

People and Leadership Skills of SMEs in Ireland

September 2022



Introduction

In 2020, Skillnet Ireland in partnership with the Small Firms Association (SFA) launched MentorsWork, a nationwide upskilling scheme to assist in boosting SME productivity.

Reports from the Department of Enterprise, Trade and Employment, the National Competitiveness Council, and the OECD and have expressed concern that productivity levels among Irish SMEs are stagnating. The aim of MentorsWork is to deliver a framework in which SMEs will access Government-subsidised training supports, to encourage and to assist SME owners and managers upskill so that productivity can be boosted.

There are several drivers which can be linked to productivity. These drivers include Finance & Growth skills, People skills, Digital & Automation skills as well as Business Processes skills. Based on these drivers, MentorsWork was developed as a structured 12-week business-support scheme, comprising an integrated approach of mentoring and targeted learning opportunities. The programme includes:

- **In-depth Online Competency Assessment focussed on the productivity drivers**
- **One-to-One Mentoring Sessions**
- **Peer-Focused Workshops and access to Expert-Led Masterclasses**
- **Access to a curated Online Learning Platform**



Methodology

- 615 business owners were asked to self-assess their people and leadership competencies by answering a range of questions. Questions are grouped into 8 subcategories of People and Leadership competencies, namely: Communication and Negotiation, Leadership, Resilience, Relationship and Stakeholder Management, Teamwork, Creating Culture and Guiding Change, Innovation, and Performance Management.
- Each business owner's responses were weighted to a score (out of 100) for each of these aspects, which were then averaged to get an overall People and Leadership score.
- To analyse the data, the average responses were compared between businesses, based on the following categories: Business Size, Business Age, and Sector.
- In order to highlight the differences in mean scores between groups, indexed average comparisons were used. For each section, each group's average was compared against the overall mean for that section – and a percentage decrease or increase was detailed with respect to that overall mean.

The People and Leadership competency score is highest for larger SMEs (more than 50 employees) and more established businesses (21+ years in business). This competency is lowest for micro-businesses (9 employees or less) and younger businesses (less than 10 years in business). At a sectoral level, the ICT sector is lagging behind.

Predictors of overall people and leadership skills

Overall people and leadership score



Business size

0-9 Employees



10-49 Employees



50+ Employees



Business age

0-10 Years



11-20 Years



21+ Years



Business sector

Retail/hospitality



Manufacturing



Food/drink



ICT



Services



Other

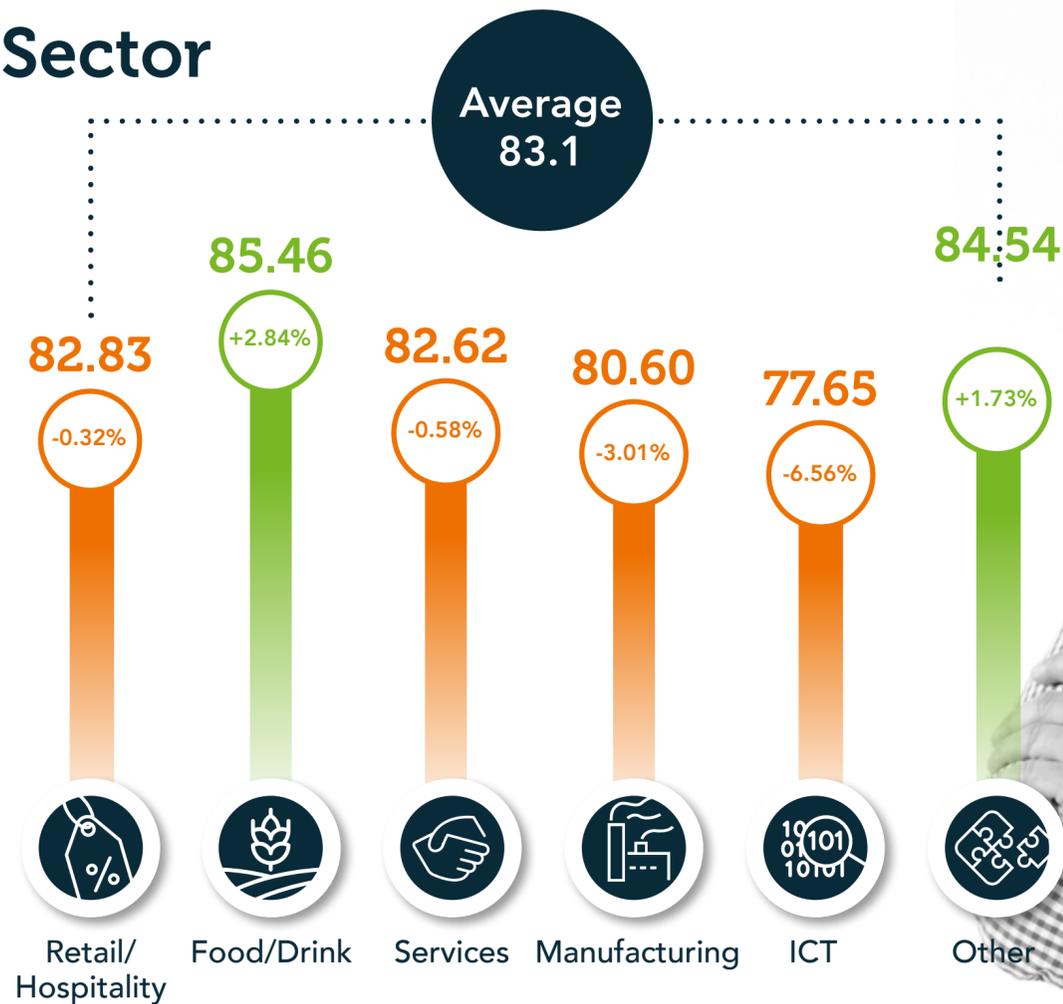


For communication and negotiation skills, businesses aged 20 years or younger and businesses with less than 50 employees are below average.

Communication and negotiation

Effective communication and negotiation inside and outside the organisation.

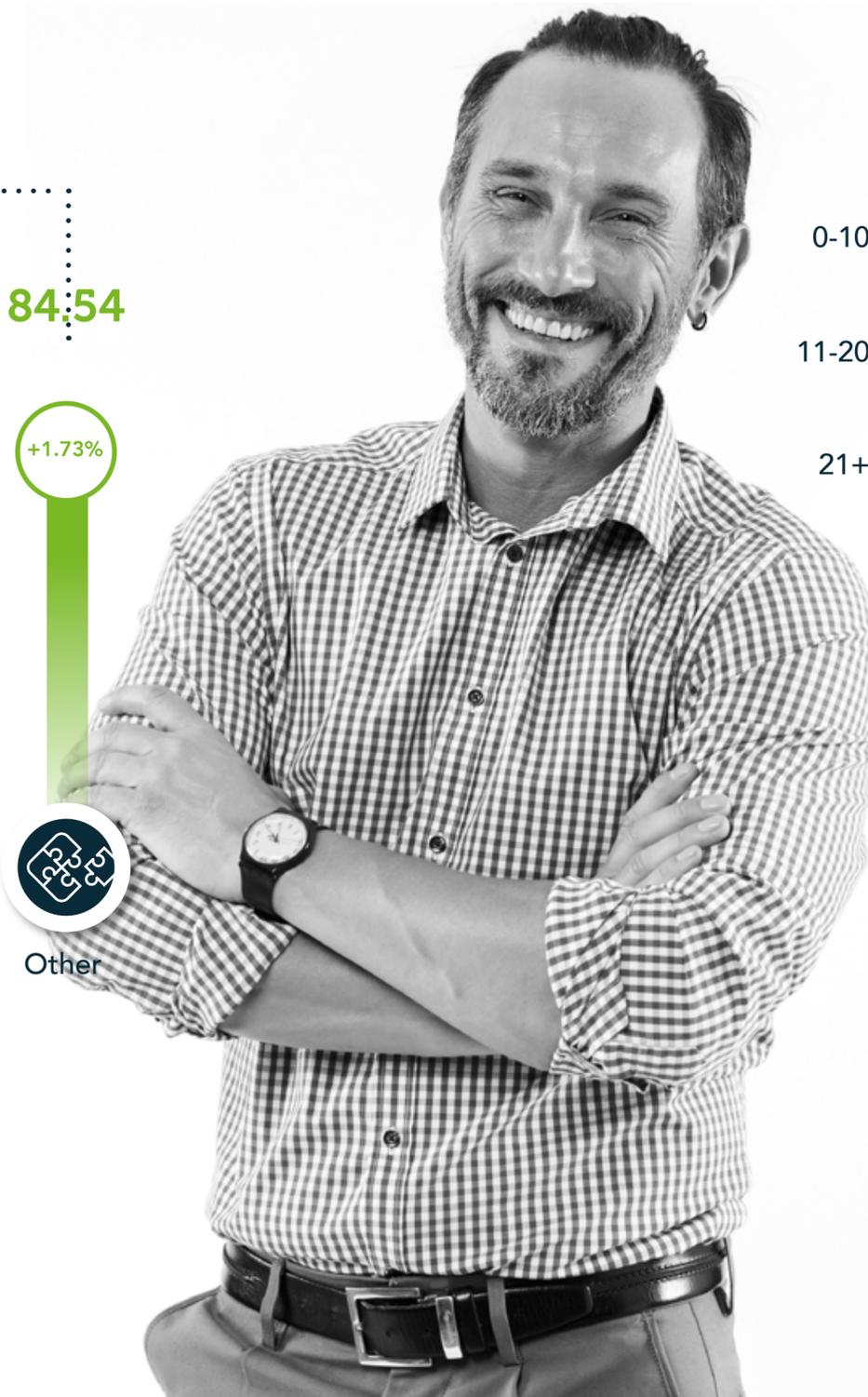
Sector



Business Age



Business Size

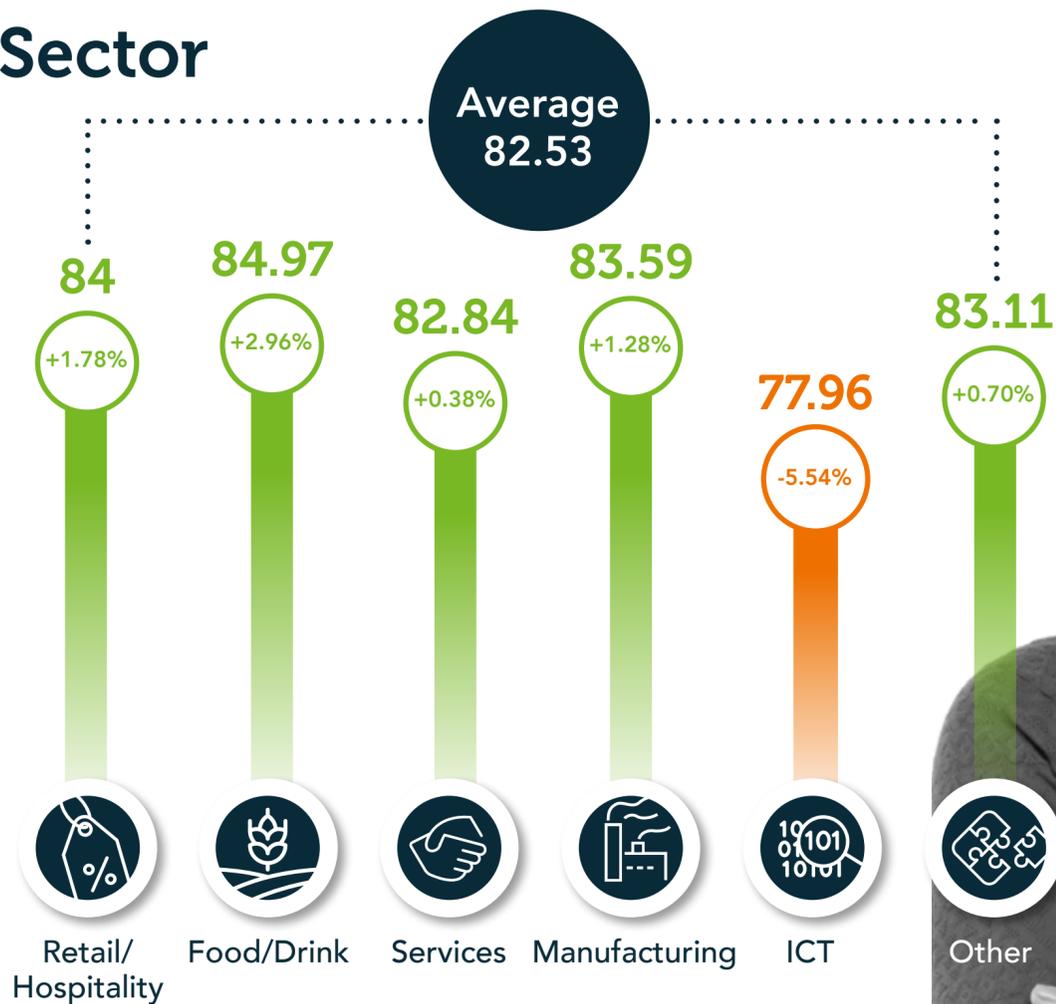


The leadership competency is lowest for micro-businesses (0-9 employees) and younger businesses (0-10 years).

Leadership

Helping others to realise their potential while inspiring them to work with the business to achieve the business strategy and goals.

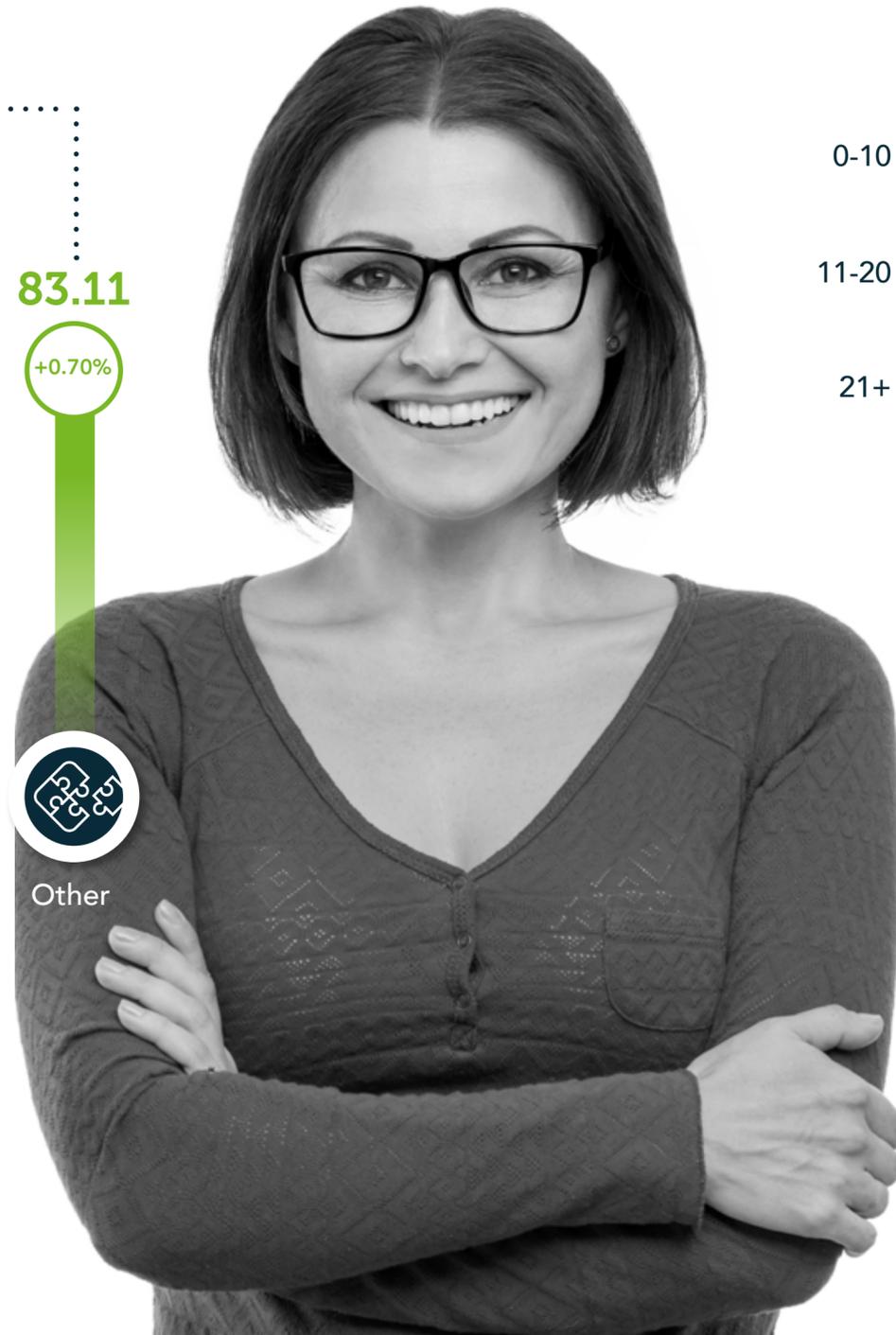
Sector



Business Age



Business Size

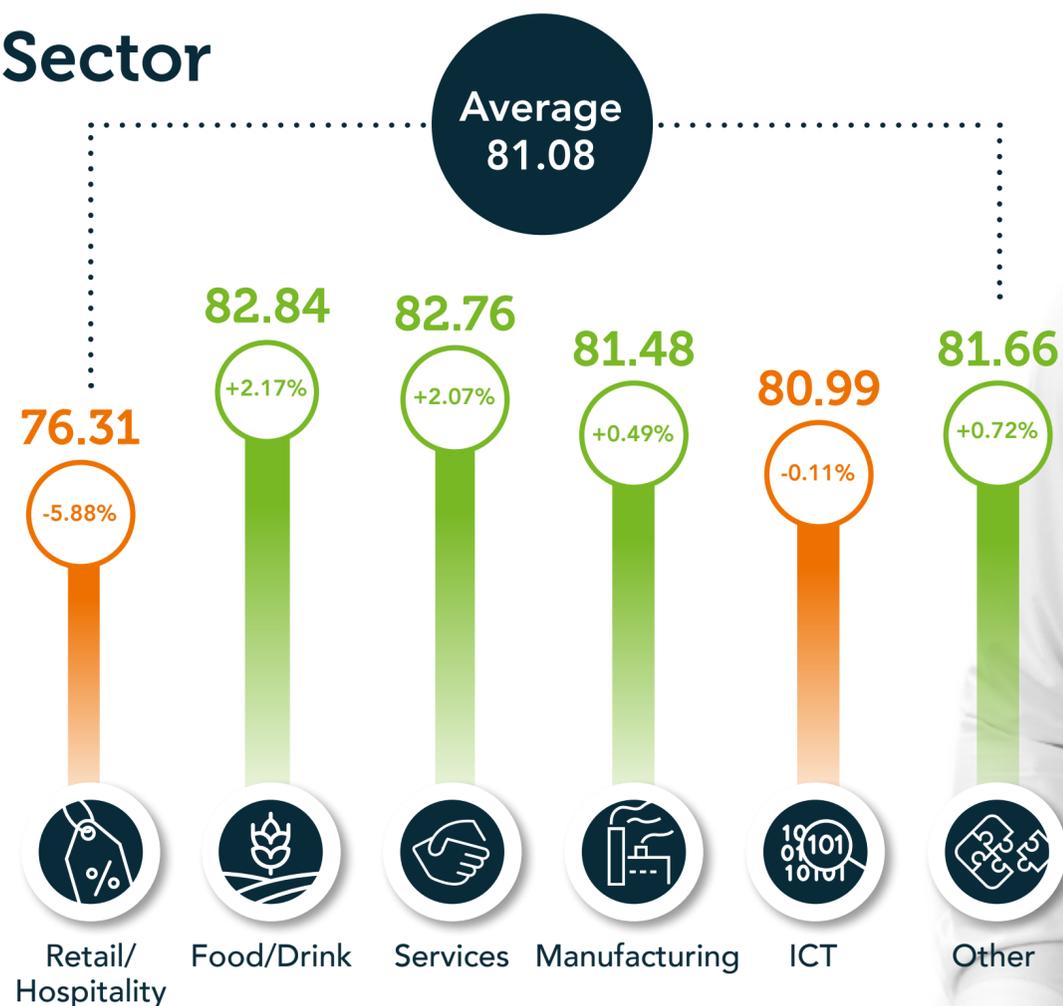


Resilience is the lowest in the Retail/Hospitality sector, in micro-businesses (0-9 employees) as well as younger (under 10 years) businesses.

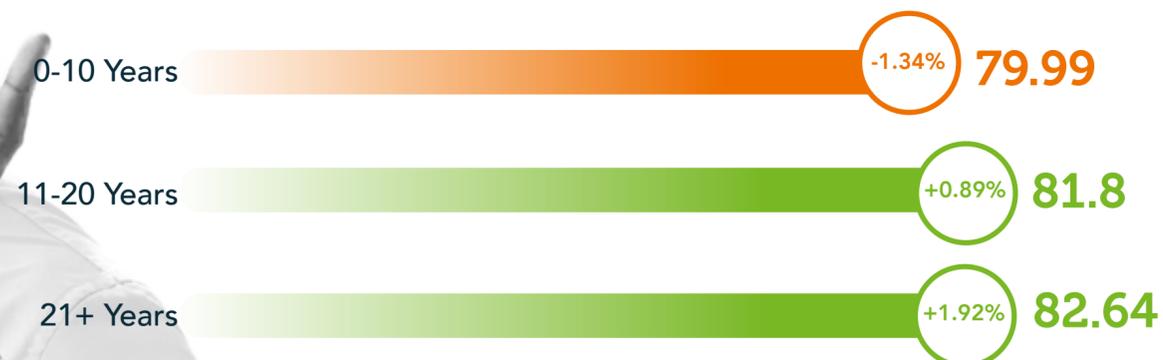
Resilience

The ability to keep calm and quickly bounce back from setbacks.

Sector



Business Age



Business Size



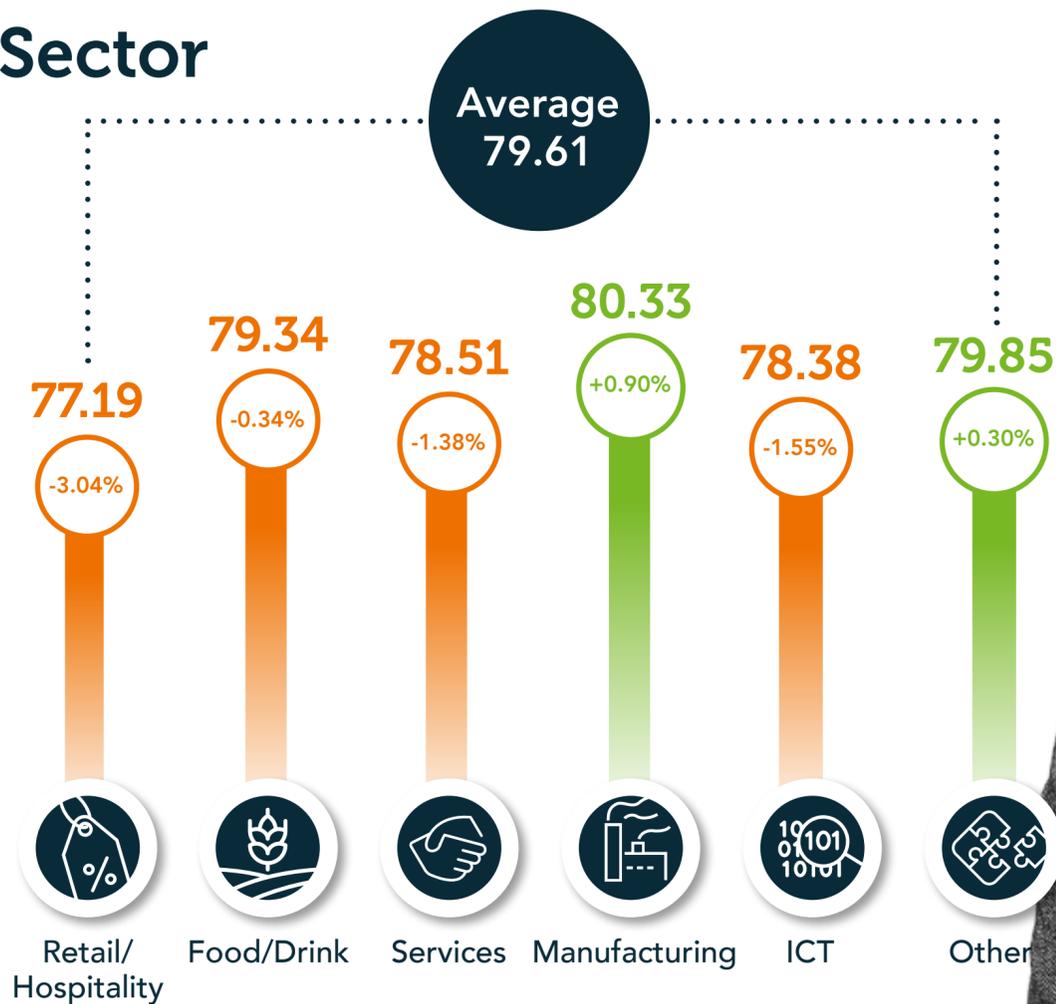


Businesses with 50+ employees rate their competency highest for relationship and stakeholder management. At a sectoral level, the Retail/Hospitality sector shows the lowest scores.

Relationship and stakeholder management

Identifying all stakeholders and investing time in actively managing the working relationship with them.

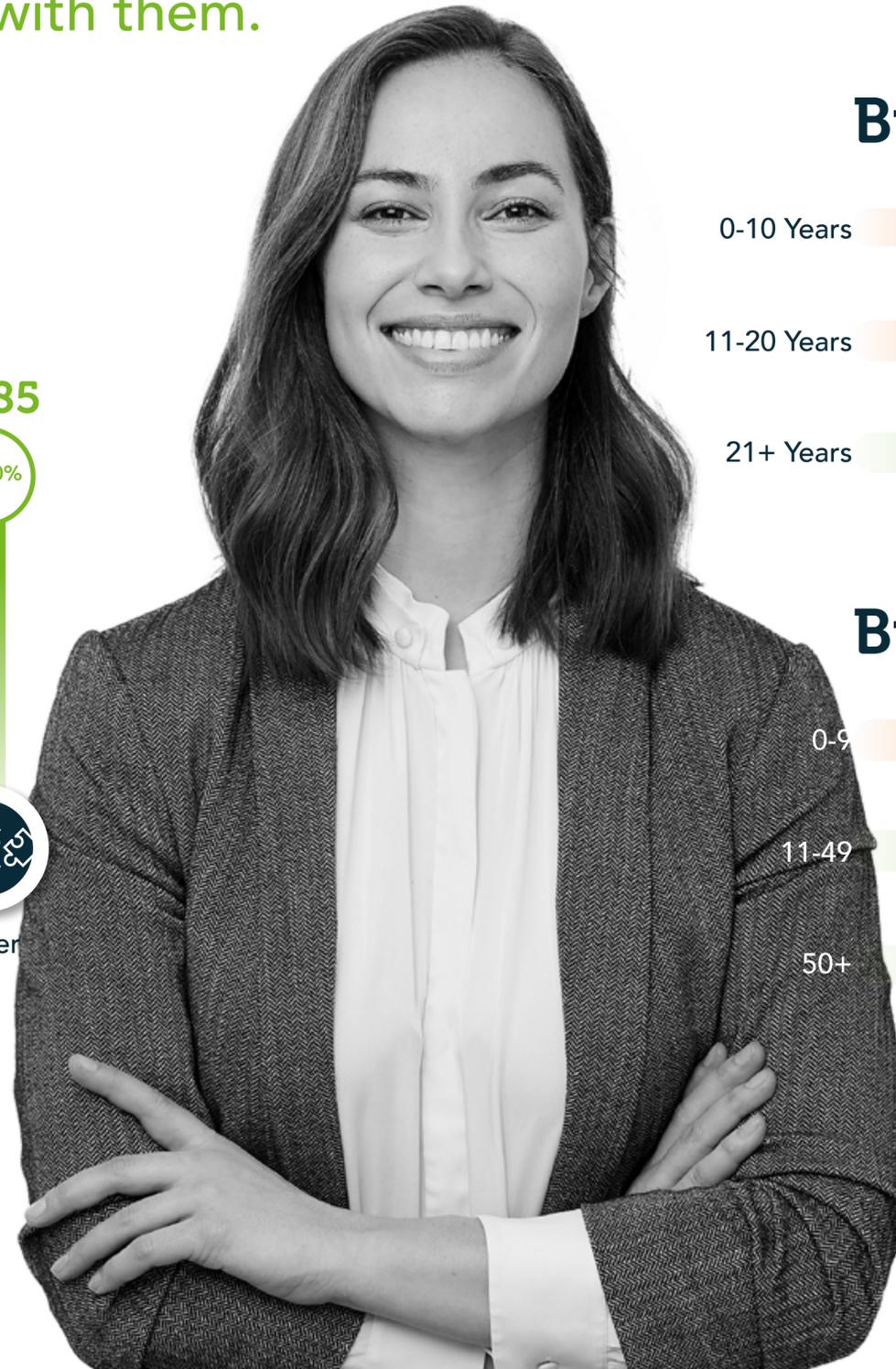
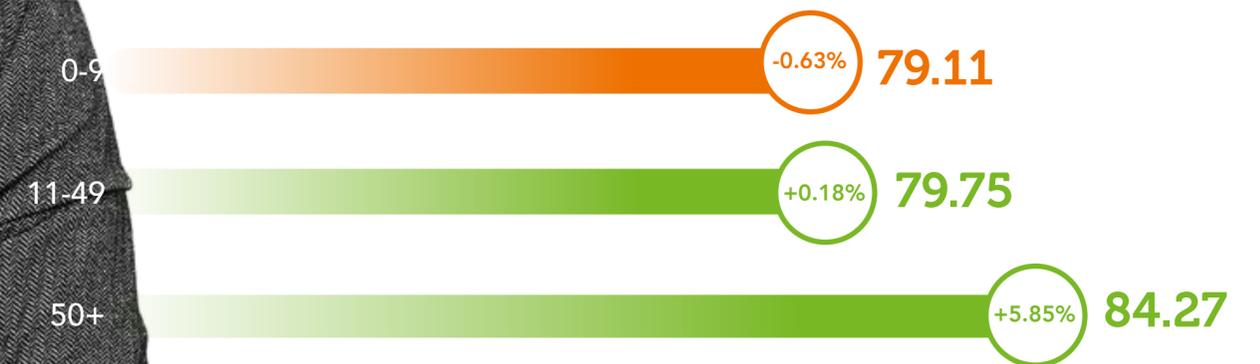
Sector



Business Age



Business Size

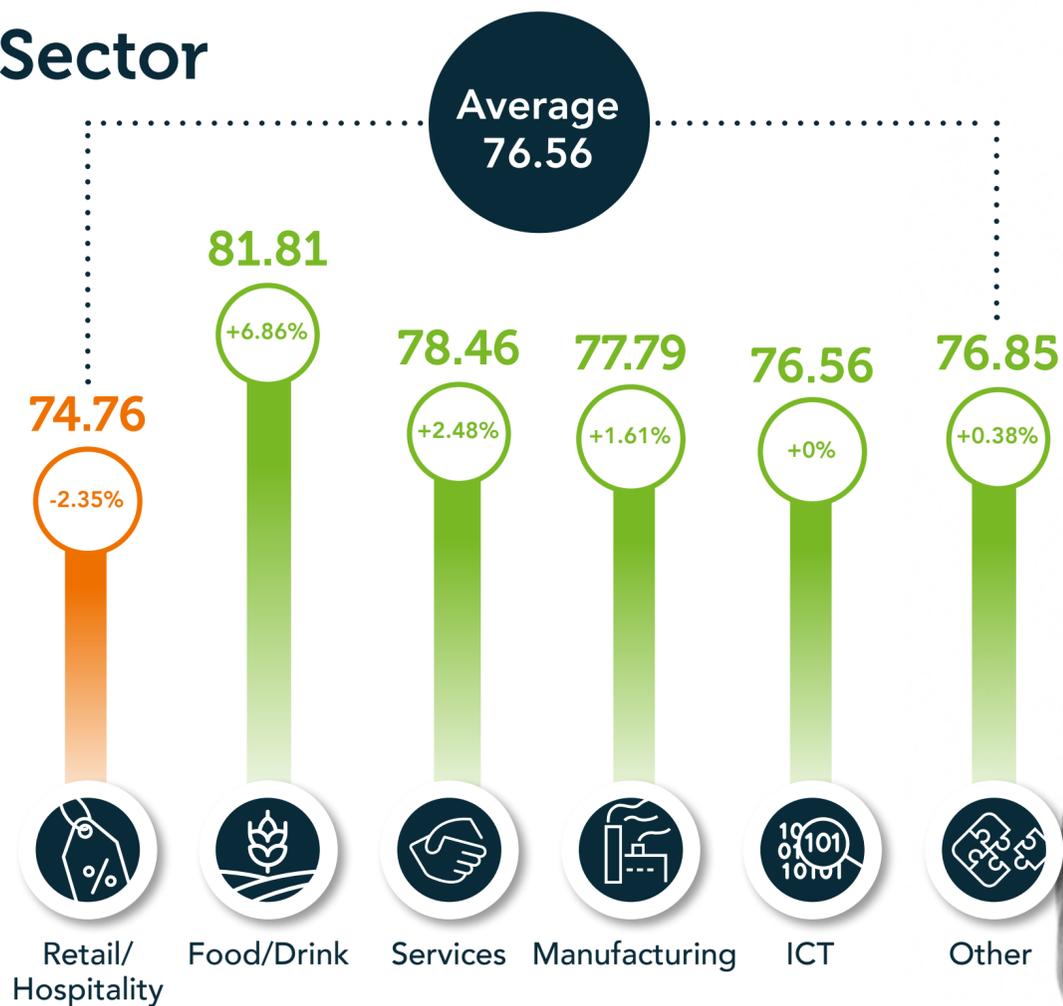


The teamwork competency is highest for businesses with 10-49 employees. The Retail/Hospitality sector, younger (0 – 10 years) and micro- (0 – 9 employees) businesses are below average.

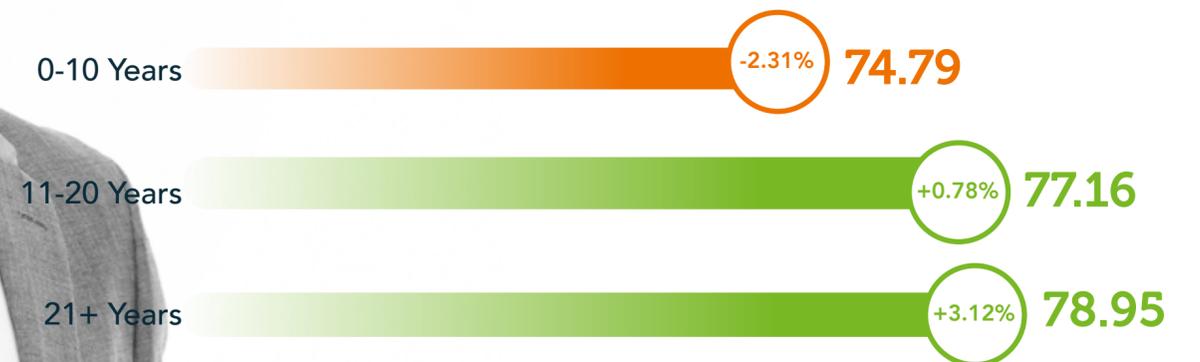
Teamwork

Being able to recognise and optimise the strengths and capabilities of the team members.

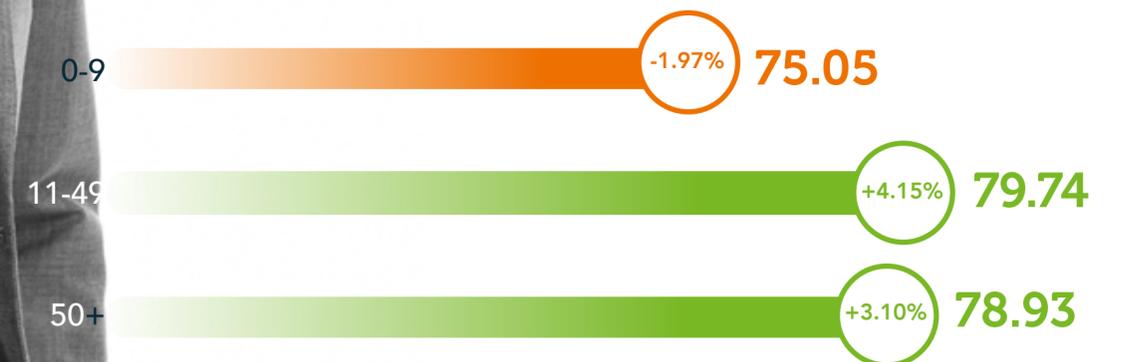
Sector



Business Age



Business Size



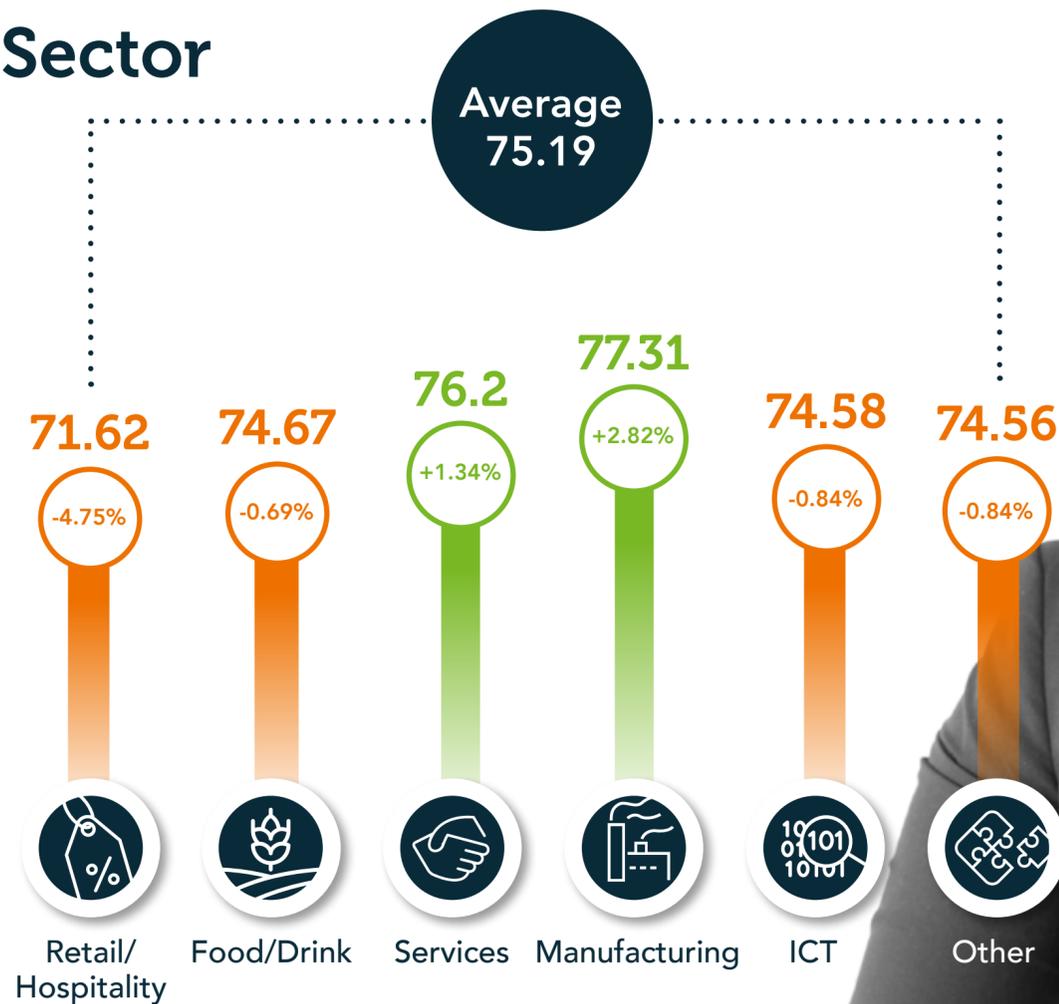
A woman with short dark hair, wearing glasses and a high-visibility yellow safety vest over a dark patterned shirt, stands in an office environment. The background is slightly blurred, showing other people. The overall image has a dark, semi-transparent overlay with a green diagonal stripe.

Creating culture and guiding change is highest for the Manufacturing sector and businesses aged 21 years or older. The sector with the lowest average is Retail/Hospitality. Again, younger (0 – 10 years) and micro-businesses (0 – 9 employees) are lower than average.

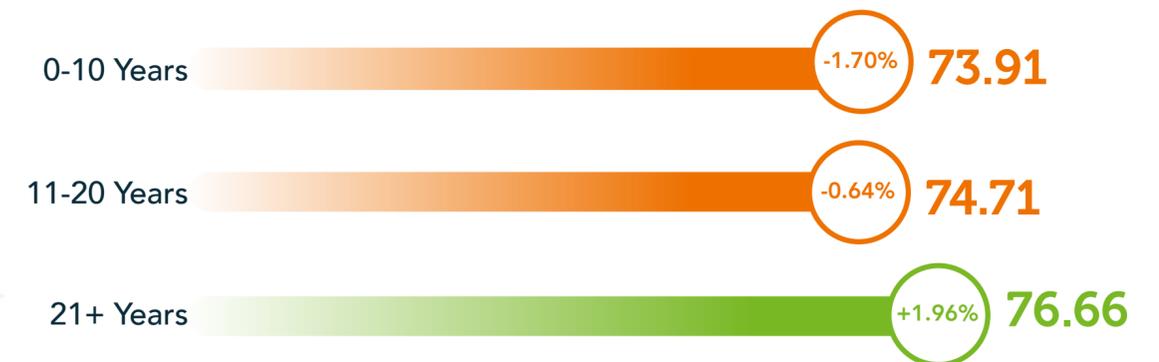
Creating culture and guiding change

Valuing and empowering employees so that they are focused on driving the change needed to make the business successful.

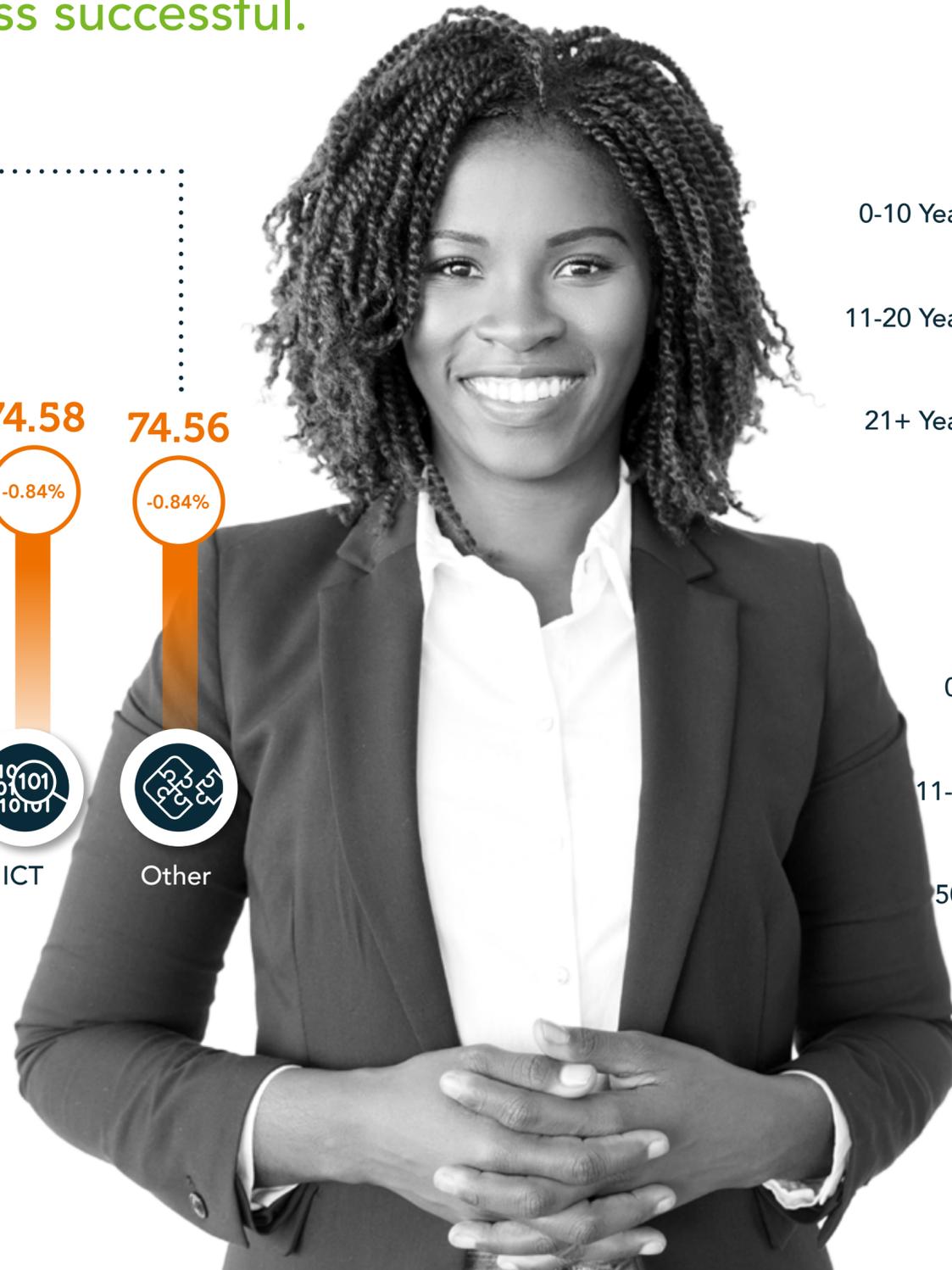
Sector



Business Age



Business Size

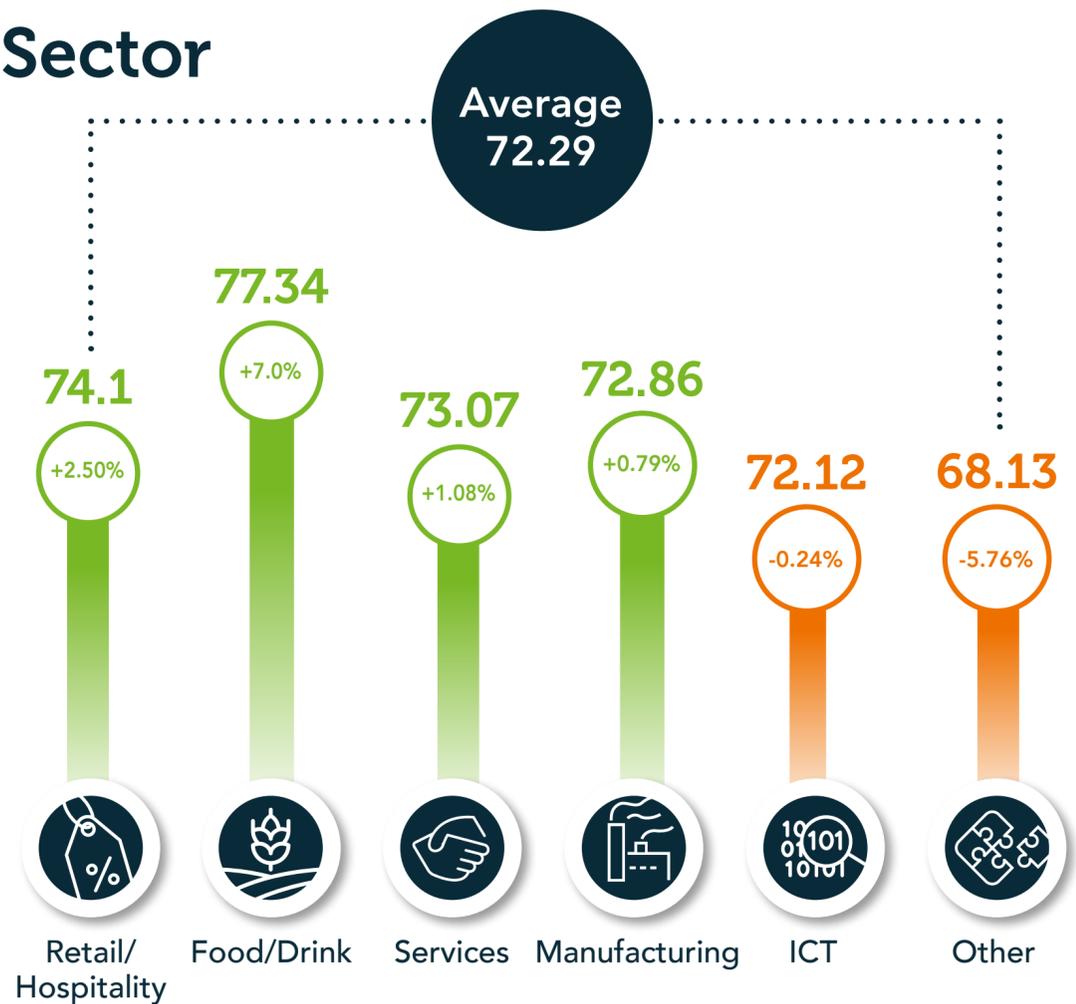


Larger (50+ employees) and younger (0 – 10 years) businesses are below average with their innovation skills.

Innovation

Being able to pivot and innovate in line with customer and market demands.

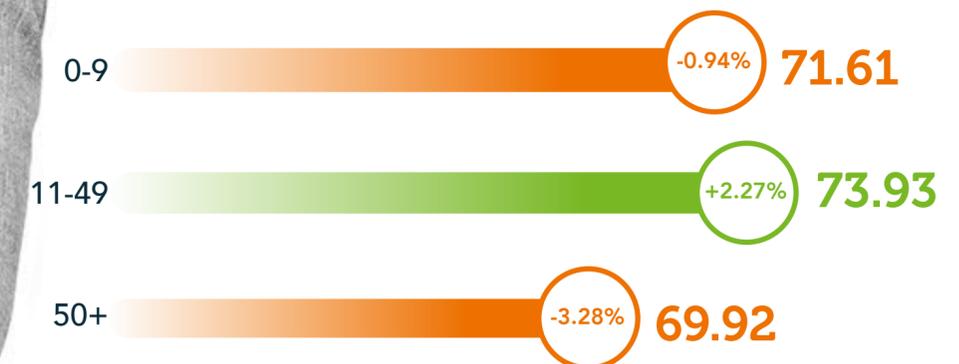
Sector



Business Age



Business Size



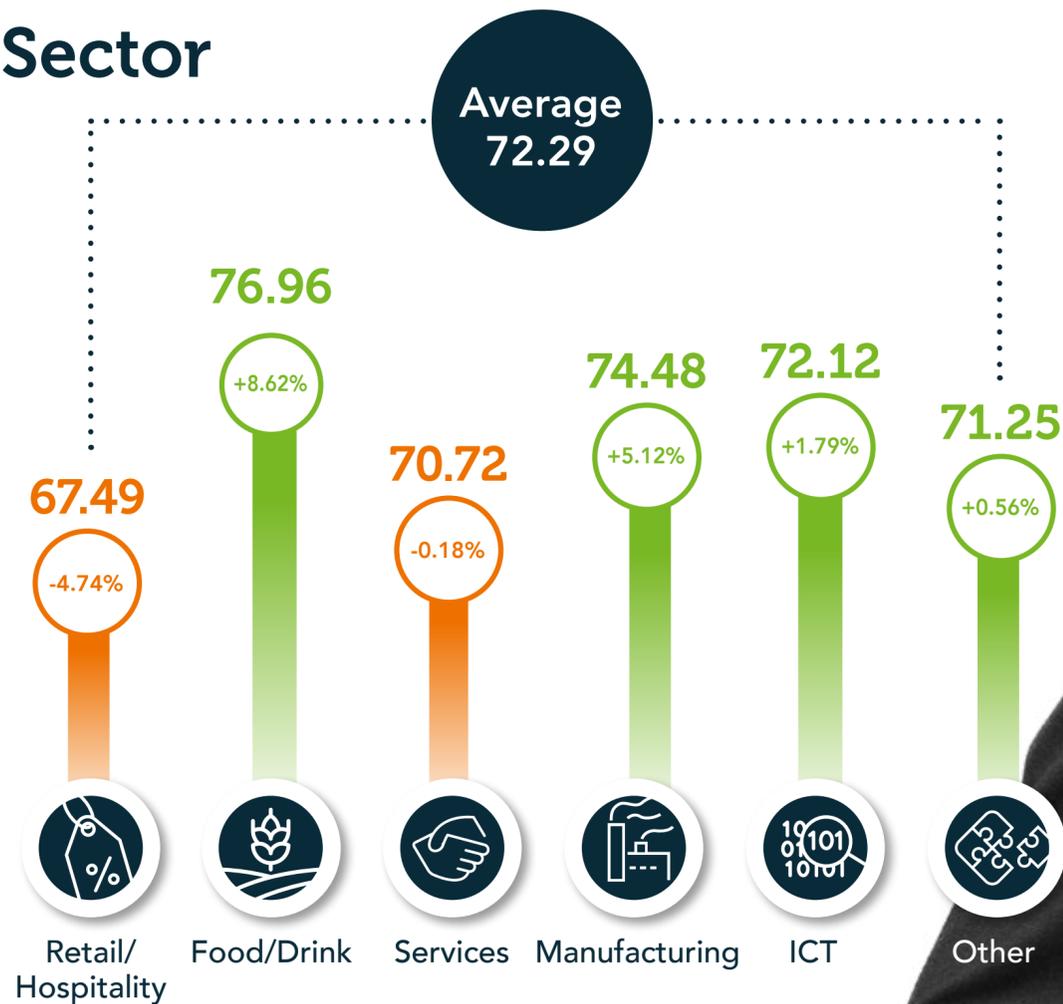


The performance management competency is highest for businesses with 50 or more employees. The Retail/Hospitality sector as well as businesses aged 0 – 10 years and micro-businesses (9 employees or less) are below average.

Performance management

Clarity about employee goals and giving timely and constructive feedback on performance.
Making employees feel empowered and supported to act.

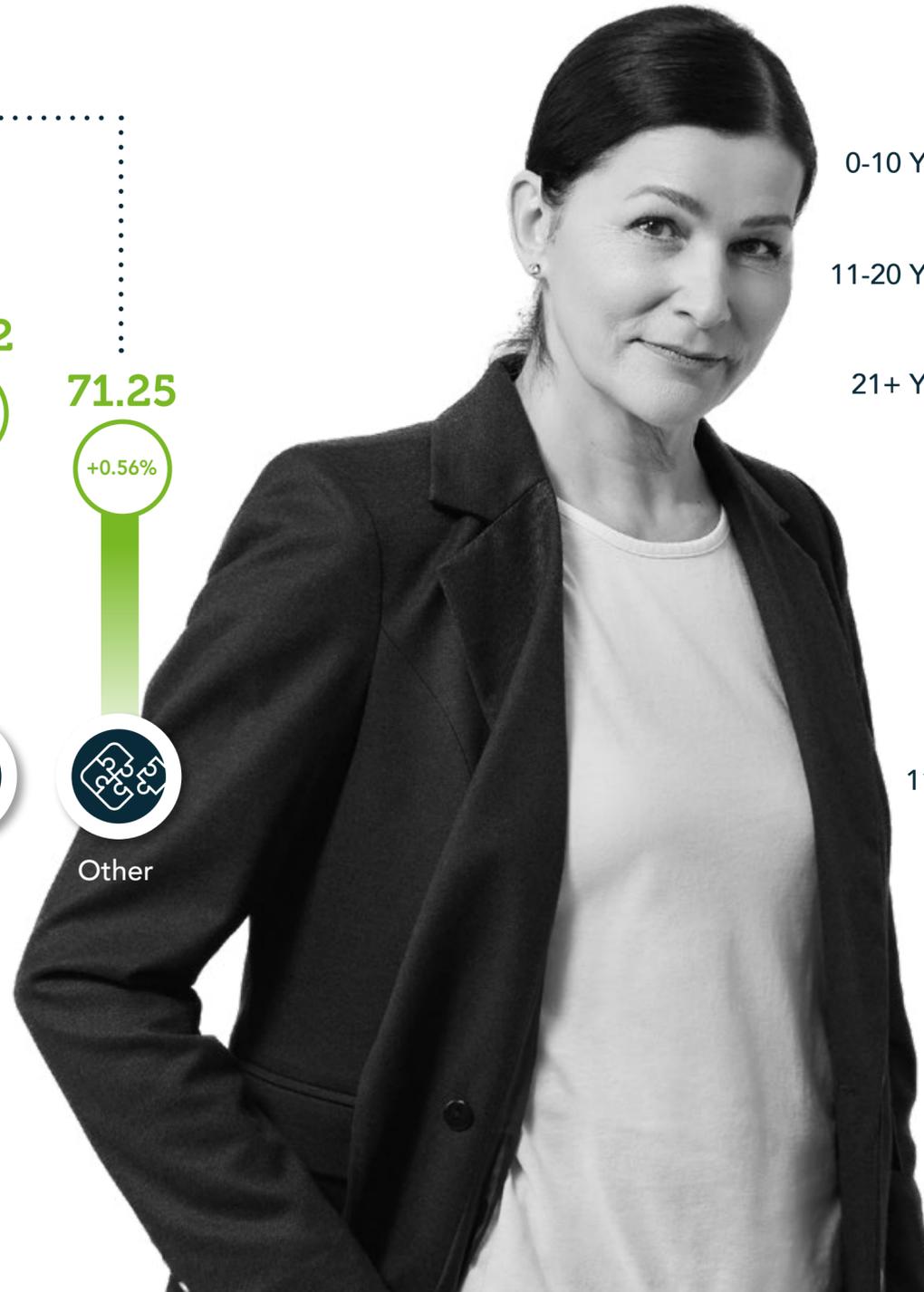
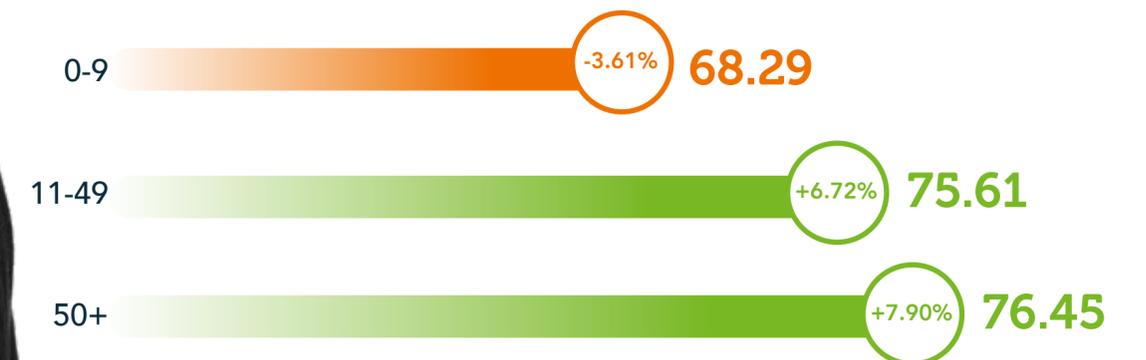
Sector



Business Age



Business Size





MentorsWork is an enterprise initiative of SFA, funded by Skillnet Ireland. Skillnet Ireland is funded from the National Training Fund through the Department of Further and Higher Education, Research, Innovation and Science.



**An Roinn Breisoideachais agus Ardoideachais,
Taighde, Nuálaíochta agus Eolaíochta**
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To find out more and to apply, go to:
www.mentorswork.ie