

Making a difference: Innovation and Inclusion

Discussion Paper - Implementing the Enterprise and Skills Board's strategic plan: Discussion of some Key Actions and Recommendations

Purpose

Now that the Strategic Plan has been published, this discussion group will test some of the key actions and recommendations from the Plan, particularly where they relate to business, and consider how these can best be implemented. There will be opportunities to influence how the plan's recommendations might be implemented in way that helps your business grow, makes it more resilient and helps your workforce to thrive.

Hosts:

Derek Mackay, Cabinet Secretary for Finance, Economy and Fair Work
Ivan McKee, Minister for Trade, Investment and Innovation

Facilitators:

Gerry McCusker – Dog Digital, Chair of BIMA Scotland
David Coyne – Centre for Work Based Learning

Background

The Strategic Plan was published on 17 October and sets out actions and recommendations to drive greater productivity and inclusive growth through the enterprise and skills system in all parts of Scotland.

The Board is now entering a phase where it is working with stakeholders and partners to test and implement the recommendations in the Plan. The plan proposes strategic changes which have implications for the wider enterprise and skills system, and therefore seeks to influence and engage with other key players, including both central and local government, education and training providers and, most especially, the business community.

A key strength of the Board is its ability to pull together a 'coalition of the willing', allowing it to shine light on the big social and economic challenges we all face, and to develop creative solutions to address them.

The Board's Missions

The Strategic Plan sets out 14 agency actions for the agencies and 18 recommendations for Government, around four interconnected missions: Skills for the Future; Business Models and Workplace Innovation; Business Creation and Growth and; Exports.

This session is focused on four of the key business-focussed actions and recommendations.

Business Models and Workplace Innovation

This mission is about harnessing the full potential of progressive business models, work place innovation and Fair Work to enhance productivity, equality, wellbeing and sustainability. This will be achieved by promoting and supporting the development of highly capable businesses with long term strategic orientations who utilise progressive workplace practices, technology, skilled resources and innovation to remain competitive.

Business Creation and Growth

This mission is about promoting business creation and growth through helping to create a nation of dynamic and high achieving entrepreneurs, targeting global market opportunities, capitalising on Scotland's unique assets, and using innovation as a key driver of growth.

Actions to be discussed from the Strategic Plan

Business Models and Workplace Innovation Mission Actions for Discussion:

1. Deliver an 'Innovating Workplaces' campaign at national, regional and local level to create awareness of existing productivity issues around business models, workplace innovation and Fair Work and promote the benefits of adopting more progressive practices. To create singularity of purpose, shared principles will be developed, shaped by best practice, that underpin all future investments in support of business. We will engage with partners to identify best practice and how to integrate it into educating the future workforce.
2. Utilise data-led approaches to proactively identify and support sectors and firms who can exploit opportunities for growth or who need to enhance their workforce and business resilience. This will build on the SMAS Manufacturing 4.0 diagnostic, which supports companies to understand their resilience, readiness for change and future skills, leadership, and management needs

Business Creation and Growth Mission Actions for Discussion:

3. Work with partners to establish a campaign to foster ambition and entrepreneurship across society. The enterprise and skill agencies must be entrepreneurial and align with the growth mindset.
4. Develop and promote Scotland as a Digital Nation, that offers access to the skills, capital and partners required to set up and grow digital businesses that are globally competitive, with a public sector that offers businesses opportunities to innovate and build products and services that meet key social and public service challenges.

Background Information

Business Models and Workplace Innovation

While Scotland's leading firms are as productive as elsewhere, we have a long tail of lower performing business with considerable opportunities for productivity growth through adopting enhanced management practices and better utilisation of workforce skills (IPPR). Firms also often have a poor understanding of productivity and of the links between wages and productivity (Joseph Rowntree Foundation).

UK management practices are mid-table by international standards, alongside evidence that better management practices can create better business outcomes, potentially influencing productivity more than investment in R&D, skills or technology (productivity premiums can be as much as 30% for those investing in high performance practices).

In Scotland, 35% of establishments responding to the UKCES Employers Skills Survey reported problems of skills under-utilisation. Better use of existing skills could enhance productivity, improve motivation and innovation, and diminish the waste of individual and public investments in human capital.

A substantial evidence base exists to show that good job quality can reduce staff turnover and absenteeism and bring benefits in terms of improved morale, motivation, individual performance and engagement in workplace innovation.

Digital literacy is one of the most important investments in creating resilience. However 44% of Scottish businesses remain either disconnected or have only basic digital proficiency and only 26% of Scottish businesses stated that their employees were fully equipped with the skills required to meet the business' digital technology needs.

The aim is to have more Scottish businesses adopting progressive business practices and embedding workplace innovation and Fair Work, investing in and empowering their employees.

Business Creation And Growth

Scotland's business start-up rate (as well as the number of businesses relative to population) is significantly behind the UK – and has been for many decades. That rate varies across geographic areas and is particularly low in former industrial areas. Scotland also lags behind the UK in terms of the proportion of high growth firms and high growth firms in Scotland contribute less to economic and productivity growth than those in other parts of the UK. Our businesses are less ambitious in their overseas expansion than their international counterparts.

There could be significant benefits to Scotland in the short, medium and long term if we were to close the scale-up gap. Only a small proportion of new firms grow in a

meaningful way, yet it is this scale-up activity that makes the most significant contribution to economic outcomes.

Businesses in Scotland also do not make as much use of advanced digital tools as international comparators. Two-thirds of Scottish businesses report a digital skills gap amongst their staff, and the lack of digital skills training may be a barrier to wider adoption. Further, digitally skilled employment currently suffers from a heavy gender bias, with only around 20% female.

Different parts of the public enterprise and skills network will naturally offer the most appropriate service to the needs of different parts of the business base. Regardless, it is crucial that a business is able to interact with the public service as a single system and that the system is in turn able to respond to the real needs of the business, whatever the stage of their development.