

# **Training and Skills in Scotland: Further Evidence**

## **ABSTRACT**

Although past publicly funded investments in education and training have generated private returns to most of those individuals fortunate enough to have been able to take advantage of them, the expected economy wide benefits in terms of improvements in labour productivity have not materialised. Nevertheless, one of the principal objectives of the Scottish Government is to fund yet further investments in education and training, on the assumption that these investments will result in improvements in labour productivity and that, as a consequence, the principal economic target of increasing sustainable economic growth will more probably be met.

The aim of this paper is to contribute to the empirical literature of relevance to this policy debate. It does so by addressing three questions: how much training do individuals receive? How many are dissatisfied with the training they receive? and how well do the skills levels individuals possess match the skills levels they require to do their present job? The third question is examined in two ways. When individuals report that their skills levels are lower than those required to do their present job, this is assumed to be a manifestation of a 'skills gap': and when individuals report that their skills levels are higher than those required to do their present job, this is assumed to be a manifestation of 'skills under-utilisation'.

The empirical investigation makes use of a matched workplace-employee data set, which has its origins in two surveys associated with the cross section component of the 2004 Workplace Employment Relations Survey.

Although 8.42 percent of employees surveyed report that they received 10 days or more of training in the past 12 months, one in three employees received none. The amount of training an individual receives varies by his/her personal characteristics and the Standard Industrial Classification (SIC) of the workplace at which he/she is employed. For example, no training tends to be given to women, those in low waged jobs, older workers and those with long tenure at the workplace. Conversely, training tends to be given to males, those in higher paid jobs, younger workers and those relatively new to the workplace.

One in four employees surveyed report dissatisfaction with the training received, although only one in three of those who received no training report dissatisfaction with this outcome. The incidence of dissatisfaction decreases with the amount of training received. Nonetheless, 10 percent of those who receive 10 days or more of training report dissatisfaction. The probability that an individual reports dissatisfaction with the training received is more likely when the individual holds relatively high academic qualifications (but not relatively high vocational/professional qualifications); is employed at a

workplace which is part of a multi-plant enterprise; and is employed at a workplace which has experienced organisational change of sorts in the past two years.

4.20 percent of employees surveyed report that the skills levels they possess are less than those required to do their present jobs, a figure which is interpreted as constituting a relatively low incidence of skills gaps. There is little variation in the incidence of skills gaps by workplace size. However, the variation is more marked by SIC, where skills gaps are seen to be especially prevalent in Electricity, Gas and Water; Hotels and Restaurants; Financial Services; and Public Administration.

In contrast, more than half the number of employees surveyed report that the skills levels they possess are higher than those required to do their present jobs. Further, the incidence of skills under-utilisation tends to be greater in larger sized workplaces. The probability that an individual reports skills under-utilisation is more likely if he/she is disabled; possesses the highest level of vocational/professional qualification; and reports dissatisfaction with the training received. On the other hand, the probability that an individual reports skills under-utilisation is less likely if he/she has received training in the past 12 months.

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