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Title: A Comprehensive Coronavirus Recovery Model for Small Business

Introduction:

In the BEISC oral evidence session on 23 April 2020, the Secretary of State for Business, Energy and Industrial Strategy mentions that “the Government already commits to pay 90% of all valid invoices where there are no disputes from SMEs within five days and 100% of all valid invoices within 30 days.” This assurance by the Secretary of State clarifies that the SMEs are not wiped off from the economy because of the crisis created by the coronavirus. However, there was a shortage of requisite skills in the small and medium-sized enterprises (SMEs) in the UK before the coronavirus pandemic. Robert Half UK, in an independent study, finds that the shortage of the required skills for SMEs in the UK can generate an average cost of £145,000. We believe that, the coronavirus crisis will increase the cost of lack of skills even after extensive support by the government to the SMEs through various schemes. Being part of the higher-education system in the UK, we observe the difficulties of the graduates to get a job during this pandemic. The Times, in their article titled “Graduates lose job offers during the coronavirus pandemic,” reports a survey conducted by the Bright Network with a sample of more than 5,000 students. The survey reported that two-thirds of the application by graduate students are either withdrawn or on hold because of the coronavirus crisis and uncertainty. We propose that the universities should compulsorily link their graduates with local SMEs. In addition, with the help of councils, universities need to take an aggressive initiative to fill the gap in other businesses. This can accelerate the recovery process from coronavirus. The cost associated with lack of skills in SMEs can be matched with the skills acquired by the university graduates. Evidence shows that several universities are already taking this matter seriously for many years and various internship programmes (e.g. Santander’s programmes) play a crucial role for this. However, young graduates have a lack of exposure to the SMEs and their contribution to the UK economy due to various reasons (such as the SMEs are less visible in career fairs). So, for a fast recovery of the economy from the adverse impact of coronavirus, it is important to generate supply of required skills to SMEs to strengthen their performance. Higher production in a cost-beneficial way can increase the profit margin of the SMEs and at the same time the university graduates can also get a job. The above-mentioned link will increase the productivity of SMEs and consequently, the unemployment rate will be reduced.

The need for government action

As an ultimate decision maker for business, the interim small-scale commissioner, Phil King, can direct the small business in the UK to focus on generic skills. By maintaining a reasonable percentage of their workforce as graduates, the SMEs can reduce the gap in the flow of skilled labour.

To generate an impact on SME business, the government can make it compulsory for the higher-education institutes to work with local business. Universities need to work with the regional chamber of commerce to identify the skills required by SMEs and can share the students' projects works (e.g. final year project for undergraduate, dissertation for post-graduate taught students and thesis details of post graduate research students) with local business community. When there is a surplus of available skill in certain areas, the information can be disseminated with the Chamber of Commerce in another county in the UK.

Many small businesses suffer from lack of IT skills or business analytics. Universities have excellent programmes where students cannot get hands-on experience in the similar matters. Students will be highly benefited when they get an opportunity on live projects and make a clear understanding about the requirement of the market. If the Government makes it compulsory for these projects in which students can learn by doing in practice, then universities can generate such links by the end of first term (usually in December). Once the universities start generating this information pool, they can keep enrolling the details of students at the end of every academic semester or term. By following this simple and comprehensive model, the Government can support both the young graduates and also SMEs in a collaborative way. Without implementing the Government's regulation and making it compulsory for both universities and SMEs, it will take longer time to reduce the cost associated with lack of skills for SMEs.

In addition, we call the Government on to develop a clear commitment to reasonable financial assistance to universities to generate the skill database in collaboration with the Chamber of Commerce during the recovery period from the coronavirus crisis. With the policy to compulsory recruitment of graduate in SMEs, Government can assist university-graduates to qualify for the UK statutory employment rights which include holiday, sick and maternity pay. The proposed regulation and support by the government can allow livelihood of young workers during the recovery years.

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