

# Understanding the impact of ethnicity on perceptions of workplace skills and training in the North West of England

June 2009

## Further information

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# Executive Summary

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## Introduction

ECOTEC Research and Consulting Ltd was commissioned by the Learning and Skills Council (LSC) in July 2008 to understand the impact that ethnicity had on employers' perceptions of the skill and training requirements of their workforce. The research was to be undertaken in the North West of England.

The main aim of the research was to provide actionable findings to inform services delivery about how best to support BME owned businesses in the North West. Priority areas for the research to cover included:

- The processes used by BME businesses to recruit and ascertain the skills that prospective employees have.
- Employer perceptions of training requirements
- Awareness and use of training advice and guidance
- Awareness and use of business support providers and programmes
- The barriers and enablers to accessing training

## Methodology

ECOTEC's research was designed and implemented in three phases each consisting of a number of tasks as outlined below.

- Phase One: Employer survey

This phase of the research involved conducting a survey with employers in the North West. The survey was primarily conducted over the telephone but when appropriate was also undertaken face to face with employers across the North West. The survey sought to engage with 500 BME owned business and 100 White British/Irish owned businesses (to act in a similar way as a control group). Employers that had no other employees, 'one man bands' were exempt from the survey.

- Phase Two: Exploration of findings

Due to the relative lack of reference material regarding the skills and training needs of BME employers research findings were tested with experts in the field of race, inclusion and businesses support.

It should also be noted that due to the high number of variables and some of the subsequent sample sizes tensions existed between trying to identify characteristics that

were specific to BME communities per se with characteristics that reflected the predominant characteristics of organisations such as size, the sectors they are involved in etc.

- Phase Three: Final analysis and reporting

The final phase involved the consolidation and analysis of all activities carried out under Phases 1 and 2 of the research and the preparation of a final report and presentations.

### **Key Research findings**

The research findings have provided an insight into a cohort of businesses of which there is limited established knowledge and data that allows the report to draw out policy and procedural implications.

### ***Key characteristics of the sample***

- A high proportion of BME businesses engaged in the research were Asian or Asian British, in particular Pakistani and Indian.
- Most BME businesses surveyed were small, with the majority employing between 2-4 staff.
- The majority of BME businesses in the North West are located in Lancashire and Greater Manchester
- BME employers are concentrated within specific sectors. Over a third work in the wholesale and retail sector, however 70% of Chinese and 52% of Bangladeshi owned businesses are in the Hotel and Restaurant sector. Black / Black British owned businesses are more likely than any other group to be in the Public administration Health or Education Sector.
- Only a small proportion of BME businesses operate in the manufacturing and business services sector compared to White British. It may be that this is due to the perception that these sectors have higher start-up costs attached to them.

### Implications for the learning, skills and employment sector

- For the North West to realise its growth potential business support services need to respond to a sizeable proportion of BME owned businesses and some of their characteristics, i.e. frequently small in employee numbers and prevalent in particular sectors.
- Research suggests that BME groups are more likely to live in deprived areas. If BME businesses are more likely to operate in such areas then this may have a significant

impact on the way that the business operates, for example due to the localised spending power and educational attainment.

- To decrease potential vulnerability business support services could seek to respond to the concentration of BME businesses within particular sectors.

### ***The workforce***

- Some BME groups recruit people from their own communities and ethnicities whilst others don't. White British/Irish employees were in the minority in all BME owned businesses, with many employers recruiting people from their own racial background
- 'BME and White Other businesses most frequently seek to employ sales staff, which is likely to link to concentrations within the retail and wholesale, and hotels and restaurants sectors.
- BME businesses have greater reliance on informal recruitment methods.
- Just under half of all businesses (45%) look for the right motivation / attitude in a new recruit.
- The requirement of a qualification was the option that was least popular amongst interviewees and this was particularly the case for BME and White Other employers.

### Implications for the learning, skills and employment sector

- The relationship between trust and employer behaviour may require further analysis by business support providers. The concept of trust can enable disadvantaged groups to find employment through their communities but may also be used by employers to treat employees unfairly - we trust that we can exploit our "own people".
- More insular recruitment methods can result in communities being concentrated in particular sectors leading to little skill flexibility. This in turn can result in the '*ethnic bonus*' becoming as '*ethnic penalty*' as people from specific communities become dependent on specific trades an issue that can be exacerbated if those employers do not see the value of training.
- Employers do not see the relevance of qualifications in the majority of recruitment exercises, which is a potential clash between national learning and skills directive and local employer preferences.
- The fact that there are fewer skilled roles within BME business may impact on the degree to which their workforce's are able to develop.
- Job brokerage/skills need to focus on developing interview skills and compelling CVs as these remain the dominant methods used to assess candidate suitability.

## ***Skills and Training Needs***

- A minority of businesses had invested in staff training in the last 12 months (42%).
- White British/Irish employers were far more likely to have invested in training over the last year (57%) compared to BME owned businesses (38%).
- Differentials may be related to the concentration of BME businesses in the retail and wholesale, and restaurant and hotel sector. However this ignores the fact that White Other employers have invested more in training than BME employers but are concentrated in the same sectors.
- Health and Safety was the most prominent training implemented. Although we shouldn't be surprised by this given the fact that for many of the businesses surveyed there was a clear legal requirement to conduct Health and Safety training.
- The size of employer impacted on the degree to which training was undertaken; in general the smaller the employer the less likely to implement training.
- The identification of skills gaps in a workforce was not necessarily a predetermining factor to implementing training for employees and this was particularly the case for BME employers.

### Implications for the learning, skills and employment sector

- The majority of BME businesses are small and this will impact on their propensity to undertake training.
- Particular sectors may need greater encouragement to see the value of and undertake training.
- Lower levels of training amongst BME groups may be due to a higher rate of retention amongst staff.
- The prevalence of Health and Safety as an area of training may demonstrate that the main driver for training is risk avoidance rather than staff development.

## ***Barriers to implementing training***

- Businesses rarely identify continual professional improvement as a business priority; instead the majority of employers report that their workforces have the skills required.
- BME employers identify with particular barriers:
  - ▶ More BME employers were likely to agree that their business does not have the money to pay for staff training compared to White British or White Other employers; this was particularly the case for Black or Black British employers.
  - ▶ A higher proportion of BME employers feel that their business can not spare the time to allow staff to go on training, particularly Chinese employers.

- Fewer BME employers felt that training and developing staff was more beneficial than employing new employees with the required skills.
- The impact of racial identity should not be viewed in isolation, other factors appeared to influence the way employers responded to the questions:
  - ▶ Smaller businesses on the whole identified more barriers to investing in training;
  - ▶ Employers operating in the following sectors more frequently identified with particular barriers: transport, storage and communications; retail and wholesale; and restaurant and hotels.

#### Implications for the learning, skills and employment sector

- The LSC and wider learning and skills sector need to challenge assumptions that are more frequently held within BME owned business, such as 'bringing in new employees is cheaper than developing staff'.
- The majority of businesses and in particular BME businesses do not identify continual professional improvement as a business priority and support providers may need to better communicate the linkage between staff development and fulfilling business aspirations.
- The LSC needs to be aware of and consider how to respond to multiple barriers to accessing training, for example any one or a combination of the following: smaller employer, working in particular sectors, from a BME group.

#### ***Enablers to implementing training***

- Employers overwhelmingly agreed with positive statements about training irrespective of ethnicity, size and Sector.
- Agreement with positive statements regarding the value of training did not result in direct action and training being implemented.
- Whilst the vast majority agreed only a third strongly agreed that ensuring staff have the right skills is essential for business success.
- Those employers that welcomed accreditation in courses were no more likely to have implemented training in the last year.

#### Implications for the learning, skills and employment sector

- The LSC need to understand what factors undermine the relationship between positive associations of training and business success and undertaking training, for example is it the lack of long-term planning in smaller business, cost etc.

- The learning and skills sector needs to understand how/if it can make accreditation more relevant to different sectors and employers.

### ***Business Advice, information and support***

- A higher proportion of BME employers had not received information/advice about training compared with White Other and White British / Irish owned businesses.
- For all groups the most used source of information was via the internet.
- BME groups were more likely to use informal sources of information for example family and friends.
- White British/Irish employers tended to have greater awareness of business support providers and specific programmes/initiatives that were available to them.
- 39% of BME businesses had not heard of any of the three schemes (Apprenticeships, Train to Gain, or Skills Pledge) compared with 16% of White British / Irish owned businesses.
- A higher proportion of BME businesses (87%) do not offer apprenticeships compared White British / Irish owned businesses (73%), and White other Businesses (63%).

### Implications for the learning, skills and employment sector

- The LSC need to develop an understanding of how best to provide training advice and information to BME employers; possibility utilising website and more informal processes.

LSC needs to ensure that it encourages apprenticeships that target the sectors that BME employers are more prevalent within

# 1.0 Introduction

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ECOTEC Research and Consulting Ltd was commissioned by the Learning and Skills Council (LSC) in July 2008 to understand the impact that ethnicity had on employers' perceptions of the skill and training requirements of their workforce. The research was to be undertaken in the North West of England.

The main aim of the research was to provide actionable findings to inform services delivery about how best to support BME owned businesses in the North West. Priority areas for the research to cover included:

- The processes used by BME businesses to recruit and ascertain the skills that prospective employees have.
- Employer perceptions of training requirements
- Awareness and use of training advice and guidance
- Awareness and use of business support providers and programmes
- The barriers and enablers to accessing training

This report presents the findings against these aims.

## 1.1 Project policy context

It is generally recognised that workforce development is crucial for the UK's business growth. The Government's 2008 White Paper Enterprise: *Unlocking the UK's Talent* offers a ten year strategy for developing business growth which includes a commitment to ensuring that individuals and businesses have access to and are able to develop the best possible knowledge and skills to support the growth of their business.

In addition The Skills Strategy White Paper<sup>1</sup> (2005) introduced a number of key reforms to the national Skills Agenda, aimed at increasing employer demand for workforce development. Alongside this the Leitch Review of Skills identified and made recommendations for the UK's long term skill needs. The LSC has attempted to respond to the issues raised in these papers by reforming the skills landscape for young people, adults and employers in the UK. These reforms included, amongst others: 14-19 Reform Agenda; new Diplomas; increase in Apprenticeships; Skills for Life training; improved Adult Information, Advice and Guidance (IAG) services; and Train to Gain.

<sup>1</sup> 'Getting on in business, getting on at work' 2005, Department for Education and Skills

### 1.1.1 Workforce development in BME business

BME businesses<sup>2</sup> represent 10% of all UK businesses owners and are increasingly recognised as important contributors to UK business growth; making major contributions to the economy in terms of job creation, employment, GDP, income and wealth creation. Ensuring that BME businesses are engaged in skills training is therefore imperative.

At a national level there exists a commitment to supporting the skill needs of BME Employers as outlined in the 2005-2008 strategy for *The Ethnic Minority Business Forum: The Way Forward*. The Forum identified workforce development as a key focus area, and committed to work with the National Learning and Skills Council on the Employer Training Pilots to ensure that their strategy and delivery included the ethnic minority business community.

### 1.1.2 Engaging BME Businesses in Skills and Training

Research<sup>3</sup> has shown that BME Businesses do not always access available mainstream support services. Reasons for this include:

- A lack of awareness and understanding of the benefits of business support
- BME communities operate different networking structures
- Barriers created by culture and language

It is important that we place the above findings within an overall context. The issues are heightened by the fact that many BME businesses are often small in size and the 2007 National Employers Skills Survey (NESS) found that only 50% of companies with fewer than five employees provided training in the twelve month survey period, compared to 66% in companies with 25 or more staff. Research by Kitching and Blackburn (2002)<sup>4</sup> also found that 43% of small business employers reported barriers to training, with the main barriers being the financial cost of training (37%) and lost working time (27%).

The employment of family members, which is considered to be common amongst BME Businesses, is also an issue that may impact on the way that the employer approaches training and the skill requirements of the workforce.

<sup>2</sup> For the purposes of this study a BME employer is one where at least 50% of the board members (owners) of a business are from a BME group.

<sup>3</sup> LDA (March 2005) Redefining London's BME owned businesses

<sup>4</sup> Kitching J and Blackburn R (2002), *The Nature of Training and Motivation to Train in Small Firms*, RR33, DfES, HMSO, London

### 1.1.3 An overview of the North West

The North West region, which comprises of Cheshire and Warrington, Cumbria, Greater Manchester, Lancashire and Greater Merseyside, has almost seven million inhabitants and 230,000 companies. The North West, contributes a tenth of the overall UK GDP.

The North West population is less diverse than England as a whole: 5.5% are non white compared to an England average of 9.3%. The BME population is heavily concentrated in some of the most deprived city areas and BME groups have a higher incidence of economic inactivity than the regional average (23%), with the highest rate at 49% for people within the Pakistani/Bangladeshi ethnicity grouping<sup>5</sup>.

According to the North West Development Agency the black minority ethnic (BME) population generates £1.66bn for the region's economy, with 19,000 BME owned businesses and 104,000 people from BME communities in the region's labour market<sup>6</sup>.

In recent years the North West has faced particular equality challenges, including racial tension in towns such as Oldham and Burnley, and the fate of Chinese cockle pickers in Morecombe.

### 1.1.4 Skills Gaps in the North West

The National Employer Skills Survey 2007 outlined the skills gaps in the North West at basic, higher and leadership skills levels. It reported that North West employers are more likely than employers in any other region to cite literacy and numeracy skills as lacking (27% and 24% in the North West, compared to 19% and 15 % in England) and that recruitment difficulties in the North West are most prevalent in Skilled Trades and Associate Professional occupations, where intermediate (Level 3) and high level skills will typically be required.

NESS data shows that 68% of North West employees received some training during the 12 months survey period (compared to 67% in England), and that the average days of training received per capita – 10 days was in line with the average for England.<sup>7</sup>

Furthermore, The North West LSC exceeded their Train to Gain target to engage 33,000 employers in 2006-07, engaging a total of 36,270. The majority of interest came from the Health and Social Work (19%), and the Wholesale and Retail Trade (15%).

<sup>5</sup> Regional Skills Partnership *North West Statement of Skills Priorities 2007-2010*

<sup>6</sup> North West Regional Development Agency's Regional Economic Strategy 2006

<sup>7</sup> NESS 2007

## 1.2 Methodology

ECOTEC's research was designed and implemented in three phases each consisting of a number of tasks as outlined below.

### 1.2.1 Phase One: Employer survey

This phase of the research involved conducting a survey with employers in the North West. The survey was primarily conducted over the telephone but when appropriate was also undertaken face to face with employers across the North West. The survey sought to engage with 500 BME owned business and 100 White British/Irish owned businesses (to act in a similar way as a control group). Employers that had no other employees, 'one man bands' were exempt from the survey.

### 1.2.2 Phase Two: Exploration of findings

Due to the relative lack of reference material regarding the skills and training needs of BME employers research findings were tested with experts in the field of race, inclusion and businesses support.

It should also be noted that due to the high number of variables and some of the subsequent sample sizes tensions existed between trying to identify characteristics that were specific to BME communities per se with characteristics that reflected the predominant characteristics of organisations such as size, the sectors they are involved in etc.

### 1.2.3 Phase Three: Final analysis and reporting

The final phase involved the consolidation and analysis of all activities carried out under Phases 1 and 2 of the research and the preparation of this final report and presentations.

## 1.3 Report structure

The rest of the report incorporates key messages from the survey and subsequent interviews with experts. It has been structured as follows:

- Chapter 2 The Survey Sample - introduces the characteristics of the survey sample;
- Chapter 3 The Workforce – concentrates on how employers recruit;
- Chapter 4 Skills and training needs - provides analysis of current and future use of training;
- Chapter 5 Barriers to implementing training – explores the relationship between perceived barriers and training staff;

- Chapter 6 Enablers to implementing training – highlights employer perceptions of the value attached to training;
- Chapter 7 Overall factors affecting the provision of training - draws together some of the key issues that prevent and encourage employers to implementation training; and
- Chapter 8: Business advice, information and support – demonstrates levels of awareness and use of business and training services.

An executive summary has also been provided.

## 2.0 The Survey Sample

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The North West Regional Development Agency estimates that there are approximately 19,000 BME owned businesses in the North West and yet there is very little information relating to the cohorts characteristics. Therefore the profile of BME businesses that took part in the survey provides a picture of the features of this diverse group, for example by highlighting the sectors within which BME businesses are predominately operating within, their size and the racial identity of their owners.

### 2.1 The survey sample: number of employees

Overall 602 employers completed the interview of which 502 identified themselves as an ethnicity other than White British/Irish.

It was agreed that the sample of business owners who were White British/ Irish would not exceed 100. Asian or Asian British employers made up 60% of employers who responded to the survey (363 out of 602) and this was predominately made up of Pakistani (28% or 168) and Indian (20% or 118) employers, with Bangladeshi owners accounting for a further 5% or 29.

Other employers who responded to the survey fell in to the following ethnic groups:

- 46 were Chinese
- 32 were Mixed race / dual heritage
- 31 were White other
- 30 were Black or Black British

To enable coherent and meaningful findings from cohorts that are of an adequate size this report will frequently refer to three key groups:

- **BME employers:** encompasses Asian or Asian British, Black or Black British, Mixed and Chinese groups
- **White Other employers:** encompasses all employers who defined themselves as white but were not British or Irish, for example from an Eastern European country.
- **White British/Irish employers**

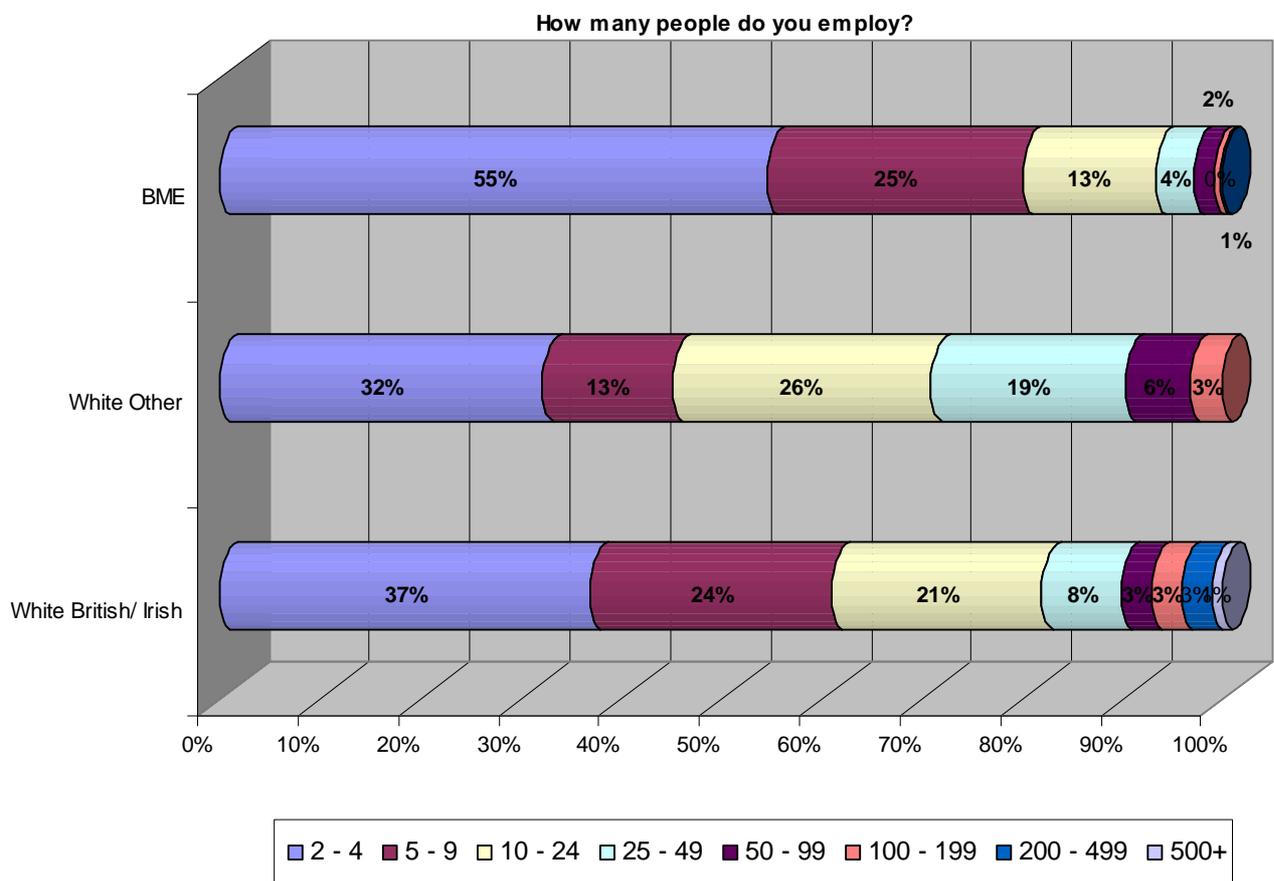
Where there are significant differences between employers from more specific ethnic minority groups within the BME cohort, these have been reported.

## 2.2 Size of businesses surveyed in the North West (by number of employees<sup>8</sup>)

The overwhelming majority, approximately 90%, of business owners surveyed employed fewer than 25 staff, with 50.5% employing between 2-4 staff. This breakdown broadly reflects the size of employers in the North West recorded in the National Employers Skills Survey 2007.

In general businesses that were owned by White British/Irish employers tended to have larger workforces. A far higher proportion of BME owned businesses employed between 2-4 staff (55%) compared to White British / Irish businesses (37%) and White other (32%). Furthermore 18% of White British / Irish businesses employed more than 25 members of staff compared with 74 % of BME businesses.

**Figure 2.1 Size of employer**

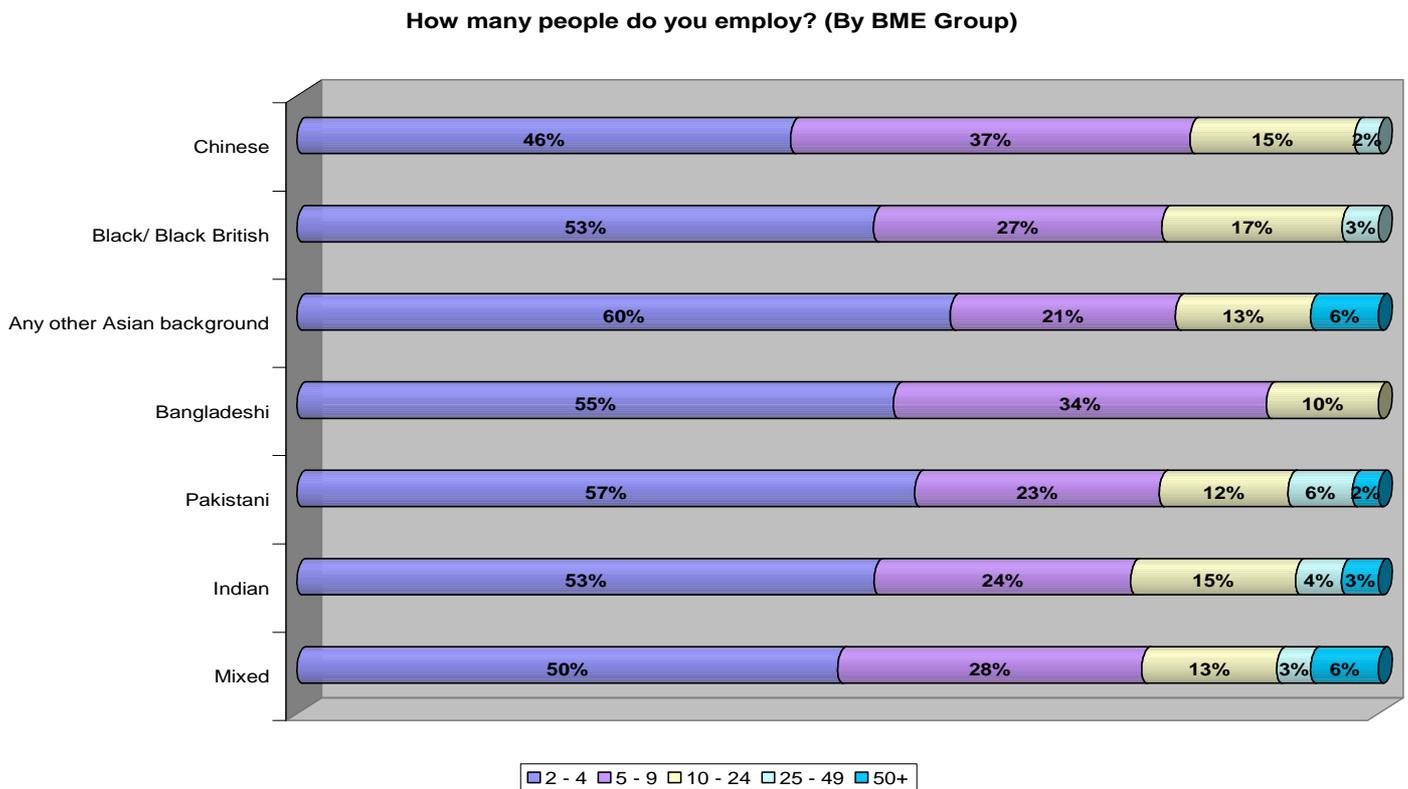


Base Number: N is equal to 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

<sup>8</sup> The research did not distinguish between full-time and part-time employees.

**Figure 2.2 Size of employer by BME group**



Base Number: N is equal to 471

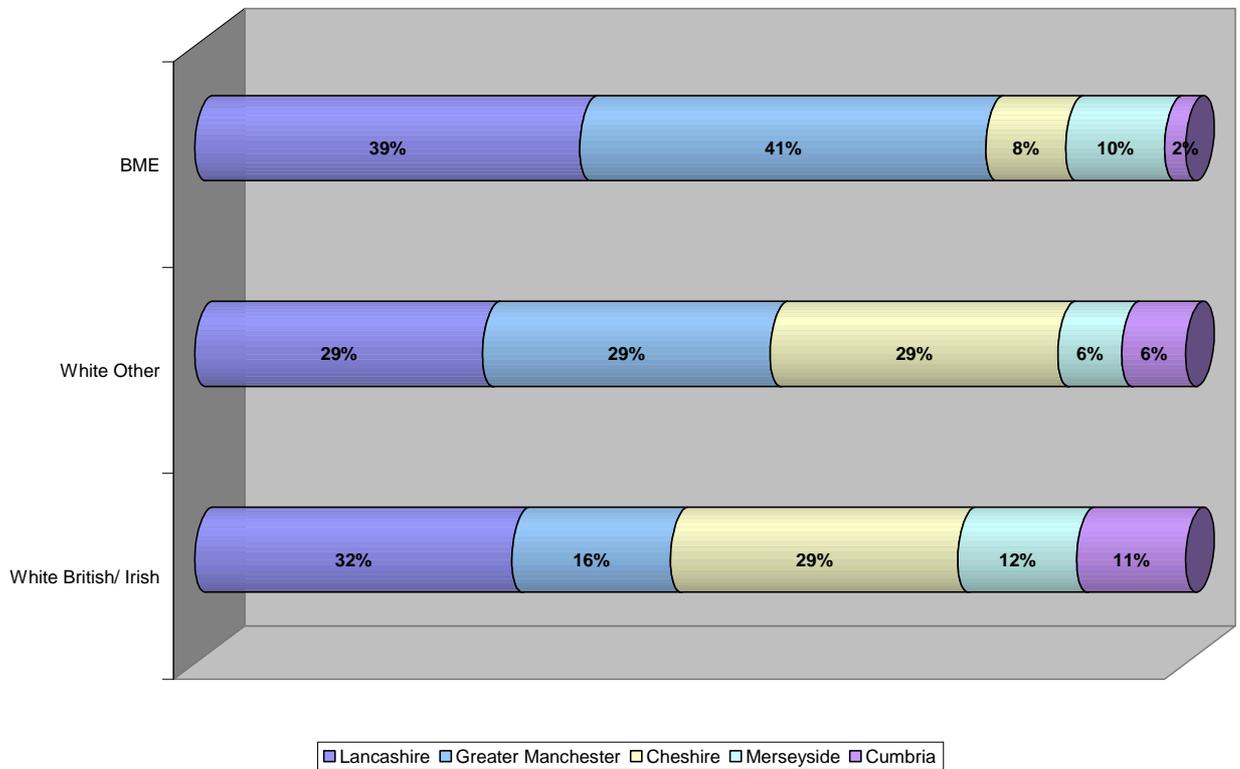
Source: 2008 ECOTEC Survey of BME Businesses in the North West

Smaller businesses were more evident within certain sectors. In relation to the sectors that BME businesses most commonly operated within: 92% of Wholesale Retail have 2-9 employees, 74% of Hotel / Restaurant.

### 2.3 Regional distribution of the sample

The location of BME businesses within the North West demonstrated that some areas of the region were more populated by BME businesses than others. A greater portion of White British / Irish owned businesses were located in Cheshire (29%, compared with 8% of BME owned businesses), this was replicated on a smaller scale in Cumbria with 11% of White British / Irish businesses, compared with 2% of BME businesses. There was a far higher concentration of BME businesses in Greater Manchester 41% and Lancashire 39% compared with 16% and 32% for White British / Irish respectively. BME businesses appear more likely to be located within the sub-regions within which they / their 'communities' live; as identified in the policy context it should be remembered that these localities are often some of the most deprived in the region.

**Figure 2.3 Regional distribution of the sample**



Base number: N is equal to 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

## 2.4 How long organisation trading in England

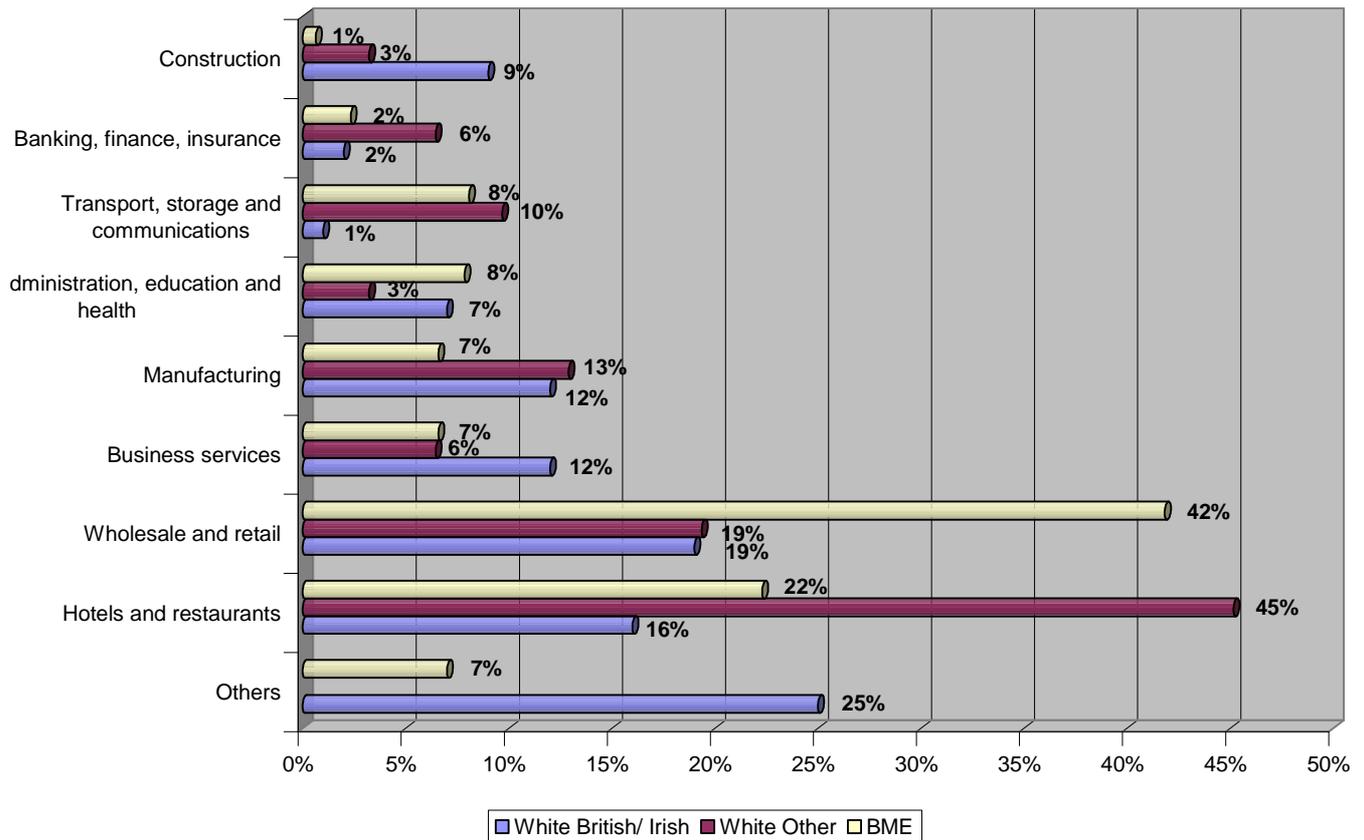
The majority of businesses engaged in the survey were well established and had been operating for more that ten years. New business start ups (within their first year of operation) were mostly formed by employers classified as Other White with the least business start-ups coming from the White British/Irish community.

## 2.5 Sectors within which businesses are operating

Within the respondents to the survey there were clear differences in the sectors that BME businesses operated within. White British owned businesses appear to operate within more diverse business sectors and conversely BME and White Other businesses have

greater concentration within specific sectors. For example BME businesses are far more likely to work within the wholesale and retail sector (42%) than White British / Irish owned businesses (19%) and those employers defined as White Other are predominately working within hotels and restaurants.

**Figure 2.4 Distribution across business sectors<sup>9</sup>**



Base Number: N is equal to 621: Number of respondents:602

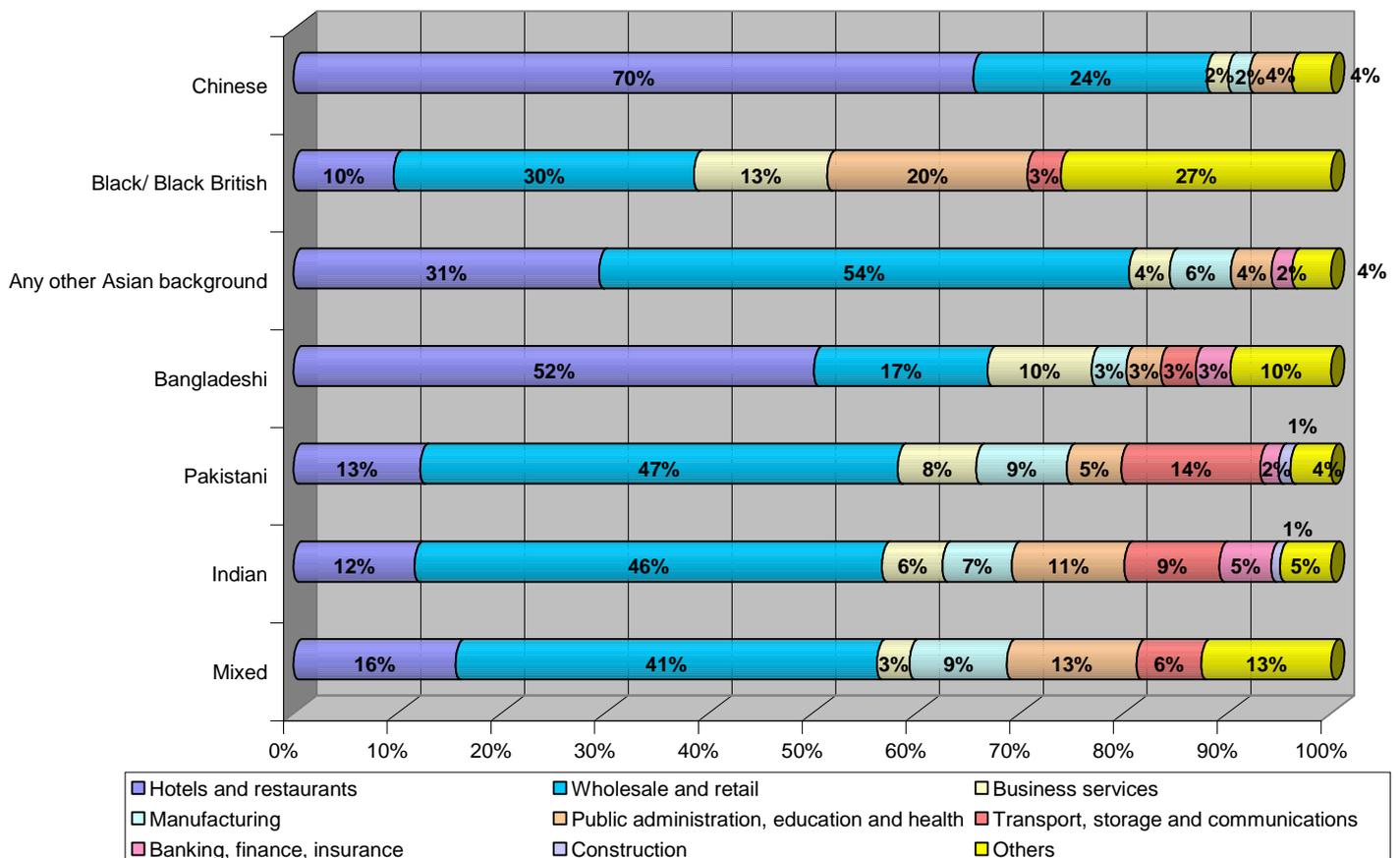
Source: 2008 ECOTEC Survey of BME Businesses in the North West

A more detailed analysis of the sectors within which particular ethnic groups own businesses within identifies that some sectors are closely aligned to specific groups:

<sup>9</sup> Where there are a large number of variables the results only present the most popular and/or meaningful categories.

- The Hotel and Restaurant sector attracts 70% of Chinese-owned and 52% of Bangladeshi-owned businesses.
- Pakistani, Indian and Mixed ethnically-owned businesses are predominantly in the Wholesale and Retail Sector (47%, 46%, and 41% respectively)
- Black / Black British businesses have a high representation (17%) in the social enterprise / third sector compared with 3% of BME businesses overall and 4% of White British / Irish businesses in this sector. Given the low overall share of this sector this detail has been classified in 'Other'

**Figure 2.5 Distribution across business sectors**



Base Number: N is equal to 485. Number of respondents: 471

Source: 2008 ECOTEC Survey of BME Businesses in the North West

## 2.6 Overall summary of the sample

Based on the sample of employers who responded to the BME Employer survey, the following observations about BME businesses in the North West can be drawn:

- A high proportion of BME businesses engaged in the research were Asian or Asian British, in particular Pakistani and Indian.
- Most BME businesses surveyed were small, with the majority employing between 2-4 staff.
- The majority of BME businesses in the North West are located in Lancashire and Greater Manchester
- BME employers are concentrated within specific sectors. Over a third work in the wholesale and retail sector, however 70% of Chinese and 52% of Bangladeshi owned businesses are in the Hotel and Restaurant sector. Black / Black British owned businesses are more likely than any other group to be in the Public administration Health or Education Sector.
- Only a small proportion of BME businesses operate in the manufacturing and business services sector compared to White British. It may be that this is due to the perception that these sectors have higher start-up costs attached to them.

#### 2.6.1 Implications for the learning, skills and employment sector

- For the North West to realise its growth potential business support services need to respond to a sizeable proportion of BME owned businesses and some of their characteristics, i.e. frequently small in employee numbers and prevalent in particular sectors.
- Research suggests that BME groups are more likely to live in deprived areas. If BME businesses are more likely to operate in such areas then this may have a significant impact on the way that the business operates, for example due to the localised spending power and educational attainment.
- To decrease potential vulnerability business support services could seek to respond to the concentration of BME businesses within particular sectors.

## 3.0 The workforce

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The skills and employment arenas have become far more closely aligned and skills provision and business support have in recent years become increasingly employer led. It is therefore particularly important for the research to consider the way that employers attract and appoint their employees, and the skills that employers' desire.

### 3.1 The diversity of the workforce

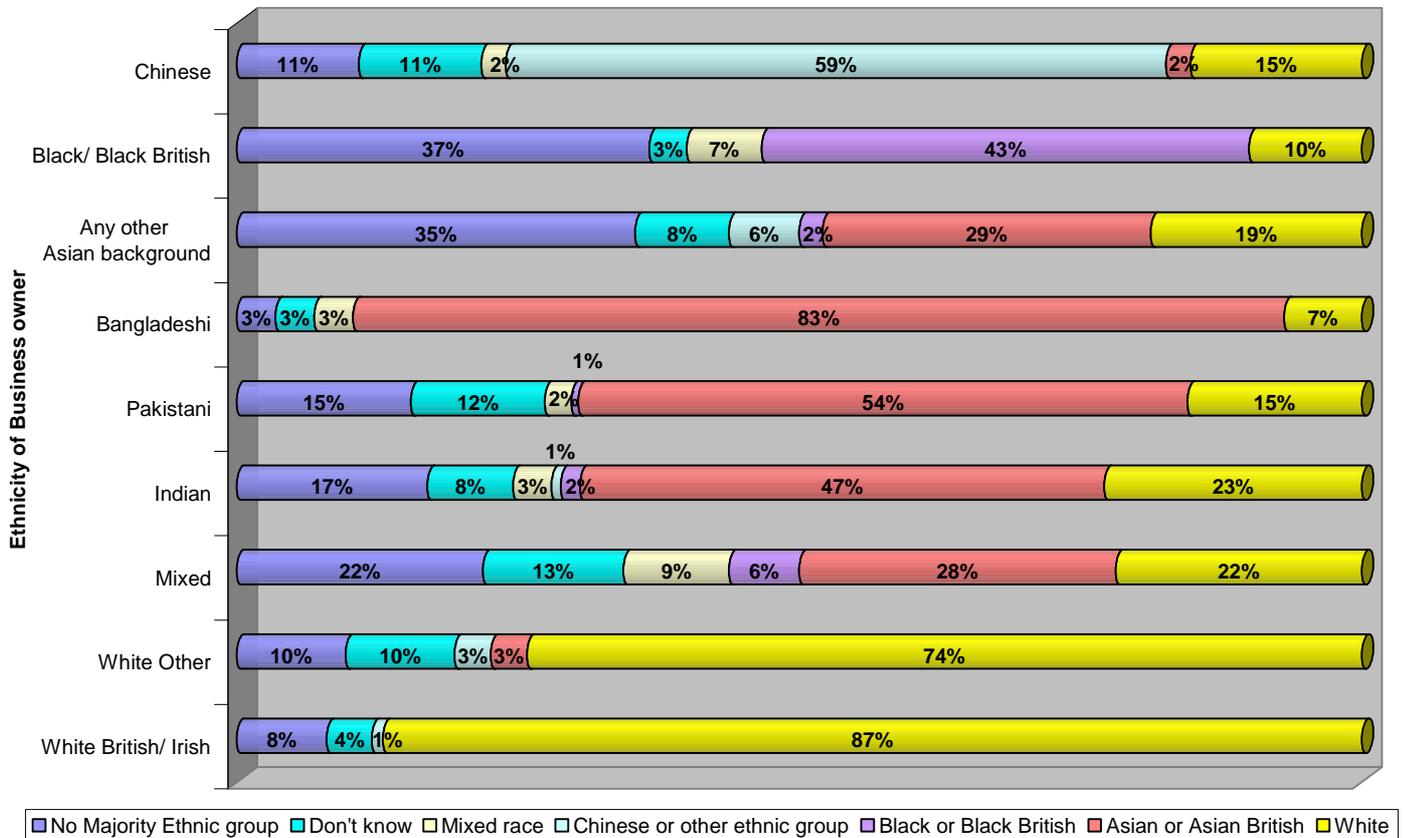
In order to develop some understanding of the impact that employer perceptions of training had on the regions activities to regenerate deprived communities, promote community cohesion and equality we asked employers to describe their perception of the ethnicity of their workforce.

The population of the North West is less diverse than England as a whole, only 5.5% of the population is non white compared to an average of 9.3% for England as a whole<sup>10</sup>. Therefore one might expect that if an organisation was to recruit from the widest pool of talent they would have workforces where the majority of the workers were White British. However this was not the case and White British employees were in the minority in all BME owned businesses and all but mixed race business owners mostly employing people from their own racial background. The clearest example of this was within the Bangladeshi community where 83% of Bangladeshi business owners recruited people of Bangladeshi origin.

The reasons for the reliance on labour sourced from people with a similar ethnic background are extremely complex and are considered throughout this chapter. However this initial analysis leads us to begin considering the idea of 'ethnic bonus'. For some potential employees it may be beneficial to have a certain identity, for example if a Bangladeshi restaurant owner is seeking staff he/she would prefer having '*Bangladeshi looking*' people working in the restaurant to support its authenticity.

<sup>10</sup> Percentage of population by ethnic group 2002/03 Source; ONS

**Figure 3.1 Workforce diversity**



Base Number: N is equal to 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

### 3.2 Commonality of job roles

The type of posts and roles available within the businesses surveyed were similar irrespective of the owners' ethnicity, with all businesses surveyed containing few professional roles, machinery/plant operatives, and personal services and elementary occupations.

Notable expectations included:

- White British / Irish owned businesses appearing to hire more support staff, for example administrators and/or secretaries
- A high proportion of sales positions within businesses owned by Chinese people and those classified as White Other. This finding corresponds with the sectors in which they

are more likely to work in, as 52% of businesses in the hotel and restaurant sector have sales staff

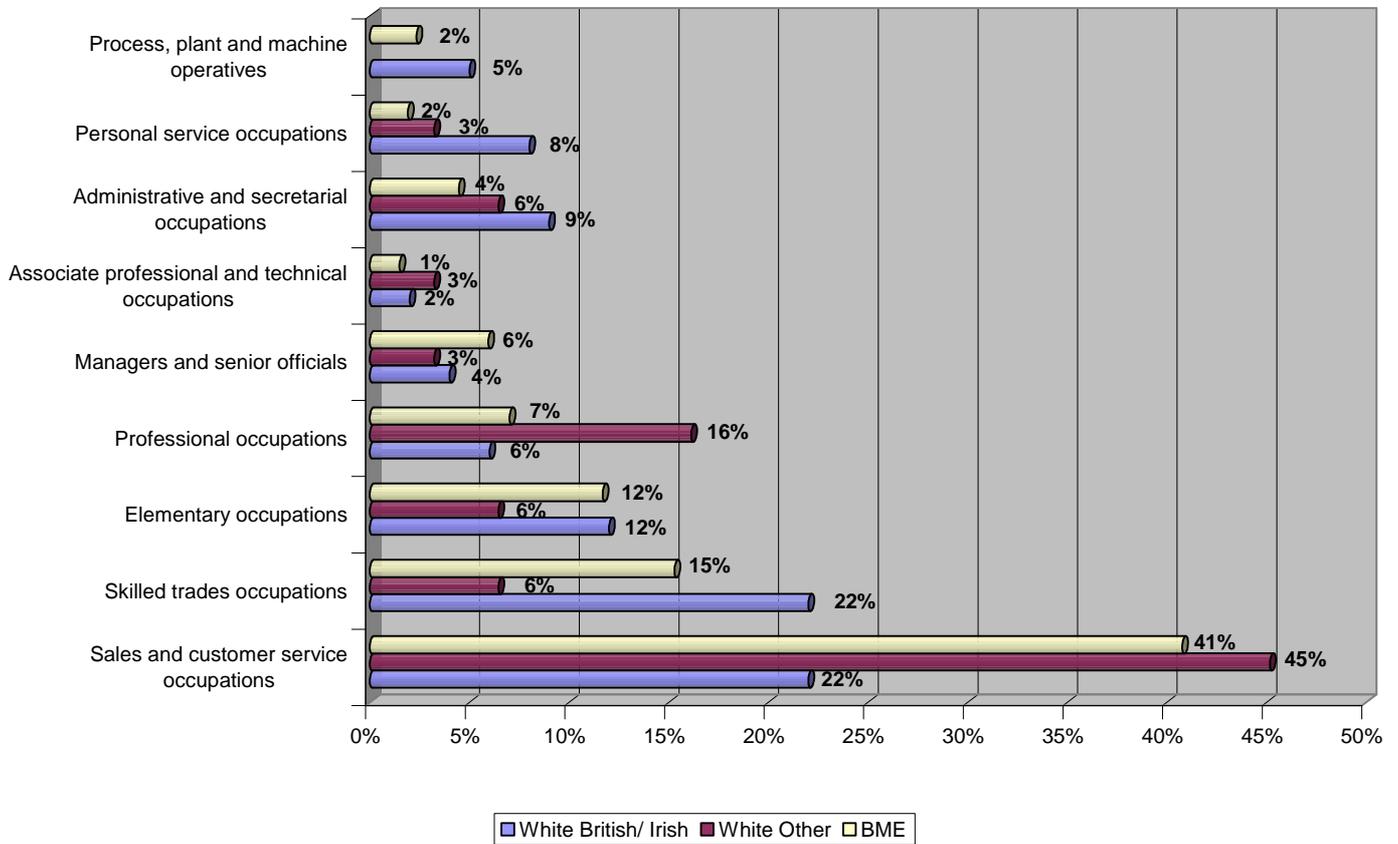
- With the exception of Chinese owned businesses BME businesses are less likely to utilise skilled trade<sup>11</sup> occupations (73% reported having no skilled trades, compared with 66% of White British / Irish owned businesses). This finding may be influenced by just 20% of businesses in the wholesale and retail sector stating that they had positions categorised as skilled trades.

### **3.3 Roles that employers most frequently recruit to**

Far more White Other and BME employers recruit into sales and service positions than White British / Irish, however given the proportion of BME and White Other owned business involved in retail and wholesale, and hotels and restaurants it is not surprising that this 20% differential exists. White British / Irish owned businesses are twice as likely to recruit to administrative and secretarial roles (9% to 4%) or four times as likely to recruit to skilled trade occupations (8% to 2%).

<sup>11</sup> *Requires substantial training. Tasks involve complex physical duties that involve initiative, manual dexterity: for example mechanics, farmers, carpenters, plasterers, butchers, printers etc*

**Figure 3.2 Roles most frequently recruited to**



Base Number: N is equal to 602

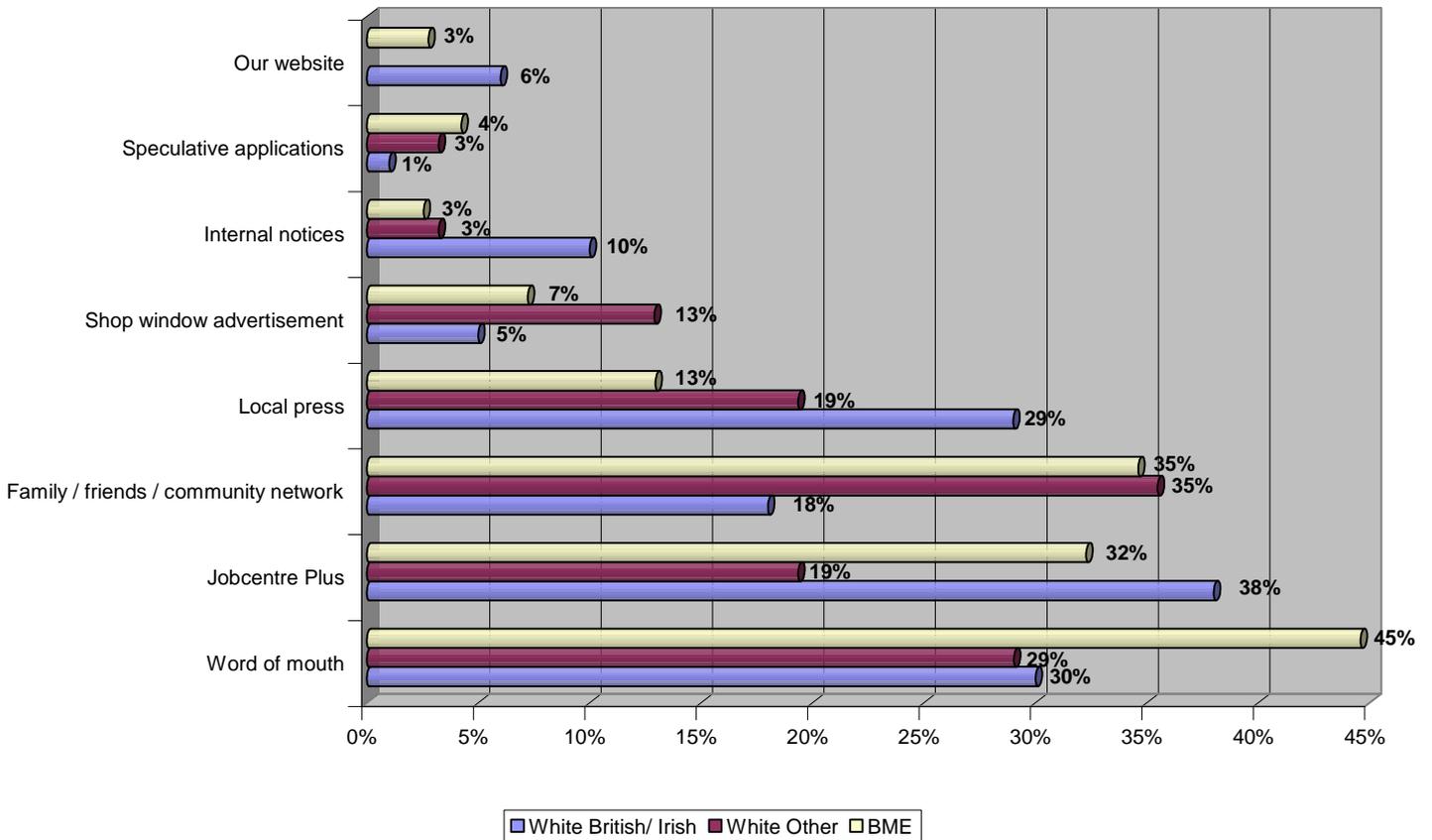
Source: 2008 ECOTEC Survey of BME Businesses in the North West

### 3.4 Recruitment: Attracting potential employees

There were some clear variations in the way that people from different ethnic origins recruit employees.

In general BME businesses appear to have greater reliance on more informal recruitment methods with 45% of BME businesses recruiting through word of mouth compared with 30% of White British / Irish owned businesses and 35% of BME owned businesses recruit through family, friends or community networks, compared with on 18% for White British / Irish owned business.

**Figure 3.3 How do employers recruit employees?**



Base number: N is equal to 972 – Number of Respondents: 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

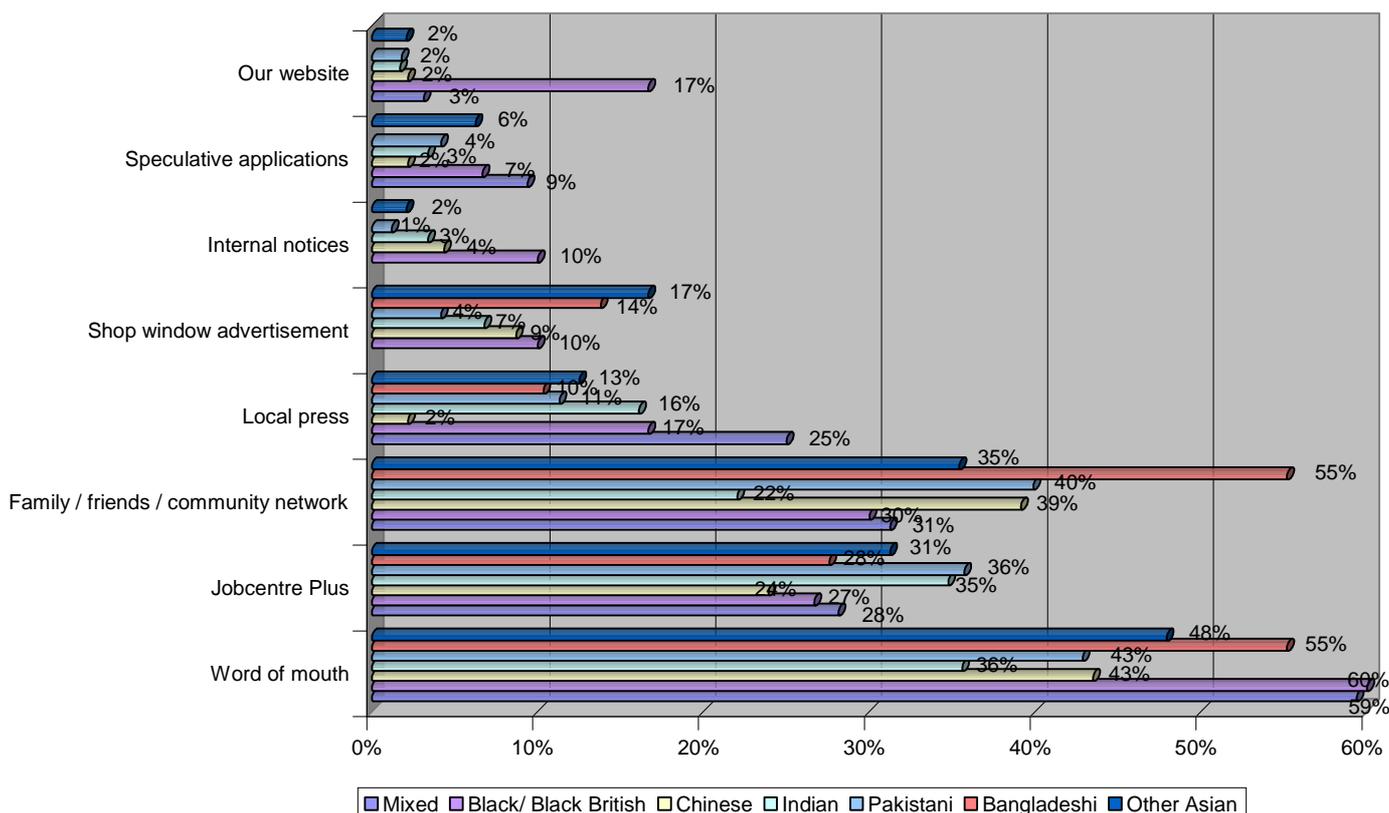
These distinctions are further accentuated when more specific ethnic groups are looked at, with 60% of Black / Black British, 59 % mixed race and 55% of Bangladeshi owned businesses most commonly using word of mouth as the their method for recruitment.

The group with the highest proportion who used family, friends and 'community networks' to recruit were Bangladeshi businesses (55%). Interestingly however whilst at least a third of most BME ethnicity categories used this method of recruitment, for Indian-owned businesses only 22% did so.

White British / Irish owned businesses are far more likely to recruit using more formal infrastructure, for example by advertising in the local press (29% compared with 13% of BME businesses) and through a Jobcentre (38% compared with 32% for BME employers and 19% for White Other businesses).

Black / Black British owned businesses are far more likely to use the internet for recruitment methods, with 17% advertising on their website, this compares with around 2 – 3% for all other BME businesses and 6% of White British / Irish owned businesses.

**Figure 3.4 How do employers recruit employees (by minority ethnic group)?**



Base number: N is equal to 758 – Number of Respondents: 471

Source: 2008 ECOTEC Survey of BME Businesses in the North West

### 3.4.1 Reasons why employers use different recruitment methods

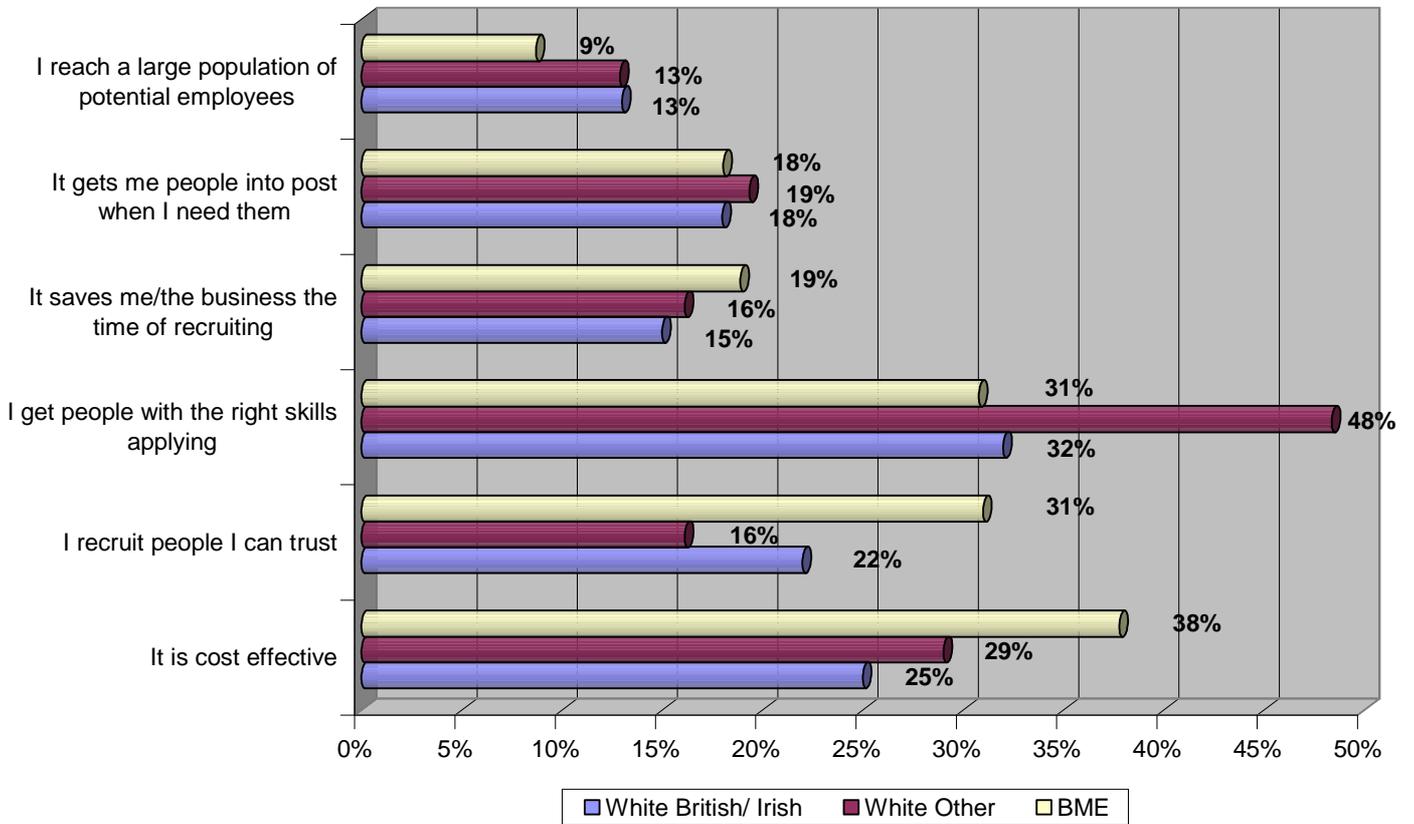
Overall the most frequent reason for businesses choosing their recruitment methods were that they were cost effective (35%) and got the people with the right skills applying for jobs (32%). Most organisations regardless of size recruit due to cost effectiveness (though interestingly only 21% of organisations surveyed with 25-49 employees cite this as being a predominant reason). Invariably the larger the organisation the more likely they are interested in saving business time and reaching the widest possible pool of potential employees (50% and 42% respectively for companies with over 100 employees, compared with 22% and 11% for those with under 10 employees).

The desire for employers to recruit people that they trust was stronger for BME owned businesses (31% of BME employers identified it as the reason for choosing a particular method of recruitment compared to 22% for White British / Irish and 16% for White Other). The importance of trust was of particular importance for mixed race and Chinese employers.

It could be argued that the concept of trust within business, whilst being valued, is rarely openly discussed as a key recruitment attribute this is possibly because it is difficult to define and measure through more traditional recruitment methods. However, by going through informal routes such as 'community networks' BME employers may feel that they increase their chances of fulfilling the need for a sense of trust. Therefore perhaps because BME businesses utilised word of mouth and family, friends or community networks to recruit, they were far more likely to find their recruitment method both cost effective (38% to 25% of White British / Irish owned businesses), and reliable in terms of trust (31% compared to 22%).

Word of mouth was the key recruitment method irrespective of the size of organisation, though it does become more infrequent the bigger the organisation.

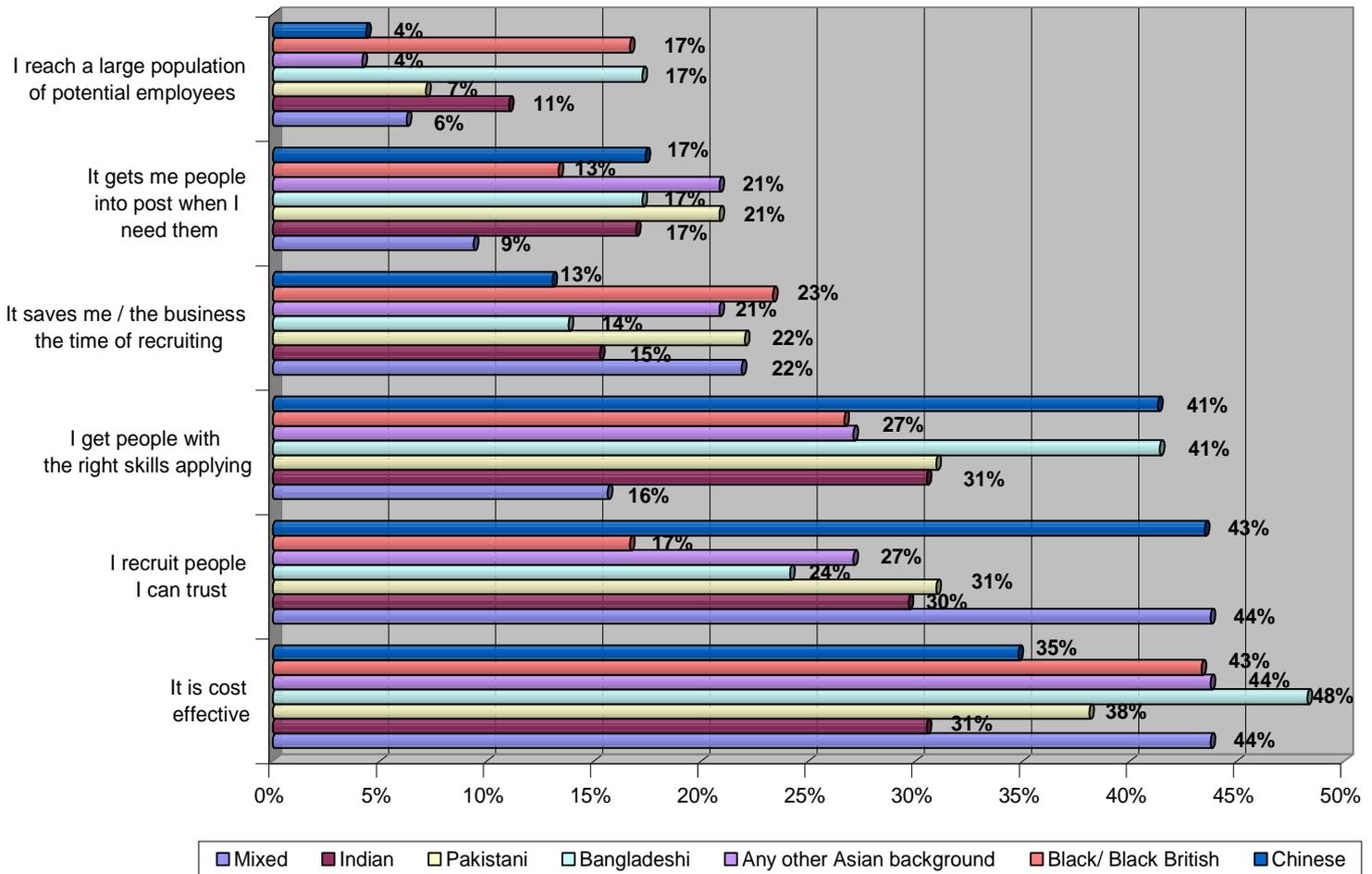
**Figure 3.5 Why do employers choose certain recruitment processes?**



Base Number: N is equal to 953. Number of respondents: 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

**Figure 3.6 Why do employers choose certain recruitment processes? By BME groups**



Base Number: N is equal to 757. Number of respondents 471

Source: 2008 ECOTEC Survey of BME Businesses in the North West

### 3.5 Recruitment: Appointing employees

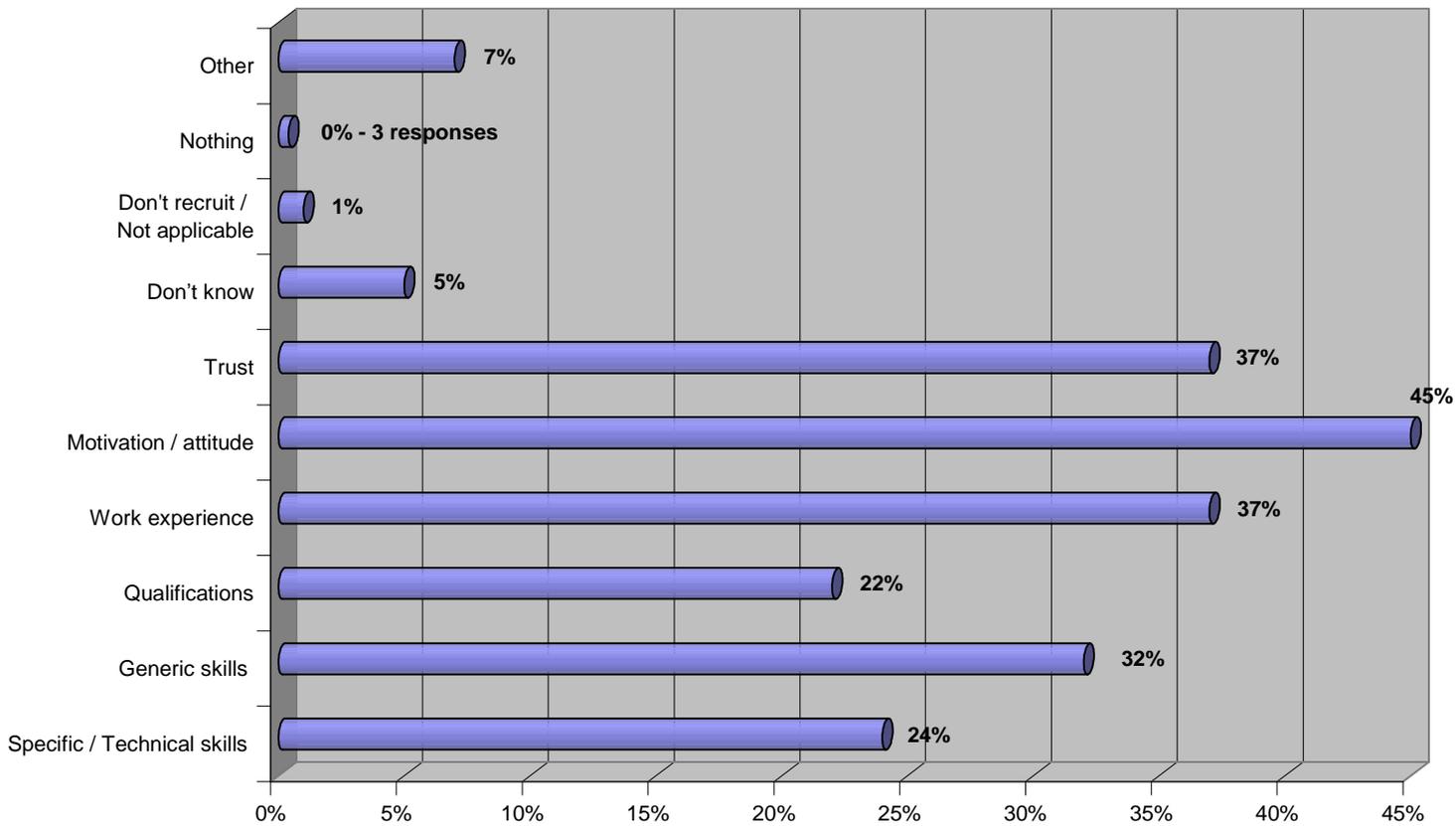
#### 3.5.1 What attributes are employers looking for

Recent developments in the learning and skills sector have emphasised the need for people to attain recognised qualifications, with particular emphasis on the attainment of Level 1 and 2 NVQs.

Whilst the learning and skills sector has a responsibility to drive productivity and competitiveness in a global economy and therefore promote the workforce competency it would appear from our findings that this opinion is not one that it shared by the majority of businesses surveyed. Indeed the requirement of a qualification was the option that was

least popular amongst interviewees and this was particularly the case for BME and White Other employers.

**Figure 3.7 Attributes sought by employer**



*Base Number: N is equal to 602*

*Source: 2008 ECOTEC Survey of BME Businesses in the North West*

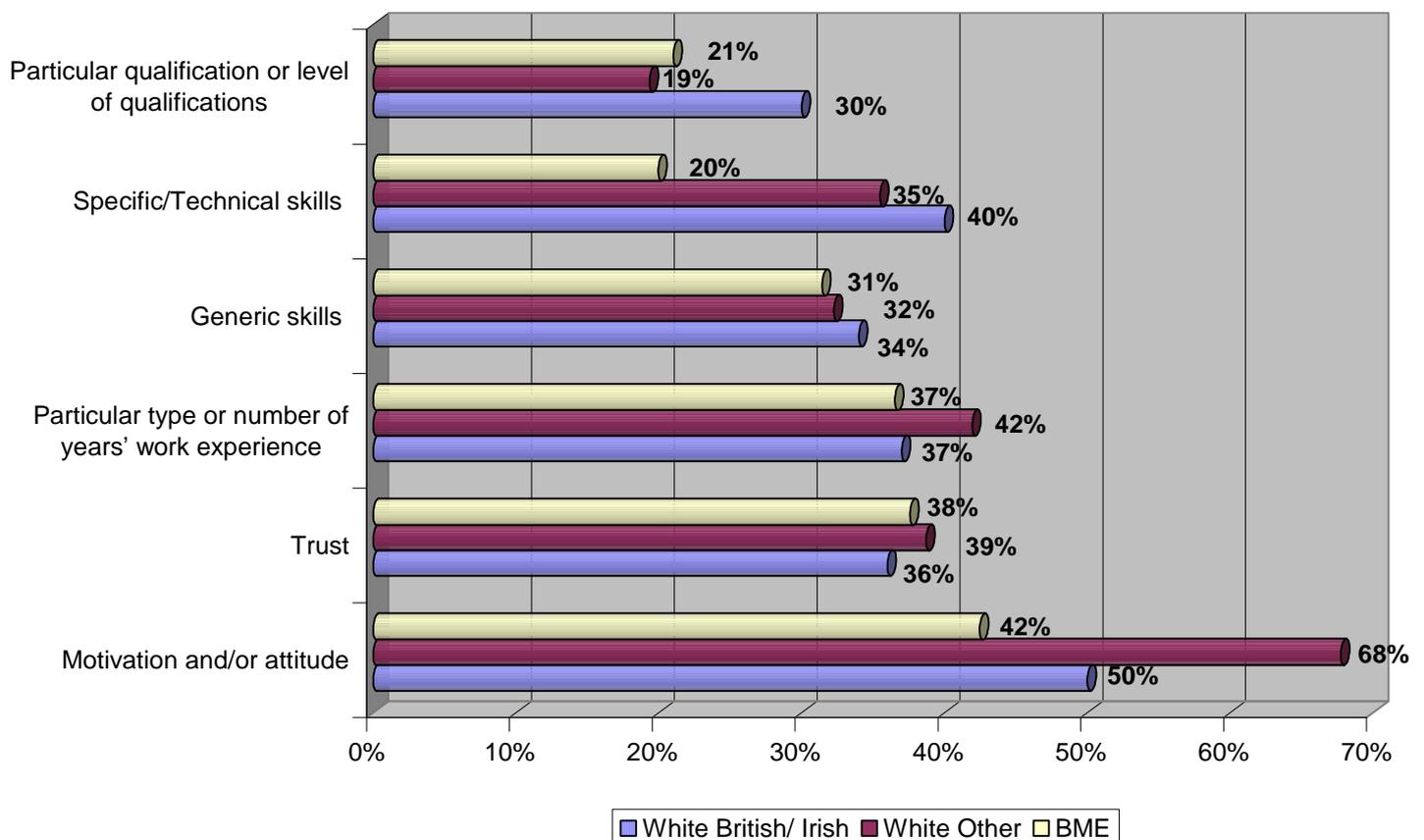
Just under half of all businesses (45%) look for the right motivation / attitude in a new recruit, and over a third of all businesses (37%) both look for trustworthiness and look for a particular type or number of years experience in potential recruits.

The distribution of responses was reasonably consistent across ethnic groups with some notable exceptions:

- White British / Irish owned businesses are far more likely to look for the motivation or attitude and specific technical skills in a new recruit 50% and 40% respectively, compared with BME owned businesses as a whole 42% and 20 % respectively.

- 68% of White Other and 63% of Black / Black British owned businesses look for the right motivation and attitude in new recruits.
- 66% of Bangladeshi owned businesses look for a particular type or number of years experience in a new recruit, compared with 42% for White Other and 40% of Black / Black British owned businesses.
- 52% of Chinese owned businesses are looking for trust in a new recruit.

**Figure 3.8 Attributes sought by employers (by ethnicity)**



Base rate: N is equal to 1,276 – Number of respondents: 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

Banking, finance, insurance (40%), Business services (41%), public admin (60%) and Social enterprise / third sector (53%) are the only sectors which regard qualifications within their top 3 attributes which they seek from applicants. Qualifications were the least sought attribute with Transport (17%), Manufacturing (21%), Construction (25%), Restaurant and

Hotels (12%), and Wholesale and Retail (11%) employers – the later two being key BME employment sectors.

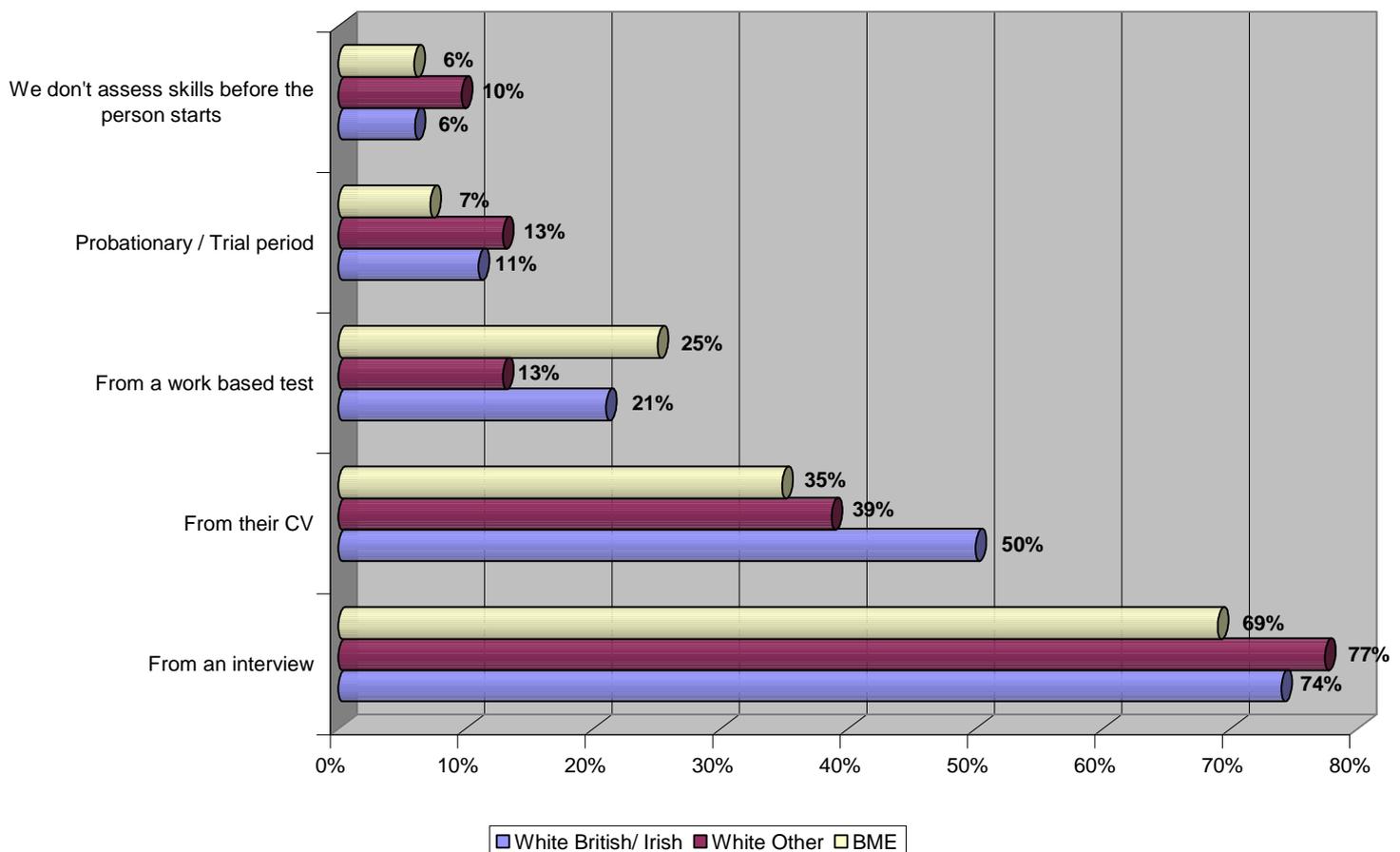
### 3.5.2 Selection processes used in the recruitment process

The majority (over two thirds) of businesses owners, irrespective of racial identity, used interviews to assess the skills and competences of potential employees.

White British / Irish businesses are more likely to assess skills from a CV (50%), than BME owned businesses (35%) however 67% Black / Black British owned businesses assess skills in this way.

Only 22% of Chinese and 27% of Pakistani owned businesses assess skills through a CV with Chinese owned businesses are more likely to use a work based test (30%).

**Figure 3.9 When you recruit how do you assess the skills of potential employees?**



Base Number: N is equal to 995. Number of respondents: 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

### 3.6 Overall summary of employer's workforces

- Some BME groups recruit people from their own communities and ethnicities whilst others don't. White British/Irish employees were in the minority in all BME owned businesses, with many employers recruiting people from their own racial background
- White British/Irish employees were in the minority in all BME owned businesses, with many employers recruiting people from their own racial background – 'Ethnic Bonus'.
- Within our sample White British / Irish and Bangladeshi owned businesses had the least diverse workforces.
- BME and White Other businesses most frequently seek to employ sales staff, which is likely to link to concentrations within the retail and wholesale, and hotels and restaurants sectors.
- BME businesses have greater reliance on informal recruitment methods.
- Just under half of all businesses (45%) look for the right motivation / attitude in a new recruit.
- The requirement of a qualification was the option that was least popular amongst interviewees and this was particularly the case for BME and White Other employers.

#### 3.6.1 Implications for the learning, skills and employment sector

- The relationship between trust and employer behaviour may require further analysis by business support providers. The concept of trust can enable disadvantaged groups to find employment through their communities but may also be used by employers to treat employees unfairly - we trust that we can exploit our "own people".
- More insular recruitment methods can result in communities being concentrated in particular sectors leading to little skill flexibility. This in turn can result in the '*ethnic bonus*' becoming as '*ethnic penalty*' as people from specific communities become dependent on specific trades an issue that can be exacerbated if those employers do not see the value of training.
- Employers do not see the relevance of qualifications in the majority of recruitment exercises, which is a potential clash between national learning and skills directive and local employer preferences.
- The fact that there are fewer skilled roles within BME business may impact on the degree to which their workforce's are able to develop.
- Job brokerage/skills need to focus on developing interview skills and compelling CVs as these remain the dominant methods used to assess candidate suitability.

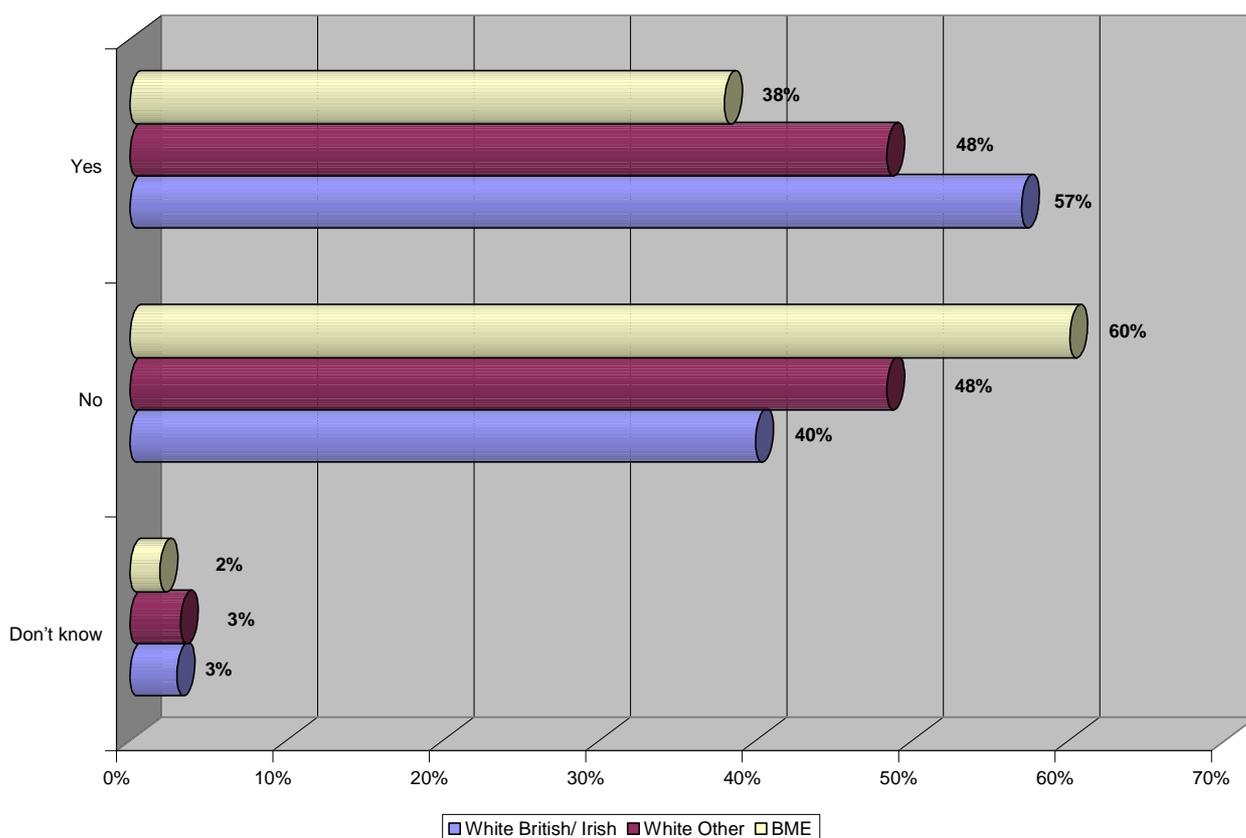
## 4.0 Skills and Training Needs

Overall a minority of businesses had invested in staff training in the last 12 months (42%) and this chapter will look at patterns that exist in terms of such investments.

### 4.1 Investment in staff training

White British / Irish employers were far more likely to have invested in training over the last year (57%) compared to BME owned businesses (38%). The two BME groups that were most likely to invest in training are those from Other Asian background (56%) and Black / Black British (50%) owned businesses, the later may be related to the relatively high concentration who own businesses in the Public Administration, Education and Health sector. The least likely were Bangladeshi (28%) and Pakistani (30%) owned businesses to have invested in staff training in the last 12 months.

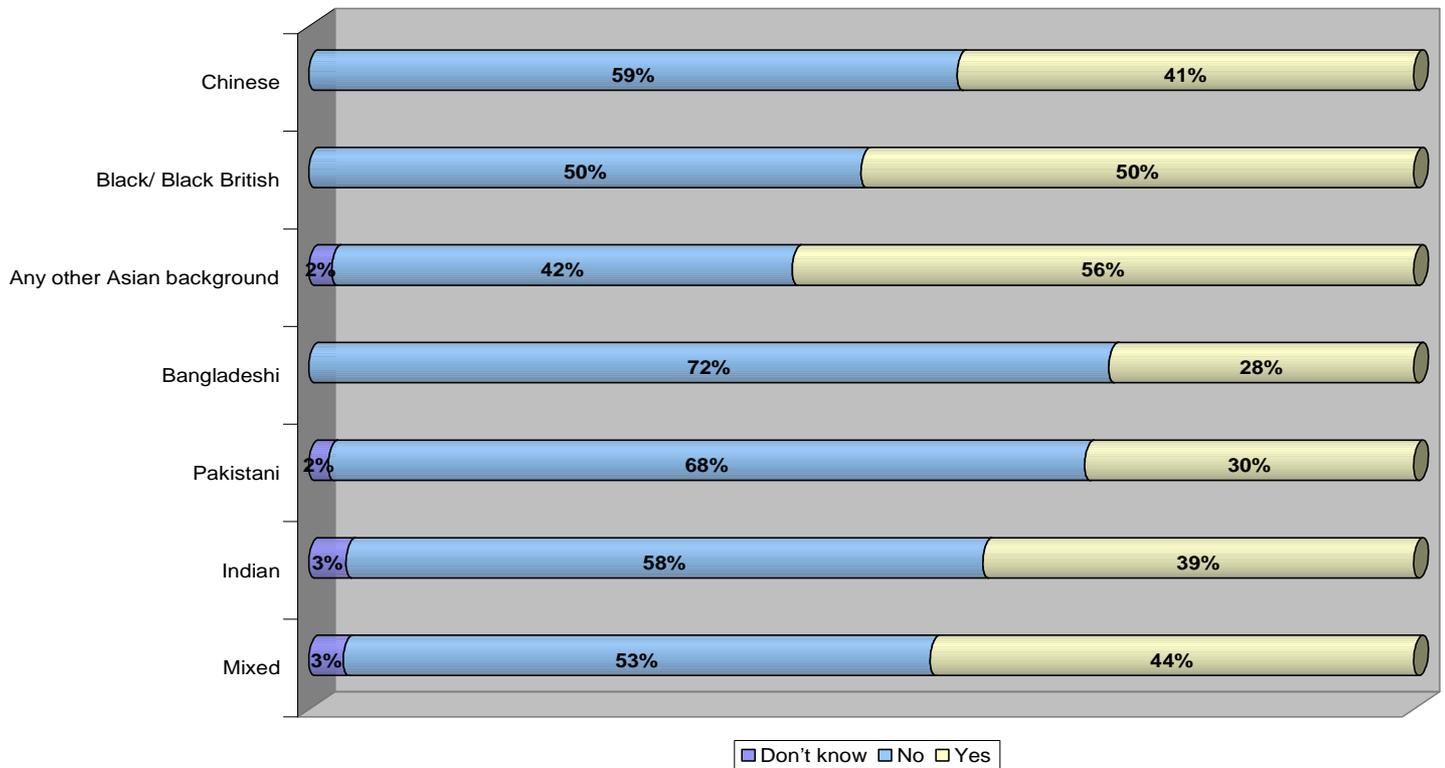
**Figure 4.1 Have you invested in any staff training in the past 12 months?**



Base Number: N is equal to 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

**Figure 4.2 Have you invested in any staff training in the past 12 months? (By BME group)**

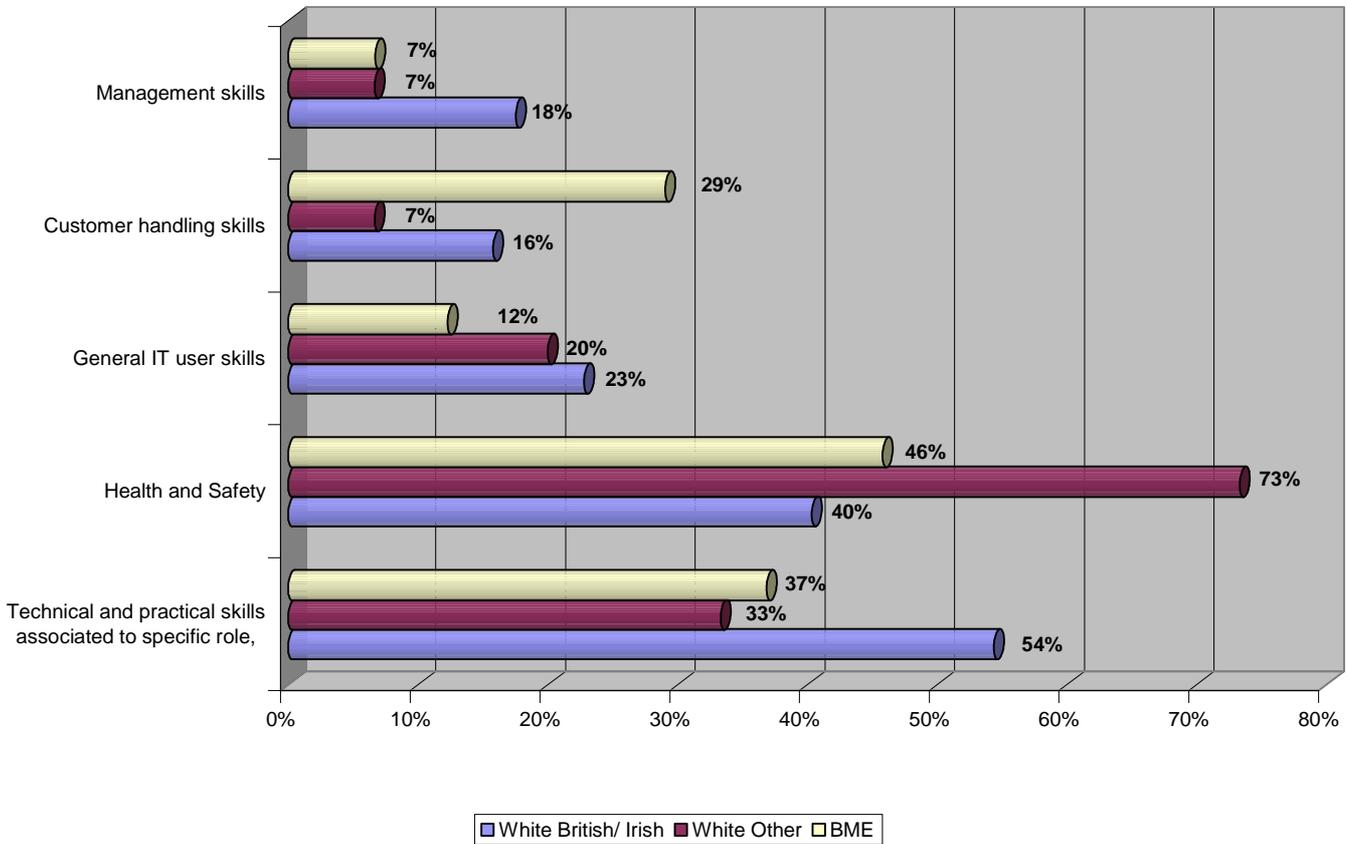


Base Number: N is equal to 471

Source: 2008 ECOTEC Survey of BME Businesses in the North West

The five main areas of training that had been invested in over the past year were: health and safety, technical and practical skills associated to specific roles, General IT, customer handling, and management. Of these Health and Safety was the most prominent accounting for 46% of the total number of courses identified.

**Figure 4.3 Types of skills training businesses have sought to address in past 12 months – (Top 5 responses)**



Base Number: N is equal to 496. Number of respondents: 251

Source: 2008 ECOTEC Survey of BME Businesses in the North West

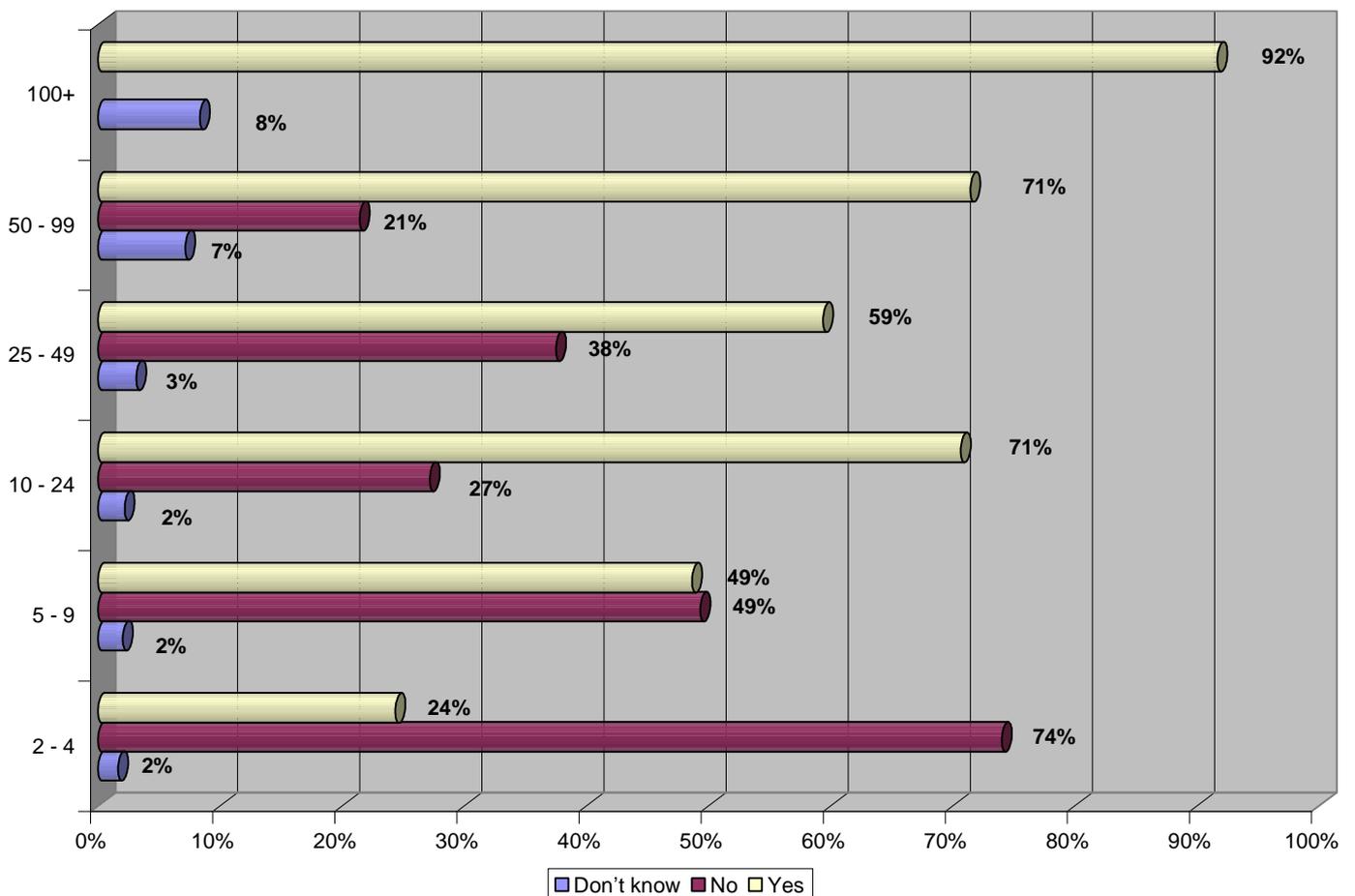
It is essential that we do not view these findings in isolation as there are other variables that may well impact on investment in training; the type of work undertaken, number of employees, and the location of the business in relation to available training provision.

When we compare these findings to the effect that the sector has had on the implementation of training trends do appear that may have a bearing on the variations between different ethnic groups. 82% of businesses within Public Administration, Education and Health have invested in training in the last 12 months. Transport, storage and communications (24%), and Wholesale & retail (29%) are the business sectors which have invested least in training in the last 12 months. This may contribute to the higher results for Black / Black British businesses and low results for Pakistani businesses, given

the high proximity of these ethnicity within the Public Administration Education and Health and Wholesale and retail business sectors respectively.

The correlation between different ethnic groups and size of organisation also reveals some interesting findings. The incidence of implementing training declines in relation to the number of employees (with the exception of organisations with 10 – 24 employees). All BME businesses employing over 100 employees (although this only amounts to 4 businesses) have invested in training over the last 12 months, however this figure drops dramatically as the size of workforce diminishes with only 56% of BME businesses employing between 25 – 99 staff investing in training compared with 82% of White British / Irish owned businesses in this size bracket.

**Figure 4.4 Investment in staff training in the past 12 months (By size of organisation)**



Base Number: N is equal to 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

The North West is made up of five diverse sub-regions: Merseyside, Cheshire, Greater Manchester, Cumbria and Lancashire. With the exception of Greater Manchester all sub-regions are less ethnically diverse than the average BME population in England and BME groups tend to live within urban centres such as Liverpool and Manchester.

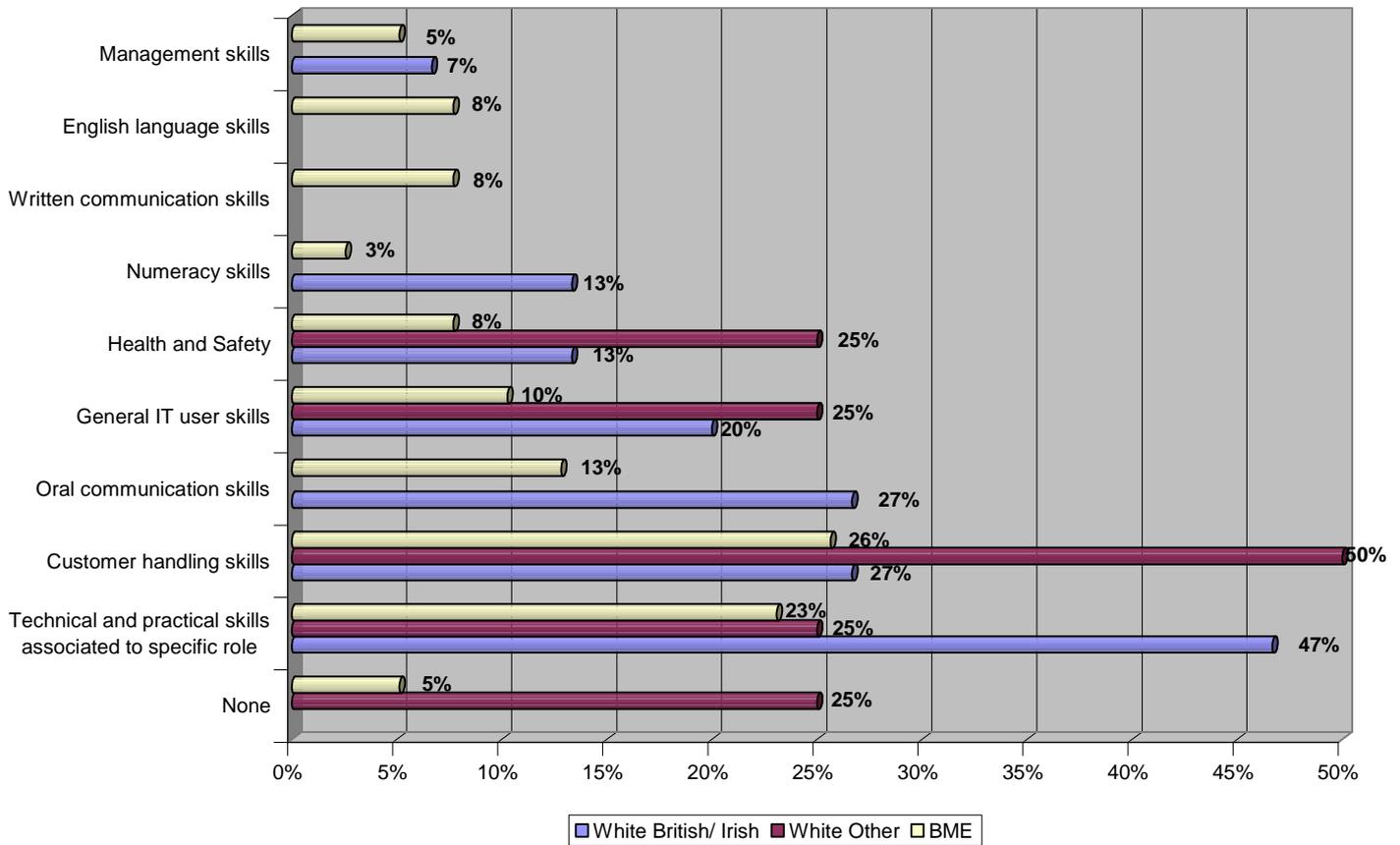
Looking at the investment in training in terms of location does highlight differentials between BME and White British / Irish owned businesses across the region. Though there are few BME businesses in Cumbria (10), none of them have invested in any training where comparatively 64% of White British / Irish businesses have done so. This finding may lead to an assumption that more rural areas do not have the infrastructure or the experience of engaging with or providing services for BME groups. However if we look at areas with higher concentrations of BME populations the pattern of less BME employers implementing training is consistent. In Greater Manchester 63% of White British / Irish owned businesses have invested in training compared with 40% of BME or 44% of White other owned businesses.

Therefore, whilst locality may provide some logistical difficulties in accessing training it is unlikely to be the primary reason for the BME business not undertaking training.

## **4.2 Skills and Training Needs**

The majority of employers (87%) felt that staff had the skills required to do their jobs; however of the 10% that reported skill gaps there was a wide variety in the skills that were sought.

**Figure 4.5 Skills the current workforce need to develop to be able to do their jobs**



Base Number: N is equal to 89. Number of respondents: 58

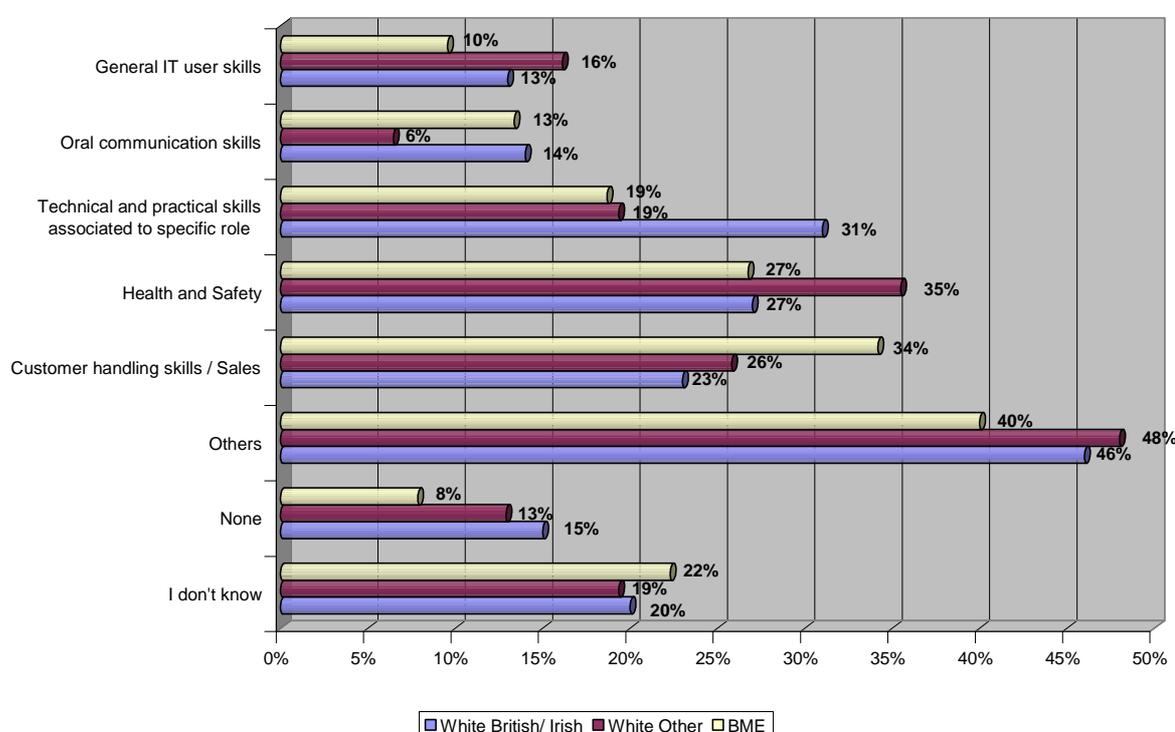
Source: 2008 ECOTEC Survey of BME Businesses in the North West

The identification of skills gaps in a workforce was not necessarily a predetermining factor to implementing training for employees and this was particularly the case for BME employers. Of the employers who highlighted that their staff did not have the skills to do their job, 36% of BME businesses had not attempted anything to address these skill shortages, compared with 13% of White British / Irish owned businesses. For all groups the most popular ways to address skill shortages were firstly through staff supervision and secondly through the development of training/development programmes.

### 4.3 Future skills requirements

With regard to future staff skills requirements there is no real variation between businesses' short term (next 6 months) and longer term (up to three years) needs identified by employers. A slightly lower proportion of BME and White British / Irish businesses felt that their workforce would require customer handling skills in the long term recording 31% and 20% respectively, compared with their short term needs posting 34% and 23% respectively. Slightly fewer employers felt they would need Health & Safety training in the long term compared to the short term.

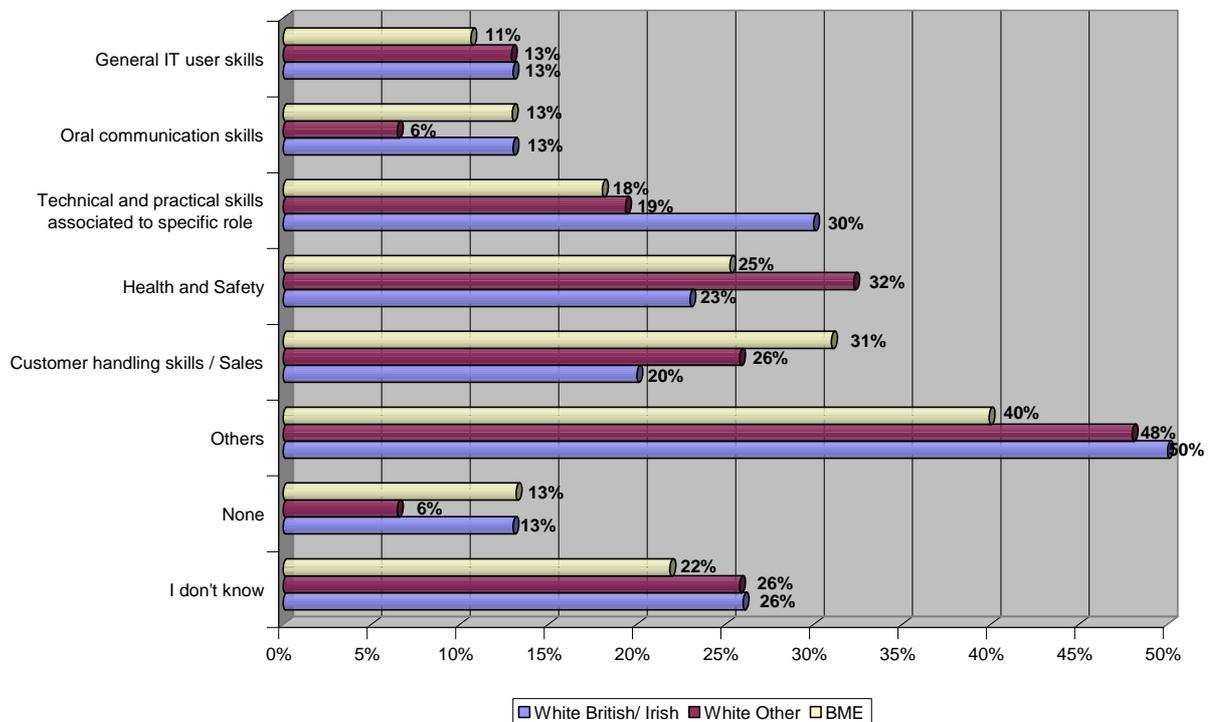
**Figure 4.6 Skills businesses envisage their staff needing in the short-term / next 6 months**



Base Number: N is equal to 1066. Number of Respondents: 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

**Figure 4.7 Skills businesses envisage their staff needing in the long-term / 1 – 3 years**



Base Number: :N is equal to 1,062 – Number of Respondents: 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

#### 4.4 Overall summary of skills and training needs

- A minority of businesses had invested in staff training in the last 12 months (42%).
- White British/Irish employers were far more likely to have invested in training over the last year (57%) compared to BME owned businesses (38%).
- Differentials may be related to the concentration of BME businesses in the retail and wholesale, and restaurant and hotel sector. However this ignores the fact that White Other employers have invested more in training than BME employers but are concentrated in the same sectors.
- Health and Safety was the most prominent training implemented.
- The size of employer impacted on the degree to which training was undertaken; in general the smaller the employer the less likely to implement training.

- The identification of skills gaps in a workforce was not necessarily a predetermining factor to implementing training for employees and this was particularly the case for BME employers.

#### 4.4.1 Implications for the learning, skills and employment sector

- The majority of BME businesses are small and this will impact on their propensity to undertake training.
- Particular sectors may need greater encouragement to see the value of and undertake training.
- Lower levels of training amongst BME groups may be due to a higher rate of retention amongst staff.
- The prevalence of Health and Safety as an area of training may demonstrate that the main driver for training is risk avoidance rather than staff development.

## **5.0 Barriers to implementing training**

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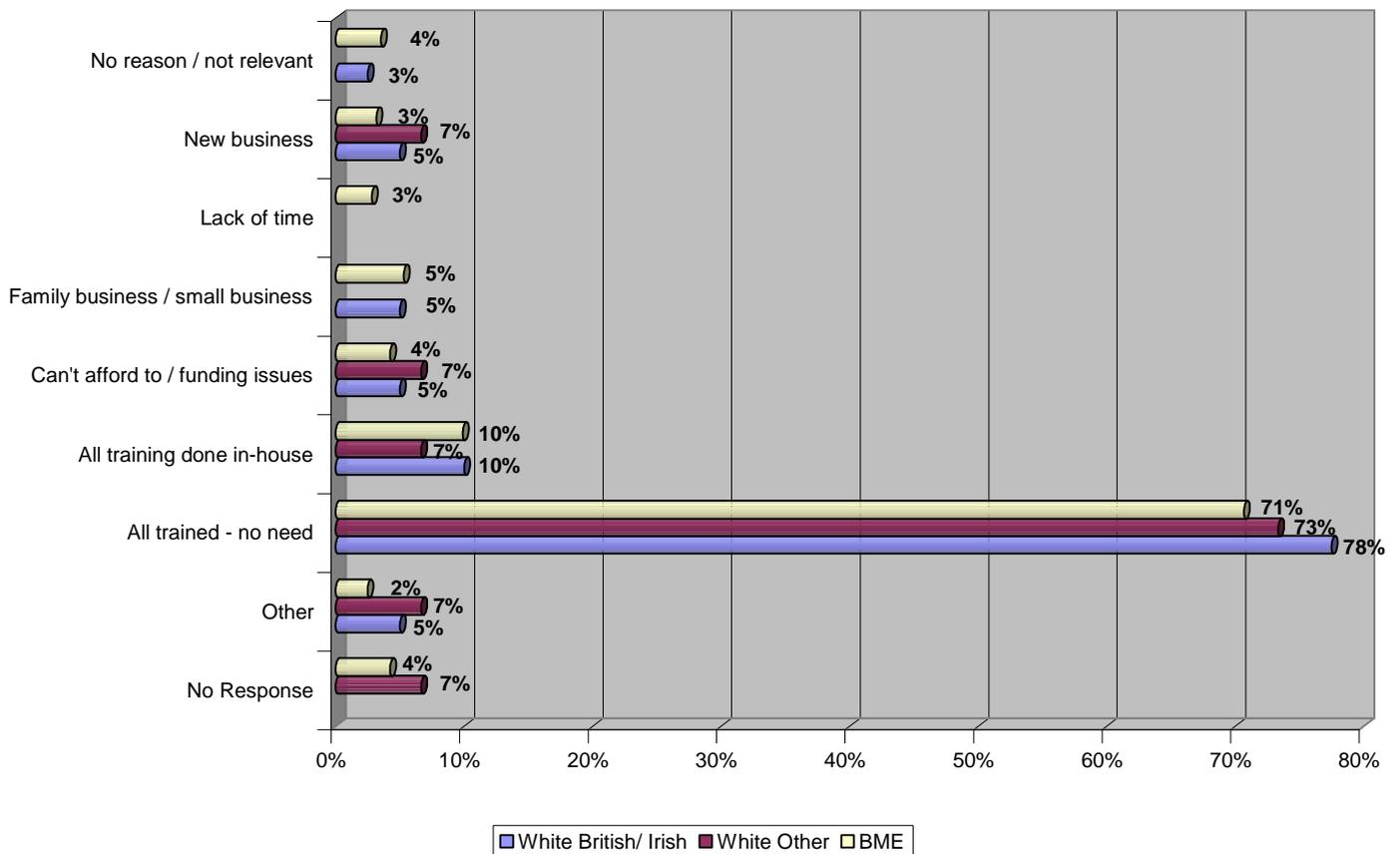
The previous chapter identifies that the BME businesses are less likely to undertake training even when a gap in the skills of their workforce has been identified. This chapter will consider some of the barriers that may prevent employers from implementing training.

### **5.1 Perceived need**

The vast majority of those businesses who have not provided training in the past year did not do so because their staff did not require training. This accounted for 78% of White British / Irish and 71% of BME owned businesses.

Those employers that had not implemented training were asked why not and though the question was open ended the majority fell into four main categories: the association between training and operating a family run business, the cost of training, all training was done in-house and by far the most popular response that there were no training requirements.

**Figure 5.1 Reasons given for why no training occurred in the last 12 months**

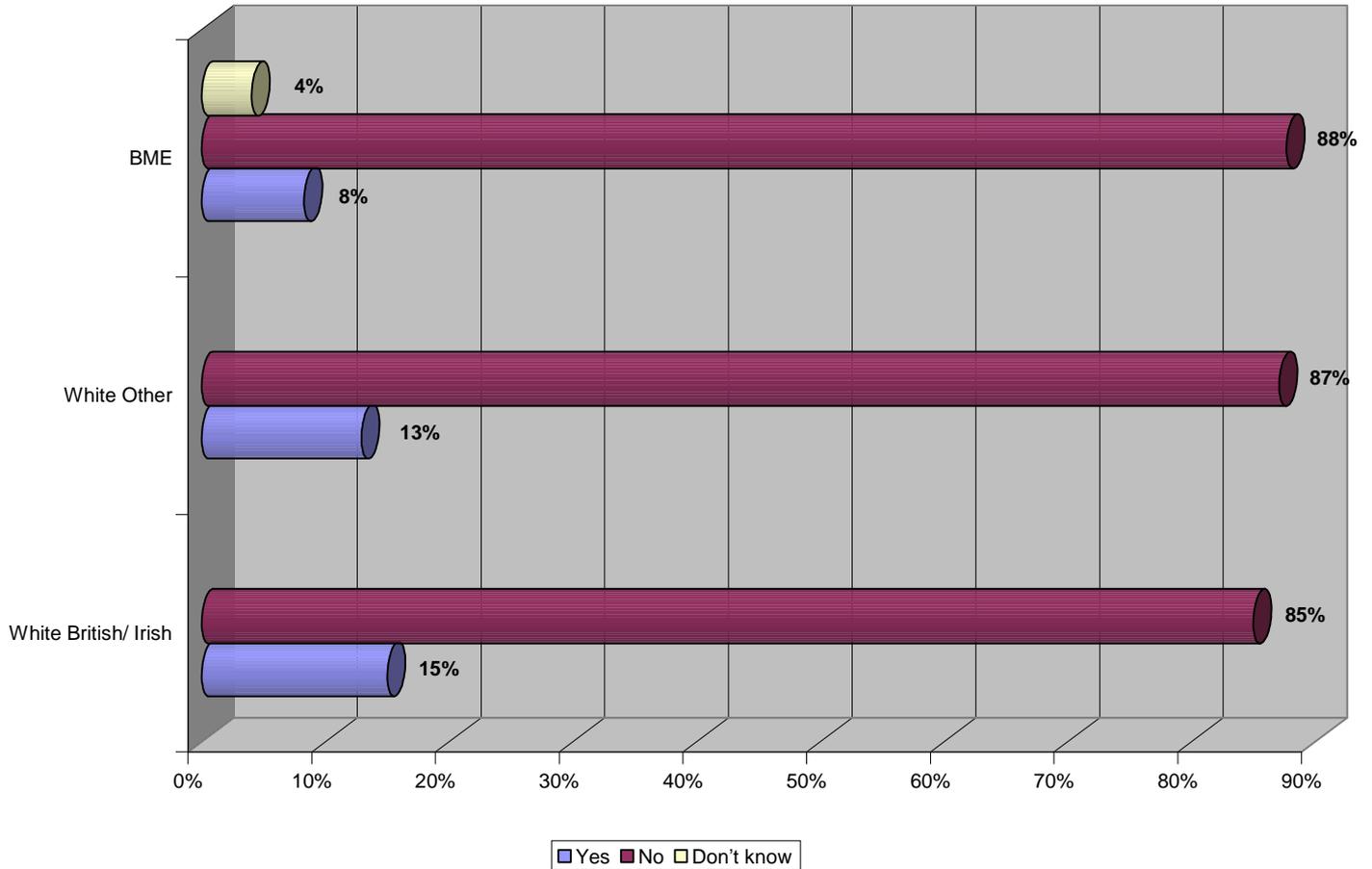


Base Number: N is equal to 363. Number of respondents: 338

Source: 2008 ECOTEC Survey of BME Businesses in the North West

The dominant notion of employees not requiring training as they had the skills required to do their jobs was confirmed with a follow up question that was asked to all employers interviewed. Overall an overwhelming number of employers 87% stated that their workforce had the skills needed to do their jobs and only 10% reported that there were skills gaps with 3% stating that they did not know.

**Figure 5.2 Do any of your staff lack the skills needed to do their job?**



Base Number: N is equal to 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

Of the 8% of BME Businesses who stated that employees lacked skills needed to do their jobs, 46% of them had not provided training in the last 12 months (53% of Asian / Asian British owned businesses have no provided training). Of the 15% of White British / Irish and 13% of White Other owned businesses those staff lack skills needed to do their job, only 7% and 25% respectively have not provided training in the last 12 months.

## 5.2 The perceived cost of training-differences across and within ethnicities

One of the central findings of this survey was the fact that 43% of employers agreed or strongly agreed with the statement that their business did not have the money to pay for staff training. This figure compared to 31% who disagreed or strongly disagreed with the statement.

The above figure becomes more salient given that a higher proportion of BME employers (47% agreed that their organisation does not have the money to pay for staff training compared to White British / Irish (34%) or White Other employers (39%). This is in-line with the finding that a lower proportion of BME employers have offered staff training in the last 12 months (38%) compared to White British / Irish employers (57%) and White Other employers (48%)

There were also notable differences within the BME group. A higher proportion of Black or Black British employers (70%) agreed that their business does not have the money to pay for staff training, compared to Asian or Asian British employers (43%).

There were also differences in responses across the different business sectors. Over half of employers operating in the Hotels and Restaurants sector (52% ) and Business Services (57% ) agreed that they do not have the money to pay for their staff to go on training, compared to less than a quarter of employers operating in manufacturing (23% ). More specifically:

- 57% of those working in Business services agreed that their business does not have the money to train staff
- 52% of employers working in the Hotels and Restaurants sector agreed
- 44% of those working in Transport, storage and communications agreed
- 44% of those working in Wholesale and retail sector agreed
- 38% of those working in Public administration, education and health agreed
- 23% of those working in Manufacturing sector agreed

Sectors within which BME employers are concentrated in Hotels and Restaurants and Wholesale and Retail were more likely to agree to the statement that their business doesn't have the money to pay for staff training. This would suggest that any attempts to remedy this would require a sectoral approach. However it is illuminating to note that Black / Black British employers overwhelmingly felt that cost prohibited training and yet had a high proportion (20%) working within Public administration, education and health.

Less than half of the employers who employed less than 10 members of staff (47% agreed or strongly agreed that their organisation cannot afford to pay for staff training. This

compares to 35% of employers who employ between 10 and 49 staff members and 15% who employ over 50 employees.

There also seems to be some correlation between those employers who said their organisation does not have the money to invest in staff training and their subsequent actions in this area. Of the 261 employers who said that their organisation does not have the money to invest in staff training, one third (33% said that they had invested in staff training in the last 12 months. This figures compares to 59% of employers that had invested in staff training and disagreed with the statement that their organisation does not have the money to invest in staff training. Respondents' views on whether their business can spare the time to allow staff to go on training

The proportion of employers who agreed and disagreed that their business can not spare the time to allow staff to go on training was fairly equal with 40% of employers agreeing that this was the case and 37% disagreeing.

A higher proportion of BME employers (43%) agreed that their business can not spare the time to allow staff to go on training compared to White British / Irish (27%) and White Other (26%) employers. Furthermore, more than 50% of Chinese employers agreed with this statement compared to 44% of mixed ethnicity employers, 43% of Black or Black British employers and 42% of Asian or Asian British.

There was no significant difference between the proportion of employers who agreed with this statement across the sectors, including the two key sectors of Hotels and Restaurants (42%) and Wholesale and Retail (44%). This suggests that racial identity impacts on the perceived / actual time available for training as Chinese employers make up almost a quarter (24%) of those operating in the Hotels and Restaurants sector. The only exception was those employers operating in Public administration, education and health - where only 29% agreed that their business can not spare the time to allow staff to go on training.

The size of the organisation was also a key determinant of the way that employers responded to this question:

- 43% of those employers working in micro businesses (less than 10 staff) said their business could not spare the time to allow staff to go on training; compared to
- almost a third of businesses that employed between 10-49 staff (31%); and
- 15% of larger employers who employ over 50 staff.

#### 5.2.1 Respondents' views on whether "All training can occur on the job"

70% of employers agreed that all training could occur on the job and only 15% disagreed.

A far higher proportion of BME businesses (76%) and White Other businesses (68%) agreed with this statement compared to White British / Irish employers (47%). Within the BME group 80% of Chinese employers agreed with this statement, with between 72% and 77% of employers from other ethnic groups agreeing with this statement.

There were sector differences in the proportion of employers who agreed that all training can occur on the job with:

- 85% of those working in Transport, storage and communications agreeing that all training can occur on the job
- 80% of employers working in the Hotels and Restaurants sector agreeing
- 77% of those working in Manufacturing sector agreeing
- 75% of those working in Wholesale and retail sector agreed
- 61% of those working in Business services agreeing
- 51% of those working in Public administration, education and health agreed

This suggests that employers operating in administrative based sectors are more likely to recognise the importance of training that is conducted at a time when the person is not doing the job than those operating in the services sector, particularly transport, storage and communications, hotels and restaurants, and wholesale and retail. The final two of which are key sectors that BME businesses operate in.

Larger employers were less likely to agree that all training can occur on the job compared to smaller employers. Only 35% of businesses that employed more than 50 staff agreed that all training can occur on the job compared to 66% of businesses that employ 10-49 staff and 74% of businesses that employ less than 10 staff. It may be that this finding is linked to a sense within small businesses that if training can not be carried out 'on the job' then it will pull resources away from the businesses core function and that the trade off between more skilled/qualified staff is not worth the time away from the workplace.

The recent NESS survey (2007) noted that in absolute terms, more managers and professionals receive off-the-job training than any other occupational group. The survey also noted that along with professionals, personal service and associated professional staff are the most likely to be trained off-the job. Furthermore that elementary staff and sales staff were also relatively unlikely to receive off-the-job training (26 and 27 per cent respectively).

Of the 424 employers who agreed that all staff training can occur on the job, 36% had invested in staff training in the last 12 months. Of the 92 employers who disagreed with this statement 71% had invested in staff training in the last 12 months. This suggests that

employers' attitudes that 'all training can occur on the job' may impact on an employer's decision to invest in staff training.

An equal proportion of BME and White employers who agreed that all staff training can occur on the job had invested in staff training in the last 12 months. [Of the 356 BME employers who agreed that all training can occur on the job, 36% had invested in staff training compared to 40% who had not.

#### 5.2.2 Respondents' views on whether "It is cheaper to bring in people with the required skills than to train existing staff"

Overall, a slightly higher proportion of employers agreed (41%) than disagreed (31%) that it is cheaper to bring in people with the required skills than to train existing staff. Over a fifth of employers (21%) neither agreed nor disagreed with this statement and a further 8% said that they 'did not know'. This could indicate that there is some ambiguity regarding the business benefits to developing staff through training.

There was a notable difference in the responses to this question amongst employers of different ethnic groups. More White British / Irish employers disagreed with the statement than agreed (41% disagreed and 28% agreed); but more BME employers agreed with the statement than disagreed (45% agreed and 28% disagreed). This could provide an explanation for why a lower proportion of BME employers have invested in staff training compared to White British employers (38% compared to 57%).

Significantly, employers' views in relation to this statement also vary according to the sector in which they operate. Only two sectors - Public Administration, Education and Health, and Social Enterprise/Third Sector – contained more employers that disagreed than agreed that it is cheaper to bring people with the required skills than to train staff.

Almost three quarters (73%) of employers working in large organisations that employed more than 50 employees disagreed that it is cheaper to bring in people with the required skills than to train existing staff. This compares to only a quarter (26%) of micro businesses who employ less than 10 staff who disagreed with this statement and 37% of employers who employ between 10 and 49 staff.

Of the 247 employers who agreed that it is cheaper to bring in people with the required skills than to train existing staff, 37% had invested in staff training in the last 12 months. Of the 184 employers who disagreed that it is cheaper to bring people in than train existing staff, half (50%) had invested in staff training. This suggests that employers attitudes towards bringing people in with the right skills and training has a small impact on the provision of training they provide to staff; although the difference here is not greatly significant.

### 5.2.3 Respondents' views on whether their staff are "interested in attending training courses"

32% of BME employers agreed with the statement that their staff were not interested in attending the training courses. This compared to a figure of 42% who disagreed with this statement. However it is perhaps salient to note that only 16% of White British / Irish employers agreed that their staff were not interested in attending training courses, with 67% disagreeing with this statement.

Furthermore, there was some variation in the ethnicity of the workforce amongst businesses who agreed that their staff are not interested in training. Only 20% of employers who said that the majority of their workforce are White agreed with this statement compared to 36% of employers who employ mostly Asian or Asian British employees. 27% of employers who said that their workforce had no majority ethnic group agreed with this statement.

The proportion of employers who agreed or disagreed with this statement is shown below by the ethnic make-up of the workforce:

**Table 5.1 My staff are not interested in attending training courses**

	White	Mixed race	Asian or Asian British	Black or Black British	Chinese or other ethnic group	No majority ethnic group	Don't know
Agree	20%	47%	36%	42%	24%	27%	29%
Disagree	59%	27%	35%	32%	42%	52%	55%
Neither/ Don't Know	21%	27%	28%	26%	33%	21%	16%
Total	191	15	195	19	33	98	51

*Base Number: N is equal to 602*

*Source: 2008 ECOTEC Survey of BME Businesses in the North West*

There was also a difference in responses from employers operating in different sectors. Over a third of employers operating in the Wholesale and Retail sector (35%), Transport, Storage and Communications (34%) and just under a third of employers operating in the Hotels and Restaurants sector (31%) agreed that their staff are not interested in attending training courses. In contrast only 6% of Social Enterprise / Third Sector employers and 18% of Public Administration, Education and Health employers agreed with this statement.

Interestingly a higher proportion of employers that recruit fewer than 10 employees agreed that their staff are not interested in training (32%), compared to businesses that recruit between 10-49 staff (20%) and over 50 staff (12%).

Overall, of the 173 employers who agreed that their staff are not interested in staff training, 31% said that they had invested in staff training and 67% said that they had not<sup>12</sup>. Of the 284 employers who disagreed with this statement, 55% had invested in staff training and 43% had not. This suggests that employers who feel that their staff are not interested in staff training are less likely to provide training (31% had provided training) compared to those who feel that their workforce are interested in training (55% had provided training).

### 5.3 Overall summary of barriers to implementing training

- Businesses rarely identify continual professional improvement as a business priority; instead the majority of employers report that their workforces have the skills required.
- BME employers identify with particular barriers:
  - ▶ More BME employers were likely to agree that their business does not have the money to pay for staff training compared to White British / Irish or White Other employers; this was particularly the case for Black or Black British employers.
  - ▶ A higher proportion of BME employers feel that their business can not spare the time to allow staff to go on training, particularly Chinese employers.
- Fewer BME employers felt that training and developing staff was more beneficial than employing new employees with the required skills.
- The impact of racial identity should not be viewed in isolation, other factors appeared to influence the way employers responded to the questions:
  - ▶ Smaller businesses on the whole identified more barriers to investing in training
  - ▶ Employers operating in the following sectors more frequently identified with particular barriers: transport, storage and communications; retail and wholesale; and restaurant and hotels.

#### 5.3.1 Implications for the learning, skills and employment sector

- The LSC and wider learning and skills sector need to challenge assumptions that are more frequently held within BME owned business, such as 'bringing in new employees is cheaper than developing staff'.
- The majority of businesses and in particular BME businesses do not identify continual professional improvement as a business priority and support providers may need to

<sup>12</sup> A further 4 employers said that they did not know whether their organisation had invested in staff training.

better communicate the linkage between staff development and fulfilling business aspirations.

- The LSC needs to be aware of and consider how to respond to multiple barriers to accessing training, for example any one or a combination of the following: smaller employer, working in particular sectors, from a BME group.
- The LSC needs to demonstrate the benefits of learning to BME owned businesses, especially those located within the Restaurant and wholesale sector.

## **6.0 Enablers to implementing training**

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This chapter will consider some of the enablers that may have encouraged employers to implement training.

### **6.1 Staff training is essential in retaining good employees**

Overwhelmingly employers recognised the value of staff training in keeping good employees. Only 4% of employers that took part in the survey disagreed that staff training is essential in retaining good employees, with the majority agreeing with this statement (85%).

There was no significant difference in the proportion of BME, White British or White other employers who agreed or disagreed with this statement.

Of the 513 employers who agreed with this statement, 45% had invested in training in the last 12 months and 53% had not. This is roughly in line with the overall proportions of employers who had invested in staff training (overall 42% had invested in training) which suggests that employers attitudes to the value of training in retaining staff does not impact on their decision to provide it.

### **6.2 Ensuring staff have the right skills is essential for business success**

The majority of employers (90%) agreed or strongly agreed that ensuring that staff have the right skills is essential for business success, although only a third (33%) strongly agreed with this statement. A further 5% of employers said that they did not know whether ensuring staff have the right skills is essential for business success.

A slightly higher proportion of White British / Irish employers agreed with this statement (94%) compared to BME employers (89%) and White Other employers (90%).

There was no significant difference in the proportion of employers who agreed or disagreed with this statement across the different business sectors or across different sized organisations.

### **6.3 If I send staff on training I like the course to be accredited or result in a qualification**

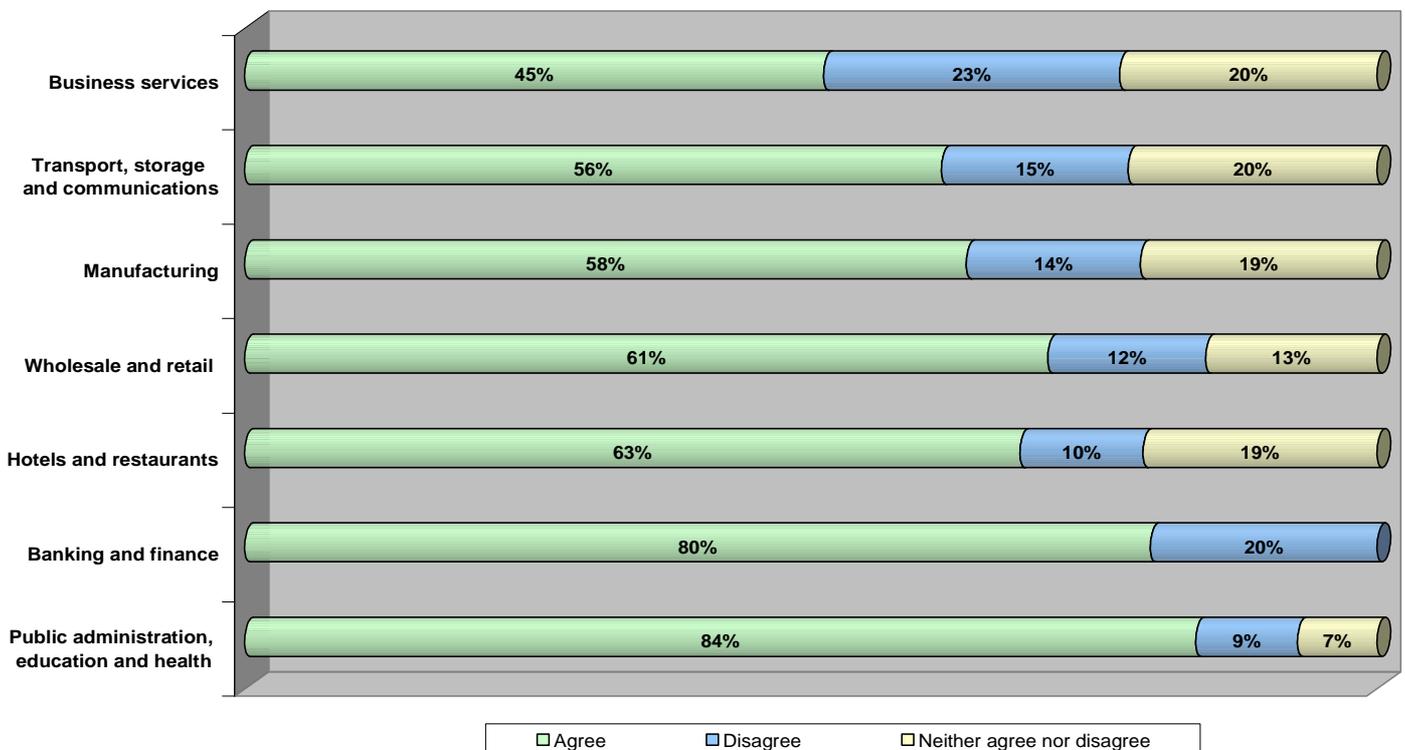
Overall, only 12% of staff disagreed that if they send staff on training they like the course to be accredited or result in a qualification - with 63% of employers agreeing that this was

the case. 15% of employers neither agreed nor disagreed with this statement and a further 10% said that they 'did not know'. This may indicate that some employers are not familiar with accreditation processes for training and skills development.

The proportion of employers from different ethnic groups who agreed with this statement was fairly equal. A slightly higher proportion of Black or Black British employers (73%) stated that they like staff training courses to be accredited and a slightly lower proportion of white other employers (58%) agreed with this statement, although interestingly over a quarter of White Other employers (26%) neither agreed nor disagreed with this statement indicating that they may be least familiar with the process and standards involved in accreditation.

There were notable variations in the proportion of employers operating in different sectors that agreed with this statement. The majority of employers operating in Public Administration and Banking sectors agreed that they like training courses to be accredited where as less than half of those operating in Business services agreed that they like staff training to be accredited.

**Figure 6.1 If I send staff on training I like the course to be accredited or result in a qualification**



Base Number: N is equal to 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

Interestingly fewer businesses that employ over 50 staff agreed that if they send staff on training they like the course to be accredited or result in a qualification (58%) compared to businesses that employ between 10-49 employees (69%) or less than 10 employees (62%).

There was no significant difference between employers' attitudes towards accreditation and/or formal qualifications and whether they provided training in the last 12 months.

#### **6.4 Overall summary of enablers to implementing training**

- Employers overwhelmingly agreed with positive statements about training irrespective of ethnicity, size and Sector.
- Agreement with positive statements regarding the value of training did not result in direct action and training being implemented.
- Whilst the vast majority agreed only a third strongly agreed that ensuring staff have the right skills is essential for business success.
- Those employers that welcomed accreditation in courses were no more likely to have implemented training in the last year.

##### **6.4.1 Implications for the learning, skills and employment sector**

- The LSC need to understand what factors undermine the relationship between positive associations of training and business success and undertaking training, for example is it the lack of long-term planning in smaller business, cost etc.
- The learning and skills sector needs to understand how/if it can make accreditation more relevant to different sectors and employers.

## 7.0 Overall summary of the factors affecting the provision of training

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The following four graphs demonstrate the extent to which employer's views and attitudes towards training could potentially impact on their decisions to invest in staff training. The figures in the graph are based on a sample of all employers who said that they have invested in staff training in the last 12 months. The bars in the graph show the proportion of employers who agree and disagree with each statement – in order to show whether those who agree with the statement - or those that disagree with it – are more likely to invest in staff training.

### 7.1 Factors impacting on staff training: All Employers

The first graph is based on responses from all employers across all ethnic groups. The graph demonstrates that for most statements there are differences in the proportion of employers who invested in staff training between those who agreed and disagreed with the different statements. This was the case for the following statements:

- My staff are not interested in attending training courses (31% who agreed with this statement invested in training compared to 55% who disagreed and invested in staff training)
- It is cheaper to bring in people with the required skills than to train existing staff (38% who agreed had invested in training compared to 49% who disagreed)
- All training can occur on the job (36% who agreed had invested in staff training compared to 71% who disagreed)
- The business can not spare the time to allow staff to go on training (30% who agreed had invested in staff training compared to 58% who disagreed)
- The business does not have the money to pay for staff training (33% who agreed had invested in staff training compared to 59% who disagreed)

These findings suggest that employers views and attitudes towards what constitutes training (e.g. 'on the job' training); their perception of staff motivation to undertake training and; the cost and time implications involved impact on their decision to invest in training for their staff.

Interestingly there was no significant difference in the proportion of employers who invested in staff training who agreed or disagreed with the two statements on the value of

training – although it is important to note that the majority of employers agreed with both these statements anyway:

- Ensuring staff have the right skills is essential for business success (44% who agreed with this statement invested in training compared to 33% who disagreed and invested in staff training)
- Staff training is essential in retaining good employees (44% compared to 41%)

The lack of distinction between the actions undertaken by employers and the way that they have responded to the two positive statements indicates that employers' views on the value of training has no real impact on their likelihood to invest time and resources in training.

Two possible hypotheses for this could be:

- that barriers far out-weigh enablers as influences to business and therefore the cost benefit analysis of conducting training lends itself to not implementing it; or
- that employers have a propensity to agree with positive statements regarding training as they appear to make business sense but in reality employers have less positive perceptions/experiences of training.

In terms of wider implications this could suggest two things. Either that raising awareness of the 'value' of training is somewhat redundant if employers do not have the finances or resources to send staff on training. Or that employer's recognise the value of training in relation to retention and business success, but are not fully aware of – or convinced by – the full financial rewards of investing in training.

There was no difference in the investment in training across employers who agreed and disagreed with the statement 'If I send staff on training I like the course to be accredited or result in a qualification'.

To summarise this section, we could hypothesise that when looking at the number of employers who disagreed and agreed with a statement, if a higher percentage of employers in one group (the agreed or disagreed group) had invested in staff training, then this statement is likely to have a greater impact on the employers decision or capacity to invest in staff training. For instance, 72% of employers who *disagreed* that all training can occur on the job had invested in staff training whilst only 36% of employers who *agreed* with this statement had invested in staff training in the last 12 months. This indicates that employers' attitude towards the idea that 'all staff training can occur on the job' will have a considerable impact on their decision to invest in staff training.

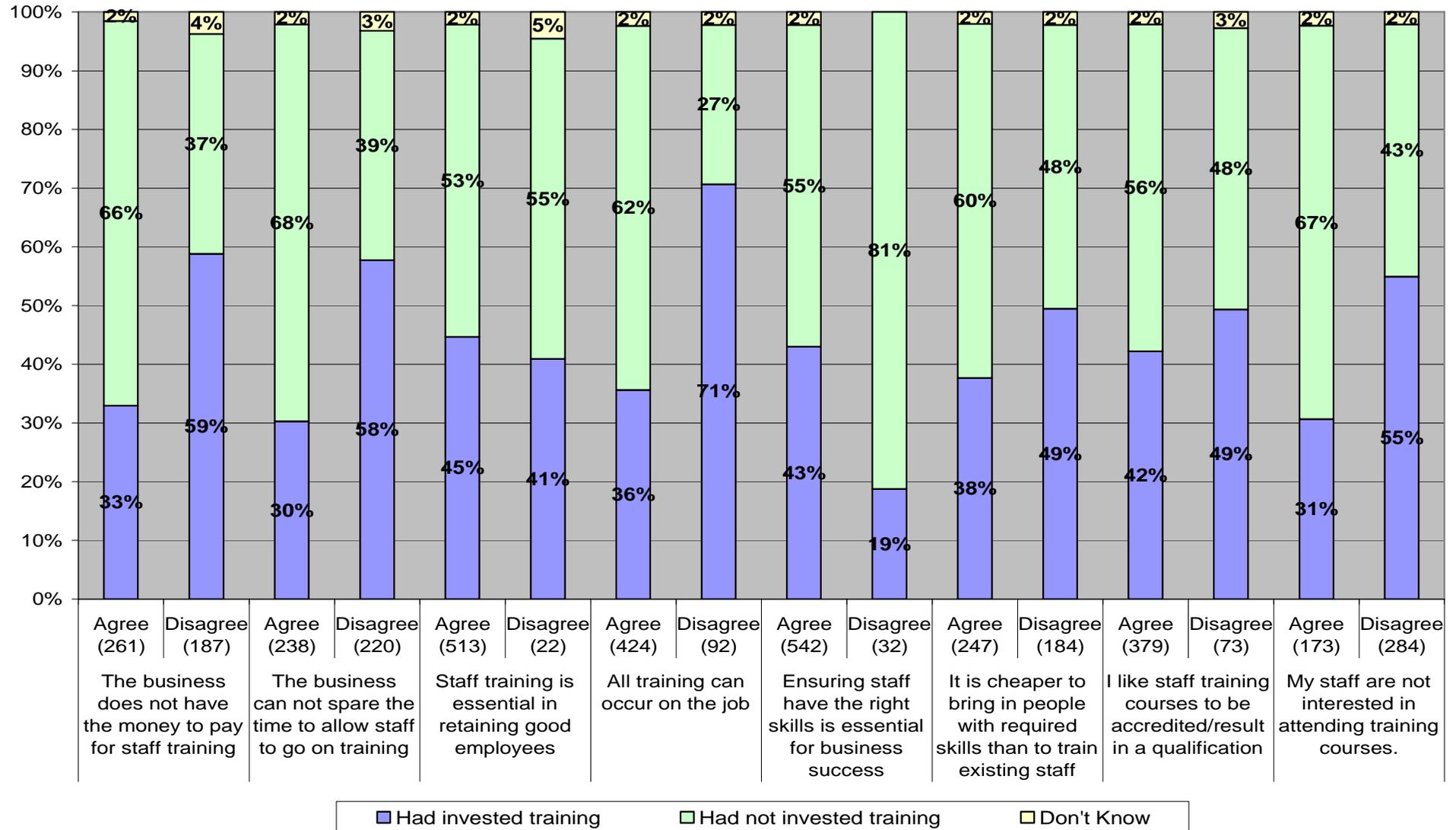
It can therefore be construed that the following issues are likely to have an impact on an employer's decision and/or capacity to invest in training (in order of importance):

- All training can occur on the job
- The business can not spare the time to allow staff to go on training
- The business does not have the money to pay for staff training
- My staff are not interested in attending training courses
- It is cheaper to bring in people with required skills than to train existing staff

These differences are clearly shown in the graph below. There are two 'bars' for each statement presented in the graph below – one bar represents those employers who agreed with the statement and one for those who disagreed. Inside each bar is the proportion of employers that had invested in staff training in the last 12 months (purple), that had not invested in training (maroon) and those who did not know (yellow). For each statement, comparing the proportion of employers who had and had not invested in staff training will demonstrate which statements have an impact on an employer's decision to invest in staff training.

Graphs are then presented for the three core ethnic groups: White British / Irish; White Other and; BME.

**Figure 7.1 The correlation between the number of employers who agreed / disagreed with each statement and the proportion who had invested in staff training - All Employers**



Source: 2008 ECOTEC Survey of BME Businesses in the North West

## **7.2 Factors impacting on investment in staff training: White British / Irish Employers**

The second graph is based on responses from White British / Irish employers. In line with the overall trends, there are differences in the proportion of White British / Irish employers who invested in staff training between those who agreed and disagreed with each statement. This was also the case for the statements on the perceived 'value' of training in relation staff retention and business success – where a higher proportion of employers who agreed with these statements had invested in staff training.

Interestingly when comparing the graph results from White British / Irish employers to the graph results from the entire sample and the BME sample (shown above in Figure 7.1 and below in Figure 7.2), the gap between proportion of employers who agreed and disagreed with each statement and invested in staff training is noticeably wider amongst White Employers compared to BME employers.

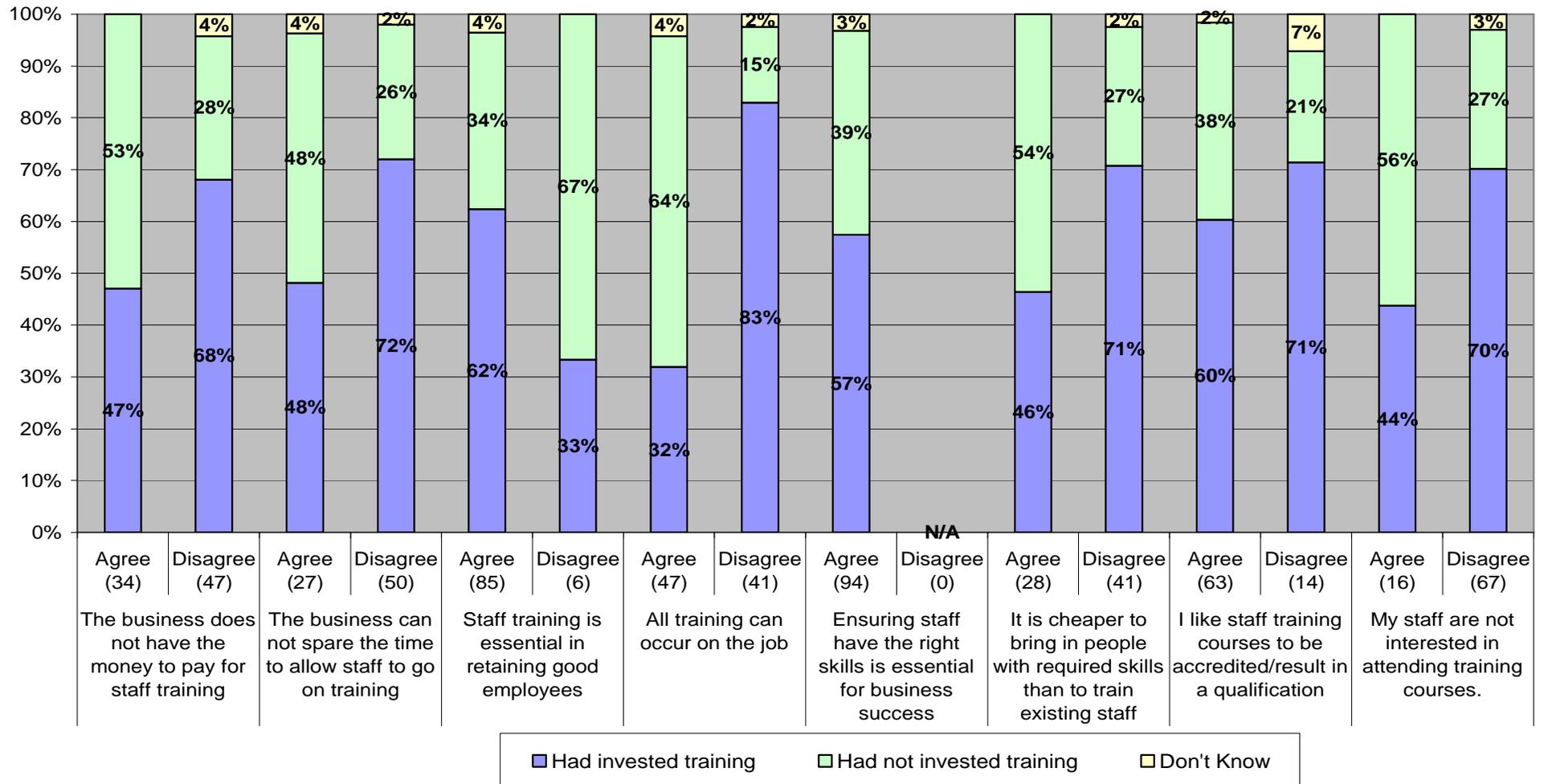
Working from the hypotheses that the wider the gap between the proportion of employers who invest in staff training amongst those who agree or disagree with the statement – the following issues can be identified as key barriers for White British employers investing in staff training (in order of importance):

- All training can occur on the job
- My staff are not interested in attending training courses
- The business can not spare the time to allow staff to go on training
- The business does not have the money to pay for staff training
- It is cheaper to bring in people with required skills than to train existing staff

Furthermore, White British / Irish employers that invest in training are more likely to agree that:

- Ensuring staff have the right skills is essential for business success
- Staff training is essential in retaining good employees

**Figure 7.2 The correlation between the number of employers who agreed / disagreed with each statement and the proportion who had invested in staff training - White British / Irish Employers**



Source: 2008 ECOTEC Survey of BME Businesses in the North West

### 7.3 Factors impacting on investment in staff training: BME Employers

The third graph is based on responses from BME Employers. Interestingly, the gap between the proportion of employers who agreed or disagreed with each statement that had invested in staff training is smaller when compared to the results from the White British / Irish cohort. In particular, there was a very small gap between the proportion of BME employers who agreed/ disagreed with a statement and had invested in training for the following statements:

- It is cheaper to bring in people with the required skills than to train existing staff (35% who agreed had invested in staff training compared to 43% who disagreed)

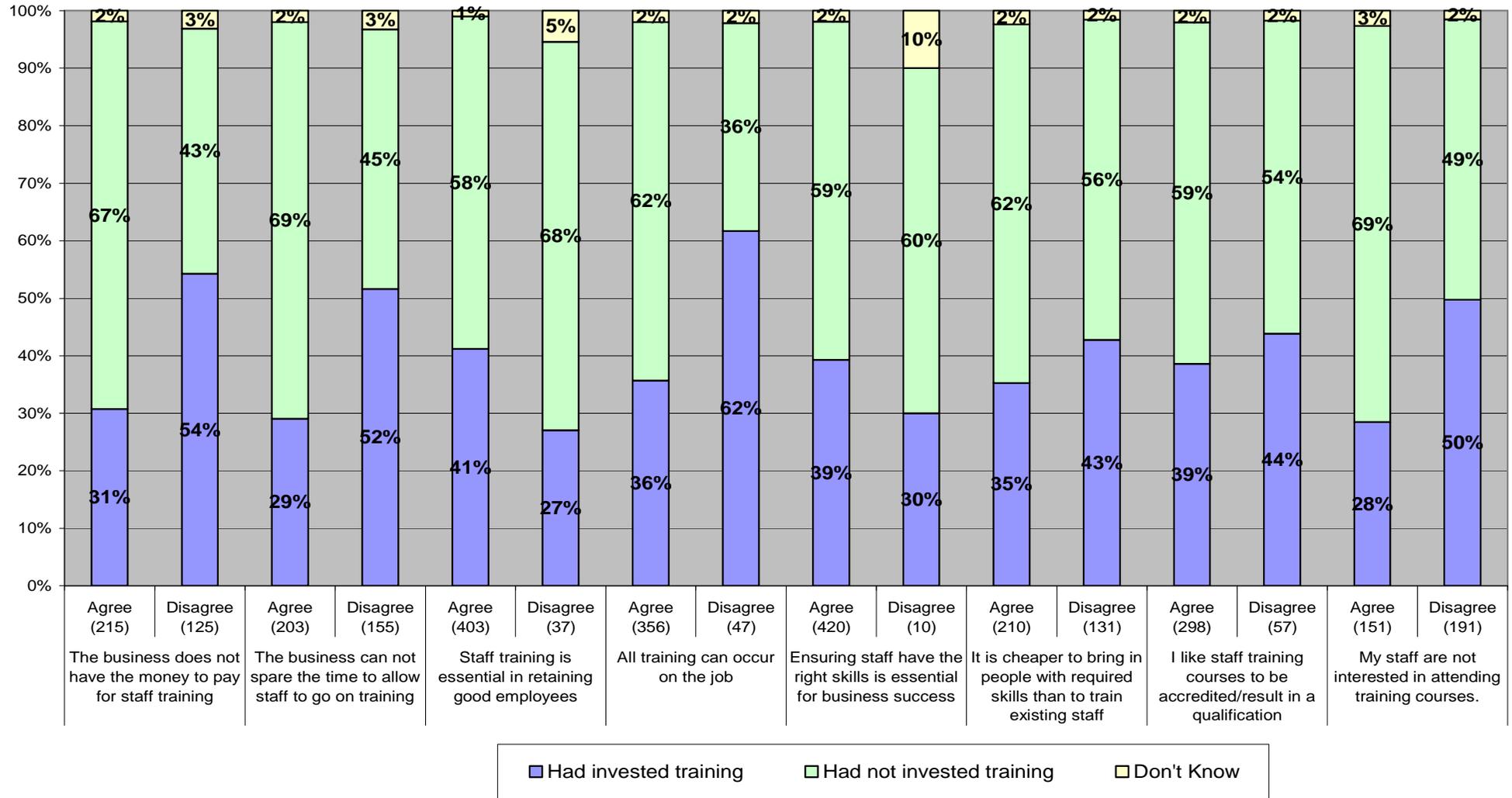
This could perhaps indicate that these issues do not have as big an impact on the decisions made by BME employers to invest in staff training – compared to White British / Irish employers.

Again, drawing on the hypothesis outlined above we can conclude that the following issues potentially have a greater impact on a BME employer's decision and/or capacity to invest in staff training:

- All training can occur on the job
- The business can not spare the time to allow staff to go on training
- My staff are not interested in attending training courses
- The business does not have the money to pay for staff training

These findings are presented in Figure 7.3 below:

**Figure 7.3 The correlation between the number of employers who agreed / disagreed with each statement and the proportion who had invested in staff training - BME Employers**



Source: 2008 ECOTEC Survey of BME Businesses in the North West

## 7.4 Factors impacting on investment in staff training: White Other Employers

The fourth and final graph is based on responses from White Other Employers who had invested in staff training in the last 12 months. Almost half of employers who said that their ethnic background was White Other had invested in staff training. Because the sample size for this section is quite low, the findings are more likely to be skewed. For instance, only 3 employers disagreed that 'staff training is essential in retaining good employees' – and of these only one employer had invested in staff training. Whilst it appears that very few White Other employers who disagree that 'staff training is essential in retaining good employees' invest in staff training, the sample size is so slow that it is difficult to make these claims.

However, there were a number of interesting findings in the survey result that point to a few factors that could prevent White Other employers from investing in staff training.

Of the seven 'White Other' employers who agreed that 'the business can not spare the time to allow staff to go on training', none had invested in staff training. This compares to 73% of White Other employers who disagreed with this statement that had invested in staff training.

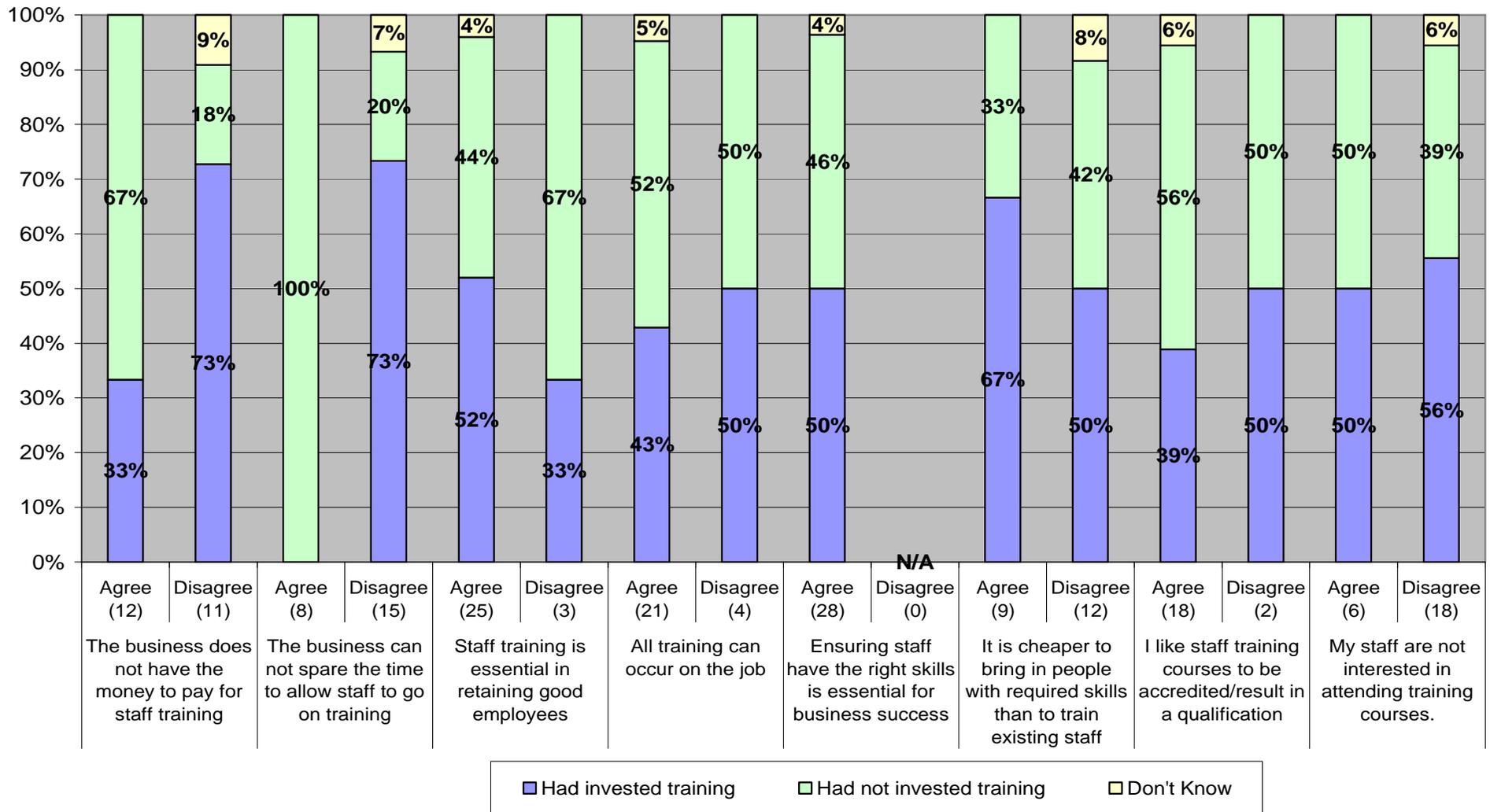
Of the twelve White Other employers who agreed that their business does not have the money to pay for staff training, only four had invested in staff training (33%). Of the eleven White Other employers who disagreed with this statement, eight had invested in staff training (73%).

There was no significant difference in the number of White Other employers who had invested in staff training and responded differently to the statements. Again, this may be because the sample size for this cohort is fairly low.

The findings above therefore indicate that cost and time implications for the business are key factors that may prevent White Other employers from investing in staff training.

These findings are presented in Figure 7.4 below:

**Figure 7.4 The correlation between the number of employers who agreed / disagreed with each statement and the proportion who had invested in staff training - White Other Employers**



Source: 2008 ECOTEC Survey of BME Businesses in the North West

## 7.5 Factors impacting on investment in staff training: Correlation Analysis

Gamma correlation is used to calculate correlations in crosstabs. It is a measure of association between two ordinal variables and ranges between -1 and +1.

Values close to +1 indicate strong positive correlation between the two variables; meaning those employers who invest in training tend to agree and those who don't invest in training tend to disagree with the statement. Values close to -1 indicate a strong negative correlation; which means that those employers who invest in training tend to disagree and those who don't invest in training tend to agree with the particular statement. Values close to 0 indicate little or no relationship.

First of all, a glance at Figure 7.5 shows that, in almost all cases, more definite correlation values are found for the White British/ Irish employers compared with the BME employers.

Looking at each of the statements:

**The business does not have the money to pay for staff training and**

**The business can not spare the time to allow staff to go on training:**

The first two statements have a similar kind of correlation pattern in all employer groups. Negative value means those who invest in training disagree with the statement and they **do** have the time and money for staff to go on training courses. Those who don't invest in training agree with these statements and are more likely to say they do not have the time or money for training activities.

**Staff training is essential in retaining good employees:**

There is a clear difference between the White British and the BME employers with a much higher positive correlation value for the former. This means White British employers see a much stronger relationship between investing in training and retaining good quality staff. But the BME group has a correlation value which is not significant at the 5% level. This means that there is a slight positive association, but it is not as clear as the White British.

**All training can occur on the job:**

Both White British/ Irish and BME employers who have invested in training have disagreed with this statement which may be interpreted as meaning that they believe training away from the job is important. Again, the correlation is much higher among the White British/ Irish employers.

**Ensuring staff have the right skills is essential for business success:**

Both groups have slight positive correlations for this statement, but as the figures are close to zero, they suggest that the employers agreement or disagreement on this statement is largely independent of investing in training.

**It is cheaper to bring in people with the required skills than to train existing staff:**

White British/Irish employers have a significantly high negative correlation for this statement. This means that they are more inclined to provide training than recruit trained people. The BME businesses also have a negative correlation, but it is low and not significant at the 5% level, suggesting the statement has little impact on whether they had invested in training or not.

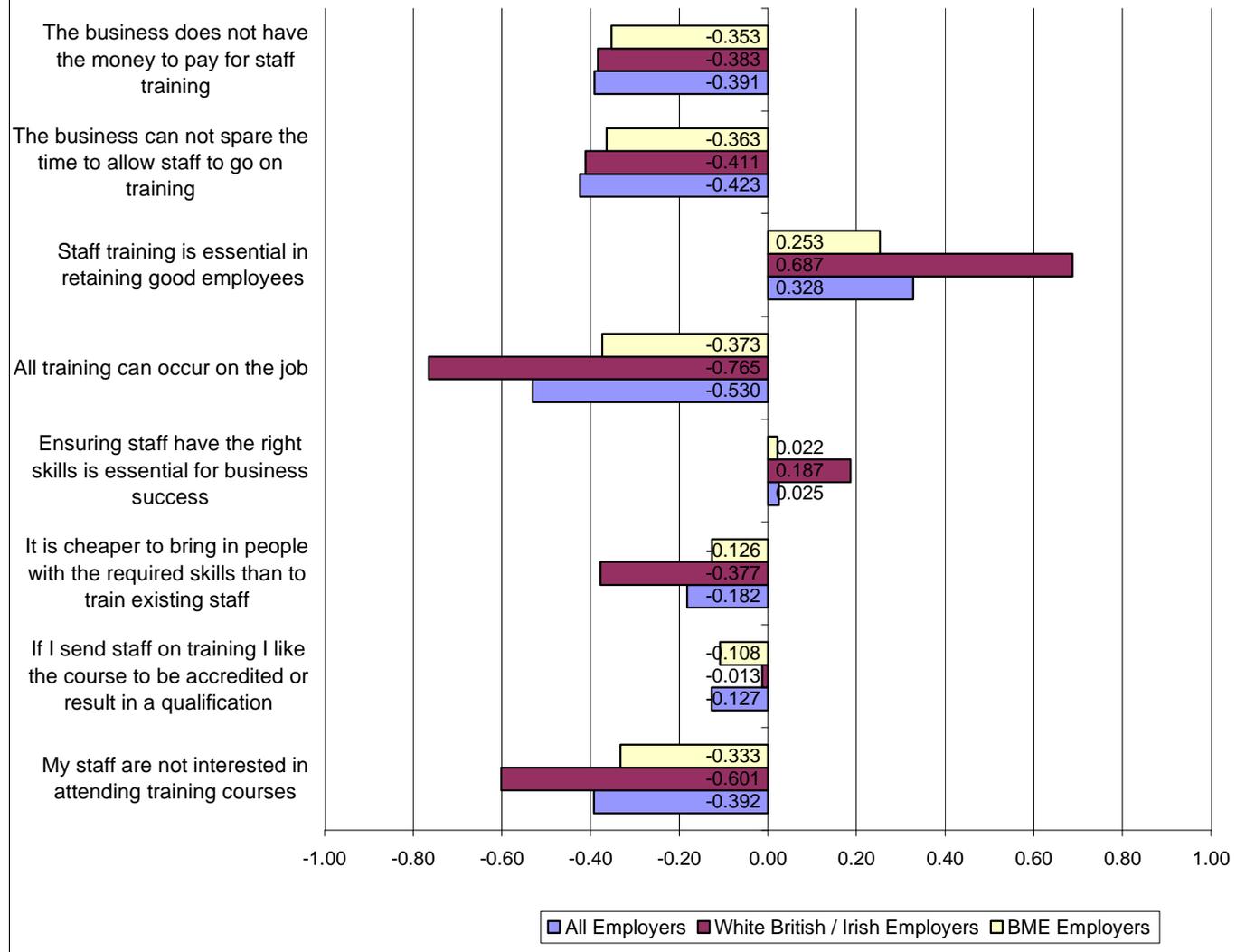
**If I send staff on training I like the course to be accredited or result in a qualification:**

Both groups have slight negative correlations for this statement, but they are not significant. This means that qualification or accreditation is seemingly not a strong influence on the decision to invest in training.

**My staff are not interested in attending training courses:**

Negative correlation indicates that employers believe that their staff are interested in training courses. Again, this view is more strongly held amongst the White British/ Irish employers than the BME employers.

**Figure 7.5 Correlation Analysis**



## 8.0 Business advice, information and support

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### 8.1 Sources of information and advice on accessing training

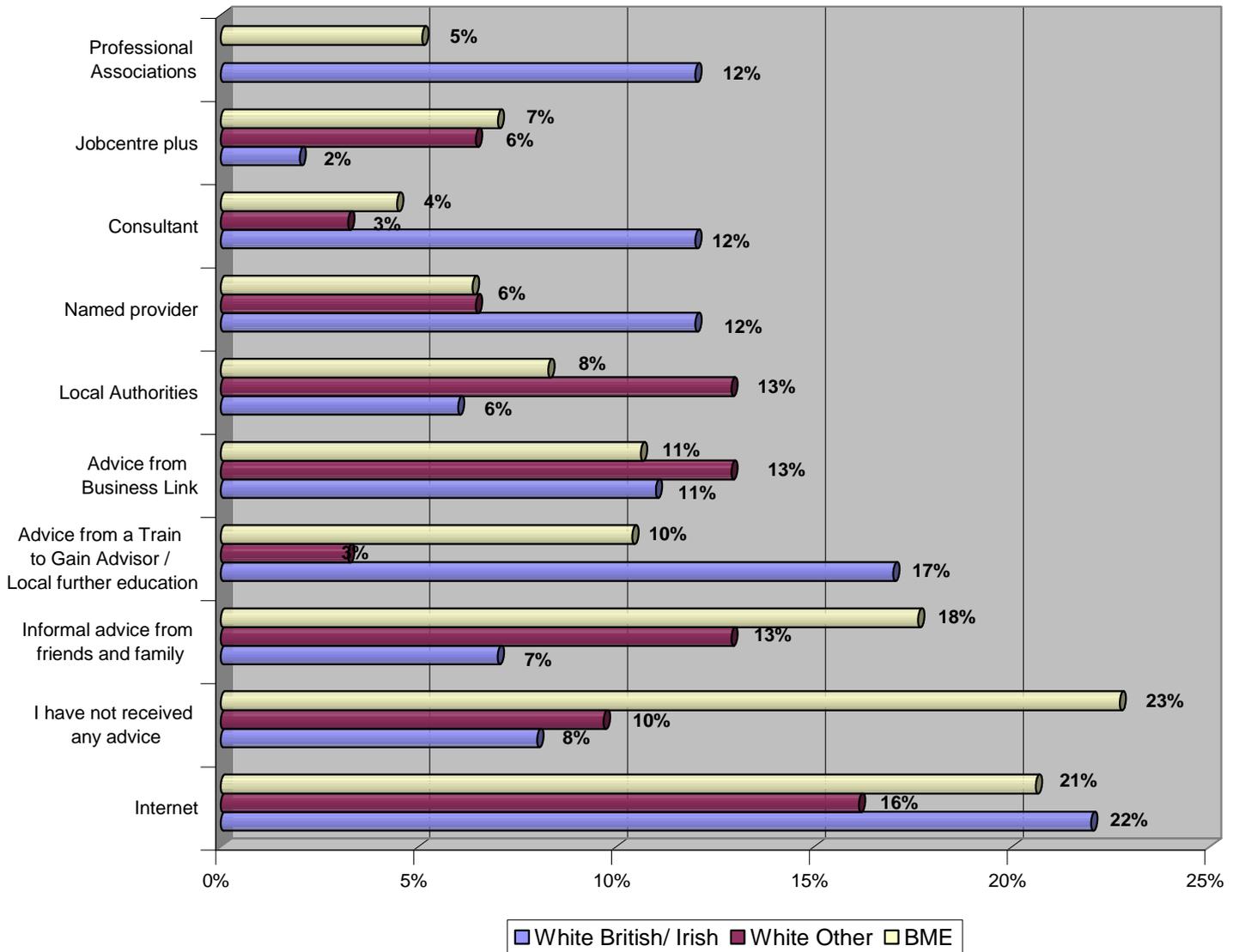
Employers were aware of a wide variety of different sources of information regarding training provision and very few reported that they had experienced difficulties accessing the information required.

Despite being aware of various sources of information different groups however experienced variable exposure to this information with almost a quarter (23%) of BME employers stating that they had not received advice about training compared with only 10% of White Other and 8% of White British / Irish owned businesses.

For all groups the most used source of information was the internet although there were disparities between the use of public and informal sources of advice. White British / Irish owned businesses are more likely to get information about training from Train to Gain advisors or Local further education (17%), Consultants (12%) or Professional Associations (12%), compared with BME owned businesses (10%, 4%, and 5% respectively)

BME owned businesses were more likely to get information from friends and family (18%, compared with 8% for White British / Irish owned businesses) or the Jobcentre Plus 7% to 2 % of White British / Irish owned businesses). Only 1% of BME owned businesses cited ethnic business forums as a source of information for skills and training provision. Of these responses came from one Indian employer, one Black / Black British business and an Asian Other owned business.

**Figure 8.1 Where businesses would go to get information and advice about training**



Base Number: N is equal to 885. Number of Respondents 602.

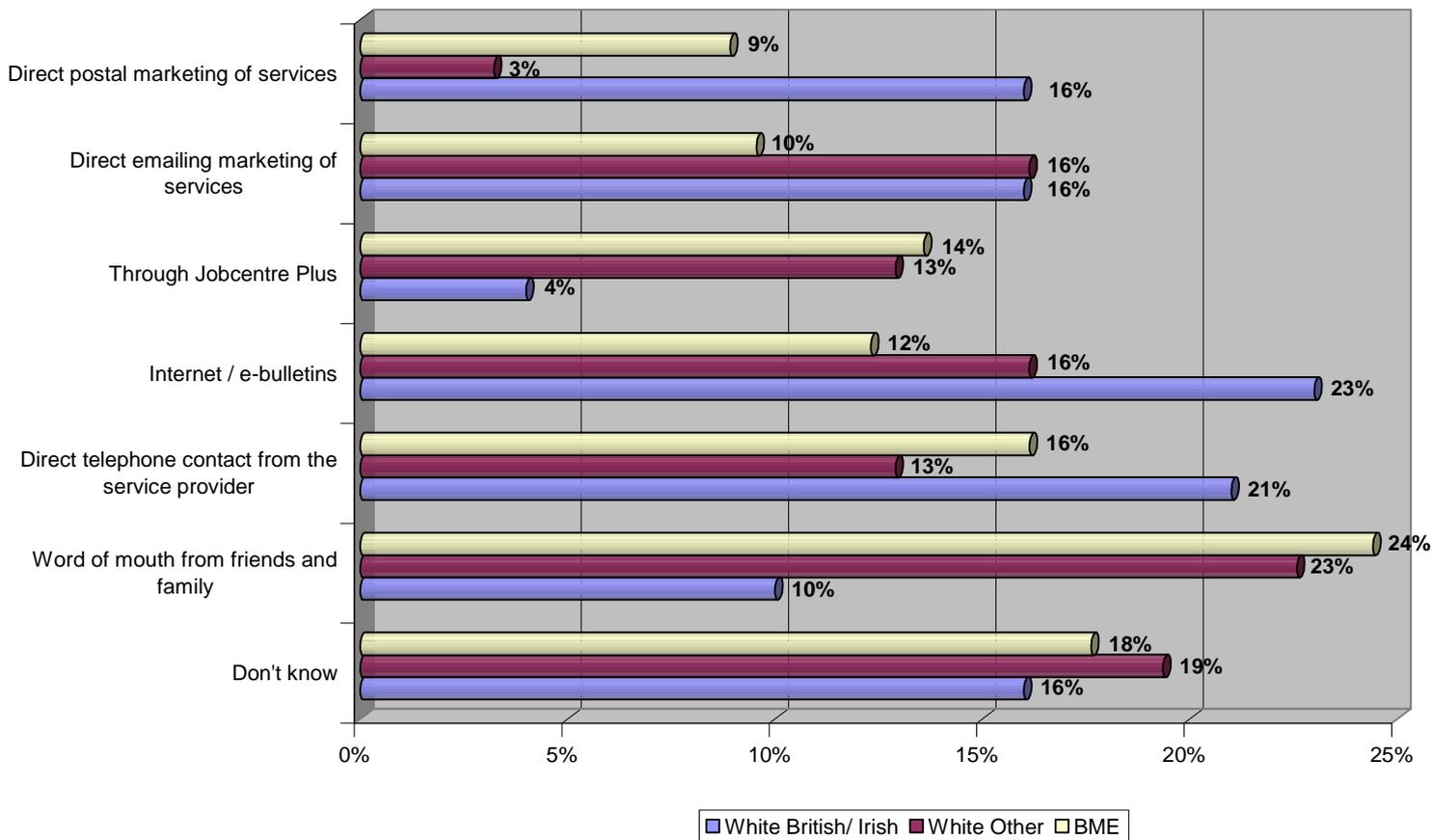
Source: 2008 ECOTEC Survey of BME Businesses in the North West

Highlighting ways to find out about Skills and Training Provision 24% of BME owned businesses and 23% of White Other businesses stated that word of mouth from family and friends was the preferred method of communication compared with 10% of White British / Irish owned businesses.

14% of BME businesses think that Jobcentre Plus is a source of information compared with only 4% of White British / Irish owned businesses.

23% of White British / Irish owned businesses cite the internet as a source of information, compared with 12% of BME businesses and 16% of White British / Irish owned businesses highlight direct telephone contact from service providers compared with 16% of BME owned businesses. Both these differentials could possibly be explained because of language barriers.

**Figure 8.2 Different ways that businesses can find out about skills and training services – (Top 7 responses)**



Base Number N is equal to 602

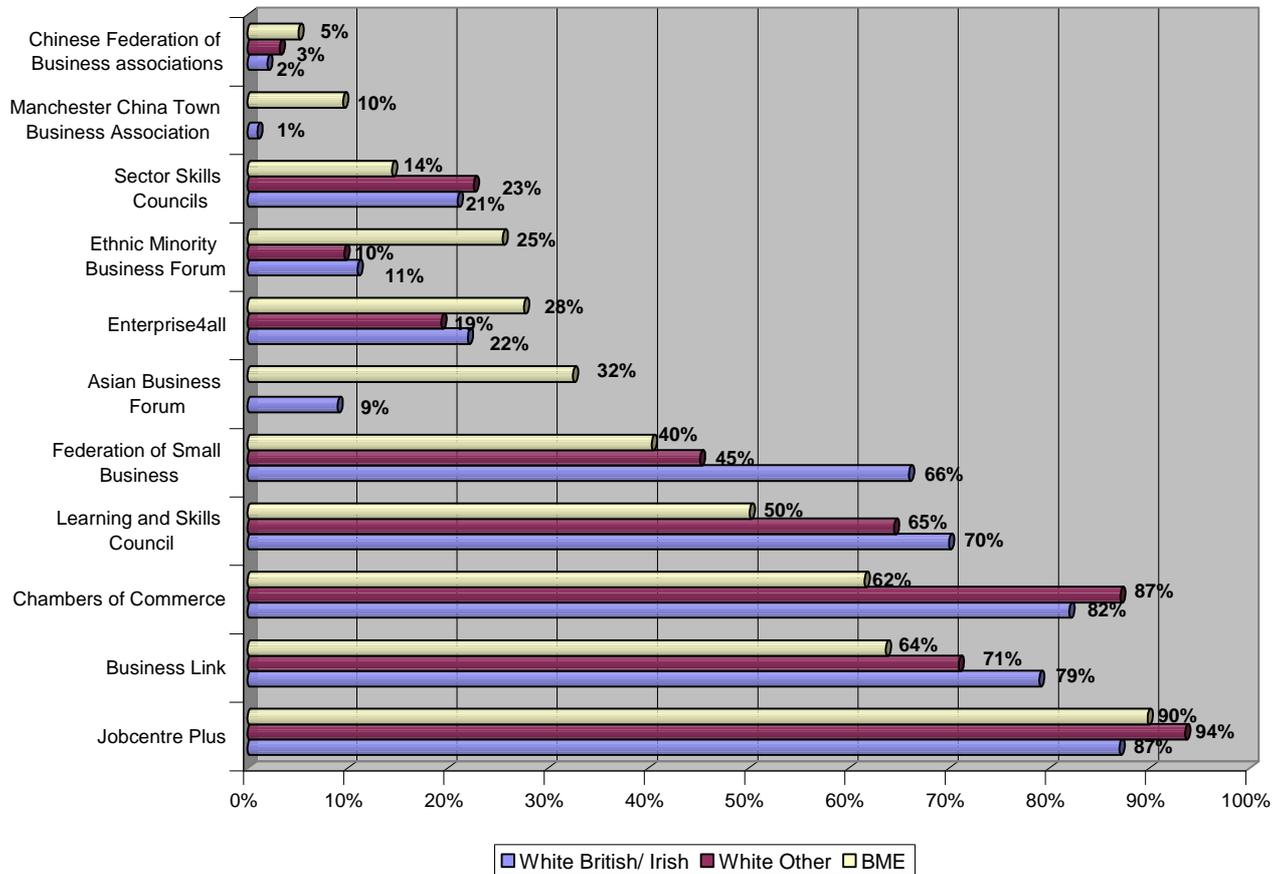
Source: 2008 ECOTEC Survey of BME Businesses in the North West

## **8.2 Awareness of organisation able to offer Business Support**

White British / Irish employers tended to have greater awareness of the support services that were available to them:

- White British / Irish owned businesses have greater awareness of Business Links (79%) as a provider of business support compared with 64% of BME businesses.
- 82% of White British / Irish owned businesses have an awareness of the Chambers of Commerce compared with 62% of BME businesses
- 70% of White British / Irish owned businesses have an awareness of the Learning and Skills Council compared with 50% of BME owned businesses.
- 66% of White British / Irish owned businesses have an awareness of the Federation of Small Businesses compared with 40 % of BME businesses.
- 43% of Chinese businesses were aware of the Chinese Federation of Business Associations
- 38% of Asian businesses were aware of the Asian Business Forum

**Figure 8.3 Awareness of providers of business support**



Base Number: N is equal to 2,559. Number of respondents: 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

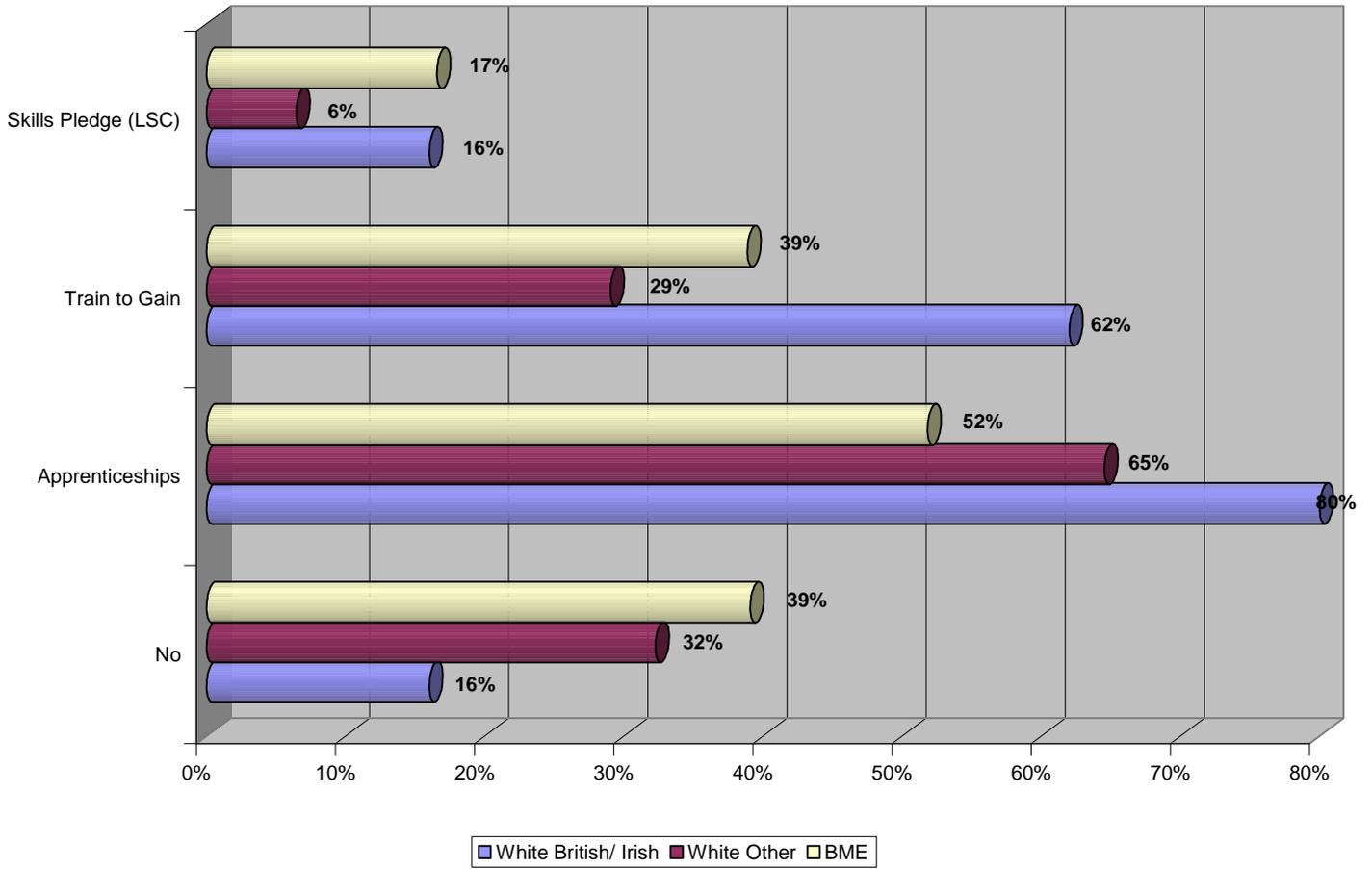
### 8.3 Awareness of Business Support Initiatives and Programmes

There existed disparity in terms of awareness of specific Business Support Initiatives and Programmes between employers with different racial origins, which immediately raises questions for the LSC and other providers. 39% of BME businesses had not heard of any of the three schemes (Apprenticeships, Train to Gain, or Skills Pledge) compared with 16% of White British / Irish owned businesses.

80% of White British / Irish owned businesses were aware of Apprenticeships compared with 65% of White Other and 52% of BME businesses.

62% of White British / Irish owned businesses were aware of Train to Gain compared with 39% of BME businesses and 29% of White Other.

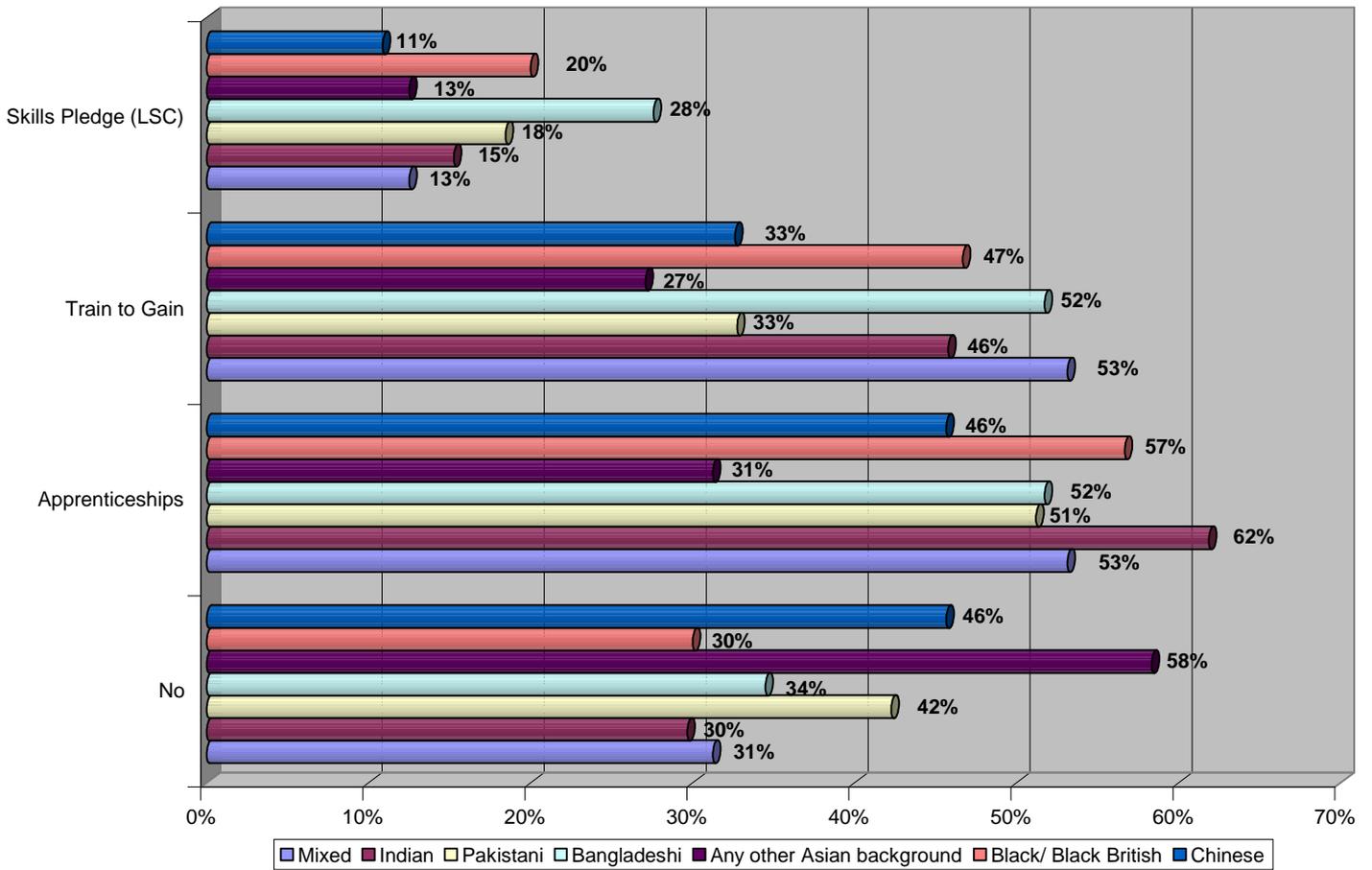
**Figure 8.4 Awareness of specific business support initiatives and programmes**



Base Number: N is equal to 904. Number of respondents: 602

Source: 2008 ECOTEC Survey of BME Businesses in the North West

**Figure 8.5 Awareness of specific business support initiatives and programmes by BME Group**



Base Number: N is equal to 689. Number of respondents: 471

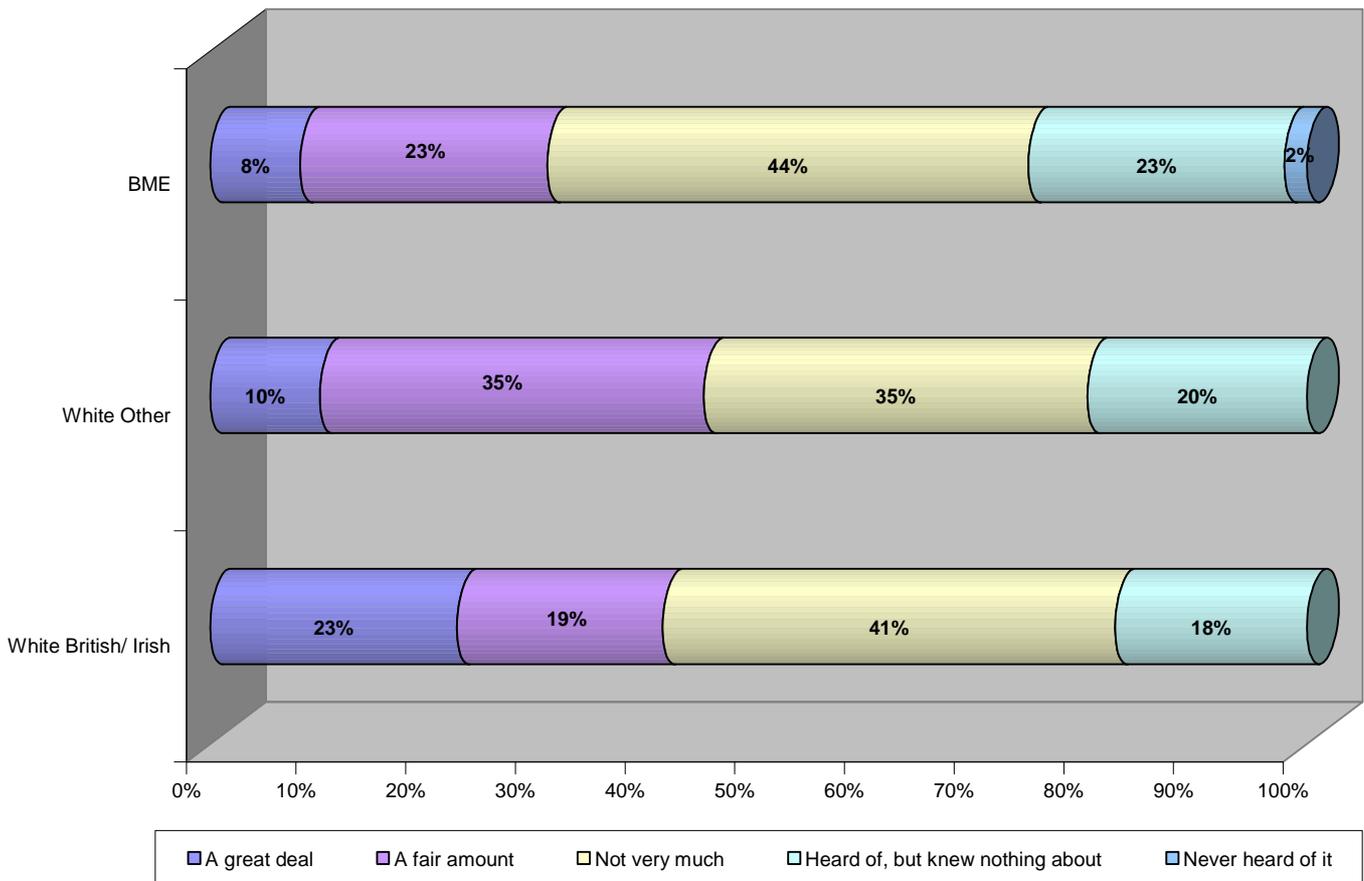
Source: 2008 ECOTEC Survey of BME Businesses in the North West

### 8.3.1 Apprenticeships

The current learning and skills sector has placed a great deal of emphasis on successfully developing and implementing the Apprenticeship Programme. In recognition of this employers were asked some supplementary questions

Only a minority (34%) of the 344 employers that stated that they were aware of Apprenticeships had a good understanding of what they were and this understanding was lower in BME businesses. 42% of White British / Irish owned businesses have a great deal or fair amount of knowledge about apprenticeships compared with 31% of BME businesses.

**Figure 8.6 Knowledge about apprenticeships**



Base Number: N is equal to 344

Source: 2008 ECOTEC Survey of BME Businesses in the North West

The differences became increasingly stark when the questions considered actual take up of the Apprenticeship programme:

- 87% of BME businesses do not offer apprenticeships compared with 73% of White British / Irish owned businesses, and 63% of White Other Businesses
- 29% of BME businesses would consider offering apprenticeships in future, as would 25% of White British / Irish owned businesses.
- 41% of BME businesses who do not offer apprenticeships do not because their current staff are fully trained and 28% because the job doesn't require them. This compares with 23% and 19% of White British / Irish owned businesses.

#### **8.4 Overall summary of Business Support**

- A higher proportion of BME employers had not received information/advice about training compared with White Other and White British / Irish owned businesses.
- For all groups the most used source of information was via the internet.
- BME groups were more likely to use informal sources of information for example family and friends.
- White British / Irish employers tended to have greater awareness of business support providers and specific programmes/initiatives that were available to them.
- 39% of BME businesses had not heard of any of the three schemes (Apprenticeships, Train to Gain, or Skills Pledge) compared with 16% of White British / Irish owned businesses.
- A higher proportion of BME businesses (87%) do not offer apprenticeships compared White British / Irish owned businesses (73%), and White other Businesses (63%).

##### **8.4.1 Implications for the learning, skills and employment sector**

- The LSC need to develop an understanding of how best to provide training advice and information to BME employers; possibility utilising website and more informal processes.
- Are apprenticeships targeting the sectors that BME employers are more prevalent within?

## 9.0 Conclusions

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### **Key Research findings**

The research findings have provided an insight into a cohort of businesses of which there is limited established knowledge and data that allows the report to draw out policy and procedural implications.

### ***Key characteristics of the sample***

- A high proportion of BME businesses engaged in the research were Asian or Asian British, in particular Pakistani and Indian.
- Most BME businesses surveyed were small, with the majority employing between 2-4 staff.
- The majority of BME businesses in the North West are located in Lancashire and Greater Manchester
- BME employers are concentrated within specific sectors. Over a third work in the wholesale and retail sector, however 70% of Chinese and 52% of Bangladeshi owned businesses are in the Hotel and Restaurant sector. Black / Black British owned businesses are more likely than any other group to be in the Public administration Health or Education Sector.
- Only a small proportion of BME businesses operate in the manufacturing and business services sector compared to White British. It may be that this is due to the perception that these sectors have higher start-up costs attached to them.

### **Implications for the learning, skills and employment sector**

- For the North West to realise its growth potential business support services need to respond to a sizeable proportion of BME owned businesses and some of their characteristics, i.e. frequently small in employee numbers and prevalent in particular sectors.
- Research suggests that BME groups are more likely to live in deprived areas. If BME businesses are more likely to operate in such areas then this may have a significant impact on the way that the business operates, for example due to the localised spending power and educational attainment.
- To decrease potential vulnerability business support services could seek to respond to the concentration of BME businesses within particular sectors.

## ***The workforce***

- Some BME groups recruit people from their own communities and ethnicities whilst others don't. White British/Irish employees were in the minority in all BME owned businesses, with many employers recruiting people from their own racial background
- 'BME and White Other businesses most frequently seek to employ sales staff, which is likely to link to concentrations within the retail and wholesale, and hotels and restaurants sectors.
- BME businesses have greater reliance on informal recruitment methods.
- Just under half of all businesses (45%) look for the right motivation / attitude in a new recruit.
- The requirement of a qualification was the option that was least popular amongst interviewees and this was particularly the case for BME and White Other employers.

### Implications for the learning, skills and employment sector

- The relationship between trust and employer behaviour may require further analysis by business support providers. The concept of trust can enable disadvantaged groups to find employment through their communities but may also be used by employers to treat employees unfairly - we trust that we can exploit our "own people".
- More insular recruitment methods can result in communities being concentrated in particular sectors leading to little skill flexibility. This in turn can result in the '*ethnic bonus*' becoming as '*ethnic penalty*' as people from specific communities become dependent on specific trades an issue that can be exacerbated if those employers do not see the value of training.
- Employers do not see the relevance of qualifications in the majority of recruitment exercises, which is a potential clash between national learning and skills directive and local employer preferences.
- The fact that there are fewer skilled roles within BME business may impact on the degree to which their workforce's are able to develop.
- Job brokerage/skills need to focus on developing interview skills and compelling CVs as these remain the dominant methods used to assess candidate suitability.

## ***Skills and Training Needs***

- A minority of businesses had invested in staff training in the last 12 months (42%).
- White British/Irish employers were far more likely to have invested in training over the last year (57%) compared to BME owned businesses (38%).
- Differentials may be related to the concentration of BME businesses in the retail and wholesale, and restaurant and hotel sector. However this ignores the fact that White

Other employers have invested more in training than BME employers but are concentrated in the same sectors.

- Health and Safety was the most prominent training implemented. Although we shouldn't be surprised by this given the fact that for many of the businesses surveyed there was a clear legal requirement to conduct Health and Safety training.
- The size of employer impacted on the degree to which training was undertaken; in general the smaller the employer the less likely to implement training.
- The identification of skills gaps in a workforce was not necessarily a predetermining factor to implementing training for employees and this was particularly the case for BME employers.

#### Implications for the learning, skills and employment sector

- The majority of BME businesses are small and this will impact on their propensity to undertake training.
- Particular sectors may need greater encouragement to see the value of and undertake training.
- Lower levels of training amongst BME groups may be due to a higher rate of retention amongst staff.
- The prevalence of Health and Safety as an area of training may demonstrate that the main driver for training is risk avoidance rather than staff development.

#### ***Barriers to implementing training***

- Businesses rarely identify continual professional improvement as a business priority; instead the majority of employers report that their workforces have the skills required.
- BME employers identify with particular barriers:
  - ▶ More BME employers were likely to agree that their business does not have the money to pay for staff training compared to White British or White Other employers; this was particularly the case for Black or Black British employers.
  - ▶ A higher proportion of BME employers feel that their business can not spare the time to allow staff to go on training, particularly Chinese employers.
- Fewer BME employers felt that training and developing staff was more beneficial than employing new employees with the required skills.
- The impact of racial identity should not be viewed in isolation, other factors appeared to influence the way employers responded to the questions:
  - ▶ Smaller businesses on the whole identified more barriers to investing in training;
  - ▶ Employers operating in the following sectors more frequently identified with particular barriers: transport, storage and communications; retail and wholesale; and restaurant and hotels.

#### Implications for the learning, skills and employment sector

- The LSC and wider learning and skills sector need to challenge assumptions that are more frequently held within BME owned business, such as 'bringing in new employees is cheaper than developing staff'.
- The majority of businesses and in particular BME businesses do not identify continual professional improvement as a business priority and support providers may need to better communicate the linkage between staff development and fulfilling business aspirations.
- The LSC needs to be aware of and consider how to respond to multiple barriers to accessing training, for example any one or a combination of the following: smaller employer, working in particular sectors, from a BME group.

#### ***Enablers to implementing training***

- Employers overwhelmingly agreed with positive statements about training irrespective of ethnicity, size and Sector.
- Agreement with positive statements regarding the value of training did not result in direct action and training being implemented.
- Whilst the vast majority agreed only a third strongly agreed that ensuring staff have the right skills is essential for business success.
- Those employers that welcomed accreditation in courses were no more likely to have implemented training in the last year.

#### Implications for the learning, skills and employment sector

- The LSC need to understand what factors undermine the relationship between positive associations of training and business success and undertaking training, for example is it the lack of long-term planning in smaller business, cost etc.
- The learning and skills sector needs to understand how/if it can make accreditation more relevant to different sectors and employers.

#### ***Business Advice, information and support***

- A higher proportion of BME employers had not received information/advice about training compared with White Other and White British / Irish owned businesses.
- For all groups the most used source of information was via the internet.
- BME groups were more likely to use informal sources of information for example family and friends.
- White British/Irish employers tended to have greater awareness of business support providers and specific programmes/initiatives that were available to them.

- 39% of BME businesses had not heard of any of the three schemes (Apprenticeships, Train to Gain, or Skills Pledge) compared with 16% of White British / Irish owned businesses.
- A higher proportion of BME businesses (87%) do not offer apprenticeships compared White British / Irish owned businesses (73%), and White other Businesses (63%).

Implications for the learning, skills and employment sector

- The LSC need to develop an understanding of how best to provide training advice and information to BME employers; possibility utilising website and more informal processes.

LSC needs to ensure that it encourages apprenticeships that target the sectors that BME employers are more prevalent within

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