

# Research Bulletin 19/4 | Understanding Employer Skills Issues at the Local Level in Northern Ireland

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April 2019

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## Summary

One of the five pillars in the draft Industrial Strategy is 'Enhancing Education, Skills and Employability', with a key objective being to "ensure that we have a skills pipeline that meets, and responds in an agile way, to the changing demands of business and the economy." One of the tools available to identify the skills needs of businesses and employers is the UK Employer Skills Survey (ESS) which is one of the largest business surveys in the world.

The 2017 survey is the fourth in a series conducted biennially since 2011. ESS 2017 enables assessment of how skills deficiencies are impacting business and organisational performance at both UK and a more local level. It measures the prevalence, character and impact of skills challenges, and details the nature and extent of employer investment in skills and training.

The aim of this research was to understand the key skills issues facing employers in Northern Ireland (NI), and how these differ on a sub-regional level. This article focuses on the findings in the survey on the prevalence and impact of skills-shortage vacancies across Northern Ireland.

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## Introduction

The draft Industrial Strategy for Northern Ireland<sup>1</sup> recognises employee skills as a key component of future economic growth. The strategy makes a priority of "supporting skills development to meet the needs of industry". In order to support this aim, it is important to understand the skills needs of employers and what skills they feel are currently lacking, or difficult to find, in applicants for their vacancies.

When employers have vacancies it can either be a positive indicator of growth, or present challenges if they are recruiting to replace the loss of key personnel or plug gaps in the workforce due to high levels of staff turnover. If employers are unable to recruit individuals with the skills, qualifications or experience they require, it is likely to impact on their ability to fulfil existing work and to grow.

Insight into the challenges that employers report when accessing the labour market is a valuable step in identifying where the labour market is not supplying employers with the skills it needs. ESS 2017 provides a detailed understanding of the level and nature of employer demand for new staff and the ability of the labour market to meet

this demand. This sets the context for then exploring imbalances and mismatches in the labour market that result from a lack of skills.

## Employers Skill Survey 2017<sup>ii</sup>

The ESS covers 4,000 employers in NI and is therefore a comprehensive evidence base to draw from. A key strength of the ESS is its ability to make sub-regional distinctions. This is important as regional balance has become increasingly important in recent years through the devolution of powers to local councils, introduction of City Deals and consideration being given to sub-regional targets in the draft Programme for Government and Industrial Strategy. As a result, policy makers are having to consider issues and responses not just at an NI-level but increasingly at a sub-regional level too.<sup>iii</sup>

The latest survey was carried out between May and October 2017. Employers with at least two people on the payroll were in scope, and interviews were conducted at an establishment level with the most senior person at the site with responsibility for human resources and workplace skills.<sup>iv</sup>

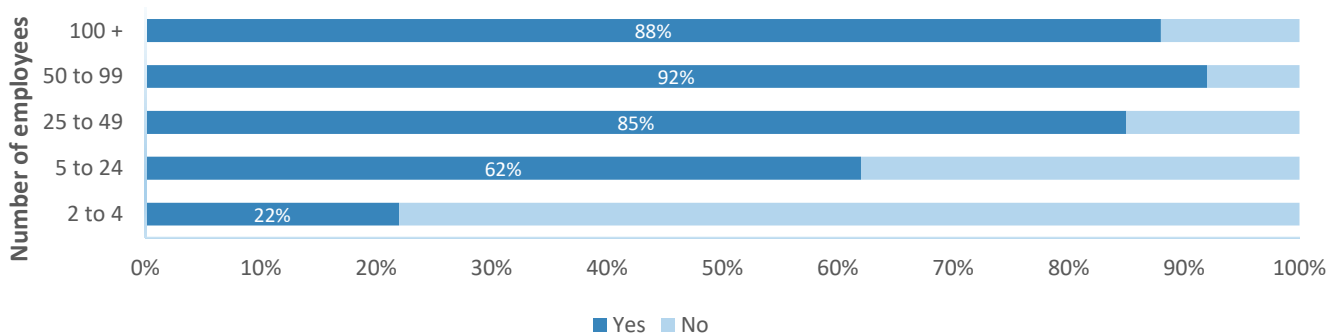
This article focuses on the results of the survey on the prevalence of skills-shortage vacancies (SSVs), the types of skills employers struggle to find in applicants, and the impact employers feel SSVs have on their business and operations.<sup>v</sup> Skills-shortage vacancies are defined as vacancies that employers find hard to fill due to the lack of required skills, qualifications, or experience amongst applicants.

## Vacancies in Northern Ireland

Across Northern Ireland, 42% of establishments reported having recruited employees in the past 12 months. This proportion was highest in Belfast, where 51% of establishments had recruited in the last 12 months, and lowest in the South and North regions, where 39% of establishments had recruited in the last 12 months.

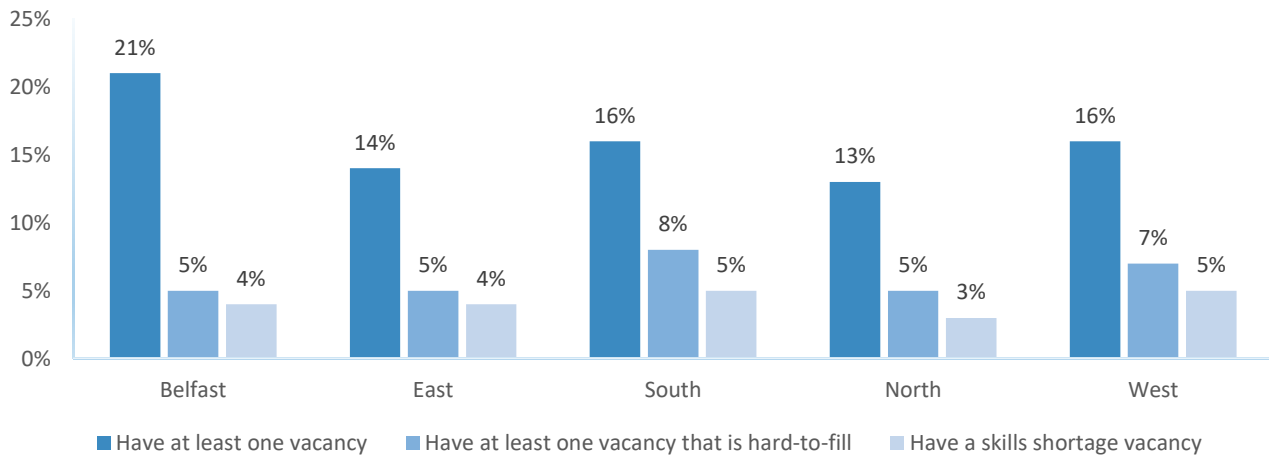
**Figure 1** below shows whether establishments had recruited or not in the past 12 months, by size of establishment. Small firms were the least likely to have recruited, 22% of establishments with 2-4 employees had recruited in the last 12 months, while 88% of establishments with 100 or more employees had recruited in the past 12 months.

**Figure 1: Has establishment recruited anyone in the past 12 months?**



**Figure 2** below shows the regional summary of the vacancy situation. Belfast had the highest proportion of establishments with at least one vacancy, at 21%, while the North region had the lowest proportion (13%). South region had the highest proportion of vacancies that are hard-to-fill (8%), while South and West regions had the highest proportion of skills-shortage vacancies at 5% each. North region had the lowest proportion of skills-shortage vacancies at 3%.

**Figure 2: Regional summary of vacancy situation**

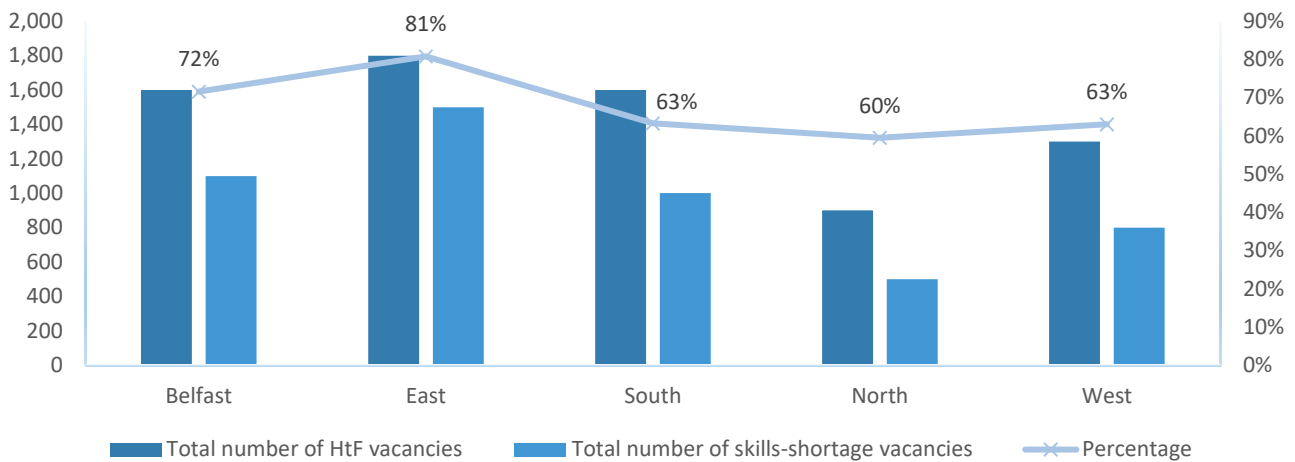


Across all establishments in Northern Ireland, the average number of vacancies was 0.4 vacancies per establishment. For those establishments with vacancies, the average number of vacancies was 2.5 per establishment. This was highest in the North region, at 3.7 vacancies per establishment, and lowest in the South region, with 2 vacancies per establishment with vacancies.

### Skills Shortage Vacancies

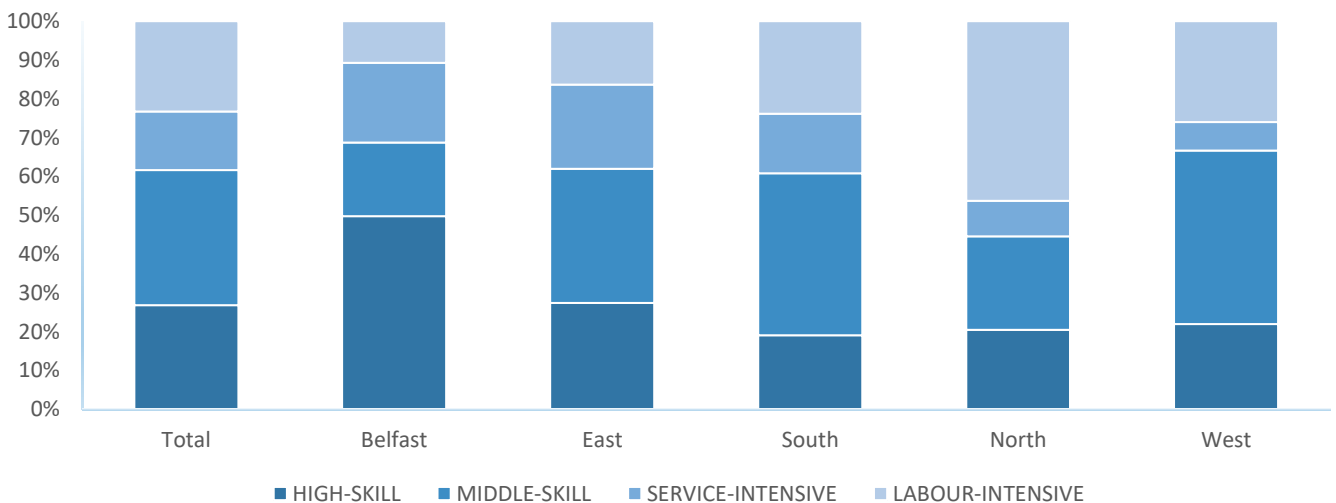
When employers struggle to fill vacancies, this is often due to a lack of the required skills, qualifications or experience amongst applicants. Collectively these are known as 'skill-shortage vacancies'. Across Northern Ireland, 69% of all hard-to-fill (HtF) vacancies were classified as skills-shortage vacancies. This figure was highest in the East region, with 81% of HtF vacancies being SSVs, and lowest in the North region, where 60% of HtF vacancies were classed as skills-shortage vacancies. This is shown in **Figure 3** below.

**Figure 3: Skills-shortage vacancies as a proportion of all hard-to-fill vacancies**



SSVs can be classed into 4 types: high skill, middle skill, service intensive, and labour intensive. Across the sub regions, there are variations in the prevalence of the different types of skills-shortage vacancies, shown in **Figure 4** below. Belfast had the highest proportion of high-skill vacancies (50%), compared to the NI total of 27%. East region had the highest proportion of service-intensive vacancies (22%), compared to the NI total (15%). South region had the highest proportion of middle-skill vacancies (42%), compared to the NI total of 35%. North region had the highest proportion of labour-intensive vacancies (46%) compared to the NI total (23%). West region had the highest proportion of middle-skill vacancies (45%) compared to the NI total of 35%. These figures indicate that different skills may be needed across the sub-regions to meet the demand of hard-to-fill vacancies.

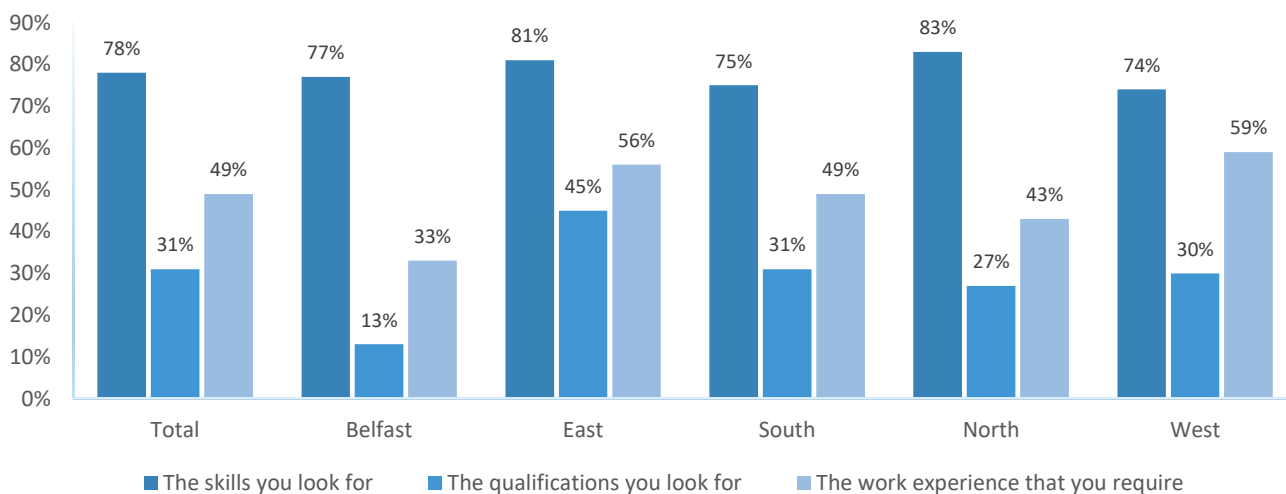
**Figure 4: Types of skills-shortage vacancies**



All respondents to the ESS who indicated that they had hard-to-fill vacancies due to a lack of quality applicants were asked what qualities they felt applicants lacked, **Figure 5** highlights the responses. At a NI level 78% of respondents felt that applicants lacked the skills they were looking for, 31% felt applicants lacked the qualifications they were

looking for, and 49% felt applicants lacked the work experience they required. Respondents could pick multiple options.

**Figure 5: Employer responses to causes of having a hard-to-fill vacancy due to lack of quality applicants**



Across the sub regions, a lower proportion of employers in Belfast felt that applicants lacked qualifications (13%) or work experience (33%) than the NI total. The East region had a higher proportion of respondents citing lack of skills (81%), qualifications (45%), and work experience (56%) than the NI total in general. South region and North region were broadly in line with the NI total responses, while in the West region, fewer employers cited a lack of skills (74%) compared to the NI total (78%), but a greater proportion cited lack of work experience (59%) as a factor than the NI total (49%).

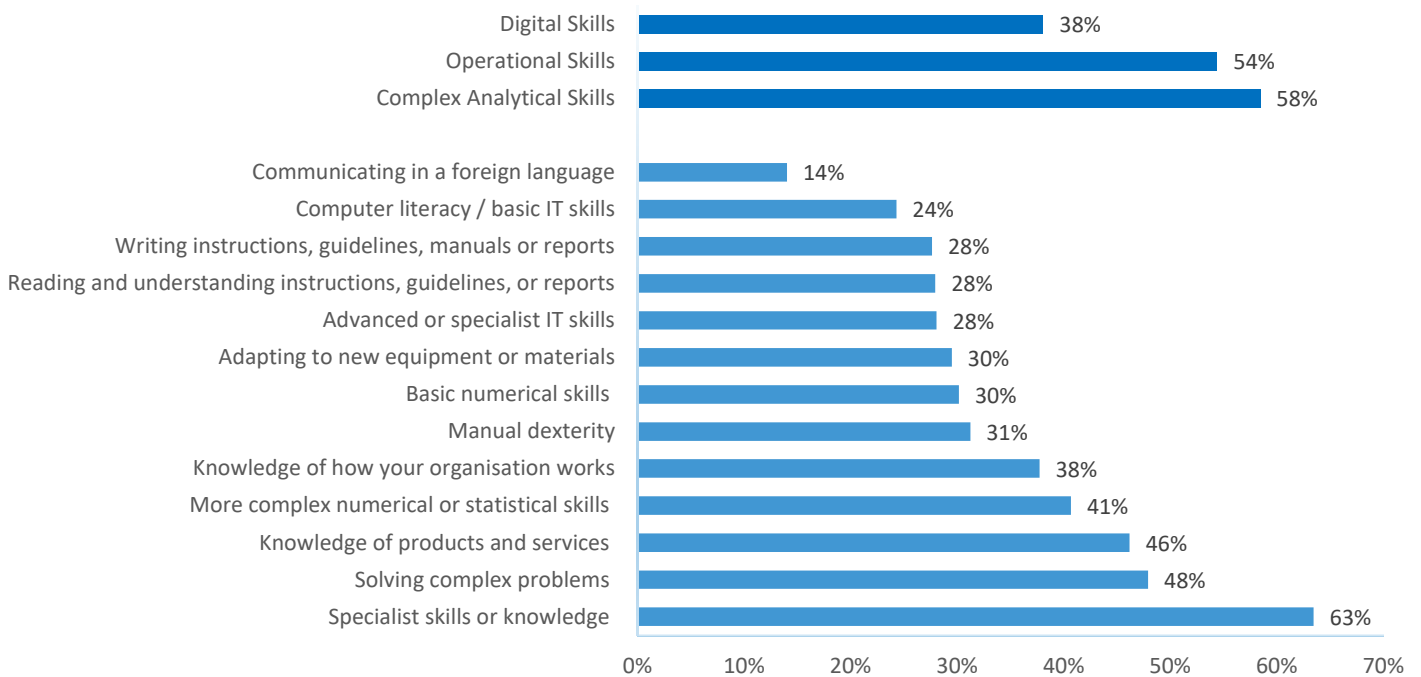
The specific skills that employers perceive to be lacking among applicants can be broadly grouped into two categories:

- Technical and practical skills – these are the specific skills required to perform the specific functions of a job role.
- People and personal skills – these are the ‘softer’, less tangible skills required to manage oneself and interact with others in the workplace.

Respondents to the survey who had hard-to-fill or skills-shortage vacancies were asked what specific skills they found difficult to obtain from applicants. In NI in total, 57% of employers with SSVs said that they found technical and practical skills difficult to obtain from applicants. This figure was highest in the North region (66%), and lowest in the East region (50%). 33% of employers with SSVs responded that it was difficult to obtain people and personal skills from applicants, this figure was highest in the East region (42%), and lowest in the North region (23%).

**Figure 6** below shows the technical and practical skills employers with skills-shortage vacancies found difficult to obtain from applicants. These responses were then grouped into 3 categories: complex analytical skills (58%), operational skills (54%), and digital skills (38%). Respondents could give multiple responses to the question.

**Figure 6: Technical/ practical skills found difficult to obtain from applicants**



63% of respondents indicated that they struggled to find applicants with the specialist skills or knowledge for the role, while 48% felt applicants lacked complex problem solving skills. 30% of respondents indicated that basic numerical skills were lacking in applicants, and 28% indicated reading and understanding instructions, guidelines or reports was a skill they found difficult to obtain from applicants. 28% of employers noted that computer literacy or basic IT skills were difficult to obtain from applicants.

Across the sub regions, the highest proportion of employers citing a lack of complex analytical skills was in the South region (64%), while the lowest was in Belfast (43%). The highest proportion of employers citing a lack of operational skills was in the West region (64%), while the lowest was in Belfast (50%). The highest proportion of employers citing a lack of digital skills from applicants was in Belfast (43%), while the lowest was in the South region (34%). This variation is likely explained by the different employment bases across the regions.

**Figure 7** below shows the soft/ people skills employers with skills-shortage vacancies found difficult to obtain from applicants. These responses were then grouped into 3 categories: management and leadership skills (49%), sales and customer skills (43%), and self-management skills (60%). Respondents could give multiple responses to the question.

**Figure 7: Soft/People skills found difficult to obtain from applicants**



56% of employers with skills-shortage vacancies cited the ability to manage own time and prioritise tasks as a skill they found difficult to obtain from applicants. 38% of respondents cited customer handling skills, 36% cited team working, and 25% cited sales skills as skills they found difficult to obtain from applicants.

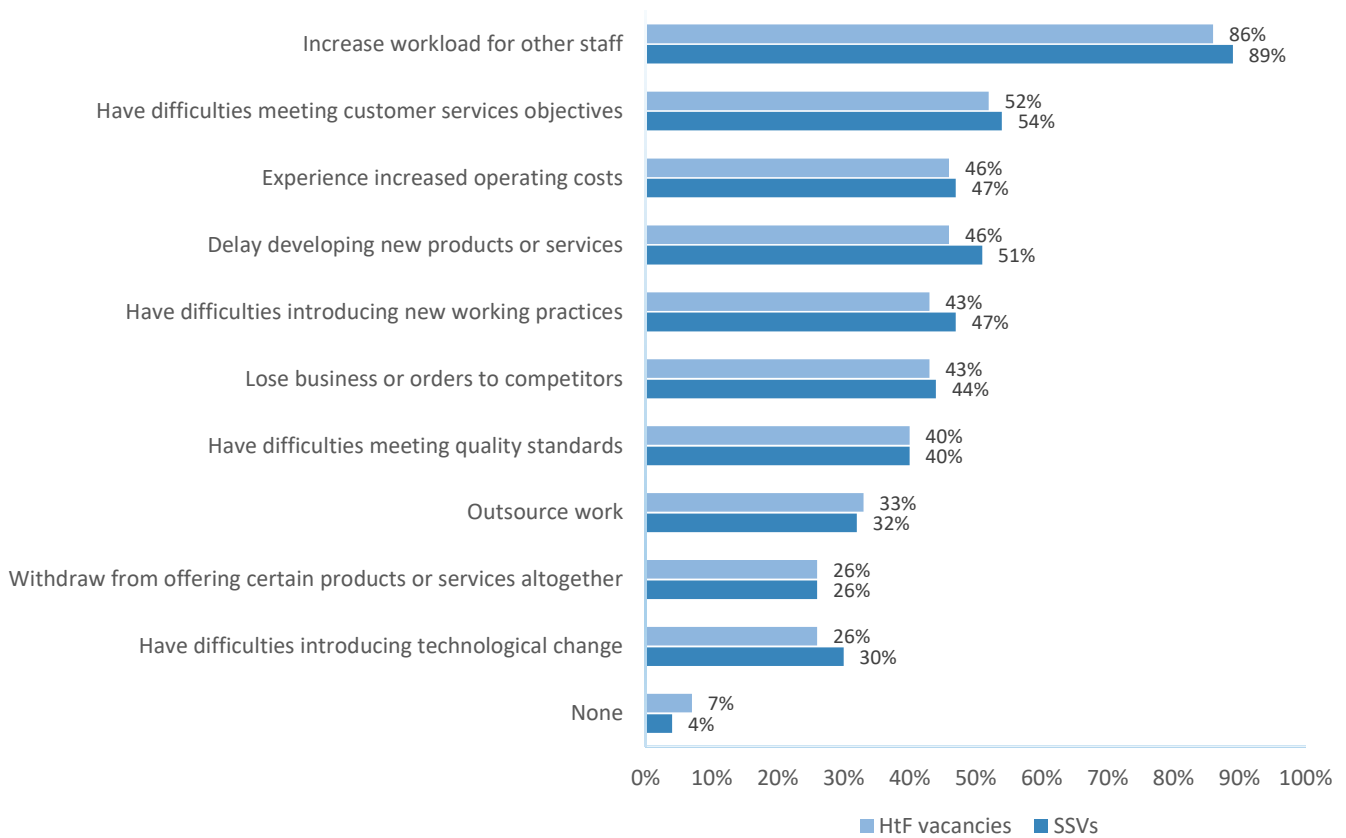
The highest proportion of employers citing management and leadership skills as difficult to obtain from applicants was in the South region (59%), while the lowest was in the East region (44%), compared to the NI total of 49%. The highest proportion of employers citing sales and management skills as difficult to obtain from applicants was in the East region (49%), while the lowest was in the South region (39%), compared to the NI total of 43%. The highest proportion of employers citing difficulty in obtaining self-management skills was in the South region (73%), while the lowest was in Belfast (42%), compared to the NI total of 60%.

### Impact of Skills-Shortage Vacancies

Although skill-shortage vacancies are reported by a minority of employers (5%), for those that have them the impact can be significant.

Employers who had hard-to-fill or skills-shortage vacancies were asked what the implications of these vacancies were. **Figure 8** below shows the responses to this question. The main impact employers cited was an increased workload for other staff members, with 86% of employers with HtF vacancies, and 89% of those with SSVs citing this as a concern. 47% of employers with SSVs indicated that they would experience increased operating costs, while 44% felt that they would lose business or orders to competitors. Only 4% of establishments with skills-shortage vacancies indicated that the SSVs would have no impact on their business.

**Figure 8: Implications of Hard-to-fill (HtF) and Skills-Shortage Vacancies (SSVs)**



**Conclusion**

The skills profile of vacancies varies across NI, with the highest proportion of high skilled vacancies in Belfast (50%), and this variation is likely to be explained by sectoral differences between regions.

While a minority of vacancies across Northern Ireland (5%) are classed as skills-shortage vacancies, these vacancies can have a big impact on employers, particularly in increasing the workload on other staff, having trouble meeting business targets and objectives, or increasing costs. The findings also suggest that there is a disconnect between qualifications and the practical and soft skills required in the workplace, which are often gained through work experience.

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<sup>i</sup> Draft Industrial Strategy for Northern Ireland: <https://www.economy-ni.gov.uk/sites/default/files/consultations/economy/industrial-strategy-ni-consultation-document.pdf>

<sup>ii</sup> Employer Skills Survey 2017: UK main report: <https://www.gov.uk/government/publications/employer-skills-survey-2017-uk-report>

<sup>iii</sup> ESS NI combines the 11 District Council areas into the following five areas: Belfast, East, South, North, West. Further detail can be found in the methodology section of the Northern Ireland data tables (see endnote v below).

<sup>iv</sup> Detailed information on the methodology, response rates, and weighting of the survey can be found in the UK-wide technical report:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/733999/Employer\\_Skills\\_Survey-Technical\\_report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733999/Employer_Skills_Survey-Technical_report.pdf)

<sup>v</sup> The full Northern Ireland data tables can be found here: <https://www.gov.uk/government/publications/employer-skills-survey-2017-northern-ireland-toolkit>