

# People For Business







**Small Business Britain** is the UK's leading champion of small businesses, supporting all 5.5 million small businesses in the UK – no matter their background or circumstances, their location, their sector or their ambition. Through a series of reports, events and campaigns, Small Business Britain champions, inspires and accelerates small businesses in the UK to foster growth and increased confidence.



**Indeed** is the #1 job site in the world<sup>i</sup> and we understand that finding quality candidates can be challenging. Indeed can help you hire your next great candidate. Fast. Our hiring and matching platform will help you streamline your hiring process. From posting a job to making an offer, Indeed has everything you need to help find the right fit for you. And with 6 out of 10 online jobseekers visiting Indeed every month<sup>ii</sup>, posting your job on Indeed ensures that your job will be seen! For more information and to get started visit [indeed.com](https://www.indeed.com).

<sup>i</sup> Comscore, Total Visits, June 2023  
<sup>ii</sup> Comscore, Unique Visitors, July 2020



# Foreword

People are right at the heart of the small business experience. The passion brought by the entrepreneur, the communities served, the direct personal relationships with customers and suppliers, and of course the sense of connection and family small businesses have with their staff.

The right people can make all the difference to a small business, just as the wrong fit can be disastrous. In my experience, however, even the wrong decisions can lead us to learning something about ourselves, our business and how to build better in the future.

With the growth in AI, and no small interest in it from small business, you may be forgiven for thinking that people will be less central to the small business experience in the future. There are no signs that this will be the case! In fact, quite the opposite. AI is bringing innovation to recruitment and training, revolutionising skills training, and even when used well, improving our understanding of each other.

The world of business remains about people.

Looking now at small businesses and their people, we cannot avoid addressing the continuing tumultuous economic backdrop that the UK is in and is likely to continue to be in for some time. The challenges of Brexit, COVID, the energy crisis, the cost-of-living crisis and now the unending spectre of high inflation and interest rates have placed huge burdens on small businesses and created many hurdles to be overcome.

In their characteristic way, small businesses have of course overcome them.

The entrepreneurial spirit really shone through when pressures on people were piled on particularly in the last three years. Flexing working – in terms of flexible sales and production locations, working hours, working days, recruiting remotely and more have been strong positive trends to come out of the last few years.



**Michelle Ovens CBE**  
Founder, Small Business Britain

An increased focus on mental health has also been a positive step forwards in recent times. With a quarter of small businesses investing in increasing their training in mental health, we are seeing businesses put the human side of business first.

Whilst skills shortages, and low unemployment, have made it harder for some small businesses to find the right people, there is definitely a trend for more flexibility in hiring, with remote working allowing workers to live further away, and flexibility opening up opportunities for a more inclusive workforce. This must be a positive thing.

This openness to trying new things, a growing trend amongst small businesses, is reflected in the burgeoning interest in AI. With increasing numbers investigating AI, even if not really embracing its full capabilities yet (are any of us?), there are considerable opportunities opening for small businesses. Will this impact the role of people in small business? I don't think so.

The small business experience is so fundamentally human, driven by passion and drive and community, I think that the opportunities from AI will be exactly that: upside to supercharge an existing personal experience.

People will remain at the heart of small businesses: the founder bringing their spirit and drive; the staff bringing their commitment and skills; the wider community of customers, suppliers and stakeholders that form the bedrock of a nation of small businesses.

When thinking about the future of small business, this needs to be right at the core of this. How do we support the people, the development, the mental health, and the aspirations of a nation?

Here at Small Business Britain, we are committed to doing just that. Join us.



# Foreword



**Bill Richards**

UK Managing Director at the global hiring platform *Indeed*

When I first started working at Indeed more than a decade ago, the hiring process was slow and cumbersome and frankly not fit for purpose for either employers or jobseekers.

Too many employers wasted time and money hiring mismatched candidates that weren't right for their business. Fast forward to today and while technology has certainly improved the way companies hire and people find work, hiring remains beset by inefficiencies.

This matters to everyone but as our research shows, a quarter of small businesses do not find it very easy at all to find the right people to hire.

The average time-to-hire in the UK – from the moment a person submits their application to the point at which they accept a job offer – is currently around 36 days on average. But you know as well as I that some roles take far longer to fill. And that number does not reflect the human toll of recruiting new personnel, particularly for small business owners who are juggling many other responsibilities.

While an inefficient hiring process can cost a business in many ways - including loss of productivity, increased workload for existing employees and missed opportunities - it can also turn off top talent who are often only on the job market for a short period of time.

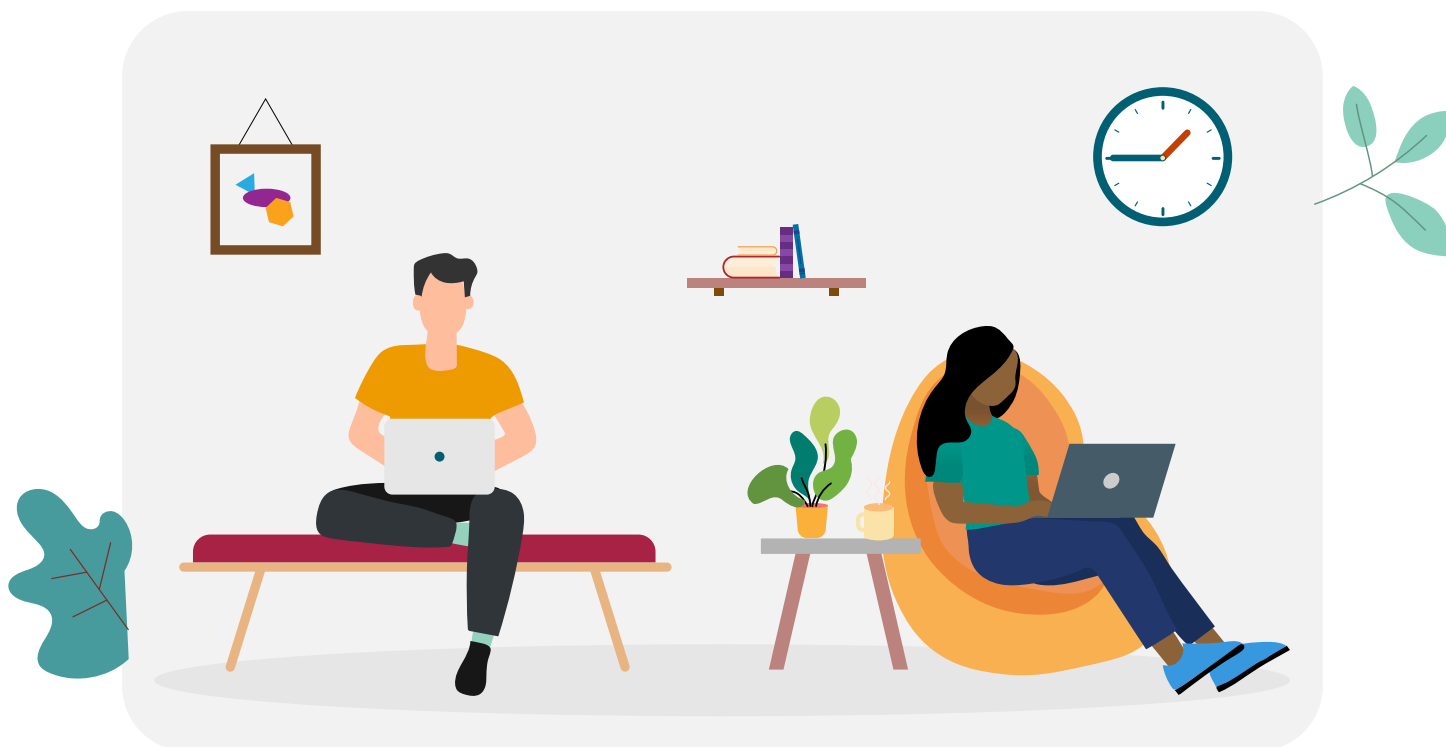
Making a mismatched hire matters just as much and can equally hamper productivity and create a sunk cost for owners.

Hiring is a complex process. That's why more than 360,000 companies use Indeed in the UK to hire, reducing time-to-hire with recruitment automation tools. For small businesses and owners, matching to the right candidates quickly and seamlessly is mission-critical.

EXECUTIVE SUMMARY

# **Small business is personal**





Small businesses are powered by people. There are 5.5 million small businesses in the UK, employing 12.9 million and contributing over £2 trillion to UK GDP.<sup>1</sup>

Behind these large numbers is an incredible force of passion, personality, and individualism that is hard to quantify, but sums up the face of UK small business that most of us have come to know and love.

The value that people bring to small businesses cannot be understated. Business owners see having the right team around them not only as the bedrock of growth, but the support network to realise their entrepreneurial dreams and mission.

And for employees the career rewards can be great; more flexibility, greater sense of purpose and more opportunities for training and progression.

This is probably why small businesses up and down the country rarely view their people as simply ‘staff’ or ‘employees’, but often nothing short of ‘family’.

When the right people meet the right businesses incredible things can happen for individuals and businesses. And this is the alchemy that Small Business Britain and Indeed have joined forces to explore and galvanise. It is vital that we find ways to help small firms make the most of the talent out there and overcome the challenges they face now and in the future.

Our research shows that the UK’s small businesses are grappling with a major talent gap and brewing uncertainty about how the future of work will change. But as the economic outlook looks set to brighten, and the possibility of positive change glistens on the horizon, this also brings tremendous opportunities for growth.



## The impact of bringing in the right staff can be significant for the founder personally and for business success.

The last few years have brought colossal challenges for small businesses – from the Covid-19 crisis, through to the impact of Brexit and the cost-of-living crisis.

While small businesses have battled through, exhaustion is rife. And hiring staff has become a particular pinch point for many; whether due to the changes to the labour market ushered in by the pandemic, or the growing pressure on wage inflation. Indeed, 20 per cent of small firms have felt the material impact of Brexit.

The impact of not hiring the right staff is profound for businesses. Our polling shows that over half (51%) say this prevents the business from growing and 59 per cent say it causes them increased pressure and stress.

“When we initially set up 15 years ago, it was just myself my daughter and my wife. Since then we have grown to 5 consultants and 11 staff. We have tried many different places and approaches to recruitment but Indeed has really transformed the process for us.”

**Geoff Wilkinson**  
Founder, *Wilkinson Construction Consultants*





## Business confidence is positive, but there remain considerable concerns for the future.

Incredibly, despite the ongoing global turbulence, there is a growing sense of optimism among business owners and perhaps a feeling that they are 'over the worst'.

While serious challenges remain, most business owners (89%) now say they feel confident in the future of their business for the next year.

Given the subdued economic backdrop this is testament to the remarkable resilience and positivity of the UK's entrepreneurs. Business owners back themselves despite an array of challenges that weigh heavily.

Three quarters (76%) of small businesses feel that recession will be the biggest impact on their future performance, with 75% naming inflation. Energy prices, interest rates and input rates also score highly as things that cause small businesses concern.

### Biggest impacts on future performance

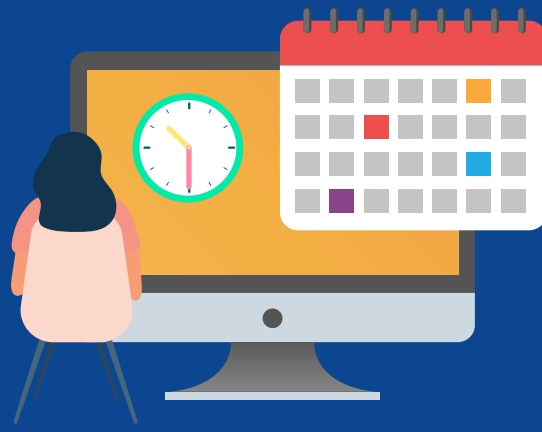
- Recession 76%
- Inflation 75%

89%

are confident

their small businesses will survive the next 12 months





## Small businesses value staff and invest in training and flexibility.

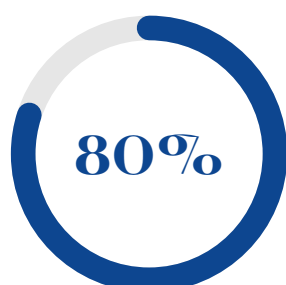
With small businesses placing such high value on their people as a means to unlock this growth, our research also illustrates the many ways they recognise and nurture talent and potential.

Four fifths of small businesses (80%) are providing staff with training opportunities. And encouragingly over a third (40%) describe investing considerably in skills development.

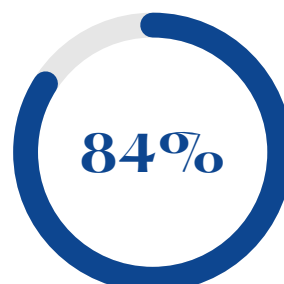
With the growing demand for flexible working, particularly since the pandemic, small businesses are also leading the way in embracing this trend. Overwhelmingly small businesses are giving staff a strong degree of flexibility, with 84 per cent offering flexible working of some kind. Over three quarters (78%) allow flexible hours and over a third (35%) enable staff to work from home. This flexibility also stretches into other areas too, for example over a third (36%) offer flexible holidays.

And there is evidence to show that this trend for empowering workers is on the rise, as small firms look at ways to attract and retain employees, particularly in a post-pandemic world that places growing emphasis on individual health and wellbeing. For example, almost half (46%) of small businesses have brought in changes to working hours, one fifth (22%) have started to offer additional mental health support, 22% have brought in more flexible work locations and 20% have introduced more time off.

Staff are likely to see these benefits as big incentives and perks of working for a smaller organisation. And small businesses should keep this in mind when looking to motivate and engage employees, as well as attracting new talent.



80% small businesses that invest in training staff.



84% small businesses that offer flexible working of some kind.



## Businesses are turning to friends and family to help them out in challenging times.

Despite all that they have to offer staff, there is certainly evidence that small businesses are facing a big talent gap and need support to recruit the right people to meet their needs.

While most felt confident in being able to recruit staff with the right skills, our research showed that a quarter (25%) did not find it very easy at all to find the right people. And as a result, almost a third (30%) rely on recruiting through friends and family.

While word of mouth and personal recommendations can give business owners a sense of important reassurance, there is a risk that it limits their talent pool. It is important we find new ways to support small businesses access the best and most diverse talent in a more efficient way.



**25%**

of small businesses have difficulty finding staff

**30%**

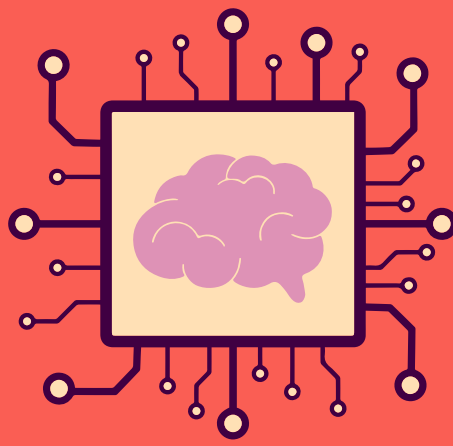
of small businesses recruit through friends and family



“I like working for a small business because you have that unity, it’s more family orientated. I know that if I need help there is someone that will be straight there. I am dyslexic so having that support system and 1 to 1 help makes my work so much easier.”

**Michael Safo**

Graduate Building Inspector



## Although technology is not having a big impact on staff now, the big interest in AI is one to watch for the future.

Alongside the immediate challenges of today, there is also a growing focus on potential future issues, not least AI.

AI is undoubtedly the next big thing on the horizon. And it has been thrown into relief with this year's launch of one of the first consumer AI product - Chat GPT. As the power of this technology makes waves, it has also provoked an international debate about the possibilities, merits and ethics of AI and what it means for the future of work.

Small businesses are no stranger to the revolutionary power of technology, with many turning to digital to diversify their businesses during the pandemic. Technology was nothing short of a saviour for many firms and there was a huge swing towards digital adoption and embracing technology and skills during this time.

Currently AI is not causing noticeable shifts or shockwaves to the labour market in the small business space. Only 6% say it has meant they have cut staff, and this is more than balanced out by the 10% who have changed staff into new roles to manage digital.

Yet AI is certainly of considerable interest to entrepreneurs. Over a third (38%) have used AI or are considering doing so, which is an encouraging sign that small businesses are exploring ways to use this technology to their advantage, rather than risk getting left behind.

The possibilities that AI brings are perhaps too big for any of us to comprehend at this stage. Indeed only 22% of business owners say they currently have any understanding of how best to use AI within their business.

There will certainly be huge opportunities for small businesses, but bridging the knowledge and skills gap will require a major leap forward and lots of support along the way.

"It's really difficult to find a company but also a boss that is so willing to nurture you but also let your freedom fly and experiment with things."

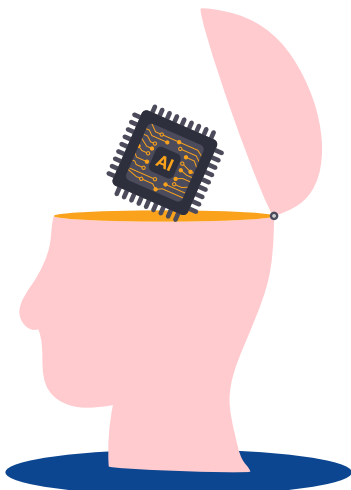
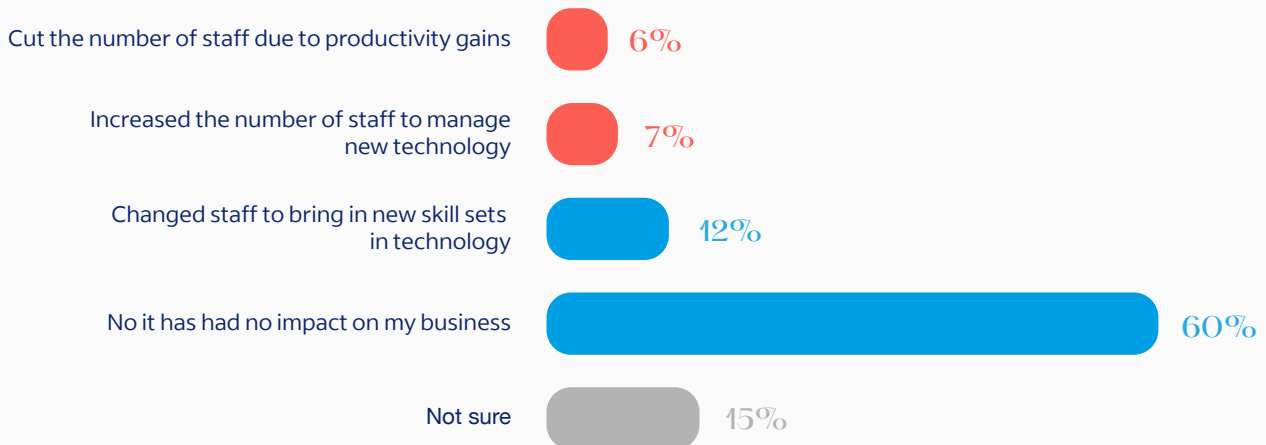
**Ren**  
Marketing Manager, *Single Variety Co.*



“In the last 6 months we have grow from 2 employees to 9. The biggest change for me going from working on my own to employing a team is having to let go of control and trust the team to do the job that they are employed to do.”

**Nicola**  
Founder, *Single Variety Co.*

## Impact of technology on small businesses' staff in the last 3 years



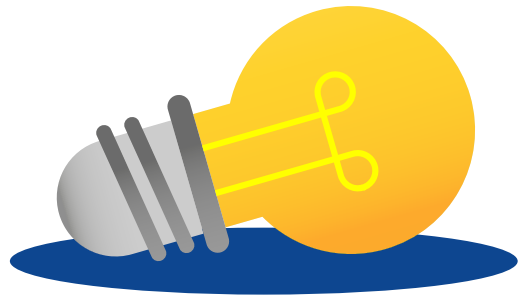
**38%**  
of businesses  
have used or are  
considering using AI



# Opportunities



Our research findings have revealed much within the small business talent space for the private sector, policy makers and small businesses themselves to consider and build on, including four **key opportunities** to explore:



- 1** The small business hiring process needs more support – not enough small businesses find hiring easy and too many rely on a narrow talent pool via close connections.
- 2** The agility of small businesses is a super power – their propensity to offer flexibility is a powerful asset to attract and retain key staff.
- 3** Small business is personal – reinforcing the human side of small business is another competitive edge for small businesses to harness.
- 4** AI can be a positive force to boot small businesses – but this relies on enhancing the knowledge, understanding and confidence of entrepreneurs to make the most of it.

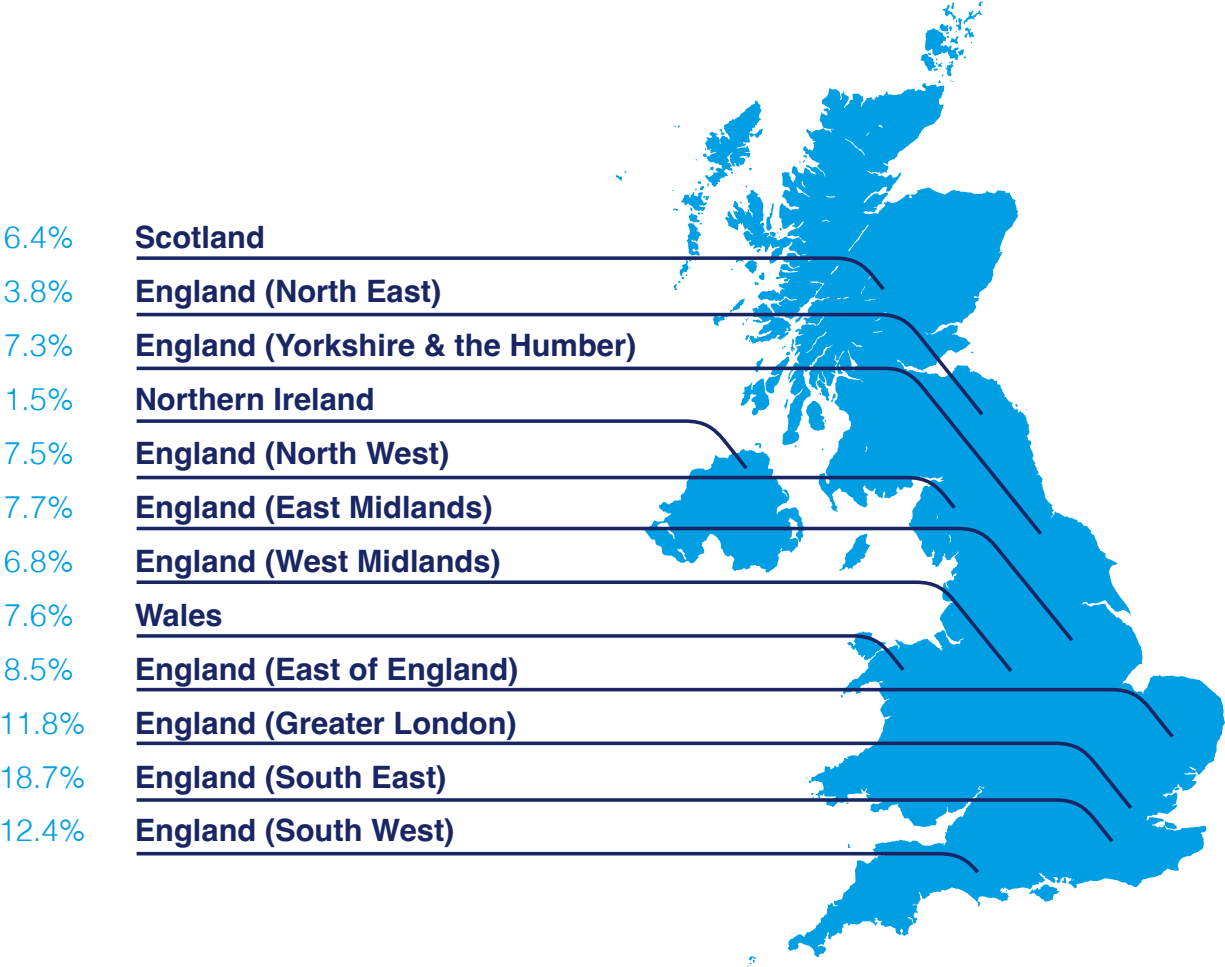
Alongside this there are four **key people challenges** that businesses are facing right now that, once overcome, could be truly transformational:

- 1** Talent gaps in small businesses cause big issues - not finding the right people is having an adverse impact on the founder and their stress and mental health, as well as holding back businesses from growth.
- 2** Brexit's legacy lingers – this issue is still having an impact on 20% of businesses that could use greater support to fill gaps in staff and supply chains.
- 3** Working hours need rethinking – despite the flexibility small businesses embrace, half still don't offer flexible working hours, despite the opportunities this could bring.
- 4** Small businesses are not engaging significantly with technology to grow productivity.

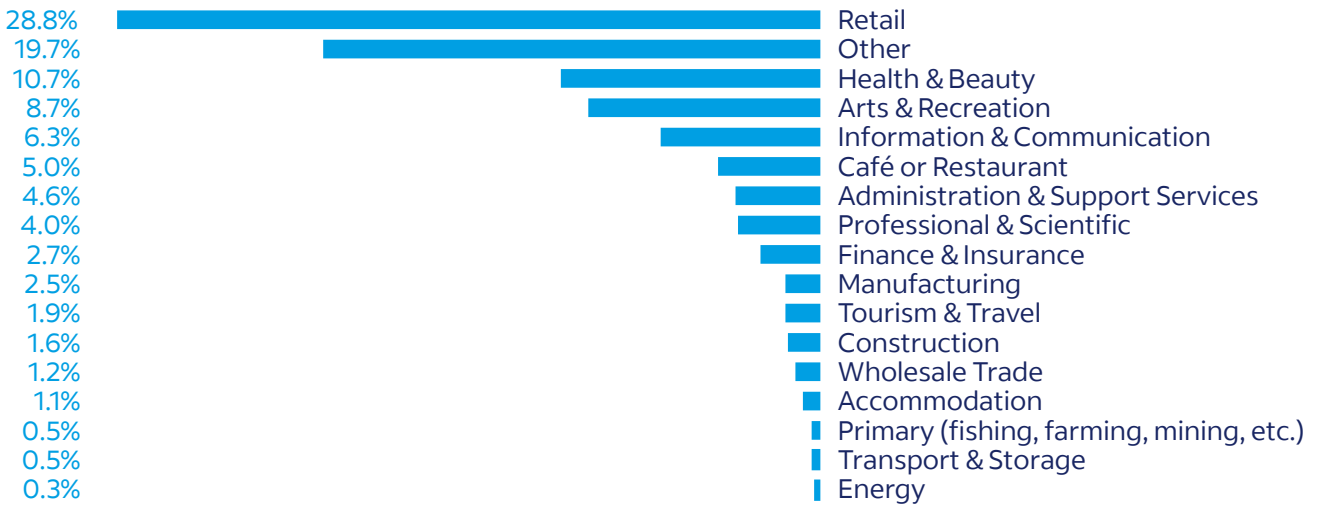
# Methodology

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## Location

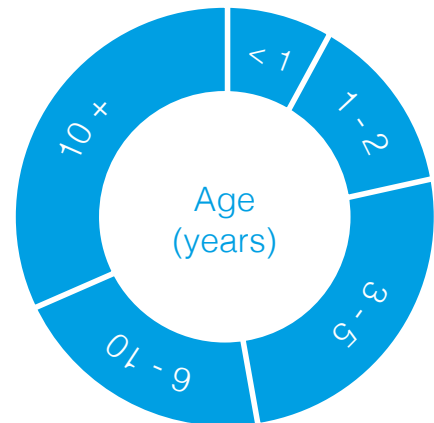


## Sector



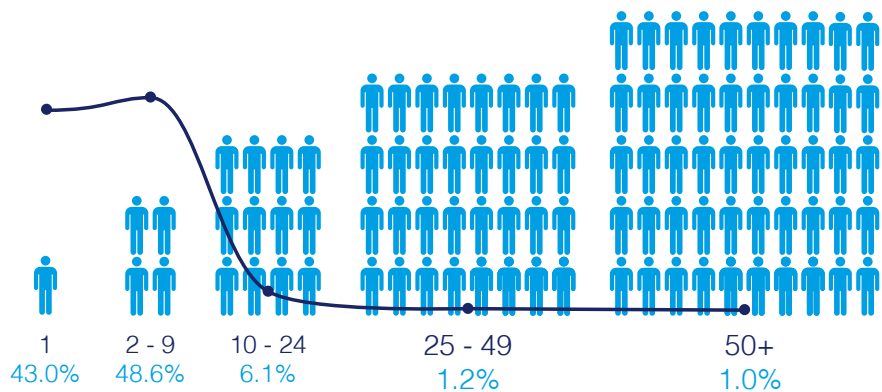
## Age

Age Group	Percentage
< 1 year	5.1%
1 - 2 years	15.0%
3 - 5 years	27.4%
6 - 10 years	22.3%
> 10 years	30.2%



## Size

Number of people working in the business





+

