

Welsh firms being held back by lack of investment in leadership training

The growth potential of Welsh firms is being hamstrung by 'accidental managers', according to new research by the Chartered Management Institute (CMI).

The research shows that 92% of SMEs in Wales fail to invest in leadership training. This is despite ONS data proving that good management can significantly improve productivity, with 'better managed' firms being shown to fare better throughout the pandemic.

It suggests Wales' poor productivity compared to other UK nations and regions is linked to an over-representation of micro-businesses – organisations with fewer than 10 people – which make up 95% of Welsh enterprises. One of the reasons these microbusinesses are failing to scale is because they cannot afford management training for employees, with only 8% of Wales's SME's investing in future leaders.

The research shows that Wales has 73 times fewer management training courses (438) than in England (31,938) and 10 times fewer than in Scotland (4,461).

Despite this, funding for current leadership initiatives in Wales face a funding cliff in 2023 when European Social Funding ceases. Meanwhile, the Welsh Government's apprenticeship levy is only available for priority sectors, unlike in England where it can be harnessed by any sector and for level seven qualifications the equivalent of a master's degree or above.

CMI Cymru is urging the Welsh Government to make management and leadership a strategic upskilling priority and has

recommended a number of crucial initiatives in its new 10-point manifesto.

These initiatives include opening up the Apprenticeship Levy to management qualifications outside of STEM priority sectors, all elected assembly members completing management qualifications themselves and the incorporation of leadership assessments into Welsh Development Bank lending criteria.

Kathryn Austin, chair of CMI Cymru, said: “The percentage of SMEs in Wales offering leadership and management training is in single figures – how can this not be cause for concern?

“As much as we’d like to romanticise the ‘natural born leader’, good leaders and managers are moulded through training and exposure to best practise. There is a science to it, and other UK regions are taking it much more seriously because they recognise the tangible impact this training has on productivity and business outputs.

“There’s a lot of talk about ‘levelling up’, but developing technical skills within a few priority sectors will only take us so far. We need a generation of people in Wales who understand the recipe for a well-managed, productive organisation. This is the know-how our microbusinesses need so they can scale and, with it, our economy and prosperity can grow.”

Keith Jones, Director, ICE Wales Cymru: “You might be a teacher, a lawyer, or a civil engineer, it really does not matter what your career background is, in order to ‘level up’ and create a prosperous Wales, we need strong leadership in every profession”.

Christopher Byrne, deputy director, Creative Leadership and Enterprise Centre (CLEC), who runs the 20Twenty programme, is concerned that the link between productivity and leadership is not being fully appreciated by policymakers.

He added: “20Twenty has been subsidised by the European Social Fund through the Welsh Government since 2010, but the EU funding will stop in 2023. The value of the project has been over £12m, and the EU subsidy accounts for over half of this.

” The loss of EU funding (without any replacement being put in place) would be disastrous in Wales. Not only for management and leadership provision, but also in the potential decline in productivity across many sectors of the economy.”

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