

Scotland's Future Workforce – “Keeping Pace in the Global Skills Race?”



A study undertaken by SCDI on behalf of
British Council Scotland
June 2014

Foreword

Globalisation matters to all nations but particularly to smaller nations such as Scotland. The increasing interdependency of nations through the exchange of products, world views, ideas, knowledge and various aspects of culture means that Scotland needs to ensure it remains relevant and competitive on a broad international stage. Nations have to adjust rapidly in this globalised environment, as set out, for example, by the Scottish Government's ambition of a 50% increase in Scotland's exports by 2017.

In order to attain this, Scottish businesses need a workforce, in particular young people as new entrants to the labour market, with the skills to operate internationally. These transferable skills include communication and language ability, team work and leadership, but also intercultural awareness. It is also important that these skills are applied across different cultural contexts.

Being involved in the supply of and demand for native speakers to teach foreign languages in Scottish schools, through the Language Assistants programme, the British Council has become increasingly concerned about the international outlook and aspirations of young Scots. We decided to commission a survey by the Scottish Council for Development and Industry (SCDI), to establish the views of business employers, young people and institutions of higher and further education in Scotland; to find out what value they place on 'global' or transferable skills and what they see as the needs, opportunities and barriers to establishing a globally aware labour force.

As you will read, the main findings of the study were:

- a) that 76% of businesses think Scotland is in danger of being left behind by emerging countries and 67% agree Scotland is being left behind by EU economies;
- b) that many young people hope to work in careers with an international dimension, but their confidence and ambition appear to decline with distance and unfamiliarity of the location; the most attractive destinations being Europe (89%), North America (69%) and Australasia (57%);
- c) that financial considerations and language skills were cited by young people as the top barriers to working and studying abroad (78% and 58% respectively).

What is encouraging in this report is the willingness of businesses to work with education providers and cultural organisations to help young people acquire the skill set that they need.

British Council is already working to provide opportunities to work, study and volunteer abroad, and so acquire the necessary skills. As a cultural relations organisation, we can help young people and businesses alike expand their horizons and explore new cultures and new markets, which often still seem too unfamiliar. For us, building long-term relationships and trust between the people of Scotland and countries abroad will help build prosperity worldwide.

What we need to take from this report is the importance that young people attach to acquiring transferable skills that include inter-cultural understanding. Their interest in taking part in programmes that provide opportunities to learn such skills is obvious; but they need organisations like ours to reduce the barriers to mobility and so make the world more accessible to them.

Dr Lloyd Anderson, Director
British Council Scotland

About SCDI

‘Engaging Civic Scotland: Driving Economic Growth’

The Scottish Council for Development & Industry (SCDI) is an independent, not for profit economic development organisation representing a diverse membership base in excess of 1200 members, located Scotland-wide.

We seek to influence and inspire government and key stakeholders with our ambition to create shared sustainable economic prosperity for Scotland. Our membership is drawn from Scottish business of all sizes and sectors, trade and professional associations, universities and colleges, local authorities, public sector agencies and the third sector. The internationalisation of the Scottish economy has always been a high priority for SCDI.

The SCDI membership has a strong representation from businesses working internationally - from multinationals located in Scotland, to Scottish small and medium sized exporters, to Scotland’s universities and colleges - and we have a network of overseas contacts developed through 50 years of international trade programmes.

Methodology

British Council Scotland invited SCDI to undertake a survey of employers, potential employees and education providers which would identify the value placed on the global skills of Scotland’s young people, or concerns about any deficit in these. SCDI carried out three linked online surveys of the following:

- *Leaders of businesses based in Scotland, targeted at those known to have international interests – over 100 responses received*
- *Young people in Scotland, via the Adopt an Intern network of recent graduates – over 100 responses received*
- *Leaders of educational institutions in Scotland – 18 responses received, 11 from Universities, and 7 from Colleges*
- *SCDI also undertook 16 telephone interviews across the three surveys*

The results of these surveys form this new report, which is intended to be a Scottish-specific update of the UK-wide Global Skills Gap: Preparing Young People for the Global Economy survey report published by the British Council in 2011.

The following are some key demographics of the respondents to all three surveys:

- Diversity of key industries, including oil and gas, business services, manufacturing, ICT, transport, creative industries, social enterprise, financial services and legal. These included businesses of all sizes
- Four fifths of respondents (79%) are headquartered in Scotland
- 18% of respondents reported over 80% of their business generated outside the UK
- The majority of young people responding were recent university graduates, and from all over Scotland, with a wide range of career ambitions highlighted
- A quarter of respondents had attended High Schools outside the UK
- In addition to studying in Scotland, a third of respondents also studied either in the rest of the UK or abroad
- English is the first language of the majority of respondents (73%), 6% are bilingual

Introduction

The importance of global skills in an internationalised world should not be understated. In seeking to define what is meant by global skills, the survey asked respondents to express their own definition. The following are examples of how respondents described global skills:

- *“skills which are in global demand and transferable anywhere”*
- *“a mindset and skills set which translates across linguistic, social and cultural contexts”*
- *“there are two elements: the first is skills that are transferable and deployable no matter where one is in the globe, and the second comprises the range of cognitive skills that allow the building of empathy and trust with people from other cultures”.*

These examples echoed this survey’s intentions, with the definition of global skills as transferable skills which can be applied across inter-cultural and international contexts.

The issue of soft skills is also present throughout the report. The definition of global skills above underlines that soft skills represent a subset within the broader parameters of applying these in an inter-cultural context.

In this report, our analysis shows that businesses and educational institutions recognise that, in order to rebalance the economy and increase exports, Scotland needs to develop the global skills of its young people. According to the research, unless we improve the way in which we help young people to think more globally, Scotland is in danger of being left behind by emerging markets and other EU economies.

There is no reason why Scotland should not be able to adequately compete in the global skills race, and a combined effort from all sectors will broaden the horizons of young people, resulting in an increase in global opportunities and ambitions.

Summary of the Findings

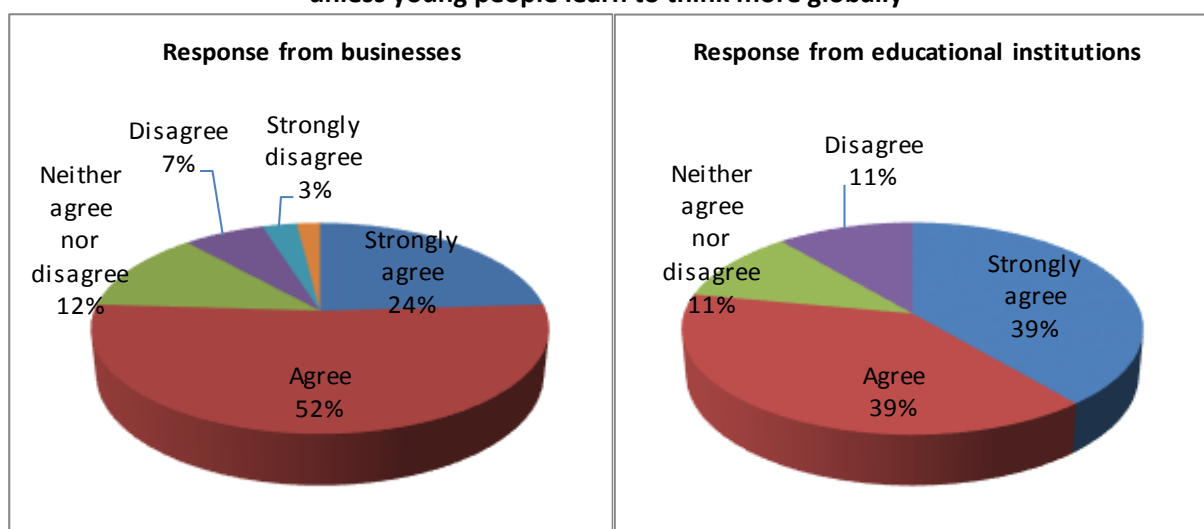
- 76% of businesses think that Scotland is in danger of being left behind by emerging countries, and 67% agree or strongly agree we are being left behind by EU economies
- Less than half (42%) of businesses agree that they are able to recruit young people in Scotland with the global skills required by the business, and almost half (47%) think that a lack of young people with the required global skills, in Scotland, may be a constraint on their international business plans over the next five years
- Many young people hope to work in careers with an international dimension, but confidence and aspiration appear to erode/ diminish in line with distance and unfamiliarity of emerging markets. The greatest attraction for those young people expressing an interest in working in international markets is Europe (89%), North America (69%), and Australasia (57%), but only 35% specified China, 28% India, and 18% Russia
- Financial considerations (78%) and language skills (58%) were cited by young people as the top barriers to working and studying abroad
- 'Soft skills' are highly-prized. The highest priority for businesses, educational institutions and young people is the ability to work well with people from other parts of the world, such as clients, customers and businesses. Educational institutions and young people are especially concerned about languages
- While there is a view, albeit not universal, that it is improving, a significant number of businesses, educational institutions and young people believe that the education system could do more to encourage an outward looking perspective in Scotland's young people
- The opportunities for joint action are significant and the motivation is present. Many businesses and educational institutions agree that businesses should be taking more of an active role in the education system e.g. a key global skill for businesses is awareness and knowledge of different business cultures in other countries. This is an area in which educational institutions almost universally agree that they could do more to help young people, while businesses are able to contribute unique insights
- Young people would like improved careers advice and more personalised pathways to transition from education to employment, including greater international opportunities. Educational institutions believe that they could do more to highlight opportunities with Scottish employers for graduates with global aspirations

Concerned Businesses...Confident Young People

Scotland's businesses and educational institutions are concerned about the need for its young people to improve their global skills, and the economic impact if they do not. Over three-quarters of businesses (76%) and educational institutions (78%) strongly agree or agree that "Scotland is in danger of being left behind by fast growing emerging countries such as China, India and Brazil unless its young people learn to think more globally".

Figure 1

Scotland is in danger of being left behind by fast growing economies such as China, India and Brazil unless young people learn to think more globally



This concern also exists among businesses (67%) and educational institutions (78%) in relation to Scotland's future competitiveness with European Union economies, indicating a belief that among developed economies Scotland has a weaker global skills base. These results suggest that a deficit in global skills may be a significant handicap to the international growth of some businesses, and to Scotland's target to increase the value of its exports by 50% by 2017. Among businesses, 47% agreed or strongly agreed that a lack of young people in Scotland with the required global skills, may be a constraint on their international business plans in the next five years, while only 19% disagreed or strongly disagreed.

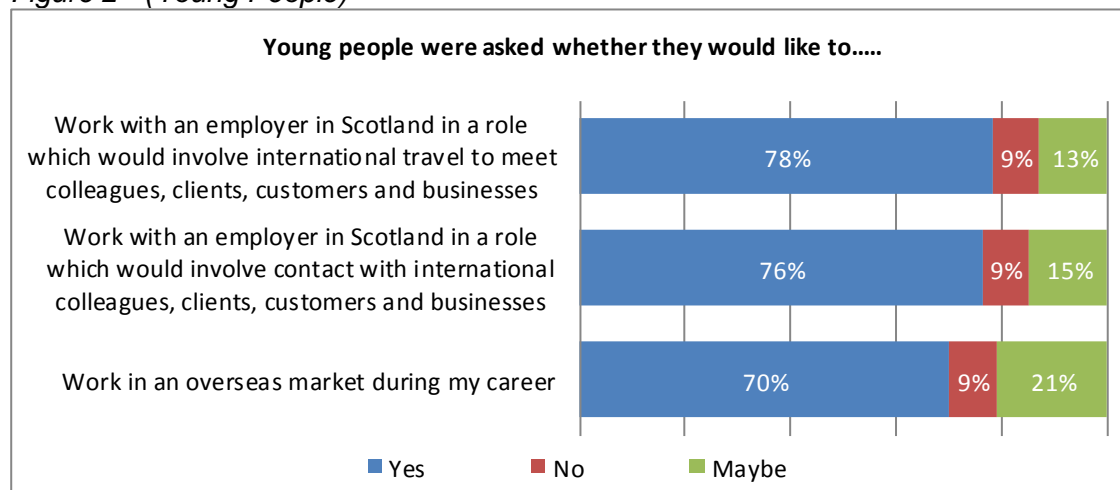
"We live in a globalised world and we are not competing with other students and people locally anymore. It's important to raise your game and realise you are competing with people all around the world.

My degree has helped me to develop softer skills and has a practical element to the degree programme, which helps students with team work and presentations. The exchange has definitely broadened my horizons as I was with people from five different continents. I have respect and understanding for people from different cultures and when you put all of these experiences together that helps develop your skills."

Student, University of Strathclyde

Weaknesses in global skills would also restrict the ability of Scotland's young people to take advantage of the opportunities in the global economy. While the young people who participated in the survey may be more globally ambitious and skilled than most, their appetite for work with an international component is still striking. The survey reported that 70% would like to work in an overseas market during their career.

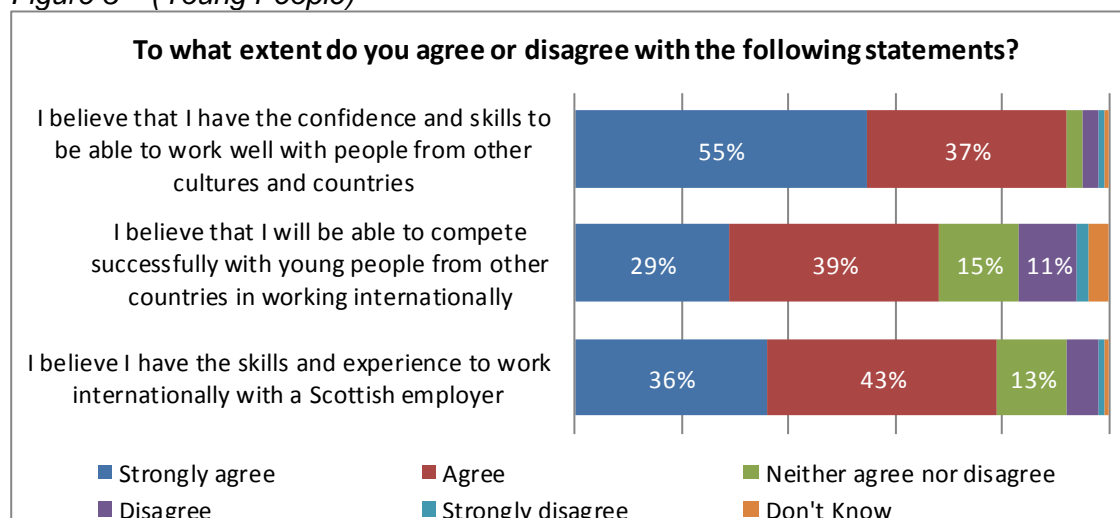
Figure 2 - (Young People)



Young people themselves appear more confident about their global skills, with 92% of young people surveyed believing that they have the confidence and skills to be able to work well with people from other cultures and countries and 79% believing that they have the skills and experience to work internationally with a Scottish employer. However, it is noticeable that a lower percentage (68%) believes that they will be able to compete successfully with young people from other countries in working internationally. Relatively weak language skills were cited in their comments by a number of young people as a reason for this lower confidence.

When presented with a choice of which 'international experiences' they have already had, 80% of respondents said they had learnt a language to a level where a simple conversation could be held. Three quarters had close friends from overseas, just over half (52%) had travelled abroad (for more than 3 months), 43% had worked abroad and 41% had studied abroad.

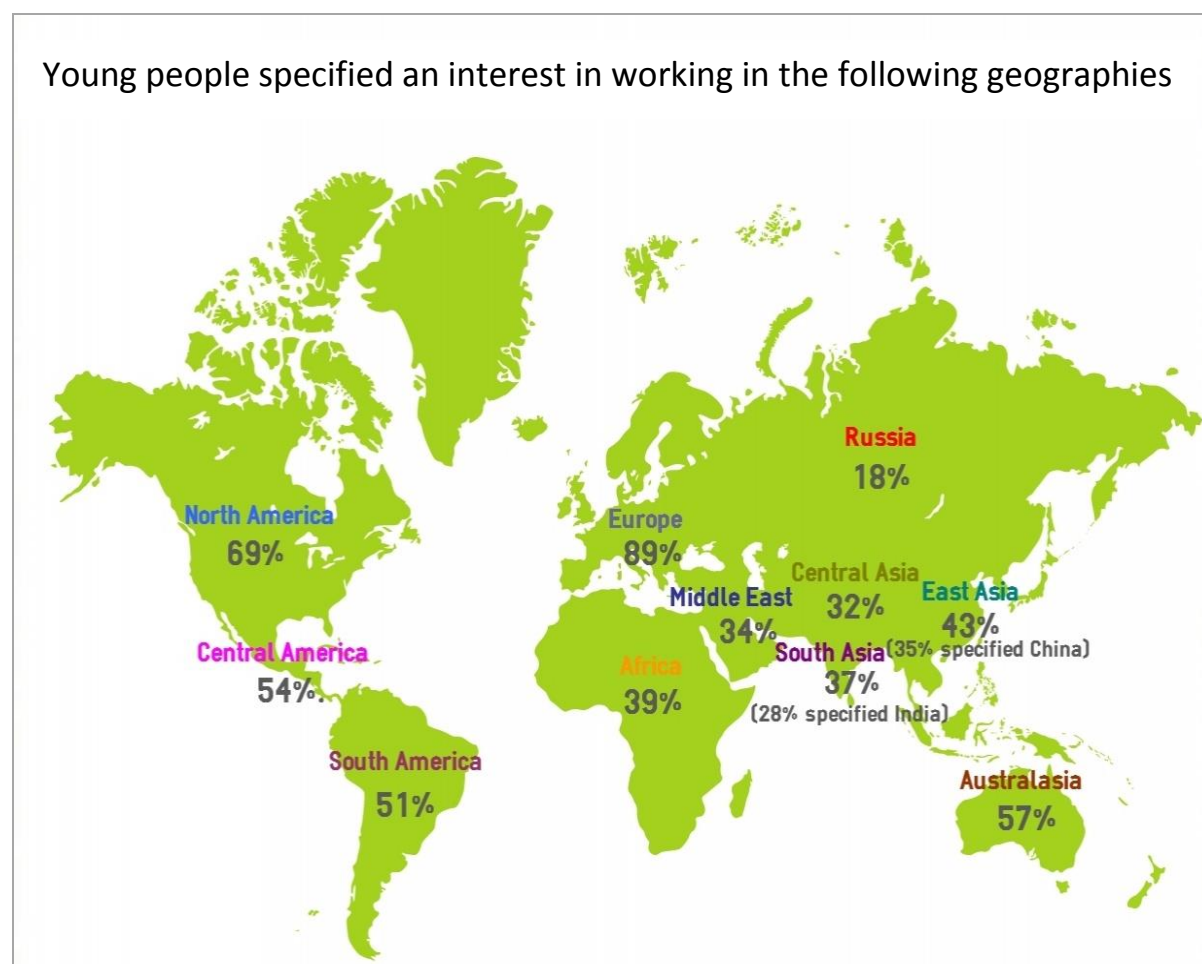
Figure 3 – (Young People)



The global ambitions and confidence of Scotland's young people seem to reduce the more unfamiliar and distant the culture from Scotland. One employer commented that "the skills gap is generally down to a relatively low number of truly international businesses in Scotland". This may suggest that it is not only young people who may lack the ambition or confidence to explore unfamiliar places, but that businesses themselves are not fully exploiting potential opportunities, as shown by the relatively low level of Scottish exports in some of the more distant, but fastest-growing regions.

While there is strong interest in working in Europe (89%), North America (69%) and Australasia (57%), there is markedly less enthusiasm about Africa (39%), China (35%), India (28%) and Russia (18%). While businesses understand that the BRICS markets enjoy higher growth and more adventurous career opportunities than developed economies, it appears that young people in Scotland have a lesser appreciation; or that fear of their unfamiliarity over-rides such opportunities. With Scotland's export performance in these markets relatively poor, there is an opportunity to improve the cultural awareness of these countries among Scotland's young people. This may stimulate greater willingness and ability to work successfully in these markets and to adopt strategies such as greater diversity of language skills.

Young people specified an interest in working in the following geographies



Which Global Skills Are Required?

Figure 4 – (Businesses)

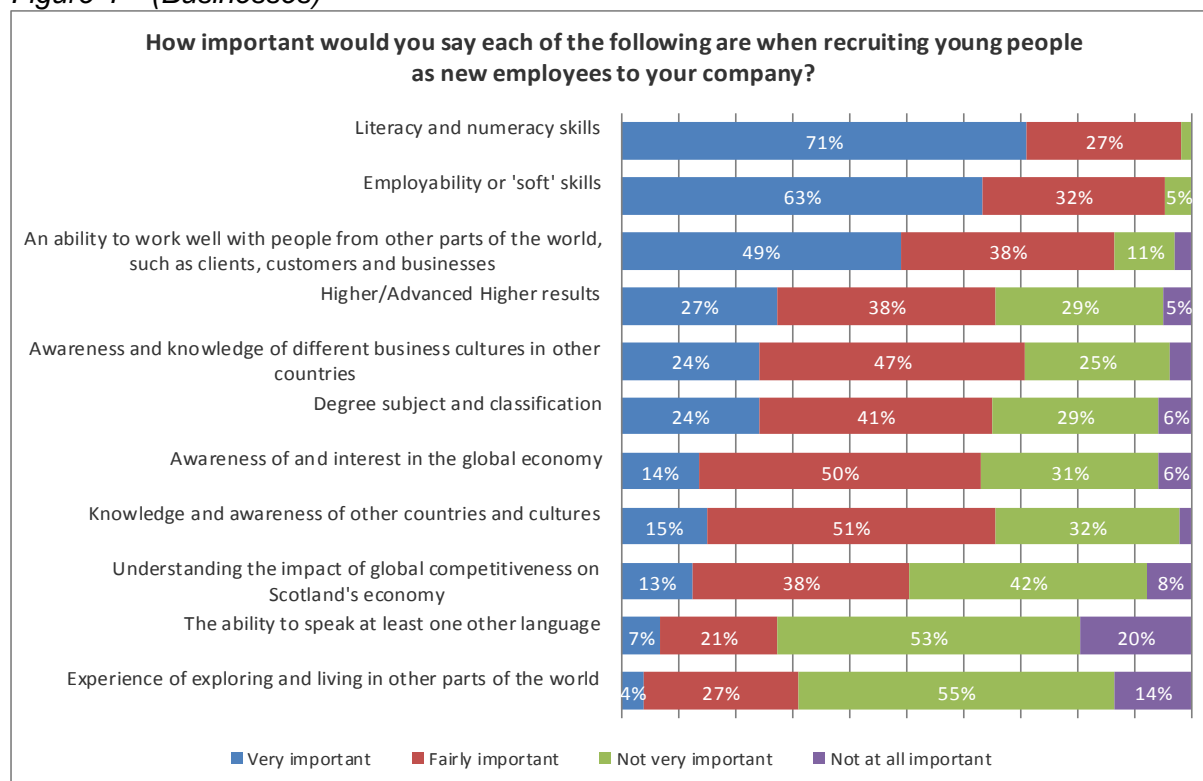


Figure 5 – (Young People)

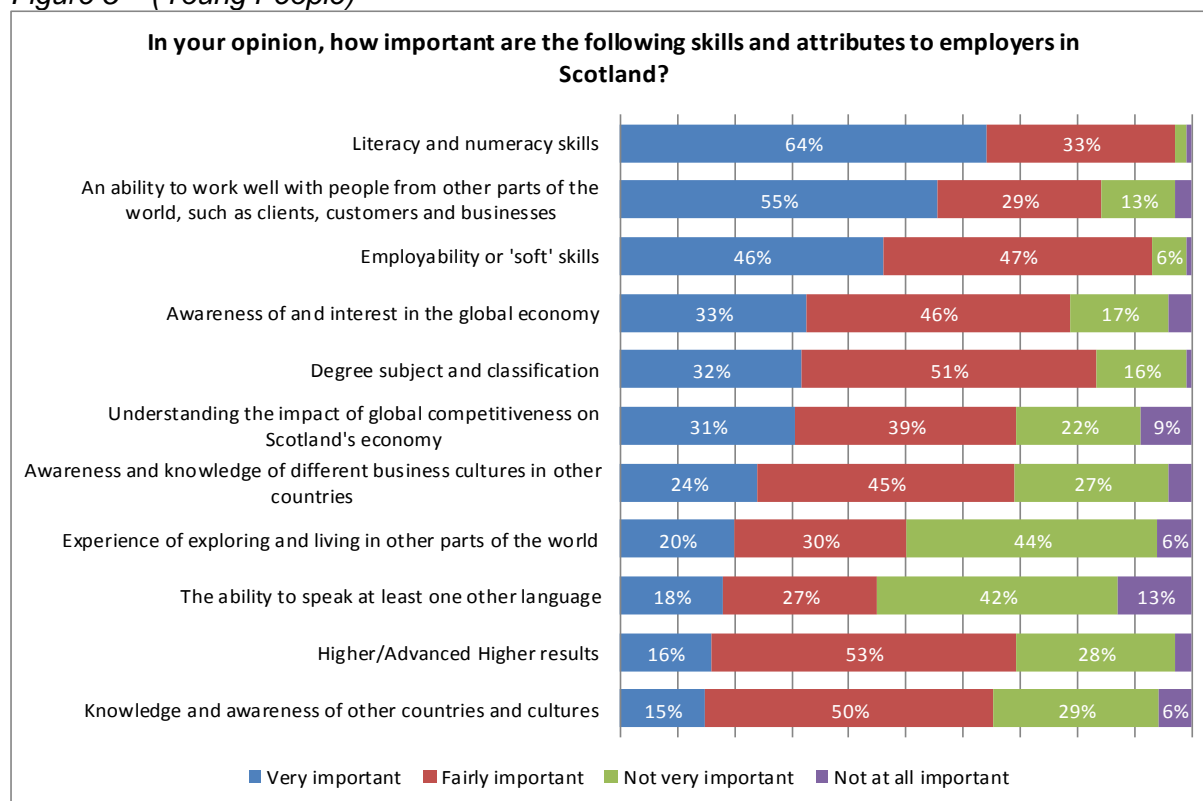
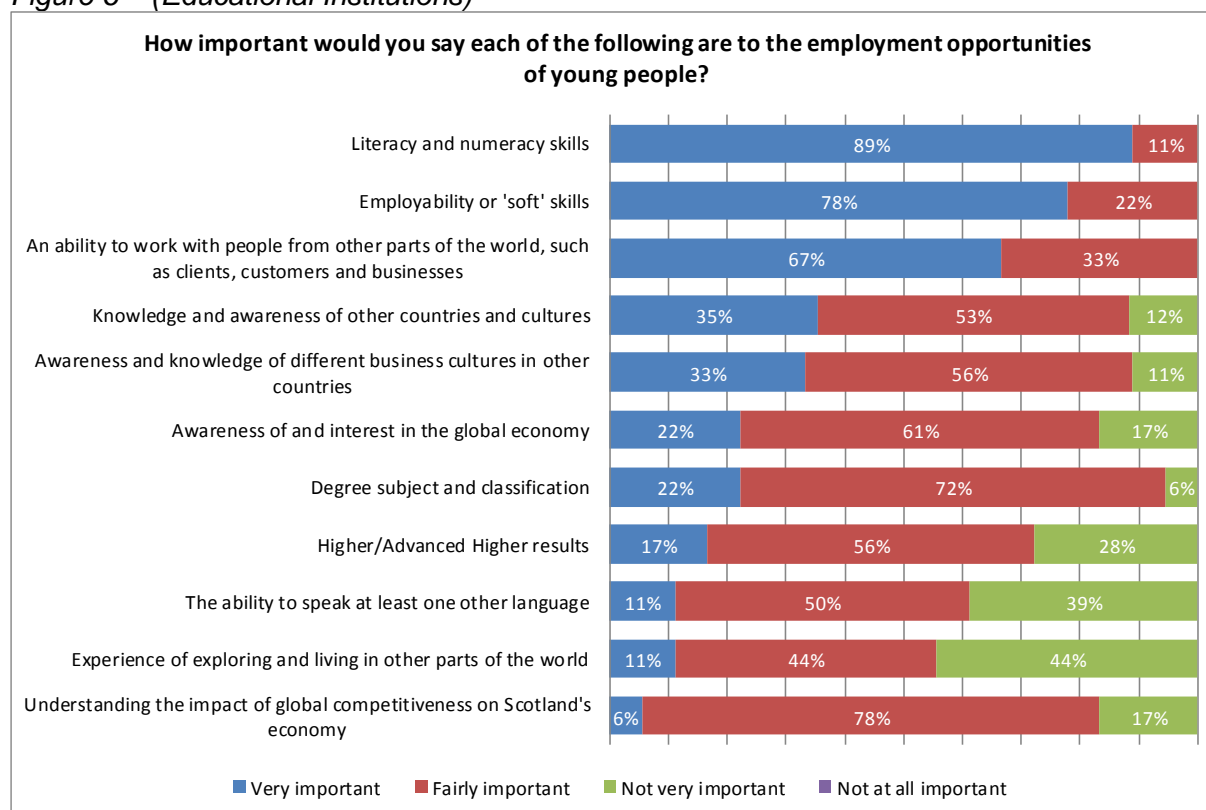


Figure 6 – (Educational Institutions)



Over 90% of businesses, educational institutions and young people identified literacy and numeracy skills and employability, or 'soft' skills, as either very important or fairly important to the employment prospects of Scotland's young people. While these are skills which are equally important to success in roles which do not have an international dimension, it is recognised that they are essential attributes within a competitive global skills set.

These 'soft' skills – communication, teamwork, interpersonal etc - are a fundamental subset of what businesses and educational institutions describe as 'global skills'. These play a vital role in enabling awareness of, and adaptability to, different cultures; to recognise and respect a variety of international behaviours; and to be open, confident and entrepreneurial, viewing opportunities 'in a wider context that is not constrained by national or cultural barriers'.

In the research, the global skill which is ranked highest by businesses, educational institutions and young people is an ability to work well with people from other parts of the world, such as clients, customers and businesses. Businesses prioritise commercial global skills rather than more general skills or experiences. While only 31% of businesses agree or strongly agree that experience of exploring or living in other parts of the world is important, 71% would like the young people that they recruit to be aware or have knowledge of different business cultures in other countries.

There is, perhaps, some disparity in these responses, as it could be questioned how young people are enabled to adequately comprehend different business cultures, without some experience of having lived in different parts of the world. It may have been interpreted by respondents in business and educational institutions that 'exploring and living in other parts of the world' necessarily involves an extended period of time overseas, whereas alternative ways of learning about other cultures may not require such time commitment.

A number of employers indicated that they sought to hire young people with a high level of soft skills, providing a platform to develop attributes in working well with people from other business cultures. However, given the concerns expressed that Scotland may be left behind unless its young people learn to think more globally, it could be asked whether this is too late. The strong willingness of employers to take a more active role in the education system (see below) suggests that employers would welcome a greater focus on global skills in education - especially those appropriate to the commercial environment, but believe that employers need to be more closely involved to ensure that content is relevant to business needs.

There is also a level of disagreement between businesses, educational institutions and young people concerning the importance of being able to speak at least one other language. While 61% of educational institutions agree or strongly agree that this knowledge is important to the employment opportunities of young people, less than half (45%) of young people and only 28% of employers share this view. Businesses were, perhaps, commenting on language skills needs in their own workforce and some are not currently internationally active or only prioritise languages where there is a particular need. While some businesses are passionate advocates of language skills, there is also a contrary view amongst the majority that English is the language of global business. If the proportion of Scottish businesses with global ambition is lower than is desirable for economic growth, it may be valuable to explore whether a lack of understanding about the potential benefits and insights generated by language skills, in addition to English, is a factor. Educational institutions were more likely to consider that linguistic skills are a strong indication of global interest and empathy, with one describing how “young people learn about different cultures and not only different vocabularies when they learn foreign languages”.

*“I think that we have to step back and look at the fundamentals and the starting point which should be our education system. We need young people to understand a globalised marketplace and **then** develop the language skills because if they are interested and realise the inner value, this will drive them forward. Young people need to be hungry, recognise the value and international opportunities and drive themselves to that place before learning a language“*

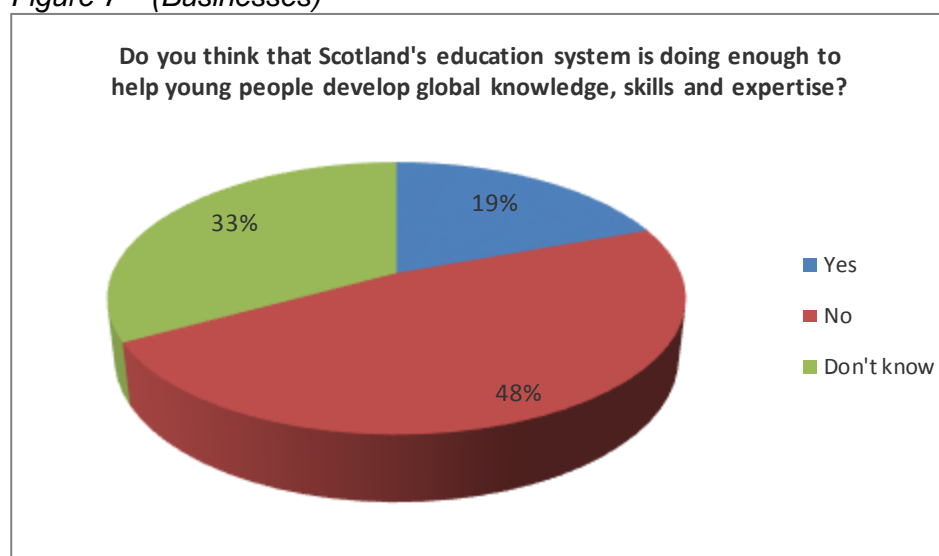
CEO, Oil and Gas Industry

Why do many Young People Lack Global Skills?

Less than half (42%) of business respondents agree that they are able to recruit young people in Scotland with the global skills required by their business. In addition, almost half (47%) of businesses think that a lack of young people with the required global skills, in Scotland, may be a constraint on their international business plans over the next five years.

A fifth of businesses surveyed believe that Scotland's education system is doing enough to help young people develop global knowledge, skills and expertise. Half of the respondents disagree and think that the education system should do more, and a third did not know.

Figure 7 – (Businesses)



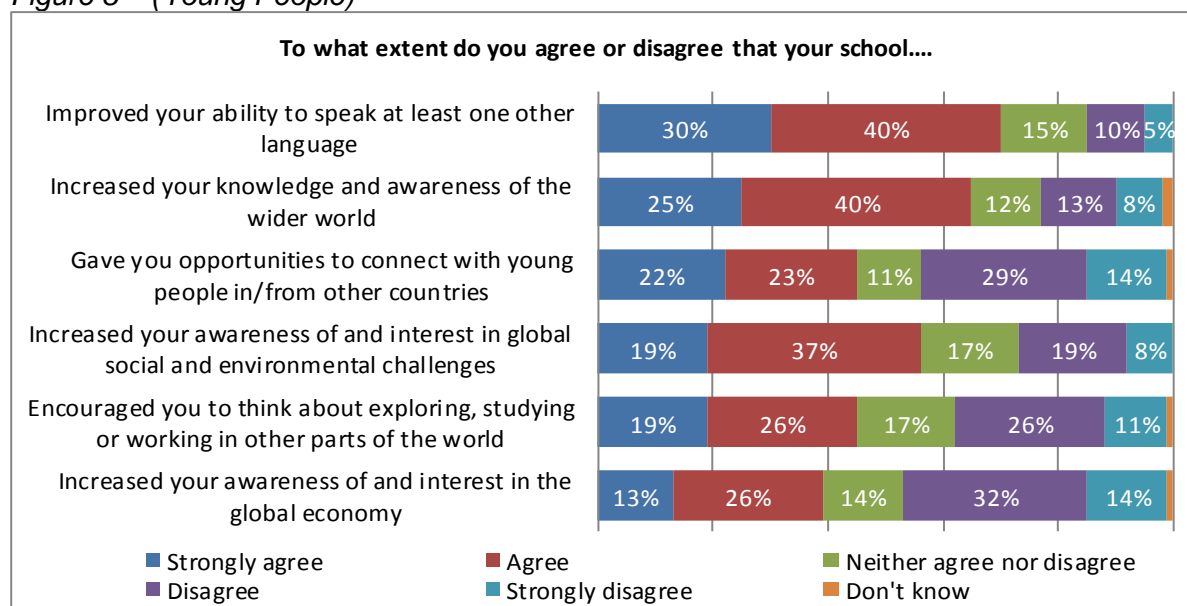
At the same time, it might be questioned if employers are giving a strong enough signal to the education system and young people about the priority they should attach to global skills, bearing in mind what they have said about their importance in the recruitment process.

The majority of young people responded that their schools had improved their global skills. However, a substantial minority disagreed. For example, a third of young people disagreed that their school had improved their ability to speak at least one other language and 35% did not agree that it had increased their knowledge and awareness of the wider world. Significantly for businesses and the economy, the impact of school appears least positive in relation to the global economy, with 39% agreeing or strongly agreeing that it had increased their awareness and interest, compared with 46% disagreeing or strongly disagreeing.

“Scottish businesses are not placing enough emphasis on the benefits of language skills in the workplace. Until they do, educational institutions are unlikely to modify their teaching models. As a manufacturer, we are competing with multi-lingual German and Italian engineers and until we, as a nation, are on an equal footing in regard to engineering and language skills, Scotland will rarely be first choice.”

MD, Manufacturing Business

Figure 8 – (Young People)



In terms of further education, as might be expected, young people are even more positive that their colleges and universities improved their global skills. The exception is in relation to foreign languages, with the number of young people who believe that their college or university helped to improve their ability to speak at least one other language falling from 70% at schools to 43%. Furthermore, a still significant minority (24%) disagreed or strongly disagreed that college or university had increased their awareness of and interest in the global economy.

Colleges and universities pointed to barriers already in place by the time young people reach further or higher education and frequently commented that schools have an important role to play if young people are to be helped to develop global skills. They also believe (see pages 14 and 15) that there is significant scope for improvement in their own sector in a wide range of areas. For instance, 88% agreed or strongly agreed that they could do more to encourage awareness and knowledge of different business cultures, a priority for businesses in the research.

The benefits cited from these experiences tended to be 'softer skills' (over three-quarters identified communication, self-confidence and/ or understanding of new cultures), rather than language skills (59%); or specifically related to business (just less than 40% made work contacts for future employment or improved their knowledge of new business cultures). All such skills are valued by businesses. This makes it important to understand the main barriers to young people working or studying abroad. The top two cited were clear – financial considerations (78%) and language barriers (58%). However, for 23%, fear of the unknown was also significant.

Figure 9 – (Young People)

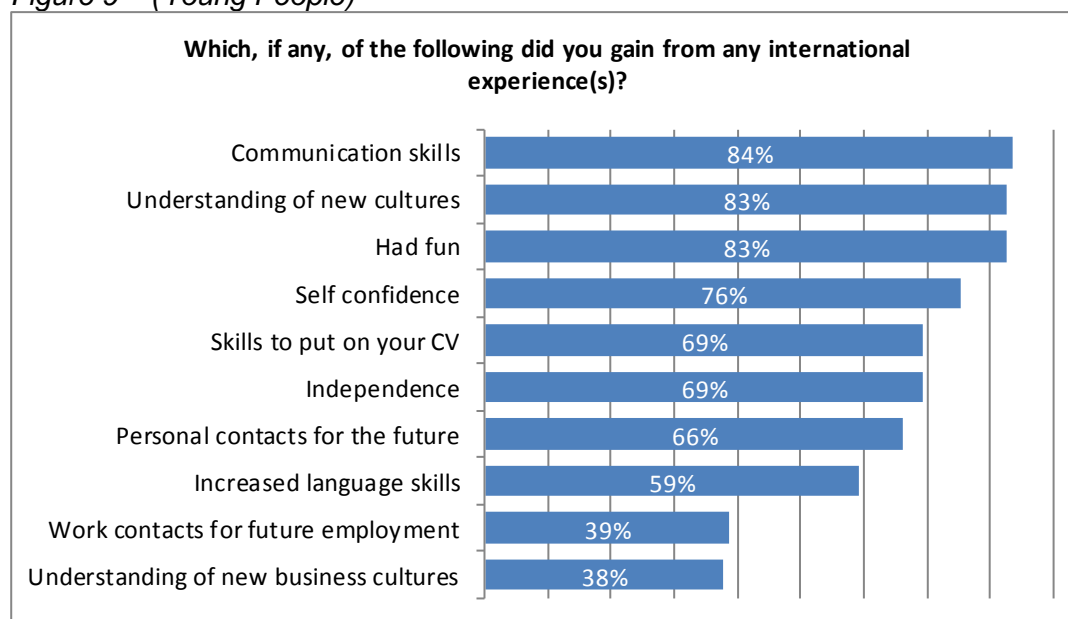
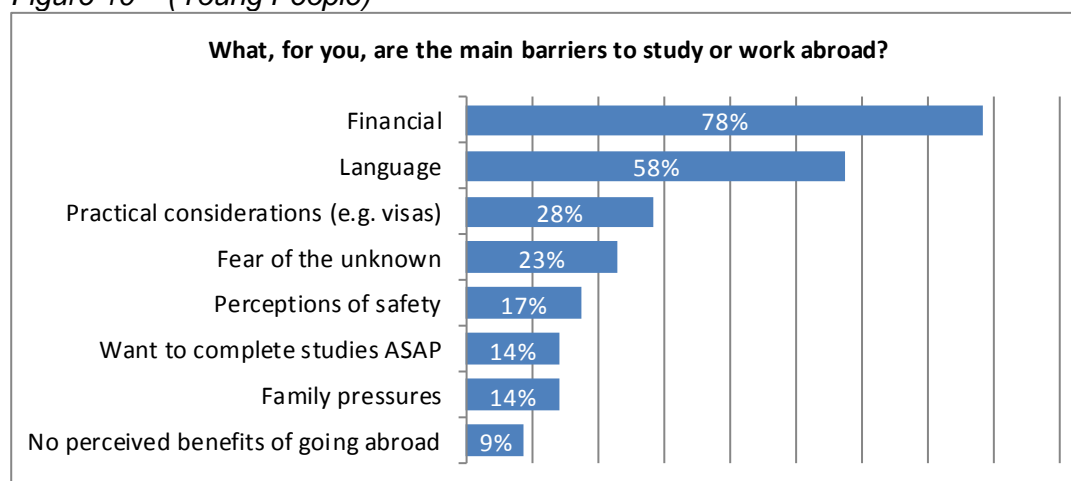


Figure 10 – (Young People)

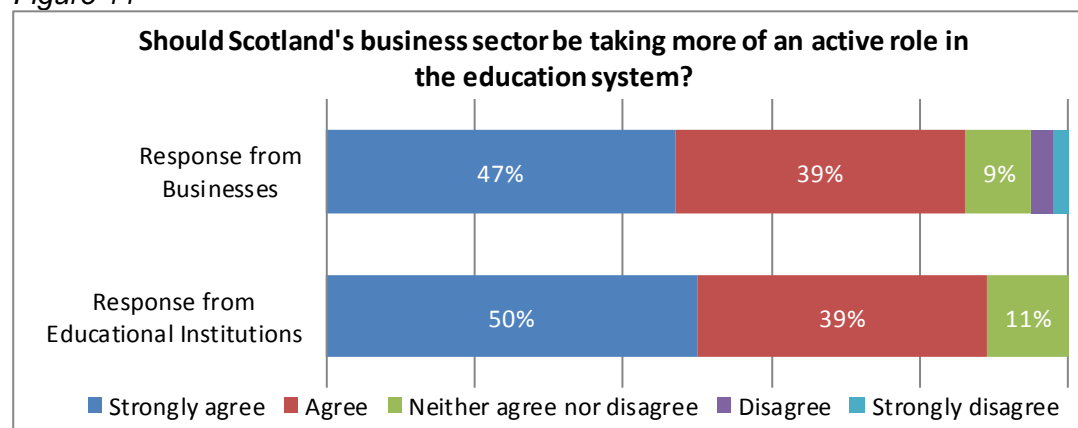


There is some consensus – although it is by no means universal - that the learning of global skills in the Scottish education system is gradually improving. However, with other countries prioritising this area, some are concerned that this might not be moving quickly enough. The introduction of the Curriculum for Excellence is intended to help equip young people with the skills which they will need to be successful in the 21st century. While over half (57%) of business respondents describe themselves as being either aware or very aware of the Curriculum, 43% of the employers who will utilise these skills describe themselves as either not very aware or unaware of it. There were positive comments from a number of those familiar with it, but some commented that they had not been engaged in the Curriculum as employers but rather as parents of schoolchildren and some were concerned whether schools will be able to cope with the short-term workload and, thus, the time it will take to realise the benefits.

Joint Action to Address the Global Skills Gap

Businesses and educational institutions both believe that they could do more to address the global skills challenge. Well over four-fifths of businesses (86%) and educational institutions (89%) agree or strongly agree that businesses should be taking more of an active role in the education system. A key theme of the recent report from the Commission on Developing Scotland's Young Workforce is that businesses are too frequently passive consumers of skills and need to become far more engaged, so this view from both sides is significant.

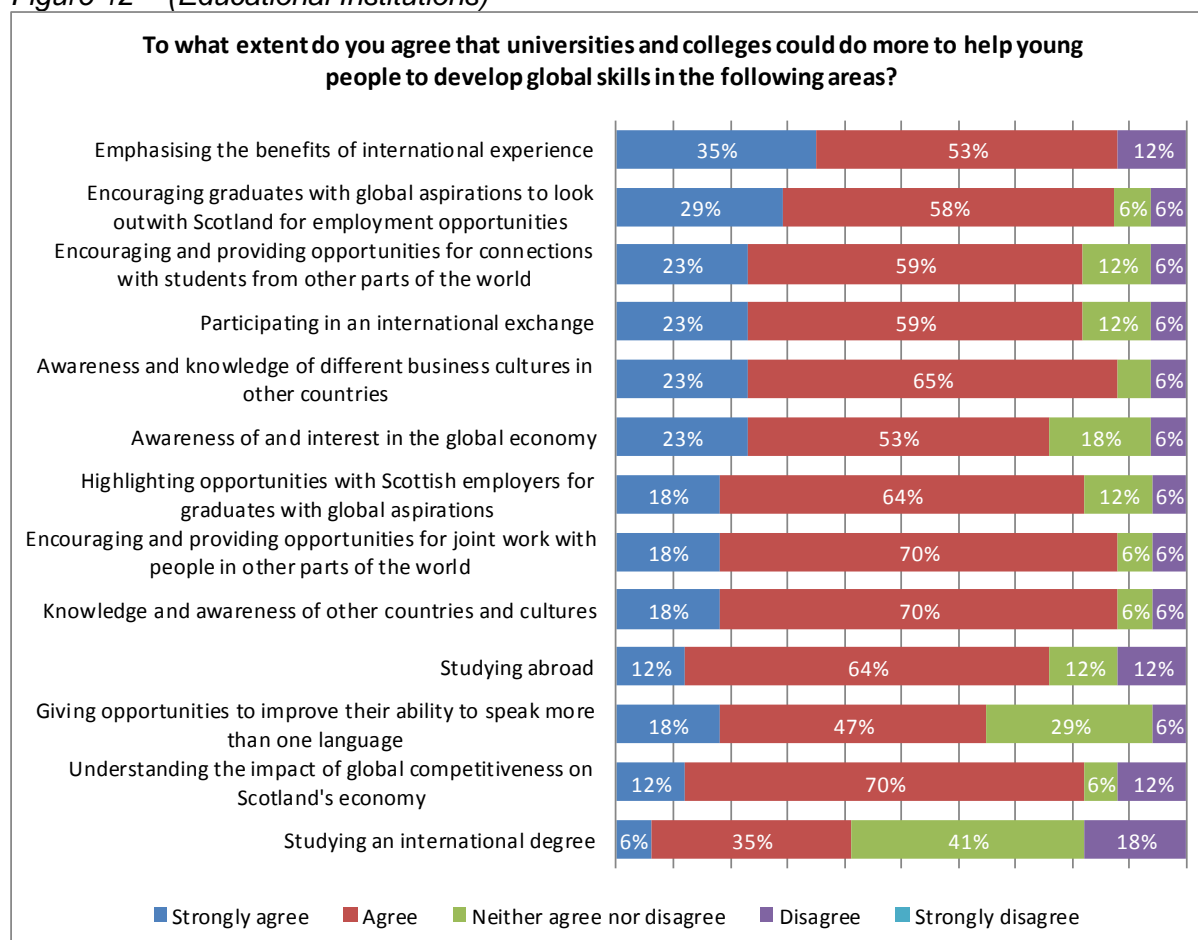
Figure 11



Many businesses indicated that they would like to be more involved in schools – for instance, in shaping the curriculum or speaking to schoolchildren about global business. However, finding a way in could be complex, and some schools did not appear proactive or welcoming in developing relationships with businesses. The challenges in producing the diverse skills increasingly sought by employers cannot be underestimated. A number of businesses, such as in the oil and gas sector, said that it can be difficult to find the right person with both the required technical skills and communication skills. Therefore, a more active role for businesses in the education system would be the most effective way.

Educational institutions also appear to be acutely aware that they could be doing more to help young people develop global skills. Priorities range from encouraging and enabling international experiences and exchanges to increasing knowledge of the global economy and business, to advising on international career paths. For example, 87% agreed or strongly agreed that the sector could do more to encourage graduates with global ambitions to look outwith Scotland for employment opportunities and 82% agreed or strongly agreed that they could do more to highlight opportunities with Scottish employers for graduates with global aspirations. Addressing the latter must be a priority for the Scottish economy and is an area in which employers should be able to make a major contribution. While acknowledging that they should be doing more, funding is a constraint for educational institutions. One respondent commented that ‘we can all do more with the correct resources’.

Figure 12 – (Educational Institutions)



For young people, the principal routes to improving global skills are increasing the opportunities to spend time abroad (studying or working) and better language skills.

Many young people thought that careers advice aimed more specifically at personalised pathways would help them to better understand career opportunities in the global economy. There was a widespread view that opportunities to study abroad should be encouraged and made more accessible because, at present, they are often not appropriately advertised, the benefits are not communicated effectively and there are not enough funded exchanges available for young people who cannot afford to go abroad of their own volition. One existing platform that could assist young people would be the British Council's dedicated website for international opportunities and international careers, 'Study, Work, Create' which offers young people and young professionals in the UK opportunities to study, work or develop their creativity abroad and at home.

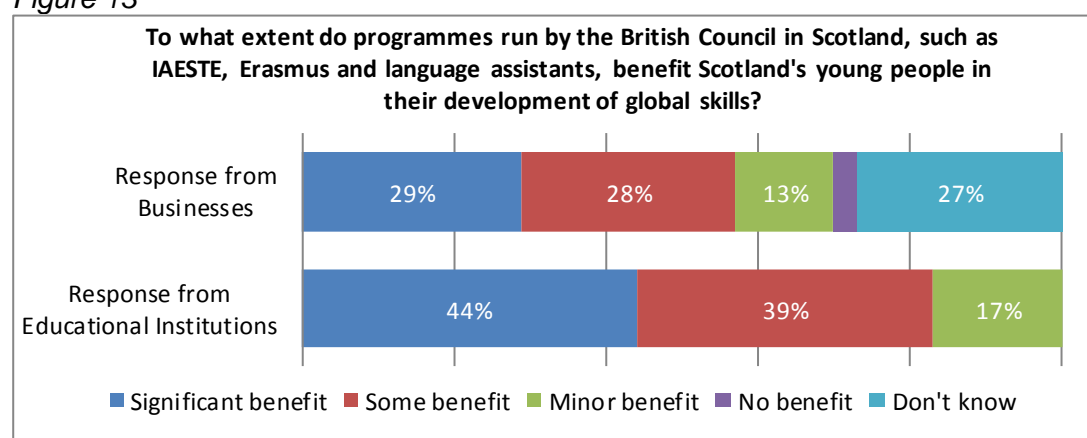
Examples from young people of how businesses and educational institutions could help improve the global skills of young people included; encourage language learning, better financial support, and offer more placements abroad, paid internships. In addition, increased partnerships with overseas universities and better use of technology, could provide better solutions.

While young people felt that they were given the opportunity to acquire some language skills at school, many believe that languages could be taught in different ways and that this would both improve standards and encourage more people to learn foreign languages. Suggestions included that teaching could start earlier and take place more frequently,

technology should be utilised in order for pupils to interact with young people in different countries, languages could be incorporated into different subjects, alongside cultural immersion, and a wider range of languages should be available. The practical benefits of languages for future career prospects and the pleasure of communication with people from different cultures should both be emphasised. The former point, in particular, suggests a more active role for businesses.

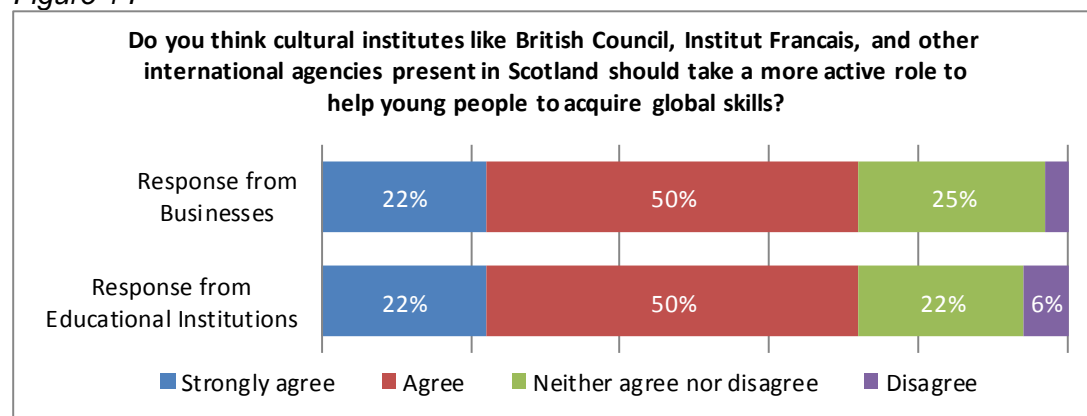
Cultural organisations, such as the British Council in Scotland and international institutes with a presence in Scotland, can play a key role in encouraging joint action with business and educational institutions to address the global skills gap and in providing opportunities for young people to develop global skills, for example through their international networks. At present, educational institutions (83%) more than businesses (57%) recognise that British Council programmes benefit Scotland's young people in their development of global skills.

Figure 13



It is clear that the programmes run by cultural organisations are, in the main, highly-valued by those who are aware of them - those businesses familiar with the British Council are generally supportive of their work, in particular Erasmus. However, many businesses commented on their limited knowledge and educational institutions consistently highlighted that a relatively low number of students take advantage of the opportunities – with a need for more publicity as well as global ambition from young people in Scotland. When asked if cultural institutions should be taking a more active role, nearly three-quarters (72%) of both businesses and educational institutions either agreed or strongly agreed. Businesses and educational institutions both commented that such programmes need to be rolled-out on a larger scale and that to do so effectively would require a combined effort across sectors.

Figure 14



Conclusions/ Recommendations

The results of this survey illustrate that there is significant scope for deeper collaboration between businesses, educational institutions, young people and other agencies, in the quest to optimise the global skills of young people in Scotland. The key driver for addressing this issue with urgency is the accelerating pace of globalisation, including the impact of global influences on Scotland's economy and on its ability to maintain economic competitiveness. As a small economy of 5 million inhabitants, located on the north-west edge of Europe, Scotland's economy depends on being outward-looking, globally connected, and on the skills and aspirations of its people.

While countries around the globe continue to prioritise and emphasise the importance of global skills, Scotland must recognise this and compete. There is a concern that Scotland could fall behind other economies, both emerging and developed, if there are not sufficient efforts made to keep pace and, indeed, to commit to leadership in the skills agenda. Educational institutions and businesses have both recognised that they need to work together to maximise the opportunities. This should be regarded as a welcome recognition of potential partnership to engage businesses further with schools, colleges and universities in shaping a global skills agenda.

Survey participants suggest that both businesses and educational institutions are willing to collaborate, to shape the curriculum in response to industry needs, and to encourage young people with global ambitions to take adventurous paths. Educational institutions, including schools, can play a key role in supporting progress towards the creation of a globally equipped Scottish workforce, ready to respond to global challenges and opportunities.



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