

REALISE DEVELOPMENT

Barriers to Recruitment and Skill Development in Micro businesses in Bradford

Through a Glass Darkly

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3/28/2011

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Barriers to Recruitment and Training in Micro Businesses In Bradford

Summary

There is a large and potentially growing group of micro-businesses and sole traders who appear to have little or no voice in the debate about skills for business. A key aim of the project was to develop a base of business owners who are willing to be consulted about skills and employment issues.

The target group for the study is micro-businesses employing less than 10 people, focussing on businesses employing less than 5, including sole traders not yet employing anyone apart from the principal.

The project collected evidence about the issues that deter sole traders and micro businesses from taking on an extra pair of hands AND from engaging in the debate about skills and skills needs in business.

The project methodology included:

- desk research
- an online survey of micro businesses in the Bradford area,
- a focus group of micro business owners and key stakeholders
- interviews with micro-business owners.

Looking at employment and skills in micro businesses is at best an act of looking 'through a glass darkly'.

- Policy makers and planners in the skills and employment arena tend to work with a relatively small number of large employers when it comes to forming and shaping policy.
- There is a real disconnect between the world of the micro-businesses and the world of the skills and employment policy makers and planners. At times they seem to speak different languages.

Key Recommendations

1. Develop a long term strategy to significantly increase participation of and engagement with micro-enterprises in the development and implementation of ESB strategy.
2. Develop web based self service tools and peer to peer knowledge exchange networks including action learning groups to engage micro businesses.
3. Secure significant micro business representation on the ESB.
4. Rather than simply focussing on increasing the start-up rate focus on increasing the start-up survival and growth rates. Do this by encouraging team based starts and good preparation pre-launch. Fewer more successful businesses in the short term will lead to more successful business in the long term. Lots of struggling businesses in the short term simply leads to fewer start ups.
5. Really consider the fitness for purpose of a generic micro enterprise segment. Is there sufficient homogeneity in Bradford Businesses employing less than 10 people with a turnover or balance sheet of less than 2m Euros to really make it a meaningful target for strategy development and implementation? Perhaps more refined segmentation is required.
6. It would seem that the dominant narrative about vocational training in the world of micro-enterprises is one of dissatisfaction. Dissatisfaction with the accessibility and flexibility of apprenticeships and dissatisfaction with the attitudes and skills of those leaving school, further and higher education. Consider ways in which this narrative can be further uncovered and explored, and where it is found to have substance, act upon it. Where it has no substance challenge it and find ways to replace it with a dominant narrative that is much more positive.
7. Consider using micro enterprises to speak to micro enterprises instead of trying to address them directly. Micro enterprise owners are far more likely to be influenced by their peers than by Skills Boards, Councils, Chambers and Federations.
8. Continue to invest in employer education partnership and place a real emphasis on 'employability and enterprise skills'.
9. Consider mechanisms to compensate micro enterprises to provide a 'finishing school service' for school leavers. These could take the form of extended placements where school leavers are given the opportunity to develop their skills and work experience.
10. Find ways to judge the quality of education providers less by qualification results and more by the employment destinations of their leavers.
11. Find ways to support the creation of apprenticeships, internships, work pairings, and college and workplace training places.
12. Explore the merits of shifting resources away from the college and into the workplace to support relevant vocational education and training.
13. Ensure that major procurement processes in the city (BMDC and NHS Trusts for example) are micro business friendly.

14. Communicate the benefits of investing in skills and training to micro enterprises in the language of the micro enterprise.
15. Consider approaches that respond to micro enterprises with aspiration and potential to grow rather than attempt to impose policy and change on the disinterested and pre-occupied. Develop a 'coalition of the willing' approach rather than a 'coercion of the disinterested' one.

Context

What Makes Micro-Businesses Different?

We should consider whether it is possible to think of micro businesses as a meaningful sector. The sector encompasses a very wide range of business types represented in all sectors of the economy and with different permutations of **aspiration** and **potential** when it comes to business growth.

The micro business sector also covers an enormous range of work from internationally renowned surgeons who hire themselves out on a self employed basis to cleaners. In planning engagement with micro businesses, and developing their role in the employment and skills agenda in Bradford a segmentation of micro businesses based on **aspiration** and **potential** for growth should be considered to enable tailored interventions likely to increase the chances of sustainable business growth.

Aspiration

This is all about the attitude of the business owner towards business development. Consideration should be given to how owners of micro-businesses can be encouraged to review and as appropriate develop their aspirations that they have for their business.

- What can be done to increase the aspiration of micro business owners in Bradford?
- Challenge the myth of the heroic entrepreneur – ordinary people succeed in business too!

Potential

What can be done to develop the potential of micro businesses in Bradford?

1. Training and development programmes for owner managers with growth aspirations

2. Increase access to investment in business growth

Consideration should be given to how we can support micro-businesses to reflect on and develop both their aspirations and their potential to achieve them.

Understanding the absorptive capacity of micro businesses will be critical if we are to successfully enable them to increase opportunities for employment and skill development.

Skills and Vocational Preparation

There is a perception amongst micro businesses that accessing good training to narrow the 'employability' gap is difficult. Policy led attempts to improve employability such as The Skills Pledge seem to have achieved low levels of awareness – especially amongst micro businesses.

For micro businesses usually with no specialist human resource function it proves practically impossible to engage positively with employment and skills services.

Continue to invest in education business partnerships with a particular emphasis on engaging learners in the micro-business community.

Provide support (financial, technical and administrative) to micro businesses to enable them to work with education leavers to improve their employability – it may be that a new umbrella organisation, or an existing small business organisation might be in a position to develop this type of service. See for example the Working Rites project in Scotland.

Effective ways of collaborating with sector skills councils should also be further developed – sector based micro-business groups should be considered, though this maybe more practical at the level of the city region than just in Bradford

Apprenticeships from the perspective of the micro business are seen to be a tricky proposition. Consideration should be given to the possibility of introducing an employer apprenticeship grant circa £2000 per annum to incentivise apprenticeships in micro-businesses.

Strategies for skills and employment developed at a national level tends to be complex, dynamic and poorly understood, especially by micro businesses who don't have the time

and expertise needed to engage with them fully. The Bradford District Employment and Skills Strategy could be developed to set specific targets for the take up of apprenticeships and other vocational training pathways in the small business sector.

We should seek ways to support the creation of apprenticeships, internships, work pairings, and college and workplace training places

- Robust mentoring programmes should be developed that help people make the transition into work where this support is required.

The recent recession and slow and fragile recovery appears to be leading many owners of micro businesses to have more defensive attitudes to business expansion.

- Consideration should be given to the development of learning sets of micro businesses that wish to pursue growth strategies.

Attitudes Towards Work and Skills

The loss of contact with the world of work and with working role models has increased the psychological barriers to getting work for some families and neighbourhoods in Bradford

There is also a perception amongst owner managers of micro businesses that the relationship between employer and employee is fraught with risk. It is likely that for some micro businesses their beliefs about the quality and attitudes of those in the labour market will be a significant barrier to their potential to grow the business

We need to find ways to challenge these perceptions and to help micro businesses to find and work with the employable individuals.

Working with Micro businesses

In spite of recent cuts in business support there are still a host of support providers for micro businesses, including the Chamber of Commerce, Federation of Small Business, ABDN, ATL and more.

The real challenge is not in informing micro businesses about what is available on the supply side. For micro-businesses notions of social responsibility towards skill development and job creation appear weak drivers in the decision-making process.

We should explore the potential of promoting intergenerational work - passing learning on.

Develop a simple flow chart and benefits analysis helping micro businesses to explore the question 'Would an Apprentice Help You and Your Business?'

Establish regular systems for establishing what micro-businesses believe about employment and skills and where the perceptions are wrong or outdated find ways to challenge them constructively

It may be possible to reward businesses for employing people with literacy, numeracy and other training needs and putting in place relevant training plans.

Make work more rewarding. There may be a chance to create innovative work based development pathways to prepare people for work.

Establish simple and practical mechanisms for micro-businesses to report on their employment and skill needs. Should we ask micro-businesses to focus on informing policy or focus on improving their business? Perhaps facilitating action learning with active listening might do more to really inform policy development based on real practice and challenges faced in micro-businesses.

Regular work shadowing where members of the ESB and other stakeholder groups spend time in micro-businesses might help in this respect.

Barriers to Recruitment in micro-business – study commissioned by Employment & Skills Board

Aims

- To investigate the barriers to recruitment in micro businesses
- To develop the understanding of micro businesses will need if they are to become employers.
- To help towards priority action to enhance and expand the offer available to employers developing their workforce

There is a large and potentially growing group of micro-businesses and sole traders who appear to have little or no voice in the debate about skills for business. They are under-represented on the Employment and Skills Board and often fail to be heard in spite of hard work by various members of the ESB.

A key aim of the project was to develop a base of business owners who are willing to be consulted about skills and employment issues. The target group for the study is micro-businesses employing less than 10 people, focussing on businesses employing less than 5, including sole traders not yet employing anyone apart from the principal.

The project collected evidence about the issues that deter sole traders and micro businesses from taking on an extra pair of hands AND from engaging in the debate about skills and skills needs in business.

The key facts to be investigated are:

- Which of the potential barriers are most significant in the decision whether to create a new position: economic barriers, employment barriers or labour market and skills barriers?
- What are the specific obstacles within each of these?
- What assistance would respondents need to overcome the barriers and obstacles they have identified as being most significant? The final report will include proposals for measures to help overcome obstacles preventing new job creation.

Methodology

The project used a combination of:

- desk based research into published research and data, including:
 - Bradford District Employment and Skills Strategy (forthcoming)
 - Skills for Sustainable Growth – DBIS
 - Review of Vocational Education – The Wolf Report
 - Bradford District Employer Skills Board Skills Survey
- an online survey of micro businesses in the Bradford area. An invitation to participate was sent to all small businesses registered with Bradford Chamber, Bradford Kickstart and the FSB databases. The invitation included an incentive to participate (entry in prize draw) and was also promoted by business advisers working across the District.
- a focus group of micro business owners and key stakeholders
- interviews with micro-business owners.

Challenges with the methodology.

Invitations to participate in the project were sent to well over 5000 businesses registered as micro businesses in the Bradford District. In spite of considerable promotion we received just 130 replies, representing a response rate of less than 3%. This small response size means that little meaningful analysis can be done by sector.

Attendance at the Focus Group was similarly disappointing. Although over 20 micro-enterprises booked to attend the event on the evening only 4 attended, which again means that the responses given, while illuminating cannot be considered representative.

Through a Glass Darkly

This was a modest piece of research seeking to shed light on a complex, dynamic and largely hidden world of employment and skill development in micro businesses.

In conducting the research and thinking about the issues involved there were numerous opportunities for further research and reflection that the project was simply not resourced to exploit. Further analysis by sectors for example would have been useful.

Looking at the subject of employment and skills in micro businesses is at best an act of looking 'through a glass darkly'. There are several reasons for this.

- Most of the data available is based on businesses that run PAYE and or VAT schemes. This means that perhaps the majority of micro businesses, who don't employ, or trade below the VAT threshold simply do not appear in published research.
- There is a reticence about talking openly and on the record about actual employment practices in the real world. These can circumvent legislation and taxation through the grey economy and the owners of micro businesses involved are unwilling to talk openly about this aspect of their operations.
- This lack of trust in any of the organisation perceived to be 'close to' government means that serious caution has to be given to responses provided by business owners. The answers may well reflect what they wish policy makers to hear rather than a clear and straightforward account of practice and beliefs.
- Policy makers and planners in the skills and employment arena tend to work with a relatively small number of large employers when it comes to forming and shaping policy. These larger employers are much better resourced to engage in the debate and the scale factors mean that outputs seem to have a much higher impact. For example a recent announcement by a large employer that it was to create 7000 apprenticeships provides disproportionate gains over trying to achieve the same outputs from micro businesses. The low hanging fruit tends to lie in the big businesses.
- Finally there is a real disconnect between the world of the micro-businesses and the world of the skills and employment policy makers and planners. At times they literally seem to speak a different language and work using different processes.

The Bradford Context

Building an innovative, productive and high value economy is one of the most important and urgent challenges facing the District. Addressing the high levels of worklessness and the many people lacking basic skills will be integral to meeting that challenge. A strong skills base is essential to attract and retain investment and good quality, well paid jobs, to maintain and grow our manufacturing strength and to reduce worklessness...

Bradford, like everyone else faces major structural and political change and the pressure on the public purse will make the task more challenging.

There are substantial changes occurring to the benefits system nationally that will play out in Bradford. According to 'Getting People Into Work':

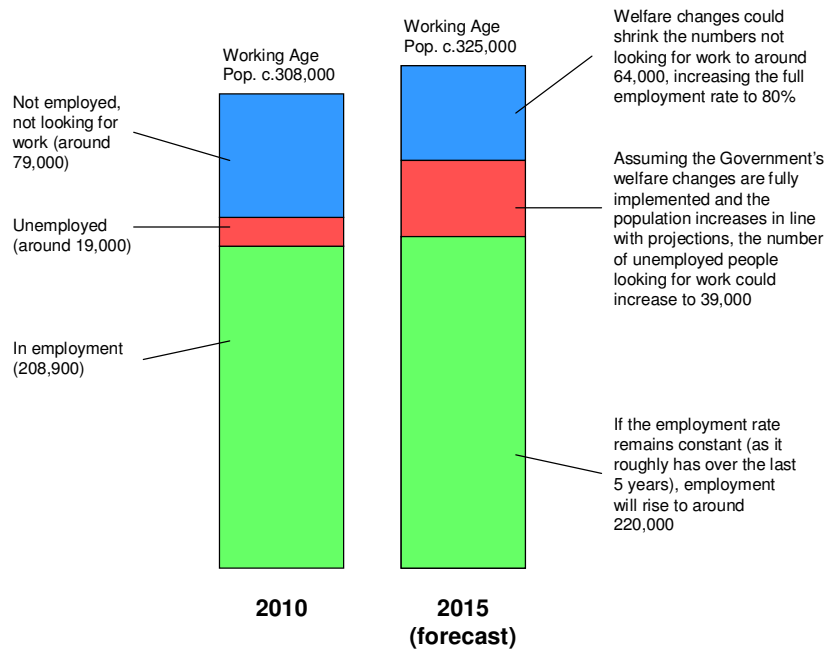
Ultimately, including those who are currently unemployed, an additional 29,000-37,000 people in Bradford will need to move into work in order to achieve full employment, even without factoring in the expected growth of the population. **Factoring in population growth, this number could increase to 48,000 by 2015.**

Of the 48,000, given the current split between self employment and employees, around **7,000 of these would be in self employment** and the remaining 41,000 would need to move into jobs created in the District or neighbouring districts.

This will create an enormous challenge for the District. 48,000 is a huge number given that between 2000 and 2008, employment amongst Bradford residents increased by just 23,000, before falling by 12,000 in 2009. The latest forecasts suggest that in 5 years time, employment will not yet have returned to pre-recession levels.

If the employment rate cannot be increased significantly, **unemployment could hit 39,000 in 2015, which would equate to 12% of the working age population.** This would be a level not seen since the 1980s

Changing Size of Bradford's Workforce



The Bradford Employment & Skills Board

The Employment & Skills Board (ESB) is a key component of the Districts' Prosperity and Regeneration Partnership in terms of driving and setting the skills agenda and policies for the District. It was established in 2010 to *"provide strategic employer-led guidance over the skills agenda across the District"*. The ESB is an employer led group, with 50% of the members from the private sector. It also has a mandate to: *"exert direct influence over provision to ensure it meets demand."*

The ESB is very aware that private sector representation on the Board is principally from bigger firms with a greater interest in skills policy and decision-making which could directly affect their recruitment and training procedures. To combat this, the ESB has made concerted efforts to "sound out" the voice of small business. These included a Business Engagement Event in June 2010 and several open consultation meetings. In 2010 also the ESB commissioned a skills survey of local businesses, conducted by Bradford Chamber and subsequently commissioned this piece of work to directly consider skills in relation to micro-businesses.

The ESB recently published its new Employment and Skills Strategy (ESS) for 2011 which clearly represents the importance to the whole economy of tackling skills issues:

".....improving skills is a top priority for the District and this strategy is an important first step towards securing the change that we need, It is crucial that we maintain a clear and determined focus on meeting the needs of individuals and employers because this is the key to building the vibrant local economy we all want to see." Councillor David Green, Regeneration and Economy portfolio holder, City of Bradford Metropolitan District Council.

Particularly relevant in the context of this study, objective 2 of the ESS is formulated as: **Raising employer demand and investment in skills at all levels.** In this section the authors also acknowledge:

“Bradford’s economy is dominated by micro-businesses employing less than 10 staff and small/medium-sized enterprises employing less than 250. Small businesses – including BME owned firms in particular – also face real barriers to take-up of apprenticeships.”

The quotation refers to apprenticeships but could equally have used the words “skills” or “training”.

Employment and Skills Strategy and its Relevance to Micro Businesses

The Bradford and District Skills Strategy provides a good example of a document that appears to have been written for a target audience of big companies with human resource specialists and policy makers. As a result it may leave many in small and micro-enterprises not only disengaged, but with a perception that the Employer Skills Board does not understand their world.

The Challenge of Vocabulary

The opening remarks talk of ‘building an innovative, productive and high value economy’ of ‘addressing...worklessness’ of ‘effective partnership work across the public sector and with employers’ and ‘delivering pathways to employment’. This kind of language will engage few micro enterprises and consideration should be given to how it is presented in a way that may provide them with some benefit and engage them in taking action in support of the objectives and priorities.

Most micro enterprises are concerned less with ‘shaping the skills that we need for sustainable economic growth’ than with securing the skills that they need to develop and deliver their order book.

If we want micro-businesses to engage with our strategies they have to be written in their language, to address their opportunities, problems and concerns and talk about their world in their language. It is a complex task to write for multiple audiences but consideration should be given to how these documents will speak to the micro enterprise community.

These are the 5 Objectives of the ESS as they are currently written

- unlocking enterprise and employment growth in the private sector
- raising employer demand and investment in skills at all levels, including accelerating employer take-up of apprenticeships
- building a stronger platform of basic and intermediate skills
- reducing worklessness
- developing a more integrated system of employment and skills support

How **might** they look in micro enterprise friendly terms?

- Helping you to make more money
- Helping you get the skills that you need when you need them
- Getting more people in work
- Giving you better support with finding the labour that you need

Section 2 of the ESS provides a well researched overview of the Bradford macro-economy. However your average micro enterprise owner is more concerned with developing and delivering an order book, and in their unique and specific context. Perhaps a document on **'What this means for a business like yours'** and **'So What Are We Doing About It?'** might start to make the ESS more powerful. However the question remains about whether the micro enterprise segment can be treated as a coherent whole.

Can we leave skills development and employment to 'Employers'?

As previously described the label 'employer' is one that many owners of micro enterprises will not recognise as relating to them.

Few micro enterprise owners see themselves as employers. Indeed most of them employ no-one. Yet the document consistently talks of employers. Many micro enterprises do not use traditional employer/employee relationships to source labour, but instead use networks of associates and casual labour.

Employers may of course choose to invest in skills for their employees – but many micro enterprise owners prefer to contract only with those who already have the skills that they require, or choose to deliver training through informal working relationships. They want staff who can hit the ground running. There is perception that the education system cannot meet this expectation.

As well as encouraging employers and owners of micro enterprises to consider their investment in skills the ESS also emphasises the responsibility of the worker to keep their skills up to scratch. While this might be achieved through the mainstream HE/FE routes, increasingly it will be done through informal working placements and trials in micro-businesses and self managed learning. Consideration should be given to mechanisms and processes that can support and encourage those who are motivated to manage their own learning whether or not this is delivered through formal provision.

The Importance of Quantification?

None of the long term targets laid out on page 20 of the ESS will really speak to many micro-businesses or will provide any incentive to partners to invest in reaching this part of the economy. Perhaps developing a target for the profitability or growth of a number of micro enterprises? Or for a percentage of micro enterprises believing that ESB, its partners and the ESS are practical, relevant and helpful to them in developing their businesses might really help to drive resources into developing this segment.

While there are several mentions of the importance of small firms in the ESS micro enterprises are mentioned just once in Annex C in relation to accelerating the uptake of apprenticeships. This matter because small enterprises (employing fewer than 50 people, but more than 10, and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million) are likely to be team managed businesses with some specialist skills available in management and human resources. Micro enterprises employing fewer than 10 people and with annual turnover and/or annual balance sheet total that does not exceed EUR 2 million are far more likely to have a single owner manager with a much weaker capacity to engage with and benefit from the outputs of the Employer Skills Strategy.

The ESS correctly points out the increased emphasis that the National Skills Strategy will place on apprenticeships. Yet apprenticeships seem to work better for medium and large enterprises rather than micro and small businesses. This may further disadvantage micro enterprises in Bradford unless steps are taken to increase the ease with which they can access apprenticeships.

Micro enterprises – serving a high volume market

Providing employment and skills support to micro enterprises is an expensive proposition and the returns on each intervention are likely to remain low. However the potential of the whole segment is significant. Developing innovative ways to service a high volume/low value market for employment and skills services should be considered. Perhaps increased use of web based, self service tools and peer to peer knowledge exchange networks including action learning groups might hold the key.

Unlocking the Potential of the Private Sector

The ESB expresses a vision in the ESS to unlock the potential of the private sector. It is likely that much of that potential lies in the SME sector and specifically in micro enterprises. A language and a process has to be developed that engages this sector and provides practical support to those with the aspiration and potential to grow. Working in depth with a small number of micro enterprises that have both the aspiration and the potential to grow may provide some demonstration sites that show the rest of the micro enterprise community just what can be achieved. This may prove a more effective strategy than spreading limited resource thinly across a large segment.

The objectives and priorities in ESS are not quantified and therefore measurement of progress and a benchmark for success is not set. Also none of the priorities, objectives and underpinning activities specifically relate to micro enterprises. It is highly likely that most resources will be targeted at medium and large businesses where greater volumes of outputs can be achieved for less input. While understandable this could leave the potential of the micro and small enterprise sectors largely under-developed in Bradford while resources get taken up by medium and large enterprises.

Increasing the Start Up Rate

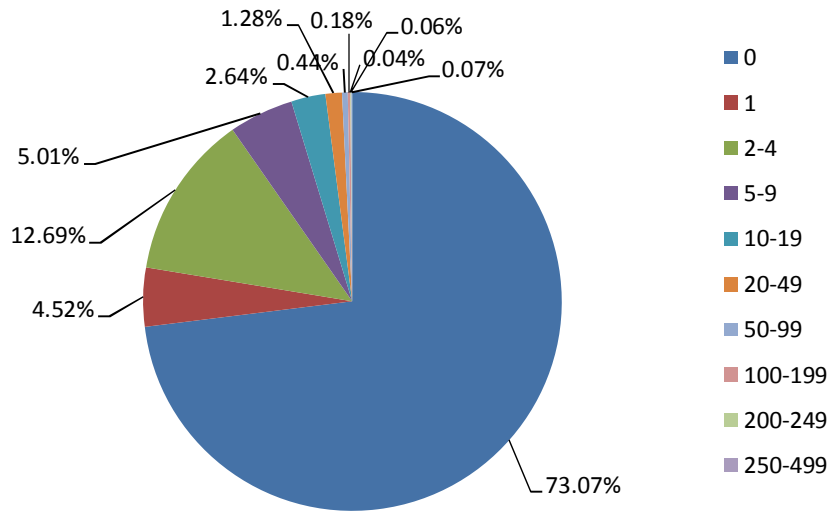
A priority is expressed in the ESS to increase the number of business starts. This aspiration has not been quantified. The risk with increasing business starts is that we also increase business failures. Volume is perhaps not as important as quality in the start-up business. Starting fewer team based businesses that have the potential and aspiration to grow may have a greater impact both jobs and skill development than a larger number of struggling sole traders.

The Employment & Skills Board Skills Survey

Bradford Chamber undertook a skills survey of local businesses on behalf of the Employment & Skills Board in 2010. The survey was sent by letter and email to 5,000 firms.

58% of the responses were from firms employing fewer than 25, with 38% from firms employing 1-10 staff. Although this represents more than half of the total respondents, it is not representative of the business population as a whole where 73% of businesses have no employees and 95% have fewer than 10 employees.

See the chart below based on the UK IDBR 2009 which shows the National breakdown of Enterprise by number of employees.



This shows that the responses to the survey were skewed in favour of larger firms by a factor of well over 10, with 12% of the responses from firms employing more than 50 people. In the UK business population (source: IDBR 2009), only 0.78% of the total business stock employ more than 50.

If you assume that skills surveys have no relevance to firms with no employees and remove this sizeable sector from the calculation, then firms employing 1-10 represent 82% of employers and firms employing more than 50 are 2.9% of the total. So even accounting for this, the sample is still unrepresentative.

This finding further illustrates two factors: Chambers, indeed most business membership organisations, generally have a business membership that is more representative of larger employers than the general business stock.

However, the survey went to 5,000 businesses and was not promoted only to the Chamber membership. So the second conclusion that may be drawn from these results is that micro-businesses (<10) are less likely to participate in surveys.

This could be due to a number of reasons, with the most obvious being that the micro-business lacks personnel and is very unlikely to have someone responsible for HR or workforce skills. The bigger firms are more likely to employ HR managers who have the time and expertise and inclination to respond to such surveys.

If anything, the Chamber’s skills survey highlights the difficulty for a policy-making Board of communicating with very small businesses who nonetheless make up the largest portion of the business community and contains within it much growth potential.

What Makes Micro-Businesses Different?

Why should we worry about the role of micro-businesses in developing the skills and employment agenda in Bradford?

Well given the contextual data in the previous section it seems that we need to find ways to create at least a further 7000 full time equivalent jobs in the micro business sector in the next 4 years. This is an enormous challenge.

What is it about them that means they need to be considered as a special case compared to large employers?

The micro business sector is already large and likely to grow in importance as the trend for large employers to reduce the number of jobs that they offer is likely to continue.

The sector encompasses a very wide range of business types represented in all sectors of the economy and with different permutations of ***aspiration*** and ***potential*** when it comes to business growth. As well as traditional for profits there are a growing number of social enterprises in the micro-business sector for whom the needs for specialist support may require further research.

The micro business sector also covers an enormous range of work from internationally renowned surgeons who hire themselves out on a self employed basis to cleaners. We have to seriously consider whether the label micro business embraces a group with sufficient homogeneity to provide a platform for informed policy and strategy. We know that small businesses matter – but does this mean that we can effectively develop meaningful policy and practice?

In planning engagement with micro businesses, and developing their role in the employment and skills agenda in Bradford a segmentation of micro businesses based on ***aspiration*** and ***potential*** for growth should be considered to enable tailored interventions likely to increase the chances of sustainable business growth.

Potential to Grow	Low Aspiration High Potential	High Aspiration High Potential
	Low Aspiration Low Potential	High Aspiration Low Potential
		Aspiration to Grow

Aspiration

This is all about the attitude of the business owner towards business development. It is about the extent to which they desire to reap the rewards that might be available from successfully growing their business. For some the aspiration is simply to get enough work for themselves to effectively create their own sustainable job. The aspiration is to become a successful self employed artisan. For others the aspiration is to grow a business that can scale up through employment. The aspiration in this case is to be an entrepreneur. Consideration should be given to how owners of micro-businesses can be encouraged to review and as appropriate develop their aspirations that they have for their business.

- What can be done to increase the aspiration of micro business owners in Bradford?
 - More 121 conversations using person centred coaching and motivational interviewing techniques
 - More publicity to for local role models
 - Challenge the myth of the heroic entrepreneur – ordinary people succeed in business too!

Potential

This is a more complex attribute driven by several factors including the state of the economy, the nature of the market that the business serves, the skills and knowledge of the owner manager, availability of labour, investment and so on. Potential is in part driven by the environment in which the micro-business operates and in part by its own strengths and weaknesses. But potential, like aspiration, can be developed.

- What can be done to develop the potential of micro businesses in Bradford?
 - Training and development programmes for owner managers with growth aspirations
 - Increase access to investment in business growth
 - Increase access to new markets for existing products and services

Consideration should be given to how we can support micro-businesses to reflect on and develop both their aspirations and their potential to achieve them.

Whatever the combination of aspiration and potential, because they are so small, micro-businesses can lack the capacity to engage with initiatives that they perceive require specialist skills and knowledge or significant amounts of time and paperwork. Such perceptions were found to be common for things like apprenticeship schemes.

Whether the requirements of specialist knowledge and skills are mere perception or have real substance it is clear that micro businesses have a limited capacity to absorb and engage with anything over and above what is critical to the operation of the business.

Understanding the absorptive capacity of micro businesses will be critical if we are to successfully enable them to increase opportunities for employment and skill development.

The Voice of Two Micro Businesses

The first is a mature crafts based micro employer and these are notes transcribed from conversation that illustrate some of the issues.

According to the Modern Apprentices website there are no creative apprenticeships available in Yorkshire today.... If young people can't access crafts based apprenticeships then where will we find the skills that we require? There are hundred of apprenticeships for management and clerical activities but none for anything relevant to handicrafts.

I do think the situation worsened as home economics began to disappear from the school curriculum. Also the expansion of university places were pushed over more vocational and craft based training so that fewer people are interested in handicrafts and home manufacturing. Just this week the Russell Group of universities advised pupils against doing Arts based A levels 'if you want a place at a good University'.

If more practical skills such as woodwork, sewing, etc were taught in schools it would help as they would have that grounding to start with.

Also some micro businesses can't quantify or set NVQs as they are too specialised, or there are not set job criteria etc. For example I can't give my employee bespoke customer work to do yet, just shop stock work, as she is not good enough. She is still paying college fees for this year but learning more in a real work environment. Why aren't we being paid to do the training that the schools and colleges are meant to have done? Instead we have to pay a salary, National Insurance and PAYE?

The training they get is just not right. It is all about mass markets overseas and Computer Aided Design. My current placement knows less after 2 years than I did before I started college!

My other half takes on apprentices sometimes but it always ends up costing. Main problem is that while showing someone how to work you can't do so

yourself! It might be ok in a large firm as the time can be absorbed elsewhere but not in micro business.

So really apprentices don't make much sense economically. We can't afford the time to supervise them, the wages, or to deal with the red tape.

The second is a business to business service micro employer with views about Internships v Apprenticeships:

The recent news that the government wants to encourage more apprenticeships and the backlash against internships being, A - Slave labour or B - Only opportunities for the children of the well connected got me thinking about the whole process.

As someone who left school with GSCE's in buggar all in the late 80's my only route to work and education was a YTS scheme. At the time this was a double edged sword, bit of cash for 2 days at college and 3 days working. All sounds good until you get there and realise the kids on "proper" courses get all the proper equipment, lecturer, time etc.

And you get the tat that's left.

It was argued at the time that YTS schemes were like Government funded apprenticeships, they weren't, but that's another story.

So Government apprenticeship are pretty duff and the reason they always will be is because they're subsidised. That means the employer has no investment monetary or otherwise because at the end of two years or whatever, there's another load who can work for next to nothing.

For apprenticeships to work there has to be a full investment from companies running them, there also has to be an understanding that wages will be low initially but will rise as the apprenticeship moves forward.

That way everyone benefits, the apprentice feels valued but stretched, and the employer sees a return in their investment.

Interns are a different kettle of fish for me. The people who put themselves forward for internships are looking to gain experience in their chosen fields and business in general. They're valuable to a company because they are forward thinking and enthusiastic.

The issue can come from the company taking the intern for a ride working long hours for little or no pay is demoralising for the intern and also for full time staff who see their employers taking advantage.

Internships need to be managed very carefully so that they're not too long and don't expect too much from the intern. They should get something in return even if it's just a good reference along with valuable experience of doing work with a purpose.

As a small business we don't have the time and resources at the moment to take on Apprentices, but would love to in the near future. We're lucky that in our industry there are lots of schemes which fund students to take part in internships.

These were just 2 owners of micro businesses who found the time to share with me their experience and perceptions surrounding employment and skill development issues in their businesses. I think that what is telling here is how their personal experiences and those of their nearest and dearest shape the attitudes towards skills and employment.

- We know that entrepreneurs listen to their peers and their professional advisers much more than to other channels of advice, so how we can start to challenge and develop this narrative?

Skills and Vocational Preparation

Those joining the Labour Market frequently do not have the employability skills expected by employers. This is as true for micro businesses as it is for medium and large businesses. The problem is more acute for micro businesses because they lack the time, resources and expertise to put in place training and development programmes to bring them up to scratch.

Significant numbers of leavers from all stages of the education process are considered by employers to be poorly prepared for the world of work. Whether straight from school, FE or HE significant numbers of employers are dissatisfied with leavers' preparedness for work.

There is a perception amongst micro businesses that accessing good training to narrow the 'employability' gap is difficult. Access to basic course information is reported to be difficult and funding feels complex and bureaucratic.

Policy led attempts to improve employability such as The Skills Pledge seem to have achieved low levels of awareness – especially amongst micro businesses.

The dynamic nature of policy in this area with continually evolving qualifications, funding procedures and acronyms proves hard for large companies with good human resources team to track. For micro businesses usually with no specialist human resource function it proves practically impossible.

As well as there being a discontent with the employability of many who complete their education there are also those who drop out of all forms of education, employment and training and for whom the transition to stable employment is likely to be even more difficult and protracted. Imaginative and structured approaches to working with this group and helping them towards success in the labour market will be required.

- Continue to invest in education business partnerships with a particular emphasis on engaging learners in the micro-businesses community.
- Provide support (financial, technical and administrative) to micro businesses to enable them to work with education leavers to improve their employability – it may be that a new umbrella organisation, or an existing small business organisation might be in a position to develop this type of service. See for example the Working Rites project in Scotland.

- Consideration should be given to shifting the outcomes for education providers away from indicators such as qualifications and onto outcomes such as numbers of students who secure and maintain employment.
- Micro-businesses should be given the opportunity to engage with educators and training providers in co-designing provision to ensure its relevance to the modern workplace. This may have to be organised on a sectoral basis, with priority being given to key sectors for the Bradford economy.
- Effective ways of collaborating with sector skills councils should also be developed – sector based micro-business groups should be considered, though this maybe more practical at the level of the city region than just in Bradford
- The everyday realities of the workplace and the order book should not have to be distorted in order to meet the specification laid down in course design and qualifications.
- It may be possible to cultivate more flexible attitudes in employers to allow them to recognise their potential to deliver employability training in the workplace, rather than looking to education and training providers to provide employees who are able to ‘hit the ground running’.
- Consideration should be given to managing the transition from education to employment to ensure that employees are able to create value in employment as quickly as possible.
- Apprenticeships from the perspective of the micro business seem to be a tricky proposition. If they sign up to take an apprentice then one of the first steps in the procedure is for a health and safety inspection and a review of relevant insurances which many would prefer to avoid. The suitability of the job on offer to an apprentice would also be reviewed and may have to be extend in order to fit programme requirements.
- We need to make sure that the processes for recruiting an apprentice are as simple, and as well understood as the processes for recruiting graduates. Need to shift the role of the employer from beneficiary of the finished product from the education system to one that sees them as co-producers of the competent employee.

- Potential for developing pre-apprenticeship schemes to tackle unemployment should be considered. These would be shorter work experience programmes to inculcate the basics of employability such as timekeeping and reliability.
- Some sectors may prefer to employ school leavers and train them up. Accountants for example put school leavers through AAT examinations and train them to their own culture and systems. Builders and trades people often take school leavers on an informal trial basis and see how they cope with both the work involved and their ability to learn new skills. Practical competence, employability and a willingness to learn are favoured over paper qualifications.
- Changes in university fees may mean that there is an increase in demand for apprenticeships and other vocational training pathways.
- Possible to introduce an employer apprenticeship grant circa £2000 per annum to incentivise apprenticeships.
- There is likely to be an expansion in other forms of commercial training as the Skills Funding Agency reduces its contracts from 3000 suppliers to 300.
- Retaining talent in Bradford is a key challenge. There seems to be a belief that talent can really only shine if it moves to Leeds, Manchester, London or further afield.
- Graduates Yorkshire would seem to be a potential ally in seeking to help retain graduates in Bradford
<http://www.graduatesyorkshire.co.uk/jobs/list?q=bradford&x=0&y=0>
- Strategies for skills and employment developed at a national level tends to be complex, dynamic and poorly understood, especially by micro businesses who don't have the time and expertise needed to engage with them fully. When designing policies and services designed to support employment and skills more consideration should be given to the nature of the supply side where these policies and services will need to be engaged with and absorbed if they are to be successful.
- At the local level consideration should be given to how national skills and employment strategies can be presented in a way that is most likely to maximise engagement from micro businesses. There is a widespread belief that there is simply too much tinkering with policy in relation to skills and employment, with programmes not being given enough time to bed down and become fully effective.

Consideration should be given to creating a more stable policy and service framework in Bradford.

- Seek ways to support the creation of apprenticeships, internships, work pairings, and college and workplace training places
- Develop robust mentoring programmes that help people make the transition into work where this support is required. Ensure mentors are trained and that the mentee gets to choose a mentor wherever possible. If inspiration and practical guidance are required to help this idea to really take root in Bradford then pathway projects such as Working Rites (<http://www.workingrite.co.uk/>) based up in Scotland should be researched. This is a social enterprise focussed specifically on mentoring young people from education into employment. The same or similar processes may also be effective with other client groups. It may also be worth learning more about how Leeds based CREATE (<http://www.createleeds.org/>) have developed award winning training pathways that enable clients, who were until recently homeless, to progress on a development pathway that will take them from warehouse work right through to working in a fine dining context, via work experiences that include sandwich making, catering, and cafe work. It maybe that the pathways that they have developed in relation to careers in catering could be replicated in other sectors.
- There may be an opportunity to completely rethink training pathways to key roles in the future Bradford economy. To rethink the balance between work based learning and the role of the educational institute or commercial training provider. The advantages of rebalancing investment in training away from the classroom and college workshop into the workplace should be considered. Who should be the primary educators? Staff in education institutions or practicing professionals?
- The difference in status between being an employee getting trained compared to being a student getting work experience is immense

The Economy

The recent recession and slow and fragile recovery appears to be leading many owners of micro businesses to have more defensive attitudes to business expansion.

The lack of certainty over future order books seems to be further encouraging the use of casual labour often outside any formal employment structure.

For many the ability to buy semi-skilled or unskilled labour on a daily basis for a modest cash in hand wage provides the most effective and flexible staffing strategy.

- There may be little that can be done to influence the way that owners of micro businesses choose to navigate difficult economic waters.
- Attempts to crack down on 'informal' employment practices may cause more problems than they solve.
- Procurement processes in both the public and private sector may be one area where more can be done to improve the order books of local businesses.
- The introduction of an employer apprenticeship grant circa £2000 per annum to incentivise apprenticeships might stimulate uptake
- However the flexibility of internships seems to work well for employers – although the longer term impact of an internship culture must be carefully considered.

Attitudes Towards Work and Skills

- There is still a widespread perception of a problem with attitudes towards work for many in the Bradford. The real problem would seem to be one of both perception and reality. The 'young people/unemployed today' attitude needs to be addressed by promoting a more positive images of young people and the unemployed.
- However the perception is almost certainly not entirely without substance.
- There is a common belief that people would prefer to live on a combination of benefits rather than work.
- Anecdotal evidence suggest that for many it less an issue of either benefits *or* work rather than benefits *and* work. A combination of claiming benefits and working for cash in hand provides benefits for both worker and employer alike.
- But a decision to work is not a purely economic calculation. Other factors include the nature and quality of the work available and the impact that securing employment has on self esteem and status in the community.
- There are now in Bradford, like in every major city, families facing the third or fourth generation of unemployment. This loss of contact with the world of work and with working role models has increased the psychological barriers to getting work.
- There is also a perception amongst owner managers of micro businesses that that the relationship between employer and employee is fraught with risk. As one of them reported

'The trouble is that they know more about their rights as employees than they know about the job that I am employing them to do'

- It is likely that for some micro businesses their beliefs about the quality and attitudes of those in the labour market will be a significant barrier to their potential to grow the business We need to find ways to challenge these perceptions and to help micro businesses to find and work with the employable individuals.

Working with Micro businesses

- In spite of recent cuts in business support there are still a host of support providers for micro businesses, including the Chamber of Commerce, Federation of Small Business, ABDN, ATL and more.
- It may be that more can be done to improve coherence and leadership across the various support agencies to provide consistent and coherent campaigns aimed at improving outcomes in employment and skills.
- More could be done to raise the awareness of micro businesses about the support that may be available to them to develop the skills and attitudes that they require.
- However the real challenge is not in informing micro businesses about what is available on the supply side. It is about increasing aspiration and potential on the demand side so that required support is actively sought.
- For micro-businesses notions of social responsibility towards skill development and job creation appear weak drivers in the decision-making process. While many would like to do the 'right thing' by investing in both skills and employment the disproportionate risks to the micro business (primarily financial and legal) are just too large for such a desire to be acted upon. Unless these risks can be significantly mitigated seems little to gain in appealing to the micro-business owner to act on their feelings towards social responsibility.
- Consideration should be given to putting in place processes for mentoring and business support that help owner managers of micro-businesses to recognise the business development life cycle (see Annex 1) and to explore the risks and rewards of either staying where they are or to moving on to the next stage.
- In particular consideration should be given at the start up stage to raising the awareness of owner managers about the business development life cycle and the stages that their business may either move through, or become stuck in. This should include an early consideration of exit strategies.
- There are some traditional occupations that, while subject to change, would seem likely to be a part of the Bradford labour market for many years to come. Traditional trades such as plumbers, electricians, carpet fitters, hairdressers and beauticians are likely to continue to offer reasonable, if competitive, career pathways. The vocational training machinery in both the public and the private sector have well developed systems for training in these areas.

However there are a number of more dynamic and modern industries that are less well served, for example, the field of ICT. These more dynamic sectors require a greater emphasis on lifelong learning and retraining. Whilst in some industries lifelong learning will be required to help individuals to cope with changes in practice within an industry it will be much more common for people to help with retaining in order to exit one industry and enter another.

- Explore the potential of promoting intergenerational work - passing learning on. Explore the potential of encouraging experienced workers, possibly themselves now looking for employment, to act as mentor/role model or trainer. .
- Consider establishing a Bradford equivalent of the London Apprenticeship Company <http://www.londonapprenticeship.co.uk/> which acts as a host employer helping to minimise the bureaucracy, administration and risk facing employers who take on an apprentice.
- Develop a simple flow chart and benefits analysis helping micro businesses to explore the question 'Would an Apprentice Help You and Your Business?'
- Develop a myth-busting approach. Establish regular systems for establishing what micro-businesses believe about employment and skills and where the perceptions are wrong or outdated find ways to challenge them constructively
- Many recruitment processes filter for literacy, numeracy and other skills shortages. It may be possible to rewards businesses for employing people with literacy, numeracy and other training needs and putting in place relevant training plans.
- Make work more rewarding. Not just a dis-benefit for which compensation is paid, but a place where you can test and develop your potential, unite in common cause with others and produce the goods and services necessary for a sustainable community. Make work a source of pride and a place where identity and character is formed.
- Consideration should be given to setting up Sector specific groups in Bradford, prioritising sectors that we think will be strategically important to the Bradford economy in the future. There maybe a chance to create innovative work based development pathways to prepare people for these important sectors. Engaging the University and Colleges in these sectoral groups may enable us to improve vocational

preparation and the transfer of knowledge and skills from educational institutions into the workplace.

- Provide support and encouragement to flexible employment, employing and managing home workers to provide employers with a wide range of practical and relevant options for accessing the labour that they need.
- Establish simple and practical mechanisms for micro-businesses to report on their employment and skill needs. Special attention should be paid to demonstrating that these needs are being heard and acted upon wherever possible.
- Should we ask micro-businesses to focus on informing policy or focus on improving their business? Perhaps facilitating action learning with active listening might do more to really inform policy development based on real practice and challenges faced in micro-businesses.
- Develop both strategic and responsive processes to the development of employment and skills:

Strategic	Responsive
<ul style="list-style-type: none"> • Identify key sectors in the Bradford Economy • Invest in relevant development pathways • Provide incentives to influence decision making in micro-businesses • Identify and manage stakeholders • Achieve consensus around priorities and how they can be resourced • Develop a work plan 	<ul style="list-style-type: none"> • Facilitate micro-businesses to identify and tackle the barriers to aspiration and limits to potential • Develop the power of micro-businesses to influence their own strategic context • Listen and respond to themes and issues as they emerge

- This is about learning to join micro businesses in their own worlds, where the modus operandii tends to be much more flexible and responsive rather than strategic. The talk is not so much of policies, pathways, qualifications and competence as ‘what do we need to do’ and ‘how are we going to do it’. Instead of trying to persuade owner managers and entrepreneurs from micro business to join us in our world of strategy

and policy development we should instead join them in their world. Regular work shadowing where members of the ESB and other stakeholder groups spend time in micro-businesses might help in this respect.

- A recent FSB Report – The Job Centre is Not Working (<http://www.fsb.org.uk/policy/assets/fsb%20report%20-%20reform%20the%20job%20centre.pdf>) suggests that for most micro enterprises the Job Centre seems to be more about administering the benefits process than really helping people into work. Fewer than 20% of micro enterprises use the Job Centre to advertise vacancies. It maybe worthwhile investigating to what extent this perception is true in Bradford and what can be done to overcome it.

Annexes

Annex 1 Business Development Life Cycle

There are many models and theories for business development such as this 7 stage model

1. Seed – pre start – business is just an idea
2. Start-up – business exists and is trading
3. Growth – business is established and in position to grow collecting new customers and revenues
4. Established – business is now well established and may have a management team in place
5. Expansion – more planned and vigorous approaches to business development, using specialist knowledge and skills to provide products and services in new markets
6. Mature – further growth opportunities become limited as all the low hanging fruit has been picked. A decision has to be taken about whether to pursue further business expansion, consolidate or exit.
7. Exit – selling the business and cashing in on the hard work to develop it

By working more consciously with start ups and established business to identify where they are in the business life cycle and the pros and cons of planning business development against it we may be able to encourage more strategic business development which will help to drive both employment and skills development.

Annex 2 Employability Skills as Specified by CBI

CBI Ready to Grow - Business Priorities for Education and Skills 2010

“Employability Skills

Employability skills have been defined after extensive collaboration with business by the CBI. They are a set of attributes, skills and knowledge that all labour market participants should possess to ensure they have the capability of being effective in the workplace – to the benefit of themselves, their employer and the wider economy.

Employability skills include:

- **Self-management** – readiness to accept responsibility, flexibility, resilience, self-starting, appropriate assertiveness, time management, readiness to improve own performance based on feedback/reflective learning.
- **Teamworking** – respecting others, co-operating, negotiating/persuading, contributing to discussions, and awareness of interdependence with others.
- **Business and customer awareness** – basic understanding of the key drivers for business success – including the importance of innovation and taking calculated risks – and the need to provide customer satisfaction and build customer loyalty
- **Problem solving** – analysing facts and situations and applying creative thinking to develop appropriate solutions.
- **Communication and literacy** – application of literacy, ability to produce clear, structured written work and oral literacy - including listening and questioning.
- **Application of numeracy** – manipulation of numbers, general mathematical awareness and its application in practical contexts (e.g. measuring, weighing, estimating and applying formulae).
- **Application of information technology** – basic IT skills, including familiarity with word processing, spreadsheets, file management and use of internet search engines.

Underpinning all these attributes, the key foundation, must be a positive attitude: a 'can-do' approach, a readiness to take part and contribute, openness to new ideas and a drive to make these happen. Employers also value entrepreneurial graduates who demonstrate an innovative approach, creative thinking, bring fresh knowledge and challenge assumptions.”

There have been many attempts to specific employability skills over the years. They may vary by sector and by level.

Annex 3 - CBI Ready to Grow - Business Priorities for Education and Skills 2010

[20100501-cbi-education-and-skills-survey-2010.pdf](#)

In this recent survey of CBI members, many of whom are not micro businesses:

- 70% of respondents demand action on employability skills of school leavers
- 63% demand action on literacy and numeracy
- 81% want more work done on employability skills of graduates
- 42% demand improvement in skills of STEM (science, technology, engineering and maths) graduates
- 75% want reductions in bureaucracy on govt programmes to support training
- 49% want govt funding for intermediate and higher skill that provide a competitive edge
- 68% dissatisfied with business and customer awareness of school and college leavers
- 57% unhappy with time management skills of school and college leavers

Annex 4 - What Do Micro businesses Really Want?

Cutting pay role taxes such as NI	44%
Reducing business taxes	41%
Incentivising employment through tax breaks	35%
Making it 2 years before unfair dismissal applies	33%
More Support/advice for small businesses recruiting staff	19%
Expanding Apprenticeships	15%

Source: FSB Report – The Job Centre is Not Working

The report suggest that for most micro enterprises that the Job Centre seems to be more about administering the benefits process than really helping people into work. Fewer than 20% of micro enterprises use the Job Centre to advertise vacancies.

Annex 4 – Bradford Chamber Skills Survey on behalf of the ESB, 2010.

Recruitment

- 22% of respondents had recruited someone under 24 (of these):
- 14% were 16 year old from school
- 43% were 17 to 18 from college
- 43% were in first job following university

Were they well prepared for work?

- 62% of 16 year old were poorly or very poorly prepared

Compared to

- 45% of college leavers who were poorly or very poorly prepared
- 13% of University graduates who were poorly or very poorly prepared

Top 3 skills deficits within under 24 years olds:

- Oral communication
- Written communication
- Customer handling skills

When recruiting generally:

- Customer handling
- Problem solving
- Sales
- Technical
- Oral communications

Current Vacancies

26% of respondents currently have vacancies

Top 3 vacancies:

- Clerical/administration
- Skilled manual
- Professional

72% of respondents with vacancies are finding them difficult to fill citing:

- Candidates lack right skills
- Not enough applicants generally
- Candidates lack work experience
- Candidates don't have right attitude, motivation or personality
- 44% say major impact on business
- 47% say minor impact on business

Skills Gap

Current workforce

- Technical
- Customer handling
- Written communications
- Problem-solving
- General IT

However they feel this shortage will only have a minor impact on the business

- 30% respondents aware of the Skills Pledge
- 10% respondents signed up to Skills Pledge
- 68% of respondents arranged training in last 12 months – of which:
 - 18% in-house
 - 14% externally
 - 68% mixture of both
 - 41% had used a local training resource (trainer or business)
- 64% struggled to find local courses
- 37% found course quality a problem
- 62% struggled to find info on local training
- 75% said their staff were busy
- 65% found dates of courses a problem
- 80% found training to be expensive
- 56% said managers lacked time to arrange

Qualifications

- NVQ's = 54%
- Other professional qualification = 40%
- Trades or technical = 27%

Outcome

- Improved quality = 86%
- Improved motivation = 86%
- Improved productivity = 72%

Future Skills

- 50% of respondents have a training plan for year ahead
- 60% of respondents likely to train in year ahead

Of those not planning training:

- 36% no business case
- 31% too expensive

- 18% no suitable courses locally
- 18% say staff too busy

62% of respondents think skills needs will change

Top five skills that will need developing:

- IT
- Leadership and Management
- Operational Supervision
- Technical
- Customer handling

Training will be focused on:

- In-house training courses
- Business-related qualifications
- NVQ's
- Professional qualifications
- Apprenticeships

Annex 5 – The Survey Results

Employment Survey for Bradford Businesses

How long have you been trading?		
Answer Options	Response Percent	Response Count
0-3yrs	55.4%	72
4-20yrs	34.6%	45
20yrs+	10.0%	13
<i>answered question</i>		130
<i>skipped question</i>		0

Apart from the business owner, how many people are employed in the business?		
Answer Options	Response Percent	Response Count
0	31.5%	41
1	20.8%	27
2	17.7%	23
3	5.4%	7
4	6.2%	8
5	6.9%	9
6	2.3%	3
7	1.5%	2
8	2.3%	3
9	0.8%	1
10	4.6%	6
<i>answered question</i>		130
<i>skipped question</i>		0

Please select from the following list which industry sector best describes your business.

Answer Options	Response Percent	Response Count
Agriculture, Forestry and Fishing	2.3%	3
Mining and quarrying	0.8%	1
Manufacturing	7.7%	10
Electricity, gas, steam and air conditioning supply	1.5%	2
Water supply, sewerage, waste management and remediation activities	1.5%	2
Construction	3.1%	4
Wholesale and retail trade; repair of motor vehicles and motorcycles	10.8%	14
Accommodation and food service activities	6.2%	8
Transportation and storage	1.5%	2
Information and communication	10.0%	13
Financial and insurance activities	3.8%	5
Real estate activities	0.8%	1
Professional, scientific and technical activities	8.5%	11
Administrative and support service activities	1.5%	2
Public administration and defence; compulsory social security	0.0%	0
Education	6.9%	9
Human health and social work activities	3.1%	4
Arts, entertainment and recreation	3.8%	5
Other service activities	26.2%	34
<i>answered question</i>		130
<i>skipped question</i>		0

Have you taken anybody on to help in your business in the last 12 months or so?

Answer Options	Response Percent	Response Count
Yes	33.8%	44
No	66.2%	86
<i>answered question</i>		130
<i>skipped question</i>		0

Which of the following best describes the position for which you took them on?

Answer Options	Response Percent	Response Count
Permanent	35.1%	13
Trainee or Apprentice	21.6%	8
Temporary help	10.8%	4
Part time	24.3%	9
Casual labour	8.1%	3
<i>answered question</i>		37
<i>skipped question</i>		93

What were the main reasons that led you to take someone on?		
Answer Options	Response Percent	Response Count
It allowed me to take on more work and grow the business	57.1%	20
I had to replace someone who left	31.4%	11
Other - Please explain	11.4%	4
Other (please specify)		8
answered question		35
skipped question		95

business development
 enabled us to do a project
 I had more work which I needed to staff up for
 Increased pressures to finish works.
 Needed help with functions

What factors did you consider when deciding to take someone on?	
Answer Options	Response Count
	28
answered question	28
skipped question	102

can I afford it and will their employment be affordable and generate extra income on top
 Commitment, Honesty,
 Cost effectiveness.
 could we afford it what skills/experience we needed
 Do I have enough cash reserves to pay their salary? Do I have enough work lined up to generate future cash? What are the cash-flow impacts?
 Experience
 EXPERIENCE AND COMMITMENT
 experience, credibility, market sector knowledge
 Experience, Qualifications, Software knowledge, Flexibility
 Experience, Team worker, freindly and outgoing, Flexible
 Financial cost compared with value added to the business.
 Help run the fitting side of the business
 level of qualification
 pleasant nature reliable previous work lives locally enjoys working with people
 Previous experience, skills, wage expectations & how they would fit in with the current staff
 Professionalism and ability to work in a small business with all its challenges and constraints but also opportunities versus cost of salary
 relevant experience
 ROI, help with work load.
 Skills, competence, experience, management level, commitment
 someone who is committed and trustworthy
 Trustworthy, hardworking, team worker
 Wages
 Wages, hours, expense
 Whether to try cope with the hours myself.

Please indicate the extent to which each of the following affect your decisions on offering placements or recruiting?						
Answer Options	Little importance	Some importance	Average importance	High Importance	Vital Importance	Response Count
Flexibility - 'Ease with which we can recruit or lay off staff'	3	5	9	9	7	33
Employment Costs such as wages, National Insurance etc	1	1	6	12	12	32
State of the order book - Profit to be made	2	2	7	13	9	33
Responsibility of employers to provide opportunities	9	5	9	8	2	33
Bureaucracy and hassle involved in taking someone on	3	8	7	9	5	32
Support available from agencies such as Business Link and HMRC	10	3	5	9	5	32
Challenges in supervising and training new staff	2	9	9	4	8	32
Risks to quality and customer satisfaction	1	5	2	10	14	32
<i>answered question</i>						35
<i>skipped question</i>						95

Have you ever been in a position where you would like to take someone on?		
Answer Options	Response Percent	Response Count
Yes	49.3%	37
No	50.7%	38
<i>answered question</i>		75
<i>skipped question</i>		55

Why have you not offered a placement or recruited someone in the past 12 months?		
Answer Options	Response Percent	Response Count
Insufficient work for them to do	47.9%	35
Too much hassle involved	19.2%	14
I never planned to take on more staff	13.7%	10
Other	19.2%	14
Other (please specify)		19
answered question		73
skipped question		57

business too seasonal. can't afford staff all year round

COST

Costs

costs, can't afford it

could do with taking someone on but want to be able to guarantee their wage for 3 months before taking them on

finance

finance

Hard to find good people, easier to do it yourself

Have not found right candidate

I use self-employed freelance tutors

insufficient money for staff/time to monitor placement recruit

No office to accommodate anyone, would love to take on some staff but cant really afford the high rents

Not always enough work for another person

Not enough income to justify

Security of business

This is a part time retirement job

Unable to afford to recruit/employ someone all year round

We tend to use contractors.

Please indicate the extent to which each of the following affect your decisions on offering placements or recruiting?						
Answer Options	Little importance	Some importance	Average importance	High Importance	Vital Importance	Response Count
Flexibility - 'Ease with which we can recruit or lay off staff'	5	12	15	25	15	72
Employment Costs - National Insurance	7	5	15	29	16	72
State of the order book - Profit to be made	1	2	9	33	26	71
Responsibility of employers to provide opportunities	10	9	22	27	2	70
Bureaucracy and hassle involved in taking someone on	9	6	15	29	13	72
Support available from agencies such as Business Link and HMRC	15	11	20	16	8	70
Challenges in supervising and training new staff	8	9	18	26	10	71
Risks to quality and customer satisfaction	4	6	16	25	20	71
<i>answered question</i>						73
<i>skipped question</i>						57

What would make it easier, or more likely, for you to take someone on in the future?	
Answer Options	Response Count
	85
<i>answered question</i>	85
<i>skipped question</i>	45

A change of direction for our business.
a wages subsidy
access to funding
an easier payroll system - not having to pay accountant to do it
Assistance with the management of casual staff.
better economic prospects
Better people, more communication
Business grows to the point where it would make sense.
Business to increase and there be a improvement in the service the current recruitments agencies
level of service to allow us to find good staff.
Cheaper recruitment costs i.e. advertising
confidence in the markets! knowing what local government plans are..
Cost effective recruitment costs
Employer's NI holiday on first ten employees
expansion of the business
Fin support, initial placement to minimise risk - working space
Finding the right skill level of candidate.
Flexibility in terminating the contract

Flexibility of contract
 Flexibility of hours Flexibility of minimum wage for 6 months Fully trained before paying
 Flexible working patterns and easier way of sorting out their nat insurance and PAYE etc
 for us it's knowing that we firstly have enough money to cover their wages for an initial period,
 understanding how quickly they can start to cover their own costs, understanding the ins and outs of
 paper work associate with being an employer and understanding what we need to do ethically to
 ensure that we're good employers (training, health plans etc)
 Government financial support.
 Growth of business,
 Guaranteed financial income
 Having someone to explain my responsibilities to me, and help me through the process of taking
 someone on correctly
 HONESTY NOT JUST ATTENDING INTERVIEWS TO CLAIM BENIFITS NEED EMPLOYESS TO BE
 FLEXIBLE.
 i had extensive experience but in a corporate environment with an active HR dept in your own
 business you are the HR department so would have appreciated a simple one stop shop and
 checklist of all i needed to do rather than viewing different websites and muddling through
 I have employed people before and it's just too much cost and hassle. It is difficult to find Upholsterers
 that can do all the job with confidence. It's difficult to find apprentice trained upholsterers.
 I have employed staff before but prefer to work only in this way.
 I have to land some out-sourcing contracts to my office & staff up for them. Cash-flow to cover
 Salary is the single most important factor. No cash, no recruitment.
 I wont be doing this in this business
 I would need to be very much busier to justify the negatives of employment
 If I had my own office I would gladly look at recruiting some trainee staff through Real Time training
 group. I think the apprentice scheme they offer is fantastic but its where do I put these people as I
 currently have to work from home.
 -improvements in turnover/profit and more regular (too much risk to my company if an employee was
 off sick etc as couldn't afford more staff on top on existing paid staff) Sometimes easier to work to
 lower but more manageable level than take on too much
 Incentives or support
 Increase in business/profit
 Increase in our business or replacing an existing employee
 Increase in trade
 Knowledge of running PAYE system.. Foolproof way of recruiting a good worker !!
 Less aggressive employment law. I realise employee's need to be protected, but there seems to be no
 protection for the business. This makes the decision to take somebody on a much harder one as there
 is too much expectation and "red tape" associated with new employees.
 less bureaucracy and greater flexibility
 Less red tape and bureaucratic regulation.
 less red tape and paperwork
 less red tape, less legislation, more understanding for small business
 Less red tape, more work
 less tax payable by the employer for each employee
 minimum employment legislation
 More apprenticeship schemes available.
 More assistance with admin and costs involved
 More business oppertunities
 more business, less red tape
 more information on whats entailed legally etc.
 More orders
 More orders.
 More sales and margin to cover cost of employment
 More work and money
 Not to have to pay them !!!!!!!
 Nothing - we prefer to commission associates to do our delivery work.
 Nothing at presnt time
 Nothing really. Would use whenever possible associates or service providers to avoid tax and
 bureaucracy issues.
 PAYE relief

People today can have a reasonable standard if living without working so as an employer it's hard to get a firm commitment from someone as they have attitude of "I can sit at home all day and make similar money" I've worked in a lot of countries and labour workers in the UK are far lazier than anywhere else because our welfare system is too generous. That's why we can't manufacture like we used to in this country!

potential for profit and to lessen my personal workload, in that order!

recruitment support/tools for candidate search/assessment, candidate availability,

Secured work, ie contracts.

still don't know the business well enough myself so time is a key factor

Subsidies

Support

Support with training

Take them on part time with flexible availability

Taking on more business

The availability of people locally, there's no network of creative/digital sector people in Bradford in any meaningful sense. We need to build stronger networks, not just Chamber of Commerce style subscription services.

There would have to be a dramatic increase in turnover of the computer/IT support side of my business which would necessitate a part time person for admin/deliveries in the packaging supplies part of the company. Everything is handled adequately by me at the moment.

To be able to increase or decrease staffing levels as required by the business without fear of court action by the employer.

To have a fixed contract scheme of work in schools

To have enough business to support an extra salary

To make it easier to take someone on I would need to have more business coming in. Also I would need to have staff properly trained to maintain a good quality of service.

Understanding what the legal and contractual side of taking someone on, in simple terms, without the need to wade through (too much) paperwork and legal jargon.

Well, I want that to organize an establishment who can hire students and train them to serve the country in future

when we are out of recession and all being well work and customers pick up hopefully more work will be around for more than one person like myself.

Winning a long term contract.

working with an employment agency probably.

Annex 6 – The Focus Group

Recruitment and Skills in Micro business Conference - 14th March 2011 – Bradford

Participants were invited to explore three key challenges:

1. How to increase engagement with small businesses?
2. What changes might encourage more small businesses to take on employees?
 - a. National Govt
 - b. Council
 - c. Training and support for employees
 - d. Training and support for employers
3. How can we develop the capacity and attitudes of small business owner managers towards business development and employment? Why **would** a plumber employ another plumber?

How to Increase Engagement With Small Business

In spite of our best efforts to engage micro-businesses in Bradford using incentives, social media and effective partnering between key business support agencies in the City, Bradford Chamber of Commerce, Kickstart and the Federations of Small Businesses – engagement with this project remained poor. So we used the focus group to get feedback on how we might be able to do to improve engagement between micro-businesses, the employer skills board and the challenges facing employment and skills in the city?

Feedback

- There must be something in it for employers
- Events should be targeted to meet the needs and expectations of specific sectors
- More support and practical toolkits should be offered
- Getting key messages right in the schools is critical to the future
- Colleges are funded through qualifications rather than job outcomes. They lack focus on the jobs that are available in the marketplace.
- Consider timings of events and workshops – different locations and different times
- Business to business employers should be easier to engage. Business to consumer employers may remain harder
- Use local directories to engage – eg Wibsey Word
- Identify potential markets and build engagement around them
- Develop face to face communication – not emails/letters – and army of door knockers?
- Promote business engagement in schools

- Schools are concerned with education rather than employability – funding issues with schools into VIth form
- Engage with employers through other employers – fully explain what is available
- Use language that is appropriate to employers
- Use business mentors
- Businesses reach a point where they do not wish to increase turnover because of the VAT impact – remain below VAT threshold and off the radar
- Contractors used on a self employed basis to avoid VAT and NI issues
- Set up a virtual HR department for micro/small businesses
- Employers fear contact with HMRC/HSE etc. Need to offer an in confidence service without prejudice
- Need to promote understanding of legislation and employment law
- Develop informal employers cooperatives to provide peer to peer support – call in expertise and skills as required
- No one stop shop for employers to access services – competition prevents cooperation

What changes might encourage more small businesses to take on employees?

- a. National Govt
- b. Council
- c. Training and support for employees
- d. Training and support for employers

There must be things that we can do to change the operating context for microbusinesses that will encourage them to take on employees.

Feedback

What the Council Might Do....

- Reduction in business rates
- Support for local businesses ie on marketing, financials, business growth
- Facilitate new business start to engage with private sector who can offer support and advice
- Kickstart REALLY good – how can all businesses become aware of organisations like this – suggest an information pack sent out by Companies House

What National Government Might Do...

- Benefit system must be addressed to encourage more people into work
- Bureaucracy – creeping problems eg minimum wage, retirement age changes

- Corporate incentives for business growth
- Need to address balance between the rights of employers and employees

Training

- For employers on how to grow/market their business/legislation/funding/recruitment
- Schools to do more on how to be of value to an employer
- Help in schools on how to raise self worth/self esteem

How can we develop the capacity and attitudes of small business owner managers towards business development and employment? Why would a plumber employ another plumber?

- There is need to split B2B from B2C
- Need to make the grey economy less attractive
- Offer help with employing staff
- Stop people 'grey' working and claiming
- Apprentices are too much hassle
- Paying them is necessarily an issue
- Too much red tape – coming out of refrigeration because it is a nightmare
- Apprentices – 1 year hands on; 1 year theory (college), 1 year installer, 1 year service/fault finding, 5th year get your own van; pay-rise each year worth £1 per hour
- Work from home but have outgrown it now – how can you employ others when you work from home? Trust and Quality
- Certainty of constant volumes
- The rewards of growth have to be significant to overcome risks
- Why take the risk to diversify or employ unless you can scale up significantly?
- Finding the right market for individual companies
- If people are getting enough work why would they take on more?
- What can the Council/Chamber do to help businesses to find their market?
- What do people want from a business?
 - Subsidised by the cash culture
 - Paid £20 cash in hand
 - Do plumbers need management skills training?
 - People want to manage their own destiny
 - To make as much as they can. If that means being 'grey' then so be it.