Improving digital skills for small and micro businesses

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Conclusions at a glance

Digital is changing our lives, our jobs, how we run our businesses and manage our money. This means that having the digital skills, motivation and confidence to use the internet safely is becoming essential for life and work.

This report summarises research exploring challenges to equipping small and micro-sized businesses and sole traders with the skills to flourish in a digital economy, and initial recommendations on how to overcome these. Our focus is on those in disadvantaged areas or run by owners from disadvantaged groups.

- Effective provision addresses the holistic needs of individuals. Unemployed people may lack basic literacy and social confidence as well as digital literacy. Building motivation through longer, person-centred support is one of the most effective ways to help people develop digital skills.

- A strong 'ecosystem' of support is essential. Support with digital skills should be available locally wherever service users might need it. Jobcentres, housing associations, offender services, organisations supporting homeless people or care leavers are all critical to building area-based support for unemployed or underemployed people.

- First contact matters. High quality support, often at a point of crisis, establishes trust that can then build an ongoing relationship with clients.

- Standard, co-ordinated approaches to early assessment should mean engagement with one service leads on to whichever others are relevant.

- There are not enough routes to further learning and higher-skilled work. Jobseekers tend to end up in provision that helps them use digital to meet Jobcentre requirements and find work similar to previous jobs. There is little support for those in work or 'aftercare' following help to find work.

- Digital is not a bolt-on. Employability hinges upon a thorough understanding of digital skills. Support for employability and in-work progression should embed the development of digital skills and the motivation to use them.

- Digital skills open up many other aspects of everyday life. A more holistic approach to digital capability – which foregrounds confidence, curiosity, adaptability and problem solving – is arguably where the real and lasting benefits of developing digital skills lie.

Separate papers look at individual financial capability and support for small businesses, (with common themes and some overlap between the three). An overall summary setting out the wider recommendations is also

Introduction

The so-called Fourth Industrial Revolution is causing every part of the economy to go through a rapid process of digitisation. This offers small businesses great opportunities but also great threats. It gives the smallest companies unprecedented reach into new markets, a level playing field in sectors once dominated by major enterprises, and the ability to change the shape of how business is done. But it is also driving change so quickly that those left behind face going out of business. Small and medium-sized enterprises (SMEs), micro-businesses (employing fewer than 10 people) and sole traders which don't engage in digital are placing themselves in an increasingly vulnerable position.

Sole traders and micro-businesses are particularly vulnerable to these changes. It is therefore crucial that they get the support they need to maximise their sustainability and potential opportunities for growth through the use of digital technology.

This report explores how best to equip small and micro-sized businesses and self-employed sole traders with the skills they need to compete and flourish in a digital economy.

The research focus is on support:

- to change small business attitudes towards digital with propositions that are actionable, relevant and peer-driven
- targeted on small businesses with fewer than 10 employees and small and community businesses starting up or established in disadvantaged areas.

The research fieldwork was undertaken in partnership with Anthony Impey who led consultations with business representatives from national to sole trader level. Our findings draw on detailed work in four geographical areas, an evidence review of relevant training and support initiatives, interviews with business support organizations working in this field, and 4 roundtables with small business representatives and national stakeholders. In total, 51 people were consulted.

Through this work we have built an initial understanding of what skills small businesses need, the range of current activity and initiatives to support them, areas of best practice and potential gaps for further exploration and innovation.

1 | Core digital activities for business

The government has identified four key digital skills for a competitive business.

- Maintaining a web presence
- Selling online
- Using the cloud
- Digitising 'back office' functions (such as payroll, customer relationship management software, sharing supply chain management information).

Source: DCMS, 2017

Small businesses need digital skills to thrive

Digital is now integral to business. In the UK, 25 million people prefer to shop through their mobile phone. However, only 18% of small and medium-sized enterprises (SMEs) have optimised their services for mobile use (Lloyds, 2018). Both the government and the Federation of Small Businesses have called for support to tackle the low rates of digital adoption among SMEs. Of sole traders, 41% fall into the low digital capability bracket (Lloyds, 2018). The smaller the enterprise, the weaker the digital confidence. Sole traders are more likely to say they are 'unconfident' in their digital skills compared with small businesses with employees (18% vs 8%) (FSB, 2017).

A recent survey by the British Chambers of Commerce found the most important digital skills for SMEs were basic IT skills (72%), communicating and connecting through digital channels (71%) and management of digital information (69%). When business owners were asked to rank five basic digital skills in terms of importance for the future growth of their business, communication came out top at 76%, followed by (in order) problem-solving, managing information, transacting and 'creating' (including creating content to reach customers) (BCC, 2017).

At the national level, the McKinsey Global Institute has identified gaps in digital adoption as being a key barrier to economic growth and labour supply dynamics (McKinsey, 2018). The CBI has found a lack of digital skills to be the second most important obstacle to national productivity – behind only investment finances (CBI, 2016).

Meanwhile, the ONS reported that automation is set to impact large parts of the economy, with 7.4 million workers at high risk and 12.9 million at medium risk of losing their jobs as a result of digitisation (ONS, 2019). Accelerating the take-up of digital technologies will boost national growth, increase productivity through a better-skilled workforce, and meet the needs of a fast-changing digital economy. It is therefore critical that we understand how best to support sole traders and micro-businesses, in particular, to change their behaviour towards digital.

It is important to remember that it is the application of digital skills that is critical to building digital capability, not digital skills, software or platforms for the sake of 'being digital'. The benefits for small businesses include:

- The potential for increased growth: through increased productivity and the ability to reach new customers and new markets more easily.
- Customer transaction benefits: by doing more online small businesses can offer a greater variety of products and services, provide faster service, save on shelf space and operational costs, compete on price and therefore be more attractive to customers.
- Efficiency savings: through reductions in staff time spent on processing transactions, building and estate management, and postage and packing.
- Innovating and new ways of working: by adopting a new technology that enhances the offer to customers, develops new products and services, and improves competitive advantage.

Small businesses are diverse and have unequal access to digital business support

We looked at micro-businesses employing 10 people or fewer, sole traders and self-employed people, whether start-ups or established concerns.

Our focus is on businesses operating in disadvantaged areas or run by those from disadvantaged groups. Running their own business offers alternative ways of earning and participating in society for those who may be discriminated against in the labour market, for example, disabled people or migrants. Entrepreneurship is very effective at extending opportunities for all, regardless of background. This success can in turn feed back into disadvantaged communities local to the business.

These businesses are likely to be operating in the following sectors: accommodation and food; construction; retail, production and wholesale; and arts, entertainment and recreation. Both construction and accommodation and food businesses have lower than average levels of productivity. Retail, production and wholesale,

arts and entertainment and recreation businesses have higher than average levels of online fraud and phishing attacks. Workers across the transportation, manufacturing and construction sectors are among the least digitally skilled (Lloyds, 2019). Approaches to address this digital skills gap face a number of upfront practical and motivational challenges as many of these sectors typically operate on very low margins, requiring any expenditure to provide a clearly identifiable return on investment.

SMEs and their owners and staff are naturally diverse. But the research found that certain demographic groups may be underrepresented or may behave differently from other types of business owner. Our interviews with business support organisations and civil servants support the view that owners from certain backgrounds may face additional barriers to adopting digital skills, increasing their need for deeper and more tailored support.

2 | Keeping up with constant change – Linda's story

"I've had to be dragged kicking and screaming into the twenty-first century. To be honest, my sum total of computer skills has been – try it, if it works, great! If it doesn't, back to the drawing board. I'm 56. When I went to school, we were just bringing out electronic typewriters. It is a learning curve and continuously so. There are so many new things we have to be sure we are up to date with best practice on.

We are encouraging our staff to do training online. We have a compulsory list of qualifications every staff member must go through. But time does play a huge issue. Who in a small business can afford to release staff and absorb that among the rest of the staffing or get bank staffing to cover for that person while they train? Ultimately, it is a benefit to you, of course, but financially can you sustain that? Automatically it's a time and a cost issue."

- *Women* are less than half as likely to be established business owners as men, and typically run smaller businesses employing fewer people. Lack of confidence is a significant barrier for women. Women from Black, Asian and minority ethnic (BAME) communities may face increased challenges around self-efficacy and autonomy, which affects their confidence in learning digital skills for business (OECD/EU, 2017).
- *Migrant entrepreneurs* face specific challenges when a lack of digital skills are layered upon language barriers that hamper understanding of complex regulation and documentation (Mwaura, 2018). This is compounded by a lack of familiarity with the host country's institutions, low awareness of available sources of support, alongside an increased perceived risk of cyber crime and data theft compared to non-ethnic led businesses (ERC, 2018).
- *Disabled people* are more likely to be self-employed than non-disabled people but face a number of specific challenges. This starts with the fear of losing disability-related benefits. Access to finance may be more difficult as it is linked to poor credit ratings deriving from poor employment prospects related to discrimination. Advice may not be available in appropriate formats, such as Braille or audio (ERC, 2018). Disabled adults are disproportionately represented among non-users of the internet more generally.
- *Older business owners* may be particularly reluctant to develop new digital behaviours. The enterprise agency South East Enterprises observed that older owners often rely on proxy support from family members, rather than investing time and energy in professional training for themselves or for their staff. Many older male workers are less likely to want to learn about digital, resulting in lower digital adoption in sectors where they dominate, such as construction.

People from disadvantaged groups do not always want to seek information outside of their immediate networks. However, data from the British Library Business & IP Center shows higher engagement with women and people from BAME communities, indicating that these groups may be more likely to seek help.

There are geographic variations as well as sector differences in the adoption of digital by small businesses, and in digital access, connectivity and infrastructure. The picture of variation is complex with differences within, as well as between, sectors and regions (Nesta & Sage 2017, ERC 2018, BEIS 2018). It is hoped that the forthcoming report from the review on UK business productivity, led by the Department for Business, Energy and Industrial Strategy, will provide a more comprehensive picture of firm-level factors, challenges and opportunities for improving business productivity in the UK. While digital infrastructure (broadband speed, connectivity) is a significant issue in some parts of the UK - boosting digital infrastructure without boosting digital skills and use of digital tools is unlikely to generate the difference needed for better business productivity (Nesta & Sage 2017).

Small businesses have clear gaps in their digital skills

Previous research on digital capabilities identified clear gaps in the digital capability of SMEs. 19% of organisations believed they had a poor technological understanding yet, when firms were asked about their digital capabilities in the workplace, only 8% of firms felt they were poor at using software. This highlights how making use of the internet for business purposes was perceived as more problematic (BIS, 2015).

Areas where firms ranked their ability as poor were e-marketing (39%), using social media (35%), creating and developing websites (30%), maximising sales, for example through Search Engine Optimisation (SEO) (26%), monitoring their website (26%), managing customer relationships online (23%), creating website content (21%), updating their website (18%), managing online security (14%), e-commerce (8%) and using the internet to source goods and services (7%) (BIS, 2015).

Nevertheless, some unavoidable drivers are pushing business owners to make digital work. These include the government's policy of Making Tax Digital, the rise of online banking and the demise of the traditional high-street bank manager, and customers and suppliers expecting digital transactions.

From its experience supporting micro-businesses, South East Enterprises believes that any business support should automatically include support to build digital skills; these should not be seen as separate. There is also a need to look at specific digital skills gaps for small and micro-businesses: cybersecurity, cloud computing, back office functions (such as payroll) and responding to government requirements (for example, Making Tax Digital).

Programmes offer a range of support

The research found a plethora of current or recently concluded programmes offering a range of support. These include:

- The Business Basics Programme is part of a series of measures to improve firm level productivity, including the Business Productivity Review, Be the Business and Made Smarter. The programme focuses on a national innovation drive supported through the Business Basics Fund led by Innovate UK. This two-stage funded programme seeks to support SMEs to become more productive by adopting existing technology or modern business practices. Projects funded as part of the programme are now live, and will be evaluated against the BEIS Business Support Evaluation Framework.
- Local Enterprise Partnership (LEP) Growth Hubs across England provide awareness-raising and training (for example, in social media, online marketing, cloud computing, digital health checks and subsidies for equipment). Most information is online, which may account for low take-up so far.
- Small Business Digital Capability Programme Challenge Fund (now finished) this supported sole traders and micro-businesses through a three part journey: 'touch' (promotion of digital to businesses), 'engage' (businesses to improve skills) and 'shift' (influencing and equipping businesses to trade online). The predominant focus was digital communication, business analysis and customer interaction; there was little focus on online trading, mobile apps or cybersecurity.
- Google Digital Garages provides physical spaces offering coaching in Edinburgh and Manchester, plus outreach in smaller towns and cities across the UK and an online platform. Together these provide support and tools to help small businesses to improve their digital outlook.
- Local Digital Skills Partnerships (LDSPs) are regionally focused partnerships of public, private and third sector organisations that seek to support and coordinate digital skills provision at a local level. The Local Digital Skills Partnerships were established to create a more coherent picture of digital skills provision at a local level and design and deliver targeted and innovative digital skills interventions. These partnerships are gathering insightful regional data in order to identify digital skills shortages and to design effective regional digital skills programmes. The next wave of Local Digital Skills Partnerships will launch shortly. Cornwall and Isles of Scilly, Cheshire and Warrington and the South East will now join Lancashire, Heart of the South West and the West Midlands to create six Local DSP trailblazers, working together with support from Government and industry partners to build "best in class" digital skills provision that can then be replicated and scaled across other Local Enterprise Partnerships (LEPs) regions.

- Digital Business Academy (TechNation) offers 56 free online courses relating to digital business skills and targeted at start-ups in the tech sector. Course completion generates 'rewards' such as loans, working space, mentoring and internships.
- Do More Online was a national campaign aimed at supporting micro-businesses and sole traders through three key stages of business development: starting, growing and accelerating. The website remains available and covers support to: build websites; use social media; sell online; navigate online finance, online marketing and online safety.
- Grow Your Digital Skills with Accenture, hosted online by FutureLearn, offers a series of online courses. These stretch over two or three weeks with one to two hours of learning designed per week. The courses cover: digital marketing, analytics, social media, mobile design and development, digital retail/ e-commerce and UX (user experience).
- GREAT.gov.uk offers modular online business support guidance from the Department for International Trade.
- Nominet Digital Neighbourhood trains 18- to 24-year-olds with limited professional networks to deliver paid digital support to local SMEs of (generally) 6-12 hours across a two-week period.
- Do It Digital is an independent campaign sharing and signposting resources and services that can "help small businesses get more out of digital". As with many collated online resources, keeping the site up to date has not continued at the pace with which it began.
- Bethebusiness.com offers online support and a benchmarking tool for businesses measuring different elements of productivity, including digitisation.
- Digital Boost (Business Gateway) has a network of 57 local offices and 300 advisers across Scotland, providing a range of support, including free 1-to-1 sessions, workshops and networking events, and online assistance.
- Federation of Small Businesses (FSB) is a membership organisation offering support to small businesses.

Mindsets stop small businesses developing their digital skills

Through our interviews with business support organisations and the business roundtables, participants confirmed that the attitudes of owners are critical in the approach businesses take to digital skills. For new and established businesses adopting new business behaviours based around digital skills and activities is often dependent on what support individual business owners are able to access. Despite the range of support outlined in the previous section, in many cases take-up is low. The research uncovered a number of barriers to moving forward with digital, which the roundtables then explored in more depth. (The roundtables focused only on micro-businesses and sole traders.)

- Lack of confidence at leadership level affected the whole culture of organisations. Those at the roundtables repeatedly referred to the gap between the motivation to do more digitally and knowing what to do. There are issues in both developing a digital strategy and executing a digital plan. One roundtable participant said, "I've got all the skills, I just don't know where to start".
- Lack of time for training In the roundtables, lack of time was by far the most commonly referenced obstacle to making digital work, and more so than cost. With limited staff and resources, 25% of small businesses stated that employees were too busy to undertake training during working hours (FSB, 2017). The inflexibility of many programmes compounded this, especially for self-employed people. Many spoke about having to spend time looking at all the different options and being frustrated by the lack of clear impartial advice. Some were simply put off trying because of the amount of time it took attempting to find the products and services that worked best for them. With everything progressing so fast, business owners often decided on the technology that was marketed best. Surprisingly, few people said that they did not have the right skills (although this may be simply reflect those who attended the roundtables or that they don't know what they don't know.)

- Cost is a barrier, including the perceived need to engage an outside consultant, ongoing maintenance, employing specialist staff, and investing in equipment and staff training. Some fear significant disruption in overhauling processes and systems, or starting projects with hidden costs and uncontrollable expenditure.
- Lack of motivation. Motivation was a problem. In 2017, 43% of the 1.6m small businesses without all the basic digital skills did not believe an online presence was relevant for them; 25% of small businesses did not consider digital skills important for their growth (FSB, 2017). Another challenge was the emphasis on digital for driving sales, when many micro-businesses and sole traders are not interested in growth or have sufficient volumes of business and no further capacity to do more.
- Lack of clarity Alongside this, small and micro-businesses are not always clear of the benefits of investing in digital. There was no clear understanding of what 'digital' is. Very often, the term itself was the reason people did not engage. Many found the language around digital too technical or felt it was targeted at a younger audience. An example of this is artificial intelligence, which is often referred to without any clear description of how it can work for small businesses or sole traders.
- Concerns over security A third of small businesses do not feel confident in their ability to protect their business from fraud or scams. Rather than addressing the threat through developing the appropriate skills, 16% of small businesses cite this as a barrier to doing more online (Lloyds, 2017).
- Lack of employee skills was closely linked to a lack of digital skills and confidence at a leadership level. 49% face gaps in technology and find it hard to source the right employees and adapt to changing regulations, such as new GDPR rules protecting personal information (BIS/DCMS, 2016). A quarter of small business owners lack confidence in basic digital skills (FSB, 2017). There was a discussion at the roundtables about how employees can be digital champions and can influence the adoption of digital tools.

Many businesses spoke about how they asked others to implement digital services by outsourcing, rather than 'lose time' learning specific digital skills. Young people often did this work. This still required the business owner to recognise that digital was relevant and strategically important for their organisation in the first place.

- Identifying suitable training Businesses often found it hard to source training, especially in a complex landscape of support (as shown by the range of initiatives in the previous section).

Effective support needs to recognise owners' concerns

Taken together, these findings suggest that messaging about digital skills needs to highlight the 'carrot' of bringing the business more opportunities and extra time and the 'stick' of protecting against becoming uncompetitive and existential threats.

There are three stages where digital skills support needs to connect with the concerns of small business owners and acknowledge the pressures they are under.

- Engagement The trigger for engaging with digital skills support is highly dependent on context. For small businesses, it needs to bridge the gap from personal to business use, making digital business relevant from the personal perspective of the business owner. Trust in the intermediary who is making the engagement is vital.
- Delivery Small businesses are time-poor and need support that is easy and convenient to access.
- Outcome Beneficiaries of support need to be helped to understand that digital is the means to the end, not the end in itself.

New approaches could support change in digital behaviours

Drawing on the findings from both the research and the roundtable discussions produced 12 specific recommendations for developing and innovating new forms of support.

- Build new trusted networks in hard-to-reach groups to motivate their use of digital, led by local business leaders under a new brand of 'Tech Champions'. This could be done by setting up networks targeted at specific business sectors or demographics where these do not yet exist.
- Engage accountants as digital advisers to promote digital to their micro-business and sole trader clients, acting as Tech Champions. This could be done by equipping accountants who serve micro businesses and sole traders with the skills and tools they need to add value to their clients by helping them to make digital work.
- Create a 'Mobile First, Digital Everything' programme offering structured learning which supports business owners to make digital work. This could be done by investing in a training and mentoring programme that supports business owners to develop and execute a digital strategy, and results in branded accreditation and develops new 'Tech Champions' that advocate within their respective networks.
- Incubate innovation within a 'social enterprise incubator' to attract and encourage social entrepreneurs to develop initiatives that address gaps in making digital work. This could be done by creating an incubator which supports and seed-funds start-up social enterprises that use innovation to fill gaps in existing provision and enable micro-businesses and sole traders to maximise new technology. It could offer the potential for partnerships between commercial solutions and social enterprises/NGOs.
- Form a stakeholder board to drive local input and support for the projects that chooses to implement. Local stakeholder boards could be established in each area to ensure that the proposed initiatives and interventions are co-created with the local communities that it sets out to serve.

What government and other funders could support:

- Support existing trusted networks working with hard-to-reach groups to motivate their use of digital. This could be done by seed-funding projects, operated by hyperlocal and micro social enterprises and charities aiming to build the digital and entrepreneurial capabilities of business owners within targeted demographics and places.
- Regenerate through community collaboration by connecting digital entrepreneurs moving into a geographic area with the local micro-businesses and sole traders who want to make digital work. A pilot approach could be a 'support-for-rent' model in Hackney, that encourages digitally-capable entrepreneurs to provide support and advice to local businesses as part-payment for being in a local co-working space.
- Build a 'digital talent pipeline' brokering quality work placements (or digital apprenticeships where appropriate) for digitally-skilled young people from disadvantaged communities with local sole traders and micro businesses to help them adopt digital technologies.
- Provide a 'navigator' as a short-cut for time-poor business owners who want a trusted source of information about what software to buy when making digital work. This could be done by investing in a 'Digital Essentials Platform' that provides micro-businesses and sole traders with a place to quickly and easily identify the key digital tools that they need.
- Profile the small business community categorising businesses in order to identify their requirement for digital using artificial intelligence and data analytics. A first step would be to scope a data science project, to provide data-driven insight of the small business community in each of this research's four target cities.
- Co-ordinate the co-ordinators improving existing support, reach and impact by building data about existing programmes and using this as an umbrella resource for existing providers. This could be done by investing in a co-ordinator organisation that will operate across all existing initiatives serving the small business community in the four target cities.

- Prioritise gigabit broadband for micro-businesses through national policy to provide affordable high-performance broadband infrastructure for all micro-businesses in the four target cities. This may require lobbying government to meet its commitment to gigabit broadband infrastructure to make digital work.

In addition to these specific recommendations, we have identified a number of areas that have the potential to be developed further:

- Develop a better peer-to-peer support model for SMEs. Observing and learning from other SMEs and building digital confidence and motivation through peer recommendations and support appears to be one of the most effective ways to drive new behaviour.
- Conduct deeper (qualitative) research into what motivates SMEs. This would look at developing the right hooks and language to engage and support small business leaders, who can then communicate and cascade the benefits of digital through their organisations and across their sector.
- Promote the free support already on offer, demonstrating and communicating digital's value to the worth of the business (economic benefits) and the individual owner (personal benefits).
- Work in partnership with digital platform providers and known brands (such as banks or professional organisations) to make the use of digital like social media seem less intimidating for SMEs starting with digital.
- Develop and demonstrate the value of support around specific skills gaps including cybersecurity, online trading, cloud computing, back office functions and government services.

- Build on existing business relationships that are important to SMEs and which they trust, for example with national banks (such as Barclays, HSBC, NatWest and Lloyds) and accountants as support and advocacy routes to developing digital skills.
- Work with the most accessible spaces in local areas, such as libraries, to find practical, informal, face-to-face and inclusive ways to deliver support to a diversity of SMEs with a diversity of needs.
- Develop flexible approaches that work with, and understand, the time restrictions of SMEs in terms of ongoing support.
- Research and design diverse approaches that understand the heterogeneous nature of SMEs and how their motivations and barriers to digital adoption vary. In particular, more work is needed on the demographic and cultural needs of underrepresented groups, such as older business owners, women, disabled people and people from minority ethnic backgrounds.
- Explore the benefits of mobile technology to SMEs, particularly as a hook for young people who want to become entrepreneurs, small businesses owners or sole traders.

Conclusion

A range of free support is available to businesses to develop their digital skill. This is valuable and carries both economic and personal benefits. But there are significant barriers to small and micro-businesses accessing such support and developing their digital skills and capabilities. Services need to address these barriers and support should be delivered in an area-based context, reflecting the specific local barriers to productivity growth in that area and the particular needs of individual businesses and their owners.

Peer-based networks are important

Trusted networks emerged as a recurrent theme among discussions with business owners. Almost everyone was part of a networking group that they turned to for advice and support and as a trusted place to discuss business challenges. There was consensus that the only way to serve those not yet possessing a 'digital mindset' was through face-to-face interaction and peer-to-peer networks.

Winning over business owners is crucial

Services need to focus on engaging with business leaders and managers. This requires qualitative research to develop the right hooks and language to connect with leaders. Messaging needs to be built on bringing more time to the owner and protecting against existential threats.

Not all businesses are the same

Services need to understand the time barriers on all small and micro-businesses. But they must also take account of how the needs of small and micro-businesses vary, in particular, the demographic and cultural needs of underrepresented groups, such as older business owners, women, disabled people and people from different ethnic backgrounds. Certain businesses and owners might require deeper and more tailored support, depending on their level of skills and demographic. South East Enterprises has identified older business owners and women from BAME communities as two discrete sub-groups for whom there may be increased challenges around self-efficacy and confidence in learning digital skills for business.

Support must embed digital – it's not a bolt-on

Small and micro-businesses can no longer view digital as something separate and optional. JPMCF grantee South East Enterprises takes the view that if small and micro-businesses are accessing business support this should automatically include digital skills support.

For those who already recognise the need to make digital work, more specialised resources are required to enable them to develop a strategy embedding digital and to undertake the action required to implement it. There is a need to look at specific digital skills gaps for small and micro-businesses: cybersecurity, cloud computing, backroom functions (such as payroll) and responding to government requirements (for example, Making Tax Digital).

About the research

In 2018, Good Things Foundation began an intensive piece of research to understand the current UK digital skills landscape and the people and businesses that can benefit from digital skills support to improve their participation in the economy; to map gaps in provision; and to identify the key features of best practice that can be tested and scaled.

The Good Things Foundation research team undertook an extensive literature review of academic, policy and practice evidence; analysed key quantitative datasets; and undertook semi-structured, qualitative interviews with academics, innovation foundations, policy makers and support organisations. An important part of the project was a study across four areas.

The four areas in the study

The research engaged with practitioners through workshops, a survey and stakeholder interviews, and with service users through focus groups and interviews.

Each area had different priority audiences for digital skills support.

- Bournemouth: digitally excluded Universal Credit claimants; social housing tenants struggling with rent; people in unstable circumstances related to substance abuse, homelessness and mental health; older jobseekers in a competitive market.
- Edinburgh: young people transitioning to independent living; limited users of the internet; people who face multiple deprivation in particular areas of the city.
- Glasgow: migrants and BAME groups (and those for whom English is a second language); young people; people living in deprived areas of the city; unemployed people needing support with job seeking; people in low-paid, insecure jobs who have low digital skills.
- Tower Hamlets and Hackney, and Newham boroughs, London: women and working-age mothers from the Bengali community; those leaving education but not realising their potential in the job market (many from BAME communities); people in in-work poverty; private renters; homeless people, rough sleepers and people in temporary accommodation; unemployed adults with disabilities or long-term conditions.
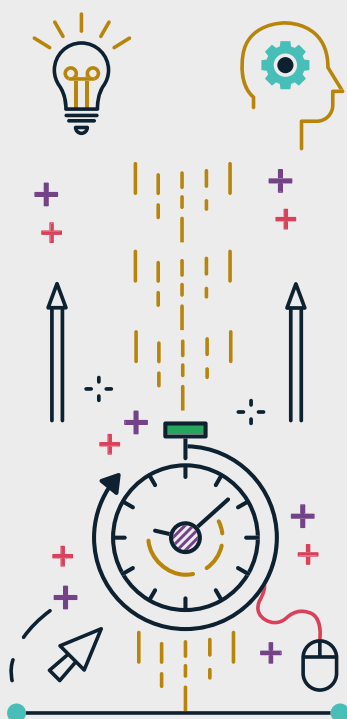
3 | Addressing low-skills traps in local and regional economies

The Building Better Opportunities programme aims to promote social inclusion and drive local jobs and growth in the 38 Local Enterprise Partnership areas. Evaluation reports to date give promising examples of making connections between employers, public and voluntary sector players, including:

- Partnership working across private, public and third sectors, often drawing in specialist support - such as digital inclusion specialists - to enhance holistic support
- Combining pro-active engagement activities and strong relationships with external referral partners
- Allowing time to build confidence and self-belief of participants first, and providing holistic, tailored approaches to meeting needs, built on trust.
- Source: Building Better Opportunities National Evaluation - Key Findings, Ecorys 2019

From our experience of working with Online Centres, we would highlight the importance of harnessing local networks of community-based centres and libraries that provide informal and family learning, as universities or colleges may not be appropriate for all.

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Good Things Foundation is the UK's leading digital inclusion charity. It supports people to grow their essential digital skills to overcome social challenges.

The JPMorgan Chase Foundation works in conjunction with J.P. Morgan to drive inclusive economic growth through the dispersal of charitable grants to non-profit organizations across the U.S and in 40 countries worldwide. Annually, the foundation and bank give approximately $250 million towards programs in four priority areas: Jobs & Skills, Small Business Expansion, Financial Health and Neighbourhood Revitalization (U.S Only) and often comprise aspects of employee engagement and volunteering, which are key to the firm's culture of corporate citizenship. Outside of the United States, philanthropic grants are made, in areas where J.P. Morgan has a presence, by programme officers covering Europe, the Middle East and Africa (EMEA), Latin America (LATAM) and Asia and the Pacific region (APAC).

About this report

In 2018, Good Things Foundation began an intensive piece of research, the aim being to understand the current UK digital skills landscape and the people and businesses that can benefit from digital skills support to improve their participation in the economy, to map gaps in provision, and to identify the key features of best practice that can be tested and scaled.

Good Things Foundation research team undertook an extensive literature review of academic, policy and practice evidence; analysed key quantitative datasets; and undertook semi-structured, qualitative interviews with academics, innovation foundations, policy makers and business support organisations. An important part of the project was a study across four areas.

For the business study, four roundtables discussed what practical measures could make digital work for micro businesses and sole traders. Participants included representatives from international and national business organisations; national and local business support organisations; and small businesses with a range of digital experience. This work was led by strategic adviser, Anthony Impey, who also carried out stakeholder interviews with a range of business representatives.

The research project was led by Dr Alice Mathers, with Tom French, Natasha Munoz, Dr Laurence Piercy, Lauren Quinn, Jake Shepherd, James Richardson, and Dr Emma Stone at Good Things Foundation. Research in Scotland was supported by Scottish Council of Voluntary Organisations, and in Newham by Community Links. An overall summary report and separate reports on financial capability and employability are available on the Good Things Foundation website.

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