

SBRT Press Release 1st Quarter 2007

Seven out of ten smaller businesses not aware of Government training initiatives, says survey.

A report based on responses from over 1,000 smaller businesses has found that nearly 70% were not aware of the training role of the Sector Skills Councils or the Train2Gain scheme.

The quarterly survey, by the independent Small Business Research Trust (SBRT), is sponsored by HSBC Bank plc. It also revealed that almost half of those smaller firms responding carried out no formal training, though this did not exclude informal, on-the-job training.

Awareness of Government training schemes was particularly low among micro firms (0 to 9 employees), with just over 17% aware of the role of the Sector Skills Councils or the Train2Gain programme. Among small firms (10 to 49 employees), about a third of the respondents were aware of one or both of these initiatives. Medium-sized firms (50 to 249 employees) reported that almost 29% knew about the Sector Skills Councils and over 40% about Train2Gain.

The survey was carried out in January and February of this year, and the findings are a blow to Government initiatives to raise skill levels by spending £½bn this year, rising to £1bn.

The report also shows that the smaller the business, the less likely it is to offer any external or internal formal training. The survey found that only 40% of macro companies provided formal training, 69% of small companies and 87% of medium-sized companies.

Simon Wainwright, Head of Business Banking at HSBC isn't surprised by the findings.

"Time and money are rare commodities in most small businesses, so the prospect of having to spend potentially thousands of pounds on training often makes companies unwilling to consider it. However, small businesses are an important part of the economy and increasing their capacity to learn and develop means they will be more resilient, able to grow quicker and create employment.

"Every small firm is different and it is unlikely that 'off-the-peg' training will be appropriate for many. It is vital that training providers make clear the financial payback of the programmes they offer. They need to provide flexible solutions to small business owners which meet their needs and complement the less structured, informal learning activities that form the backbone of most training for employees of small businesses."

Brian Wolfe, Chairman of SBRT, said: "There must be serious concern that such a small proportion of small businesses seem to be aware of the opportunities for training provision now being backed by significant government funding through Train2Gain and other initiatives. There is a real danger that larger businesses, with the infrastructure to access such provision, will reap most of the benefit – leaving small business requirements unrecognised".

Lack of information on skills initiatives was one factor cited as a reason for not undertaking formal, external training. This reason was given by 16% of micro firms, 16% of small firms, and 10% of medium-sized firms.

Twenty per cent of micro firms said they did not have any staff who currently needed training. Among small businesses, only 7% said this, and with medium-sized firms, the number was 3%. While it seems obvious that the larger the number of staff, the more likely it is that employers will identify people who need training, these findings suggest that many owners of micro firms do not appreciate the benefits of formal training.

Another major concern among all types of smaller businesses was the difficulty of replacing employees who were absent while training. This problem was listed by 14% of micro firms, 17% of small firms and 27% of medium-sized firms. The lower number of micro firms reporting this concern is thought to be because of their predominant reliance on 'in-house' training.

Research by the Forum of Private Business (FPB) supports the SBRT findings. The FPB asked its members whether they thought the current system of skills initiatives promoted the interests of smaller business owners in general. Eleven per cent said yes, 53% said no, and 36% said they didn't know. The FPB commented that the large number of 'don't knows' suggested a lack of knowledge among smaller businesses about current training initiatives.

The SBRT report concludes: "The need for training to demonstrate measurable benefits to small businesses is therefore critical, and any training provision to small firms must be delivered as a complement to their principal policy of informal, 'on-the-job' training, if the substantial government investment in this function is to be successful.'

Notes for Editors

The HSBC/SBRT survey was carried out by the University of Liverpool Management School and is one of the largest regular surveys on smaller companies in the UK. Each quarter, it provides evidence on key trends in business performance based on a random sample. For the report on the first quarter of 2007, 13,000 small and medium-sized businesses were surveyed in January and February, and more than 1,000 responses were received.

The Small Business Research Trust (SBRT) is an independent research organisation that aims to educate and inform in order to increase understanding of issues affecting smaller businesses.

HSBC media enquiries should be directed to Katherine Kowalski on 0207 991 0642

For further information, SBRT comment, or copies of the report, contact Brian Morris 0161 486 6441 (Data TV) or on 0773875409