



EMCC case studies

Skillfast-UK – a skills service provider in the textiles and clothing industry

Company facts

The role of Skillfast-UK

Drivers of change

Challenges for the industry

Recommendations for action and initiatives

Contact details

Source list



EMCC case studies are available in electronic format only

Company facts

Skillfast-UK is a skills service provider to the clothing, footwear, and textiles industry in the United Kingdom (UK). An employer-led organisation whose mission is to identify drivers of change and act as a catalyst, Skillfast-UK organises educational initiatives outside the domain of public service educational programmes.

The industry will have the people and skills to be successful and compete globally in the high added value markets and international trading.

Vision of Skillfast-UK (DTI, June 2000, p. 22)

Skillfast-UK was established in April 2002. Its primary role is to identify skills needs in the UK clothing, footwear and textiles industry (referred to in this article as Skillfast's *footprint*) and provide information on this. In addition, Skillfast-UK provides educational services that are complementary to existing educational services in the industry.

Skillfast-UK owes its existence to the growing downturn in the textiles industry and the realisation that there is a significant gap between the education and skills requirements of employers and employees in the industry and the current courses on offer from the educational institutions. The prevailing feeling among employer and employer organisations was that the planning and design of educational courses were increasingly detached from the industry. They also realised a need for strengthening the dialogue between the industry and the national educational administration and institutions. Currently, the core footprint of Skillfast-UK employs 458,000 people in the UK and a further 91,000 people in areas closely related to the core footprint. Skillfast-UK builds a five-year perspective into all its projects.

The role of Skillfast-UK

Skills is an issue where all parties have common interests.

Chas Hubbard, Director of Workforce Development, Skillfast-UK.

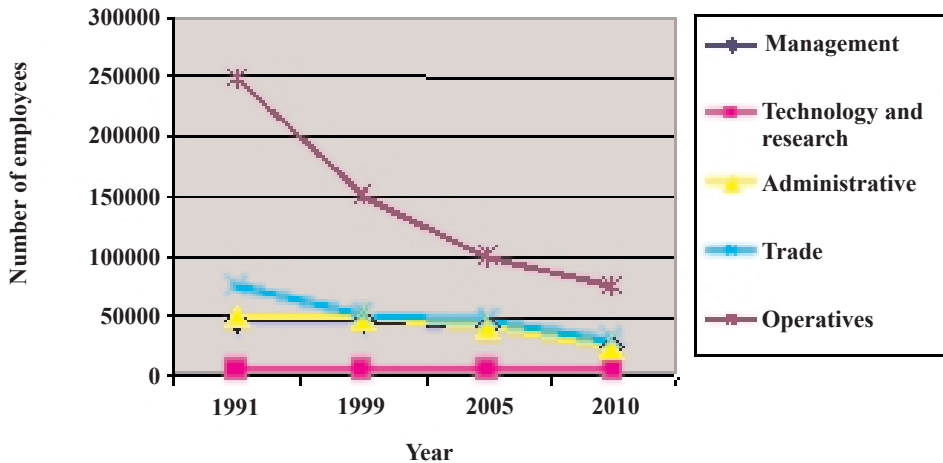
Skillfast-UK is an employer-led initiative, but this does not mean that it focuses exclusively on employer benefits in relation to skills. The general view is that skills is a shared concern. Consequently, employer and employee organisations should be able to find common ground and pursue joint initiatives for the benefit of both parties. This approach is also reflected in the fact that employee organisations are represented on Skillfast-UK's board of directors.

Through its regional networks (see the section on 'Recommendations for action and initiatives' below), the role of Skillfast-UK is to work with governments and their agencies to create an educational infrastructure that is demand-driven. At the same time, the industry itself takes measures to increase the participation rates of employers, in particular of small and medium-sized enterprises (SMEs) and their employees, in the skills agenda.

An important task of Skillfast-UK is therefore to create initiatives, which will help to motivate SMEs to think proactively about their future, particularly about the challenges related to competitive strategies regarding skills that most companies will face in the near future.

In this respect, Skillfast-UK acts as a catalyst as well as a provider of educational initiatives that do not compete with existing educational initiatives.

Figure 1: Employment patterns and predictions by occupation, UK textiles and clothing industry



Source: UK Department for Education and Skills (DfES), Skillsbase

Drivers of change

Economic conditions and competitiveness

The majority of clothing sales in the UK come from imports: for example, 66% of the clothes sold in the UK in 1997 were imported. This share is expected to grow, given the ease of accessibility to low cost labour in the Far East. The impact on the industry of UK companies moving production offshore is shown in the number of employees working in the ‘operational’ level in the sector – both now and, according to forecasts, in the future. From a company perspective, one of the strategies that is expected to play an important role is ‘brand management strategy’: management, marketing, research and development (R&D), as well as logistics responsibilities and jobs are kept in the UK while the rest is outsourced. The British government is facilitating such strategies via its 2002 budget by granting tax exemptions to holding companies.

Globalisation

Closely connected with economic conditions is the more general topic of globalisation. Although globalisation may be defined in many ways, there is no doubt that efficient and low-cost transportation, high quality communication technologies, and a move towards free trade and trade harmonisation legislation are all factors responsible for the global environment in which the textiles and clothing industry must compete. Apart from the job losses (particularly on the operational side), another threat to the industry is the fact that knowledge and skills transferred from the UK to the Far East in the medium and long term are bound to enhance competitive capabilities of ‘local’ companies. This puts great pressure on managers of UK companies to continually re-invent or develop new competitive advantages.

Consumer demand

During the last decade, western markets have become very fragmented. However, one general trend stands out in most areas of clothing: the rapid pace of fashion change. This has led to a high demand for cheap fashion clothes from consumers with a limited clothing budget. From the producer’s perspective, this trend increases the need for a flexible, low-cost production system and a very efficient sourcing and logistics set-up.

Regulations and sustainable production

Apart from the importance of trade-related regulations described above, environmental regulations pose particular challenges to companies that wish to produce in the UK rather than offshore where such regulations are typically less

strict. As UK legislation becomes harmonised with EU legislation, technical and organisational innovation will become the key to creating and maintaining viable production in the UK.

Technology

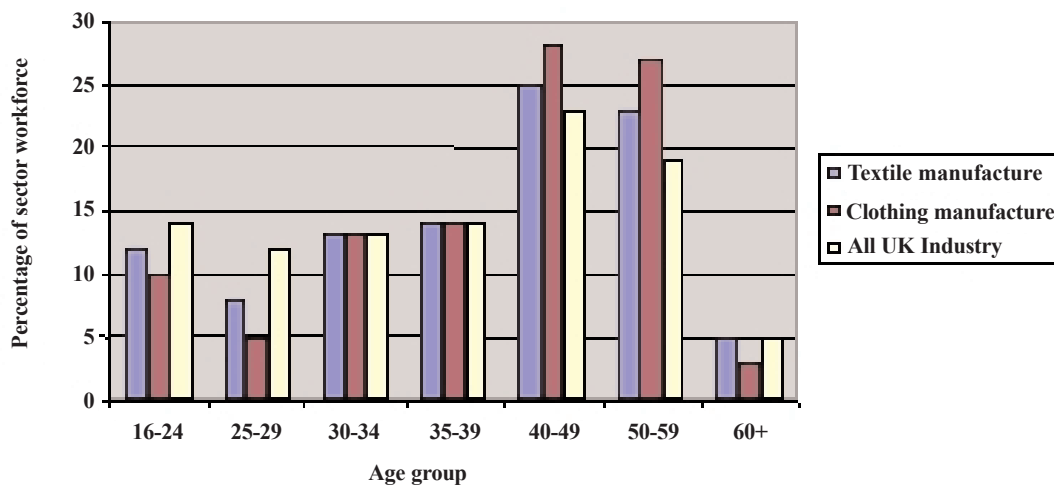
Production, sourcing and communication technologies are some of the most important enablers for UK companies to gain a competitive edge on low-price products. This is shown in multiple ways:

- the market for technical and ‘smart’ textiles, where the ‘knowledge’ related to the product and the production process is high and is expected to grow;
- new production machinery may in some instances be competitive with Far East outsourcing when parameters such as quality control and lead time are taken into consideration;
- information and communication technologies and skills can enable closer collaboration throughout the value chain, and can lead to a rich direct and indirect communication with consumers that will significantly increase the branding and marketing capabilities of companies who use these technologies.

Workforce demographics

As the figure indicates, the general trend of an ageing workforce in the manufacturing industries is even more pronounced in the clothing and textiles industry. This creates huge challenges in relation to skills. For example, to what extent should companies invest in education for the 30-40% of the workforce that is over the age of 50? And how can this group of employees be motivated to learn new skills?

Figure 2: Distribution of UK workforce by sector and age group



Source: UK Department for Education and Skills (DfES), Skillsbase

Challenges for the industry

Skills and human resources issues

The drivers described above have created a situation in the UK where employers within the textiles industry are reporting significant skills shortages as well as skills gaps.¹ A survey conducted in 2001 by the Institute for Employment Research (UK) identified skills gaps in relation to 9% of the workforce. The survey also showed that 11% of employers reported skills shortages. The following section will take a closer look at the nature of these gaps and shortages.

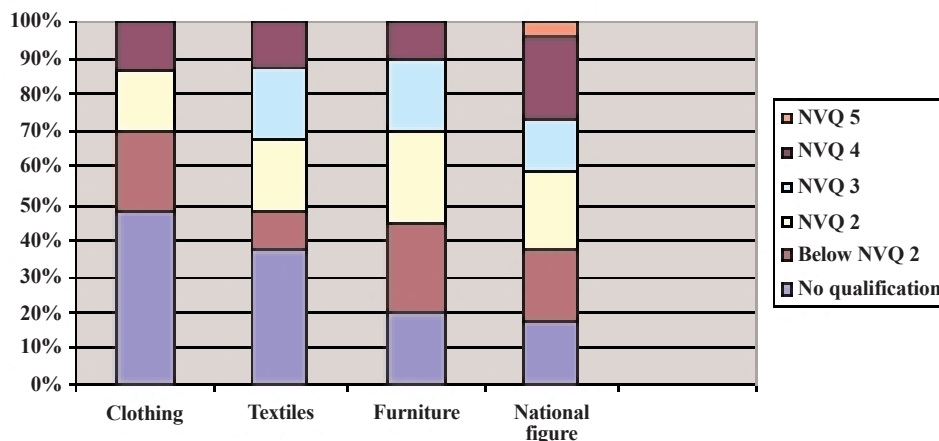
Managerial skills not up to date

Due to the rapid developments in competitiveness as well as in production and communication technologies over the past 15 years, managerial skills required to succeed have become more diversified and complex. This is especially critical in the clothing and textiles industry, since it is to a large extent made up of – largely family-owned – SMEs² where there is very little functional specialisation at managerial level. Until recently, it was expected that managers who were made redundant in mergers and acquisitions between larger companies would form a pool of human resources with the right skills. But as most managers came from highly specialised jobs, few have been able to master a multi-skilled approach to management. Managers, therefore, need to acquire new skills in the broader areas of supply chain management, sales, marketing, and information technologies (IT).

Ageing of the workforce

As noted earlier, developments in technology have created a demand for new skills on the operational side for companies that wish to maintain production in the UK. Furthermore, while jobs lost in operations activities may be replaced by jobs in white-collar activities, the main question is whether it will be possible to re-educate blue-collar workers for white-collar jobs. Both issues are complicated by the high average age of the employees in the industry.

Figure 3: Highest qualification level held by industry sector in the UK



Note: NVQs, the National Vocational Qualifications, are work-related, competence based qualifications. They reflect the skills and knowledge needed to do a job effectively, and are recognised by employers throughout the UK.

Levels range from NVQ 1 (basic competences) to NVQ 5 (wide range of competences including responsibilities for the work of others).

Source: UK Department for Education and Skills (DfES), Skillsbase

¹ ‘Skills-shortage’ means that it is difficult to recruit staff, as there is a lack of job applicants with the required skills, qualification or experience. ‘Skills-gap’ occurs when a significant proportion of existing staff are not fully proficient at their jobs.

² 85% of the companies in the industry.

From a company perspective, many companies may be reluctant to invest in employees who will be retiring within a foreseeable future. From an employee perspective, it may be hard to find the motivation and resources to learn something entirely new when retirement is just around the corner. It should be noted in this context that basic educational skills such as literacy cannot be taken for granted. Furthermore, many employees lack generic skills such as numeracy, basic computer literacy, communication, and problem-solving. Naturally, this is an enormous challenge which requires all actors and interest organisations to work together to find a common solution.

Gender effect of structural changes

The shift from blue-collar work to white-collar work has gender-biased effects since the blue-collar jobs in the industry have been staffed primarily by women (in 1999 the sector employed 103,000 women and 58,000 men on the operational side). Studies from other industries have indicated that women who lose a low-skilled position have a harder time finding a new job than men (for example, the one from ‘Serveemploi’³). It is therefore necessary to take into account the gender issues related to structural changes in the industry.

Attracting young employees to the industry

The industry suffers from an image problem among young people, who see it as old-fashioned with no clear prospects or exciting challenges. At the same time, employers find that many of the graduates recruited lack technical and commercial knowledge and do not possess broad practical skills. These new recruits also lack cultural knowledge of the workforce, and they can be shunned on account of this. On the positive side, it has to be said that these graduates bring knowledge of business strategies and interpersonal, communication, and IT skills to the sector.

Structural issues

Difficulties targeting the informal economy

The issues described above clearly indicate that there is a need for educational activities at all hierarchical levels in the textiles industry. Apart from these issues, the ‘informal economy’ in the clothing and textiles sector is also of great concern to Skillfast-UK. It is very difficult to control competition within the informal economy, and it is difficult to launch initiatives related to skills or basic employee rights for the people employed in this informal economy. The general understanding in Skillfast-UK is that problems with generic skills are much worse in the informal economy, but it is difficult for the organisation to initiate any kind of initiatives targeting this group.

Lack of motivation among SMEs

It is a common assumption that industries dominated by SMEs often have difficulties with radical changes in technological, economic, and strategic trajectories. The reality is that small companies are forced to focus on the day-to-day operations and challenges. They therefore rarely assess skills needs or spend time collaborating in relation to skills and human resource issues. As Skillfast-UK puts it:

General apathy is prevalent in the sector, which has historically relied on government interventions and programmes to support its learning needs. [...] Generally, textiles and clothing companies are more likely to invest in health and safety training and supervisory and management training.

Skillfast-UK, 2001, p. 29

³ ‘Serveemploi’ was a fifth framework study which analysed the gender issues related to the restructuring of the financial and retail sector over the last 10 years. The study was led by Juliet Webster and part of the results were published in Juliet Webster, Ken Ducatel and Werner Herman (eds), *Work and life in the age of globalisation*, Landham, 2000.

In other words, SMEs are generally not proactive in assessing particular needs and formulating strategies to meet these needs, even though their future is highly dependent on this. Skillfast-UK must deal directly and immediately with this lack of motivation if it is to succeed in creating a demand-driven programme of educational activities in the UK.

Recommendations for action and initiatives

Skills gaps and skills shortages

Short-term objectives

Managers need to gain more insight into areas such as business strategies, international trade, and supply chain management. In parallel, it is crucial for managers to develop their skills regarding IT-strategies, particularly within eCommerce and eManagement.

All employees in the industry need to improve their basic skills level, particularly within information and communication technologies (ICT), since ICT-based initiatives and productions represent major initiatives that will give the UK a competitive edge over low labour cost production.

The sector as a whole must radically improve its links with educational institutions in order to be able to deliver appropriate sector-related learning programmes.

It is planned to achieve these objectives through a range of initiatives, with the regional network initiative at the centre. As noted in the introduction, the regional networks are the core of the Skillfast-UK initiative. Dialogue at regional level is essential if the initiative is to create genuine demand-driven development. This is not an easy job, since many SMEs feel that they have negative experiences with such initiatives and are often too busy with the day-to-day operations and challenges to find the time to participate. The Skillfast-UK initiative aims to counteract this by working with and through the existing regional actors such as employer organisations. Skillfast-UK regional offices are set up to initiate and build liaisons and dialogue with the business communities so as to gain specific insight into the particular needs of each region.

Furthermore, Skillfast-UK will carry out an audit of sector provision at all levels in order to document the current availability of learning programmes relevant to the sector. It is vital to communicate current expectations in terms of learning support required by the sector to the further education and higher education bodies, and private providers.

Medium-term objectives

The sector must encourage industrial placement opportunities for students to improve the image of the sector, and as a recruitment tool. This will in addition help students to develop their skills and cultural understanding so that they can be successfully assimilated in the industry after they have finished their education.

The sector must encourage activities which support learning in SMEs.

The sector must monitor the quality of sector-related courses offered by educational institutions and ensure that qualifications are relevant.

Long-term objectives (indicators of success)

The sector must provide sector companies with firm data on sector trends and benchmarked skills improvements.

The sector must show evidence of fewer reported skills gaps and shortages.

The sector must ensure that the learning supply network is capable of sustaining the knowledge base through education and business partnerships.

Learning supply

While the initiatives in relation to skills gaps and skills needs in companies are based on interaction with companies, the initiatives related to the learning supply are mainly based on studies and analysis that aim to provide an overview and clarity for decision-makers in government and educational institutions. The following section looks at the challenges and actions identified by Skillfast-UK in this area.

Action plan

Challenge: So far, the sector has benefited from government sponsorship of sector qualifications at national vocational qualification (NVQ) levels 1 and 2. However, this has been directed at accrediting existing skills rather than supporting the development of new skills. As the priorities for sector development move to specialist markets and offshore supply, emerging skills needs are appearing at levels 3, 4, and 5. These are not necessarily at vocational level, although there is evidence that the uptake of modern apprenticeship and foundation degree programmes can significantly address a predicted rise in technical skills demands. This can also provide opportunities for entrepreneurs in the sector.

Action: Skillfast-UK will review this research and agree on appropriate methods for measuring skills needs with the Sector Skills Development Agency.

Challenge: The gap between education and practical experience has become wider in the last decade and needs to be bridged.

Action: Skillfast-UK plans to carry out research in order to provide an accurate description of existing workforce qualifications and their application to job roles. Furthermore, Skillfast-UK in partnership with the regulatory authorities and learning providers will develop and drive business-led learning programmes linked to the national curriculum and working environment.

Commitment to equal opportunities in skills

Since there is currently no clear understanding of the skills issues related to gender, persons with disabilities and ethnic minorities, Skillfast-UK will research sector demographics at a level agreed upon with the Sector Skills Development Agency.

Furthermore, Skillfast-UK will work with employers to ensure that training and development opportunities are accessible to all, especially to those whose first language is not English, to persons with disabilities, and employees with childcare responsibilities.

Vision of the industry five years from now

Skillfast-UK predicts that implementation of these recommendations in a five-year perspective will lead to a significant reduction in skills gaps and shortages. The overall aim of the action strategy is to help employers and individuals make informed career and personal development choices. A further goal is to ensure that present and prospective employees have the necessary skills to enable businesses to:

- operate in high added-value markets in which companies both drive and meet the demand for niche products and branded goods;

- control the supply chain and maximise opportunities to increase final margins. The companies will be customer-focused with the capability of designing products in order to meet market needs;
- exploit the potential of eCommerce to support inter-company supply chain and international operations, and in particular expand the opportunities for the development of businesses situated in the rural economy.

Contact details

Company name: Skillfast-UK
Website Address: <http://www.skillfast-uk.org/>
Address: Kingswood House, 80 Richardshaw Lane, Leeds, LS28 6BN
Country: England
Phone: +44 113 227 3333
Fax: +44 113 227 3388
Email: enquiries@skillfast-uk.org

Source list ⁴

This case study is based on an interview with the Director of Workforce Development in Skillfast-UK, Chas Hubbard, and on the following material:

UK Department for Education and Skills (DfES), *An assessment of skills needs in the clothing, textiles, footwear and leather and furniture, furnishings and interiors industries (skills dialogue)*, DfES (in association with Skillfast-UK and FFINTO), 2002.

Department of Trade and Industry (DTI), *A national strategy for the UK textile and clothing industry, Textile and clothing strategy group*, DTI, United Kingdom, June 2000, available at:
http://www.dti.gov.uk/support/textiles/pdfs/nat_strategy.pdf.

Skillfast-UK, *Expression of interest from Skillfast-UK Ltd: Fibres to fashion*, 2003.

Skillfast-UK, *Secondary analysis of employers' skill survey 2001*, Sector report by the Warwick Institute for employment research, 2001.

⁴ All links accessed on 28 November 2004.