



Department for Innovation, Universities & Skills

**Consultation on "Higher Education at Work –
High Skills: High Value"**

Response from the Chartered Management Institute

14 July 2008

EXECUTIVE SUMMARY

- The Chartered Management Institute (“the Institute”) welcomes the opportunity to submit a written response to the Department for Innovation, Universities and Skills consultation, *“Higher Education at Work – High Skills: High Value”*.
- This response is based on the Institute’s **extensive relationships with the higher education sector**, but also reflects its wider experience of developing high level management skills, **working with both employers and individual managers**. This submission also presents the findings of an Institute survey carried out in June 2008 among a sample of senior managers and employers, which received 1,423 responses.¹
- The Institute welcomes the greater recognition being given to high level skills, but is **disappointed that leadership and management skills are not identified as a policy focus**, or given the same significance as science, technology, engineering and mathematics (STEM) subjects.
- These policy proposals do not appear to recognise that **management and leadership is often a secondary discipline** which can both support the employability skills of new graduates and enable experienced employees to take on greater management responsibilities by studying at an equivalent level to their initial specialist subject area.
- The withdrawal of funding for Equivalent or Lower-level Qualifications (ELOs) is having a particularly negative impact on management courses offered by HEIs and FE colleges. The Institute recommends that the Government considers the development of proposals to offer **match funding** for an individual’s first management qualification.
- The **reputation and brand of professional bodies** can play a major role in helping higher education institutions (HEIs) to deliver a value-added proposition to attract both employers and students. The Government’s high skills strategy needs to give much greater recognition to this role. By working more closely with professional bodies, HEIs can benefit from a highly effective route to employer and learner engagement.
- By working with professional bodies, HEIs are also able to offer **additional learner support** in terms of online learning resources, networking events and access to work-based progression routes through to **Chartered Manager**, the gold standard for management and leadership offered exclusively by the Institute.
- It is important that the high level skills strategy highlights the importance of **vocational and professional qualifications** alongside academic qualifications. Professional and vocational skills are also needed at higher levels than Level 3 or 4, on which the high skills strategy currently focuses.
- The consultation document acknowledges some of the evidence of the critical impact of management and leadership skills on **economic performance and social well-being**. However, there is insufficient recognition of the multiplier effect that management and leadership skills can have on skills utilisation, innovation and workforce progression. A greater number of highly qualified managers are more likely to ensure that their teams are adequately trained and can help to embed a culture of learning and development that helps drive performance.

¹ *Quick Reaction Survey: Higher Level Skills*, Chartered Management Institute, June 2008

- The need for high level skills has never been greater. Our research found that two thirds of employers do not believe that today's graduates have the **necessary employability skills** when they join their organisation², with only nine per cent agreeing that today's graduates "have the necessary skills when they join our organisation." More support for management skills alongside degree courses is urgently needed in order to make graduates more employable, and to improve their performance during the crucial early years of their careers.
- The Government needs to invest more in successful collaborative partnerships across HEIs, professional bodies and employers to build the **capacity of successful training programmes for young people**, such as the Knowledge Transfer Partnerships (KTP) and Year in Industry, both of which are supported by Institute qualifications.

CONTEXT

The need for a greater focus on leadership and management skills

- As the consultation document acknowledges, there has never been a more urgent need for British workers to improve their high skills. The challenges of global competition, demographic imperatives, worldwide economic uncertainty and moves towards a knowledge economy provide new incentives for UK managers to improve their skills and thus successfully respond to commercial pressures, particularly in the current economic downturn. This is reflected in the findings of our latest survey³, in which 79 per cent of managers agreed that their organisation will increasingly need more employees with higher level skills.
- The consultation document recognises that equipping more people with high level skills will increase the UK's productivity and global competitiveness. However, to reflect employer needs there should be a greater policy emphasis on addressing leadership and management skills as part of the wider high skills agenda.
- We have a wealth of evidence showing that employers recognise the vital role of leadership and management skills. For example, in our most recent survey we asked managers which skills will have the most impact on their organisation's competitiveness. They recognised the important contribution of a range of skills, including customer service skills (13 per cent) or STEM skills (10 per cent), but the majority (54 per cent) identified leadership and management skills as the priority area.⁴
- Leadership and management skills also have a multiplier effect on skills deployment and utilisation in the workplace. As the Cabinet Office Performance and Innovation Unit's 2001 report on workforce development concluded⁵, demand for skills is derived from wider management strategies; these therefore need to change if we are to successfully make the transition to a high skills, high added-value economy.
- In addition, the need for leadership and management skills is growing across the economy. The number of UK managers is predicted to grow by 1.3 per cent per annum between now and 2014, with growth now predicted to be faster than previously expected. The current estimate is that over 4.6m individuals in the UK

² Ibid

³ Ibid

⁴ Ibid

⁵ *In Demand – Adult skills in the 21st century*. A Performance and Innovation Unit Report, December 2001

have significant management responsibilities⁶, yet 36 per cent of organisations report that their managers are not proficient.

- Leadership and management skills have been identified as a key factor for improving the innovativeness of UK organisations. Innovation is identified by the Treasury as “a key catalyst for productivity growth”, and the importance of management and leadership to innovation has long been established. Professor Michael Porter’s 2003 review⁷ of the government’s work on productivity concluded that UK companies will have to compete on “more unique and more innovative products and services”, which will “require changes in management behaviour”. He found that while the returns from deregulation are diminishing, a focus on improvements in management and leadership would produce far greater returns.
- Properly qualified, professional managers are also better equipped to respond to growing demands for flexible working and new working arrangements, as the Government continues to introduce reforms and new workplace rights. Research published by the Institute⁸ demonstrates a link between poor management performance and both low productivity and high reported levels of workplace ill-health. Good management can reduce these stress factors and thereby drive higher productivity, as well as lower costs and social benefits through reduced absence levels.

RESPONSES TO SPECIFIC QUESTIONS

1. **What incentives would encourage employers to be more involved in providing careers information, advice and guidance both before and during university?**

- 1.1 In the Institute’s experience, employers must see tangible benefits to providing careers advice to young people, both before and during university. Those who see the need for strong leadership and management skills, and those with specific skills needs – and particularly large employers – may therefore be more likely to appreciate the value in offering careers advice. Indeed, many large organisations are already providing valuable careers advice to schools, further education colleges and universities. The challenge is to include smaller employers in this process.
- 1.2 The Strategy should recognise the important role of professional bodies in providing careers information, advice and guidance. The Chartered Management Institute already works proactively with a number of partner organisations to promote management as a profession to undergraduates. For example, we recently collaborated with Inside Careers to produce a publication, *Guide to General Management*, which explains what being a good manager involves, outlines the management careers path and offers information, advice and guidance on becoming a professional manager. The publication will be distributed in September to business faculty and careers guidance centres across UK universities, and will also be available online.

⁶ *Working Futures 2004-2014*, R. Wilson, K. Homenidou and A. Dickerson, Sector Skills Development Agency, 2006

⁷ *UK Competitiveness: Moving to the next stage*, Prof. Michael Porter and Christian Ketels, Institute of Strategy and Competitiveness, Harvard Business School. DTI Economics Paper No 3, 2003

⁸ *The Quality of Working Life: Managers’ health and wellbeing*, Worrall and Cooper, Chartered Management Institute, March 2006

- 1.3 We welcome the desire to improve the linkage between Apprenticeship frameworks and university entrance criteria and see this as a desirable route to encouraging more Apprentices to apply to higher education institutions. However, care must be taken to ensure that HEIs will accept these UCAS tariff points on a consistent basis. An uneven playing field in terms of the acceptability of Apprenticeship tariff points in admissions criteria may discourage apprentices from applying for higher education places.
- 1.4 The current disconnect between the frameworks for vocational and academic qualifications need to be addressed in order to encourage employers to be more engaged with the HE sector. The dual framework system makes it difficult for employers to compare the qualifications and achievements offered by higher and further education establishments. Resolving this will help employers to understand the value of qualifications and to have confidence in the quality and comparability of outcomes in terms of content, size and level.

2. Questions 2a, 2b, 2c

- 2.1 We do not feel it would be appropriate for the Institute to comment on these questions.

3. What support and incentives would help universities offer access to the workplace for all their students?

- 3.1 The Institute welcomes the expansion of Knowledge Transfer Partnerships (KTPs) in line with the Sainsbury recommendations, as outlined in para 5.9 of the consultation document. We believe that the introduction of new, shorter placements may enable more students to take part in the scheme.
- 3.2 Professional bodies such as the Chartered Management Institute can play an important role in facilitating KTPs. For instance, the Institute currently has a contract with AEA, one of our Approved Centres, under which approximately 300 graduates a year are placed with employers, usually SMEs, for around two years to undertake knowledge transfer projects. Each graduate is paid by the employer and supported by an academic adviser, with personal and faculty support from their HEI, or a mentor within the organisation, and a KTP assessor.
- 3.4 As part of the requirements for this scheme, an NVQ Level 4 in management has effectively been mandatory for these graduates; this year the requirement will switch to the Institute's Level 5 Diploma in Management, with stronger links to the Chartered Manager designation. We believe KTPs could be strengthened by further adoption of this type of model, helping to improve the transferable management and employability skills of students.
- 3.3 We believe that more places could be made available to students through better relationships with small employers. Large organisations are generally more likely to offer student work placements or be involved in KTPs, as shown below.⁹ However, while SMEs¹⁰ are less likely to have been involved in such projects there is clearly untapped demand, with 30 per cent saying that they would consider being involved in KTPs in future and a further 26 per cent willing to consider offering student work placements.

⁹ *Quick Reaction Survey: Higher Level Skills*, Chartered Management Institute, June 2008

¹⁰ For the purposes of this survey, an SME is defined as employing up to 249 people. A large organisation is one which employs over 250 people.

Base: 1423 Types of engagement with HEIs	SMEs		Large organisations	
	Have been involved in %	Would consider being involved in %	Have been involved in %	Would consider being involved in %
Knowledge transfer partnerships	13	30	27	28
Student work placements	43	26	67	15

Table 1: Employer engagement in KTPs and student work placement (Source: the Institute's Quick Reaction Survey, June 2008)

3.5 The Institute is also involved in Year in Industry, a scheme that places approximately 500 high quality A-level students per annum with employers (usually SMEs) during their gap year. Most students take a Level 3 Certificate in Management while on the programme, helping them to develop their management skills and employability. The Year in Industry would benefit from further support from Government, particularly given the increasing cost of full time higher education.

4. How can we help employers better articulate their needs for broad based employability skills?

4.1 The need for broad based employability skills is a high priority for employers. Two thirds (67 per cent) of those surveyed by the Institute feel that today's graduates do not have the necessary skills when they join their organisation.

4.2 Professional bodies can play a key role in articulating employers' skills needs. Our strong relationships and ongoing engagement with employers makes the Institute well placed to help articulate employers' skills needs. For instance, we have an extensive research programme, which provides employers with evidence of the impact of management development on performance and the extent to which employers value high level skills.¹¹

4.2 A key route to ensuring that employability is embedded in skills development is through the National Occupational Standards for Management and Leadership, which are maintained by the Management Standards Centre (MSC), an organisation within the Chartered Management Institute. The MSC has carried out extensive employer consultations to develop the Standards, which clearly map across to broader employability skills. The six core areas (managing self and personal skills; providing direction; facilitating change; working with people; using resources; and achieving results) are all skills that support employability. Indeed, the Standards now include behaviours that underpin effective performance, following feedback from employers that the soft skills which managers bring to their role are as important as the hard technical skills they possess.

4.3 The MSC has undertaken extensive employer consultation on the National Occupations Standards and the development of the Learning and Qualifications Strategy for management and leadership. This has been done in direct partnership with a wide range of employers, reinforced by strong links to the Sector Skills Councils. It is important that future work to articulate employers' management

¹¹ *Management Development Works: The Evidence*, Dr Chris Mabey, Chartered Management Institute, 2005
The Value of Management Qualifications, Petra Wilton, Patrick Woodman, Ruth Essex, Chartered Management Institute, 2007

skills needs builds on the work that has already been done, such as these projects.

- 4.4 In recognition of employers' needs for practical employability skills, the Institute is helping students gain valuable exposure to the business environment by working with HEIs to embed the Chartered Manager designation in MBA courses. The designation of Chartered Manager, launched by the Institute in 2003, demonstrates externally validated recognition of their ability to deliver significant change in the workplace. Embedding it into MBA courses also allows universities to offer a value-added qualification and to differentiate their courses from their competitors.
- 4.5 Many employers value graduates who are able to demonstrate their leadership and management skills through gaining a professional management and leadership qualification at the same time as their technical/specialist degree. In this way, the qualifications which the Institute offers, working in partnership with HEIs, can support the development and recognition of key employability skills sought by employers.
- 4.6 A key factor that can enable employers to better articulate their needs for broad-based employability skills is for them to appreciate the impact that skills and qualifications have on their economic performance. For example, the Institute has carried out research into the value of management qualifications¹² which found that for all management qualifications, a clear majority of employers agreed that productivity gains, staff attraction rates and professional reputation are improved.
- 4.7 Employers also need to consider how they can continue to build high skills in the workplace once they have recruited graduates. Recent Institute research into the aspirations and needs of 'Generation Y' managers¹³ found that 97 per cent of young managers were looking to build their transferable skills. Career-focused elements such as developing new skills, facing challenges, and good career prospects were the dominant attractions for Generation Y when choosing who to work for. Employers must, therefore, bear in mind that their need for recruits with broad-based skills must be balanced with their ability to retain talented young employees by helping them to improve their transferable skills.

5. What more can we do to provide more graduates with the language skills and cultural awareness to thrive in a global marketplace?

- 5.1 It is important to recognise that political awareness skills, including sensitivity towards the cultural environment in which a manager is operating, are part of the higher level skills which employees need to thrive in the global marketplace. The Institute conducted research into this area in June 2007,¹⁴ which identified a clear need for developing a shared understanding of, and common language for, political skills among managers and leaders. Political awareness and cultural skills are essential to enable managers to work in collaboration or reconcile differences across a wide range of stakeholders, and thereby help to deliver their organisation's objectives against a complex external environment.

¹² *The Value of Management Qualifications: The perspective of UK employers and managers*. Chartered Management Institute (Sept. 2007)

¹³ *Generation Y: Unlocking the Talent of Young Managers*, by Dr. Alison Macleod, Chartered Management Institute (June 2008)

¹⁴ *"Leading with political awareness: developing leaders' skills to manage the political dimension across all sectors"*, Chartered Management Institute (June 2007)

5.2 The research also found that experience of working abroad is important in terms of developing culturally-sensitive management and leadership skills. For example, 66 per cent of managers who had worked outside the UK reported higher political skills scores, indicating that there is a definite professional advantage to having gained exposure to different organisational and societal cultures. The Department is therefore right to address this point in its skills policy.

6a. What further incentives are needed to stimulate and meet employer demand for high level skills?

6.1 The need to stimulate greater employer demand for high level skills is particularly pressing with regard to management and leadership skills. The Leitch Review showed that 41 per cent of managers have no management qualification, or indeed any qualifications at Level 2 or above; previously, the Council for Excellence in Management and Leadership (CEML) estimated that no more than 20 per cent of managers would be qualified in management in the long term. The Chartered Management Institute has called for a target of 50 per cent of managers to be qualified in management and leadership by 2020.

6.2 The need for greater support of leadership and management qualifications is particularly important in light of the recent changes to funding for Equivalent or Lower Qualification (ELQ). These changes will disproportionately affect those studying management on a part-time basis, since management is often a secondary discipline that experienced employees study at an equivalent level to their initial specialist subject area.¹⁵

6.3 Based on our latest research, we found evidence of substantial support from employers (79 per cent) for Government match funding for an individual's first management qualification. It is clearly important that highly skilled workers are able to gain good management and leadership skills in addition to their first degree or sector-specific qualifications, such as engineering or teaching.

6.4 The Institute's recent survey sought managers' views on a range of possible incentives to encourage investment in skills development. The findings are outlined in Table 2 below.

Base: 1423	SMEs		Large organisations	
	Would encourage employer investment %	Would encourage individual investment %	Would encourage employer investment %	Would encourage individual investment %
Matched Government funding for a first management qualification	78	42	81	42
Funding of £1,000 for skills development of small business managers	78	37	67	33
Personal skills accounts	31	45	34	54

¹⁵ Chartered Management Institute submission to the Innovation, Universities and Skills Committee's Inquiry into the Funding of Equivalent or Lower Qualifications, January 2008

Base: 1423	SMEs		Large organisations	
	Would encourage employer investment %	Would encourage individual investment %	Would encourage employer investment %	Would encourage individual investment %
Better adult career information, advice and guidance	31	47	30	55
Right to request time off for training	24	72	27	81
Right to request flexible working	18	57	25	63

Table 2: "Which of the following initiatives do you think are likely to encourage investment in management and leadership skills development by a) employers, and b) individuals?" (Source: the Institute's Quick Reaction Survey, June 2008)

- 6.5 Although the proposed right to request time off for training was not regarded as a strong driver of employer investment, it was highly regarded for encouraging individuals' investment, as was the right to request flexible working.
- 6.6 Other current initiatives were felt to be less relevant for encouraging employer investment in high level leadership and management skills. Skills accounts and better adult career advice and guidance were only supported by 32 and 30 per cent of respondents respectively.
- 6.7 The prioritisation of skills investment by employers is highly dependent on organisation size. Managers in large organisations identify middle managers as the organisational tier most in need of development (47 per cent)¹⁶. While middle management remains important among SMEs, there is clearly a much greater need for skills development for board or director level managers (24 per cent as opposed to 8 per cent in large organisations). Different employers are thus likely to respond to different incentives.
- 6.8 The Institute welcomes the expanded provision of Train to Gain funding for management development for owner-managers of small businesses. Managers are positive about its potential impact, with 78 per cent of SME managers agreeing that it would encourage employer investment¹⁷.
- 6.9 The success of the expansion of the Train to Gain leadership and management programme for SMEs will depend on the quality of advice given by brokers and access to high quality management and leadership development.
- 6.10 The Institute of Business Consulting (IBC), an organisation within the Chartered Management Institute, is the professional body for all consultants and business advisers. Designed to raise standards of professional practice in support of better business performance, the Institute provides a development path for the profession, supported by high quality resources and a recognised qualification route.
- 6.11 IBC is responsible for the National Register of Business Support Professionals, which was created to meet the needs identified by the Business Support as a Profession Group and provides National Common Standards for business advisers

¹⁶ Quick Reaction Survey: Higher Level Skills, Chartered Management Institute, June 2008

¹⁷ Ibid

and brokers. The Institute would welcome the opportunity to discuss further with DIUS and the LSC, how the National Register can better support the development of Train to Gain's Leadership and Management Advisory Service.

6b. How can we best build on the contributions of further education colleges and providers and their links (in particular) to networks of small and medium sized enterprises?

6.12 The Institute is uniquely placed to help Government and its agencies access a wide range of links with the further and higher education sectors. Our network of over 400 Approved Centres consisting of HEIs, FE colleges and private providers is a valuable resource for engaging employers, including SMEs. Professional bodies are well-established, trusted sources of information and advice among employers. For instance, our latest survey found that while 60 per cent of all managers would consider directly approaching an HEI for information and advice on leadership and management development opportunities, a much greater number – 90 per cent – would turn to the Chartered Management Institute, with 81 per cent also considering other professional bodies.¹⁸ Both FE and HE institutions can achieve greater reach among employers by working in partnership with professional bodies.

6.13 The Institute is actively working to build on its network and to ensure that SMEs' needs are met. For instance, we are currently developing new awards and certificates at the intermediate skills levels to meet the needs of smaller employers.

6.14 The Institute facilitates links between employers and both the FE and HE sector in a number of ways, including through our regional network of branches which regularly hold events enabling the education and employer communities to meet and exchange ideas. For example, a meeting was recently organised by our Wessex branch at Bournemouth Business School, in collaboration with the Association for Project Management, to discuss the future of project management. The event was attended by over 150 people, including local employers, students from the Business School and members of the Institute. Such activities provide a valuable opportunity for building networks and sharing learning about management skills.

6.15 The Institute also holds an annual National Convention, which attracts over 500 delegates, including representatives from both the further education and SME sectors. This year speakers include representatives from leading employers (such as BT Group, Motorola, the British Library, FirstGroup, National Grid) and higher education establishments, e.g. Aston Business School. We would welcome a DIUS presence at the National Convention and have written to the Minister for Skills, David Lammy, inviting him to present the Institute's Gold Medal (our most prestigious award) at this year's Convention in October.

7a. How can we best work with businesses and employers, Trade Unions and employees to encourage demand for high level skills?

7.1 As highlighted by the Leitch Review, over 70 per cent of the workforce of 2020 is already in employment. It is therefore vital that Government policy focuses on improving skills for the current workforce and we welcome the acknowledgement of this goal in the consultation document.

¹⁸ *Quick Reaction Survey: Higher Level Skills*, Chartered Management Institute, June 2008

- 7.2 Professional bodies play a significant role in encouraging demand for high level skills among employers and employees, and in providing routes for skills progression. We believe the Government could give greater recognition of this role and we would be pleased to work more closely with Government to achieve greater demand for high level skills.
- 7.3 The Institute already works to increase demand for high level skills on an ongoing basis, through membership communications, events, an extensive research programme, our detailed market knowledge and our leadership programmes, including the 'Chartered Manager' designation. As a result, 86 per cent of the managers surveyed agreed that professional bodies could help them to develop high skills in their organisation; a higher figure even than for HEIs (72 per cent agreement), and substantially higher than for SSCs or Train to Gain (26 and 21 per cent respectively) – for full results see Table 6 on page 16. We would welcome additional opportunities to work in partnership with Government to build on this engagement.
- 7.4 Efforts to raise demand must recognise that employers will seek assurances about the *quality* of training on offer. The plethora of organisations involved in providing advice on skills improvement (e.g. Sector Skills Councils, Regional Development Agencies, Train to Gain, etc.) is creating confusion amongst employers¹⁹. Professional bodies have a national and regional reach across both employers and skills agencies, and could play a far greater role in developing delivery partnerships. Policy should support the provision of training from qualified training providers, and support for qualifications should focus on those that are fully accredited to an external nationally-recognised standard. (See para. 8.4 for more on accreditation of qualifications.)
- 7.5 Government must also recognise that demand from employers for high skills takes many forms. Therefore providers and brokers must be able to offer a range of flexible skills improvement solutions, including development, training, courses, CPD, and qualifications at a range of levels. This point is also made in a recent DIUS-commissioned report on barriers and facilitators for employer engagement, which highlights the importance of value, accessibility, flexibility and responsiveness in HEIs.²⁰
- 7.6 We would encourage the Department to implement policies which stimulate a culture of lifelong learning, rather than by encouraging individuals to obtain training merely to fulfil statutory requirements, or by taking a one-off qualification. Recognition of and support for the Continuing Professional Development (CPD) offered by professional bodies would support this aim.
- 7.7 Our online CPD system offers a structured platform for individuals to record their learning progress and activities throughout their professional careers and enables them to identify new skills needs and development opportunities. These needs may then be met through short courses, qualifications or CPD programmes offered by HEIs, FE colleges or other providers. We support the proposals (para 6.8 of the Consultation Paper) to encourage HEIs to raise their CPD revenue, and would encourage the Government to see the additional value that professional bodies can bring through encouraging individuals to systematically record their CPD.
- 7.8 The Institute has a wide range of its own professional development activities which form an important part of our role of maintaining standards and keeping

¹⁹ As reported by delegates at DIUS' high skills consultation event, London, 3 July 2008

²⁰ *Higher Education for the Workforce: Barriers and Facilitators to Employer Engagement*, Dr Marilyn Wedgewood, Department for Innovation Universities and Skills, 2008

members up to date with the latest research findings and best practice. We provide widely recognised qualifications delivered by our network of over 400 approved centres, the Chartered Manager designation, access to online advice and information immediately applicable in the workplace, books and reference guides to management techniques, and a wide-ranging programme of networking events.

- 7.9 Our website (www.managers.org.uk/charteredmanager) contains numerous case studies and testimonials describing how individual managers have benefited from becoming a Chartered Manager. Managers come from a wide range of sectors, including BAE Systems, Rolls Royce, Birmingham City University, Northern Ireland Electricity, the Royal Air Force and the Royal Navy. Managers who have achieved the award cite numerous benefits, including: personal career advantages in terms of greater employability and promotion prospects; improving their ability to apply their management and leadership skills; and boosting their business knowledge, self-awareness and confidence.

7b. How can we encourage rapid implementation of an effective framework for credit accumulation and transfer?

- 7.10 A key factor in effective credit accumulation and transfer is ensuring that the different systems (e.g. QCF and CATS) give mutual recognition, rather than the present situation where there is no automatic recognition of achievement between HE/academic and vocational qualifications. The development and acceptance of a common currency is vital.

- 7.11 The new Qualifications and Credit Framework is intended to provide clarity and flexibility in qualifications, and there are many aspects of the QCF which are welcome developments. There are, though, a number of issues which are likely to result in a proliferation of qualifications, rather than fewer, which could increase rather than decrease employer confusion about their value and relevance. Awarding Bodies and Professional Bodies are keen to ensure transferable recognition of achievement, but not at the expense of professional standards.

- 7.12 While an academic qualification may denote an individual's competence and knowledge at a given point in time, it does not always provide evidence of the application of skills and an individual's practical impact in the workplace. Professional qualifications can combine evidence of impact with evidence of relevance through continuing professional development programmes. The Chartered Manager designation also requires continual re-assessment at 3 year intervals.

- 7.13 The Chartered Bodies are instrumental in defining the standards for their professions and qualifications that recognise the practical application of learning and skills. The fact that many more people take professional qualifications, usually paid for by their employer, than take NVQs or post-graduate academic qualifications in management-related fields is evidence of the relevance of what they do.

8. Do we have the right incentives to encourage HE providers to be more responsive to business and employer demand?

- 8.1 Whilst there is good interaction between HE providers and the business community in many areas of the country and across many different sectors, the evidence shows that further incentives may be needed to encourage more HE providers to respond to business and employers' needs.

- 8.2 Managers perceive significant scope for improvements. Our latest survey found that only 29 per cent of managers feel that HEIs are responsive to employer demand, as shown in Table 3 below. Worryingly, only 9 per cent agree that today's graduates "have the necessary skills when they join our organisation", despite the need for greater number of employees with high level skills. Twenty-two per cent overall said they preferred to recruit non-graduates and provide their own training.

	SMEs		Large organisations	
	Disagree %	Agree %	Disagree %	Agree %
Higher education institutions are responsive to employer demands	35	24	26	33
My organisation will increasingly need more employees with higher level skills	6	78	4	81
Today's graduates have the necessary skills when they join our organisation	69	7	66	11
We prefer to take on non-graduates and provide on-the-job training	6	33	35	19
Current numbers of graduates are insufficient for the UK's future competitiveness	30	27	29	32

Table 3: Agreement/disagreement with propositions regarding higher level skills. (Source: the Institute's Quick Reaction Survey, June 2008)

- 8.3 Managers reported that they had been involved with HEIs in a variety of ways, as shown in the table below. The table also indicates which activities they might consider in the future. Large organisations are typically more likely to have been previously involved with HEIs, but there is a clear appetite for engagement by managers in SMEs.

Types of engagement with HEIs	SMEs		Large organisations	
	Have been involved in %	Would consider being involved in %	Have been involved in %	Would consider being involved in %
Qualifications for employees	63	21	80	12
Seminars/conferences	56	22	74	15
Continuing Professional Development	62	23	73	16
Short courses for employees	55	25	74	15
Recruiting graduates	46	22	76	14

Specialist subject networks	35	24	54	20
Accredited units of training for employees	34	24	57	20
	SMEs		Large organisations	
Types of engagement with HEIs	Have been involved in %	Would consider being involved in %	Have been involved in %	Would consider being involved in %
Research and development	30	21	49	18
Online learning portals	21	34	54	23
Spin offs/joint ventures	21	24	32	24

Table 4: employer engagement with HEIs. (Source: the Institute's Quick Reaction Survey, June 2008)

- 8.3 The survey also specifically examined managers' attitudes in relation to the accreditation of in-house training provision. The findings suggest that managers do not regard accreditation for in-house training by a university as highly as that by a professional body.
- 8.4 The findings highlight how more than three-quarters of employers agree that both professional accreditation and membership of a professional body offers significant additional value to the qualifications offered by universities and also additional support for students during their studying.

	SMEs		Large organisations	
	Disagree %	Agree %	Disagree %	Agree %
In-house training provision offers more value if accredited by a professional body	6	83	3	87
In-house training provision offers more value if accredited by a university	16	57	11	68
Professional accreditation offers significant additional value to qualifications offered by universities	6	71	4	74
Membership of a professional body can provide additional support for those studying at higher education institutions	2	83	1	88

Table 5: Agreement/disagreement with propositions regarding accredited learning. (Source: the Institute's Quick Reaction Survey, June 2008)

- 8.5 The Institute's Guaranteed Membership Scheme provides a model where the Institute can work closely with many HEIs. The scheme encourage students to

take advantage of the Institute's wealth of leadership and management resources and supports student's progression into the management profession. Around 40 HEIs are currently participating, including London South Bank University, University of Huddersfield Business School, Durham Business School and Manchester Metropolitan University.

- 8.6 The Institute also offers HEIs a wide range of links to the employer community. For example, its collaborative research model involves academics from many universities who are looking to source employer case studies for their research activities. The Institute also provides an opportunity for the university or business school to promote itself to the wider employer community.
- 8.7 The Institute creates incentives for HE providers to be responsive to business and employer needs via the practicality of its management development offering. To meet employer demand for higher skills, our incentive has to be focused on our *flexibility* to meet their needs by enabling our providers to deliver and assess according to employer and employee needs.
- 8.8 A good example of this is the MSC's work to create the framework for a Foundation Degree in Leadership and Management, in conjunction with employers from a number of sectors and with institutions from further and higher education, as well as awarding bodies. It reflects best practice in the design of Foundation Degrees across all sectors and in the delivery of leadership and management education and training, as well as specifying workplace-related knowledge and skills which have been identified by employers as being important to current and future work in the sector.
- 8.9 The development of Foundation Degrees will also help the process of increasing the contribution of FE colleges and other providers to engage SMEs. Forty nine per cent of managers in SMEs agree that Foundation Degrees offer "a valuable combination of work-based learning and academic study".²¹ We believe that Foundation degrees will offer important progression routes for students from further to higher education, thereby also increasing high skills levels.
- 8.10 In our latest research we also asked managers about their attitude to the range of more flexible qualifications which some HEIs are now offering. There was good support for Foundation Degrees, with 53 per cent of managers agreeing that they offer a valuable combination of work-based learning and academic study. However, 34 per cent did not agree that employers are more likely to fund students through HE in the future, bringing into question the strategy being proposed by the Department in this document towards co-funding of HE for employees.

9. What should be the key features of a model for regional and sectoral bodies to play a much greater role in solving local skills problems and linking HEIs and businesses?

- 9.1 Professional bodies should have a key role to play in any network of regional and sectoral bodies that is seeking to solve local skills problems. DIUS has previously commissioned research²² into how professional bodies, Sector Skills Councils and the HE sector can strengthen partnerships, barriers to effective collaboration and work more effectively together on the skills agenda. In our experience, most HEIs are already keen to engage with employers, and the Institute is actively involved as a broker between employers and local and regional skills stakeholders.

²¹ Ibid

²² "Mapping roles and responsibilities of Professional Bodies, SSCs and Higher Education", Oakleigh Consulting Ltd, February 2008

9.2 The Institute has also been closely involved in DIUS' work strand entitled "Mapping roles and responsibilities of Professional Bodies, Sector Skills Councils and Higher Education". As such, the Institute is already engaged in exploring the development of models whereby professional bodies can work with HEIs and SSCs on improving cross-sector high skills such as leadership and management, as part of a continuing professional development agenda. This work is in its early stages and can be developed much further, but would deliver benefits to Government in terms of providing ready-made, on the ground contacts in terms of high skills development. The Institute can use its resources (including its branch structure, network of approved centres and the Management Information Centre) as a conduit to delivering local and sectoral skills needs.

10. How can we encourage RDAs and SSCs to work together to solve local and sectoral skills needs?

10.1 The Institute is keen to partner with Government and its agencies to provide value from existing relationships with all stakeholders, but particularly between employers and the higher education sector. Our survey found that professional bodies were highly valued in terms of developing high skills in their organisation, compared to other advisory bodies such as the RDAs or SSCs, as shown in Table 6 below.

	SMEs		Large organisations	
	Disagree %	Agree %	Disagree %	Agree %
Professional bodies	3	85	2	87
Higher education institutions	12	68	5	75
FE colleges	19	56	11	63
Sector Skills Councils	20	24	13	27
Train to Gain	25	24	16	20
Business Link	27	27	20	17
Regional Development Agencies	28	21	19	21
National Employer Service	26	9	17	13

Table 6: "As an employer, how far do you agree that the following bodies can help you to develop high skills in your organisation?" (Source: the Institute's Quick Reaction Survey, June 2008)

10.2 The Institute is currently working in partnership with SkillsActive, the lead SSC for Leadership and Management, and the Work Foundation to develop proposals for a National Skills Academy for Leadership and Management. The National Skills Academy (NSA) model, through its regional spokes, would provide a route that would enable RDAs, SSCs and other NSAs to work together to address leadership and management skills needs.

10.3 The significant role that National Skills Academies can play in addressing high skills needs, by bringing together a range of providers across both HE and FE and through raising employer demand, should be better reflected in the High Skills Strategy.

11b. How can we encourage movement in the other direction so that business people are increasingly contributing directly to course content, design and teaching?

11.1 The Institute is actively involved in facilitating cooperation between HEIs and the business community to develop leadership and management offerings. For instance, our qualifications team works directly with employers to develop bespoke courses for their staff.

11.2 Our recent survey found that many managers are enthusiastic about working with HEIs on a range of collaborative activities. Nearly half (43 per cent) of managers from large organisations report that they have been involved in developing course content with HEIs. There is scope for greater engagement of SMEs, with 28 per cent of SME managers willing to consider involvement in developing course content.

Types of engagement with HEIs	SMEs		Large organisations	
	Have been involved in %	Would consider being involved in %	Have been involved in %	Would consider being involved in %
Developing course content	22	28	43	23
Sponsorship opportunities	16	22	36	24
Secondments for academics	10	28	28	28

Table 7: "Thinking specifically about your organisation's relationship with higher education institutions, which of the following activities: a) has your organisation been involved in? b) would your organisation consider in the future? (Source: the Institute's Quick Reaction Survey, June 2008)

12. How can we do more to increase the level of STEM skills in the existing workforce?

12.1 The Institute welcomes DIUS's recent announcement of further Train to Gain funding to the science, engineering and manufacturing technologies industries, through Semta, to improve skills in these sectors. However, it is also important to recognise the critical need for those with high level STEM skills to have strong management and leadership skills.

12.2 There are around 194,000 managers within the science, engineering and manufacturing sectors, the fifth largest number of managers in any sector represented by a Sector Skills Council. In addition, the Institution of Mechanical Engineers estimates that 76 per cent of professional engineers have a significant managerial function: for 36 per cent their main function is managerial; while for 24 per cent their main function is technological; and 40 per cent share both functions equally.

12.3 It is by providing appropriate management and leadership skills to those with specialist engineering and technology skills, that individuals will be able to identify clearer career pathways through to management roles for which they will also be better equipped and prepared.

This is a critical factor that could improve both the attraction and retention of highly-skilled engineers by employers, and will also drive organisational performance through better management and leadership.

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