

*“Gammon,
egg and chips
in a pub night
after night”*



Foreword



The retail, tourism and hospitality (RTH) industries have undergone significant change over the last decade, with the further expansion of internet shopping, online booking of accommodation and the rise of travel and experience review sites such as Trip Advisor, to name but a few.

The majority of RTH businesses are micro, small or medium-sized enterprises which face particular issues in terms of training and skills. Further Education institutions are keen to meet the needs of these businesses and understand the challenges they face. With this in mind, ColegauCymru / CollegesWales sought to gain a better understanding of the skills requirements and challenges facing small businesses in the RTH sector and commissioned research in this area.

The research took place in two stages: a quantitative approach looking at issues related to skills and qualifications in SMEs; and a second, more qualitative, interview-based piece of research focussing on SME skills needs, recruitment, the differences between the training needs of businesses in retail, hospitality and catering, and importantly, how to meet these needs with a focus on how Further Education (and, in some cases Higher Education) should react in terms of developing courses and approaches to teaching and learning more widely. The current report is a summary of the second stage of the research and the qualitative interviews undertaken.

This work raised many unsurprising issues such as problems with transport and the difficulties of recruiting in particular parts of Wales. However, less obvious issues such as how to provide outlets for creativity for

those people who have chosen creative professions when the available work in those professions does not match the level of challenge that they anticipated, also arose. The example of the theoretical new chef who dreams of working in a Michelin starred restaurant but is instead destined to cook gammon, egg and chips in a pub night after night struck a particular chord and gave rise to the title of this report.

Addressing some of the challenges in this report will not be easy but as some of the businesses interviewed demonstrated, new and flexible solutions are possible, in terms of recruitment, how training is delivered and the type of training delivered.

This report represents an important contribution to understanding the issues facing skills providers when seeking to meet the needs of SMEs. ColegauCymru looks forward to sparking a conversation and seeing how best to address the recommendations set out by the research team of Mark Lang, David Pickernell, Celia Netana, and Simon Thomas.

ColegauCymru is grateful both to the research team and for an EACEA grant to EQAVET National Reference Points, which funded the research and made this work possible.

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Retail, tourism and hospitality (RTH) in Wales is a major element of the Welsh economy particularly in terms of employment, but also turnover and GVA. The literature suggests that employers have a key role to play in driving and investing in employee training and development but because employers tend to focus on job-specific, in-house training this limits the lifelong learning agenda to the development of the set of knowledge, motivations and skills levels for employees commonly referred to as their human capital.

There is also a general consensus in the literature that training investments by SMEs are significantly lower than those of larger firms. In RTH, there has also been a tendency to have high levels of recruitment and low levels of training, whilst retail employers face considerable training challenges because of the high proportion of part-time workers, higher than average staff turnover and poor image as a career destination, particularly for well-qualified employees.

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The research

Two stages of research, funded through an EACEA grant to EQAVET National Reference Points, were undertaken on behalf of ColegauCymru. The first stage took a more quantitative approach and examined issues related to skills and qualifications in SMEs in the fields of retail, tourism and hospitality. The second took a more qualitative, interview-based research in

this area and considered skills needs, recruitment, the differences between the training needs of businesses in Retail, Tourism and Hospitality, and importantly, how to meet these needs with a specific focus on how Further and in some cases Higher Education should react in terms of course development and more practical approaches to teaching and learning. This report presents a summarised version of the second stage of the research and the qualitative interviews undertaken.

Thirty interviews have been undertaken (between October 2016 and February 2017), 20 interviews with business owners and managers from Retail, Tourism and Hospitality sectors and 10 interviews with relevant local authority officers, Regional Skills Partnerships, sector skills experts, and further education representatives, referred to here as Stakeholders.

The interviews with businesses covered RTH businesses from across a range of geographies and firm sizes, but with a focus on (relative to the RTH population as a whole), larger SMEs, mixtures of full and part-time staff, multi-site and / or multi activity (i.e. mixtures of retail tourism and hospitality) businesses, in order to fully explore the range of education, skills and training options available from businesses that can be considered relatively successful within their activities. Details of participants are given in (Annex 1 in tables 1a and 1b).



Recruitment

When asked about the degree of difficulty found in recruiting the right people, discussion focused around not just attracting staff but retaining them. Partly, the recruitment issue can be seen as an overlap of geographical and firm size issues. For example, for micro and smaller business, positions were often only advertised locally which presents certain constraints. Whilst this may also highlight internal managerial constraints with regards to HR strategy, location was also a reason why wider advertising did not occur. Advertising positions nationally, for example, sometimes posed challenges because of perceived problems with regard to the business location and / or poor transport infrastructure:

"I think there is a bit of psyche there that we're sort of one step away from Outer Siberia, even though we're in North Wales." Business 17

The issue of geography was often more related to specific skills as opposed to general skillset issue. In terms of attracting staff, some businesses found certain roles were easier to fill, such as administration, than others, such as management, from the local skillset.

There is also recognition among the business interviewed that as their business becomes more established and their reputation grows, the perceived level of quality of candidates improves and attracts more senior level staff.

Whilst it is encouraging that a reputational effect may diminish recruitment and retention problems created by location and firm size, this also highlights particular issues for new business start-ups in RTH, disproportionately affecting entrepreneurial activities in certain localities.

The role of chef was the one most frequently cited as being a vacancy difficult to fill and challenging to retain once filled.

"We employ about 20 odd chefs in our kitchens and we could always do with another two or three and trying to find them is difficult." Business 7

It was instructive, however, to examine the issue of recruitment in relation to retention. The interviewed business identified, for example, both the ambition of talented chefs and the perceived restrictions imposed on them from working in specific locations and markets.

"So they do a chef's course but most of their chefs are snapped up. Because the problem with chefs is that they are creative people in the main and they love cooking lovely food but most chefs, certainly in West Wales they're needed to cook gammon, egg and chips in a pub night after night after night and that's part of the problem is that they actually all want to work in a restaurant with a Michelin star and it's very difficult when you've great bright, intelligent people that are creative, who want to get on..." Business 7

Whilst this may be simply a reflection of the market, it may also highlight a strategic issue for the businesses in terms of how best to use talented and qualified staff in ways that might increase the marketability of their business. Conversely, other businesses found the problem to be with initial recruitment rather than retention, though again location was a factor, along with the perceived attractiveness of the job being a potential problem:

"...there's a high level of unemployed 16 – 25 year olds in Wales, certainly in West Wales and what frustrates me is that I can guarantee if you want to go into being a chef or working in a kitchen and you're prepared to work relatively hard you will have 100% success rate in getting a job from college because there is such a demand that is unsatisfied." Business 7

This issue of attractiveness of RTH positions was widespread: the seasonal, part-time and often unsociable hours associated with many RTH businesses, with little opportunity for career progression within

the often very small businesses interviewed, proving challenging for attracting and retaining certain people. There were general issues across RTH:

"So attracting people who've got the right skills set for us is quite hard because we can't offer everybody the hours that they would like." Business 11

But there were also some specific sectoral issues. For example, hospitality had specific issues related to unsociable hours:

"Hospitality in general is very hard to recruit for at the moment. People don't want to work nights so we've lost a lot of people to that." Business 13

For retail, perceived poor career progression was highlighted:

"If you want a career in retail you're more than likely going to work in one of the big department stores or a chain where you've got the opportunity to progress within that business. Because otherwise you will always be a shop assistant." Business 11

There was seen to be a need to improve the perception of RTH career prospects, with more focus on the rewarding and enjoyable elements of working in RTH within SMEs.

"I don't think it's promoted enough how enjoyable the careers can be in retail" Business 14

In addition, however, career progression was something seen to be more achievable within hospitality, particularly where there was an early experience of working in the sector.

"They could very well be with us for five, six years while they finish school, go to college, maybe a local college and sometimes they'll then take a decision that they want a career in hospitality and they stay with us anyway. And we've got a number of examples of people who are now in more senior roles." Business 17

This was also emphasised through the highlighting of the transferability of skills within hospitality in particular, as a way to recruit staff initially. Issues of retention would remain, though this may help to highlight that continuous skills and training development may be a way to help retain staff for longer, if appropriately structured and funded.

RTH business generally, therefore, are beginning to see the need for improving career prospects within their industry to attract and retain the calibre of staff they need. Some are also recognising that low wages may contribute to high staff turnover:

"We do struggle a little bit with stability of the basic skills of packing and bottling and those things, which you would describe as very, not quite manual labour but maybe semi-skilled jobs. We struggle with retaining people. But yes we do struggle to keep continuity and that might be, maybe we're not paying them enough."

Business 15

Many of the RTH businesses interviewed stated that they are becoming less seasonal and see this as one way to improve the attraction and retention of staff.

Clearly, this highlights a demand side issue but also relates to the attractiveness of specific locations as all

year round attractors of tourists and customers. The larger, still growing businesses, in particular, recognised that they offered better career prospects, this focus on growth possibly highlighting another way (in addition to firm size) to focus policy on specific SMEs in the future.

"I think the business is seen to be stronger now than what it has been. You know, it's more of a career rather than a job to come into because the Company's growing so obviously there's always scope for a person's career to grow with the Company."

Business 20

Other solutions to attracting and retaining staff (particularly chefs in our sample) include improving the sociability of working hours associated with the RTH industry. One example of how a RTH business has managed to retain their Head Chef is by agreeing more sociable hours that fit with the Chef's family commitments.

"...our Head Chef for example, he's got two small children... works full-time. In a previous incarnation he used to go to work at eight in the morning and get home at midnight, with a split shift, no point in going home, always worked on a Saturday and a Sunday. His wife works Monday to Friday, they never had any quality time as a family whereas now he works Tuesday to Saturday day time hours."

Business 11

This, however, requires the ability to adjust the business model, which again may help identify RTH firms in the future who are more able to assist in skills and training and also make best use of the skilled and trained RTH graduates being produced.



"So to retain...we're in quite a good position here where we don't open night times, we don't open Sundays, they're not expected to work 140 hours a week. So we're starting to get chefs coming to us because they want a really good work-life balance and that comes down to the business model"

Business 13

Owners' perceived skills gaps

In terms of the business owner's own perceived skills levels, they often focused on their business experience.

"Well most of the know-how comes from me really because obviously I've been buying and selling (product) for 40 years and I've been trading in this specific area for 40 years so I know the sort of product mix you need and I generally know the suppliers I can get the products I need to fill the demands

in an area like (Name of small town)"

Business 12

"...business acumen is a very different thing and it's a long arduous task to learn parts of it well and you'll never learn all of it because you'll constantly make mistakes but you just constantly learn. And so, yes, through experience."

Business 13

Responses also highlighted that skills had been developed through working their way up the career ladder and learning on the job in other businesses prior to starting their own business:

"I've always been in catering. My last job was (Name of tourist destination). I was there for six and a half years and was promoted up to Deputy General Manager."

Business 19

Few business owners had marketing, tourism or other sector specific degrees but the vast majority reported



significant prior business experience whether self-employed or managerial experience in employed work before setting up their own businesses. This appeared to condition their attitudes towards training. Indeed, only two of the 20 business interviewees had no prior business experience (Business 3 and Business 16).

These two businesses reported that the skills they perceived to be necessary were then built up on the job rather than by means of formal business training. Both these businesses were micro, family businesses where training could also be seen as internal. This highlights, however, that a subset of such retail, tourism and hospitality businesses may benefit from skills and training in some specific areas, possibly where such training could link together internal and external sources of training. For example, the strengths obtained from previous work experience included transferable skills from previous jobs or businesses such as leadership, communication and customer service.

However, many business owners did not perceive that they had any immediate personal skills gaps or training needs as many of them had been previously involved in the industry in managerial positions.

"I mean there's, no-one can say they know everything. I think we're comfortable with what we've got at the moment. We certainly haven't got any plans to do any more training either of us. I mean we've both run companies before so in terms of accounting and business management, it's just very much, you know, more of the same sort of thing." Business 3

There was also general consensus that in terms of training, business owners should play to their strengths. Skills or areas the business owners were not so comfortable with tended to be outsourced, especially accountancy-related tasks. This highlights that there may be areas for future owner skills development, depending on the skill itself, but also the location of the business relative to the sourcing of that skill or task, and the cost to the business.

Perceived business skills gaps

Many of the businesses interviewed were multi-stranded business incorporating tourist destination or

activity elements, accommodation and an element of retail. This therefore precluded simple delineation of separate retail, tourism and hospitality specific skills gaps, with the businesses requiring a wide range of skills across the business as a whole.

For the smaller businesses in particular this presents challenges in terms of recruiting staff who have skills across a wide range of roles. In terms of training there was also a frustration with providers not being seen as able to offer training solutions to fit the broad range of training requirements. This is an important observation given that it highlights the need for many businesses to have a RTH wide multi-training offering rather than one focused on one or two of these sub sectors. For businesses in more rural areas of Wales, unsurprisingly, there was a perceived shortage in supply of such skillsets locally.

"...we don't employ all local people because sometimes the skills aren't there." Business 4

This is also a particular challenge for those businesses interviewed who required more specialist skills, examples given including locomotive engineering, boat building and different types of mechanics. This was also true where there had been no history locally or within Wales more widely of the activities the business was involved in, highlighting a key skills and training related potential short term barrier to new RTH-focused businesses. In these cases, a lack of local specialist technical colleges or universities nearby or even within Wales was reported as making specialist recruitment particularly challenging (Business 1).

Unsurprisingly given this and the literature, when asked about areas of skills that would be particularly advantageous to develop more fully for their workforce and to what level, many of the business interviewed preferred in-house or "on the job" training as they could train the staff member in their own specific business manner. Clearly, however, where there are specialist skills gaps, then in-house on the job training may not be possible, and in more remote areas recruitment was not possible, making the role of

training providers of more relevance, albeit with clear difficulties in some cases in sourcing such training. Regarding apprenticeships, the attitude of the workforce appeared to be the most challenging aspect for in-house and on the job training.

"I've always had this view that you can train skills, you can train management skills but you can't train attitudes."

Business 1

More broadly and clearly of relevance across retail tourism and hospitality was a focus on soft skills development. Within this a key theme identified was Customer Service.

"...not that our customer service is bad, but it could be so much better."

Business 4

General competences: customer service

A key theme across the businesses interviewed was a need for exceptional customer service. Given the strategic importance placed on improving visitor growth and the importance of customer reviews online such as TripAdvisor as a measure of success, the importance of customer service skills particularly for "front of house" or customer facing staff members is clear for such businesses. This focus is often an indication of the ability of these business to change and adapt to real forces that affect their businesses.

Often when the capacity for internal on the job and in-house training was available, the businesses would place such customer service skills and positive attitude above firm specific skills when recruiting new members of staff:

"I wanted to sort of recruit people who were not as good at therapy but really good at customer service and, you know, give them a lot of time training."

Business 18

However, a lack of such customer service skills was seen as a skills gap by businesses interviewed, particularly among their younger workforce, across the sectors.

"People don't know how to speak to people anymore. People are embarrassed. Their ego kicks in, they're afraid to approach tables, they're scared of speaking..." Business 13

"I think what retailers talk about is really there is a distinction, there's a skills gap between younger people and older people in terms of those softer abilities to engage with the consumer."

Stakeholder 1

Much of the in-house training described by the businesses interviewed was therefore based around customer service and relaying the importance the business places on looking after the customers on a regular basis. Importantly, in this area some of the businesses have also sought out external customer service training from private training firms and invested time off site to undertake the training. Examples of results perceived as successful from customer service training include:

"I know for example, one of the members of staff up there was told on the course by maybe standing up and having an expression and when they're speaking on the phone that comes across to them and now you can go up there and you'll actually see him, he'll stand up and he's got his headphones and he could be walking up and down, and the way he's standing, he's taken

1 Sims, D., Golden, S., Blenkinsop, S. and Lewis, G., 2000. Barriers to take-up of modern apprenticeships and national traineeships by SMEs and specific sectors. *Labour Market Trends*, 108(9), pp.424 – 426.

that on board. And the way that they speak to customers now to what they did before customer service training, you know, there's a huge difference and they seem more confident." Business 20

Stakeholder interviewees also recognised the importance of customer service training to RTH industry sector businesses broadly, as well as the perceived customer service skills gap. They report trying to improve communication with businesses to let them know of high standard customer service training programmes available from local training providers and also of possibilities of funded places where these are available. Stakeholders acknowledged that, particularly for tourism, related training had moved on from "...this is what tourism is..." (Stakeholder 9) to meet the higher levels of skills and expectation driven by the customer experience and the business's needs to meet ever higher expectations. This therefore highlights that as well as identifying a general need for training delivered in-house across RTH, there also appears to be a need and desire for tourism-focused (although likely retail and hospitality relevant) externally sourced training in this area.

General competencies: entrepreneurship education

In terms of externally sourced education and training, there was also a clear desire expressed for more entrepreneurial-focused general education and training skills for staff. Where business confidence was reported, this was often due to the business owners' own perceived entrepreneurial skills and often associated with a perceived need for greater entrepreneurial training for staff, particularly with regards to self-sufficiency and confidence in own abilities and capabilities. For example:



"Now I like employing people who would like to do something themselves because what they do is pay a lot of attention to what I do. If they pay attention to what I do, I'm a success and my business is a success, they're going to replicate what I do which means service grows a whole level."

Business 13

There was seen to be a need for this to be emphasised more in schools, as well as Further Education. For example:

"When I was in school and I'm only 26 now, so it's not that long ago, but we never had the option to do anything like that in secondary school. The younger guys that work for us now, the option is there but it feels, from (what) they say, that they choose to do entrepreneurship as opposed to have to choose an extra science module or

something, it's... I mean some will do it because they want to get into it, but it's not, I don't think it's pushed." (Business 14)

Specific occupational competences

There were also, however a number of specific competencies identified where recruitment of suitably skilled staff rather than relying on training after recruitment was the preferred strategy. Specifically, there were expectations from employers in terms of wanting chefs and beauty service workers to be able to deliver to maximum capacity from day one, which they found great difficulty in achieving.

"...I rang the...college. I said I need chefs. I need guys who've just left college, who want to come in, because they don't have bad habits. I want to train them... Now to a young chef coming straight out of college... He's coming here and we're under pressure. We're under pressure to put good, fresh food out as quickly as possible.



In under 12 minutes we're putting restaurant standard food out onto a table and serving 100 plus people in the space of an hour and a half. It's intense. So as a chef that's where you want to be. I didn't get anyone.” Business 13

This highlighted a problem with the external education and training potentially related to the degree or lack, of work-based experience. This points to a need for managing expectations of future employers, giving a clear picture of what's involved in the course and where best to source particular skills. However, it may also highlight the need for a greater mix of taught skills and training within work-based activity that previous evidence¹ around apprenticeships has shown may be difficult to deliver where there is a lack of businesses of sufficient size, because of a lack of infrastructure and staff to introduce, administer and manage training initiatives, as well as liaise with external bodies.

Alternative strategies to ensure a greater mix of practical with course-focused experience were also evident. For example, another business, specialising in massages knew where to source graduates who would have done massages during their course:

...we tend not to employ the ones who have done beauty options because they haven't done enough practical or academic holistic training. So we'd rather take a holistic therapist that's done some beauty options...” Business 18

Related to this, there is also a need to manage the expectations of the graduates coming into their first position which again may point to the need for a greater mix of off-site, often college-based training, with work based activities, which again may prove difficult in certain locations where the capacity for this may not exist.

“we had a young lad, I think he was 16 who came recommended from... catering college and he quit after three days because he was peeling vegetables and he said it wasn't cheffy enough for him and this was from a 16-year-old....” Business 9

Importantly, stakeholder interviewees also recognise the need for more communication between industry and skills and training stakeholder organisations to find the middle ground for occupational, as well as academic competence, which goes beyond basic safety checks and regulatory standards to also prepare the graduate for the real life challenges of working in the RTH industry. Crucially this is also identified as requiring more work experiences throughout their training, highlighting the importance of relevant delivery mechanisms.

Externally funded opportunities

In terms of the use of government-funded skills and education, accessing funding was a key issue. For some types of training, including quite sector specific training activities, there were instances of businesses accessing funding such as Government or (location specific) European funding via skills and training stakeholder organisations:

“... we have just been having some contact with (name of local FE) College who have got some funding to deliver some training in team leadership and customer service, so we're looking at some of our front of house staff like reception desk for customer service training, and then some of the team leaders doing some leadership training. And we've also just got some funding from Sport Wales to do another two (adventure activity) people qualified to coach (adventure activity)...” Business 6

There were, however, also a range of quite specific skills development requirements FE / HE was not seen to be able to meet, with the type, level and timescales for training also identified as issues. The businesses reported a willingness for training but that funding especially for the more “everyday” types of training,

such as regulatory training, were few and far between or perceived as “too little too late”.

“...it's very unusual to get Basic Food Hygiene courses funded, but we have managed to in this last few months.”
Business 10

“you know, they say it's there but when you get to actually wanting to do something in time for the start of the season next year then the timeframe, the timescale it doesn't become possible half the time.” Business 14

Overall this highlighted an issue for the businesses in terms of everyday basic training, for which external funding was perceived as an issue.

Skills and training policy initiatives: apprenticeships and levy

One theme of critical importance to this area was apprenticeships. There were mixed experiences of apprenticeships across the businesses interviewed with levels of experience typically divided by size of business rather than sector. Micro businesses typically expressed reluctance to take on an apprentice and did not plan to do so in the future as they perceived their business as too small to be of benefit to the apprentice. For example:

“I think because it's such a small business I don't think, if somebody came to us looking to do an apprenticeship if they'd get enough out of the business to get them through their qualification.” Business 8

Larger SMEs interviewed tended to have more experience of apprenticeships ranging from skills training, to learning to use different tools. This was seen, however, as particularly applicable to tourism and

hospitality, specifically chefs, which mixed in-house with different types of external sources of training:

"And then obviously we've got our kitchen team, a lot of those are doing apprenticeships and things again, which is very much distance learning. They're not having to attend college. The tutors come here and...so it's completely different to how it was when I was training..." Business 17

Importantly the apprenticeship process was viewed positively by businesses who had experienced them. It was perceived, however, that successful apprenticeships really depend on the individual apprentice and how motivated they are. Smaller businesses who were offering apprenticeships expressed the importance of finding the "fit" and commitment level of the apprentice given the investment of time to be spent by the business owner, and crucially, that the apprentice would stay with the firm following the apprenticeship.

Stakeholder interviewees also recognised, however, that there would be business concerns regarding apprenticeships and how the Apprenticeship Levy would affect larger businesses.

"If we're talking about the larger businesses and particularly with the apprenticeship levy now, a lot of members are going to be captured by that who otherwise would have done the training in-house". Stakeholder 1

Take up of apprenticeships was seen to be particularly low in the retail sector (Stakeholder 3) and, where it was taken up apprenticeships were often seen as an alternative route into work other than going to university, which might create the type of commitment issues SMEs were concerned about:

"I think more and more people are looking at the university landscape against an apprenticeship route and saying well do I want to burden myself with all that debt?" Stakeholder 4

Stakeholder interviewees also, however, expressed concerns regarding the Apprenticeship Levy in terms of its impact on existing apprenticeship programmes especially those funded by Welsh Government. Given that apprenticeships are reported as being one of the main ways industry and skills and training stakeholders work together, Stakeholders are worried that the levy will mean businesses will actually have less money to invest in training (Stakeholder 7).

Overall this highlights a requirement for skills and training to take account of potential changes to the mix of delivery methods and funding illustrated by the apprenticeships approach (and the new levy system), with support in choosing apprenticeships and careful evaluation of which SMEs have the capability to offer but also the incentive to benefit from this type of approach, as opposed to externally provided sources of training or indeed recruitment alternatives. There also appear to be differential impacts of this across RTH, however, which mean that alternatives to the apprenticeship approach may be required, both for sectoral but also SME size reasons (retail firms likely to be smaller on average).

The best ways for FE / HE to react

Training delivery

Unsurprisingly, the preferred training delivery method by business owners interviewed was in-house "on the job" training, closely followed by onsite training where assessors or trainers would visit the business premises. In-house training (generally disseminating information, processes and practices already existing within the business rather than new knowledge) benefitted the business by not needing to have day release and allowing the business owner to control what was being taught. Much was dependent on the motivation of the



employee, with business owners putting more onus on attitudinal competences of prospective staff members than on previous experience.

"I would rather have somebody who is right for training rather than somebody who's bringing their own way of doing things." Business 11

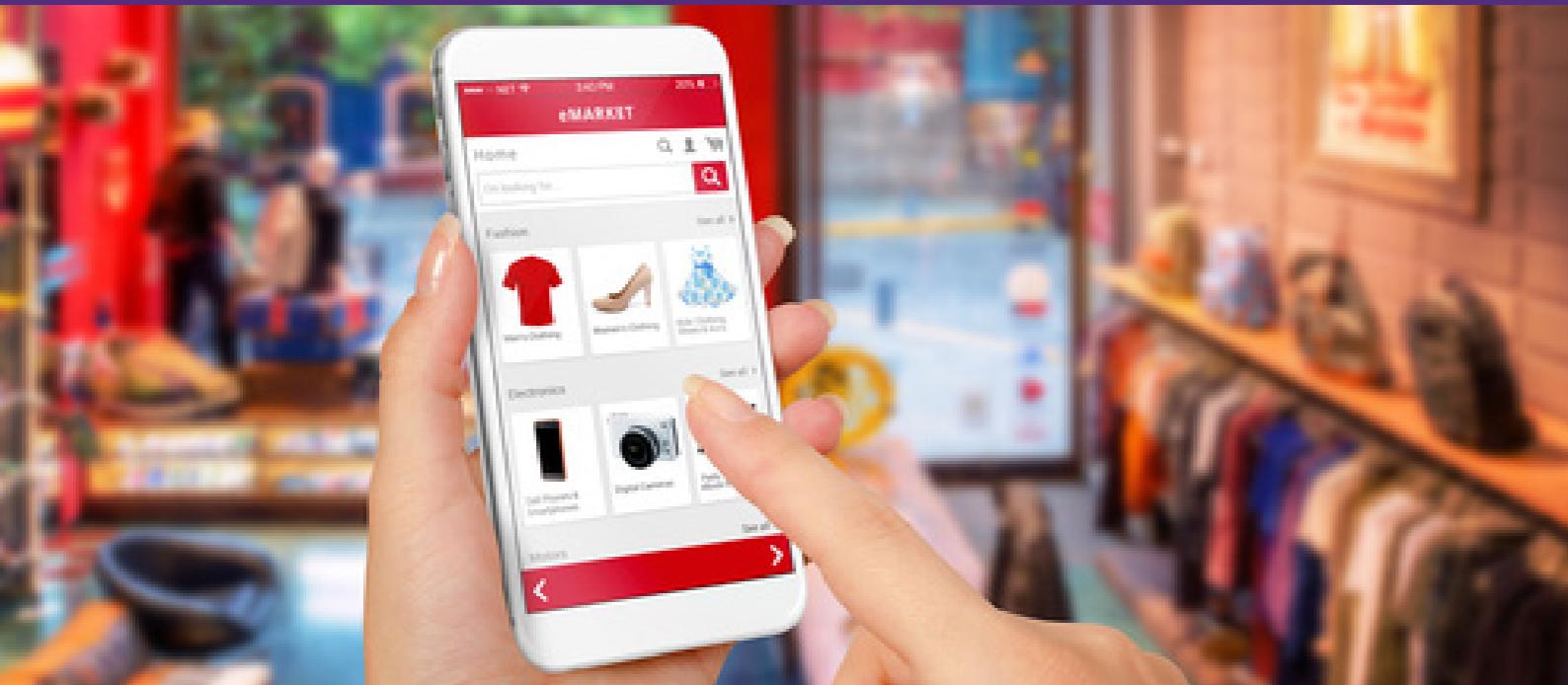
Cascading new information to the wider team through in-house training was also popular for those in retail. Only one business owner recognised that whilst in-house training benefitted the business, the employees were missing out on formal accredited training which could help them further their careers.

Hospitality businesses also had positive experiences of online training which mainly consisted of regulatory training such as Food Hygiene. Where there were skills gaps for the business and in-house training was not therefore an option, having external training come to the business premise was a popular training solution. Stakeholder Training providers also recognised the benefits of training on the business premise:

"If we're going to help the businesses, isn't it easier for one or two people to go to the place of employment and work with the staff there rather than dragging two, three, ten, twenty staff out to go somewhere else to have support off two people. It's more cost effective in terms of us working with employers directly..." Stakeholder 8

There is also recognition among the Stakeholder group of businesses' needs, especially business preference for training delivery on site / including online mechanisms.

"That will all be done in the workplace or in their own time at home when they'll upload things for their assessor to see. So it's quite accessible from a small business perspective. Everyone assumes there's day release in apprenticeships or there's day release in various courses and there isn't always." Stakeholder 3



Micro and small businesses

Whilst the training provider stakeholders were sensitive to the fact that training is not always going to be top priority to the micro and small business owner (Stakeholder 3), it was also highlighted that SMEs in other industry sectors present a different picture in terms of skills and training provision:

"I mean something like the construction sector's a really good model where smaller businesses do tend to recruit apprentices and you see that and that's really positive" Stakeholder 3

Within RTH, however, there were perceived difficulties outside of legally required training.

"Smaller clients tend to sort of come through to us if they have statutory requirements, but they're quite a lot harder to engage generally." Stakeholder 4

Small retailers in particular were seen to pose particular challenges for training providers in terms of gaining access and communicating with them, requiring more indirect approaches.

"...small retail businesses are a lot harder to get into. It takes a lot more resource to get into them. So we try and use employer fora like the FSB, Chamber of Commerce, where they're getting information." Stakeholder 3

The small retail sector was also highlighted as having less take up of face to face and local training, possibly due to the growing availability of use of in-house online training programmes.

A suggested way to improve access and also take up of skills training especially in micro and small business, was for them to look to group by specialism, offering training by means of a clustered approach:

"I'm a big fan of clusters. Clusters can be of small companies, small enterprises as well as big enterprises,

so small clusters would be quite good and I think that whilst no single establishment ... can afford the time or the energy ... to do the training that if you put four of those together they might find a pattern of training that they could do across them for a couple of people." Stakeholder 6

External training experiences

When business owners described their experiences of external training, where they had used Further Education Colleges, private training companies or other training providers, the overall preference was for control over what was being taught and content relevant to their business as well as fitting around the seasonality and workload of many of the businesses.

"We will arrange for various people that we've worked with before to maybe run six one day sessions over two months or something in the winter with a group of people for us, rather than going out to an FE and having one person. I mean one of the reasons for doing that is we can focus a bit more to be very relevant about our business and get them, you know, if they're talking about health and safety we can give them the handbook and say that's what we do as opposed to a very different course." Business 1

It may be that a disadvantage normally associated with many RTH businesses, namely the part-time and seasonal aspects of the sector, may also lend themselves to future skills, education and training opportunities, in the sense of allowing time to gain

academic and college based knowledge in non work periods. The work periods would then allow on the job experience. Indeed, the potential for using less busy periods for off-site training provision was recognised by several of the interviewed firms (Business 6),

The concern for lack of relevance to their specific business was also expressed around level of academic content with externally provided training, which might be too theory driven or too "lecture-like" to keep some of their staff members interested. Whilst others also sought out external training providers to deliver in-house team building and management training. (Business 6 and Business 2), there was, however, also suspicion of external training providers sometimes including more than was needed for their particular business both in terms of relevance to their specific business needs as well as for commercial reasons:

"You know, I think it's too easy to make a two day course out of something that could be done in a morning." Business 9

Conversely, and a major outcome of the research, businesses do value training, but it must be directly relevant to their business. Business owners gave examples of external providers who came to their premises to run shorter courses on specific skills of a less academic nature such as Barista training, Social Media and Customer Service training. Both examples show how the expertise of the training and further knowledge in that area was valuable. The business owners expressed the value such external expertise had to them, their businesses and generated a realisation of the limitations of their in-house skillset.

"We've had social media gurus come in and work with us, which, she was only here for two or three hours but what we learned in that time was...I like to think I know my way around but I was quite surprised what I didn't know." Business 14

"We've had people to come in and train us up on how to do the coffee properly... It went on throughout the day actually and they just sort of...it's surprising, there's more to making a cup of coffee than meets the eye and I didn't realise because like I said to you I came into it quite green." Business 16

Many hospitality businesses stated they mainly dealt with external training providers for statutory training requirements. Businesses dealing with food and drink production, for example, emphasised in particular statutory accredited training especially when dealing with major supermarkets and sought external training they perceived to be of a nationally recognised level of quality.

"So, you know, when you're selling to major customers like Tesco and Sainsbury's they want to know that you've got some sort of hygiene approval. So we bought in consultancy skill for that to help us to get the expertise in-house." Business 15

Discourse around relevance of training to their specific business was more of a challenge among businesses with more specialist skills needs such as different types of mechanics, boat builders, engineers, sports coaches and construction equipment training. The experience here was that there was no other option for specialist training than to go off site and few options available locally, especially in rural areas where many of the action adventure type tourist destinations are located. (Business 5, Business 6).

In terms of preference between private and FE College as training providers there was no universal agreement on which was better in terms of the businesses' own experience. It was noted amongst those who used private training providers over FE colleges, however,

that they were more flexible and better able to tailor courses, in terms of content and delivery, to the individual business:

"I think they tend to be more flexible and they would look at the needs for the business and the timings and geography of the whole thing, whereas with further education it is more difficult to fit into their time scales of things." Business 10

Experiences of working with Further Education Colleges

The majority of businesses interviewed had had some contact and experience with a Further Education College, only two business interviewed reporting that they had not (Business 11 and Business 12). Similar to the experiences of private external training providers above, where suspicion was expressed about how much of a training offering would be specifically relevant to their business, those who had used Further Education colleges also suspected that they were seen just as a client base to many of the colleges. Some businesses questioned how much of the FE offering was what was needed and how much was "upselling":

Some, however, viewed colleges as less commercially minded in this sense than private training provider companies and that Further Education colleges would be the go to place when considering training for their business:

"I'd rather go to a college. I think privately (i.e. private training providers) they're going to know their stuff but they're also going to try and sell you as much as they can and get as much out of you, whereas a college it's more of a personal approach I think." Business 14



This does, however go against the perception of some businesses (Business 10) that FE colleges are not as flexible as private training providers:

"I think previously there have been frustrations in terms of that education providers have a very fixed prospectus or curriculum and that in the past has been potentially a barrier to some employers because the qualifications on offer aren't what they expect or need." Stakeholder 3

Stakeholders are, however, becoming more aware of the need to supply "tailor made" training solutions (Stakeholder 7) both in terms of what the individual business says it needs and also against local market industry needs.

"...before we offer any course, and every year we do this in our curriculum development and planning. We look and analyse local market industry needs and that's part of the job..."

"Our courses are then tailored to what's needed." Stakeholder 3

Although in practice there are also limitations in terms of costs effectiveness.

"...we'll tailor make courses as well. But I have to say generally that there can be a little bit of a cut off on that. In terms of the size and in terms of the number of people it can sometimes not be cost effective for us if they're very small and it's just one person that needs training, something like that, we'd encourage them to come in here." Stakeholder 4

Lack of communication between FE and RTH industry

It was recognised, however, that communication between training providers and business owners needed to be improved in order to identify skills gaps and where and in what ways training providers could



best meet the needs of the business. There was a sense of frustration that conversations were being had but no productive outcomes were forthcoming.

Conversely, where successful contact had been made and relationships built there were positive experiences of meeting individual businesses funding and training delivery needs:

"(The Local College) have got some funding for these general courses, and there's ones in Food Hygiene. There's a whole pack of different courses they have, but just kind of customer service and team leadership as certificates and diplomas and they will cover 70% of the cost for any staff to go through those courses....It's generally on-site. They'd have to be released from their job and be on-site." Business 6

Links between industry and Stakeholders

The positivity where links existed also extended to other links between the businesses and a range

of stakeholders. Some businesses interviewed, for example, report contacting FE colleges to offer work placements or to give talks to student groups, or inviting local colleges to business opening events (Business 15, Business 16, Business 18 and Business 19) which could imply businesses' willingness to offer placements and "real life" work experience in conjunction with taught courses. Others preferred to make links with local educational institutions where they had personal connections already:

"Not so much the college. One of, (member of staff's family member) is the governor of our local secondary school so we do tie in as much as we can there. The college, (name of FE college), not so much." Business 14

Businesses and stakeholders seem to be in broad agreement in terms of where the skills gaps are and where improvements to supplying such skills development could be made. There is also agreement between businesses and stakeholders that better communication between industry and stakeholders is needed. Interestingly, stakeholders also gave examples of the indirect ways they try to link in better with businesses to identify skills needs:

"...we work with the Regional Skills Partnerships, mainly to look at, to feed in information and also to look at what comes out from those partnerships in terms of the skills needs, the demands, the shortages in relation to tourism."
Stakeholder 10

Observations and conclusions

The views of RTH businesses on Further Education are complex. Some see little relevance when it comes to meeting training and skills need and so have no opinion, while some are dissatisfied. Local FE provision is often perceived to be either not specialist enough for specific skills requirements, or not flexible enough in terms of delivering training on-site (as opposed to at the college itself). However, the businesses who have better relationships with FE providers often also have on-site delivery of FE provision. HE provision, in contrast, is generally not sought, though where it is it is associated with businesses with a growth focus in terms of sites, exports, as well as turnover.

In addition, the offering from FE is sometimes viewed as not fitting the individual circumstances of particularly the smaller businesses, either in terms of content or delivery. One solution stakeholders identified as being on offer was the "bite-size" online approach, which can be seen as offering potential where the skills and training needs are more basic, and generic, for businesses not able to release staff for skills and training activities.

Employers working alongside training providers, colleges and universities to change and adapt their curriculum and prospectus to meet employer needs, and do more training in the workplace was also seen as important – creating what is a much more bespoke approach. This will also be to some extent dependent on where the funding is for such initiatives, given the resource constrained nature of the businesses and public sector bodies. One stakeholder contracted to deliver such workplace learning and assessment

highlighted the popularity of this approach (compared with day release and evening-based approaches). Stakeholders pointed out that working with larger businesses is, unsurprisingly more attractive to FE because it's easier to do, larger businesses are more likely to understand the broad skills landscape of Wales, as well as having greater resources and incentive to train. This led to a perceived disconnect between FE and smaller SMEs in particular, though the links between skills providers and broader bodies representing small business, such as the FSB, may help in this regard.

However, smaller businesses often prefer to work directly with their local FE institution because of greater familiarity, proximity, and trust and therefore confidence because that campus, that tutor, that department etc., is on their geographic door step. Interestingly, therefore, whilst Higher Education level provision was highlighted as an area where employers were more likely to support off-site institution based learning, it was also suggested that such learning may need to be at FE as opposed to HE institutions, given their greater geographical reach.

The move towards all age apprenticeships was also seen as positive in this regard, because of the way it potentially allows a more flexible interaction between work-based and college-based learning activity. There may, however, need to be additional publicising of what modern apprenticeships entail, because of the more traditional way in which they are often considered, and the difficulties the smallest SMEs in RTH often perceive in offering such apprenticeships because of their own resource constraints.

One initiative highlighted how this might be overcome, with an example of an apprenticeship programme with around 20 companies linked to it, where the apprentices work around the various companies to ensure they are gainfully employed all the time. Given the way in which many of the RTH firms interviewed are now offering multiple RTH offerings (as opposed to just focusing on retail, tourism or hospitality) this may be one way forward, particularly in more rural areas where smaller SMEs are likely to dominate even more.

The issue of reducing the seasonality of the RTH sector in Wales was seen as crucial by some stakeholders.

Again, however, this will require a broader marketing approach which if successful would also promote the value of skills and training development in RTH.

The issue of attractiveness of RTH positions was widespread, with the seasonal, part-time and often unsociable hours associated with many RTH businesses, little opportunity for career progression within the often very small businesses interviewed, proving challenging for attracting and retaining certain people. Whilst few of the business owners had marketing degrees or tourism or other sector specific degrees the vast majority reported significant prior business experience (whether self-employed or managerial experience in employed work before setting up their own businesses) and this appeared to condition their attitudes

towards training. In terms of specific skills, a focus on exceptional customer service and the skills required to deliver and measure this (including social media skills) was seen to be required generally. This also seemed to provide an indication of the ability of RTH businesses to change and adapt to real forces that affect their businesses.

Given the expressed desire for training approaches that combined (on and) offsite training with on-site real world experience, the basic apprenticeship model appears to be a suitable model by which to begin to align FE and RTH businesses. There were, however, mixed experiences of apprenticeships across the businesses interviewed highlighting issues to overcome. Typically, experiences were divided by size of business rather than Retail, Tourism and Hospitality. Many micro businesses expressed reluctance to take on an apprentice as they often perceived their business as too small to be of benefit to the apprentice. Small retailers in particular were seen to pose particular challenges for training providers in terms of gaining access and communicating with them, requiring more indirect approaches. The example where multiple small firms are networked together to offer joint apprenticeship on-site experience is therefore of potential importance here. Larger SMEs interviewed, by contrast, tended to have more experience of

apprenticeships ranging from skills training, to learning to use different tools, with this particularly applicable to tourism and hospitality.

General conclusions from the research therefore, were that the businesses do value training, as long as it is seen as directly relevant to their business, with approaches that mixed onsite and offsite FE delivered education and training with onsite real world experience (such as might be offered by apprenticeship type and other vocational approaches) appearing to offer the best opportunity to link FE provision with RTH businesses. Importantly, RTH firms which wish to grow are also more likely to need to provide multiple offerings, and flexibility in terms of skills set.

Policy recommendations

- Efforts to extend the tourist season in Wales and encourage greater year-round activity should be increased. This could improve RTH as a career choice. If attempts to increase demand are successful, this could also promote the value of skills and training development in RTH generally.
- As apprenticeships combine (on and) offsite training with onsite real world experience, something which was considered desirable by many interviewees, there should be a greater focus on the role apprenticeships can play in improving alignment between FE and RTH businesses.
- Policymakers should initially focus on the training needs of businesses whose activity spans across RTH (rather than operating in solely retail, hospitality or tourism). These businesses show strong potential with regards to training-based policies, because of the wider range of training they might need but could also help to offer.
- Businesses whose activity spans across RTH can face particular challenges in terms of finding external training providers who can deliver the training that they need. Special effort should be made to include these businesses in helping to design apprenticeships and other forms of vocational training.
- For Education and training providers, evaluation and review of training provision should pay particular attention to the needs of SME stakeholders and seek to incorporate these into revised, or enhanced course, provision.
- More work is needed to network multiple small firms together to make it easier for them to offer joint apprenticeships with experienced combined and spread out across the different businesses. Small firms should be encouraged and supported to do this and apprenticeships should be designed to make this a simple option.
- Greater use of work experience and work placements is needed across vocational training courses of all types to ensure that people have a better understanding of what jobs actually involve and ensure employer and future employee expectations match.
- There is a need for better promotion of careers in RTH with a focus on progression, as well as the rewarding and enjoyable aspects of working in SMEs in RTH.
- Businesses need to consider new models of working, flexible working and job sharing to address issues around (and perceptions of) unsociable hours in some areas of RTH industry.

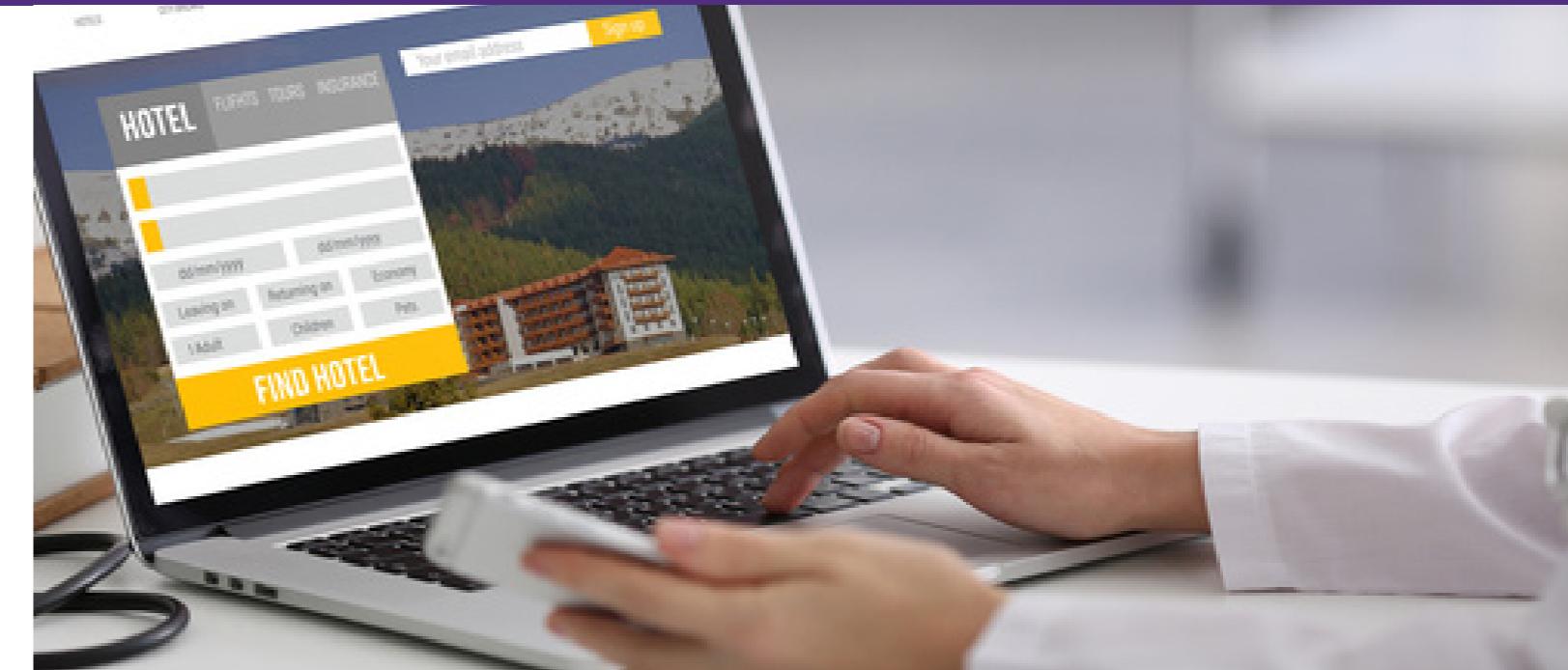


Table 1: Background details of respondents

Firm	Location	Sector	Family business ²	Size ³
Business 1	South Wales	Tourism		Micro
Business 2	South Wales	Hospitality and Tourism	Yes	Medium
Business 3	South Wales	Hospitality	Yes	Micro
Business 4	South Wales	Tourism		Small
Business 5	Mid Wales	Tourism	Yes	Small
Business 6	South Wales / Mid Wales	Retail, Tourism, Hospitality		Small
Business 7	West Wales	Retail, Tourism, Hospitality		Medium
Business 8	South Wales	Retail, Tourism		Small
Business 9	Mid and West Wales: 3 sites	Retail Tourism and Hospitality	Yes	Medium
Business 10	South Wales / West Wales (3 locations)	Hospitality	Yes	Small
Business 11	South Wales (2 locations)	Retail and hospitality	Yes	Small
Business 12	South Wales / Mid Wales	Retail	Yes	Micro
Business 13	South Wales, 3 sites, Cardiff	Hospitality		Small
Business 14	Mid Wales	Retail, Tourism and Hospitality	Yes	Medium
Business 15	Mid Wales (plans for second site)	Retail, Tourism, Hospitality (?)		Medium
Business 16	South Wales / Mid Wales (3 sites)	Hospitality	Yes	Small
Business 17	North Wales	Tourism and Hospitality		Medium
Business 18	South Wales (Cardiff)	Hospitality		Micro
Business 19	South Wales	Hospitality		Micro
Business 20	North Wales	Tourism and Hospitality		Medium

2 Either more than one family member currently employed in business or more than one generation have owned / run the business.

3 These categorisations are based on estimated FTEs averaged over the course of a year, acknowledging that numbers may fluctuate according to season and P/T nature of some employment.

Table 1b: Other Stakeholders

Stakeholders	Location	Sector
Stakeholder 1	All	Retail
Stakeholder 2	Mid Wales	Tourism, Retail and Hospitality
Stakeholder 3	North Wales	Education
Stakeholder 4	South Wales (multiple site)	Education, skills and training
Stakeholder 5	All	Business
Stakeholder 6	South East Wales	Skills and Training
Stakeholder 7	All Wales deliver	Education, skills and training
Stakeholder 8	North Wales	Economic Development
Stakeholder 9	West and Mid Wales	Skills and Training
Stakeholder 10	All Wales	Tourism

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