

Learning to Work Two Consultation: Developing the Council's Employability Strategy

August 2009

Introduction

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

The FSB welcomes the opportunity to submit a response to the *Scottish Funding Council* on its consultation on developing its employability strategy.

Work Related Learning and Work Placements

The FSB has long argued for closer relationships between schools, colleges, universities and local businesses. Indeed in our 2007 manifesto, published before the last Scottish Parliamentary elections, we said, "*More Higher Education students need to be encouraged to undertake a work placement within a relevant business environment as part of their degree, to better prepare them for the workplace.*" So we are delighted to see in this consultation document that the *Funding Council* is keen to develop placements for students with small businesses as part of their third year undergraduate course.

While this will not be an easy initiative to develop, it will be worthwhile, both for the business and the student. Our members constantly tell us that both school leavers and graduates are not ready for the workplace when they leave the education system, so this initiative is vital in not only producing a highly qualified workforce, but also a highly skilled one as well.

The FSB has also argued for an assessment of the value added to the Scottish economy by the large number of students entering Higher education, and we believe that resources should be diverted to other sectors if evidence suggests that the current distribution is not producing the skills required by Scottish small businesses.

Our smallest businesses, (i.e. those with under ten employees), which make up 93% of the total in Scotland, will find it difficult to absorb a student into the workforce, as it would likely be the business owner that would need to mentor the student in their place of work. If this proposal is to succeed, proper resources would need to be put in place to support small businesses through the process. That would mean both financial support and mentor assistance.

Our FSB colleagues in England recently made a suggestion that a *Graduate Internship Creation Scheme*, which would bring graduates and small businesses together, be established, to create work experience, create jobs and help small businesses to innovate. In a recession the economy needs small businesses to innovate and expand to drive growth in the economy. However, businesses increasingly struggle to find the right skills to expand their workforce and are not traditional graduate employers. Universities should continue to be encouraged to develop the small business job market and to increase contact between small local businesses and the university sector.

Two interesting schemes are currently operational. They are called, *Graduate Advantage* in the West Midlands and also *Shell Step*.

The West Midlands has developed a graduate placement scheme which involves a two week job ready training scheme from Job Centre Plus and businesses that have access to subsidies. *Graduate Advantage* aims to match unemployed graduates with employers that can offer an internship.

Shell Step is a scheme that has been operational since the early 1980s and currently places approximately 600 graduates in small businesses around the UK each year.

These schemes may be of interest to the *Funding Council* in your research.

Enterprise and Entrepreneurship

The FSB is keen on promoting the importance and value of enterprise and entrepreneurship to the Scottish economy. For far too long, the careers service and others have not promoted the benefits and opportunities to school leavers and graduates of self-employment as an option.

The FSB is represented on the employer engagement group of *Determined to Succeed* (DtS) and is fully supportive of its aims. We believe that Scotland's young people need to develop their self-confidence and ambition to achieve their goals. The DtS strategy which encourages 'learning by doing' and offers young people the opportunity to experience real businesses and workplaces, should support their classroom learning, by gaining practical skills and a recognised qualification. Rather than teaching 'enterprise' as a subject, we see this as taking an enterprising approach to teaching and we see this as an

important step forward in promoting enterprise and entrepreneurship to Scotland's young people.

We fully support the idea put forward in the consultation document about funding a small number of institutions to develop a specialist provision in supporting business start-ups. Indeed the FSB has been working with Scotland's Colleges in recent months on the new *FSB Enterprising Student Awards*. This award, (which will be presented in September 2009), recognises students who have used the skills gained at college and have gone on to start up their own business. Encouraging young people to start up their own business is vital to the future of the Scottish economy and having the support in place to help them to succeed and survive through the difficult first year, is even more important.

Workforce Development

The FSB has been generally supportive of the recent changes to the Scottish curriculum; for example, the introduction of the new literacy and numeracy certificates. We also believe that there needs to be greater recognition within the curriculum of the 'soft skills' – communication, team-working, problem solving – for increased employment opportunities. It is also extremely important that we place greater emphasis on vocational skills, which are so important in the workplace.

Some comment is made of 'accreditation' in the consultation document. We would like to underline that most small businesses undertake staff training, which is usually delivered informally by the owner of the business. While this training is informal and not formally accredited, it is important because it is training appropriate to the business and delivered in a way that meets the needs of the business and the employees.

Conclusion

The FSB welcomes the opportunity to respond to this consultation and we hope that our comments are helpful and will be taken into account. If you require any clarification or would like to discuss any aspects of our comments more fully, please contact Martyn McIntyre on the contact details below.

For further information on any of the points raised in this submission, please contact Martyn McIntyre, Policy Officer, on martyn.mcintyre@fsb.org.uk or 0141 221 0775.