



## Innovation at the heart of economic recovery

While expense claims, televised talent shows and celebrity wedding breakdowns seem to be the centre of media attention lately the very real day to day effects of the ongoing global economic uncertainty continue to be a central focus for the Federation of Small Businesses.

In recent weeks and months we have been alarmed by the upsurge in unemployment as firms of all sizes shed staff, reduce production and even shut down as they bear the brunt of recession.

Some sources have suggested the economy will begin to recover before the end of the year and while this news is encouraging it won't help those in the hugely important SME sector who are under pressure right now.

SMEs are at the very centre of the Northern Ireland economy accounting for 98% of the business environment and employ over 500,000 people. With this in mind it is of the utmost importance that we do not lose sight of the vital role they have to play in supporting the entire economy and those with the power to do so ensure the right conditions are put in place to guarantee their future.

Regardless of when the recession ends, the FSB is resolute that the SME sector will be the means to see Northern Ireland and the UK out of the economic crisis in 2009 and into recovery. However, future economic prosperity in Northern Ireland will not be achieved without continued investment in a range of areas including innovation and skills provision.

These two elements are essential in ensuring the sustained growth of the Northern Ireland economy as they provide the firm foundation from which this prosperity can grow and flourish.

Innovation continues to be a core facet of the SME sector with over 60% of all innovation in business coming from small and medium companies. However, promoting the benefits of innovative thought and putting them into action remains a major challenge for the FSB.

Central to this challenge is the fact that many SMEs are already innovating and don't realise or recognise they are doing so and view it as simply being an adaptation they have had to

make to their normal business practices to boost their productivity, sales or customer awareness.

We want to break down the common misconception that innovation has to be technology based – it doesn't.

Simply put, innovation is about using new techniques or fresh thinking to unlock increased prosperity, higher productivity and sustained economic growth, things many of the small businesses that make up 98 per cent of the local economy are already doing.

However, the emphasis on the need for innovation is just part of the picture and the FSB maintain essential skills for future business success in Northern Ireland must be made an educational priority.

Greater emphasis must be placed upon enabling pupils to follow the route that is most appropriate to them, and the FSB recommends that from the age of 14, the process should begin to help young people identify potential careers most appropriate for them and maximise their potential.

Small businesses require staff that are well grounded in the basics such as numeracy and literacy as they do not have the time or resources to teach these to new employees.

Skills development for all businesses combined with innovative thinking will contribute to the future of a prosperous and sustainable Northern Ireland economy.