significance placed on 'learning through work', by which they mean that learning outcomes are achieved through activities that are based on, or derived from, the context of work or the workplace<sup>222</sup>. The learning outcomes for such programmes occur at a number of levels – knowledge, understanding, application, analysis, synthesis, evaluation and abstraction - and are typically focused on the student *being able to* and/or *knowing how to* 'operate' within a work environment.

In analysing the cases compiled for this study Nixon and colleagues identified four main categories of WBL, arising from the motivations of the individual and/or organisation to invest in learning, as indicated in Figure 5.

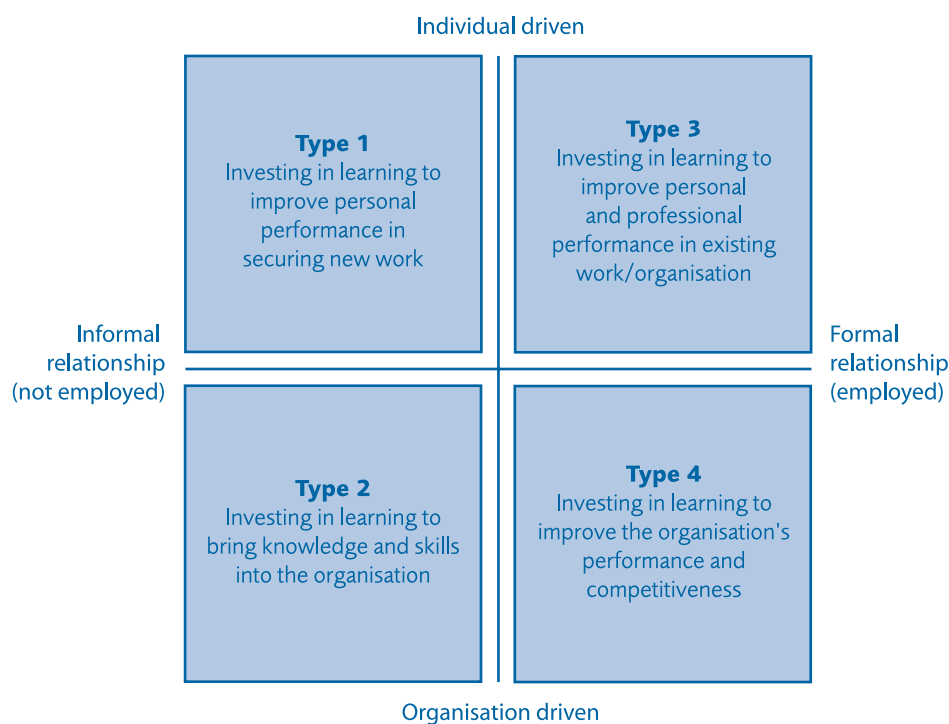


Figure 5: A Typology of Work Based Learning (Source: Nixon et al., 2006: 36)

221 A more detailed review of the pedagogical literature is due to be published by the HEA Research Observatory later this year (see [www.heacademy.ac.uk/observatory](http://www.heacademy.ac.uk/observatory) for further details).

222 Indeed, in the 2006 annual CIPD Learning and Development Survey 4 in 10 respondents still viewed on the job training as the most effective way for people to learn (cited in King, 2007).

Type 1, it is argued, tends to be utilised by individuals investing in their own learning and development to improve their performance and career prospects, whereas Type 2 occurs when an organisation builds a direct relationship with an HEI to inform the design and/or support the delivery of a learning programme, for example. Both these forms of provision may be somewhat prescribed, with the curriculum and content largely defined and owned by the HEI, and may well closely map to existing forms of CPD, PG and executive education. Types 3 and 4, by contrast, tend to be used when upskilling the existing workforce and are characterised by a negotiated curriculum designed to address specific workplace goals and objectives. In this instance, the employer will have a large influence over course content and format and it may well be highly tailored to their requirements.

It is arguably Types 3 and 4 of WBL that match most closely to the forms of provision the higher skills and employer engagement agenda is endeavouring to address. Such initiatives are invariably based upon different pedagogical approaches than traditional full-time UG provision and comprise a number of distinctive features:

- **Process-driven curriculum:** They emphasise a process- rather than content-driven curriculum.
- **Learner-centred:** They are heavily student- and/or employer-centred and less concerned with traditional disciplinary and pre-defined curricula.
- **Self-directed learning:** They often depend upon a self-directed approach to learning whereby the student broadens his or her knowledge, skills and abilities through a combination of theoretical and practical inputs.
- **Experiential:** They focus heavily on experience, drawing on the student's current and/or potential work requirements and taking into consideration the capabilities that the student brings to his or her work practice.
- **Flexible delivery:** They utilise a blended approach that enables the student to have a greater say over when and where the learning takes place, and allows the learning to be built around other work and lifestyle commitments.
- **Evidence based assessment:** The primary assessment criteria are concerned with professional competence rather than academic rigour.

Despite identifying these features of WBL, however, Nixon et al. (2006) do not feel they are in a position to propose what makes for an effective WBL initiative. Indeed, they argue that "the higher education sector does not as yet fully understand the nature of 'what works well in practice' and how different factors (e.g. background of the student, nature of current role, sector of work and size of employer) impact on learning in the workplace. A better understanding of the pedagogy of work-based learning is required which will help the HE sector to support or contest its status as a legitimate mode of learning".

One aspect that was identified as being critical to influencing the design of effective work-based learning solutions, however, was effective diagnosis of employer needs. Nixon et al. (2006) conclude that staff development to address this issue and help academic staff who are operating at the interface between HE and industry, to identify needs and to match them to various forms of provision, is an imperative - particularly in institutions that have a devolved model of employer engagement and lack centralised support.

## 9.2 Developing Skills, Knowledge and Competence for Work

The Teaching and Learning Research Programme (TLRP) funded by the Economic and Social Research Council (ESRC) proposes that "in the current political, economic and social context, there is an understandable tendency to see workplace learning as the controlled acquisition of predetermined skills, knowledge and working practices"<sup>223</sup>. Such a perspective takes a rather restrictive view of WBL, assuming that someone (a manager or policy maker, for example) decides what learning is required, and how it can be developed and measured, and then implements it for the appropriate people within the organisation (those perceived to be lacking in these skills). Employers may be very prescriptive about the skills and capabilities to develop and quite instrumental in measuring the financial benefits of any investment. The TLRP research, however suggests that such an approach is largely misguided for the following reasons:

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223 ESRC (2004)

"Firstly, employers and others have much to gain from recognising, using and further expanding the skills that workers already possess, rather than taking a predominantly deficit view. Where these skills are tacit, recognition of these skills by others and their positive deployment in challenging work tasks can boost the confidence and learning potential of workers at all levels. Secondly, though formal training and instruction can be very important, and should not be neglected, most workplace learning occurs through everyday working practices. Thirdly, formalised approaches implicitly assume predictability about the impact of pedagogical interventions, across all relevant workers, in any targeted context. The TLRP analysis shows that, at best, such approaches can only be partial in their positive impact, and that, at worst, unintended side-effects will result in significant impacts that actually undermine the original intentions."

The research arising from this study argues for a different approach. To improve workplace learning, they argue, employers and providers need to take a more expansive approach that maximises opportunities to learn in the workplace. Such an approach requires careful consideration of the contextual realities of individual learners and the use of any opportunities for learning, be they formal or informal, planned or emergent. "To be successful", they argue, "it will need to pay attention to power differentials and workplace inequalities, as well as individual wants or needs". The researchers argue that such an approach will have a far more beneficial effect for individual learners than a top-down approach, but also observe that any efforts to improve workplace learning will impact unevenly, across workplaces and individual workers.

Through optimising the opportunities for learning beyond the classroom, WBL offers the capacity to develop skills and competencies not particularly well developed through more traditional approaches. As Kersh and Evans (2006) conclude: "not to undermine the value of acquiring competences through formal education, much research has drawn on the importance of workplace learning in the context of developing work-related competences". Such an approach has the potential to address the concerns expressed by employers (particularly SMEs) that learners lack sufficient hands-on experience, knowledge, and may be inappropriately assessed<sup>224</sup>.

A common theme identified in CIHE research is that WBL should not just be about developing skills and experiences of immediate benefit to a person's work and/or business, but should also contribute towards their own personal development. Indeed, many initiatives cite the development of person's confidence, communications skills, and ability to work in teams and so on, as key learning outcomes. These are the kind of generic transferable skills which employers often seek when employing graduates from traditional academic study (sometimes described as 'graduateness') but which, given the right opportunities and emphasis, WBL could be particularly well suited to developing. Such outcomes, they argue, are "an aspect which often gets overlooked in discussions about the value of work-based learning where the emphasis can be too much on skills"<sup>225</sup>.

The TLRP, mentioned earlier, identified four main ways in which individual biography is relevant to learning at work<sup>226</sup>:

1. Workers/learners bring prior knowledge, understanding and skills with them, which can contribute to their future work and learning. This involves important tacit dimensions. All workers bring to work experiences, abilities and attitudes which affect the ways in which they can work and learn.
2. Individuals' dispositions towards work, career and learning influence the ways in which they understand and take advantage of opportunities for learning at work.
3. The values and dispositions of individual workers contribute to the construction and reconstruction of workplace community cultures and practices which influence learning. In combination with other factors, individual workers can affect the nature of the working environment, for themselves and for others who work with them. This can make a difference to opportunities to learn and to workers' reactions to those opportunities.
4. Working in and belonging to a workplace community contributes to the development of worker/learner identity. Joining a workplace can involve becoming part of an established and only slowly changing culture. This can be a positive or negative experience, as what an individual wants does not always coincide with what either the existing group of workers or the managers want.

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224 Little et al. (2003)

225 Connor (2007)

226 ESRC (2004)

Where consideration is given to these factors, the highly personalised nature of WBL can greatly enhance the student learning experience. In order to make the best use of this, however, HE teaching staff need to be equipped with the appropriate skills, understanding and experience to effectively educate in this environment. Students also need to be given access to appropriate learning opportunities in the workplace, which may be a problem for students and employees on programmes such as Foundation Degrees that may require a work placement outside of their usual place of work<sup>227</sup>.

### 9.3 Course Design and Curriculum Development

In a recent report by the South West Lifelong Learning Network a key finding was the need for more short-course provision, especially for CPD activity<sup>228</sup>. Employers indicated that much current HE provision is perceived as "not fit for purpose", and that course delivery should be more flexible and better linked to the workplace. Despite this, Universities UK (2007) note that there is already a substantial degree of collaboration between HEIs and business, with 88% of HEIs offering short bespoke courses for business on campus, and 80% offering similar courses at companies' premises. They recommend that further work is needed to assess the nature of the CPD market and the extent to which HEIs are currently meeting this need. In England, for example, HEFCE's 2007 *HE Business and Community Interaction Survey* suggests that the income to HEIs from CPD activity was £285 million, compared to £220 million in 1999/2000 and a more recent study<sup>229</sup> indicates that this may be a substantial underestimation of current provision.

The report by Nixon et al. (2006) indicates that there is a great deal of workforce development activity underway in the UK HE sector although the relationship between HEIs and employers remains less than ideal. Part of this may reflect the national and international perspective of most HEIs, which may deter them from exploiting local relationships to the extent that may be possible, although it is also inevitably influenced by the reticence of many smaller employers to engage actively with HE.

The findings of the study commissioned by CIHE in 2007 would imply that a more coordinated and coherent approach by individual HEIs may pay dividends in supporting the staff involved in such activity, disseminating good practice and building capacity. Despite this, however, course and curriculum design for such initiatives is a time and resource intensive activity that may not immediately be recuperated through course fees. The support offered by initiatives such as the HLSPP development fund is useful in enabling HEIs to develop new and innovative programmes but may need to be sustained over the long-term in order to render such activities financially sustainable<sup>230</sup>.

Connor (2007) also highlights the importance of offering a flexible approach to meeting employers' and employees' needs. They propose that "flexibility comes in different forms. It can work by giving good choice to individuals of modules/courses to take on their own or in building up to a qualification; by varying the size of units, including offering shorter, bite-sized units (which may be all that an employer wants at the time for their staff or all an individual can cope with while managing working and studying together), by offering different times/modes of delivery (combinations of: taking learning to the employer, evening and weekend study, use of internet to help support learning). A credit driven system rather than the current one based around the traditional student full-time model would help meet the flexibility needed."

In terms of employer input to course design and curriculum development the Leitch Review (2006) places SSCs at the heart of its vision of a future employer-led training system. Despite this, UUK members express serious concerns about their level of experience and expertise and highlight the fact that SSCs are not the only (nor always the most appropriate) representatives of employers. As one university put it, "there are programmes which are strongly linked with employers where there is no SSC involvement – it would not be in the national or regional interest if these programmes were put at risk because of a change in the terms of reference of the SSCs"<sup>231</sup>. HEIs themselves carry out substantial work at local and regional levels to engage employers and UUK argues that this should be acknowledged, valued and built upon.

Scesa and Williams (2008) in their review for DCSF, looked for research on engagement in course development by employers that have not traditionally been involved in HE. The research question was: "what impact does employer engagement in course development have on employers and students?" A number of cross-cutting themes were identified, including: benefits to students (especially personal and professional development); benefits to employers (through enhanced work-based competence

227 Little et al. (2003)  
228 SWLLN (2007)

229 HEFCE (2007b)  
230 Connor (2007)

231 Universities UK (2007)

of staff); managing WBL (especially the need for collaboration and communication); the achievement of work-related learning outcomes (through projects etc.); the development of academic staff (through enhanced understanding of the business sector); difficulties in engaging employers (though lack of understanding, time and inappropriate communication); and the difficulty of engaging with SMEs directly (working through employer networks may be more beneficial).

In the report *Train to Gain: a Plan for Growth*<sup>232</sup> the LSC and HEFCE present plans to rationalise the delivery of higher-level vocational learning and skills, and a framework for future collaboration. Amongst other things they note that in terms of relative costs, the provision of higher-level courses in FECs does not appear to be significantly cheaper than in HEIs on account of the greater number of contact hours with teachers and smaller class sizes. They also observe that a small number of courses (particularly those in business, education, health and social care, construction, and engineering) account for a disproportionate number of enrolments. Consequently a small number of professional bodies are dominant in this arena, most notably the Association of Accounting Technicians (AAT) and the Chartered Institute of Personnel and Development (CIPD). FECs are regarded as highly accessible in both geographical and psychological terms but cannot compete with the facilities and specialist expertise of HEIs. In terms of teaching quality, there was a perception that FECs do a 'solid job' and that teachers are highly committed to their students. However, the professional bodies expressed concern about college management, particularly in terms of support of expert staff, and willingness to sell full-cost provision (instead of trying to maximise public subsidy)<sup>233</sup>.

With regards to the assessment of WBL Brodie and Irving (2006) suggest that given the interdisciplinary nature of such learning, assessment should focus on three components: learning, critical reflection and capability. Capability is felt by many to be the most significant component, yet potentially the most problematic to assess, especially given the manner in which assessment remains the preserve of academic staff and that quality assurance processes militate against the active involvement of employers<sup>234</sup>. Given the differing cultures of FE and HE ensuring consistent transition between assessment from Level 3 to Levels 4 and above may be particularly difficult to ensure.

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232 LSC (2007d)

233 LSC (2008a)

234 Nixon et al. (2006)

## 10. Leadership and Management

The preceding chapters have highlighted the substantial challenges facing the providers of HE, and those with whom they collaborate, in order to meet the higher skills agenda as set out by the Government. In mobilising an effective response to these changes, HEIs will no longer be able to work alone (if ever they did), but will need to establish and maintain effective partnerships and collaborate with an increasingly diverse group of stakeholders.

Whilst much is known about the leadership of universities themselves<sup>235</sup>, far less is known about how leadership occurs and is enacted across and between organisations within a partnership environment. The employer engagement landscape as framed by the higher skills agenda in the UK calls for a fundamental change in the ways in which HEIs identify, develop, deliver, promote and resource HE provision – moving largely from a supply to a demand-led model of education. Increasingly universities are expected to involve employers in course design and delivery; rely on brokerage services to source demand; collaborate with other organisations in course provision; and identify new streams of funding. Indeed, they are being asked to expand their provision into a relatively new, complex and unpredictable market to cater for the needs of mature, part-time learners in work.

Such a shift calls for dramatic cultural and structural change whereby activity traditionally considered as 'third stream' becomes part of the mainstream mission of HE – a shift that has fundamental implications not only for how HEIs are organised and run but also for their purpose and role in society.

In the model presented in chapter 1, therefore leadership and management is identified as a key connecting strand between the various issues highlighted so far within this report: market, systems, culture, promotion and pedagogy. This chapter summarises the main evidence from the literature review that relates to this issue. It is also a topic that will be explored further in subsequent publications from the current research.

### 10.1 Strategic Orientation

Traditional HE is structured towards excellence and quality in teaching and learning, and research, with community and employer engagement considered as a 'third mission' activity. Whilst many universities and academics have long engaged with businesses and other organisations through teaching post-graduate and executive students, conducting industry-focussed research, and professional consultancy, in terms of the quality metrics this has always been regarded as a peripheral rather than mainstream activity.

The Research Assessment Exercise (RAE), with its emphasis on publication in top-ranked academic journals, has arguably reinforced this situation such that academics will pursue opportunities for theoretically-informed research of 'world-class' standard rather than direct their attention towards the more pragmatic concerns of local employers. This situation is likely to change somewhat with the introduction of the Research Excellence Framework (REF) at the end of 2008, however, a more fundamental cultural change will be required in order to shift perceptions about the relative merits and quality of different types of research and teaching activities.

DIUS (2008b) propose that "in order to reap the benefits of providing relevant high level skills to employers, there must be high level strategic leadership to drive the cultural change necessary to create a new and financially viable business model". The nature of this leadership and who provides it, however, is less clear.

Clearly one aspect of the leadership of employer engagement activities will be determined by the strategic priorities of HEIs themselves. Whilst the HE sector within the UK may often be discussed as if it were homogenous and consistent, there is still much variation between institutions. As the Universities UK (2003) submission to the Lambert Review states:

"What policy makers and others outside the system also commonly overlook is the enormous variety of HEIs in the UK, each with very different characters and traditions that can be reflected in their mission, governance and leadership."

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235 See, for example, Bolden et al. (2008)



The diversity of the sector is difficult to map out clearly, but includes old, well established institutions with a long history, as well as new universities, formed after 1992 when polytechnics were granted university status. The latter tend to have a much stronger vocational focus to their programmes and a concentration on applied research and consultancy, whereas the former are generally best renowned for their academic research and enquiry. When one adds to the mix FECs that are now delivering HE programmes, as well as the bulk of universities that strive to balance research alongside mass teaching, the picture that emerges is one of a complex and somewhat fragmented sector.

This diversity of profile and reputation means that some institutions are more enthusiastic to engage with the higher skills agenda than others. As the EMUA study argues: "it is important to accept that not all HEIs want or need to engage with businesses to deliver training. Universities are relatively autonomous institutions that trade on the strength of their inherent assets – the extent of their engagement with businesses should be considered in this context"<sup>236</sup>. They go on to propose that:

"HEIs – like businesses - play to their strengths and for the most part have adopted a business model that reflects this. It is also important to consider the opportunity cost of developing new markets for workforce skills. With finite resources available, time spent by an HEI engaging with businesses to deliver training is time not spent on technology transfer, research or consultancy. It is fair to say that Russell Group Universities have relatively less incentive to develop their training activities than many post-1992 institutions but again, this reflects the inherent diversity of the sector".

This study proposes that when considering how to expand their engagement with employers HEIs need to recognise their position within the market and target potential clients accordingly.

"There is a need to move away from a presumption that businesses of all sizes, sectors and aspirations are potential customers for higher education; in short, businesses will only invest in higher level skills if there is a clear business case for doing so. Like any business, universities need to segment and target those parts of the market that are most likely to yield a positive return."

Decisions on the strategic orientation of universities are influenced at all levels, from individual academics deciding on which topics to teach and research; to schools and faculties resourcing and promoting particular areas of expertise; and the vice chancellor/principal and colleagues determining the overall direction in which the institution is headed. Clear and consistent support from the very top of the organisation, however, is a key factor in setting the overall tone for employer engagement and persuading staff to become involved. Furthermore, it can assist in the resourcing and support of employer engagement activities such that staff do not find themselves disadvantaged through choosing to become involved.

Senior level support can assist in communicating the value and most effective approach to WBL. A review by Scesa and Williams (2006)<sup>237</sup> identified the management of WBL as an issue, but also concluded that best practice in this area is not well communicated and disseminated – either due to the absence of a reliable evidence base or due to lack of exchange across disciplinary and occupational boundaries. They propose that there may well be lessons to be learnt from areas and occupations where WBL is widely used and employers are already closely engaged with universities.

The extent to which such lessons can be transferred between institutions with different strategic missions, however, is less clear. Whilst some modern universities (e.g. Hertfordshire) have successfully positioned themselves as employer-focussed institutions and others (e.g. Thames Valley University) have even gone as far as integrating FE provision to assist with progression, such an approach is unlikely to be appealing to more established research-led universities. Even the Open University, with its long history of providing flexible, part-time programmes to people in work, does not fit clearly within the notion of employer-led HE – its programmes continue to be marketed primarily to individual students rather than promoted and mediated via employers.

The financial risks associated with the shift towards an employer-led university will continue to render it an unappealing option to many institutions. As Sastry and Bekhradnia (2007) argue in their analysis of the field: "in theory, English universities could take the view that expansion on unfavourable terms is worse than a stasis or contraction which protects current levels of cost

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236 Kewin et al. (2008)

237 Cited in Scesa and Williams (2008)

recovery. Some will, but it is unlikely that collectively the sector will take such a stance." In their argument they focus particularly on the implications of co-funded HE proposing that, in effect, this represents a reduction in funding per student place due to the difficulty in ensuring that employer contributions are recovered. Furthermore, for universities who receive a high proportion of their income from teaching an additional challenge is posed by the fact that government funding per student (and from 2006-07 student fee increases) is linked to the national rate of inflation. The real costs of running a university and offering new and improved services, however, tend to increase at a rate above inflation, thereby placing an emphasis on institutions to grow their student numbers: "if student numbers are static, universities lose out. But if student numbers rise, this effect is offset by economies of scale because the marginal cost of teaching additional students is less than the mean cost per student. Over the long-term, expansion helps to balance the books"<sup>238</sup>.

Whilst the arguments for expansion may, on one hand, be entirely rational, to a certain extent they are also linked to cultural expectations within the sector. Universities, through the national league tables etc., often use financial revenue and student numbers as a proxy for institutional performance – thereby "meaning that expansion even on the most unfavourable terms can look like success"<sup>239</sup>. If, indeed, traditional student numbers are levelling out as indicated in chapter 5 then continued expansion may, in the long term, no longer be a viable option. Despite this "it is reasonable to suppose, therefore, that current systems and the current generation of university administrators are better equipped to meet the challenges of expansion than the rather different challenges of stasis"<sup>240</sup>.

With declining funding per student place and increasing pressure to compete locally, nationally and internationally, there is a risk that quality standards (and hence reputation and standing) will slowly be eroded. As Sastry and Bekhradnia (2007) propose:

"The phenomenon of English universities pursuing revenue at the expense of the quality of provision and financial stability has been seen before. In the late 1980s and early 1990s universities pursued growth at the expense of a sharp drop in the unit of funding per student and throughout the 1990s the pursuit of research funding (in response to underfunded research grants from Research Councils and contracts from industry) and the associated prestige led to substantial losses on research. The financial pressures created by this 'overtrading' resulted in underinvestment in infrastructure. As a country, England is still paying for those years of underinvestment by providing billions of pounds in earmarked capital funding. It would be a serious mistake to allow this situation to repeat itself by encouraging universities to expand by agreeing to provide 'co-funded' places for which no co-funder exists, and it is important when HEFCE sets its funding mechanisms in place that it guards against this."

Should such a situation arise again, not only would this have a detrimental and potentially irreversible effect on the sector but may also impede one of the government's main objectives within the higher skills agenda – that of enhancing social mobility through broadening opportunities to access HE. The likely consequence of such a scenario is that those institutions with the highest reputation would be able to demand the highest fees – thereby excluding entry to those with insufficient funds and exacerbating the divide.

## 10.2 Models of Higher Education

Decisions about the strategic orientation of universities, whilst informed by pragmatic imperatives, are fundamentally linked to questions about the nature of HE and its contribution to society. Since the 1960s the HE sector within the UK has been undergoing a significant process of change - shifting from an elite towards a mass education system, with increasing student numbers, diversity of activity, and a changing management culture<sup>241</sup>. Changes to the state regulation of public services in the 1980s fuelled a further shift from 'bureaucratic' and 'collegial' models of HE towards more 'corporate' and 'entrepreneurial' approaches<sup>242</sup>. The current higher skills debate, with its emphasis on involving employers directly in curriculum design and the co-funding of provision, is another significant milestone on this road and may further accelerate these changes as well influencing the ways in which HE is perceived within society.

From research on *The Rise of Knowledge Regions*<sup>243</sup>, four conflicting views of the university and its relation to the non-university environment were identified – see Table 3.

238 Sastry and Bekhradnia (2007)  
239 ibid

240 ibid  
241 Smith et al. (2007)

242 McNay (1995); Clark (1998)  
243 EUA (2006)

View	Description	Relationship of university to its region
1. Sober	According to this model, the university is just another knowledge-based institution, not fundamentally different from knowledge-based business, only perhaps with a greater number and wider range of experts.	This model sees the university's relation with the region as one of exchange of its knowledge and knowledge workers with the other institutions in the region.
2. Social	It sees the university as an important critical counterbalance to governing forces and attitudes, be they market forces or mainstream societal attitudes. The public role of the university lies in its ability to widen the access to knowledge and its benefits to as wide a range of individuals as possible. The university would also be the institution that seeks to be the first to identify and define future developments and problems and to offer solutions to complex societal concerns.	In this model the university tries to engage in a dialogue with regional actors in order to identify their needs and respond to them.
3. Creative	Regards the university as an institution that is or should be concerned most essentially with optimising and nurturing the creative potential of individuals and of teams. Such optimisation may often involve reserving resources, time, and space for high-risk unpredictable research which cannot be defined extant in terms of its impact on regional or other extrinsic development. However, the university's members will still seek a vivid dialogue with outside partners in the regional environment to allow for stimulus and fresh perspectives on their own and other domains so as to realise full creative potential.	In this model, the university entertains a relation of mutual stimulus and support with other regional actors, in order to optimise the conditions for such creative environments.
4. Purist	According to this view, the university has to seek a critical distance from its social, political and economic environment in order to optimise its innovative and early-warning potential. Also, the objectivity of university research is regarded as liable to suffer from close engagement with "real world concerns". While the university's researchers and teachers should convey their findings to the outside world, the process of research itself, and even teaching, should be as separate as possible from such concerns. Seen from this perspective, the "ivory tower" may receive a lot of fashionable bad press but time will show that it has its function after all, bringing sustainable benefits for society in the long-term.	The relation of the university with the region is one of mostly unidirectional knowledge transfer and dissemination from the university to its stakeholders.

Table 3: Competing Views of the University (Source: adapted from EUA, 2006: p22-23)

These models do not exist in isolation but co-exist alongside one another (within the same region, institution and even the same person) and give rise to certain tensions. While two of these models have been with us for decades (the second and fourth models) the two others may be seen as more recent and are promoted by regional development initiatives.

In each of the EUA case studies, interviews revealed that the initial vision and initiative to develop the common cause of knowledge region development begins with a very small group of people who then, working in collaboration with others, manage broaden engagement and impact.

"Sometimes only two or three people believed in the urgency of such a joint effort and managed to convince others to join the cause. In every city, not more than a handful of names were mentioned as the key political proponents of the knowledge region development. In addition, a small group of individuals, with different functions, managed the process and broadened its impact. These were usually intermediaries or brokers, as individuals or as part of organisations, whose importance cannot be overestimated. The momentum of the process was widely judged to be strongly related to the drive, imagination, communicative and networking talents of such brokers."

In most cases these key visionary individuals were associated in some way with HE - often publicly-recognised university scientists with an active engagement in innovation and partnerships outside academia and/or, at two of the four cities studies, the rector/vice chancellor of a local university.

"In the four European regions visited in the context of this study, as well as in Montreal, leaders of the knowledge development process always came from the university or public policy sector, while industry managers joined the process rather than initiated it."

Without such leadership, it is argued, these cities would not be fundamentally different in terms of strengths and opportunities but would be less able to design and realise new major projects, promote and articulate their strengths to the outside world, and have a shared understanding and vision across different institutions.

Whilst this study clearly identifies the potentially pivotal role played by HE in regional development, it does not articulate so clearly how such activity relates to the expansion of workforce development. Employer-focussed HE inevitably requires a partnership approach whereby responsibility, power and resources are dispersed across a range of individuals and organisations. A collaborative approach to the leadership and management of such initiatives is essential yet, as Duckenfield and Stirner (1992) indicate, a commitment to engagement at the very top of organisations is required if the links are to be successful. Without the support of senior people (both within HE and business) who are prepared to act as 'champions', those people tasked with the development and implementation of new initiatives may remain rather powerless to see projects through to completion.

The domain of higher skills development in the workforce, therefore, remains a challenging place for universities to go and their ability to reap the benefits of engagement may well rest on the leadership and management capabilities of a wide number of individuals.

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## 11. Key Issues and Implications

The preceding chapters have outlined key issues relating to the employer-engagement and higher skills agenda as identified in the research and policy based literature of recent years. This chapter summarises the key issues and implications for different stakeholders (policy makers, employers, HEIs, skills brokers and students/learners), along with key issues for the South West region and some cross-cutting themes.

### 11.1 Policy Makers

- **Skills policy:** skills development has been a central strand of Labour government policy since the initial skills white paper in 2003. It is only, however, since the Leitch report in 2006 that 'employer engagement' and the contribution of HE to upskilling the nation's workforce has become a major priority.
- **Policy drivers:** the skills agenda is part of a drive to enhance national skills and productivity, global competitiveness, prepare for skills needs of the future, contribute to economic growth of the nation and its regions, and to put the UK at the forefront of the knowledge economy (with emphasis on creativity, innovation and value-added, and enhance social mobility). Associated with this is a desire to enhance the contribution of the HE sector to the national economy and reduce dependency on public funding.
- **Higher skills:** despite the clear political imperative there remains a lack of clarity and consistency over what is meant by 'higher skills' and 'employer engagement'. In particular it is argued that the Leitch report and subsequent initiatives take a somewhat narrow view of the contribution of HE to higher skills development – focussing particularly on demand led WBL, lower-end qualifications (primarily Levels 4 and 5), and the development of work-related skills and competence rather than more generic knowledge and abilities. There is also a specific emphasis on upskilling the existing workforce in order to meet skills targets, rather than an exploration of how the traditional student market could be expanded.
- **Restructuring:** recent years have seen substantial restructuring and change amongst government departments and related agencies/organisations. Whilst much of this has been done to enhance the ability to effectively deliver the skills policy, it adds to confusion and complexity over provision and funding. Maintaining continuity and a consistent and balanced approach across regions and sectors is likely to be difficult in such a volatile environment.
- **Unintended effects:** there is a major challenge when putting in place the funding and support structure to enhance HE-employer engagement to do this without distorting other priorities and activities. One potential danger with the introduction of co-funded provision is that it will be perceived as illegal state subsidy. Another challenge is that current models have generally only been piloted with small numbers of students in specific locations – scalability is still largely untested.

### 11.2 Employers

- **Employer engagement:** the current drive for higher skills places significant expectations on the degree to which employers are expected to take a more proactive role in skills development – including design and delivery as well as funding and support. Despite this, they have less direct imperative to change than HEIs (being more responsive to markets than policy) and in many cases may not see the need to invest the necessary time and resources. This will be most significant for SMEs who generally have fewer resources and less awareness of the value of higher skills and it remains questionable as to the degree to which they will actively participate.
- **Job design and the organisation of work:** the higher skills agenda also has implications for the ways in which jobs are structured and rewarded in order to make best use of the skills available and reward staff accordingly. The EMUA study indicates that investment is generally for strategic, rather than short-term operational, reasons and linked to HR and business strategy<sup>244</sup>.

- **Experience and understanding of higher skills:** the promotion of the higher skills agenda requires cultural change, particularly within those parts of the economy where skills have not been highly regarded and/or owner managers have not engaged in HE themselves. A lack of clarity over what is meant by 'higher skills' and 'employer engagement' will reinforce this situation – research evidence implies limited understanding of the difference between levels outside of the sector, inconsistency of terminology, and a difference between vocational and traditional routes to higher skills.
- **Needs assessment:** key to addressing higher skills needs is an ability to accurately assess learning and skills requirements at organisational, team and individual levels – this is not something organisations are usually very experienced at. Furthermore, there is the question of how individual employers can effectively communicate their skills needs to HE providers. In the case of SMEs this may well need to be done through consortia, employer groups and SSCs although working in this manner may require a compromise on what is accepted.
- **Nature of skills gaps:** key skills needs identified in the 2008 CBI/Edexcel *Education and Skills Survey* include: transferable skills, leadership and management, STEM, languages and apprenticeships. In addition to vocational, job-specific skills many employers cite the importance of generic, transferable skills as well, although it is possible that such skills will be neglected in the design of WBL.
- **Cost:** the financial and operational implications of releasing people from work for study can be a major barrier to engagement. When combined with a concern that employees may subsequently leave the organisation there is a real need for reassurance and an effective model of engagement. Many employers tend to be most focussed on short-term financial and operational issues – the benefits of higher skills investment, however, are generally less easy to quantify and with a delayed impact. A reluctance to invest may become yet more significant as the 'credit crunch' continues and employers reduce investment in anything not deemed 'core'.
- **Information, advice and guidance:** even for those employers interested in investing in higher skills accessing the relevant material in a timely fashion is challenging. There is no central source of information and many HEIs are not well prepared to communicate this information in an easily accessible format.
- **Qualifications:** employers may not necessarily value 'academic' education, showing a preference for on the job and work based learning leading to professional and industry qualifications. Awareness of qualifications and HE offerings is largely dependent on previous experience of the owner/manager.

### 11.3 Higher Education Providers

- **Market opportunities:** expansion of higher skills provision in the workplace offers a relatively new (and potentially lucrative) market for HEIs as well as the opportunity to enhance the appeal of existing courses/provision through greater use of experiential and work based learning. Furthermore, the relationships developed through employer engagement activities may lead to future opportunities for research, teaching and knowledge transfer, as well as providing a mechanism for keeping academics up-to-date with developments in the world of practice. The extent of these market opportunities, however, remains relatively untested in terms of the scale of demand and how much people are willing to pay.
- **Autonomy and control:** to effectively make use of the opportunities outlined above HEIs will need to shift from a largely supply to a demand-led model of HE. Whilst universities have always been responsive to student demand (through the application and offer process) this has been predominantly focussed on the 18-21 year old, full-time undergraduate market. The employer engagement agenda requires closer collaboration and exchange between HEIs and employers in all stages of higher skills provision from design to delivery and accreditation and, in so doing, erodes some of the autonomy and control to which universities and academics have become familiar.

- **Student funding:** alongside the steady increase in student numbers forecast by the higher skills agenda is a gradual reduction in government funding per head. Indeed, in order to achieve the targets set out in the Leitch report there is a realisation that additional sources of student funding will be required – in particular it is proposed that this income should come from employer co-funding. Given the unpredictability of the market for higher skills in the workplace it is quite possible that universities will fail to recoup the full cost of provision and, over time, will experience a reduction in funding per capita.
- **Student support:** as indicated above, there are significant differences between the student bodies arising from higher skills provision in the workplace than for traditional UG provision. Whilst universities are generally well prepared to respond to the needs of 18-21 year old students in full-time education, mature and part-time students offer a less homogenous population with varying needs and diverse backgrounds/experience. Together, this places greater demands on university academics and administrators in tailoring provision and support to the needs of learners. Combined with the fact that mature learners tend to be more vocal and less able to compromise a host of new demands will be placed on HEIs to which they may not be well prepared to respond.
- **Flexibility of provision:** as study for people in employment needs to fit around work and family commitments greater flexibility is required on behalf of the providers, including flexibility in the timing, location, format, style, content and funding of learning. In particular, WBL tends to be delivered in 'bite-sized chunks', often away from the HEI and at evenings and weekends. Despite the best efforts of providers to offer learning at convenient times and locations, actual attendance may well be unpredictable as students are called away to resolve unanticipated crises at work or home. The diversity in background and experience of students can also make it difficult to pitch provision at the right level and may require substantial pre-course tailoring/preparation by the tutor – costs that are not always easy to recuperate through course fees alone.
- **Pedagogy:** whilst the revised teaching and learning approach for WBL offers the potential for new and valuable learning opportunities, it also has the potential to undermine traditional academic values. As greater emphasis is given to vocational and job-specific learning there is the possibility that valuable learning processes that are not deemed directly relevant or less interesting for students are excluded from courses. As Nixon et al. (2006) identify, despite a general shift towards process-driven curriculum, a learner-centred approach, self-directed learning, experiential learning, flexible delivery, and evidence based assessment what works and why remains a poorly understood and contested area.
- **Accreditation:** a further issue relates to the assessment and accreditation of WBL. Experiential and skills-based learning may well require different assessment processes than traditional academic study. Where students enter a course with substantial prior experience/expertise there is increasing demand for the accreditation of prior learning – from formal study (APL) and work-based experience (APEL) – both areas of some contestation. Also, much current higher skills provision in the workplace that is provided by HEIs is unaccredited – will government objectives in this area drive a demand for increased accreditation and, in so doing, potentially compromise the ability of HEIs to deliver what employers want? Finally, as employers (and students) are increasingly asked to contribute to course design, delivery and funding, is this likely to fuel expectations about successful completion of qualifications – will HEIs be able to remain objective and impartial when they are increasingly dependent on funding by those people commissioning and completing a course of study?
- **Competing agendas:** the employer engagement agenda calls for the expansion of activities traditionally deemed 'third mission' by universities. As the necessity for HEIs to excel in this area of activity increase, so do pressures and tensions with traditional spheres of teaching and research. Increasingly, it seems, HEIs and their staff are being expected to do more with less. Unless we want to place unrealistic expectations on the sector, performance assessment frameworks (for individuals, groups and organisations) need to include meaningful measures of employer engagement that do not simply add to existing demands.



- **Strategic priorities:** one response to the issue highlighted above is greater differentiation of strategic mission between HEIs. This is already happening to some extent with some institutions clearly positioning themselves as business-facing whilst others trade on their profile for international research. As universities increasingly become squeezed for resources and sense a need to distinguish themselves from the crowd, the employer engagement agenda may become a significant area of strategic differentiation. With the unpredictability of the market, financial pressures on funding and questions over the academic rigour of some aspects of WBL, however, it is possible that this option will only be attractive to those with few other alternatives – a situation that may lead to further fragmentation of the market and WBL becoming perceived as 'second rate' provision<sup>245</sup>.
- **Academic motivations:** a further challenge for universities is how to maintain the motivation and commitment of academic staff. Much current employer focussed activity is relatively small scale and driven through the research/teaching interests and personal values of academic staff, and the time and effort put into course design and establishing relationships frequently trades on the goodwill of individuals. As universities look to expand and roll-out such provision it may be difficult to secure the commitment and involvement of the very academics on which this work is dependent. This is especially likely to be the case when it requires mass delivery (thus becoming perceived as 'boring' or 'mundane') and engagement with commercial/unethical organisations (whose social values may conflict with those of liberal-minded academics).
- **Building relationships:** a similar issue arises when we consider the nature of the relationship between the university and the employer. Often relationships take a long time to develop and are based on informal, personal relations rather than formal, institutionalised arrangements. The multi-faceted nature of relationships means that it is difficult for HEIs to maintain a shared and updated client database and that relations are placed at risk when key people move/change role. This is a further challenge to the robustness and predictability of the employer-led higher skills market.
- **Interface with other provision:** the employer engagement agenda brings a greater requirement for HEIs and other providers to work in partnership. Employers may well need a variety of provision that is sourced from a number of HEIs (and/or other training providers). Furthermore, to ensure an ongoing pipeline of students prepared and able to enter HE, attention must be given to how higher skills provision interfaces with lower level provision within schools and colleges. In particular, attention may need to be given to raising cultural and social expectations about the value of higher skills and preparing people for engaging in lifelong learning.
- **The changing role of HE:** underlying many of the points outlined above are changing social expectations about the nature of HE. With the need for greater collaboration and partnerships, and growing emphasis on the value of skills and abilities acquired through work, come changes in how universities are perceived. No longer are universities regarded as the sole (or most expert) producer of knowledge – but one of a number of organisations that can contribute towards knowledge capture and exchange. In applied and vocational subjects, academics may become viewed as facilitators of learning; the true knowledge lying with those who are expert in their jobs. UK HE is seeing a gradual shift in the kinds of courses studied (with a general decline in 'hard' and an increase in 'soft' sciences) and the kinds of expertise required for their delivery and assessment. The current USP of HE is strongly associated to the relative monopoly of universities in the awarding of academic qualifications – as award giving powers are extended to other providers and increasing emphasis placed on professional and industry qualifications HEIs may need to reconsider their stance.
- **Good practice:** there are already pockets of good practice in work based higher skills provision, where universities have well developed and mutually beneficial relationships with employers (for example healthcare and education). Further consideration could be given to whether such models could work for different employers and industries and potential barriers and enablers.

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<sup>245</sup> Sastry and Bekhinda (2007)

## 11.4 Skills Brokers

- **Skills brokerage:** there are a wide number of organisations and individuals that offer a brokerage/mediation role between HEIs and employers. Their role is to facilitate the translation of employer demand into HE provision and they can prove instrumental in establishing and sustaining collaborative interventions. Whilst many services are offered by organisations outside of HE (e.g. SSCs, T2G, Business Link, etc.) intermediaries also exist within HEIs and act as go-betweens for academics/university departments and employers.
- **Competition and collaboration:** government supported brokerage is a complex and rapidly changing landscape, with many organisations, networks and bodies competing for the same resources and relationships. Excessive dependency on public funding may not be a sustainable financial model for brokerage but it remains questionable as to whether HEIs or employers would be prepared to pay for these services themselves. In a highly competitive environment maintaining impartiality may be difficult and there is a danger of 'chasing' funding streams. Sastry and Bekhradnia (2007) warn against a 'planning' based approach to higher skills provision as it may lead to the promotion of markets that do not really exist: "government intermediaries are not good at capturing employer preferences and cannot substitute for real employer-customers".
- **Power and influence:** despite the broad and challenging remit of many skills brokers they may actually have limited power to influence government, employers or HE. The broker role is largely one of responsibility without power – dependent on their ability to persuade and influence others rather than being able to deliver outcomes themselves. For many it remains a challenging and frustrating role and, whilst it may be possible to identify demand from employers – sourcing academic support for provision and securing funding may remain difficult. Furthermore, as HE-employer relations are often based on personal rather than institutional relationships they may be hard to mediate by a third party.
- **Knowledge and expertise:** specialised knowledge and expertise for brokerage becomes increasingly important at higher levels, due to the complex and specific nature of demand and provision. The successful extension of brokerage (such as Train to Gain) up to Level 4 and above is dependent on effective communication of the HE offer and an appreciation of business imperatives. It is argued that, despite calls for standardisation, employer representatives such as SSCs may not always be the best representatives of a given sector and that there is wide variation in quality and availability of brokerage across sectors and regions.
- **Information, advice, guidance and support:** effective brokerage is dependent on an accurate identification of skills needs and their communication to the provider. There is also a need to manage progression routes and to ensure that learners (and those supporting them) receive clear and consistent advice. The broker training and accreditation pursued by T2G through SFEDI is one possible mechanism for ensuring this.

## 11.5 Learners

- **Lifelong learning:** for people outside of formal education, the employer engagement agenda offers improved opportunities to access HE study later in life. Furthermore, the greater flexibility and responsiveness of provision is more likely to fit in with their lifestyles and assist transferability of learning to the workplace. Whilst this is clearly desirable for those people looking to complete HE study to enhance their career prospects it may be less so for those who pursue HE study out of personal interest or as a means of escape (such as much education pursued through traditional evening classes etc.). In order to enhance engagement with lifelong learning there is a need to promote benefits of HE from early on in an individual's educational development (i.e. at school and college) and to remain alert to their motivations to study.
- **Relevance to employment:** for individuals looking to enhance their career prospects with current and future employers higher skills can be essential. In addition to the benefits gained through education and qualification, students may also benefit from the development of valuable social networks and a sense of professional identity. On the negative side, however, where employers have funded/supported learning individuals may feel restricted in terms of what and how they study and

feel a sense of obligation to remain with the organisation following training. Furthermore, the strongly 'vocational' focus of such courses may limit some of the traditional benefits of the HE (those skills, capabilities and experiences collectively referred to as 'graduateness') and as greater emphasis is placed on experiential and work-based learning, students who are unable to access work placements and/or employment opportunities (such as those on full-time Foundation Degrees) may become disadvantaged.

- **Reskilling:** the Equivalent Level Qualifications (ELQ) policy may act as a further barrier to those people wishing to participate in HE to reskill or change careers. In this case, qualifications of lower or equivalent level to those previously acquired will not attract government funding and hence are only available to people who can either afford them themselves or persuade their employer to pay. A further challenge is that individuals may be more interested in qualifications than their employers and so, where training is available this may be unaccredited, thereby reducing its value in the wider job market. Finally, as general qualification rates and levels increase within all parts of society, employers will be able to demand higher qualifications than previously - in this case, reskilling may become prohibitive by the level of educational attainment now required.
- **Quality of learning experience:** if, as may be expected, the UK skills agenda drives further diversification of the HE market and differentials in the rates that providers can demand, students from deprived backgrounds (i.e. those with less money) may only be able to access lower-quality provision – thereby perpetuating their difficulty in progressing within the labour market and effectively excluding those without qualifications from jobs that previously did not require them.
- **Advice and guidance:** with the expansion of higher skills in the workplace, learners will need access to informed advice on study options and career routes. Whilst this information may be readily available for young people it is questionable whether appropriate guidance is available for mature learners.

## 11.6 Regional Issues

- **Contribution of higher skills to the regional economy:** it has been reported that higher skills make a positive contribution to the economic performance of regions and that universities can act as important hubs for innovation and business growth. In the 2007 *National Employers Skills Survey* the South West was reported as the region third most likely to experience skills gaps (16% of vacancies); combined with the difficulty in attracting and retaining graduates within the region (due to career opportunities and salaries) it may be argued that skills shortages are having an adverse effect on regional performance and are an area of concern.
- **Priority sectors and activities:** within the South West, like most UK regions, there has been a tendency towards targeting priority sectors for funding and support. In particular attention has been given to high growth sectors such as ICT and engineering, although the question may be asked as to whether this might disadvantage or underestimate the contribution of others? Another area of particular importance in the South West is the contribution of small businesses (SMEs). The South West has a higher proportion of such businesses than many other regions yet they remain difficult to engage in higher skills development.
- **Geography:** a further challenge for the region is how to maintain an acceptable degree of consistency of provision and support across such a large and diverse region. The relative affluence and accessibility of the northern and eastern parts of the region are in stark contrast to the far south west and the more rural parts of the region. Offering higher skills provision to people in isolated locations in a cost-effective manner remains a serious challenge.

## 11.7 Cross-Cutting Issues

- **The nature of higher skills:** there remains a certain lack of clarity over what is meant by 'higher skills' and 'employer engagement', with limited understanding of the difference between qualification levels outside of the sector and an inconsistency of terminology. It is important to ensure a consistency of language and communication to establish a shared sense of direction and purpose and to not limit perspectives and possibilities for work based learning.
- **The need for effective partnership working:** employer engagement with HE demands a partnership approach to skills provision. As with all partnerships this is difficult to establish and sustain and requires alignment of between the strategic, practical and person fit between partners<sup>246</sup>. It also poses leadership and management challenges as to where power and influence reside and who reaps the benefits. Relationships are slow to build up and quick to breakdown. They are dependent on credibility, trust and reputation and may be hard to quantify or to challenge embedded cultural beliefs.
- **Best practice:** there is no 'one-size fits all' approach to higher skills development for employers. Approaches are not standardised and it is hard to implement rules. The value of study, therefore, is primarily to 'sensitise' key stakeholders to the various issues that should be considered rather than to dictate a preferred approach. Metrics, measurement and rewards should be sensitive to these issues if they do not wish to distort existing pockets of good practice.

## 12. Resources

This chapter draws together some useful resources to supplement the main content of this review, including: case studies and examples, useful websites, and a table of abbreviations.

### 12.1 Case Studies and Examples

The following reports contain specific case studies and examples of different aspects of employer engagement.

Co-funded provision: <http://www.hefce.ac.uk/learning/employer/projects/>

FE provision of HE: LSC (2008a)

Graduate employability: Universities UK (2006)

Graduate recruitment: Hogarth et al. (2007)

HE-employer engagement initiatives/programmes: Connor, H. (2005), Connor, H. (2007), Connor and Hirsh (2008)

Progression from apprenticeship to HE: UVAC (2005a)

Regional case studies of employer engagement: North East England - Penn et al. (2005),  
North West England - NWUA (2007)

Skills brokerage: SLIM (2008)

Skills diagnostics: DWP (2007)

Work based learning: Nixon et al. (2006)

### 12.2 Websites

#### Government

Department for Business, Enterprise and Regulatory Reform – [www.berr.gov.uk](http://www.berr.gov.uk)

Department for Children, School and Families – [www.dcsf.gov.uk](http://www.dcsf.gov.uk)

Department for Innovation, Universities and Skills – [www.dius.gov.uk](http://www.dius.gov.uk)

Department for Work and Pensions – [www.dwp.gov.uk](http://www.dwp.gov.uk)

England's Regional Development Agencies – [www.englandsrdas.com](http://www.englandsrdas.com)

#### Funding

Higher Education Funding Council for England – [www.hefce.ac.uk](http://www.hefce.ac.uk)

Higher Education Funding Council for Wales – [www.hefcw.ac.uk](http://www.hefcw.ac.uk)

Learning and Skills Council – [www.lsc.gov.uk](http://www.lsc.gov.uk)

Scottish Funding Council – [www.sfc.ac.uk](http://www.sfc.ac.uk)

#### HE Lobbying and Support

GuildHE – [www.guildhe.ac.uk](http://www.guildhe.ac.uk)

Higher Education Academy – [www.hea.ac.uk](http://www.hea.ac.uk)

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Leadership Foundation for HE – [www.lfhe.ac.uk](http://www.lfhe.ac.uk)

Million + – [www.millionplus.ac.uk](http://www.millionplus.ac.uk)

Universities UK – [www.universitiesuk.ac.uk](http://www.universitiesuk.ac.uk)

### **Employer and Brokerage Organisations**

Alliance of Sector Skills Councils – [www.sscalliance.org](http://www.sscalliance.org)

Alliance of Sector Skills Councils – [www.sscalliance.org](http://www.sscalliance.org)

Confederation of Business Industry – [www.cbi.org.uk](http://www.cbi.org.uk)

Sector Skills Councils – [www.sscalliance.org/Sectors/SectorSkillsCouncils](http://www.sscalliance.org/Sectors/SectorSkillsCouncils)

The UK Commission for Employment and Skills – [www.ukces.org.uk](http://www.ukces.org.uk)

Train to Gain – [www.traintogain.gov.uk](http://www.traintogain.gov.uk)

### **Higher Education Regional Associations**

East Midlands – [www.emua.ac.uk](http://www.emua.ac.uk)

East of England – [www.auee.ac.uk](http://www.auee.ac.uk)

London – [www.londonhigher.ac.uk](http://www.londonhigher.ac.uk)

North East – [www.unis4ne.ac.uk](http://www.unis4ne.ac.uk)

North West – [www.nwua.ac.uk](http://www.nwua.ac.uk)

South West – [www.herda-sw.ac.uk](http://www.herda-sw.ac.uk)

West Midlands – [www.wmhea.ac.uk](http://www.wmhea.ac.uk)

Yorkshire and the Humber – [www.yorkshireuniversities.ac.uk](http://www.yorkshireuniversities.ac.uk)

### **Quality Assurance**

Qualifications and Curriculum Authority – [www.qca.org.uk](http://www.qca.org.uk)

Quality Assurance Agency for HE – [www.qaa.ac.uk](http://www.qaa.ac.uk)

### **General resources**

CIHE Publications: [www.cihe-uk.com/publications.php](http://www.cihe-uk.com/publications.php)

DIUS Learning and Skills pages – [www.dcsf.gov.uk/learning&skills/index.shtml](http://www.dcsf.gov.uk/learning&skills/index.shtml)

DIUS Publications: [www.dius.gov.uk/publications](http://www.dius.gov.uk/publications)

HEA Research Observatory – [www.heacademy.ac.uk/observatory](http://www.heacademy.ac.uk/observatory)

HEPI Publications: [www.hepi.ac.uk/pubs.asp?DOC=Reports](http://www.hepi.ac.uk/pubs.asp?DOC=Reports)

LFHE Research Reports: [www.lfhe.ac.uk/publications/research.html](http://www.lfhe.ac.uk/publications/research.html)

South West Observatory: [www.swo.org.uk](http://www.swo.org.uk)

UUK Publications: <http://bookshop.universitiesuk.ac.uk>

## 12.3 Table of Abbreviations

APEL	Accreditation of Prior Experiential Learning
APL	Accreditation of Prior Learning
BERR	Department for Business, Enterprise and Regulatory Reform
CBI	Confederation of British Industry
CCEA	Council for the Curriculum, Examinations and Assessment (N. Ireland)
CETL	Centres for Excellence in Teaching and Learning
CIHE	Council for Industry and Higher Education
CIPD	Chartered Institute of Personnel and Development
COVE	Centre of Vocational Excellence
CPD	Continuing professional development
DCSF	Department for Children, Schools and Families
DEL	Department for Employment and Learning (Northern Ireland)
DELLS	Department for Education, Lifelong Learning and Skills (Wales)
DfES	Department for Education and Skills
DIUS	Department for Innovation, Universities and Skills
DOH	Department of Health
DTI	Department for Trade and Industry
ELQ	Equivalent and Lower Qualifications policy
EMUA	East Midlands Universities Association
ESRC	Economic and Social Research Council
EU	European Union
EUA	European Universities Association
FD	Foundation degree
FdF	Foundation Degree Forward
FE	Further Education
FEC	Further Education College
FSB	Federation of Small Businesses
FT	Full time
FTEs	Full-time equivalents
GAs	Graduate Apprenticeships
GCSE	General Certificate of Secondary Education
GVA	Gross Value Added
HE	Higher Education
HEA	Higher Education Academy



HE-BCI	Higher Education-Business and Community Interaction Survey
HEFCE	Higher Education Funding Council for England
HEI	Higher Education Institution
HEIF	Higher Education Innovation Fund (from HEFCE)
HEPI	Higher Education Policy Institute
HERDA	Higher Education Regional Development Agency
HESA	Higher Education Statistics Agency
HLSPP	Higher Level Skills Pathfinder Project
HNC	Higher National Certificate
HND	Higher National Diploma
HR	Human Resources
IAG	Information, Advice and Guidance
ICT	Information and Communications Technology
IDB	Information, Diagnosis and Brokerage
IP	Intellectual property
IT	Information Technology
KTP	Knowledge Transfer Partnership
LEA	Local Education Authority
LLN	Lifelong Learning Network
LMI	Labour Market Information
LSC	Learning and Skills Council
LSDA	Learning and Skills Development Agency (now known as Learning and Skills Network, LSN)
LSN	Learning and Skills Network (formerly LSDA)
MBA	Masters in Business Administration
NESS	National Employers Skills Survey
NHS	National Health Service
NOS	National Occupational Standards
NQF	National Qualifications Framework
NTO	National Training Organisation
NVQ	National Vocational Qualification
PG	Postgraduate
PhD	Doctorate in Philosophy
PT	Part time
QAA	Quality Assurance Agency for Higher Education
QCA	Qualifications and Curriculum Authority
QCF	Qualifications Credit Framework
QIA	Quality Improvement Agency
R&D	Research and Development

RAE	Research Assessment Exercise
RDA	Regional Development Agency
REF	Research Excellence Framework
RES	Regional Economic Strategy
RSP	Regional Skills Partnership
SDF	Strategic Development Fund (HEFCE)
SFA	Skills Funding Agency
SfBN	Skills for Business Network
SFEDI	Small Firms Enterprise Development Initiative
SME	Small and medium-sized enterprise
SSA	Sector Skills Agreement
SSC	Sector Skills Council
SSDA	Sector Skills Development Agency
SSN	Sector Skills Network
STEM	Science, engineering, technology and mathematics
T2G	Train to Gain
TEC	Training and Enterprise Council
TLRP	Teaching and Learning Research Programme (from ESRC)
TUC	Trade Union Congress
UG	Undergraduate
UK	United Kingdom
UKCES	UK Commission for Employment & Skills
US / USA	United States of America
USP	Unique selling point
UUK	Universities UK
UVAC	University Vocational Awards Council
WBL	Work-based learning
YPLA	Young People's Learning Agency

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