Employer demand and its influence on higher education provision

A CIHE proposal

Background issues and Context

'Our nation's skills are not world class and we run the risk that this will undermine the UK's long-term prosperity…..Demographic, technological and global challenges present enormous challenges but also brilliant opportunities.. .we recommend radical change right across the skills spectrum…vocational skills must be demand-led rather than centrally planned…'

These extracts from the introduction to the Leitch Review (Dec 2006) help to set the context for the proposal. In the Review report, the economic case for continued expansion of higher education is made and higher education (HE)'s role in and contribution to the UK's economic success acknowledged. The CIHE report on *International Competitiveness* (2006) also highlights how multinational businesses see UK higher education institutions (HEIs) as having a key role in the UK's future economic competitive advantage. Continuing success will depend on improving on current graduate growth trends as they are unlikely to be sufficient to keep up with our international competitors, who are investing more. Leitch called for future growth in skills and vocational education to be more demand-led in order to meet targets set for 2020.

It is recognised generally that in recent years, there has been an increased emphasis in higher education (HE) on the employability of graduates and the responsiveness of HE to employer demand. Employer engagement has increased, especially in certain institutions and types of programmes. This is being encouraged further by HEFCE's new strategy to help develop more flexible and work-based learning which needs to be more demand-led, and in resp0nses to Leitch. We know that graduate outcomes vary according to subject and institution, as well as other factors, and that employers have a range of experiences in being able to recruit the kinds of graduates they want to. Economic returns to individuals of gaining HE qualifications however, remain good on the whole, though variable and some concerns exist that this will continue with increasing supply.

Employers vary in their 'demand' for HE provision and have equally varied forms of engagement with universities and colleges, to enable messages about demand to be sent out. This may be for specific kinds of graduates, for more generic skills which they would like all graduates to have, or for courses or 'bites' of learning activity which HE could provide for their employees. Universities and colleges also have a range of points of contact with employers where they can pick up on 'demand' information (some involving other organisations, professional bodies in particular, and increasingly Sector Skills Councils or Regional Skills Partnerships) , and they use it in different ways – in planning, in up-dating curriculum, in developing new courses etc.

Currently, we make assumptions about how well 'employer demand' is articulated and used by higher education but we actually have very little evidence on how processes work and how effective they are in developing and shaping the curriculum, qualifications and new HE programmes. While there is much anecdotal evidence, there is little of a systematic evaluative kind which can be a basis for future policy development. Previous research (for example on

employability of graduates by Mason and Williams, 2003, Brown and Hesketh, 2005, and Harvey, 2002) shows clear benefits to students and employers of greater links between higher education and the world of work, but say little about how effective the greater employer engagement has been, or its different forms, in shaping the HE curriculum. There have been examples of misconceptions by universities of employer demands (see ESECT papers) and sometimes confusion arising from contradictory messages from employers, even in the same sector (a recent example of this is in the City of London graduate skills study, 2006). But there are other examples where universities and colleges have been successfully meeting business needs, some through developing more flexible and responsive access to HE for potential students in work, including new Foundation degrees and postgraduate/CPD programmes (and the new projects from HEFCE's employer engagement strategy are expected to develop this further).

However, there has been no overview on how it is working, or where best practice lies. There can be tensions between HEIs responding both to customer (student) demand and business needs which may reflect failures in market intelligence or business links or a real appreciation by students of where the more exciting and growing job opportunities lie. There also can be tensions between expressed views of employers of what they need, which may be relatively narrow and viewed rather short term, and what HEIs see as their legitimate role and purpose in maintaining rigorous education standards and equipping student with skills and learning outcomes which have longer term benefits for them. Professional bodies also play a role in translating employer demand, and in some disciplines a greater role directly than most employers (e.g. law, health, some sciences); also in encouraging professional development among members and the license to practice. How much they are a force for progression and how far a brake seems to vary. Sector Skills Councils are being given an enhanced role here, and some have links with HE more developed than others. And finally, even where demand is adequately articulated and interpreted there are issues around the time it can take for new programmes to be developed or to make changes to the curriculum and awards Flexibility and speed of response is not generally associated with most HEIs. This may be understandable given the nature of the HE 'systems' which can be seen as cumbersome, and also the need for HEIs to be sure the 'customers' promised by businesses will materialise.

If Leitch's recommendations on future higher education and skills supply are to be met, demand-led mechanisms, such as Train to Gain, are to work and more broadly, Sector Skills Councils and others are to have a more influential role in helping to develop a more responsive and relevant higher education system, then much more needs to be known about employer demand and how it influences higher education provision – How well is 'demand' defined? How is the information on demand from employers made available to HE and is it in a form that is 'fit for purpose' ? how is it interpreted and used by universities? where do blockages for employers and HEIs lie – is it in the dialogue itself or how information is being used?

Proposed Research

The overall aim of the study will be to explore how businesses in the private sector articulate their demand for higher level learning and to track the processes through which this results in a range of supply responses with or by higher education institutions (HEIs). A range of business functions (such as management development, graduate recruitment, upskilling of the existing workforce, the accreditation of existing workforce capabilities) will be tracked. These will cover a range of sectors and the various interface points with for example internal HR and union representatives, external SSCs, professional bodies and trade associations as well as HEIs (and within them the range of

contact points) and the decision processes within that HEI[1] that have to be negotiated before the articulated demand emerges and the learning is then delivered.

We anticipate that the processes will differ depending on the size of the business, on the sector and on the extent of the interface points that have to be negotiated. Each process will be followed and examples of potential or actual blockages identified as well as examples of where these have been overcome with the lessons that might be learned from that.

We are deliberately not aiming to cover the public sector partly because of resources but also because we judge that the dynamics are rather different; that most major public sector organisations are more driven to articulate their learning needs and develop appropriate responses that may well involve the HE sector. The main challenges facing a realising a realisation of the Leitch targets lie in the private sector and particularly amongst small businesses who may not be able to recognise their need, net alone articulate it and then follow that up with contacts with HEIs which to them often appear impenetrable.

This will be a collaboratively funded and managed project, led by the Council for Industry and Higher Education (CIHE) and supported by the SSDA, HEFCE, UUK/London South Bank University and DfES. We will also work with others including Sector Skills Councils, professional bodies, the LSC, City and Guilds, FdF, Edge Foundation and others.

Key Objectives will be **:**

- A mapping of the main current interactions between employers and employer representative bodies which enable information on demand to be articulated and communicated to universities and developed with them. There are likely to be a number of processes which will differ in their nature, aims and effectiveness: such as sector/business function (some will be more varied and weaker than others in terms of linkages, and in involvement of professional bodies in accreditation or SSC engagement); levels (upskilling/Foundations degrees/executive education/MBAs etc); whether on a local or national scale and who is involved (whether individual sole trader, small employer, sector/professional groups, institutional/subject/course dimension and various levels of staff involvement);

- Investigating how information on employer demand is determined by employers and then received, interpreted and applied in universities eg at different levels (national, regional, institutional, discipline, course level) and different parts of the system (eg funding, learning, assessment, accreditation, career advice etc). It will also assess how much and what kind of information on employer demand is shared within and between institutions;

- Identifying where information on employer demand is being conveyed and applied effectively, what indicators of success apply as viewed by employers and HEIs, and the clear benefits arising; and also where it is less effective, and why , and where the blockages and gaps are. It should also identify where employers seek to influence but feel less successful or fail;

[1] We are using HEIs for shorthand. Universities will be the main focus but it would be useful to include some FECs with significant HE provision in the scope also

- and recommending how the current systems could be improved to facilitate closer alignment of business, individual learner and academic aims and needs.

Its scope will cover all HE provision across the UK, though we will need to focus more on some parts of HE and some sectors, business functions or disciplines than others to keep within our overall budget. This will depend in part on the funders' views. At this stage, we have not suggested where this focus might be but we expect it will come clearer during the initial phase of the work as 'clusters' of interactions emerge and the key variables are identified.

The Methodology will comprise a number of phases, suggested as follows:

1) an initial phase to bring the consortium together, identify and agree objectives, and refine the design, scale, scope, and timing of the project. In particular, it will make a start on designing the matrix of interactions we will use as our framework, clarify boundaries and focus and start to 'populate' the cells of the matrix

2) a) A set of interviews in a sample of employing organisations, which will be 'case studies' of how employer demand is defined and the processes used for communicating and articulating this information to HE. These will be drawn from the sectors/business functions we choose to focus on, but some will undoubtedly cover a number of interface points with HE. They will include large corporates as well as smaller more local or regional based firms with experience of employer-HE engagement. Employers will be asked about their needs and priorities for higher level learning and graduates, how these are articulated to HE, the scale and pattern of their HEI involvement, their experiences and views on the relevance and responsiveness of HE to meeting their needs, where problems lie, and where they see improvements could be made. We will be interested in how employers influence subject content or courses, teaching methods and assessment as well as the development of generic skills (employability etc.) in the HE curriculum. We will want to identify the different points of contact and dialogue processes they have with staff in individual HEIs and via other organisations (such as professional bodies, SSCs). It will almost certainly be necessary to interview more than one person (eg at the centre in graduate recruitment and/or employee development, and in a business function (R&D, IT, commercial, etc) or business unit/site) except in the smaller firms. We suggest a sample of around 25 employing organisations (but interviews might number 50 or more to include two or three interviews in large corporates leading to perhaps 75 interface points).

   b) From the case studies, we will identify a number of dialogue processes to follow through. The exact number of these will emerge from the employer discussions, but it could range up to 50, of varying types. Some will be simple links to individual departments or schools of a university (or a select number of them) or the careers advisory service (and so easily mapped); others will be more complex involving sector-wide or professional groupings and various other organisations. This is why it is difficult to put an exact number on how many will be investigated at this stage. Each 'process' will link to an employer interviewed in stage 2 and so align to real issues and business problems. We will aim to interview the key people involved in the process to find out about: how well the process works from their perspectives, where difficulties lie and where improvements could be made. Within HEIs, we will be interested in exploring how

the information on demand is used, and how it fits with other internal processes (eg planning, quality) thus enabling us to get insights into more general patterns and policy issues within HEIs and across the sector. Interviews could be undertaken with a course leader, a PVC, a head of School, a careers adviser, learning or business research unit staff (or several of them). Some will also involve external people, eg in professional bodies, SSCs, local business development units.

3) In order to extrapolate from these case studies and contextualise them, we will need to identify or check out some general trends, patterns and issues. Some of this may come up in the interview stage in 2b), but it is likely that we will need to :

   a) review existing evidence from previous research studies and with key stakeholder bodies, on the effectiveness of employer-HE engagement for this purpose. We would seek where possible to draw off any relevant on-going studies (such as the current DfES systematic review of employer engagement at CHERI/OU).
   b) and undertake a small number of interviews with key organisations - perhaps in some HEIs, UUK, funding councils, QAA, SSCs, RDAs, CBI, FdF, the HE T2G regional pathfinder projects, professional bodies, awarding bodies like C&G, Edexcel, HEA subject centre network. The scope of this will depend on what emerges from the main interviewing work.

We would aim to produce an interim report around the halfway stage and organise a seminar with the academic and business communities to discuss our interim findings (which would also supplement the interviews in 3)). This will help identify any gaps and focus our priorities for the rest of the study.

A final report will be produced drawing the findings form the different stages of the work and include recommendations

This is a major project which will require close working with many different organisations.

Timing, management and costs

This project will be led by Helen Connor, the CIHE Director for Workforce Development, and undertaken by a small team of experienced people, comprising herself, Hugh Smith and Peter Forbes (CIHE consultants), Wendy Hirsh and John Mumford. Other may be recruited also if felt needed. We will also recruit a project assistant to help coordinate the fieldwork. CIHE would have responsibility for overall administration of the project.

We suggest a Steering Group is formed comprising the funders and other interested organisations supporting the project (as highlighted above).

The project will aim to start in early May 2007 and take approx 12 months. As a rough guide on timing:

- the initial phase could be completed by mid June.
- the main interviewing phase would start then and most of the employer interviews and some of the 'process' interviews be completed in September.
- the interim report could then be prepared for an October symposium.

- The remaining interviews and any additional evidence from reviewing the research or from other organisations would be undertaken by the end of the year.
- A draft final report would then be available in early 2008 and circulated widely, with the final report agreed by March 2008.
- A national conference or series of UK wide workshops could be organised around that time.

The total cost of the study is estimated at around £100,000. Approximate breakdown as follows:

Stage 1 Set up	£5,000
Stage 2 Employer case studies (incl dialogue process follow throughs)	£48,000
Stage 3. Research review plus contextual interviews	£8,000
Interim report and seminar	£9,000
Final report	£7,000
Project management (incl adv group)	£8,500
CIHE Project admin support & Contribution to Overheads (15%)	14,500
	£100,000

These are approximate breakdown figures at this stage but the total is the likely sum we will have available. They do not include dissemination activity after production of final report or the holding of a final conference, but this could be met and organised by individual partners.

HC/CIHE
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