

The likely effectiveness of Lantra's Skills Competence Framework

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The Likely Effectiveness of Lantra's Skills Competence Framework

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Executive summary

1. Lantra's Skills Competence Framework (SCF) has been developed, funded by Defra, as a means to record employees' formal and informal training, skills, achievements and competencies and to drive skills recognition and the demand for skills training. Defra's support for the SCF was based on the assumption that once developed, the SCF would be self sustaining through income generation.
2. This project was commissioned by Defra to assess the likely effectiveness of Lantra's SCF across the whole of the land-based sector, in terms of its potential adoption and application by businesses and in terms of the amount that they would be willing to pay for it.
3. The SCF is being marketed by Lantra as an on-line system (the On-line Competence Framework, or OCF), through professional and membership organisations throughout the land-based industries (intermediary organisations) who then either incorporate the use of the SCF within their membership, or sell the OCF on to their members with their own branding. Land-based businesses will therefore bear or contribute towards the ongoing costs of the OCF either through membership fees, or through additional payments.
4. This project therefore examined the receptiveness of these intermediary organisations, and land-based businesses themselves, to the features and benefits of the SCF. The project directly addressed two questions; do businesses recognise the difficulties, needs and opportunities that the SCF sets out to address, and would they would be willing to pay for a system which addressed these?
5. Following discussions with Defra and with Lantra, two surveys were developed to be used on the samples of intermediary organisations and land-based businesses respectively. The samples of organisations and of businesses to be surveyed were drawn up independently from Lantra and were designed to cover all of the industries within Lantra's remit.
6. From amongst a range of features and benefits offered by the OCF, three core benefits were selected for testing with intermediary organisations and land based businesses. These were:
 - Improved recruitment of skilled staff
 - Improved retention of skilled staff
 - A Quality Mark derived from use of the SCF

Businesses' need for the SCF

7. Intermediary organisations generally considered that their members experienced difficulties in the recruitment and the retention of suitably qualified staff; that the recruitment of properly trained staff was very important to their sector; that better training would very likely improve the efficiency of businesses; and that skills were very important to business image. That is, intermediary organisations clearly recognised the difficulties and needs that the SCF sets out to address.
8. Over half of the land-based businesses interviewed reported some difficulties in the recruitment of staff with appropriate skills, and one-fifth reported difficulties in retaining good staff. Respondents generally agreed that recruiting properly trained staff was important to their business; that training and skills improved business efficiency and that skills were important to business image. A high proportion of land-based businesses can be therefore regarded as recognising the difficulties and needs that the SCF sets out to address.

Acceptance and willingness to pay for the SCF

9. Approximately half of the intermediary organisations interviewed stated that they would be willing to recommend the SCF to their members, although only a third of them stated that they thought their members would be willing to pay for it and many included caveats relating to price. Intermediary organisations generally considered that trade organisations were the most appropriate bodies to market the SCF to businesses.

10. Just under half of land-based businesses interviewed stated that they would be willing to pay something for the use of the SCF. The average willingness to pay (excluding those who would not pay anything) was £58, although demand was relatively unchanged up to the highest bid levels presented, indicating that a higher price could be set.

11. Willingness to pay was associated with attributes including age (older respondents would be willing to pay more), previous experience of difficulties with staff retention and perceived value of training and skills in improving business efficiency. Identifying and targeting land-based businesses with these attributes would therefore assist in marketing the SCF.

12. The WTP estimate generated by this research with businesses runs counter to the WTP estimates of intermediary organisations. This suggests that intermediaries are perhaps being overly cautious in their assessment of rates of likely business uptake, or that their views capture a higher rate of refusal to pay amongst those businesses which declined to take part in this survey.

Principle features and benefits of the SCF

13. Improvements in recruitment and retention were seen by intermediary organisations as the principal benefits to be gained from use of the SCF. In general the ability to identify appropriate qualifications for jobs was seen as a more important feature than either skills-checks or standard job descriptions.

14. The three benefits arising from the SCF (improved recruitment, improved retention and the Quality Mark) were rated fairly equally across the sample of land-based businesses. Similarly, there were no clear differences in the importance attributed across the sample of land-based businesses to identifying appropriate qualifications for jobs, standard job descriptions or the ability to record skills, abilities and training.

Wider use of the SCF

15. The SCF was not considered by intermediary organisations to be of great benefit for use with migrant labour, because skills were not seen as a relevant issue within the majority of users of seasonal migrant labour and because the potential costs, even if kept low, would nevertheless be relatively burdensome on these users. Furthermore, the survey of businesses found relatively little use of migrant labour across the majority of land-based industries.

16. The Quality Mark (QM) was viewed by intermediary organisations as being most relevant to staff and potential staff, rather than either customers or regulators. Intermediary organisations also perceived difficulties in differentiating the QM from Investors in People and predicted a low uptake by businesses. However, feedback from businesses suggested that they perceived a wider range of benefits of the QM than did the intermediary organisations and these were equivalent, overall, to those accruing from improved recruitment and retention. The interview structure presented the QM as relating solely to training and skills (cf. 'business competence') and it would appear that this format for the QM would have a market within land-based businesses.

Is the use of intermediary organisations the best way to market the SCF?

17. Approximately half of intermediary organisations would be willing to recommend the adoption of the SCF to their members. The survey of land-based businesses revealed that 55% of survey respondents were members of professional bodies, and it is therefore possible that marketing the SCF solely through intermediaries would limit market exposure to just a quarter of land-based businesses (i.e. 55% of 50%). Consideration must therefore be given to the means by which greater market exposure might be achieved.

18. In addition, given that approximately half of respondents stated that they would *not* be willing to pay for the SCF, intermediary organisations may face difficulties incorporating a margin for the Framework into their standard membership fees. Under these conditions, intermediary organisations may be best advised to consider selling the SCF as a separate service, rather than attempting to spread the cost of service provision over their entire membership.

Conclusions and recommendations

19. The benefits offered by the SCF, as they were presented to land based businesses in this study (there are others which were not reported) appear to be sufficient to gain relatively high levels of buy-in. It is possible that a marketing exercise which presents the SCF within the context of additional OCF functions may yield a higher rate of purchase than has been estimated here.

20. Based on this evidence it is concluded that the SCF could become self-sustaining through income generation. In the light of the study findings the following recommendations can be made Defra, Lantra and intermediary organisations.

Recommendation 1: *Intermediary organisations should be made aware of the individual needs of businesses in their sectors and in particular that recruitment causes difficulties within more businesses than does retention. The frequent difficulties encountered in the recruitment of suitably skilled staff should serve as a spur to intermediary organisations to support initiatives such as the SCF.*

Recommendation 2: *Presentation of the SCF to intermediary organisations should recognise this differentiation in the customer base, accepting that a proportion of 'members' of intermediary organisations would not be willing to pay, or would not be willing to use the system.*

Recommendation 3: *Lantra, together with intermediary organisations, should investigate alternative pricing policies for the SCF and in particular the feasibility of charging higher prices for those people choosing to use the full system. Similarly, the option of offering parts of the SCF for free in order to stimulate interest amongst those less willing to pay should be given full consideration.*

Recommendation 4: *Lantra, with intermediary organisations, would benefit from a more explicit demonstration of the benefits of training to individuals and businesses. This may be achieved by such organisations working in partnership to develop sector-relevant case studies.*

Recommendation 5: *Given the fact that the OCF has a broader scope than is reflected in this study and that some of these other features do not advance Defra's objectives in funding the development of the SCF, marketing of the SCF by Lantra and by intermediary organisations should at least highlight those benefits which would best achieve Defra's targets.*

Recommendation 6: *Further development of the SCF for use with migrant workers should be delayed until sufficient evidence exists of the demand for this from the land-based sectors.*

Recommendation 7: *To take the QM forward successfully efforts must be made to ensure that the QM is clearly differentiated from IIP. Efforts should also be made to raise awareness of the usefulness of the QM*

The Likely Effectiveness of Lantra's Skills Competence Framework

amongst intermediary organisations, so that they may understand how best to market this feature to their members.

Recommendation 8: Whilst the use of intermediary organisations provides the simplest route to market from Lantra's point of view, alternative routes will need to be considered if the SCF is going to achieve the levels of market penetration necessary for its full benefits to be realised.

Recommendation 9: Lantra should investigate how they might make the SCF available and accessible to those businesses who are not members of intermediary organisations.

The likely effectiveness of Lantra's Skills Competence Framework

Contents

1. Introduction	1
2. Project brief	6
3. Background to Lantra's Skills Competence Framework	7
4. Methods	8
<i>Survey of intermediary organisations</i>	8
<i>Survey of businesses</i>	9
5. Results – interviews with intermediary organisations	12
<i>The importance of trained staff and difficulties in recruitment and retention</i>	12
<i>Contingent ranking of the features of the SCF</i>	12
<i>Contingent ranking of target groups for the Quality Mark</i>	13
<i>Contingent ranking of the benefits of the SCF</i>	13
<i>Willingness to pay</i>	13
<i>The marketing of the Skills Competence Framework</i>	14
<i>Recommendations to members</i>	14
<i>Use with migrant labour</i>	15
6. Results – interviews with land-based businesses	16
<i>Use of seasonal and migrant labour</i>	16
<i>Membership of professional bodies and uptake of CPD</i>	16
<i>Age and qualification levels</i>	16
<i>Experience in recruiting and retaining skilled staff</i>	17
<i>Attitudes towards skills development</i>	19
<i>Contingent ranking of the features of the SCF</i>	20
<i>Contingent ranking of target groups for the Quality Mark</i>	20
<i>Contingent ranking of the benefits of the SCF</i>	20
<i>Willingness to pay</i>	20

The Likely Effectiveness of Lantra's Skills Competence Framework

7. Discussion	22
<i>Do businesses recognise the difficulties, needs and opportunities that the SCF sets out to address?</i>	22
<i>Would land-based businesses be willing to pay for the SCF?</i>	22
<i>Which features of the SCF were found to be most valued?</i>	23
<i>What potential exists for the development of additional SCF functions?</i>	24
<i>Migrant labour</i>	24
<i>Skills Quality Mark</i>	24
<i>Is the use of intermediary organisations the best way to market the SCF?</i>	24
<i>Limitations of this research</i>	25
Appendix 1 Questionnaire used with intermediary organisations	
Appendix 2 Briefing letter to land-based businesses	
Appendix 3 Questionnaire used with land-based businesses	
Appendix 4 Technical annex – full results and analysis - intermediary organisations	
Appendix 5 Technical annex – full results and analysis - land-based businesses	

I. Introduction

- I.i Skills are recognised by government as a lever to improve productivity in the workplace; 'Higher levels of skills drive innovation, facilitate investment and improve leadership and management'¹. In this respect, support for skills development has been seen as delivering a public benefit through direct impact on the economy.
- I.ii The economy in rural areas is served by a wide cross-sector of land-based industries, including primary agriculture, horticulture and aquaculture production, recreational sectors such as equine, and predominantly charitable sectors such as environmental conservation. Land-based industries as a whole provide significant levels of employment to rural populations and, as such, improving skills levels in the land-based industries should be reflected by improved levels of performance economies in rural areas. Given Defra's targets to 'reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2008²...' and to 'deliver more customer-focused, competitive and sustainable farming and food industries³...' skills development in the land-based industries is worthy of Departmental consideration.
- I.iii Defra has supported research into and around the issues of skills and training for the land based sector through a series of projects, including a review of the value of 'Continuing Professional Development' to the land-based sectors⁴ and the development, with Lantra, of a 'Skills for Business Review'⁵. Most recently, the value of skills have been explicitly recognised within Defra's Sustainable Farming and Food Strategy: Forward Look (2006) as follows; 'Training and skills are vital if farmers are to grasp the opportunities that decoupling will bring'.

Attracting new entrants to the food and farming industries of sufficient calibre to take the sector through the challenges and changes necessary over the coming years, in particular as these relate to CAP reform and to the effects of climate change, is of significant concern to industry⁶. This is being addressed, for example, through the Fresh Start initiative, as well as by a range of activities which are being developed at regional level, for example through the Sustainable Farming and Food implementation groups. Implicit in making the sector more attractive to newcomers is the development by the food and farming industries of a clear commitment to skills and career development⁷.

- I.iv Skills improvement has also been recognised as an important driver of business development within the other (non-agricultural) sectors which fall within Lantra's remit. These are many and varied. Whilst they may be characterised, in general, as being made up of micro businesses, they differ in a number of key ways, including their business focus (e.g. delivering charitable or commercial objectives), in their relationship to the rural and the urban economy, in their legal and constitutional make-up, and in the level and type of skills necessary for business success.

These sectors are yet further varied in their structure and level of 'professionalism'. For example, farriers and the majority of livestock farmers are both generally self-employed, yet livestock farmers have no professional status (albeit that they may be highly skilled and may

¹ HM Treasury, 2006. Prosperity for all in the global economy – world class skills.

² Defra PSA Target 4, taken from Defra, 2004. Delivering the essentials of life. Defra's Five Year Strategy

³ Defra PSA Target 5, taken from Defra 2004. Delivering the essentials of life. Defra's Five Year Strategy

⁴ Meredith, W. & Webster, S.D., 2005. Proposals for content to be included in a skills recognition and development framework for farmers. *Report to Defra, February 2005*.

⁵ <http://www.lantra.co.uk/products/DefraSkillsforBusinessReview.asp>

⁶ Defra, 2006. Sustainable Farming and Food Strategy: Forward Look.

⁷ Defra, 2006. Food Industry sustainability Strategy.

The Likely Effectiveness of Lantra's Skills Competence Framework

run their businesses in a highly professional manner), while farriers have a skills-based professional status through an apprenticeship scheme controlled by the Worshipful Company of Farriers. Similarly, veterinary nurses are most normally employees of veterinary practices, but again have a strongly defended, skills based professional status. Thus whilst we may pause for thought before assessing how the skills and training needs of the agricultural industries may be addressed, consideration of these issues across such a broad spectrum of industries presents more significant challenges.

While there is great diversity in the land-based sector, in all of these industries the abilities of employers to recognise and address the skills requirements of their business objectives, and the abilities of employees to recognise skills needs for career or personal development, are thought to be highly relevant in improving business performance⁸. This holds true whether skills needs relate to technical or production efficiency, business processes, marketing or management, and whether they are measured by customer satisfaction, financial returns or otherwise. The central assumption then is that addressing the right skills-needs will tend to improve business 'performance'.

- I.v The land-based industries as a whole, but agricultural businesses in particular, have developed through the last few years to assume less dependence on public support. The impact of this change is neatly summed up in the following application of 'sustainability' to training and development in the land based industries; *'delivering sustainable development is complex, requiring a major cultural shift from learning and business development as a response to regulation, to one of business competences founded on the principle and recognition of continuous improvement'*⁹.
- I.vi The extent to which businesses recognise the relationship between increasing skills levels and increasing business performance is unclear. For large organisations, utilising many staff with recorded qualifications, this correlation may be easily apparent. For smaller organisations, where employees may have less formal qualifications, the relationship between competencies and business performance is less transparent. Small businesses predominate in the land-based industries.

Work conducted by Peter English and colleagues¹⁰, which demonstrated a link between training and production performance in the pig industry, has been used extensively within that industry to promote the value of training to businesses. This has been facilitated by the relatively close relationship between indices of pig production and financial returns to pig farming businesses, and by a history within the industry of record keeping and benchmarking. However, for many types of businesses within Lantra's remit, performance indicators are less easy to identify and may not be as readily linked to the financial returns of the business. In these industries, many elements of business improvement have indirect effects upon business productivity. Further, the size of many land-based businesses, and the frequently observed dual focus on lifestyle as well as profit maximisation, is not conducive to regular, structured training and skills development.

- I.vii Skills development is often linked with the acquisition of formal qualifications. However, whilst formal qualifications remain the primary means of measuring competencies at all levels, they are not in any way a pre-requisite for competence. The absence of formal qualifications within the agricultural sector, for example, is balanced by a great deal of informal learning that

⁸ Lantra, 2007. The Sector Skills Agreement for England

⁹ Lantra, 2004. Developing Business Competence: The business case for a competence framework.

¹⁰ English, P.R., McPherson, O., Deligoergis, S. G., Vidal, J. M., Tarocco, C., Bertaccini, F. & Sterten, H. 1999. Evaluation of the effects of training methodologies, motivational influences and staff and enterprise development initiatives for livestock industry workers in Scotland, Greece, Spain, Italy and Norway on livestock performance and indices of animal welfare. *Farm Animal Welfare – Who Writes the Rules*. BSAS Occasional Publication.

The Likely Effectiveness of Lantra's Skills Competence Framework

takes place¹¹ and the competencies of many farm workers may be much broader and deeper than might be assumed from their formal qualifications alone¹².

The constraints of reliance upon formal qualifications are three-fold. First, many undertaking formal qualifications do so because of an *extrinsic* motivation to be recognised for their achievements by their business or personal acquaintances. In the land-based sector, with many small businesses, such recognition may not be overly apparent. Indeed, the type of work involved throughout much of the land based sector may be considered to select against persons with such motivations. For example, jobs requiring lone-working would not be expected to attract persons requiring the recognition of colleagues. Second, the content, level and relevance of many formal qualifications are not understood by employees¹³. Finally, formal qualifications may not be suitable for delivery to, or uptake by, personnel restricted by the demands of running a land-based business. Hence, the need of businesses to identify where skills development would be to their advantage is matched by their need to identify suitable means of skills development in addition to formal qualifications.

- I.viii It was in this context that Lantra, the sector skills council for the environmental and land-based industries, was commissioned by Defra to develop a 'skills competence framework'. The framework would be designed to highlight the expected skills needs within a business, allowing individual businesses to self-assess their needs. In highlighting the skills-needs of a business, it would be assumed that the framework would encourage the uptake of new skills and abilities into the business in order to deliver against these needs. In addition, the framework would allow for skills to be recorded in the absence of a defined qualification, and it would help users to understand the relevance to their businesses of specific qualifications.
- I.ix The development of the Skills Competence Framework (SCF) began in 2005. As a mechanism to record employees formal and informal training, skills, achievements and competencies the SCF would be expected to drive skills recognition and the demand for skills training.
- I.x Public funding for the development of Lantra's Skills Competence Framework is justifiable on the basis that the combined land-based sector does not itself have the organisational capacity to fund or develop such a system, whilst the final product will be available across the economy in rural areas and not just those businesses that have had input to its development. However, as not all land-based businesses will be able to benefit from the use of the SCF, it is reasonable to expect that the costs of running the system should fall upon the population of end-users, whether by a levy, by a charge on intermediary service providers, or through a direct pay-to-use system.

If the population of end-users is to be expected to pay for the use of the system, then information on the value that this population places upon the various benefits of the system can be used to assess the likelihood that the system will be a commercial success. If this population does not appreciate the benefits that the system brings, it can be assumed that they will choose not to pay for it. Moreover, if this population does not appreciate the benefits that the system offers, it can be assumed that they will not choose to use it *regardless of cost*. Low levels of uptake would have significant impacts on the benefits that derive from use of the Framework, since a proportion of that value is contingent upon a broad uptake.

- I.xi Lantra has chosen to market the SCF as a predominantly 'online' system, known as the 'Online Competence Framework', or 'OCF'. The SCF is being provided through intermediary service providers (e.g. membership organisations) with the payment vehicle being either the

¹¹ Webster, 2005. Courses and qualifications used for Continuing Professional Development in the Land-based sector. *Report to Lantra and the QCA*

¹² e.g. as judged by membership of the Voluntary Initiative

¹³ Webster, Brigstocke and Sumner, 2005. Training and Skills Opportunities in the Dairy Industry. *Report to the MDC*

The Likely Effectiveness of Lantra's Skills Competence Framework

intermediaries own membership fees, or by a direct pay-to-use fee. From the perspective of the Sector Skills Council, this route would seem cost-effective, as it overcomes the constraints of a limited marketing budget and it allows the SCF to be 'badged' in such a way as to benefit from the goodwill accruing to these intermediaries.

However, the successful marketing of the OCF to intermediaries does not in itself provide evidence of a sustainable, long-term market for the product. This would be dependant upon the benefits of the SCF being recognised and appreciated by the population of end users, i.e. land based businesses. Therefore, an assessment of the extent to which end-users value the benefits that the SFC might bring provides a more accurate estimate of the sustainability of the SFC in the market place than does an assessment of the likely uptake by intermediaries.

- I.xii It is difficult to foresee the extent to which the uptake and adoption of the SCF will result in the cultural shift that is required from training and development as 'responses to regulation' to training and development as a proactive business process. There is clearly scope for the SCF to provide a route for businesses to appear to be doing the right things without any cultural change. For example, a business which takes a 'tick box approach' to health and safety issues may envision use of the SCF to appear more proactive than it is. This problem is not confined to the SCF but is true for almost any accreditation system. However, knowledge of the issues underlying the current unstructured approach to training and development, and appreciation of the benefits of the SCF, as land-based businesses would see them, should serve to help the marketing of the SCF in a manner that focuses end-users on its active use in a way that is consistent with a cultural change.
- I.xiii Furthermore, it is difficult to predict with any degree of accuracy how successful the SCF will be in the market place. The overall 'marketability' of the SCF to businesses will depend upon factors including packaging, route to market, social factors and so on, and not purely upon the desirability of the product's core functions. However, to justify public funding in its *development* the SCF must deliver recognisable benefit in support of the sponsoring department's objectives. This is particularly critical with a system such as the OCF, the breadth of which means that it might deliver apparent benefits to land-based businesses that have little relation to the sponsor. Therefore, a focus on the extent to which these elements of the SCF are relevant to businesses requirements, and are likely to be utilised by businesses, is necessary and desirable.
- I.xiv This project therefore aimed to assess the likely effectiveness of Lantra's SCF across the whole of the land based sector, in terms of its potential adoption and application by businesses and in terms of the amount that these businesses would be willing to pay for such a system¹⁴.
- I.xv Because the wide range of potential benefits (and the extensive thought that has gone into the development of the OCF) the project was forced to select out only those benefits perceived as most important in delivering against the goals of Defra and other government departments and to test the framework against these. In order to elicit useful data it was necessary to survey businesses in some depth to do justice to the number and complexity of the functions of the SCF. At the same time it was necessary to survey sufficient numbers for the data to be statistically robust.

This trade off required a level of parsimony both in the selection of benefits and in how these benefits were conveyed. The following research questions were therefore asked;

¹⁴ The project did not set out to examine the likely uptake by *employees*.

The Likely Effectiveness of Lantra's Skills Competence Framework

- a) Do businesses recognise the difficulties, needs and opportunities that the SCF sets out to address?
- b) Would businesses be willing to pay for a system which addressed these difficulties, needs and opportunities?

2. Project brief

- 2.i The project brief agreed with Defra was that the study would examine, by means of a survey of stakeholders and businesses, the likely effectiveness (in achieving skills recognition, training uptake and retention and industry attractiveness to newcomers) of the Skills Competence Framework in practice, its potential use at the business-level, and its value to those sectors to which migrant workers are, or are predicted to be, important; the potential use of the SCF for wider purposes and its potential to be financially self-sustaining.
- 2.ii At the inception meeting with Defra it was agreed that the primary focus should be upon;
- How much industry will support the SCF
 - Whether or not the SCF will work in practice
 - The extent to which the SCF can be used beyond the original remit

Two specific uses 'beyond the original remit' were identified; to help in the identification of the right people to employ from outside the UK and to provide a business competence 'quality mark'.

- 2.iii At the inception of this project, the quality mark concept was under development, and was being referred to as 'business competence' (i.e. indicating a competently run business) as opposed to a training and skills quality mark. However, the nature of the OCF is such that its use in determining the former would be limited, whereas its use as an indication of a commitment to skills would be quite realistic. This indication of a commitment to skills development may be interpreted as overlapping with the more established Investors in People (IIP) scheme. However, the OCF differs from IIP in a number of key ways, in particular in its industry specificity and its operational use.

3. Background to Lantra's Skills Competence Framework

- 3.i As a means to better understand the background to Lantra's SCF a meeting was held with members of the Lantra team during the early stages of the project. This provided the opportunity for the Lantra team to demonstrate the OCF and to clarify issues which had arisen during the scoping of the project. In particular, the format, route to market and pricing of the SCF were discussed, as the evaluation was partially dependant upon these factors.
- 3.ii Whilst it was possible to make parts of the Skills Competence Framework available in paper based format, Lantra's view was that it should be viewed (and sold) as an on-line tool.
- 3.iii Lantra did not consider that the majority of land-based businesses would be direct customers for the Skills Competence Framework, and indicated the view that a large proportion of land-based businesses would not recognise the value of the tool. Lantra's preferred routes to market were through;
- individuals, as a career development tool, a means of producing CVs etc
 - 'larger, structured businesses'
 - intermediary organisations
 - service providers such as colleges and private training providers

Intermediaries, it was argued, would either compel their membership to use the SCF, or would sell the SCF on to them with intermediary branding. The two factors identified as likely to facilitate buy-in from intermediaries were (i) fear of legislation and (ii) the possibility of making a margin on the resale of the SCF. Intermediaries were seen by Lantra as the principle route to market 'given [Lantra's] limited marketing budget'.

- 3.iv Other benefits of the SCF were also highlighted during this meeting, as follows;
- The Skills Competence Framework will be used from autumn 2006 as the Crediting Qualifications Framework. Regional Skills Partnerships will only fund within the CQF and the use of the SCF makes it theoretically possible to attract funding for non-accredited training.
 - Provided that the SCF becomes used by sufficient individuals then it will be a valuable tool for Lantra in developing labour market intelligence.
 - The HSE has agreed to work with Lantra on the SCF, and through the Association of British Insurers this may potentially lead to reduced insurance premiums for users of the Framework.

4. Methods

- 4.i The survey of the value that land-based industries placed on the SCF and its components was carried out by means of two surveys. The first was a telephone survey of professional and membership groups in the land based sector, known as 'intermediaries' and the second was a telephone survey of land-based businesses.
- 4.ii Questionnaires for both these surveys were developed by the project team after discussion with Lantra and these were provided to Defra for comment and approval before use.

Survey of intermediaries

Sampling frame

- 4.iii A sampling frame of intermediary organisations was generated by the project team, with advice from third parties (excluding Lantra), primarily Sparsholt College, Hampshire.

Survey response rates

- 4.iv A total of 58 intermediary organisations were approached to take part in the survey. Three of the Trade organisations declined to be interviewed, yielding 55 interviews at least partially carried out (see Table 4.1). As a number of the responses were partial at best, these were excluded from analysis as they yielded no useful information, these were: 3 Trade Organisations; 2 Assurance Schemes; 4 SAWS Operators and the ALP. The final analysis was therefore carried out on 45 complete responses.

Table 4.1 Number and type of interviews conducted with intermediary organisations

Type of organisation	Number interviewed	Type of interview conducted	Number used in analysis
Trade organisation	28	25 Full 3 Partial (inc. animal technology)	25
Training	4	Full	4
Land-based colleges	7	Full	7
Agricultural societies	6	Full	6
Assurance schemes	2	Full	0
Recruitment of migrant labour Of which:			
Specialist recruitment	3	Full	3
SAWS operators (2 farms, plus Concordia & HOPS)	4	Farms-partial use of business interview schedule; Concordia – Full; HOPS – informal discussion.	0
Association of Labour Providers (ALP)	1		0
Total	55		45

Timetable

- 4.v Interviews took place between 11 September 2006 and 11 November 2006.
- 4.vi On conclusion of the interviews, Intermediaries were provided with Lantra's web address, so that they could obtain further information on the SCF should they choose to do so. A copy of the interview schedule used for intermediaries can be found at Appendix I.

Survey of businesses

Sampling frame

- 4.vii The sampling frame for the survey of businesses was drawn from publicly available databases, including Yell.com and internet-hosted membership lists. To ensure adequate coverage of businesses in all regions of England, it was necessary to supplement with purchased commercial databases for some industry sectors, ie, veterinary practices and both crop and livestock farms.

Prior briefing of respondents

- 4.viii It was assumed that businesses had no prior knowledge of the SCF prior to interview. It was therefore necessary to provide a certain amount of reference information on the nature and function of the SCF to permit businesses to make informed decisions on the likelihood of purchase. This information was delivered to businesses in two ways, first in an advance-notice letter sent prior to attempted telephone contact (a copy of the letter can be found at Appendix 2) and second, during the interview itself, prior to the questions on purchase intentions. This information focussed on a selection of the benefits that the SCF might offer, and not on the manner of its packaging, i.e. its 'look'.

Pilot survey

- 4.ix Prior to the conduct of the main survey, a pilot exercise was carried out on 80 businesses over all sectors, with the exception of animal technology. The purpose of the Pilot was two-fold: first, to identify any problems with the questionnaire design; and second, to scope a range of prices that businesses might be willing to pay for the SCF. The Pilot exercise revealed a number of problems with the questionnaire design, three of which were significant:

- The questionnaire was too long, leading to failure to complete in some cases, or loss of data quality. Response: The questionnaire was reduced in length
- Respondents had difficulty understanding, and therefore did not highly value, one of the proposed SCF benefits, ie, 'demonstrating clear career paths to employees'. Response: this concept was not presented as a function of the SCF in the main study; instead, the benefits accruing to 'recruitment' and 'retention' were specified separately
- The £80 p.a. maximum price in the willingness to pay elicitation proved to be too low. Response: in the main study the maximum bid was raised to £140

- 4.x The Pilot exercise also revealed that very few Veterinary nurses were directly involved in staff recruitment, so in the main study, the object of survey became veterinary practice managers.

Questionnaire structure

- 4.xi A copy of the questionnaire used in the main study can be found at Appendix 3. The survey collected four different types of information, as reflected in the four questionnaire sections shown below:

- Socio-demographic information on the respondents and the businesses they represent
- The respondent's attitudes to training and career development
- A contingent ranking of the relative value placed on the key elements of the SCF
- Respondent's willingness to pay for the SCF

Survey response rates

- 4.xii As Table 4.2 shows, 2047 successful telephone contacts were made (as many again could not be reached by telephone). Of these, around half were immediately discarded as 'write-offs' for various reasons, including that the business was no longer in operation, or had relocated, or

The Likely Effectiveness of Lantra's Skills Competence Framework

because the business employed no staff. At an early stage in the interview, respondents were screened to ensure that they were involved in some significant way in staff recruitment. If they were not, they were asked to provide the name of a more suitable individual within their organisation. If it was not possible to do this the interview was terminated. Half of the remaining contacts refused interview without giving a reason, resulting in a total of 473 completed interviews (i.e. 23% of successful contacts).

Table 4.2 Total interviews with businesses conducted per sector

Sector	Total contacted	Write-off	Refused	Completed interviews	Completed as % contacted
Floristry	98	38	32	28	28.6
Environmental conservation	69	28	9	32	46.4
Game and wildlife	114	69	17	28	24.6
Fisheries management	185	125	32	28	15.1
Landscape	196	99	58	39	19.9
Fencing	139	69	39	31	22.3
Trees & timber	73	27	15	31	42.5
Farriery	126	94	20	12	9.5
Veterinary nursing	67	17	18	32	47.8
Animal technology	7	0	0	7	100
Animal care	142	81	33	28	19.7
Equine	72	25	17	30	41.7
Land based engineering	131	61	37	33	25.2
Production horticulture	108	48	24	36	33.3
Agriculture - livestock	173	94	46	33	19.1
Agriculture - crops	347	218	84	45	13.0
Overall	2047	1093	481	473	23.1

- 4.xiii Final response rates varied by sector, with most sectors yielding adequate numbers of responses. However, several problem sectors were encountered. There are very few aquaculture businesses and so it proved impossible to recruit sufficient numbers to form a valid cohort. This sector was therefore merged with Fisheries, which also had a low survey response rate, for the purpose of analysis.
- 4.xiv Another problem sector was animal technology, which posed a particular set of challenges. The first of these was generating a sampling frame. While larger businesses in this sector are relatively visible, there are much greater numbers of small businesses, e.g. university departments, which are much less visible. A second challenge was recruitment for interview, given the conditions of secrecy that these businesses feel they need to maintain. For the above reasons it was felt that survey through unsolicited contact was not appropriate. Instead, the project team worked through the good offices of a representative industry body (the ABPI), who circulated a specially prepared letter, inviting businesses to participate in the survey on a voluntary basis and providing contact details for this purpose. As might be expected, the final response rate from this sector was low.

The Likely Effectiveness of Lantra's Skills Competence Framework

Timetable

- 4.xv The Pilot survey was carried out between 15 September and 10 November 2006. Interviews for the main study began on 30 November 2006 and were completed in late February 2007. The data collection period was extended to allow more time for telephone contacts to be made in compensation for the exceptionally high rates of wastage.

5. Results: interviews with intermediary organisations

5.i A full account of the survey of intermediary organisations is provided in Appendix 4. The summary below covers the major findings.

The importance of trained staff and difficulties in recruitment and retention

5.ii The majority of intermediary organisations considered the recruitment of properly trained staff to be ‘very important’ (89%) to their sector. However, the majority (84%) of these organisations reported that their members experienced frequent (50%) or occasional (34%) difficulties in finding employees with the skills required. This applied to all sectors, with the exceptions of Farriery, Animal Care, Trees & Timber and Equine.

5.iii Respondents in all responding sectors agreed that better training would ‘very likely’ (89%) or ‘possibly’ (11%) improve the efficiency of businesses and that skills were ‘very important’ (97%) to the image of businesses.

5.iv The majority (84%) of organisations reported that their members experienced at least some difficulties in retaining good staff, with only 9% of respondents indicating ‘not much’ difficulty with retention. These were primarily in the Agriculture, Farriery and Trees and Timber sectors.

Contingent ranking of the features of the SCF

5.v Respondents were asked to rank three key features of the SCF (by allocating 100 points between them) for their relevance to ‘better matching the skills of staff to the needs of businesses’ and for their relevance to ‘improved recruitment and retention’. These features were;

- Standard Job descriptions
- Skills checks
- Identifying the right qualification for the job

5.vi Results are shown in Table 5.1, below. In each case, *identifying the right qualifications for the job* was ranked more highly than skills checks, which was ranked more highly than standard job descriptions.

Table 5.1 Contingent ranking of features of the SCF, mean scores (std. dev).

Relevance to:	Intermediary organisations (and their prior knowledge of the SCF)	Standard job descriptions	Skills checks	Identifying the right qualifications for the job
Better matching skills to needs	All organisations	29.8 (11.2)	32.7 (10.8)	37.2 (11.3)
	Only organisations who were aware of and had seen the SCF	24.9 (11.1)	33.8 (11.7)	41.0 (8.4)
Improved recruitment and retention	All organisations	28.7 (9.1)	31.9 (8.3)	38.8 (10.6)
	Only organisations who were aware of and had seen the SCF	24.3 (7.7)	29.9 (9.0)	45.4 (11.5)

Contingent ranking of target groups for the Quality Mark

5.vii In the same fashion, respondents were asked to rank the value of the quality mark in terms of its usefulness in relation to three separate groups: (i) customers, (ii) suppliers and regulators and (iii) staff and potential staff. The value of demonstrating a commitment to training and skills to staff and potential staff was ranked more highly than the value of demonstrating this to either customers or suppliers and regulators.

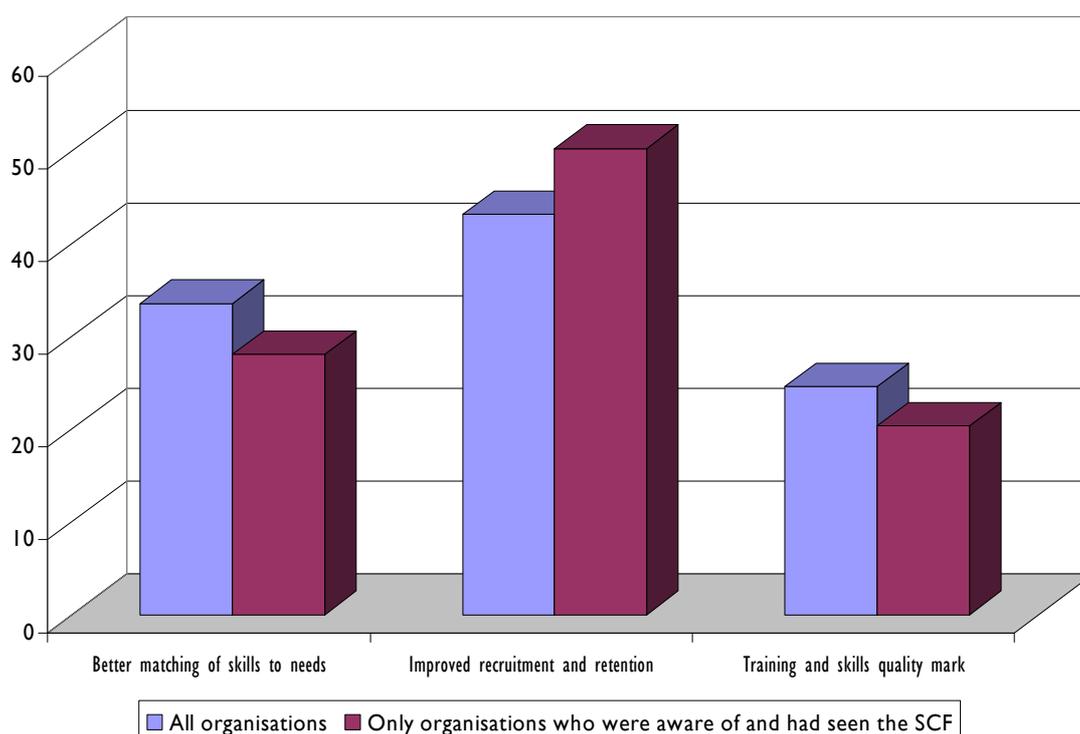
Contingent ranking of the benefits of the SCF

5.viii Finally, respondents were asked to rank (by allocated 100 points between them) the relative value of the three separate benefits that had been explained through the preceding questions, these being;

- Better matching the skills of staff to the needs of businesses
- Improved recruitment and retention
- Training and skills quality mark

5.ix Results are shown in Figure 5.1, below. *Improved recruitment and retention* was ranked more highly than better matching of skills to needs, which in turn was ranked more highly than the training and skills quality mark. This was true for both the whole sample and that subset which had previous experience of the SCF.

Figure 5.1 Mean ranking of the benefits of the SCF



Willingness to pay

5.x Intermediaries were asked whether or not they thought that businesses in their sector would be willing to pay for the SCF, ‘if the price was right’. Of the 39 respondents to this question, 13 (33%) said yes and 26 (67%) said no. Many respondents added comments explaining why they made the responses that they did and these are summarised in Table 5.2, below.

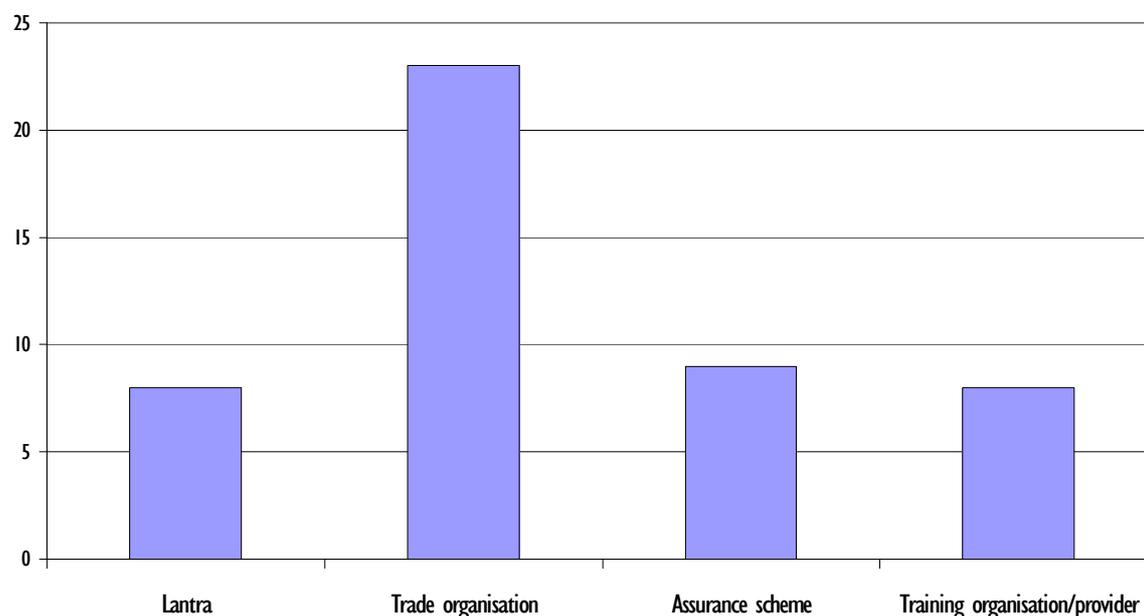
Table 5.2 Qualification of responses to the willingness to pay question.

Comments (abridged)	Supplementary to ‘yes’	Supplementary to ‘no’
If the ‘price was right’ / only if very cheap	6	3
Needs benefits to be demonstrated / benefits not apparent	3	3
When staff shortages occur	1	
If it was free	1	
Sector’s businesses are ‘anti-Lantra’		3
Replicates other schemes / irrelevant		2
A small proportion may pay / needs selling		2

The marketing of the Skills Competence Framework

5.xi Interviewees were asked to state the organisation, or type of organisation, through which the SCF could best be marketed to businesses in their sector. Responses varied across and between sectors, with an overall preference for marketing through trade organisations. Less popular, but roughly equally preferred were direct marketing by Lantra themselves, assurance schemes, and training groups/colleges, as shown in Figure 5.2, below.

Figure 5.2 Respondents’ preferred placement of the SCF



Recommendation to members

5.xii Interviewees were asked whether or not they would recommend the SCF to their members. Of the 39 respondents to this question, **19 (49%)** said ‘yes, probably’ or ‘yes, dependant on some additional information’ and **20 (51%)** said either ‘no – but may be persuaded by additional information’ or ‘no – most probably not’.

Use with migrant labour

- 5.xiii To ascertain the potential of the SCF for use with migrant labour, four SAWS operators were interviewed informally. Two of these organisations were major providers of labour to other farms and two were major users of migrant labour themselves. The Association of Labour Providers (ALP) was also contacted, to ascertain the value of skills to labour providers operating in the agri-food industries.
- 5.xiv The SAWS operators, together with the SLP, expressed the clear view that they did not need any part of the SCF. The primary motivation for this is that these businesses and labour providers in general do not achieve any benefits from greater skills levels in their labour force. Indeed, for some labour providers the benefits from greater skills levels may in fact be negative, i.e. staff may demand greater financial remuneration, or seek more skilled positions once trained. Therefore, whilst none of the respondents were averse to employees seeking to improve their own skills, there was no perceived benefit from this from a business perspective. Other barriers to the implementation of the SCF were also identified and these are reported in the Technical Annex.

Box 1.

Use of the SCF by specialist labour providers – the case of the dairy sector

Three specialist labour providers from the dairy sector (i.e. providing skilled labour) were interviewed to gauge their opinion of the SCF. Two of these organisations were already aware of the SCF prior to interview.

Attitudes to the SCF were mixed. On the one hand it was seen as: 'useful for those not normally involved in recruitment'; 'useful for ambitious people'; and 'an excellent idea'. On the other hand it was noted that the SCF would not be used unless 'entrenched attitudes to training are overcome' and that most 'traditional' farm labourers are 'rooted' in one particular job and are 'unlikely to be career minded'.

It was also pointed out that dairy farmers are under severe time pressure, with little time available to become familiar with a potentially complex computer-based system such as this. With respect of foreign labour, many farmers are seen to view this as a route to short-term placements, for which training would provide no return on investment.

In summary, although the specialist labour providers in the dairy sector could see some merit in the SCF, there were serious doubts as to whether it would be adopted by the industry.

6. Results: interviews with land-based businesses

- 6.i Full and detailed results of the survey of land-based businesses are provided in the Technical Annex, while the text that follows is a summary the major findings.
- 6.ii The following results were drawn only from respondents who were directly involved in staff recruitment, a relatively high proportion of whom (62%) were owners or part owners of the business. There was wide variation in this proportion across sectors, with the rate as high as 93% for floristry and as low as 6% for environmental conservation.

Use of seasonal and migrant labour

- 6.iii Horticulture and agricultural crops businesses made heaviest use of a seasonal labour (68 and 21 mean *seasonal*-, compared to 11 and 5 mean *permanent*- full time staff respectively), followed, some way behind, by animal care (10 mean seasonal full time) and environmental conservation (13 mean seasonal full time) businesses. Relatively low median values of 9 and 6 seasonal full time staff in horticulture and agricultural crops respectively suggest the presence of a few very large operations.
- 6.iv The migrant labour proportion of employees was low in all sectors. In some sectors (e.g. floristry, fisheries and land-based engineering) no migrant labour was used at all. The highest rates of migrant labour use are seen in agricultural and in horticulture businesses (see below), although even here the rates are less than 10%:
- Cropping farms (7% of seasonal part time labour)
 - Livestock farms (9% of seasonal full time labour)
 - Production horticulture (9% of seasonal full time labour; 11% of seasonal part time labour)

Membership of professional bodies and uptake of CPD

- 6.v Fifty five percent of respondents declared membership of professional bodies. Membership rates varied widely across sectors and were particularly low in floristry, animal care and land-based engineering and highest in the professions allied to veterinary surgery. Approximately two-thirds of livestock and crop farmers stated membership of a professional body. Across the whole sample, the membership rate for employees was estimated as 33% and this rate was significantly lower than for employers in almost all sectors.
- 6.vi The majority of respondents were involved in some form of CPD, be that attendance at training courses (75%) or simply reading industry publications (85%). The majority of employees (66%) were also reported as having attended a training course within the previous year.

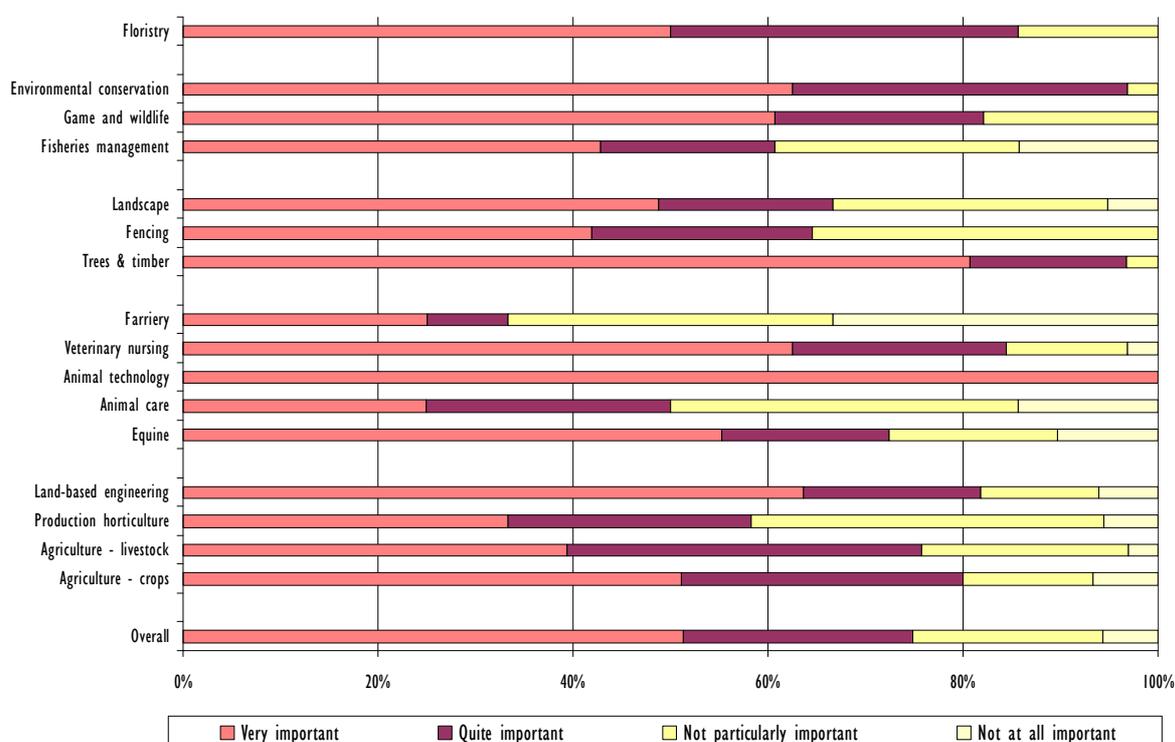
Age and qualification levels

- 6.vii There was a broad but normally distributed range of respondent ages, although within this are large sector differences. For example, over 70% of respondents in the game and wildlife, farriery and agricultural crops sectors were aged 46 years or older, whilst in the landscape and fencing sectors over 70% of respondents were aged 45 or less.
- 6.viii Similarly, there was wide sectoral variation in levels of qualification with, for example, some sectors (e.g. environmental conservation) employing particularly high numbers of graduates, whilst others (e.g. animal care) employing, in the main, people lacking qualifications related to the business.

Experiences in recruiting and retaining skilled staff

- 6.ix The survey contained a number of key questions designed to elicit respondents views on the importance of training and skills to their business as well as reveal their past experiences of and attitudes to recruiting and retaining staff with the right skills.
- 6.x The majority of respondents considered recruiting properly trained staff to be ‘very’ or ‘quite’ important to their business, with only about a quarter considering this to be unimportant (Figure 6.1). The importance of properly qualified staff was related to a number of issues, including the image that the company presents to customers, the vulnerability of the business to financial or commercial losses through mistakes, health and safety and other regulations and the skills requirements of the sector. Farriers appear to be the exception to the general rule that recruiting skilled staff is important, but this may be explained by the fact that most farriers would recruit unskilled, untrained apprentices and would then provide a structured four year apprenticeship through which high level farriery skills would be learned.

Figure 6.1 ‘How important is it to your business that you recruit properly trained staff?’



- 6.xi The importance that respondents attached to recruiting properly trained staff is also reflected in the observation that 60% of respondents reported experiencing at least some (i.e. frequent or occasional) difficulty in recruiting staff with appropriate skills (Figure 6.2).
- 6.xii There was general consensus on the value of training and skills in improving business efficiency, with 80% of respondents stating that such an outcome was either ‘possible’ or ‘very likely’. Similarly, over 70% of respondents considered the skills of their employees to be very important for the company image.

Figure 6.2 ‘Do you have difficulties finding employees with appropriate skills?’

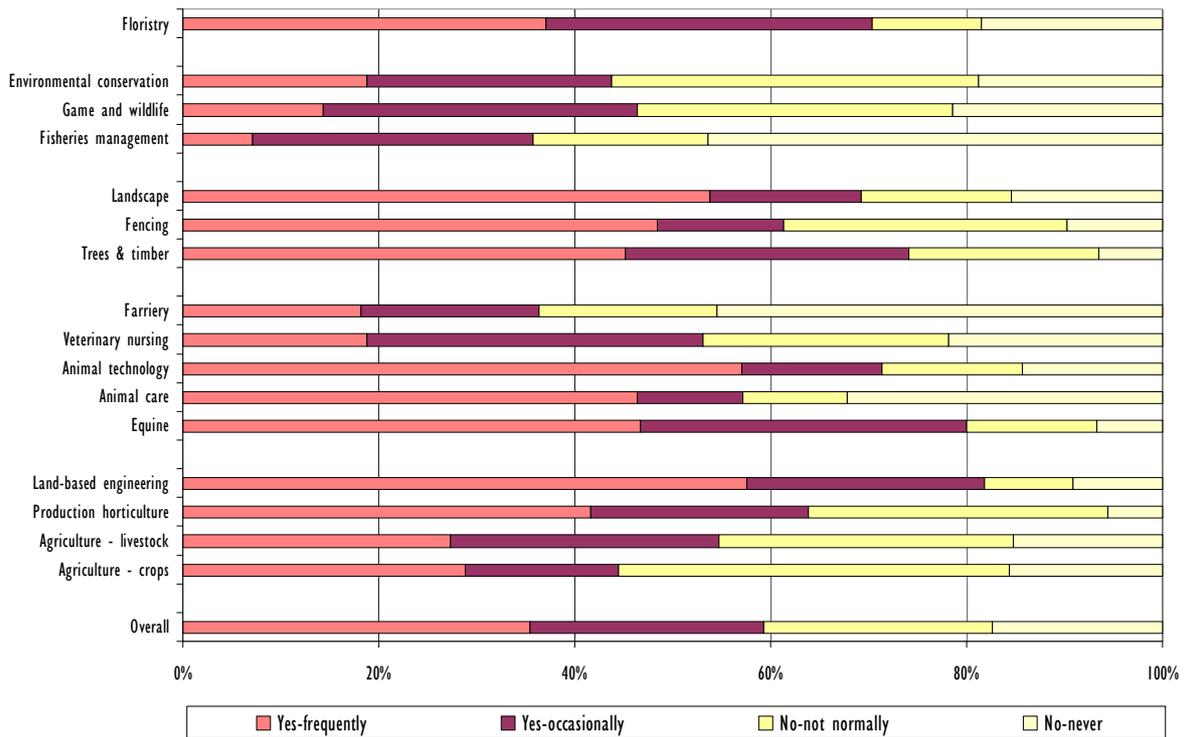
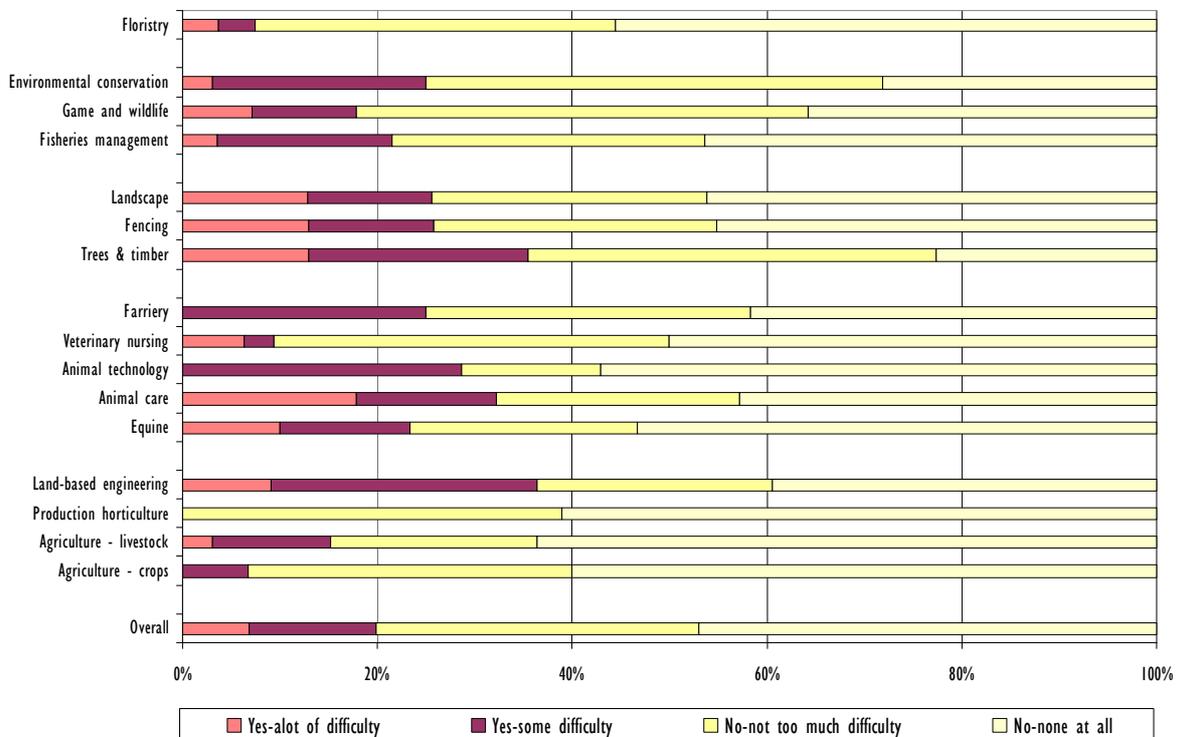


Figure 6.3 ‘Do you have difficulty retaining good staff?’



6.xiii Staff retention was generally perceived to be less of a problem than staff recruitment, with just 20% of sample respondents stating that they experienced any difficulty in this area (Figure 6.3). However, it could be argued that the reported recruitment difficulties might in part

The Likely Effectiveness of Lantra's Skills Competence Framework

stem from failure to retain qualified staff and that this may therefore also, indirectly, be an obstacle to business efficiency.

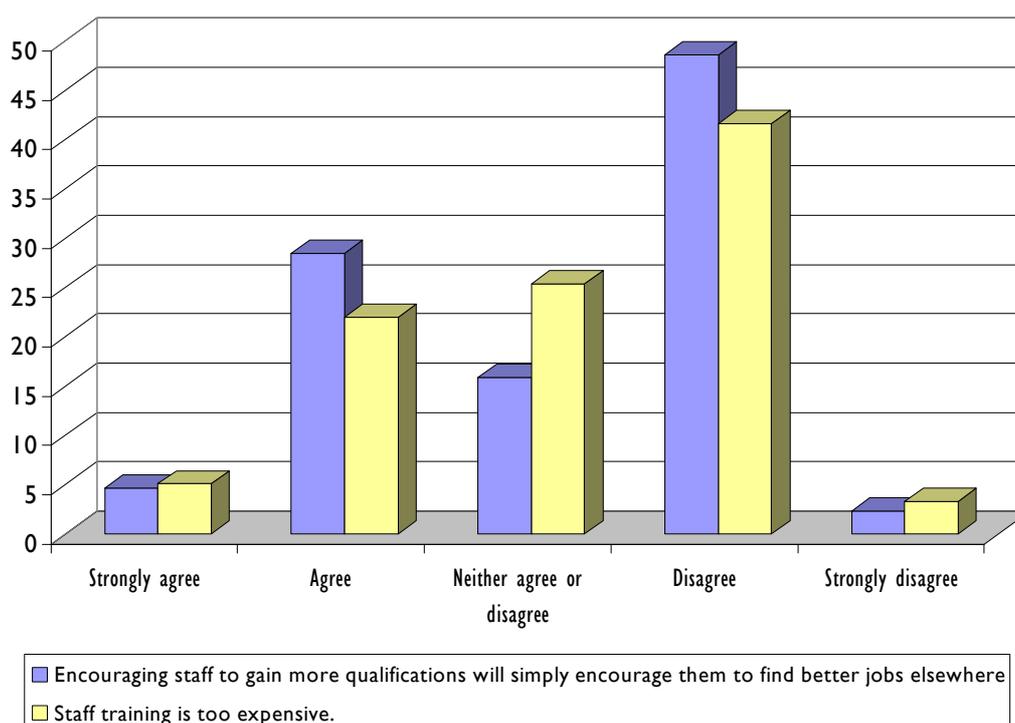
- 6.xiv Overall, the survey results demonstrate that within land-based businesses there is widespread recognition of the benefits that skills and training bring to business performance, and that there are currently relatively large numbers of businesses experiencing difficulties in recruiting appropriately trained staff.

Attitudes towards skills development

- 6.xv The survey presented a series of attitudinal questions as a means to gauging respondent views on the importance of investment in staff training and skills. These took the form of statements such as: 'employing better qualified staff will cost more', to which the respondent stated that they either 'strongly agreed', 'agreed', 'neither agreed or disagreed', 'disagreed' or 'strongly disagreed'. Based on the survey responses to these questions, the following conclusions can be drawn:

- The majority of respondents felt that employing better qualified staff will cost more.
- There was very strong agreement that improving staff skills will increase business productivity.
- There was a divergence of opinion on whether 'encouraging staff to gain more qualifications will simply encourage them to find better jobs elsewhere' and also on whether 'staff training is too expensive' (Figure 6.4).
- Responses to these propositions were positively correlated with those who believed that training was too expensive also believing that staff would leave if they acquired more qualifications.
- The majority of respondents either agree or strongly agree that 'staff learn best on the job' (please see Technical Annex for a clarification of this observation).

Figure 6.4. Responses to statements on encouraging staff to gain more qualifications and the expense of staff training



Contingent ranking of the features of the SCF

- 6.xvi Respondents were asked to rate the usefulness of three elements of the SCF insofar as they would help in the processes of recruitment and retention. Overall there were no significant differences in the values attributed to 'standard job descriptions', 'recording skills, abilities and training' and 'identifying suitable qualifications and training'.

Contingent ranking of target groups for the Quality Mark

- 6.xvii Respondents were also asked to rate the usefulness of the 'quality mark' in demonstrating business quality to three separate groups: customers, suppliers and regulators and staff. No group differences were found, i.e. the quality mark was viewed as being equally useful for all groups.

Contingent ranking of the benefits of the SCF

- 6.xviii Having been introduced to the separate components of the SCF, respondents were then asked to rank the value of each benefit (recruitment, retention, quality mark) relative to the others. In terms of the sample as a whole these three benefits were given roughly equal ranking, although individuals did generally have preferences for one above the others. The responses followed a normal distribution.

Willingness to pay

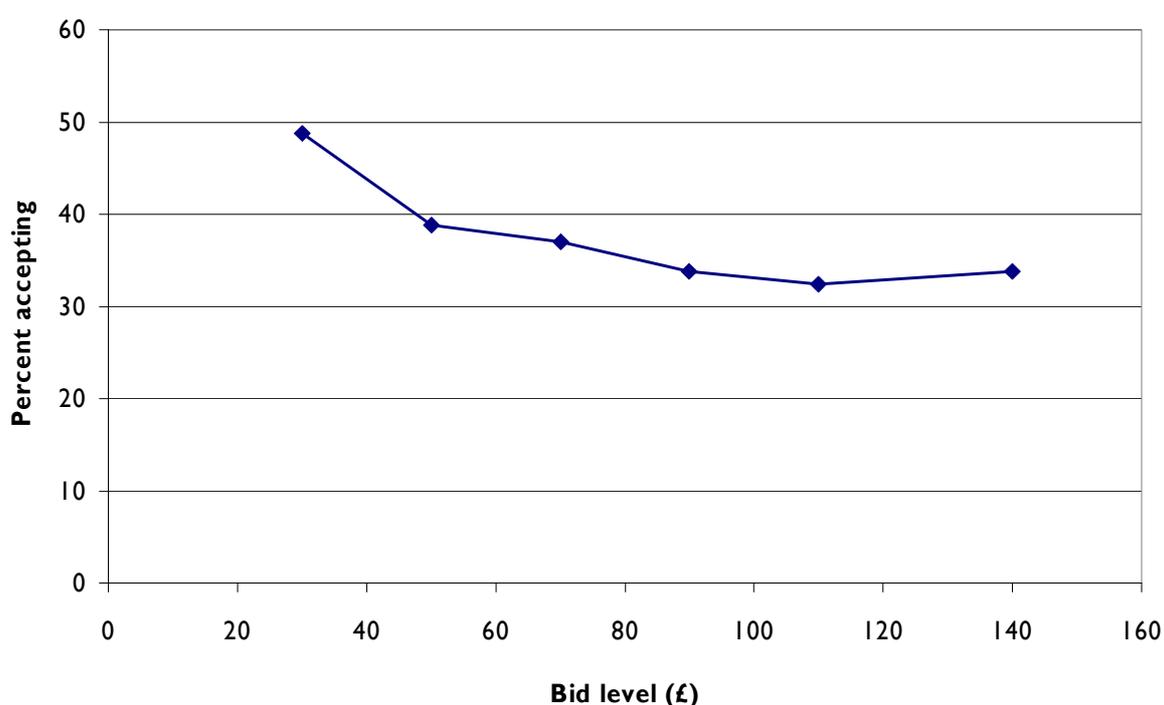
- 6.xix Because the Skills Competence Framework is not currently widely marketed, it is not possible to estimate the price that businesses would be willing to pay for it by simply observing their purchasing behaviour (i.e. an Observed Preference approach). For the purposes of this study it has therefore been necessary to use one of the Stated Preference approaches, where businesses are asked directly what they would pay for the SCF, if it were available to buy. Stated Preference approaches are increasingly popular for eliciting the price that populations are willing to pay (known as the population Willingness To Pay, or WTP) for goods for which no market currently exists. There are a number of these stated preference approaches, but by far the most commonly used is the Contingent Valuation Method, or CVM. This method has been sanctioned for use in government decision making in many countries, including the UK.
- 6.xx As a means to overcoming some of the problems inherent in the open ended elicitation format, ie, simply asking respondents the maximum amount they would pay for a particular good or service, CVM presents respondents with a single price (known as a bid) and asks them whether that particular price would be acceptable. The bid levels are varied across the whole sample, with different bid levels reappearing roughly equal numbers of times. In this survey there were six bid levels, ranging from £30 to £140. Each of these bid levels were presented to businesses around 80 times. For more details on this methodology, see the Technical Annex.
- 6.xxi The statistical analysis identified a number of attributes of respondents and their business that were determinants of WTP. The most significant of these were:
- respondent age, with older respondents more likely to pay higher prices
 - past experience of retaining qualified staff, with those who had experienced difficulties with staff retention willing to pay more
 - positive perceptions of the value of training and skills in improving business efficiency

The Likely Effectiveness of Lantra's Skills Competence Framework

6.xxii The analysis also showed that the price at which the bid was set was not a very good predictor of whether respondents would accept it. Fig 6.5 shows that the rate of acceptance of bids does not decline significantly at prices higher than £40 p.a. The explanation for this is that the bids are under-priced, ie, if a respondents feels that they would benefit from purchasing the SCF, they would, as a group, be willing to pay higher prices for it than was covered in the existing bid range.

6.xxiii In total, 47% of the sample indicated that they would be willing to purchase the SCF if it were available, i.e. they would pay at least something for the use of it. The analysis also showed that those who would be willing to purchase would pay an average of £58.64 p.a. for use of the SCF. If those who stated that they would not purchase are added back in, the whole sample average price falls to £27.56.

Figure 6.5 Level of acceptance of initial bid levels (whole sample)



6.xxiv It is probable that had the bid levels been set to cover a higher range, the analysis would have generated an even higher WTP estimate. Accepted guidelines for the use of these methods advise that WTP estimates should be 'calibrated' to account for the fact that what people actually do may be different from what they said they would do. In this case the risk is that businesses may not be willing to pay such high prices for the SCF in practice. However, in view of the fact that the range of bids has, in many cases, failed to capture maximum acceptable prices, the risk of this phenomenon in this instance is probably very low and the estimated WTP values can be taken as conservative.

7. Discussion

- 7.i Lantra's SCF was developed as part of an ongoing, Defra sponsored project, which began in 2005, and is designed as a means to record employees formal and informal training, skills, achievements and competencies and to drive skills recognition and the demand for skills training. The SCF was developed to meet certain needs of land-based industries, in particular by:
- identifying skills needs, which if addressed would increase their productivity;
 - reducing difficulties with recruitment and retention, resulting at least in part from a lack of clarity around the recognition of skills and qualifications; and
 - providing a standardised structure for recording skills and competencies that sit outside of formal qualifications.
- 7.ii Defra's support of the SCF was based on the assumption that once developed, the SCF would be self sustaining through income generation. This project therefore set out to answer two sets of questions, as follows;
- a) Do businesses recognise the difficulties, needs and opportunities that the SCF sets out to address?
 - b) Would businesses be willing to pay for a system which addressed these difficulties, needs and opportunities?
- 7.iii To this end two separate surveys were conducted; the first, of intermediary organisations, i.e. those organisations which might be expected to host and re-sell the SCF, and the second, of land-based businesses, i.e. those businesses which would ultimately pay for and use the SCF.

Do businesses recognise the difficulties, needs and opportunities that the SCF sets out to address?

- 7.iv Surveys of intermediary organisations and of land-based businesses both indicated clear recognition of the significant difficulties that many businesses have with *recruiting* staff with appropriate skills. Most intermediary organisations also recognised difficulties within their sector with *retention* of good staff, although this problem was less apparent in the responses from businesses themselves.

Recommendation 1: *Intermediary organisations should be made aware of the individual needs of businesses in their sectors and in particular that recruitment causes difficulties within more businesses than does retention. The frequent difficulties encountered in the recruitment of suitably skilled staff should serve as a spur to intermediary organisations to support initiatives such as the SCF.*

- 7.v There was widespread and strong agreement from both intermediary organisations and land-based businesses that better training could improve business productivity and that skills are important to business image.

Would land-based businesses be willing to pay for the SCF?

- 7.vi Forty seven percent of businesses interviewed stated that they would be willing to pay (WTP) *something* for the use of the SCF¹⁵. Asked if businesses in their sector would pay for the SCF, 33% of intermediary organisations stated that they would do so, although a significant proportion of these added caveats relating to the price at which the SCF was offered. The

¹⁵ Although it should be noted that the sample was self-selecting and that the proportion who would not be willing to pay amongst those refusing to be interviewed may be higher than 54%

The Likely Effectiveness of Lantra's Skills Competence Framework

results suggest that intermediaries are perhaps being overly cautious in their assessment of rates of likely business uptake, or are assessing uptake 'across the board' i.e. their views capture a higher rate of refusal to pay amongst those businesses which declined to take part in this survey.

Recommendation 2: *Presentation of the SCF to intermediary organisations should recognise this differentiation in the customer base, accepting that a proportion of 'members' of intermediary organisations would not be willing to pay, or would not be willing to use the system.*

- 7.vii The amounts that respondents would be willing to pay were higher than was expected, with an average WTP of £58, after excluding those who would not be willing to purchase. The fact that demand for the SCF does not fall at higher prices strongly suggests that the actual WTP of land-based businesses could be higher than this estimate.
- 7.viii The WTP estimate generated by this research runs counter to the WTP estimates of intermediary organisations, which for the most part indicated that the majority of their membership would not purchase the SCF and that the minority would be willing to pay only if the SCF was offered at a low price (i.e. between £5-£10 p.a.).
- 7.ix The research suggests that providing the SCF at lower prices would not increase uptake, whilst increasing the price above £58 may not decrease it.

Recommendation 3: *Lantra, together with intermediary organisations, should investigate alternative pricing policies for the SCF and in particular the feasibility of charging higher prices for those people choosing to use the full system. Similarly, the option of offering parts of the SCF for free in order to stimulate interest amongst those less willing to pay should be given full consideration.*

- 7.x Willingness to pay was found to be associated with respondent attributes, including age, previous experience of difficulties with staff retention, and a strong sense of the value of training and skills in improving business efficiency. Identifying and targeting land-based businesses with these attributes would therefore assist in marketing the SCF. The value that businesses place on training and skills may be influenced through the marketing process and this may in itself increase the proportion of land-based businesses willing to pay for the SCF.

Recommendation 4: *Lantra, with intermediary organisations, would benefit from a more explicit demonstration of the benefits of training to individuals and businesses. This may be achieved by such organisations working in partnership to develop sector-relevant case studies.*

- 7.xi It may be concluded from this WTP study that the SCF could become self-sustaining through income generation.

Which features of the SCF were found to be most valued?

- 7.xii For intermediary organisations, identifying the right qualifications was the most important feature of the SCF, whereas for land based businesses there was no clear difference between any of the features.
- 7.xiii The benefits offered by the SCF, as they were presented to land based businesses in this study (there are others which were not reported) appear to be sufficient to gain relatively high levels of buy-in. It is possible that a marketing exercise which presents the SCF within the context of additional OCF functions may yield a higher rate of purchase than has been estimated here.

Recommendation 5: *Given the fact that the OCF has a broader scope than is reflected in this study and that some of these other features do not advance Defra's objectives in funding the development of the SCF, marketing of the SCF by Lantra and by intermediary organisations should at least highlight those benefits which would best achieve Defra's targets.*

What potential exists for the development of additional SCF functions?

- 7.xiv Two specific additional uses of the SCF were examined through the surveys, these being its use with migrant labour and the potential benefits of a skills quality mark.

Migrant Labour

- 7.xv The responses of intermediary organisations suggested likely low levels of demand for the SCF from operators using seasonal migrant labour, while the survey of land based businesses found that businesses currently made relatively little use of this type of labour. Taking these two findings together it is likely that there would be little value in attempting to develop the SCF for use with migrant labour.

Recommendation 6: *Further development of the SCF for use with migrant workers should be delayed until sufficient evidence exists of the demand for this from the land-based sectors.*

Skills Quality Mark

- 7.xvi Businesses were far more enthusiastic about the Quality Mark (QM) than were intermediary organisations. The latter saw difficulties in differentiating the QM from Investors in People (IIP) and some also reported experiences of low uptake of IIP within their sectors.
- 7.xvii Intermediary organisations had a fairly limited view of the potential uses of the QM, seeing its role largely in terms of staff and potential staff. However, feedback from businesses suggested that they perceived a wider range of benefits of the QM, i.e. in relation to staff and potential staff, as well as customers and suppliers. For businesses, the perceived benefits of the QM were equivalent, overall, to those accruing from improved recruitment and retention. The interview structure presented the QM as relating solely to training and skills (cf. 'business competence') and it would appear that this format for the QM would have a market within land-based businesses.

Recommendation 7: *To take the QM forward successfully efforts must be made to ensure that the QM is clearly differentiated from IIP. Efforts should also be made to raise awareness of the usefulness of the QM amongst intermediary organisations, so that they may understand how best to market this feature to their members.*

Is the use of intermediary organisations the best way to market the SCF?

- 7.xviii Approximately half of intermediary organisations would be willing to recommend the adoption of the SCF to their members. The survey of land-based businesses revealed that 55% of survey respondents were members of professional bodies, although there was significant variation between sectors. It is therefore possible marketing the SCF solely through intermediaries would limit market exposure to just a quarter of land-based businesses (i.e. 55% of 50%).

Recommendation 8: *Whilst the use of intermediary organisations provides the simplest route to market from Lantra's point of view, alternative routes will need to be considered if the SCF is going to achieve the levels of market penetration necessary for its full benefits to be realised.*

The Likely Effectiveness of Lantra's Skills Competence Framework

- 7.xix In addition, given that approximately half of respondents stated that they would *not* be willing to pay for the SCF, intermediary organisations may face difficulties incorporating a margin for the Framework into their standard membership fees. This would be the case especially if the SCF is offered at the higher values indicated by the WTP study. Under these conditions, intermediary organisations may be best advised to consider selling the SCF as a separate service, rather than attempting to spread the cost of service provision over their entire membership.

Recommendation 9: *Lantra should investigate how they might make the SCF available and accessible to those businesses who are not members of intermediary organisations.*

Limitations of this research

- 7.xx In order to elicit useful data it was necessary to interview businesses in depth and in sufficient numbers. In effect this involved a trade off between the detail in which the SCF was presented and the volume of interviews conducted. Interviews were therefore parsimonious in the selection of features and benefits and in how these were conveyed. The overwhelming majority of responses from land-based businesses were from individuals who had not at the point of interview either heard of or seen the Online Competence Framework. Had interviewees been able to see the OCF prior to interview, their responses may have been different i.e. they would have been more or less favourable. It is probably fair to assume that they would have been positively influenced by the greater number of features within the OCF than were presented during interview and by the greater understanding of these features that would have resulted from being able to explore them first hand.
- 7.xxi However, the above is probably balanced by the following three potential sources of negative bias. First, stated preference techniques can result in significant proportions of false positive statements i.e. respondents stating that they would pay for goods which, in reality, they would not pay for. Second, non-responders (i.e. those refusing to be interviewed) may be more sceptical of the SCF than those who agreed to take part. Finally, the survey excluded the large numbers of sole-traders operating in the land-based industries, and for whom the benefits of the SCF presented within this survey would be far less apparent.