

Small Business Skills and Training Needs Survey

2024



**SMALL BUSINESS
ORGANISATIONS
AUSTRALIA**

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1 EXECUTIVE SUMMARY

Australian small businesses face significant workforce challenges including critical shortages of both skilled and unskilled workers in addition to limited resources from the Government to upskill and provide training to existing staff members.

Skills shortages have been impacting small businesses over the last few years. Through COVID, employers faced a declining market of skilled migrants, this was then followed by constraints of the recent rise in the Temporary Skills Migration Income Threshold (TSMIT). Furthermore, the lack of training and educational pathways for individuals to develop the necessary skills and qualifications has added additional pressure on recruitment of staff for small businesses.

In late 2023, members of the Council of Small Business Organisations Australia completed the Small Business Skills and Training Needs Survey (**the survey**). The survey was designed to identify the key skills gaps and training requirements among small businesses. The survey gathered responses from a diverse group of small businesses in various sectors providing valuable insights into the challenges and opportunities facing Australian small businesses in their areas of workforce development, digital literacy and operational efficiency.

These results have been used to amplify small business voices at Government roundtables and consultation papers on reforms proposed or currently underway in the skills and education space. It is vital that small businesses are considered in national workforce strategies. Small businesses provide a unique perspective and require more flexible arrangements.

By alleviating these pressures, small businesses can devote more resources to enhancing productivity, fostering innovation and expanding their output. In 2024/25 Small Business workforce pressures will be further exacerbated with increase in cost of living, global influences and economic uncertainty.

2 KEY FINDINGS

The below lists out some key results from the survey. Detailed questions and responses are outlined in other sections.

Primary industry of businesses surveyed

- Accommodation and food services
- Administrative and support services
- Construction
- Financial and insurance services
- Health care and social assistance
- Information media and telecommunications
- Manufacturing
- Professional, scientific and technical services
- Retail and wholesale trade
- Tourism
- Transport, postal and warehousing
- Personal services, i.e. Hair Dressing, Beauty, etc.

Is there a skill shortage?

- **56 per cent** identified yes, there is a skills shortage that is moderately challenging.
- **13 per cent** identified that there is an acute skills shortage now.
- **21 per cent** noted that there is a looming shortage in the next 3-5 years.
- **8 per cent** noted no skills shortage.

Minimum education requirements in industry

- **52 per cent** of responders identified that their industry had minimum education requirements (e.g. Certificate III, bachelor's degree, Industry Certification).
- **48 per cent** of responders identified no minimum education requirement.

Availability of informal training and mentoring programs

- **71 per cent** of responders identified that they were aware of their industry using informal training and other mentoring programs.
- **29 per cent** of responders identified that they were not aware of their industry offering informal training or other mentoring programs.

Availability of micro-credential training options

- **46 per cent** of responders identified that their industry did have micro-credential training options.
- **54 per cent** of responders identified that their industry does not have micro-credential training options.

Skills most relevant to businesses

- **87 per cent** noted soft skills (e.g. communication, time management) as most relevant
- **78 per cent** noted sales and marketing skills, financial management skills and technical skills specific to the industry as most relevant.
- **26 per cent** noted other skills as most relevant. These included practical application of law, environmental and sustainability practices, workplace productivity, self-management, leadership and mentoring, critical thinking.

Challenges being faced by small businesses when starting or providing training to employees

- Highest responses were **64 per cent** noted time followed by **54 per cent** noting cost as a challenge.
- Other responses included access to training, flexibility of training, ineffective training programs, lack of relevant training options, and industry accreditation.

Supports that business owners want to help business training and mentorship

- **86 per cent** of responders noted training subsidies from the Government to help support their business.
- Other responders noted wage subsidies, tax breaks, payroll tax exemptions, and group Registered Training Organisations (RTO) as support measures.

3 KEY RECOMMENDATIONS

Small businesses require a unique and flexible approach when it comes to ensuring they can prioritise training and skills development within their workforces and industry. Some approaches Government and other officials can consider in alleviating the pressures on small business include:

- Incentives for both the employer and the employee. Training subsidies are key in ensuring a small business has the resources required to provide training.
- Updated training and apprenticeship programs are key to ensure courses are relevant and match industry needs and a transformed digital environment.
- Flexible approaches to undertaking training and apprenticeships.

Increased availability in 'soft skill' training options.

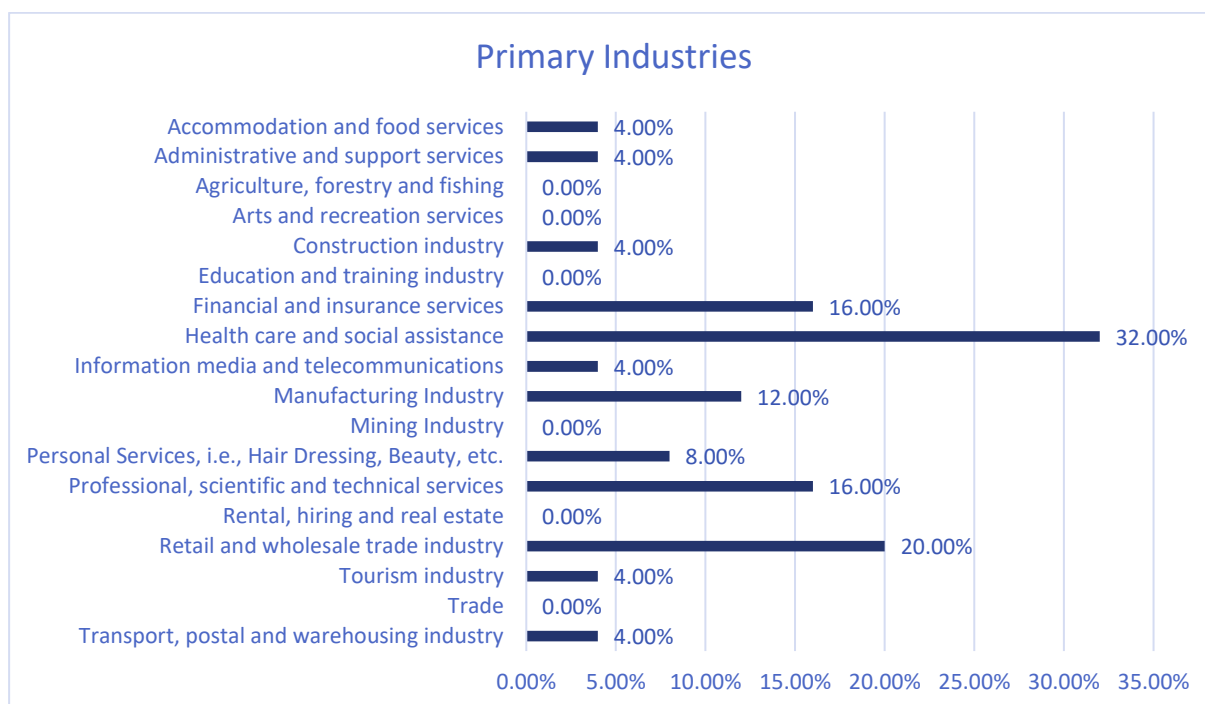
- Flexible approaches to undertaking training and apprenticeships including micro-credentials.
- The VET system to improve their engagement with employer and industry associations in implementation and delivery of training programs such speakers, equipment etc.
- Jobs and Skills Council urgently updating their training products to better reflect the skills and training needs of enterprise training and certifications and improve the "speed to market" training programs.

Improve funding opportunities for small business to access the public training system (TAFEs) to provide flexibility and certainty that courses will be available.

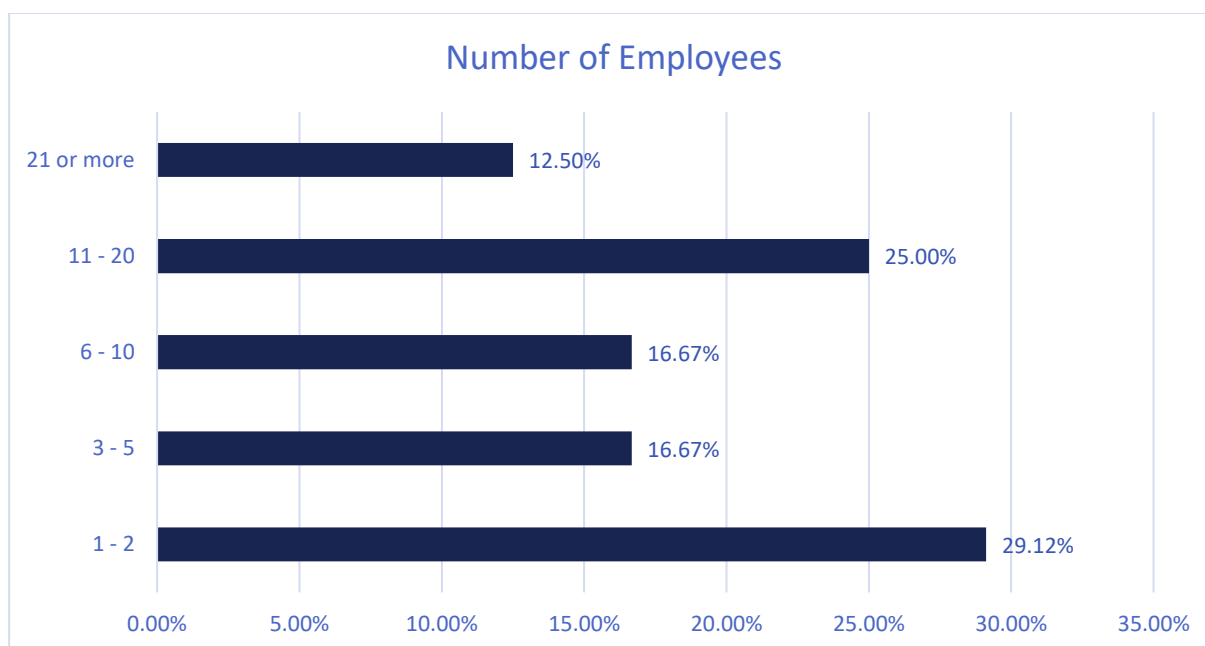
Support the School System to highlight small business and entrepreneurial opportunities through (short) courses, guest speakers, work as you learn and other programs.

4 SURVEY RESULTS

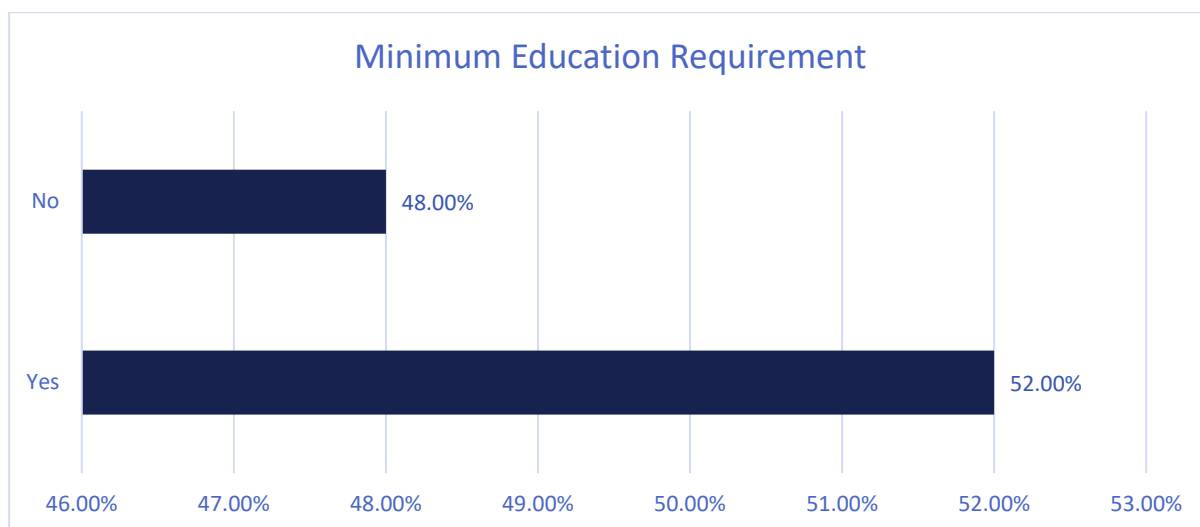
1. What is the primary industry of your business?



2. How many employees does your business currently have?



3. Does your industry have a minimum education requirement (e.g., Certificate III, bachelor's degree, industry certification)?

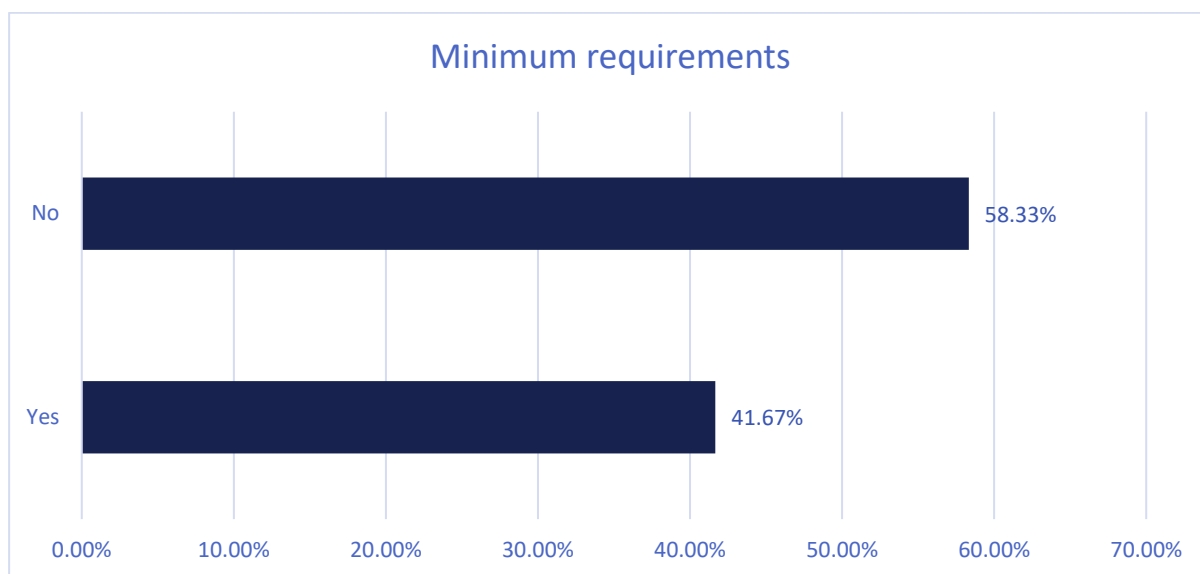


4. If yes, please specify.

Examples of minimum education requirements provided by respondents include:

- Trade Certificates (Certificate III or IV), dependent on the industry and the type of work being carried out.
- Diplomas and Advanced Diploma.
- Bachelor's Degrees.
- Other professional qualification whether it be training or other.

5. Does your industry have minimum requirements for licenses, registrations, or clearances (e.g., white card, Microsoft Azure certification, working with children etc)?

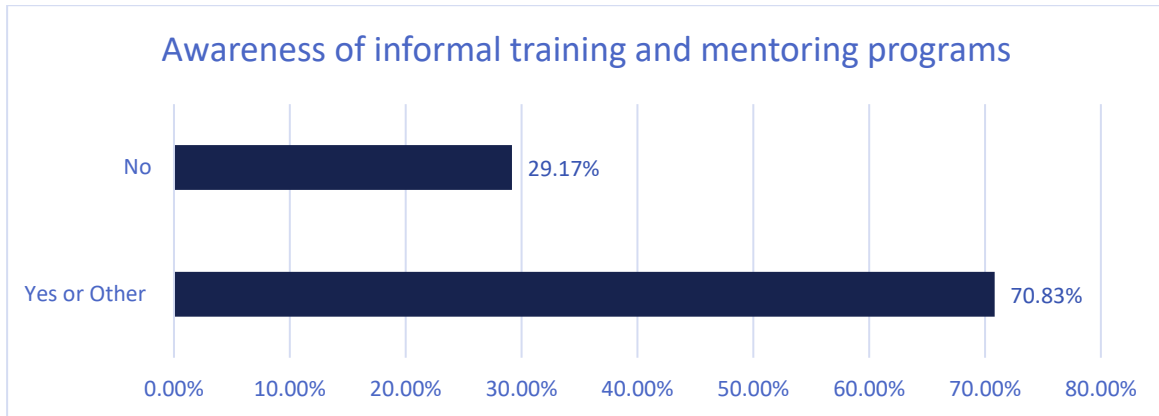


6. If yes, please specify.

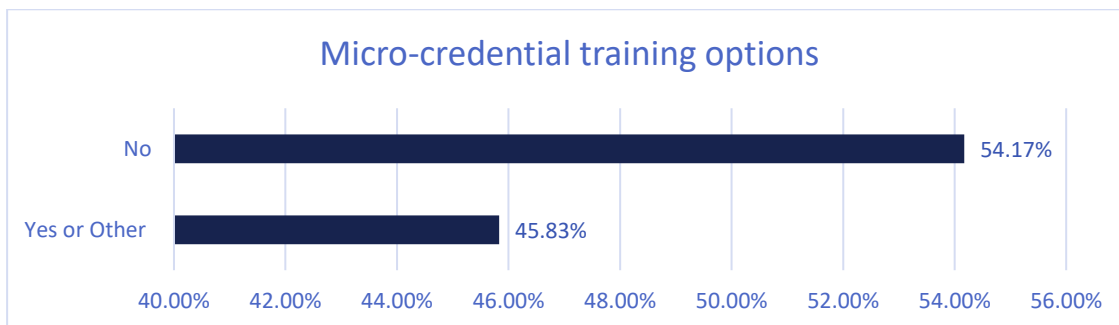
Examples of minimum requirements for licenses, registrations or clearances provided by respondents include:

- White Card.
- Working with Vulnerable People Check.
- Licenses.
- Professional Registration.
- Professional Indemnity Insurance.
- Working with Children.
- First Aid certificate.
- Criminal History Check.
- Forklift License.

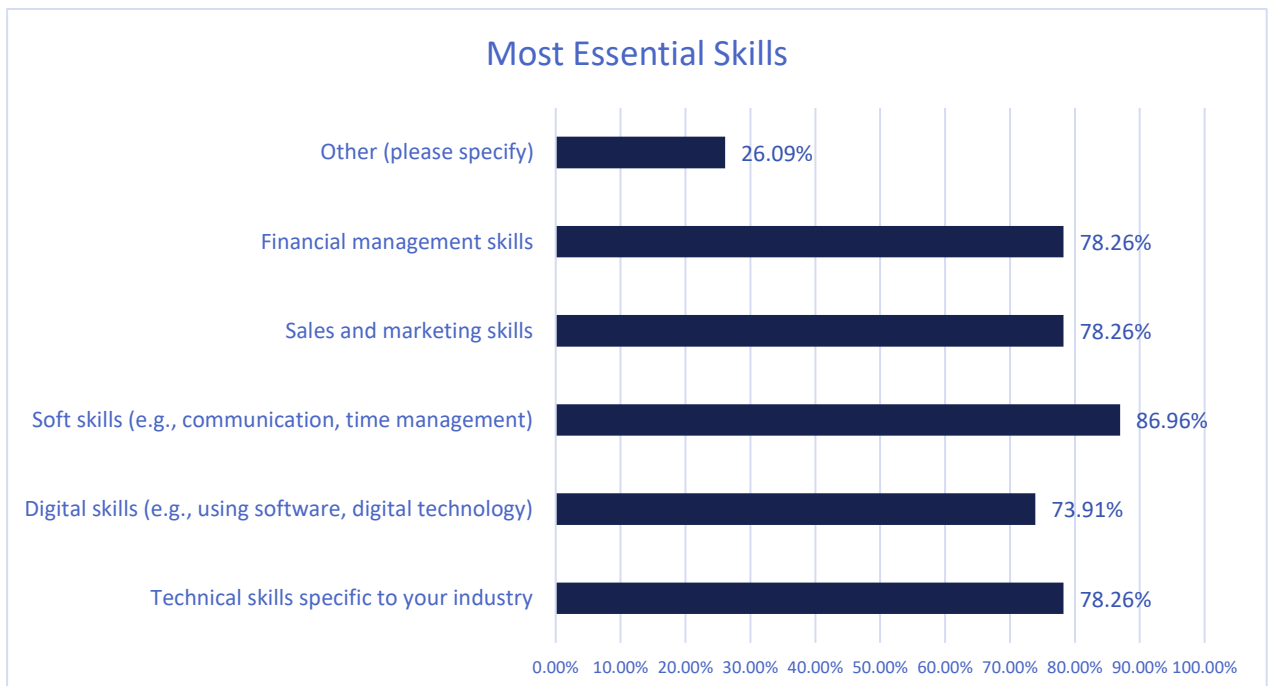
7. Are you aware of your industry using informal training and mentoring programs?



8. Does your industry have micro-credential training options?

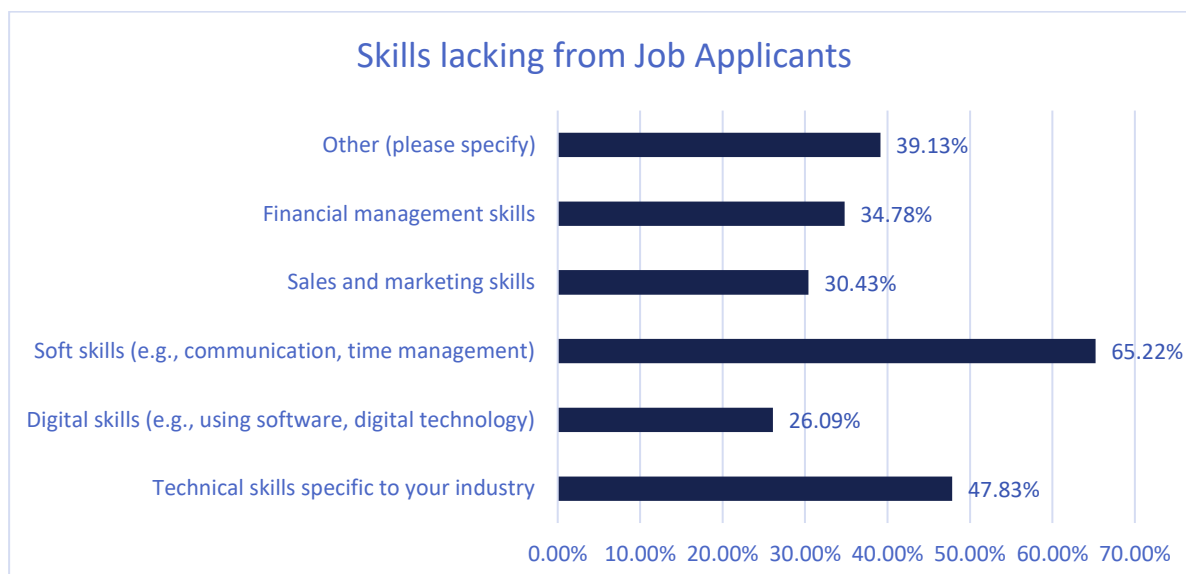


9. What type of skills do you believe are most essential for your business/industry?



Respondents identified 'other skills' as practical application of law, environmental and sustainability practices, workplace productivity, self-management, leadership and mentoring, critical thinking.

10. What are the main skills you find lacking from job applicants?



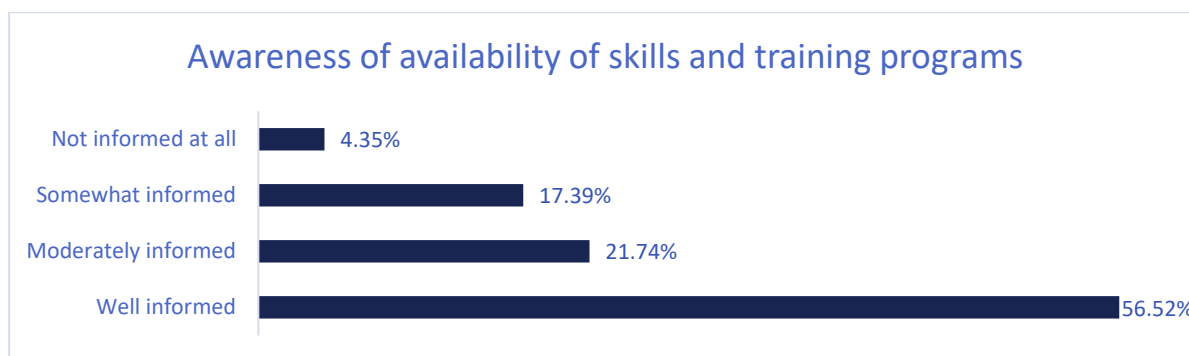
Respondents identified 'other skills' lacking as understanding of professional standards and ethics, self-management, productivity, self-organisation, accountability, personal responsibility, leadership, collaboration, and flexibility.

11. What challenges do you face when starting or providing training to your employees?

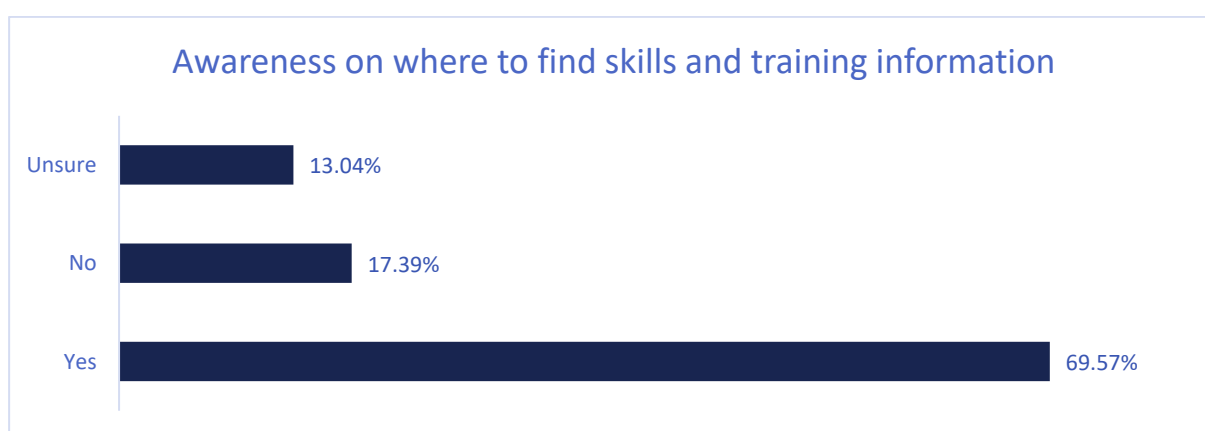


Respondents identified 'other' challenges as outdated training programs (RTO compliance restricts time spent on learning, lack of flexibility, stereotypes/biases.

12. How well-informed are you about skills and training programs available for your business/industry?



13. Do you know where to find information on skills and training for your business or industry?

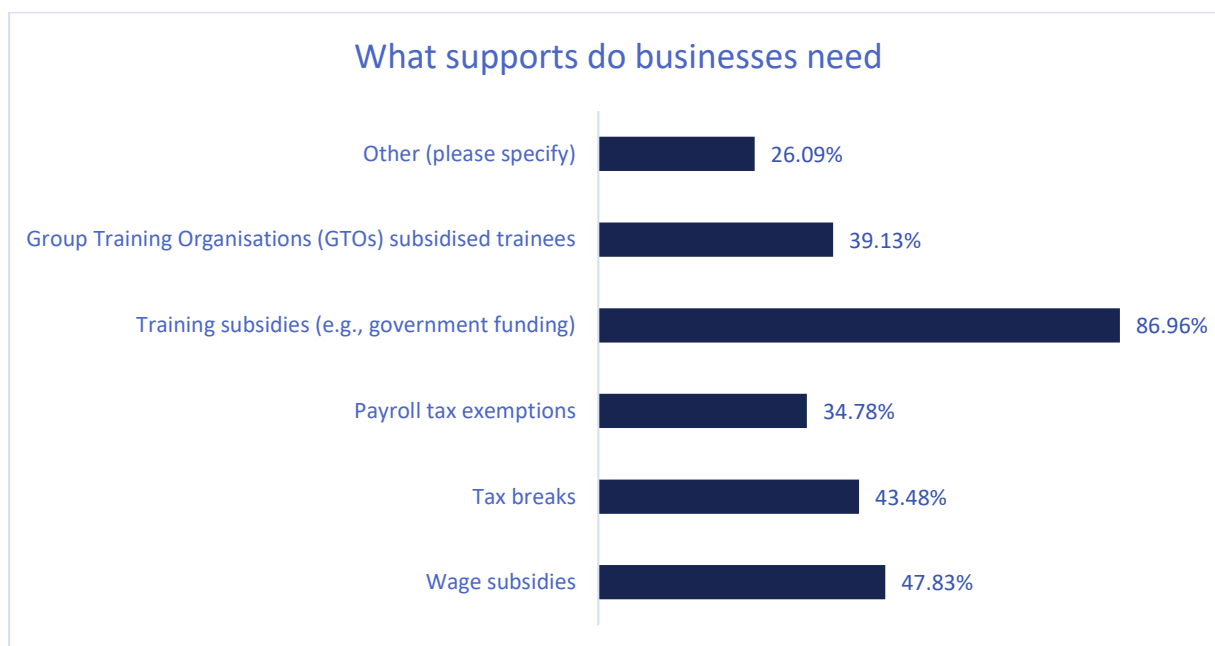


14. If yes, which of these do you use to find options?



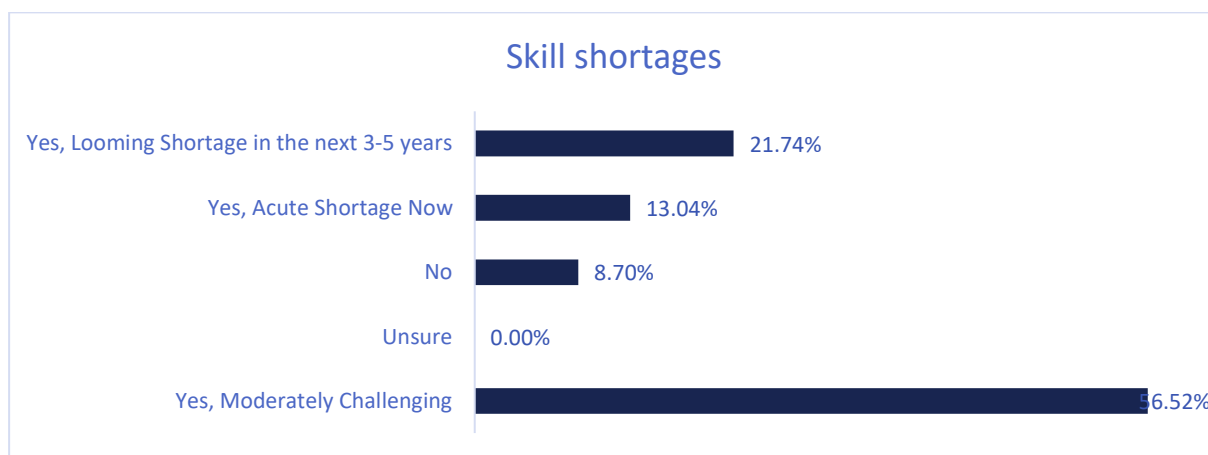
Respondents identified 'other' as business networking groups.

15. What financial assistance, tax incentives, or employer support would help your business?

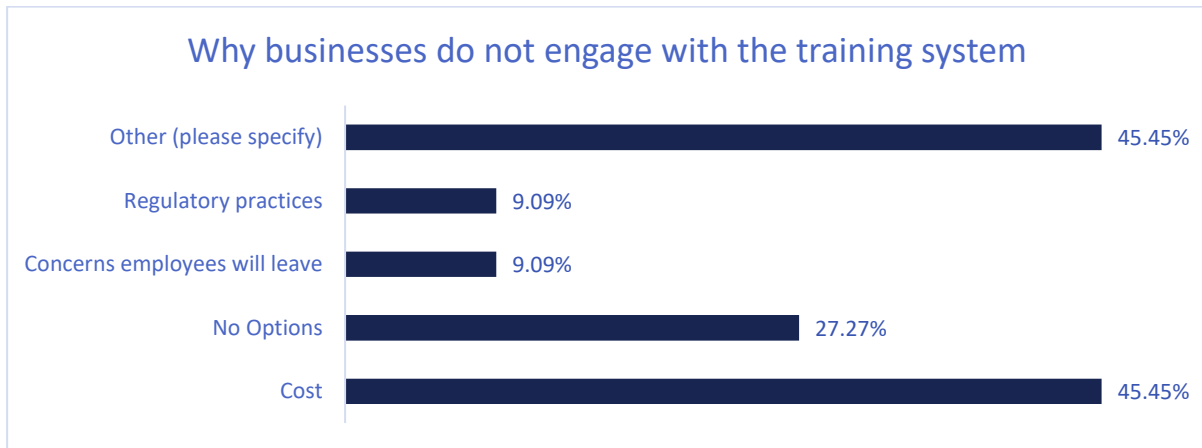


Respondents identified 'other' as research grants, free online training options, no-interest loans, targeted government support for low enrolment).

16. Do you see a skills shortage in your business?



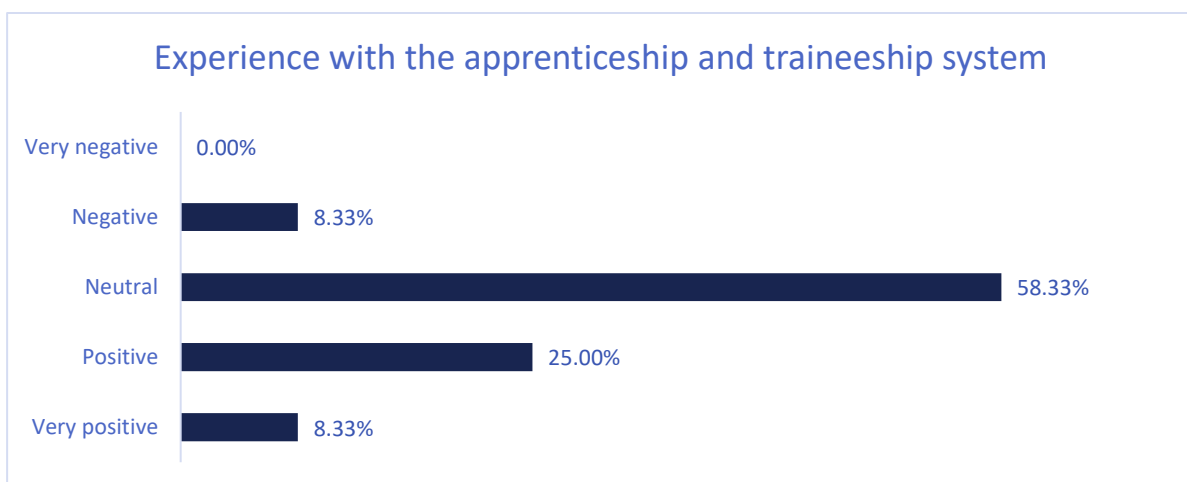
17. Why don't you engage with a training system for your employees?



18. Have you ever used the apprenticeship and traineeship system in Australia for training your employees?

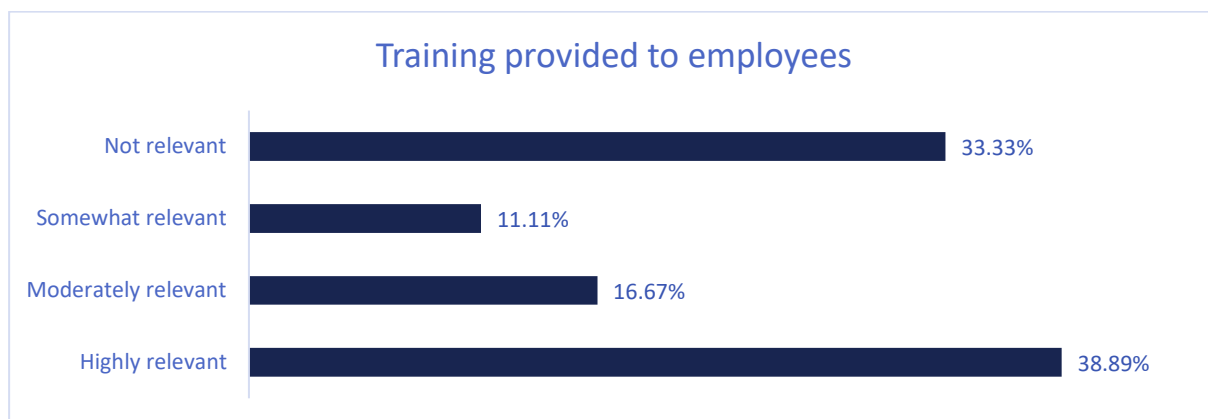


19. If yes, how would you rate your experience with the apprenticeship and traineeship system?

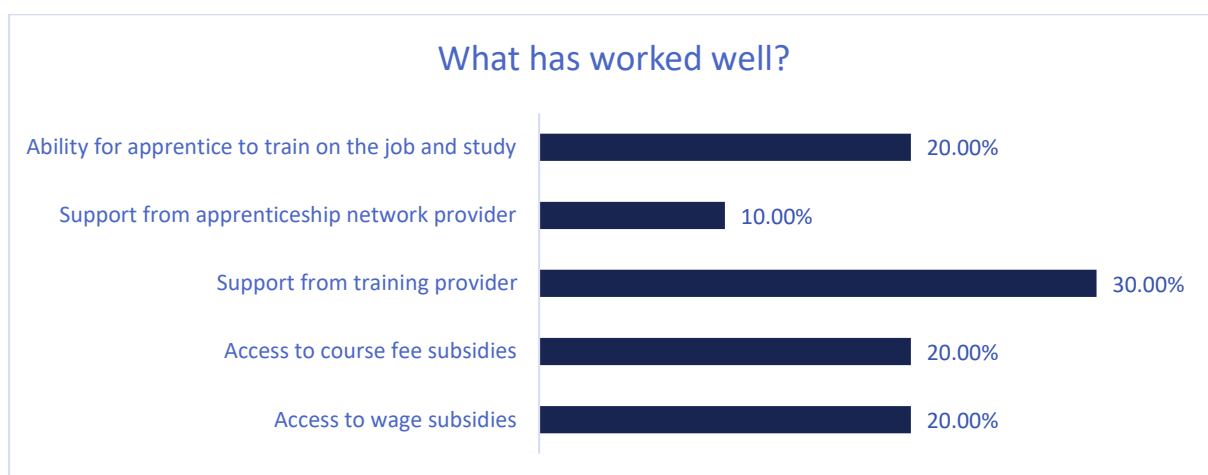


For those who responded no, reasons provided were that the system was not appropriate, there were no pathways available for their industry, and there were few training providers.

20. How would you rate the training provided to your employee?



21. What aspects of the apprenticeship and traineeship system have worked well for your business?



22. What recommendations or improvements, if any, would you suggest for the apprenticeship and traineeship system?

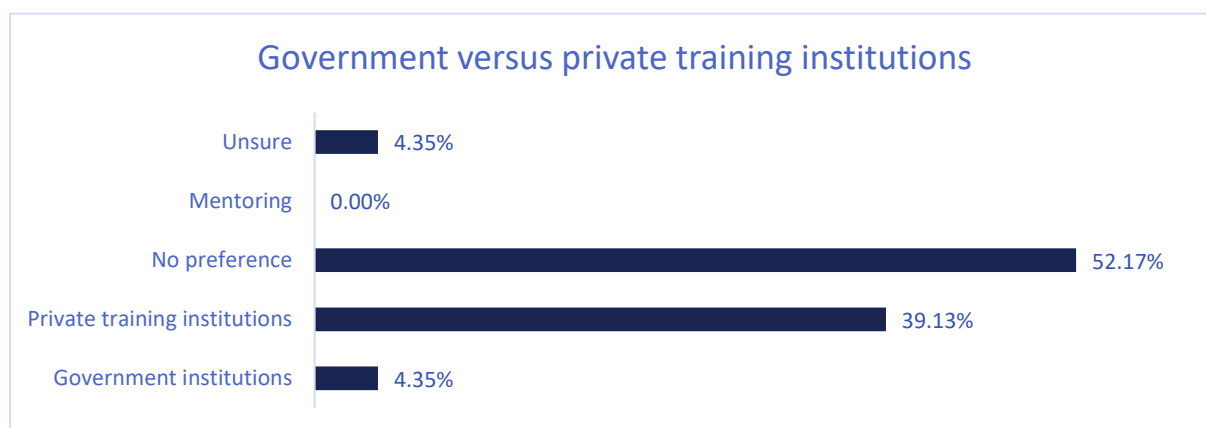
Recommendations and improvements suggested include:

- Additional incentives.
- Simplified access for employers which can include initiatives as subsidised places, covering the on costs of GTOs, or industry plans to increase apprenticeship & traineeship places.
- Broaden the scope for which the system is available and focus on helping migrant students with work culture.
- For certificates to be included as an apprenticeship or traineeship option.
- Flexibility with the Training Package to accommodate business needs.

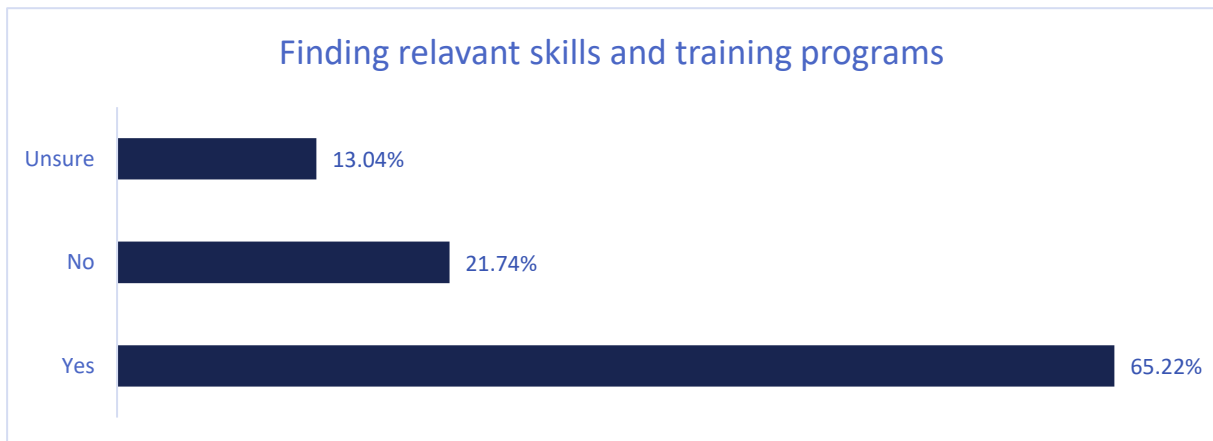
Understanding of the difference between amount the employer pays and the amount the trainee receives.

- Improved marketing of the services that are available.
- Personal interaction from providers and trainers.
- Ensure support for apprentices and their employers.
- Closer scrutiny on the role of trainers and their adherence to the agreed training plan.
- New training package(s).
- Breaking down qualifications into component parts with job ready graduates.
- Should include training in business & finance basics as well as the technical skills.

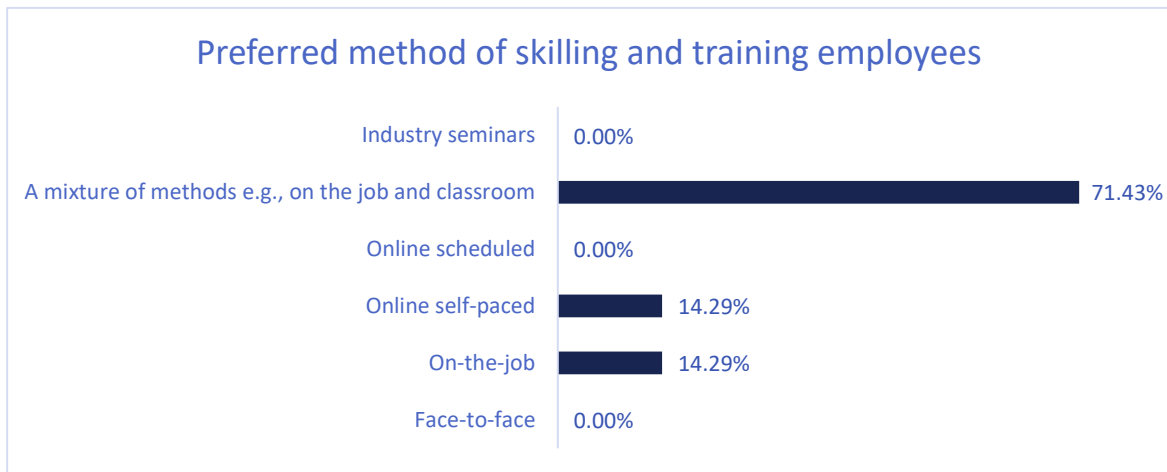
23. Do you have a preference between government and private training institutions?



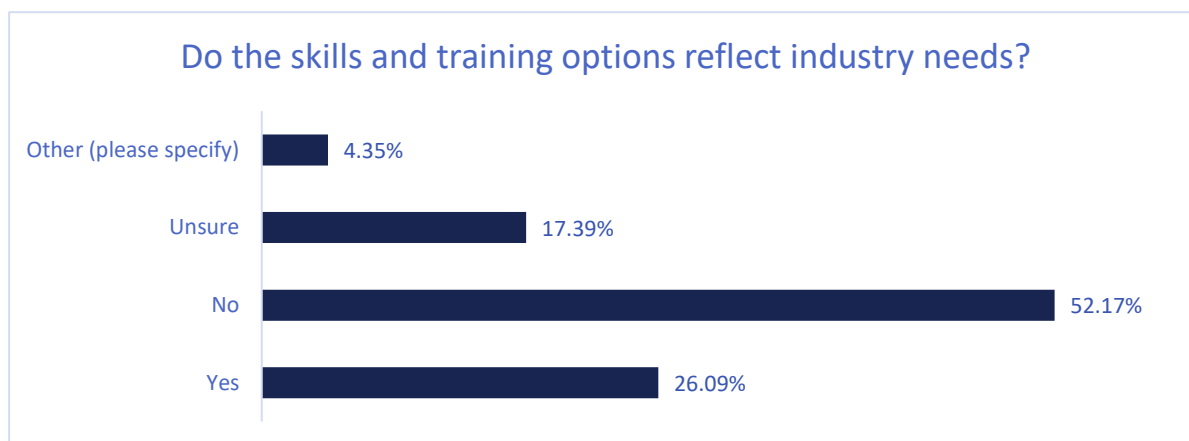
24. Have you been able to find skills and training programs that are relevant to your industry?



25. What is your preferred method of skilling and training for your employees?



26. Do you think the skills and training options available for your industry are current and reflective of the skills needed in your industry?



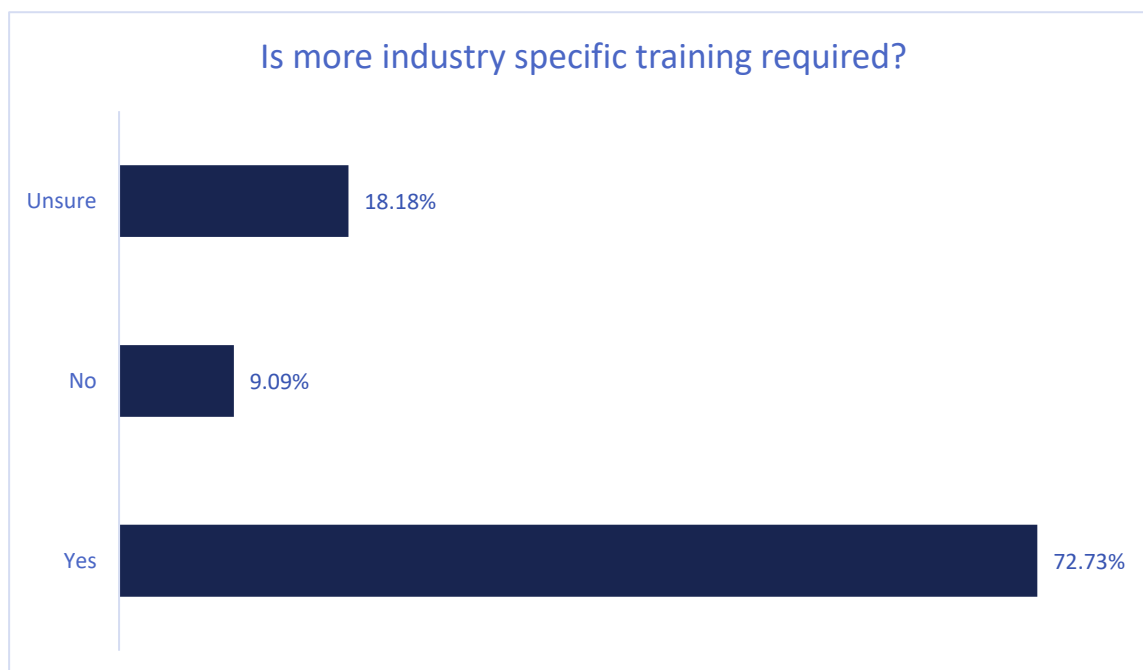
27. If yes, please provide details

- The accredited training skills are currently very hit and miss. Small business in general has basic needs and structure, however, there is a need to be agile enough to include new skills as required by fast changing entrepreneurial practices.
- Some industry RTOs currently offer the relevant detailed courses and training that is required. Some industries have built in-house an education pathway. Government assistance would be very beneficial to this objective.

28. If no, please provide details

- There is a lack of regulation and accreditation.
 - There is a lack of training specific to assisting businesses that are struggling or looking to scale and grow - whether internally or external.
- The current training package is not fit for purpose or dated.
- The lack of mandatory qualifications (except NSW and SA) encourages lack of completions plus cowboy operations delivering training.
 - The focus on Bachelor qualifications is limiting - too expensive and unsuitable format for mature age students with other priorities.

29. Do you believe more industry-specific training is required to meet the skills and training needs of your business/industry?



30. If yes, what types of industry specific training would benefit your business or industry the most?

Respondents identified the following specific training as beneficial:

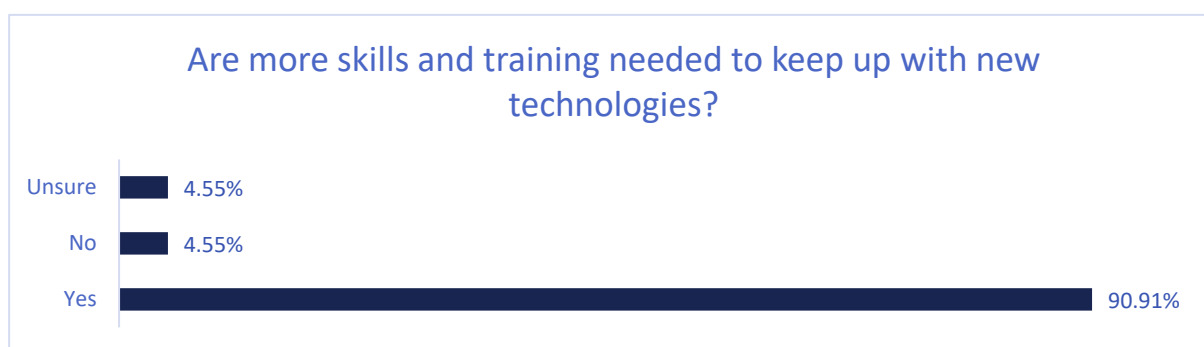
- Strategic thinking, keeping up with technology (including business related technologies) and the related cyber safety, nuts and bolts of day-to-day operations and forward planning.

Niche specialisations, areas where there is an identified need (not necessarily 'disappearing trades', just with a small number of workers in Australia) but low enrolments.

Online self-paced courses that lead to professional accreditations.

All business owners need FREE and accessible training on ownership skills that are relevant to their stage of business growth. What works for start-ups is quite different to what is needed for established small businesses, for example.

Do you think more skills and training will be needed in your business/industry to keep up with modern technologies? e.g. AI, new machinery, new practices.



31. How do you foresee the future of skills and training needs, evolving in your industry?

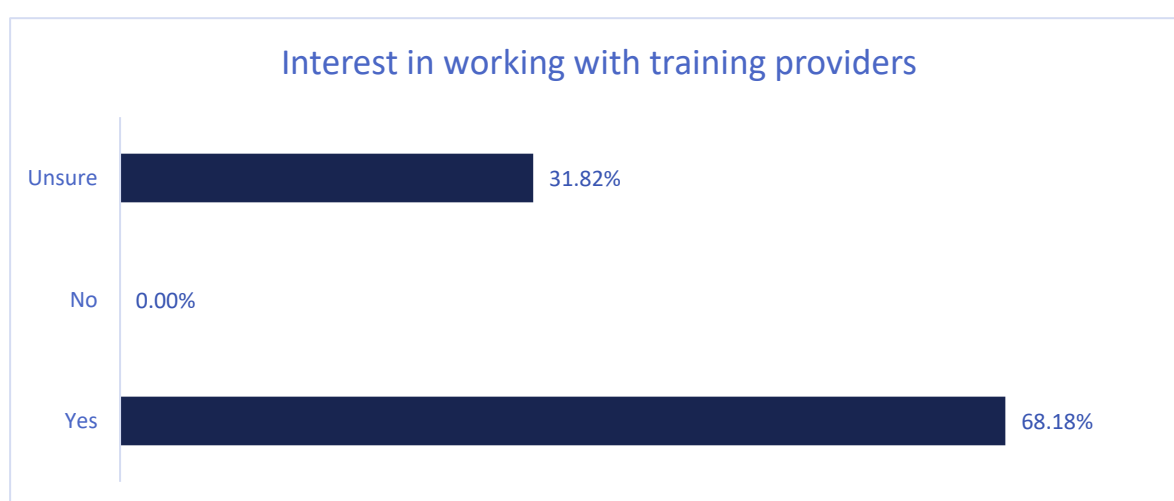


32. What additional resources or support would assist your business in meeting its skills and training needs?

Respondents identified the following additional resources or supports:

- Funding or financial support (for both employer and employee). This can include research grants, course designing, increased incentives.
- Accessible and free information regarding skills and training needs. This can include resources that map a businesses' training to the training package available.
- Additional capacity – need more trainers at RTOs to deliver the training.
- Flexibility – training that meets the need of workplace and learner.
- More effective digital delivery of training (not paper-based).

33. Would you be interested in working with training providers to develop industry-specific training programs?



34. Other comments or suggestions regarding skills and training for small businesses

Respondents made the following comments and suggestions:

- Consultations with micro-business is important.
- We need to remember that small businesses have low resourcing, and any investment is potentially lost, support from government for training should be seen as public good for workforce development, not a private benefit for that business.
- Small businesses do not have dedicated staff training departments, nor extensive training budgets. They must be frugal and efficient with training expenditure. Training must provide value for money and time invested.
- It can be difficult for a small business to find time to send employees for training (whether it be for VET or other).

Many small business owners' mental health is suffering due to cash flow, lack of sales, poor online presence (for example). Let's teach these skills at a level they need (dependant on the business needs) to combat poor workplace mental health.

- Training programs that are effective and maximise productivity are important.

