Lloyds Bank • Small Business Research Trust

Quarterly Small Business Management Report

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Quarterly Small Business
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Training

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WEB VERSION: INTRODUCTION

The Lloyds Bank/TSB-sponsored series of small business management reports commenced in 1992, and concluded in 2009. In total, 53 reports were published over a period of 17 years.

Our target audience comprised the owner-managers of independent small businesses, typically employing fewer than 50, and based in mainland UK.

The series originated from a longitudinal study of small business management, undertaken by the Polytechnic of Central London (now University of Westminster), and culminating in: *The Management of Success in 'Growth Corridor' Small Firms*, (Stanworth, Purdy & Kirby, Small Business Research Trust, 1992).

THEMES

The themes were wide-ranging – including such as entrepreneurship, work & stress, employment strategies, and the environment – a full list is shown overleaf.

INSIGHT

In addition to asking questions and supplying the respondents with a range of answer options, the corresponding questionnaire was included as an appendix to each report so that readers would know exactly what questions had been put to respondents.

We also sought qualitative information – in the form of verbatim comments about the key theme – to help elaborate on whatever related challenges respondents felt they were facing at the time.

Finally, the findings are primarily intended to be indicative rather than definitive – partly due to the sample size, which is, on average, 111 for the 2003-09 reports.

PUBLISHING FORMAT

The reports were published in hard copy form, obtainable via subscription. Initially by the Small Business Research Trust, and from 2003, by the Small Enterprise Research Team (SERTeam), both research charities based at the Open University.

Regrettably, SERTeam ceased operating in 2009, and so in 2010 the authors felt that the more recent reports would find wider interest if they were made freely available in Acrobat format via the Internet – especially with the UK economy set for a protracted journey out of recession, and with the government in turn refocusing on smaller businesses to aid the recovery.

It is worth mentioning that the series commenced as the UK economy emerged from the early 1990s recession.

In 2015, the earlier reports were also converted (1993 to 2003), with the full series made available at Kingston University: http://business.kingston.ac.uk/sbrc

SUPPORTING INFORMATION (WWW)

In later years – as the world-wide-web developed and an increasing number of sources of information became more readily available – suggestions for online sources of related material were included.

N.B. For reports 2003 onwards - where successfully validated, the web links (URLs) were enabled in 2009. And in the case of many invalid web links, an alternative was offered, but not where the organisation appeared defunct and an obvious replacement was not traced.

John Stanworth, Emeritus Professor, University of Westminster
http://www.westminster.ac.uk/schools/business

David Purdy, Visiting Fellow, Kingston University
http://business.kingston.ac.uk/sbrc

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Small Business Management Report
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Lloyds TSB & SERTeam
Small Enterprise Research Report
ISSN 1742-9773 No.2 (Vol.1) onwards

WEB VERSION PUBLISHING

http://business.kingston.ac.uk/sbrc

Certain content needed to be re-set, e.g., the figures in the earlier editions, but the report body content is intended to be identical to that in the printed original. This web version - an Acrobat document - is derived from the original DTP text and will permit searching.

LIABILITY DISCLAIMER

HIGHLIGHTS

This is the thirteenth of a series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail/distribution and business services. The focus of this survey was on ***Training*** in small firms. The principal findings were as follows:

- ***Changes in training investment*** *- 40% of the firms in the sample invested as much in training as they had done in the same period one year earlier.*
- *Using a 'balance' for those having* ***increased*** *their training investment and those having* ***decreased*** *their training investment, a* ***positive*** *balance of +14% was evident in the respondent firms. Overall, the growth of investment was similar for internal and external training.*
- *The 'balance' figures for the 3 business sectors represented in our study were: Manufacturing +9%, Business Services +16%, and Retail/Distribution +17%.*
- *The lowest training balance figure was that of just +5% found to apply to our smallest firms in the 0-4 staff category, followed by +15% for the 5-9 size band.*
- ***Importance of training*** *- 79% of responding firms considered investment in training to be 'Important' or 'Very Important'.*
- ***Training budgets*** *- Less than 1-in-10 of our respondents had a specific annual training budget. Most had no budget but 'trained when necessary'.*
- ***Skills shortages*** *- 49% of Manufacturing firms and 39% of Business Services firms claimed to be suffering 'Quite serious' or 'Very serious' skills shortages, compared with only 17% for the Retail/Distribution sector.*
- *Skills shortages were quite evenly spread over the 3 geographical areas - North, Midlands and South.*
- ***Range of training support used*** *- Business Services sector firms used a wider range of training techniques than firms in Manufacturing or Retail/Distribution.*
- ***Government support agencies*** *- Training & Enterprise Councils (TECs) were most used in the South, and Business Links least used in the South.*

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ACKNOWLEDGEMENTS

The Small Business Research Trust wishes to thank all responding firms for their time and effort involved in participation in the production of this Management Report.

The Trust acknowledges the help provided by Graham Bannock & Partners Ltd, David Purdy, The Open University and The University of Westminster in designing the survey, processing data and analysing the results.

The Small Business Research Trust is particularly pleased to acknowledge the generous support provided by Lloyds Bank plc in sponsoring the research, analysis and presentation of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of Lloyds Bank plc.

MANAGEMENT ISSUES

The emphasis of our Quarterly Management Reports is on monitoring the key management problems and practices of smaller business, with an emphasis on survival and success. Accordingly, each issue of the Lloyds Bank/Small Business Research Trust Management Report addresses one or more highly topical small business management issues. In this survey we focus on ***training***.

Past surveys have covered:

1993: Vol.1

- ***No.1 Surviving The Recession***
- ***2 Using Your Time***
- ***3 Management Style***
- ***4 Financial Management***

1994: Vol.2

- ***1 Purchasing***
- ***2 Quality Standards & BS 5750***
- ***3 Management Succession***
- ***4 Customers & Competitors***

1995: Vol.3

- ***1 Information Technology***
- ***2 Holidays***
- ***3 Company Vehicles***
- ***4 Pricing Policies***

It is planned to cover the following management issues in future:

- Health & Safety
- Personnel
- Incentives
- Premises

THE SAMPLE

This report is based on responses received from a panel of some 350 small businesses situated in the Northern, Midland and Southern regions of Britain. Respondents are predominantly small firms with fewer than 50 employees, drawn mainly from the manufacturing, business services, and retail/distribution sectors of the economy. Over half of the participating firms employ fewer than 10 people and over one-third of the firms are less than 5 years old.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as an appendix. This survey was carried out during December 1995 and January 1996.

ATTITUDES

Respondents were invited to make general comments on the subject of the survey and over 40% did so. These reflected a considerable range of views on training as demonstrated by the following quotations:

> *"Apprenticeships ... are important to maintain standards, as in the past...."*

> *"Training tends to be delivered 'sheep-dip' style, and this doesn't bring about the necessary change. Long-term support is needed, particularly for owner managers, if they are to implement properly what they learn in training."*

> *"There are plenty of courses - it's just a matter of finding the time."*

> *"We regret the ending of the levy scheme."*

> *"We believe in training but, sad to say, the majority of courses in our experience are over-priced, poorly structured and badly presented - in short a rip-off."*

Some respondents emphasised internal training:

> *"We like to train our staff 'in-house', as we can train them in our methods and ethos to quality and service..."*

One respondent pointed out:

> *"Every organisation has to train, whether they realise it or not."*

An issue surrounding the debate on training has been that of whether training is a ***cost*** or an ***investment***. In short, if you train staff, do they simply go and get better paid jobs elsewhere. Alternatively, do they become more motivated to stay with you and give you a dividend on your investment ?

Some of our respondents clearly saw training an investment:

> *"We judge that staff enjoy training and that it helps to retain good and key personnel."*

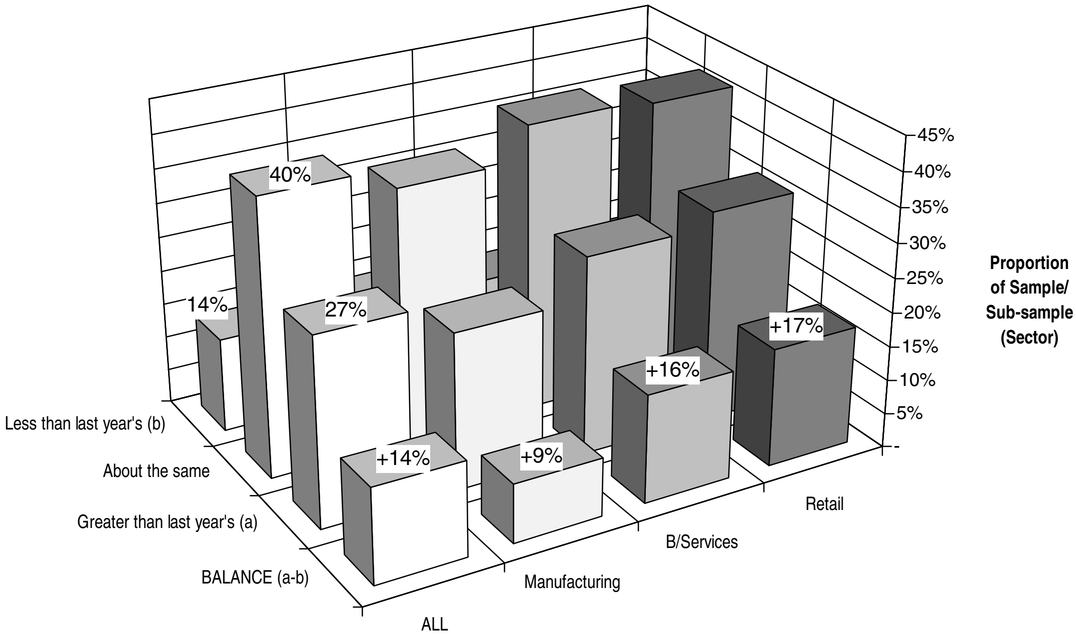
> *"Training is an investment in PEOPLE. It motivates and broadens knowledge. Used effectively, it increases work rate and results."*

Other respondents, however, adopted more pessimistic views:

> *"The training 'fashion' has generated another parasitic bureaucracy, pushing the costs of training courses beyond the finances of the little man."*

> *"We buy in the best, pay the best, and get the best."*

Fig 1 - CHANGE IN INVESTMENT IN OVERALL TRAINING: BY SECTOR



TRAINING

Training is a subject which we wish to track over time and so, in this report, we shall establish some basic statistics. The method we shall use for this is the 'balance' method. That is, by looking at the balance between businesses that have ***increased*** or, alternatively, ***decreased*** their training commitment compared with some previous period - in this case, one year earlier.

For instance, **Figure 1** gives positive

Fig 2 - CHANGE IN INVESTMENT IN INTERNAL TRAINING: BY SECTOR

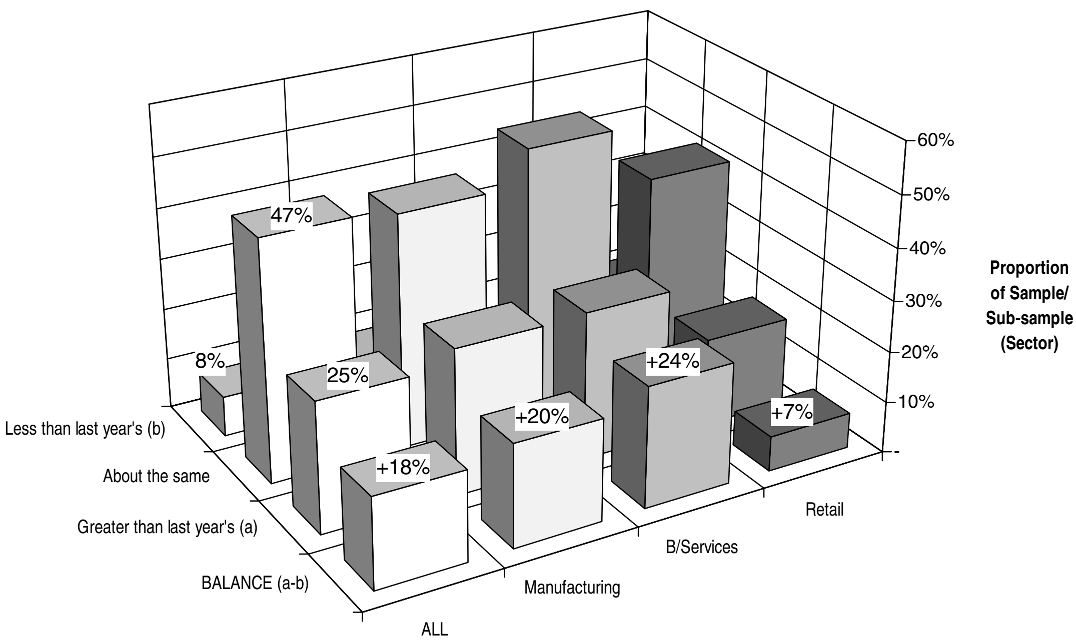
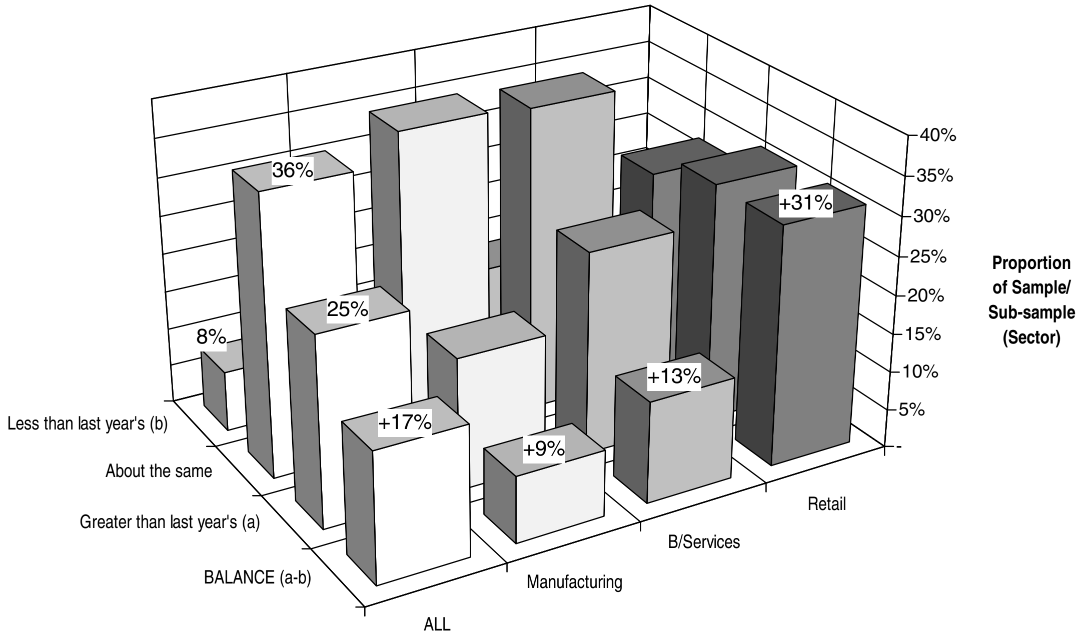


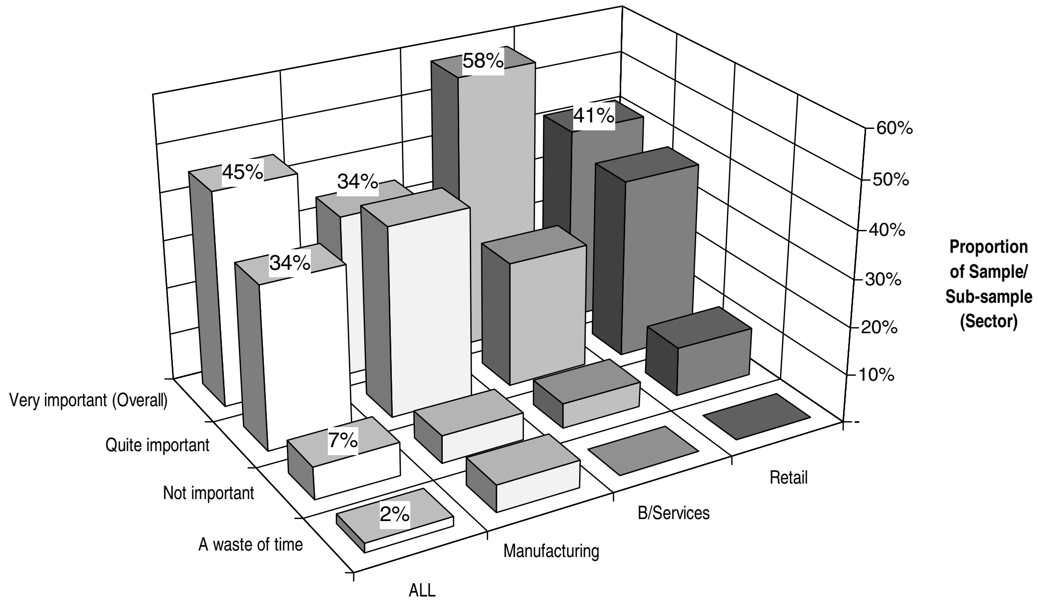
Fig 3 - CHANGE IN INVESTMENT IN EXTERNAL TRAINING: BY SECTOR



balance figures for Manufacturing of +9%, for Business Services of +16% and for Retail/Distribution of +17%. These refer to respondents' views of training overall. **Figures 2** and **3** give results for 'Internal' (in-house) and 'External' (outside the business) training.

Manufacturing (+20%) and Business Services (+24%) were higher on 'Internal' training than firms in the Retail sector (+7%), though the situation was largely reversed when it came to 'External' training.

Fig 4 - TRAINING OVERALL AS A MEANS OF IMPROVING PERFORMANCE: BY SECTOR



TRAINING AND PERFORMANCE

Figure 4 shows that around 70-80% from all 3 sectors considered training, overall, to be either 'Very Important' or 'Quite Important' in improving performance. Fewer thought training 'Very important', and more thought it a waste of time in Manfacturing than in other sectors. **Figure 5** indicates a little less sympathy towards training amongst respondents in the North - probably due to a greater number of manufacturers here - against those in the Midlands and the South.

Fig 5 - TRAINING OVERALL AS A MEANS OF IMPROVING PERFORMANCE: BY REGION

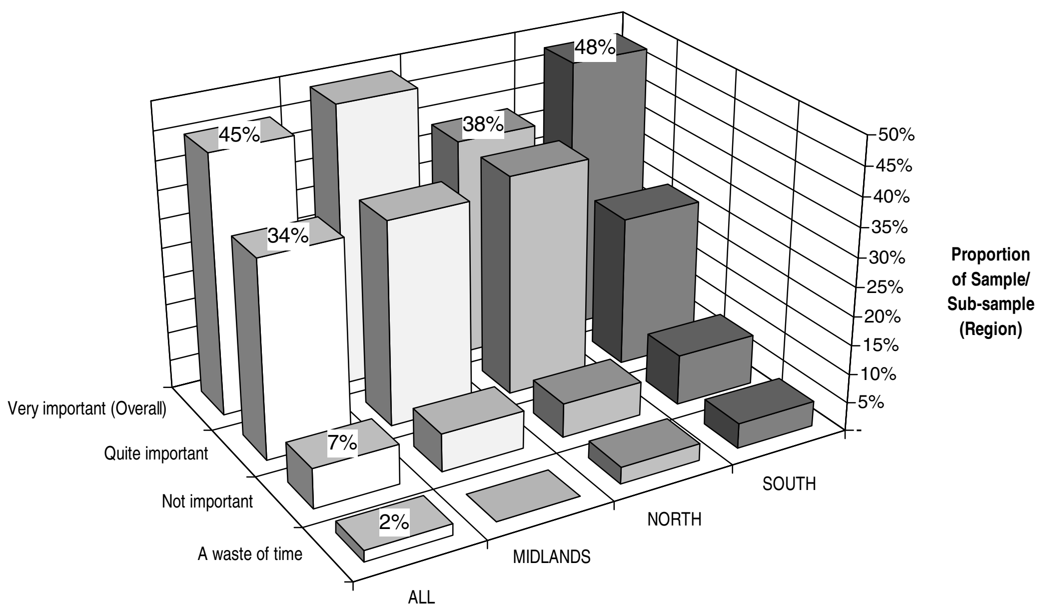
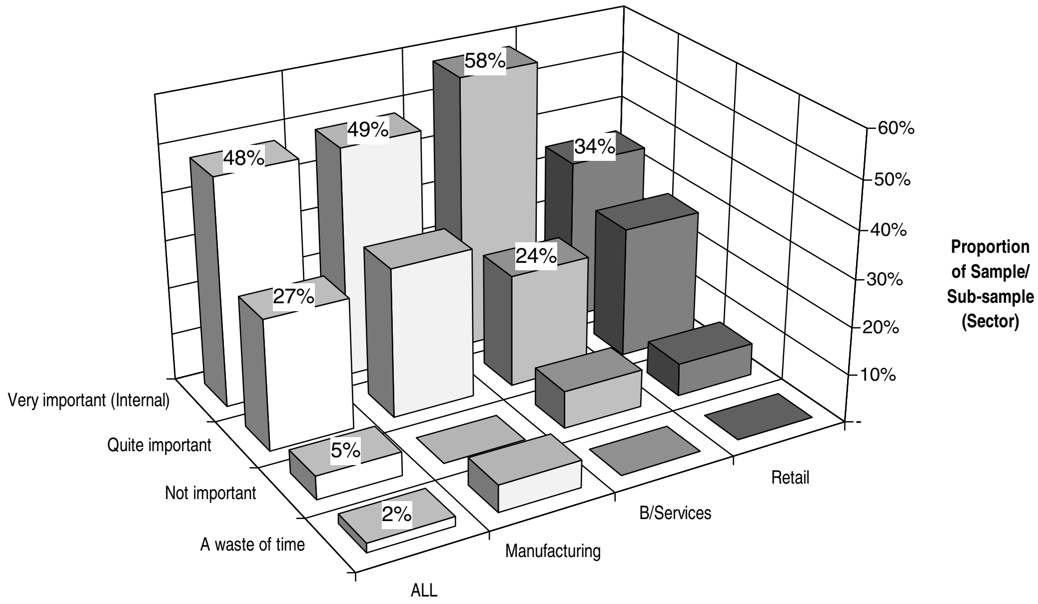


Fig 6 - INTERNAL TRAINING AS A MEANS OF IMPROVING PERFORMANCE: BY SECTOR



VALUE OF INTERNAL VS. EXTERNAL TRAINING

A major proportion of the sample, 75% (48% + 27%), saw ***internal training*** as important, but the firms in the Business Services sector placed the greatest emphasis, with 58% saying it was 'Very important' (**Figure 6**). In terms of variations with size of firm, the difference may not be as great as suggested by **Figure 7**, in that the dip in importance for the 5-9 employee size band may be largely influenced by a predominance

Fig 7 - INTERNAL TRAINING AS A MEANS OF IMPROVING PERFORMANCE: BY EMPLOYEE SIZE

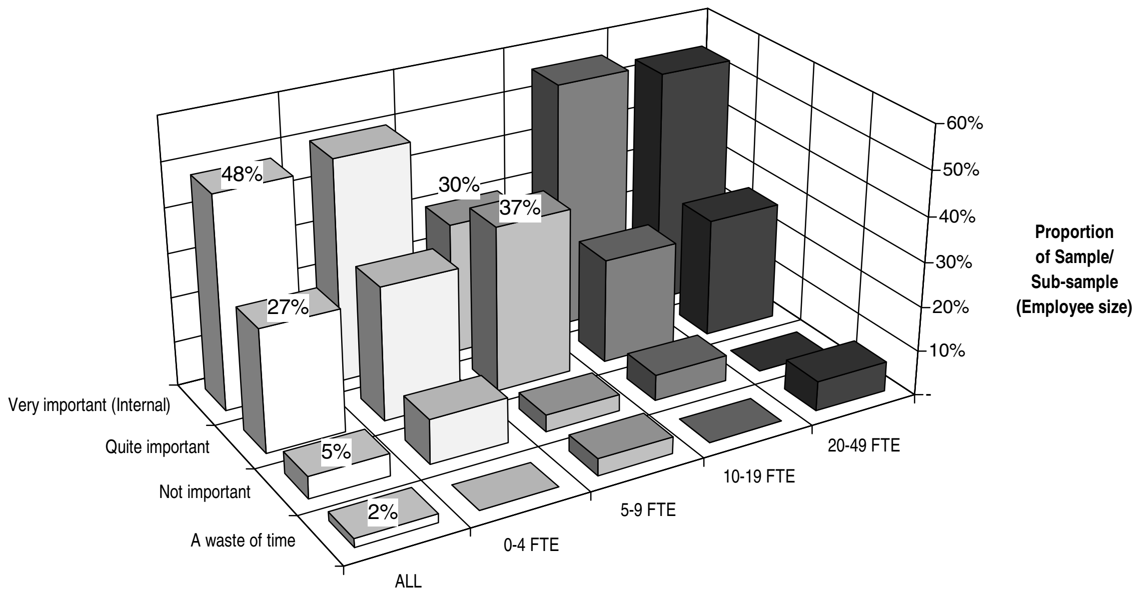
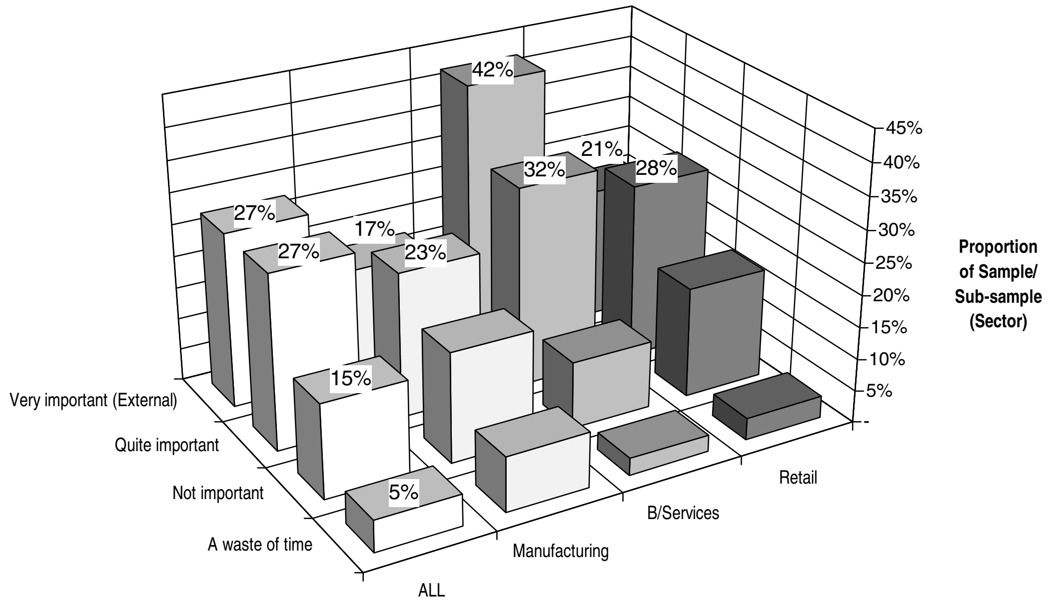


Fig 8 - EXTERNAL TRAINING AS A MEANS OF IMPROVING PERFORMANCE: BY SECTOR



here of respondents in retailing/ distribution who generally appear to place less value on internal training. Just over half of the firms (54%) see ***external training*** as important, and as before, a major proportion (74%) of the Business Services sector seem more persuaded of the merits of 'external' sources than the other sectors (**Figure 8**). However, 20% of the firms found them either 'Not important' or 'A waste of time', with some suggestion that the larger firms, possibly in view of actual experience, are more inclined to think so (**Figure 9**).

Fig 9 - EXTERNAL TRAINING AS A MEANS OF IMPROVING PERFORMANCE: BY EMPLOYEE SIZE

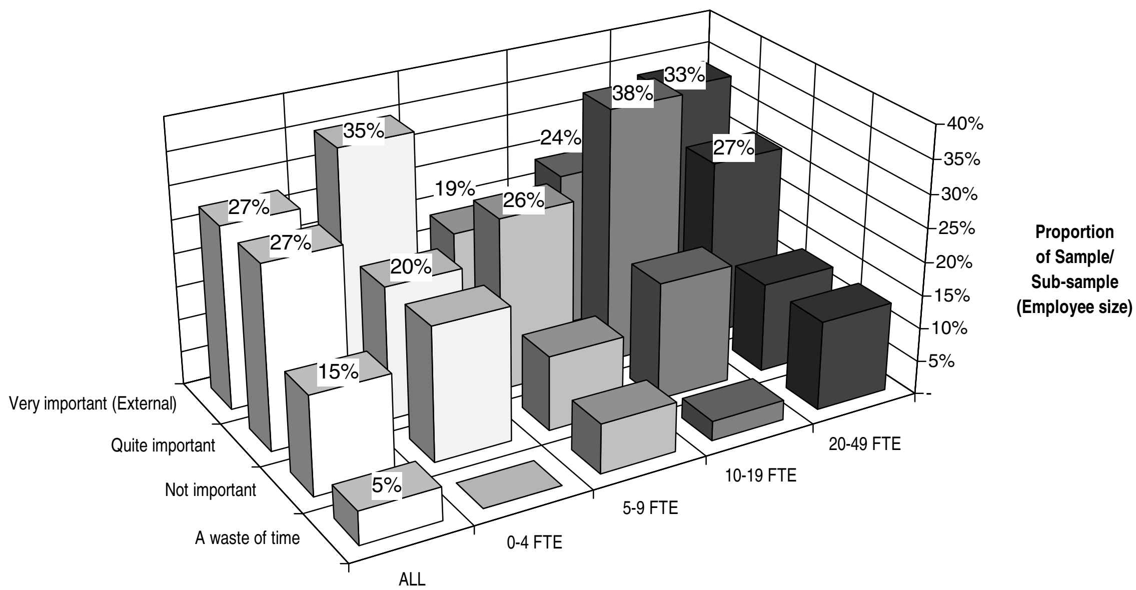
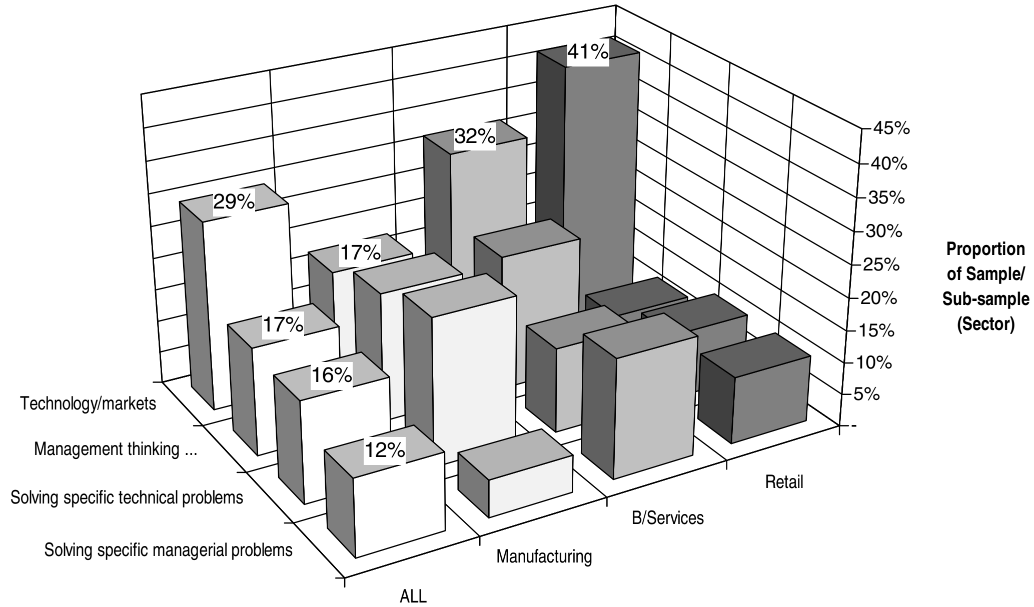


Fig 10 - MAIN THRUST OF OVERALL TRAINING EFFORT: BY SECTOR

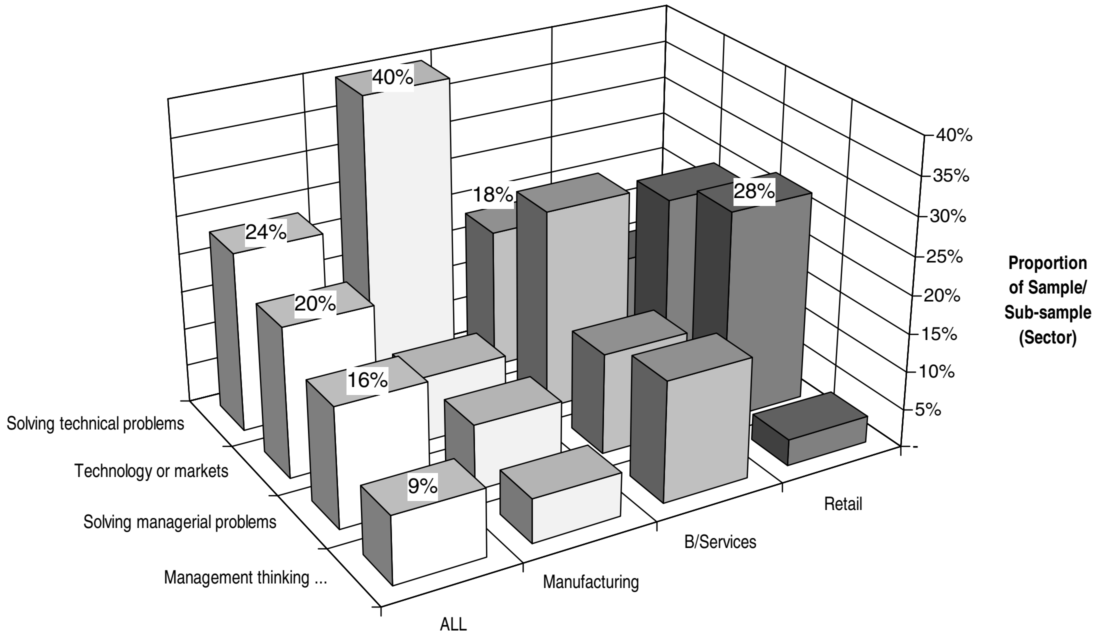


REASONS FOR TRAINING

Reasons for training were different across our sub-samples. For instance, looking at **Figure 10**, it can be seen that the motivation for Manufacturing firms is often that of 'Solving specific technical problems'. For Business Services firms and those in the Retail sector, 'Keeping abreast of technology or markets' stood out strongly whilst, amongst retail firms, it was the 'Solving of specific managerial problems' which stood out most noticeably.

Perhaps the most interesting thing about the above observations is the emphasis on solving 'specific' problems as opposed to, say, 'Keeping abreast of management thinking'.

Fig 11 - MAIN THRUST OF INTERNAL TRAINING EFFORT: BY SECTOR



When breaking these results into Internal/ External training (**Figures 11** and **12**), we see similar results to the above, particularly when looking at 'Internal' training with the emphasis on 'technical' problems still coming through strongly for Manufacturing and technology and market issues standing out for Business Services and Retail firms.

Fig 12 - MAIN THRUST OF EXTERNAL TRAINING EFFORT: BY SECTOR

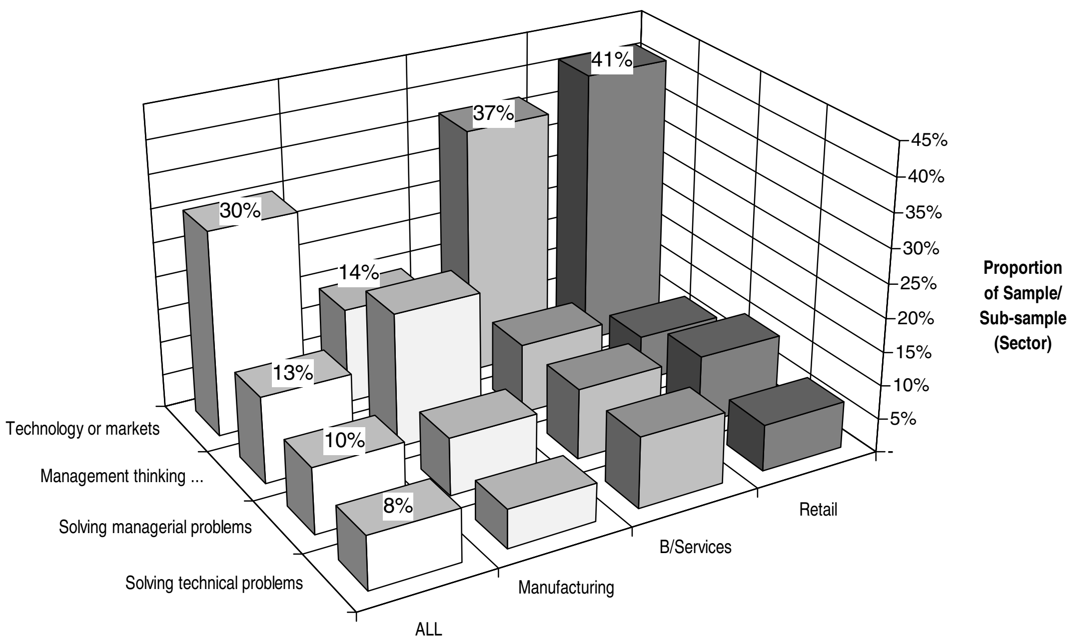
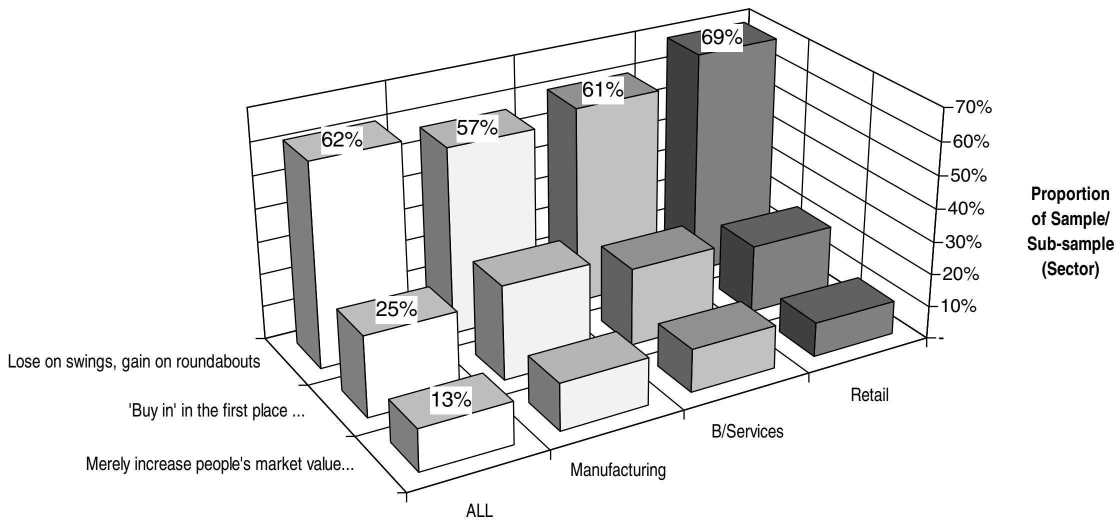


Fig 13 - PERCEIVED RISK OF INVESTMENT IN TRAINING: BY SECTOR

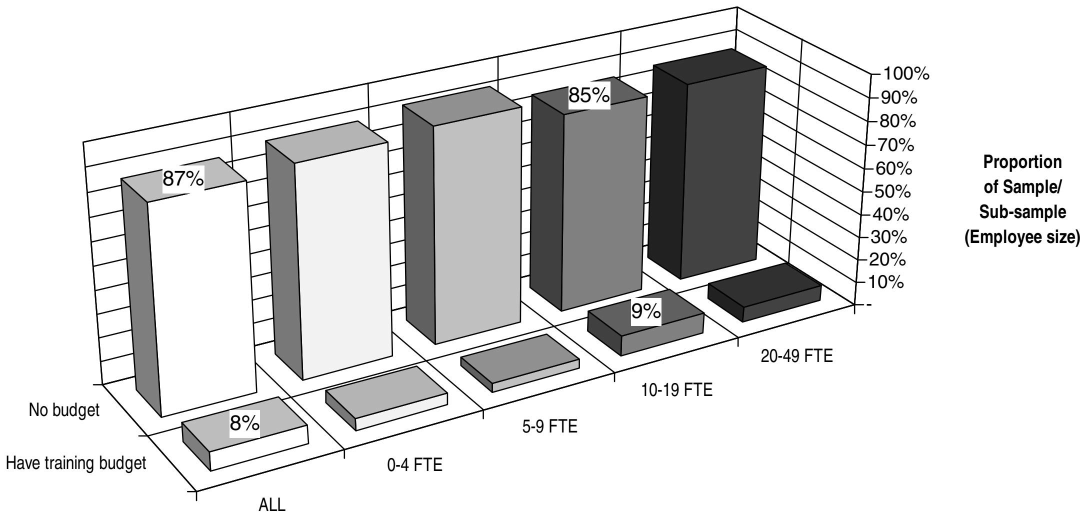


'SWINGS' AND 'ROUNDABOUTS'

Some employers feel that the expense involved in funding training is a high-risk investment since it merely increases the market value of those trained and may lead to demands for wage rises or, alternatively, labour turnover.

Figure 13 shows views to be quite optimistic here with nearly 2 out of every 3 respondents saying that training is a 'safe' investment. Only 1-in-4 took the attitude that firms should 'buy-in' talent rather than train their own. Only just over 1-in-10 felt that training 'Merely increased people's market value'. The results were similar here across the different business sectors

Fig 14 - TRAINING BUDGET ARRANGEMENTS: BY EMPLOYEE SIZE



TRAINING BUDGETS

Large firms tend to have specific budgets for almost every conceivable eventuality. Small firms, on the other hand, are more likely to have general budgets and to extract from them for contingencies. This is precisely what we found when looking at the issue of training budgets (**Figure 14**). Overall, only 8% of our respondents had a specific training budget. The figure was below this (5%) for firms in the 0-4 staff category and rose to 33% in firms of 50+ staff.

Fig 15 - TRAINING BUDGET ARRANGEMENTS: BY SECTOR

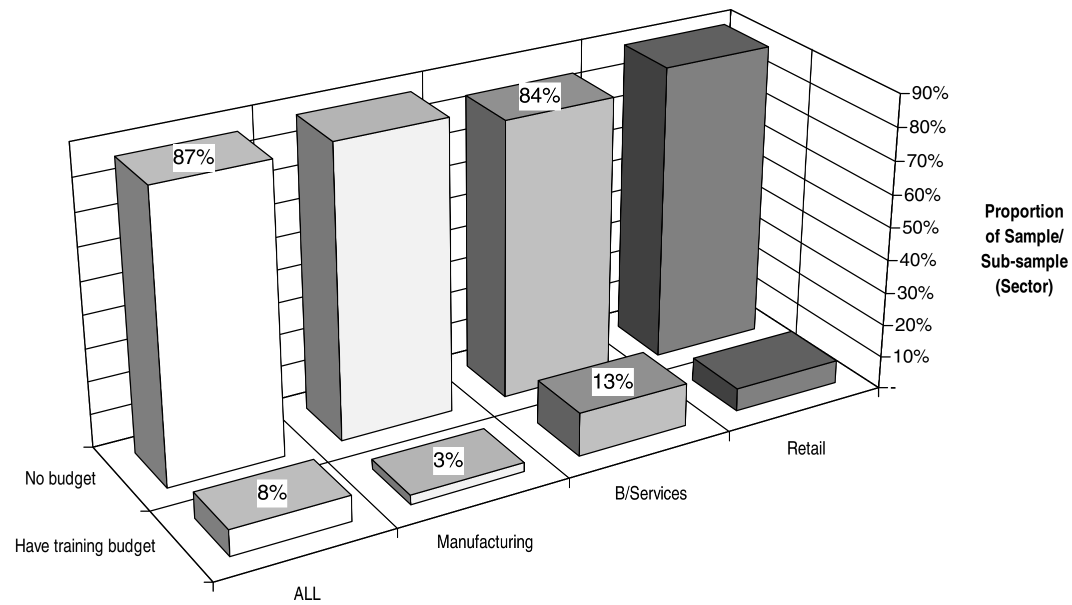


Fig 16 - TRAINING BUDGET ARRANGEMENTS: BY REGION

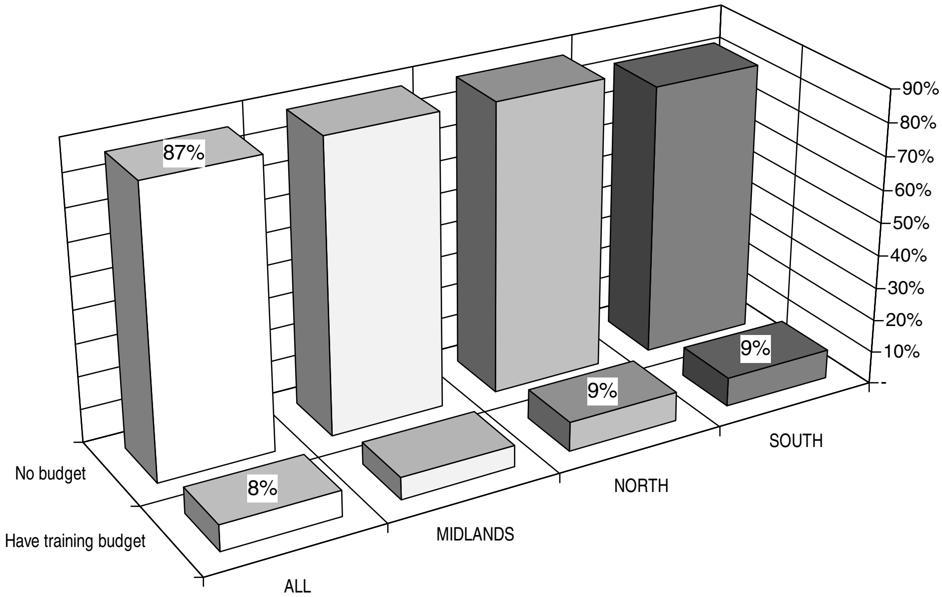


Figure 15 shows that Business Services sector firms were the most likely to have a specific annual training budget whilst Manufacturing firms were least likely. **Figure 16** shows few, if any, notable differences between geographical regions.

TRAINING SOURCES

Figures 17, **18** and **19** look at the issue of the sources of training used by the respondents. Interestingly, the single most common response was ‘other’, indicating the fairly common use of less

Fig 17 - SOURCES OF TRAINING: BY SECTOR

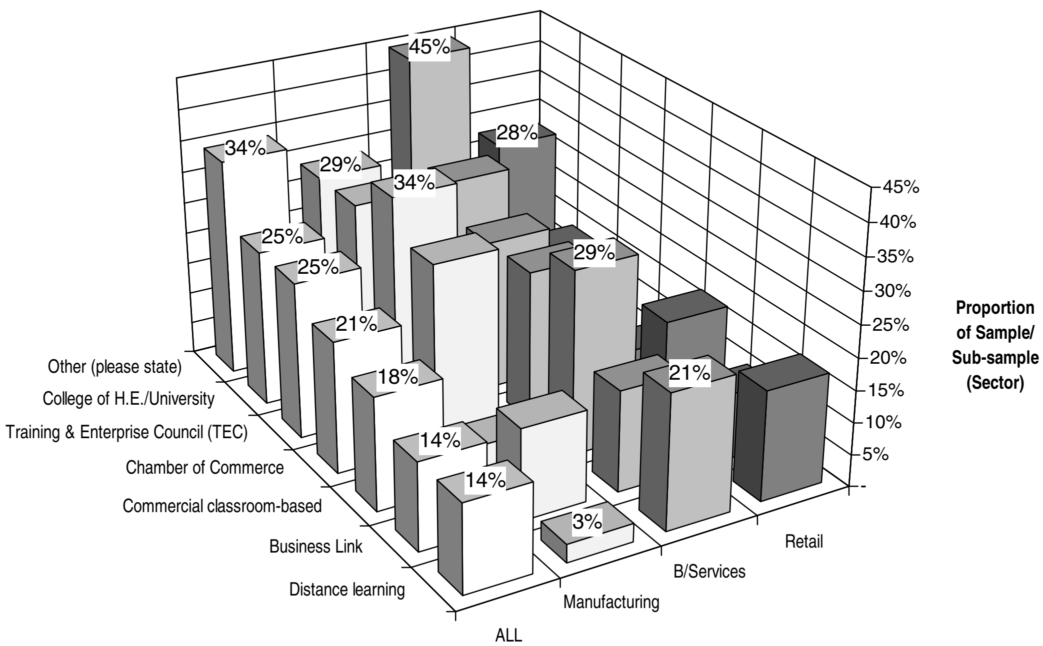
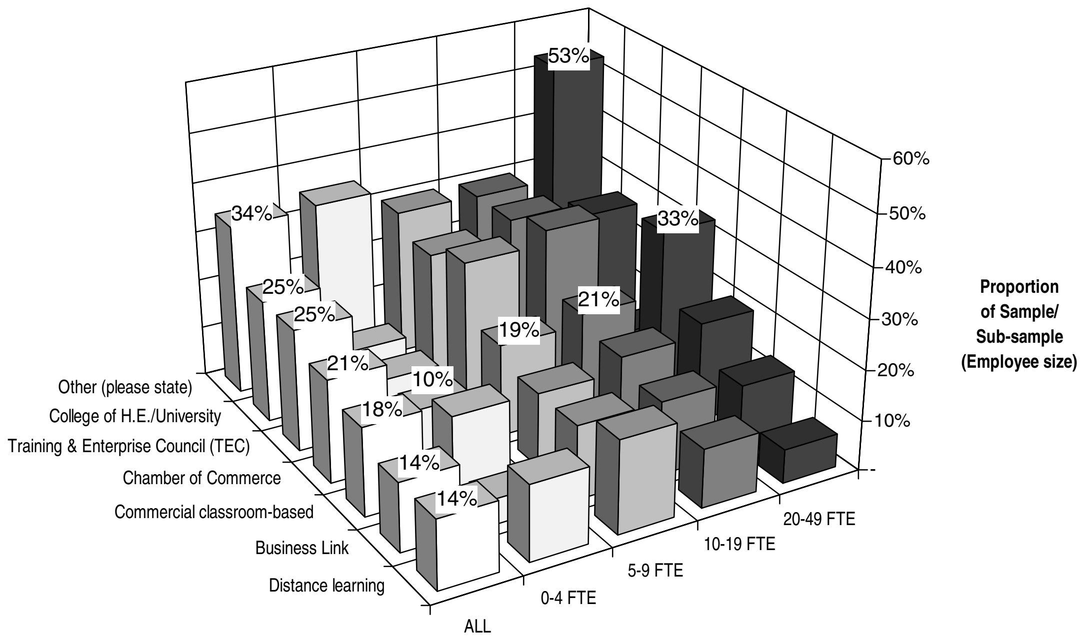


Fig 18 - SOURCES OF TRAINING: BY EMPLOYEE SIZE



conventional sources of training. This is an issue we delved in more detail and found answers such as:

- internal video training
- Kirklees Youth Training
- management consultants
- manufacturer's courses
- professional institute/s
- software training
- The Industrial Society
- trade association
- training consultants

Looking at **Figure 17**, two findings stand out. One is the use of distance learning by Business Services and Retail firms and the other is the use of 'Commercial classroom-based' training again by firms in Business Services. The other finding was the heavy reliance by Manufacturing (particularly) and Business Services firms on public sector colleges, Training & Enterprise Councils (TECs) and Chambers of Commerce.

Figure 18 reveals a number of interesting trends. Firstly, we see a progressive increase in the use of Chambers of Commerce as size of firms increases. Here we go from 10% for firms in the 0-4 size category up to 33% in the 20-49 size categories. Similar trends are noticeable when looking at 'Commercial classroom-based' training and 'Business Link' training. The idea behind 'Business Link' services is the 'One-stop-shop' idea where a range of help and advisory services are available to businesses under a single roof. We shall return to the issue of their usage by our respondents in the months ahead to see if the current figure of 14% of firms citing their usage increases over time.

Fig 19 - SOURCES OF TRAINING: BY REGION

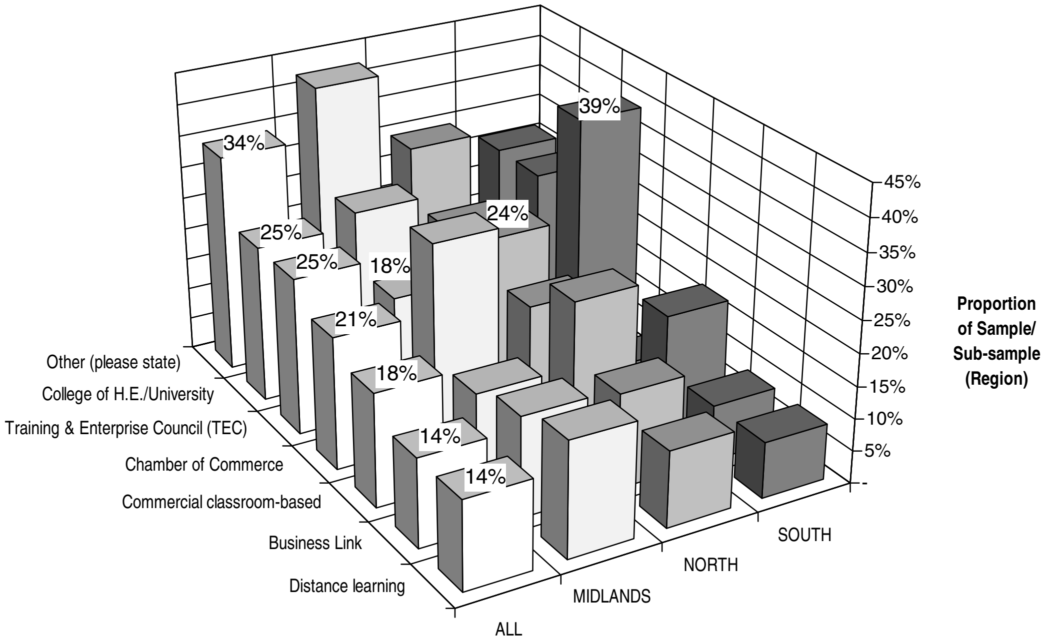


Figure 19 looks at regional training take-up rates and points to some interesting differences. First, the use of 'Business Links' is lower in the South, probably due to their more recent arrival and the wider range of facilities available in the South East. The same is true of usage of Chambers of Commerce and distance learning. Against that, they are more likely than their counterparts in the Midlands and the North to use Training & Enterprise Councils (TECs).

Fig 20 - PERCEIVED EFFECT OF GROWING SKILLS SHORTAGE: BY SECTOR

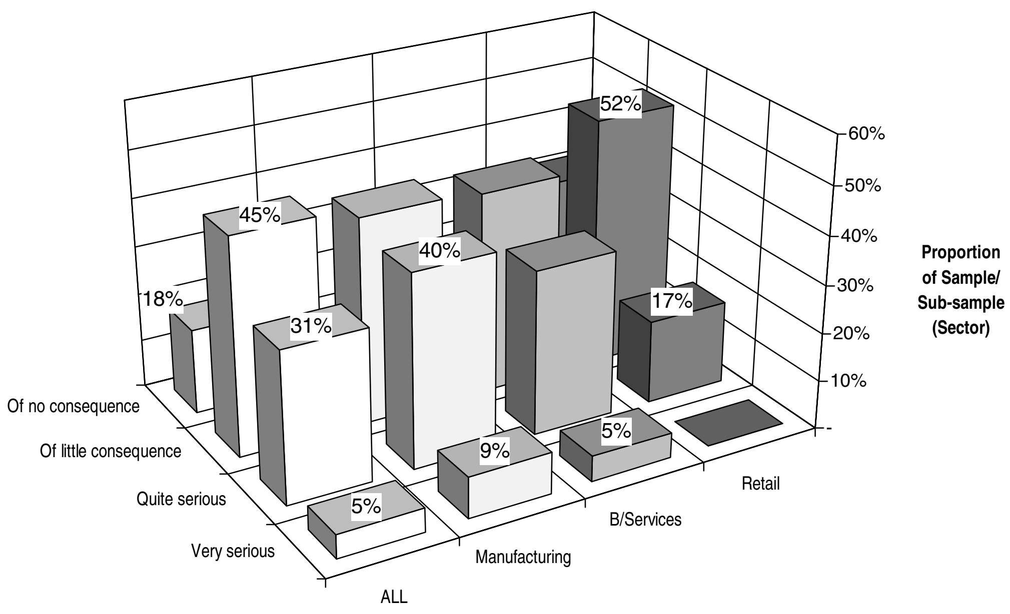
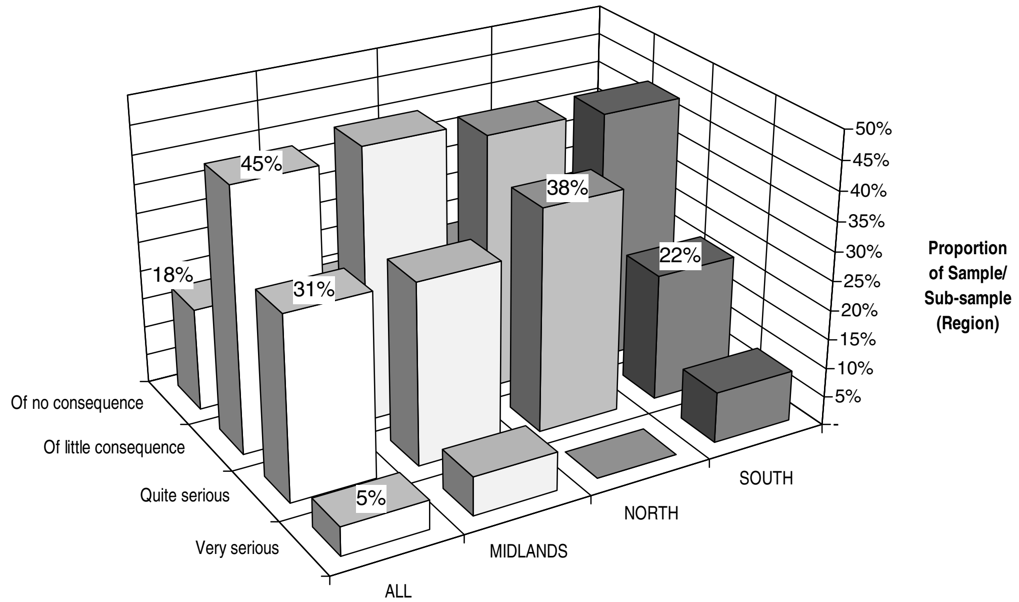


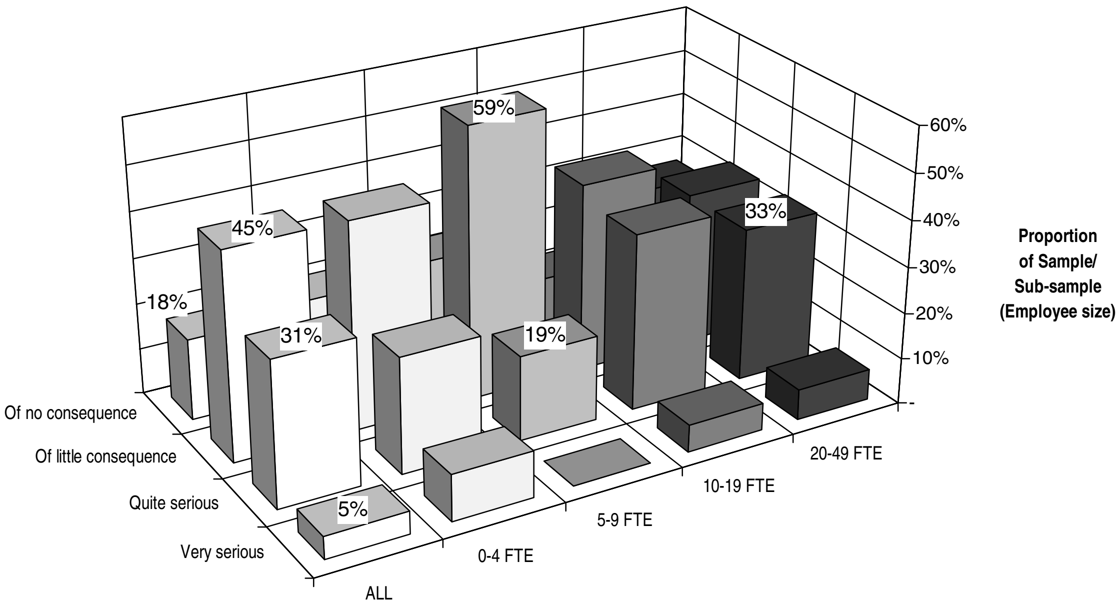
Fig 21 - PERCEIVED EFFECT OF GROWING SKILLS SHORTAGE: BY REGION



SKILL SHORTAGES

Figures 20, **21** and **22** examine the issue of skills shortages amongst sample firms. **Figure 20** shows that skill shortages were 'Quite serious' or 'Very serious' in 49% of manufacturing firms, compared with 39% in Business Services and 17% in Retailing. **Figures 21** and **22** reveal only one or two regional and firm size differences in skill shortage levels. Overall, only 5% regarded skill shortages as being 'Very serious'.

Fig 22 - PERCEIVED EFFECT OF GROWING SKILLS SHORTAGE: BY EMPLOYEE SIZE



RESPONDENTS' COMMENTS

A major selection of respondents' comments is shown below, listed by industrial sector.

MANUFACTURING

Bar Fitting. Shopfitting. Joinery Manufacturing	*"Apprenticeships for the Building Trade is most important, and not to use semi-skilled labour - to maintain standards, as in the past years."*
Computer Hardware and Software	*"Training tends to be delivered 'sheep-dip' style, and this doesn't bring about the necessary change. Long-term support is needed, particularly for owner-managers if they are to implement properly what they learn in training."*
Corporate Furniture	*"We buy in the best, pay the best, and get the best result."*
Electrical Control Panel Manufacturer	*"Plenty of courses offered - it's just finding the time."*
Fabrication, Welding, Machining, Special Purpose Machines	*"[I] Regret the end of the levy system. Thought EITB was good and [the] possibility of exemption encouraged organising and promoting [an] in-house exempt scheme."*
Fibreglass-handled Hand Tools	*"There is over-emphasis on all training fitting into a national pattern - i.e. lack of flexibility in pursuit of 'outputs'."*
Lace Manufacture	*"As chairman of our ITO [Industry Training Organisation] - too many managements perceive training as a direct cost rather than as a means of maximising utilisation of plant and machinery to the longer term benefit of the company. Success comes through motivated, trained people, not machines."*
Manufacture & Repair of Propshafts	*"Specialised product in-house training only."*
Manufacture of Iron Castings	*"Actual hands-on training is our only alternative. This allows ourselves to set standards of quality and effort not obtainable from outside agencies - we still run the apprenticeship making our workers more capable of craft-orientated production."*
Manufacture of Products for Protection and Cleaning of Fabrics	*"We judge that staff enjoy training and that it helps to retain good and key personnel."*
Manufacturer of Laboratory Robotic Automation Systems	*"It is becoming evident that a skills shortage exists. We employ mostly a graduate workforce, but a great deal of time and effort is necessary to teach relevant skills at the introduction to work stage. Good members of staff in mechanical engineering are the result of the old master apprentice system. We hope that the new modern apprenticeship scheme will emulate the old system because we have observed a big gap created in the many years of YTS, etc. when no protracted training scheme existed in many engineering disciplines."*

MANUFACTURING continued

Printing, Graphic Design, Copy Service	*"- Small companies find it difficult to train, [they] can't afford to be without the workforce. - Attitude is a problem of young generation. - Not enough vocational, apprenticeship type of training [is] available. - Graduates [aren't] necessarily useful to employers."*
Publishing	*"I think training is generally well provided for. Main concern nationally is: who is replacing the NCB, shipbuilding industry etc., who trained for the nation ?"*
Special Purpose Machine Design & Manufacture	*"There is very little financial support or assistance off such as TECs. We have to 'go it alone'."*
Sub-contract Automachine Polishers	*"Training programs are of little significance when our main difficulty is getting people to report for work. The main problem facing small manufacturers is that of a 'benefit dependency culture'."*
Textile Yarns	*"Continuous shop-floor training is given too little attention."*
Trade Vacuum Forming	*"Bring back grant assistance for small businesses as the financial loss plus time out is too prohibitive !"*

BUSINESS SERVICES

Audit Accountancy and Taxation	*"High external training costs have forced us to cut back as there is no assistance given by government."*
Chartered Accountants	*"In the modern workplace there is no room for 'dead wood'. Training is therefore of the utmost importance in obtaining the best cost benefit from employees."*
Conference Placement, Management, Consultancy, Training, Travel	*"Regrettably training is more consistent in the good times, when it is probably more valuable in times of recession."*
Consultant Naval Architects & Marine Engineers	*"As consultants, we can only afford to employ already trained and experienced personnel. Our needs for training are more 'updating' and 'upgrading' based."*
Food Technology & Quality Consultant	*"Training builds staff confidence and performance leading to a secure company and jobs - we must put greater national emphasis and assistance into this area of investment."*
Graphic Designers	*"No agency to my knowledge trains people in the technology* ***we*** *use."*
International Freight Forwarding Services	*"We like to train our staff 'in-house', as we can train them in our methods and ethos to quality & service. Consequently, we do not have a high staff turnover as staff tend to stay with us."*
Management Training Courses	*"Every organisation has to train, whether they realise it or not. The only choice is between* ad hoc*, which is less effective and therefore more expensive, or planned systematic training which helps 'accelerate experience'. Trained management and staff generate a much greater return on investment than untrained. Casualties during the recession prove the point."*

BUSINESS SERVICES continued

Motor Factors	*"Need more government support."*
Outplacement Consultancy	*"Organisations need to train to meet business needs. To do so they need to allocate adequate resources and not complain if they fail to do so."*
Public Relations	*"[I] Don't believe in training for its own sake. In my business so much depends upon inter-personal and communication skills. The best of these come naturally and cannot be easily taught. In other words, get the right people and reduce the need for training."*
Publishing Services, Artwork, Setting, Design, Typesetting	*"[We] Find it difficult to have an awful lot of training because of the time factor !"*
Road Haulage	*"Financial help would be invaluable as in our industry we give HGV training only for the man to move on as per Question 5."*
Telephone Marketing and Telephone Sales Company	*"Training is an investment in PEOPLE. It motivates and broadens knowledge. Used effectively it increases work rate and results."*
Textile Marketing	*"This is a very small company, we have neither the time nor the financial resources for expensive and sophisticated training courses. We have to learn 'on the move' as and when required.* *Further Education provides flexible courses for computer skills which we have found taught us what we wanted at times to suit our busy work schedule. Further Education needs to think 'private'. There is great potential for flexible skills training for industry and commerce which other institutions cannot or do not provide.* *Too much clever training can be counter-productive. Most small businesses have suffered unnecessarily from ill-conceived, un-tried theories expounded by management consultants. Take non-payment of invoices for a start.* *There has been an hysterical explosion in the so-called need to continually train staff. A person with a good education and training in a particular skill has the best background for a job. Not a person with a multitude of skills. The problem we face is ATTITUDE. Proven ability, commitment, loyalty, fulfilment and honesty are more important than a steady stream of continuing training which increases the employees' expectations when the job itself has not changed. There is no substitute for hands-on experience."*
Training Consultancy	*"As a training consultancy, we obviously have strong views about the benefits of training and we are keen to see if these are shared by other small businesses."*

RETAIL AND DISTRIBUTION

Computer Data Communications Solutions in PC/Mainframe Environment	*"We believe in training but, sad to say, the majority of courses in our experience are over-priced, poorly structured and badly presented - in short, a rip-off."*
Electrical Distributors	*"The quality of some trainees is poor - you require the best in industry to train staff, 'winners breed winners'. How many trainers have a successful track record ? Most of them are failures pushed to one side - when did you hear of a trainer being promoted to managing director or chief executive ?"*
Floristry	*"The training 'fashion' has generated another parasitic bureaucracy, pushing the cost of training courses beyond the finances of the little man."*
Hardware and Pet Store	*"Training schemes tend to be oriented towards 'big' business and has little relevance to small one-man-band shops and trades."*
House Furnishers and Merchants	*"[There is a] Serious lack of disciplined keen young persons 17/25 - major proportion of [which] are untrainable from school and not worth wasting time on."*
Operating Public Houses	*"Services available, but even discounted, are costly. Small business struggling to survive and therefore no spare cash."*
Retailing of Motor Accessories and Spares	*"[I] Consider training essential for all persons commencing their business vocation, in particular the young."*
Sale and Service of Injection Moulding Machines	*"Improve opportunities/facilities to encourage individual/ personal initiative to undertake specific training."*

ADDENDUM - ADDITIONAL INFORMATION

As an aid to the interpretation of the various figures (histograms), we have included some further information about the firms responding to this survey. The analyses involve key variables, and **industry sector**, **region** and **employee size** are those most frequently used as they are reasonably reliable indicators and less prone to misinterpretation.

Industrial sectors - based on the descriptions supplied by respondents, each firm is coded according to the Standard Industrial Classification (SIC 1980). Firms are then grouped into manufacturing, business services, retail/ distribution. From 1996 onwards, firms falling outside these 3 bands - previously classified as ‘other’ - are now allocated to the foregoing sector which offers the closest match.

Regions - firms are also classified according to their physical location, namely, North, Midlands and the South.

Employee size - finally, firms are placed in bands according to the number of employees. Each part-time employee is assumed to be equivalent to 40 per cent of a full-time employee ('FTE' = full-time equivalent). All of the surveys to date have received only a small number of responses from firms with 50 or more FTE employees. These responses have been **included** in the breakdowns for the sectoral and regional analyses, but have been **excluded** as a '50+FTE' band in the **employee-size** analyses (the 'All' band in each histogram includes all usable responses regardless). This is because a percentage breakdown band based on just two or three firms may not be representative of this size of business.

DISTRIBUTION OF FIRMS

The highest concentration is in business services (37% of the latest sample, compared to 28% previously), followed by manufacturing (34%, and 42% previously), see **Figure 23**.

Regionally, firms engaged in **business services** in the **South** now match those in **manufacturing** (78% of the region's respondents in total). **Manufacturing** is the still most predominant sector in the **North**.

Fig 23 - INDUSTRIAL SECTOR: BY REGION

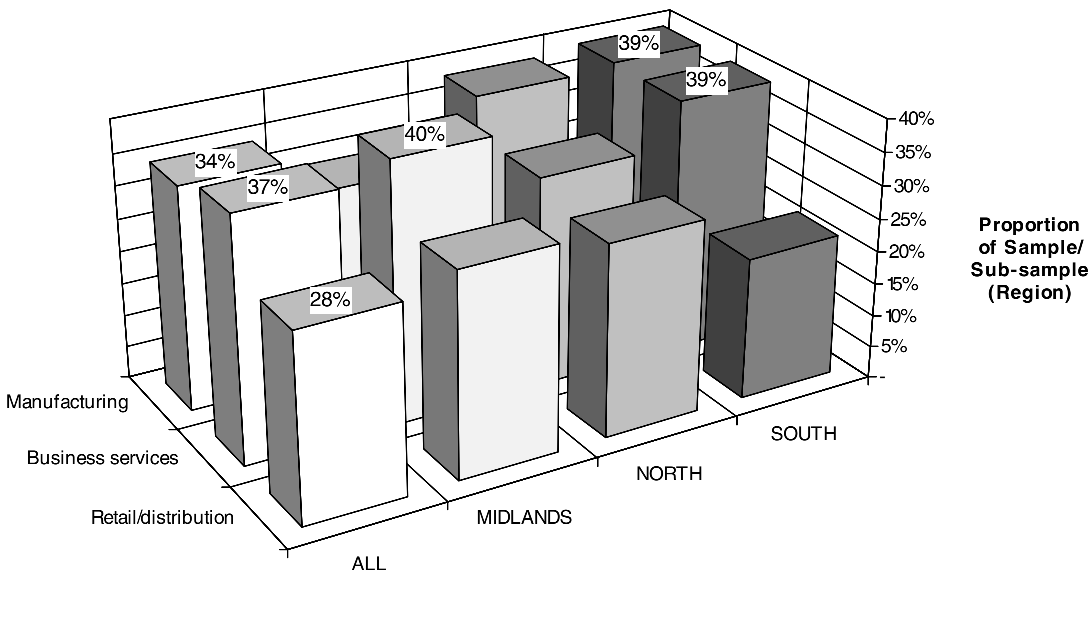
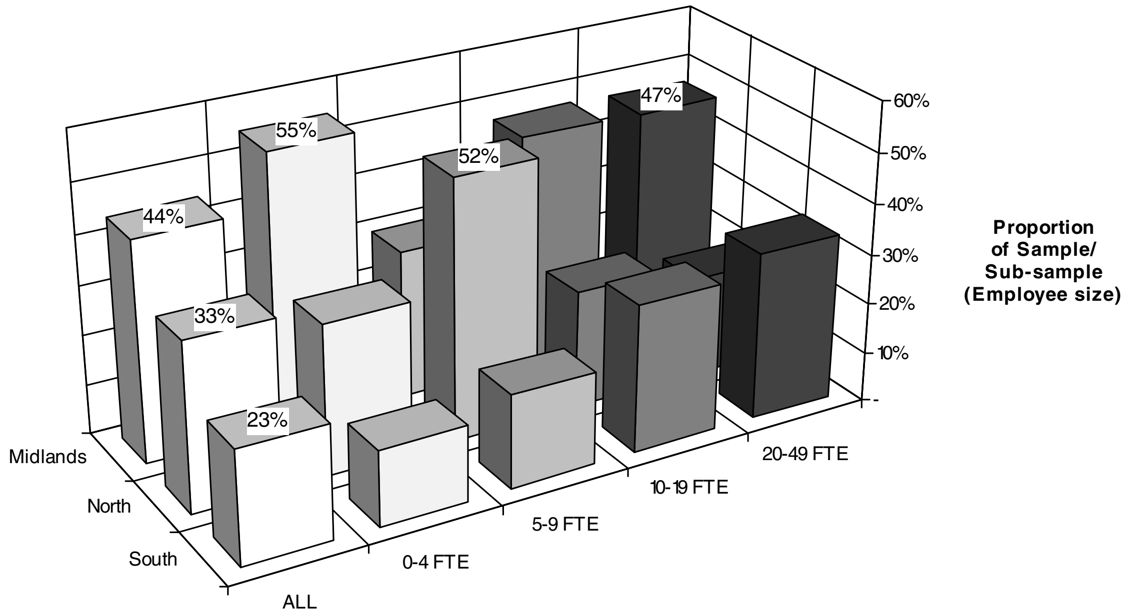
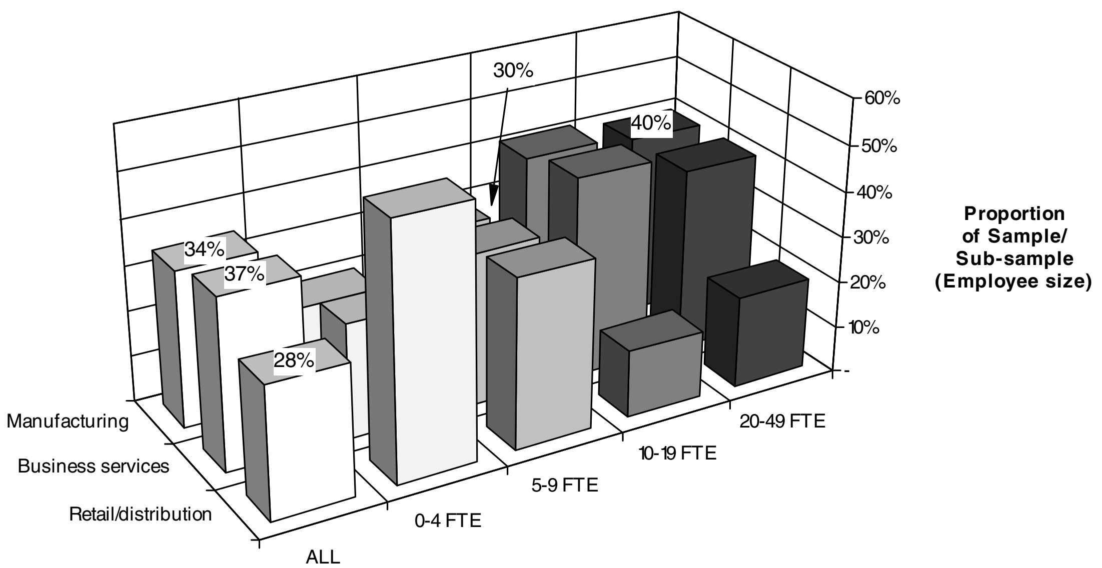


Fig 24 - REGION: BY EMPLOYEE SIZE



The sub-sample in the **Midlands** for this survey has 55% of the smallest businesses - compared to 47% in the previous survey (see also **Figure 24**). The **Manufacturing** and **business services** firms in the sample tend to be **larger**, in terms of employees, whereas the firms in **retailing/distribution** tend to have **fewer full-time equivalent employees** (**Figure 25**).

Fig 25 - INDUSTRIAL SECTOR: BY EMPLOYEE SIZE



Lloyds Bank

Lloyds Bank/Small Business Research Trust

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This questionnaire will take approximately 5-10 minutes to complete - most answers require only a single tick. All information received will be treated in complete confidence. ***PLEASE DESPATCH AS SOON AS POSSIBLE.***

MANAGEMENT ISSUE: Training

1 **How many people work in your business (including yourself) ?**

Full-time:_________________________ :................ A

Part-time (16 hours/wk or less): ________ :................ B

Training options: ***Internal*** *means predominantly training on your premises;* ***External*** *means attendance on external courses or open (distance) learning, wholly/partly paid by the employer*

2 **Survey training index - Compared to the same quarter last year, is your current investment in training:**

Just ONE ✓ for each column

	Internal	External	OVERALL	
Greater than last year's	❑	❑	❑	A
About the same	❑	❑	❑	B
Less than last year's	❑	❑	❑	C
	1	2	3	

3 **Training as a means of improving performance - Do you regard it as:**

Just ONE ✓ for each column

	Internal	External	OVERALL	
Very important	❑	❑	❑	A
Quite important	❑	❑	❑	B
Not important	❑	❑	❑	C
A waste of time	❑	❑	❑	D
	1	2	3	

4 **Which ONE of the following represents the main thrust of your business's training effort:**

Just ONE ✓ for each column

	Internal	External	OVERALL	
Solving specific managerial problems	❑	❑	❑	A
Solving specific technical problems	❑	❑	❑	B
Keeping abreast of general developments in management thinking & techniques	❑	❑	❑	C
Keeping abreast of developments in technology or markets	❑	❑	❑	D
	1	2	3	

5 **Some employers feel that investment in training represents a high risk since they are merely training someone who will only leave - Do you feel that:**

Just ONE ✓ only

What you lose on the swings you tend to gain on the roundabouts ❑ A

OR If you invest in training, you merely increase peoples' market value and risk losing them ❑ B

OR You might as well 'buy-in' in the first place since then you get the skills you need without delay ❑ C

6 **Training budget - Which ONE of the following best describes your circumstances:**

Just ONE ✓ only

You have a specific annual training budget ❑ A

OR You do not have a specific budget but commit yourselves to training effort as needs arise ❑ B

OR Other (please state): ❑ C

____

7 **Sources of training - Which of the following has your business used in the past 12 months:**

✓ Against all which apply

Business Link.. ❑ A

Chamber of Commerce....................................... ❑ B

College of Higher Education/University................. ❑ C

Commercial classroom-based .... ❑ D

Distance learning .... ❑ E

Training & Enterprise Council (TEC)..................... ❑ F

Other (please state): ❑ G

____

8 **Skills shortages - There is often publicity about a growing skills shortage in the U.K., are the effects for your firm:**

Just ONE ✓ only

Very serious.. ❑ A

OR Quite serious .... ❑ B

OR Of little consequence .... ❑ C

OR Of no consequence... ❑ D

9 **Training - If you have any strong views about the topic, especially if you feel that any aspect is not fully appreciated by important sections of the business community (such as the government help agencies or the financial services), then please comment**

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