SKOPE

ISSUES PAPER 25

September 2010

In search of a measurement and evaluation framework for skill utilisation

Jonathan Payne
SKOPE, Cardiff University

Summary

Traditionally, skills policies in many developed countries have concentrated on boosting the supply of skilled and qualified labour as a means of promoting international competitiveness, productivity and social inclusion. However, there is a growing recognition that if skills are to deliver, they have to be utilised in the workplace. In the UK, skill utilisation is gaining prominence as a policy issue, particularly in Scotland where a number of skill utilisation projects are currently being piloted. If policies are to function effectively, knowing what skill utilisation is, and how to measure its presence, is vital, as is the ability to evaluate specific programmes. This Issues Paper offers some initial thoughts on the development of a measurement and evaluation framework.

The evolving skills policy context in the UK

For over a quarter of a century, skills policies in the UK have focused mainly on increasing skills supply and it is only relatively recently that issues related to the demand for, and utilisation of, skill have emerged on the policy agenda. Developments in Scotland have been particularly significant, with the Scottish Nationalist administration committed to improving skill utilisation in Scottish workplaces and having recently launched a series of 12 skill utilisation projects (SFC/SDS 2009). A further important development has been the arrival of the UK Commission for Employment and Skills (UKCES). Established in April 2008, the Commission has argued strongly that the 'skills problem' confronting the UK:

> *…lies largely on the demand side. The relatively low level of skills in the UK; the limited extent of*

> *skill shortages; and the potentially low demand for skills relatively to their supply taken together, imply a demand side weakness. The UK has too few high performance workplaces, too few employees producing high quality goods and services, too few businesses in high value added sectors (UKCES, 2009a: 10).*

In England, moving beyond a narrow preoccupation with skills supply is proving more difficult. The financial crisis of 2007-8 and subsequent economic downturn heralded the first tentative signs of a shift in this direction. The Labour government's skills strategy, *Skills for Growth*, published a few months before it lost power in the 2010 general election, noted that, 'There is no automatic relationship between skills and productivity. Critically important is how businesses actually use the skills of their workforce; and how they use them in combination with other drivers of productivity, such as investment, innovation and enterprise (DBIS, 2009: 20). Along with wider policy statements calling for a more activist industrial policy, these moves represented a first step towards acknowledging the need for government to do more to tackle the underlying levels of demand for, and usage of, skills in the economy.

When it comes to developing interventions to improve skill utilisation, policy makers are, nevertheless, confronted with the absence of some key building blocks. There is no substantial pool of expertise that can fashion new policy interventions in this area, no specialist institutions with a track record of successfully delivering such programmes, and the means by which the success of any pilot initiatives might be gauged is

far from clear. A review, commissioned by the Scottish Government, drew attention to the need to 'develop a framework for measurement … [that] would allow the benchmarking and tracking of progress on key indicators of success for any skill utilisation strategy' (Scottish Government 2008: 83). The Scottish Skills Utilisation Leadership Group, established to oversee policy developments in this area, is currently working with UKCES to develop a UK-wide framework. Plainly, if such policies are to function effectively, knowing what good skill utilisation is, and how to measure its presence, along with the ability to evaluate specific project-based interventions, is going to be essential.

Defining skill utilisation

When it comes to measuring skill utilisation and designing specific interventions to improve skill usage in workplaces, policy makers immediately run into a series of definitional issues. The Scottish Review observed that there 'was no established definition of skill utilisation', and offered the following as a starting point:

> *Skill utilisation is about ensuring the most effective application of skills in the workplace to maximise performance, through the interplay of a number of key agents (e.g. employers, employees, learning providers and the state) and the use of a range of HR, management and working practices. Effective skill utilisation seeks to match the use of skills to business demands/ needs (Scottish Government 2008: 2).*

It also noted that discussion of the appropriate organisational context for enhanced skill utilisation has been dominated by the paradigm of the 'high performance workplace' (HPW). Accordingly, 'when attempting to measure skills utilisation the majority of research focuses on employers and the measurement of the uptake of HPW' (Scottish Government 2008: 62 also see UKCES 2009b: i). In essence, HPW refers to combinations of various work organisation, employee involvement and other managerial practices which, when 'bundled' together, are thought to improve organisational performance as well as provide a range of positive benefits for employees, including the opportunity to use their skills at work.

There are, however, a number of problems with using HPW as the *central* analytical framework for viewing skill utilisation and as the main benchmark metric for assessing progress. To begin with, there is considerable confusion and ambiguity as to what constitutes HPW. There is no universal agreement as to the specific practices, or combination of practices, which are believed to deliver improved performance. Many of the *individual* practices that are often cited as part of the model are themselves subject to widely varying definitions. If one takes 'team working' for example,

often assumed to be a core feature of HPW, this could mean anything from a more 'Scandinavian-type' model, based upon semi-autonomous teams, more complex tasks and flexible multi-skilling, to a more 'Toyota-type' model, with more narrowly defined roles and lower levels of discretion (Lloyd and Payne 2006).

Another problem is that the evidence base on the purported link between HPW practices and higher skill demands is still quite thin, with much of the current research in this area remaining both problematic and inconclusive, not least on the issue of causality (Lloyd and Payne 2006). Perhaps most significant of all, the vast majority of studies have focused upon the impact of HPW on organisational performance; few have examined the impact upon employees. Those studies that have explored the effects upon employees have found widely varying outcomes ranging from improved staff retention, higher pay and job satisfaction through to work intensification, increased stress, and reduced levels of autonomy. Indeed, these tensions are reflected in UKCES' own thinking:

> *… the literature... suggests that HPW can deliver broader outcomes that can be both negative and positive. Positive outcomes are higher job satisfaction and employee motivation which result in lower labour turnover…However, care needs to be taken to ensure that performance gains are not achieved to the detriment of employee well-being through increased workload, limited discretion and enhanced stress at work (UKCES 2009a: 126).*

Overall, the Commission errs on the optimistic side, asserting that 'although some are more cautious about its impact on employees, the weight of the evidence pointing to the positive link between HPW, performance and employee well-being is difficult to ignore' (UKCES 2009b: ii). Critically, it lays emphasis upon the way in which HPW is *implemented* and *experienced* by employees, the awareness and quality of management and its willingness to relinquish a 'command-and-control approach' and create a culture of trust. *If* HPW is to be a/the means of delivering better skill utilisation (and that is still a rather big 'if'), then such issues have major implications for the kinds and levels of support that may be needed in order to get HPW to work for organisations and their employees. In-depth, tailor-made help and advice would seem to be the order of the day – with major consequences for those funding and delivering such interventions.

Surveying skill utilisation

For the reasons outlined above, simply measuring the take-up of HPW *practices* is unlikely to provide a very reliable guide on skill utilisation and there is a need to develop new metrics with which to benchmark progress.

Macro-level data on the opportunities available to employees to use their skills at work is likely to be best obtained from surveys of employees, although it is worth noting that valuable information can also be gathered from employers. The Australian Survey of Employers' Use and Views of the VET system (SEUV), run by the National Centre for Vocational Education Research, provides one example. Here, employers were asked to rate the skill levels of their employees relative to organisational needs, stating whether they considered them to be above, adequate for, or below what was required (Watson 2008).

In terms of employee perspectives, there are already a number of surveys which collect relevant and useful information on skill usage within the workplace. The 2004 Workplace Employment and Relations Survey (Kersley et al. 2006: 86) included a specific question on skill utilisation. Other surveys provide more detailed information. The 1986 *Social Change and Economic Life Initiative* Survey, the 1992 *Employment in Britain* Survey and the three subsequent UK Skills Surveys (1997, 2001 and 2006) offer many useful insights (Felstead et al. 2007). Respondents were asked about the qualifications required to get the job, the length of training required, and the time taken to learn to do the job well. The surveys probed the specific skills demanded of workers in their jobs by asking them to rate the importance of particular activities, such as the 'use of computers', 'dealing with people' and 'analysing complex problems'. The UK skills surveys also addressed another key aspect of skill utilisation, namely how much discretion employees are able to exercise over their work tasks.

It also seems reasonable to assume that where employees are required to regularly engage in *informal* learning as part of their everyday work, the opportunities both to develop skills and use them in their jobs are likely to be relatively good. In Norway, Skule and Reichborn (2002) developed a telephone-based survey aimed at identifying what they called 'learning intensive jobs', with individuals asked about the demands their job made on them in terms of learning, the length of on-the-job training time required to do the job, and how long their skills lasted before becoming out of date. In the UK, Felstead et al (2005) illustrate how it is possible to design survey methods to explore the different ways in which people learn at work and how this links to issues of work design and employee autonomy.

Survey data, of the kind outlined above, already provide policy makers with a range of general 'trend indicators' that are relevant to those wishing to apply quantitative measures to skill utilisation. Such measures are not unproblematic. For example, in the UK measures of *task discretion* and *learning at work* have moved in opposite directions, making interpretation tricky. It is important then that surveys of this kind are supplemented by in-depth organisational case studies which can go behind the data and help explain what the numbers might be telling us as well as offering clues as to what we should be looking for and trying to measure.

Evaluating project-based interventions

The development of new project-based interventions to improve skill utilisation provides a series of potential case studies. Given that policy makers are venturing into largely uncharted territory, it is important that evaluation is undertaken in ways which help to facilitate learning about what works and why within particular workplaces.

The first step, however, is to ensure that the projects are actually addressing skill utilisation. A brief glance through the Scottish project outlines suggest that several are focused around course design and matching learning supply to employer needs rather than efforts to improve skill utilisation through work re-organisation and job redesign. *The Engineers of the Future – MA2MA* project, for example, is aimed at developing 'a vocational degree route from modern apprenticeship level to Masters.' Similar issues have been flagged up in the recent evaluation of Australia's national skill-ecosystem programme, with several projects struggling to move beyond supply-side and more traditional VET design and delivery strategies (Windsor 2006: 15). There is, in other words, often a gravitational 'pull' to focus on improving skills supply, especially where funding is directed through education and training providers who are more accustomed to thinking and acting in these terms.

Assuming that project design is right, how might such projects be evaluated? Keep has recently outlined 'a set of general evaluation design principles' for evaluating the Scottish Government's skill utilisation projects, based upon a three stage process, 'Before, During, and After' (SFC/SDS 2009: Annex B). He draws attention to the need to address key questions such as 'what specific aspects of skill utilisation the project is aiming to target and change?'; 'who defined the problems (institution, employers, or both parties)?'; 'are there significant moments or decision points that mark shifts, successes or failures?'; 'commensurability of resources with scale and nature of the task and objectives?'; 'how did participants rate the experience of the project?'; and 'how could this project be generalised as an approach?'.

While this offers a useful starting point, it can clearly be embellished and added to. One possible supplement would be to focus more attention on the critical factor of employee engagement in both project design and implementation. This might be included as a key criteria for project funding, as is the case with the Finnish

Workplace Development Programme. One of the key lessons to emerge from earlier experiments with job enrichment/work humanisation is the need for expert researchers who can immerse themselves in the working practices of employees, see how they engage with and solve their problems, and also offer support and guidance on how work processes can be reorganised and improved. From an evaluation perspective, it would seem especially important to give due weight to employees' experience of projects and the breadth of engagement across the work group. Furthermore, given the need to build up a 'critical mass' of action-based researchers with the skills and knowledge to support work redesign, it might also be useful to develop measures to help gauge how much progress is being made on this particular front.

Final thoughts

The policy 'turn' to skill utilisation, requires the development of new measurement and evaluation tools which are capable of tracking progress and helping policy makers learn lessons from fledgling, project-based interventions. Existing surveys in the UK can provide relevant macro-level data on skill utilisation, along with others developed abroad, offering a useful starting point. Surveys, however, need to be combined with micro-level measures designed to explore the effectiveness (or otherwise) of specific policy interventions aimed at improving skill utilisation in any given workplace. Given that policy makers in the UK are only now beginning to fashion such interventions, it is perhaps unrealistic to believe that appropriate measures can be specified beforehand, and it may be that we will only know which measures to adopt as and when we begin to engage practically with this agenda. There is a need therefore for heavy, front-loaded formative evaluation at the piloting stage to facilitate such policy learning. Whatever micro-level measures of effectiveness emerge through this process, it seems clear that they will have to go beyond management-led project design and evaluation and afford appropriate weight and attention to employee perspectives.

References

Alasoini, T. (2006) 'In search of generative results: a new generation of programmes to develop work organisation', *Economic and Industrial Democracy*, 27(1): 9-37.

Department for Business, Innovation and Skills (DBIS) (2009) *Skills for Growth – The National Skills Strategy*, Cm 7641m. London: DBIS.

Felstead, A., D. Gallie, F. Green and Y. Zhou (2007) *Skills at Work 1986-2006*. Oxford: SKOPE.

Felstead, A., A. Fuller, L. Unwin, D. Ashton, P. Butler and T. Lee (2005) 'Surveying the scene: learning metaphors, survey design and the workplace context', *Journal of Education and Work* 18(4): 359-383.

Kersley, B., C. Alpin, J. Forth, A. Bryson, H. Bewley, G. Dix and S. Oxenbridge (2006) *Inside the Workplace: Findings from the 2004 Workplace Employment Relations Survey*. London: DTI.

Lloyd, C. and J. Payne (2006) 'Goodbye to all that? A critical re-evaluation of the role of the high performance work organisation within the UK skills debate', *Work, Employment and Society* 20(1): 151-165.

Scottish Funding Council/Skills Development Scotland (SFC/SDS) (2009) *Skill Utilisation Projects: Progress Report*, http://www.scotland.gov.uk/Topics/Education/skills-strategy/making-skills-work/utilisation

Scottish Government (2008) *Skill Utilisation Literature Review*. Edinburgh: Scottish Government.

Skule, S. and A.N. Reichborn, A.N. (2002) *Learning-conducive Work – A Survey of Learning Conditions in Norwegian Workplaces*. Luxembourg: Office for Official Publications of the European Communities.

UKCES (2009a) *Ambition 2020: World Class Skills and Jobs for the UK*. Wath-upon-Dearne: UKCES.

UKCES (2009b) *High Performance Working: A Synthesis of the Key Literature*. Wath-upon-Dearne: UKCES.

Watson, I. (2008) *Skills in Use: Labour Market and Workplace Trends in Skill Use in Australia*. Report of NSW Department of Education and Training (skill ecosystem project), http://www.skillecosystem.net

Windsor, K. (2006) *Skill Ecosystem National Project: Mid-Term Evaluation Report*. Sydney: NSW DET.