

Petition PE1265: Government Response to Small Scale Redundancies

October 2009

Introduction

The Federation of Small Businesses is Scotland's largest direct-member business organisation, representing around 20,000 members. The FSB campaigns for an economic and social environment which allows small businesses to grow and prosper.

We welcome the opportunity to submit our comments on the above petition as this is an issue that affects many of our members.

Small Scale Redundancies

During the current recession, the FSB noted that large-scale redundancy announcements tended to attract a great deal of media coverage. However, we were also acutely aware that many small businesses would be reducing their workforce. Since small businesses account for more than half of private sector employment in Scotland we believe that a significant number of job losses will have occurred in this sector over the course of the last year. We believe that there is relatively little evidence available about redundancies in Scotland from small businesses, such as the knock-on effect of large-scale closures on the wider supply chain, and also a lack of consistency about support available to these employers.

It was for this reason that the FSB commissioned a report to explore Scotland's 'hidden' job losses during the recession. Micro businesses are the backbone of the Scottish economy, representing 93 percent of businesses in Scotland and it's important that we gain a better understanding of how to support small businesses and their employees. This report should be completed by the middle of November 2009.

The report should give evidence and propose recommendations on how these small employers could be better supported to retain skills and jobs as well as clearly identifying them as a vital source of new jobs to help us out of recession. At this stage, the FSB suspects that limited support is available, but small businesses do not know where or how to access it. Indeed, some of the support that is available, perhaps via the Partnership Action for Continuing Employment (PACE), while being central to the Scottish Government's Economic Recovery Plan, is not entirely focused on the needs of small or

micro employers. The FSB welcomes the good work that Skills Development Scotland, Job Centre Plus and our college sector is doing, but we will continue to push for further action to help our small and micro business sector during this difficult time. We hope that our report will go some way to informing the debate in this area.

Conclusion

The FSB is grateful for the opportunity to submit its comments on this important topic. We would be happy to discuss these issues further following the publication of our report in November. We would also be delighted to forward a copy of the report to the Committee Clerk.

Should you require any further information, please contact: Martyn McIntyre, Policy Officer on (0141) 221 0775 or martyn.mcintyre@fsb.org.uk