

Essential Skills & Training For a World Class Northern Ireland Economy



INTRODUCTION

The Federation of Small Businesses is now Northern Ireland's largest business organisation with over 6000 members and growing, from every sector of industry. As well as providing an invaluable helpline for members, the FSB lobbies all decision makers to create a better business environment.

The FSB is constantly reviewing and developing policy and the 'Lifting the Barriers to Growth' survey provides an invaluable insight into the issues affecting businesses at grass roots level in Northern Ireland. It is also an important tool in comparing our performance with the rest of the UK and will be required reading for any policy maker who wants an understanding of the small business sector in Northern Ireland.

Education, training and skills are of paramount importance to small businesses and the wider economy. Skills are central to Northern Ireland's competitiveness and are a key driver of productivity. A competent workforce equipped with the necessary skills and attributes needed to perform their job function is essential for a small firm to compete in the marketplace. In our second summary document we are highlighting the results from the survey sections on Skills and Training.

Wilfred Mitchell O.B.E.
FSB POLICY CHAIRMAN

SETTING THE SCENE

If the Northern Ireland economy is to meet the challenges it currently faces, it must do so with a skilled and competent workforce. To achieve this, skills and training must be a priority for those who are charged with implementing the strategies that will achieve the economic benefits.

Small businesses have long fought for a greater degree of relevance in education and training programmes, with a greater emphasis on practical skills, to meet the demands of today's working environment.

As our research shows, currently there is a major shortfall in many skills areas, which are in turn having a major impact upon the small business community.

With education provision currently undergoing a major reorganisation, it is essential that the new bodies take these findings into account when they are creating strategies to address shortfalls. For example, the identification of the 14-19 year old group is a particular area of concern, consistently being highlighted in FSB survey results.



The Federation of Small Businesses

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Lifting the barriers to **GROWTH** 2006 survey

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SKILLS AND TRAINING ANALYSIS

- Between one-third and one-quarter of business owners in Northern Ireland who responded to the question report shortages of; managerial skills, communication skills, customer service skills, basic IT skills, advanced IT skills, sales and marketing skills and technical skills amongst their current staff. Compared with other regions, problems are worse in Northern Ireland with respect to communication skills, customer service skills, basic IT skills and foreign languages but relatively better with respect to advanced IT skills, sales and marketing skills, technical skills and literacy.
- The proportion of businesses reporting skill shortages when trying to recruit new staff is even higher. Northern Ireland businesses report their greatest difficulties are in accessing staff with managerial skills (63%) communication skills (59%), customer services skills (53%), basic IT (49%), technical skills (44%), literacy skills (36%), numeracy skills (26%). Compared with other UK regions, problems are worse in Northern Ireland with respect to basic and advanced IT skills and relatively better with respect to literacy and numeracy skills and technical skills.
- Most businesses undertake staff training, though this is mostly through informal approaches. Of those businesses responding to this question, 65% would be more encouraged to undertake staff training if funding was forthcoming, 51% would be encouraged to undertake staff training by wage compensation for employees while training, 33% would be encouraged to undertake more training if it could be delivered in the workplace, and 30% would like better advice and guidance

about appropriate training. FSB welcomed the Association of Northern Ireland Colleges' recent SMILE project (Small Medium Innovative Learning Enterprises) which targeted SMEs; its success was based upon funding for training.

RECOMMENDATIONS

- Education reforms must meet the demands of employers, be flexible, practical and have minimum bureaucratic demands. Northern Ireland requires a sustained investment in skills to boost productivity, and the FSB urges Government to provide funding for flexible packages to allow training to be workplace-based, where possible, at convenient times. A firm with five staff cannot release employees for lengthy periods so that they can attend long course sessions. Ideally, courses need to be bite sized and targeted at solving specific problem areas.
- FSB recommends that these courses have a direct input from representatives of the business sector, principally those who have current knowledge and practice in the skills or trade that they are teaching. FSB notes significant progress by Northern Ireland's Colleges of Further and Higher Education and the Department for Employment and Learning through its Sectoral Development Advisors pilot project which links industry needs with college provision.
- There must be an increased emphasis, throughout the education system, of the critical importance they have to play in the economic development of Northern Ireland. FSB welcomes the change in perception that academic as opposed to vocational training is preferable. Both forms need to be given

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equal value to nurture the academics, along with the highly skilled technicians. Greater emphasis must be placed upon encouraging pupils to follow the route that is most appropriate to them, and FSB recommends that from the age of 14, the process should begin to identify which career stream is most appropriate for the child, to put in place the initial career foundations.

- Despite the numerous task forces and initiatives dedicated to skills, employees still lack the technical skills that businesses need. Therefore the reformed education boards must make skills training a core priority. It is noteworthy that the emerging education body under RPA is entitled the Education and Skills Authority. FSB welcomes this and strongly urges that Further Education has a strong strategic role in this body to ensure the skills strategy and the needs identified by the FSB survey are addressed.
- Small businesses require staff who 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. FSB recommends that the government have as its guiding ethos that school leavers leave the education system fully equipped to contribute to the workforce.
- There are a number of required skills common to all school leavers, irrespective of their chosen career path, such as communication and interpersonal skills. These are often not covered as a specific subject topic, and therefore FSB recommends that a new compulsory topic be created to incorporate this area of learning.
- FSB recommends that assistance be provided to small businesses with their

training needs assessments. As businesses identify their skills gaps, specialists in this field are best placed to offer assistance and deliver tailored solutions to meet the challenges. Colleges have made a big impact on those SMEs involved in the SMILE project and this scheme should be made more widely available.

- A reformed apprenticeship system must have an effective, streamlined management line at its core, and be supported by sufficient funding streams to make a real difference.
- The apprenticeship system has been criticised for offering temporary training, often without longterm employment prospects. A reform of this system must be tailored to produce 'career path apprenticeships' – intensive, practical training, supplemented by theory learning at local colleges. The entire process should be underpinned by a good career guidance programme, offering advice on a regular basis. Given the ongoing changes to the economy and the need for re-skilling and up-skilling, apprenticeship opportunities should be made available for over 25's.
- Ideally there will be a guaranteed work placement upon successful completion of the apprenticeship programme.
- Employer incentives must be set at realistic levels, acting as an encouragement to businesses to participate in training programmes. In return for incentives, the employer must be willing to oversee significant responsibility throughout the apprenticeship system.
- Decisive action must be taken to combat the rise of a 'benefits culture'. The current level of economic inactivity amongst school leavers is

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unacceptable, and FSB recommends a comprehensive review of the benefit system making a life reliant upon benefit payments as being wholly unattractive.

- In addition to new employees, there must be an emphasis placed on job upskilling for the existing workforce. Career development is an important motivating factor in the workplace, and the benefits are reaped by both employer and employee. FSB recommends that employees be offered the opportunity to progress through Continuous Professional Development-type programmes combining practical and course based learning.
 - As Education, Skills and Training are inextricably linked, having two departments tasked with the education and enterprise remit is creating duplication and confusion. The FSB recommends that DEL & DETI should be merged to create a new Department of Enterprise; Employment & Learning which could be at the cutting edge in the creation of a new skills-led enterprise economy with appropriate aspects of DEL transferred to the Department of Education.
- ## CONCLUSIONS
- There are many pluses in local education but it is a case of 'could do better'. The strengths must be built upon to reach the standards demanded in the modern world.
- Northern Ireland has the potential to regain its status as a prime economic location. However to do so, it must develop the education framework to support both the employer and employee.

FSB has identified many of the weaknesses in our current skills and training programmes, and made recommendations as to how to address them. What is urgently required is the will amongst policy-makers and politicians to implement these changes.

The changes will be painful and it will take time to deliver the benefits, but the results have the potential to transform the landscape in Northern Ireland.

