



# Identifying support needs in small businesses across the North Yorkshire region

Report prepared by: Dr Bob Townley, Dr Jane Suter and Dr Tina Kowalski, School for Business and Society at the University of York

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## Executive summary

This report presents findings from a research project commissioned by the North Yorkshire County Council (NYCC) to explore the skills and wellbeing support needs of small businesses owners and managers across the North Yorkshire region. Small businesses (fewer than 50 employees) represent a large proportion of businesses in the region but can be hard to reach due to their size, time pressures on owner/managers, and where they are based in a remote or rural location. The needs of small businesses can often differ to larger, or more urban based, businesses. Empirical research was conducted with key stakeholders from NYCC and other regional business support providers to ascertain the contextual backdrop for the study. Subsequently, in depth interviews were conducted with a sample of 25 small business owners and managers.

Findings from key stakeholders indicated that various NYCC departments had strong support offerings for local small businesses. However, interview responses from many of the small business sample highlighted that there was a lack of awareness about these support provisions, with many reporting that they would be keen to find out more. Support needs identified by small business managers included recruitment of staff, and identifying suitable training providers, for regulated training such as health and safety, to more specialised training offers. Responses varied according to geographical location of the business, with remote businesses claiming more issues with recruitment and retention of staff. Variations by sector became more apparent with regards to identifying suitable providers for more specialised training. In terms of wellbeing support, many small businesses reported an increasing interest in this and would welcome further support in terms of how best to support their staff, and their own wellbeing.

Informed by these findings, a key issue identified by stakeholders and small business managers was of local authority departments working in silos and how more needs to be done to raise awareness of the extensive business support work already available. Recommendations are framed around the role NYCC can have as a central point of call and in facilitating B2B networking and peer-to-peer support. Recommendations for business development included building awareness and increasing communication with small businesses, providing non-financial support and building relationships with rural business communities. Recommendations around skills support included starting early by targeting school and college leavers, support and funding for recruitment, retention and training in small business, particularly for those in rural locations. Recommendations for wellbeing support included support for prevention *and* management of workplace mental health, acknowledgement of the spectrum of mental health, neuro diversity and wellbeing, a focus on both managers *and* employees, and proactive signposting and promotion of credible support resources and wellbeing initiatives.

Whilst completing this project, the new Unitary Authority North Yorkshire Council (NYC) was formed, bringing together seven District and Borough Councils and one County Council. Further reorganisation will see the creation of York and North Yorkshire Mayoral Combined Authority in 2024.

# Background

## Overview of research

The purpose of this project is to build upon our [recent policy brief](#) for NYCC in identifying future business support needs and current/future business support provision, particularly in relation to *sustainability and wellbeing* within small businesses / SMEs.

Key stakeholders were interviewed to gain contextual information regarding small business support in the North Yorkshire region. With the support of [Enterprise Works](#), 25 small business managers from across the region were interviewed. Questions, informed by the key stakeholder interviews, explored the nature of the business, current skills gaps and needs, issues around employee wellbeing, the current support provision and what businesses would like to see in terms of support going forwards. Key themes arising from this data were analysed to inform recommendations for the Council.

## Outline of report

In the subsequent sections of the report, we first define what we mean by small business and examine the landscape of small businesses across the region, before examining the topic of wellbeing and the incidence of mental health in employment in the region. The research design and details of the research sample are then presented followed by the key themes emerging from the interview data. The report closes with recommendations for the Council.

## What do we mean by small businesses?

Small businesses are usually independently owned and operated by an owner-manager and/or a small management team. Small business managers are often considered a 'Jack of all trades' as they have involvement in all aspects of the business incorporating many typical management functions (Finance, HR, Marketing) into their roles. The definition of what constitutes a small business varies. In this report, we use the EU definition of a small business as those with fewer than 50 employees, and micro businesses with 1-9 employees.

Small businesses are distinct from larger organisations due to a number of characteristics. These include:

### (Lack of) Resources

Small businesses lack the resources of their larger counterparts, with fewer financial, human and technological resources to draw upon. Managers in small businesses are often 'time poor', making accessing support challenging. Less access to capital and other resources can constrain small businesses' investment in growth and development.

### Informality

Small businesses are often characterised by their informality in terms of management style, flatter hierarchies, lack of formal policies and distinct informal cultures and values. Due to the close proximity of managers to their employees, the cultures of small businesses are usually highly reflective of the values and personalities of owner-managers.

### Flexibility

The nature of small business in terms of size and structure, often makes them more flexible and agile in their ability to respond and adapt to changing contexts. This responsiveness can allow small businesses to quickly adapt to new trends or challenges.

### Local focus

Small businesses are often embedded in their local community, which can create a strong sense of loyalty and connection with customers.

## The importance of small businesses for policy makers

### Innovation

Small businesses are often at the forefront of innovation, developing new products and services that can improve people's lives.

### Economic growth and job creation

Small businesses are vital to the growth and competitiveness of the economy and are a significant source of job creation. Policies that encourage entrepreneurship and small business development can help drive economic growth and reduce unemployment rates.

### Local focus and development

Small businesses tend to have a local or regional focus, serving their community. They can contribute to the development of local communities by providing goods and services, supporting local suppliers, and creating a sense of community pride and identity.

### Economic diversity

Small businesses can help to promote economic diversity and reduce the risks of economic concentration.

## The small business landscape in North Yorkshire

The North Yorkshire economy is dominated by small and micro businesses. Table 1 shows the total number of businesses in the 'Yorkshire and Humber' region, which includes West / South / East Yorkshire, York, Hull, and parts of Lincolnshire etc., as well as North Yorkshire. The number of businesses in North Yorkshire will just be a small proportion of the 385,590 figure in the Table below, while the point still stands that the North Yorkshire Economy is dominated by small and micro businesses (According to Nomis estimates, small and micro businesses make up over 98% of the businesses in North Yorkshire). Businesses within the region are dominated by the hospitality sector, alongside a strong agriculture, food and drink manufacturing sector and a growing bioeconomy.

The '*Covid-19 A Plan to Reshape our Economy*' (York and North Yorkshire LEP, 2020), stresses the vulnerability of many of these small businesses, with 11% reportedly at moderate to severe risk of insolvency and a quarter of all regional businesses operating within the hardest hit sectors (tourism and retail) - with a 40% annual drop in GVA for tourism businesses as a result of the pandemic. As noted elsewhere in this report, this is before the additional - cumulative - impact of the cost of living crisis, exacerbated by rail strikes and serious public transport issues.

Table 1. Number of businesses in the private sector and their associated employment and turnover in Yorkshire and Humber at start of 2022

Employee size band	Business number	Employment number (thousands) [Note 8]	Turnover (£ millions)		Businesses percentage	Employment percentage	Turnover percentage [Note 1]
			[Note 1]	[Note 3] [Note 9]			
<b>All Industries</b>							
All businesses	385,590	2,016	260,396		100.0	100.0	100.0
All employers	107,545	1,717	244,455		27.9	85.2	93.9
With no employees (unregistered) [Note 2]	199,275	213	6,479		51.7	10.6	2.5
With no employees (registered) [Note 2][Note 4]	78,770	86	9,462		20.4	4.3	3.6
1	11,400	25	2,094		3.0	1.2	0.8
2 to 4	55,735	160	16,812		14.5	7.9	6.5
5 to 9	20,225	137	16,304		5.2	6.8	6.3
10 to 19	10,800	148	15,057		2.8	7.3	5.8
20 to 49	5,960	181	24,801		1.5	9.0	9.5
50 to 99	1,925	133	19,936		0.5	6.6	7.7
100 to 199	775	106	15,391		0.2	5.3	5.9
200 to 249	165	37	6,068		0.0	1.8	2.3
250 to 499	280	95	22,550		0.1	4.7	8.7
500 or more	280	696	105,443		0.1	34.5	40.5

Source: <https://www.gov.uk/government/statistics/business-population-estimates-2022>

## What we know already about how small businesses seek business support

Extant research shows small businesses are often overwhelmed with the different business support provision on offer and fail to identify their needs and evaluate the quality of provision on offer (Mallett and Wapshott, 2016; Mole et al., 2017). Research by Mole et al. (2017) report 60% of SMEs did not access external support despite many experiencing business problems where business support could be valuable.

Research has explored whether other business characteristics influence propensity to seek support, including business age, size and growth intention. Overall, extant research reveals that multiple firm characteristics can shape support-seeking behaviour (Antcliff et al., 2020). This likely reflects the heterogeneous nature of SMEs. Mole et al. (2017) report how the demand for support relates to growth intention, with the demand for strategic advice increasing once businesses aimed to grow. Of interest, owner-managers tended to seek strategic advice from private sector sources rather than public sector provision. There was also a size threshold of around 10 employees before owner-managers sought support, as owner-managers preferred to solve problems amongst a smaller workforce themselves.

Owner-manager characteristics can influence behaviour, with those with higher qualifications and women-led businesses more likely to seek support from public sources. Extant research indicates no distinct sectoral differences in seeking support (Edwards et al., 2010; Mole et al., 2017; Webber et al., 2010). Research has highlighted how SMEs seek to engage with Information Technology (IT) or Research and Development (R&D) activities and support (Johnson et al., 2007).

Other research indicates that specific triggers can lead to small businesses seeking support (see Edwards et al., 2010; Johnson et al., 2007; Mole et al., 2017), including market pressures, developing new products and recruitment challenges. This reflects the reactive nature of management in many small businesses where financial survival is an overriding concern.



The role of informal networks in fostering trust and confidence in business support is also highlighted (e.g. Audet and St-Jean, 2007; Lambrecht and Pirnay, 2005; Mallett and Wapshott, 2016; Mole et al., 2017). An important implication of extant research for policy makers and support providers is how an initial willingness to take informal business advice can act as a stepping stone to engaging with formal sources of support (Edwards et al., 2010; Johnson et al., 2007; Mole et al., 2017; Webber et al., 2010).

There are a range of reasons why small businesses might not seek support, including trust and confidence in business advisors, perceived benefits of external support and difficulties in finding the right support. Mole et al. (2017: 290) group these barriers into three main categories:

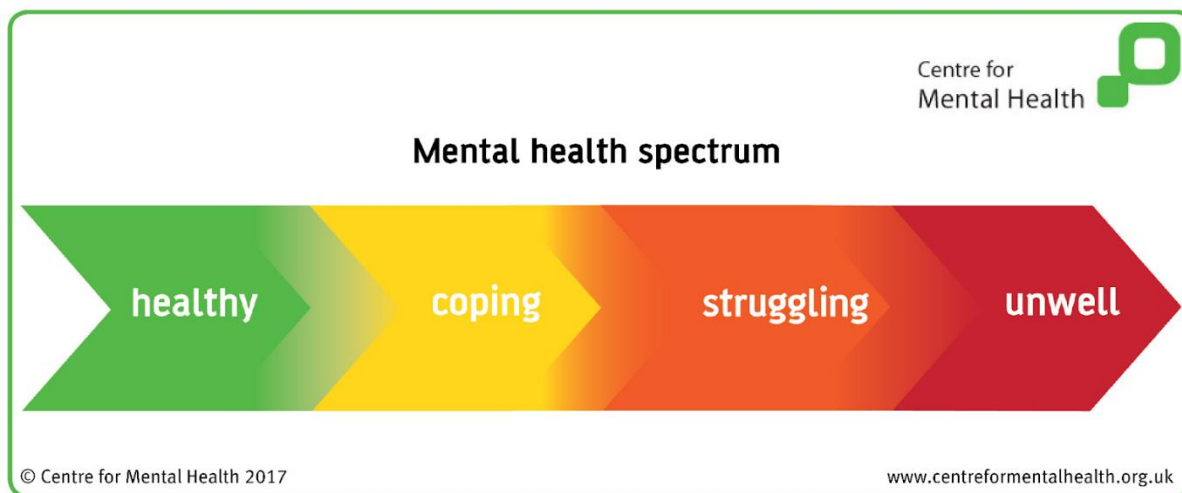
1. Concerns about access to information and advice, which are perceived as unsuitable, irrelevant or as not existing.
2. Doubts about the costs, benefits and value of assistance. Support is perceived as too expensive, cannot be accessed due to time pressures, and owner-managers are unsure of the potential value and benefits of assistance.
3. Lack of trust and confidence in external advisors who are perceived as not understanding the business. This perception is shaped by prior experiences of accessing business support of owner-managers and their networks.

A current gap existing in the literature is around support provision for small businesses in relation to mental health and wellbeing. One exception is recent research by Suter et al (2023), which reveals a picture of small and microbusiness managers '[juggling on a tightrope](#)' when managing mental health in the workplace. The implications of this research calls for more tailored and context-sensitive policy and practice in the area of workplace mental health.

## **What do we mean by mental health and wellbeing**

According to the UK mental health charity, Mind, good mental health means being generally able to think, feel and react in ways that support a healthy functioning life. Whilst poor mental health affects the ways in which people frequently think, feel or react, making life difficult, or even impossible, to cope with. This can feel just as bad, or worse, as physical illness. [Mental health problems](#) range from depression and anxiety, to rarer problems such as schizophrenia and bipolar disorder. These illnesses lie on a spectrum of severity with the most severe conditions, which include psychosis and paranoia, being highly debilitating, and potentially life-threatening, for those who experience them.

The Centre for Mental Health's (CMH) spectrum is helpful in illustrating this range of mental health conditions. According to the CMH "*Every day of our lives, we are all somewhere on this spectrum. While everyone's experiences are unique, and many people won't fit neatly into the four headings used in the spectrum.*"



*Healthy:* enjoying mostly good mental health.

*Coping:* facing significant risks to mental health but not currently in difficulty. This may include people coping with loss or bereavement, financial difficulty, or relationship problems.

*Struggling:* dealing with major life challenges and at high risk of becoming unwell. This might include having experienced a major trauma or ongoing high levels of adversity.

*Unwell:* experiencing poor mental health, such as being given a diagnosis of mental illness that is currently causing significant distress and impairment. It is, however, possible for a person living with a mental health diagnosis to be at any point on the spectrum.

More broadly, the Wellbeing agenda has developed out of a greater awareness and concern for wellness, linking physical and mental health more directly and going beyond what happens within the mind to how life is experienced more generally - in a more harmonious way - including diet, exercise and our relationship with nature.

In this study we are mainly concerned with the mental health component of wellbeing, in the belief that being aware of - and responding to - mental illness is critical to wellbeing at an individual, societal and business level.

## Why local government should care about workplace mental health and wellbeing

Supporting good mental health and wellbeing in the workplace is a societal issue with healthier workplaces helping businesses, the economy, individuals and communities to thrive. Improving workplace mental health and wellbeing can also lead to higher rates of employment, higher quality jobs and reduce the burden on public services. Hence, policy makers - national, regional and local - need strategies that integrate the prevention, promotion and management of good mental health and wellbeing, something that the recent pandemic has served to underline.

At a national level, recent evidence from the [commission for wellbeing and policy](#) (February, 2020) identifies work and income as a key priority area for policy makers, and includes stable employment, jobs with purpose, challenge, decent income and good social connections, clear expectations and reasonable autonomy and work-life balance. These principles become more important in an economy increasingly shaped by precarious employment, including platforms for 'gig work' and zero-hours contracts. An independent [review of modern working practices](#) emphasises how all work in the UK economy should be fair and decent with realistic scope for

development and fulfilment. [A blueprint for good work](#), developed by The Royal Society for Arts (RSA) places workplace wellbeing at the centre of a new collective agenda and social contract for work in the post-Covid world.

Through recognising a distinction between mental health and wellbeing, the [Stevenson / Farmer Review](#) (2017), an independent review commissioned by the UK government, offers to shift policy in a different direction. This shift is important in opening a door towards improving knowledge and addressing a deep and lingering stigma around mental health conditions, which the 'wellbeing' agenda partly serves to obscure. According to the report's authors: *"The UK is facing a mental health challenge at work that is much larger than we had thought."* The report highlights that there are more people at work with mental health conditions than ever before - with around 15% of people in work having a mental health condition - and that 300,000 people with a long term mental health problem lose their jobs each year in the UK, at a much higher rate than those with physical health conditions. And this was before the Covid-19 pandemic.

According to a recent [Mind survey](#), 29% of adults say their mental health has suffered since March 2020. More than 1 in 4 experienced mental distress for the first time during the pandemic and 41% describe their current mental health as poor or very poor. Recent research by the [Centre for Mental Health](#) reports that 8.5 million adults in England will need support for their mental health over the next 3 to 5 years as a direct result of the pandemic; this has doubled from pre-pandemic estimates. Evidence indicates that the pandemic has had a differential effect within society with women affected more. According to Mind, the impact of Covid-19 has led us towards a [mental health emergency](#).

Other, contextual, factors are also pertinent to acknowledge here. For example, we are witnessing a new global phenomenon in the labour market which tells of the longer-term impact, arguably the mental health component of 'long Covid'. In what has been termed globally as 'The Great Resignation' (Marks, 2023), the UK saw a sharp rise of people quitting their jobs in 2021, with a [recent survey](#) showing that one fifth of UK workers are unhappy at work and plan to find a new - more satisfying - job. The alternative, continuing to work with less commitment within a job with which you are dissatisfied, has become the phenomenon of 'Quiet Quitting'. [Gallup's global workplace report](#) for 2022 showed that only 9% of workers in the UK report to be currently engaged or enthusiastic with their work. While this survey covers a sample of the full UK workforce, it clearly has implications for the 90+% of small and medium businesses throughout each region.

In addition, the nation is also experiencing a cost of living crisis and economic turmoil. At a time when inflation has hit a 40-year high, a 2023 [national survey](#) by Novuna reveals how small business concerns have doubled in the last 12 months, with more small business owners worried about market volatility than the long term impact of Covid. Small businesses in manufacturing and retail were particularly impacted by pressing business concerns especially around Brexit (for manufacturers) and economic volatility (for retail). In Yorkshire and the Humber the proportion of small businesses owners reporting how worries were keeping them up at night had risen from 77% in quarter 1 of 2021 to 85% in quarter 1 of 2023.

Given the prevalence of small businesses in this region, and in light of the findings from national surveys presented above, it is clear that encouraging small business managers to seek support on business issues and beyond, is crucial if they are to remain viable, and if they are to successfully recruit and retain appropriately skilled employees. This research seeks to identify current business needs and requirements for support, drawing on a sample of 25 small businesses from across the region.

# Research Design

## Project aim

As reported above, this research builds on a recent policy brief for NYCC in identifying future business support needs and current/future business support provision, particularly in relation to skills, working practices, mental health and wellbeing, sustainability within small businesses.

## How we did the research

The research involved five phases between September 2022 and March 2023:

Phase 1: Induction, scoping and desk based research

Phase 2: Primary research - key stakeholder and small business manager interviews

Phase 3: Dissemination workshop to share draft findings

Phase 4: Draft report for feedback

Phase 5: Reporting and policy workshop with NYCC and regional partners

## Key stakeholder interviews

Key stakeholders were interviewed to understand views of the current landscape of support provision and identify relevant published materials. Seven stakeholder interviews were conducted. Contributors included NYCC role holders with responsibility for Education and Skills, Public Health and Business Engagement, and partners including representatives from Federation of Small Businesses, West and North Yorkshire Chamber of Commerce, Workplace Wellbeing Partnership group, Local Enterprise Partnership (LEP) and the Growth Hub. Initial findings informed the interviews with small business managers with the aim of those interviews being to better understand how businesses seek external support and the potential barriers to these. Stakeholder interviews were conducted in Autumn 2022, either online or in person according to participant preference. Detailed notes were made for each interview as these were not recorded.

## Small business manager sample

25 small business managers from the North Yorkshire region took part. Sample organisations had between 2 and 50 staff members. Three of these were microbusinesses (1-10 employees). Participating organisations were drawn from a range of sectors including: manufacturing, retail and hospitality, food and drink production, biotechnology, engineering, arts and culture, service sector organisations and charities.

A table detailing participant characteristics can be found in the Appendix to the report.

Participants were offered in person, online or telephone interviews. As anticipated, online interviews were the most attractive to small business managers (n=15), due to the greater flexibility they offer in location and scheduling. Four participants chose to be interviewed in person, and six by telephone. Interviews lasted between 40 and 70 minutes.

The interviews were conducted between February 2023 and March 2023. Interviews were recorded with consent and transcribed by a trusted professional transcription service. Six participants did not consent to being recorded and in these cases detailed hand written notes were generated. The interview topic guide can be found in the Appendix to the report.

A relatively engaged sample of small business managers should be noted, illustrated through their willingness to participate in this research and their curiosity, wanting to know more about how to support the mental health of their staff. While the managers in this research appear highly proactive in their approach this may not be the case for less engaged managers.

## Findings

### Part 1: Stakeholder perspectives

Part 1 of the findings explore themes from stakeholders. Findings are presented in four sections: business development and support sought, delivering skills support, wellbeing support provision, and how to better engage small business in support services.

*“Businesses in the region are facing a long period of turbulence and they need us to work together to support them to ride out this storm and seize on the opportunities that are unique to this situation.”*

(NYCC Stakeholder)

### Business development and support sought

Some stakeholders highlighted how start-up entrepreneurs can struggle to scale up their business as they have poor management skills. Moreover, there was a view that small business owners are not always motivated by growth and that they might value other measures of success. This concurs with literature which highlights how entrepreneurial motivation during venture growth relates to not only economic concerns but to nonfinancial aspects of owning a small business, such as entrepreneurial passion, satisfaction of a family's social needs, and prosocial and community values more broadly (Murnieks et al., 2020).

Common drivers for business managers to seek support related to identifying funding and new customers, advice on business start-up, and HR issues, particularly recruitment and retention. There was a perception amongst most stakeholders that there had been a growth in enquiries around wellbeing and some stakeholders noted increased incidences of business managers asking for advice on managing mental health problems. It was also reported that, since the start of the pandemic, support and advice around remote working and how to manage this effectively had been offered. One stakeholder highlighted a rise in business managers seeking information and support on social media marketing.

### One-to-one support

Some stakeholders recounted how small businesses did not come forward for support because provision is often not individualised and advocated for access to one-to-one support, and peer support from other small business managers. The importance of one-to-one support from business relationship managers to initiate relationships and facilitate engagement was highlighted. The LEP employs 6-8 business relationship managers directly and another 4-6 are employed directly by NYCC, with some overlap and partnership working amongst these role holders. It was reported that of the c.40,000 SMEs in North Yorkshire around 20% access support online through the Growth Hub and 200 per year receive one-to-one support - either referred by other stakeholders or through business relationship managers. A broad range of

businesses seek support, mostly start-ups and small/micro businesses and some medium sized businesses.

Business relationship managers emphasised the importance of developing business (social) networks through face to face events, although events held in Harrogate or York were perceived as being most effective, despite the barriers to attending these for rural businesses spread over a large geographical region.

### **Barriers to seeking support**

A common theme from stakeholders was that the reach for support could be improved. Some perceived this as related to the location of support offered as it was often inaccessible to businesses in rural locations. Moreover, due to the large geographical region it was felt small businesses in the region are often hidden. Marketing of support provision was identified as problematic both in terms of reach but also in how to sell the value and outcomes of support. Some of the challenges were exacerbated by low trust in external support provision. Stakeholders recognised small business manager pressures, with competing priorities and poor time resources constraining managers' ability to seek and access support. Problems were exacerbated by siloed efforts and the demand for bespoke support as the heterogeneous nature of small business means no one size fits all.

### **Delivering skills support**

Stakeholders reported good skills provision in the region but highlighted that this needs to be better marketed, with one stakeholder reporting that skills support provision was the county's 'best kept secret'. Skills gaps in management and leadership were identified by stakeholders. Start-up entrepreneurs were perceived as having technical expertise but often poor management skills which could constrain their ability to scale up their business. Other skills gaps included the practical side of HR, particularly for recruitment and how to manage presenteeism and absenteeism. This implies a need to focus on developing leadership skills in these businesses, in addition to technological skills.

We asked stakeholders how engagement for skills provision could be improved. This next section summarises stakeholder perspectives.

### **Keep it brief**

Training for small business needed to be bitesize in length and in a variety of formats with flexibility of provision emphasised as important. This could be a combination of online on demand provision but also training that is taken to small businesses, especially as many small business managers are time poor and do not want to, or are unable to travel.

### **Keep it local**

A perceived shift to more local engagement with local communities, schools and the labour market was highlighted by some stakeholders. Skills provision could be better achieved by local providers helping local businesses. This would require a move away from larger national providers, but could bring benefits as small and local providers better understand local regions and businesses.

### **Lifelong learning**

Engagement with skills provision could be improved by developing a culture for lifelong learning within the region.

## Selling the benefits

More could be done to sell the benefits of skills provision within the region. This could include a communication strategy where small business managers speak out about support resources that have been accessed, and the benefits of these.

## Language

Language is important when framing skills provision. For example, microbusinesses are 'doing innovation' they just don't call it this. Similarly, terminology such as 'high performance work practices', has a different meaning in a small business context.

## Short term pilots

To facilitate innovation in support provision shorter programmes could be piloted. At times innovation in provision is constrained by fixed longer term strategies.

## Wellbeing support provision

Promotion of workplace wellbeing and healthy workplaces is integral to NYCC's regional policies on economic rejuvenation, unemployment and upskilling. Key themes highlighted in stakeholder interviews include:

### Wellbeing and mental health moving up the agenda

It was reported that more businesses are seeking one-to-one support for workplace mental health and wellbeing, and advice on managing issues relating to absenteeism and presenteeism.

### Individual vs business support

Several stakeholders perceived there to be a lot of support for businesses and support for individual employees. However, it was highlighted that there was not a holistic approach that brings the two together, and that addressing this could prove to be more effective.

### Public health and economic drivers

A key issue raised by several stakeholders was the perspective that health fits with both business growth and sustainability, and as a public health issue. This has implications for where the responsibility for support for mental health and wellbeing sits within NYCC portfolio of provision and can contribute to work happening in silos.

### Wellbeing charters

There are numerous wellbeing charters and award schemes available within the region and nationally. It was noted that the proliferation of such schemes can be confusing for small businesses as it is difficult to differentiate the value of one scheme over another. Better understanding of if and how small businesses engage with these schemes is needed. One regional scheme that was highlighted by most stakeholders was [The Good Business Charter](#). Many cite a lack of time/resources as a barrier to participation in such schemes.

In terms of regional policy for business-related mental health support, the [Workplace Wellbeing Award North Yorkshire](#) scheme provides a valuable framework, based on the belief that the workplace is an important setting for improving health and wellbeing. Founded on a World Health Organisation model, the report describes a 'settings based' approach to health promotion [which] adopts a holistic and multi-disciplinary structure across a whole system approach.

The Workplace Wellbeing Award is intended to support organisations to develop a structural approach, embedding health and wellbeing within organisational cultures. It aims to provide a

step by step approach, enabling organisations to implement and embed health and wellbeing in their organisation in a series of progressive and incremental stages. There are three levels to the award, [Bronze, Silver and Gold](#), each containing different elements which are the individual standards participating businesses will need to meet to achieve an award.

From a stakeholder perspective the scheme is additionally beneficial as a vehicle for developing relationships between public health practitioners and small businesses. Without this scheme developing such relationships is difficult.

## **How to better engage small businesses in support services**

Stakeholders reflected on how to better engage small businesses in business support currently available and new initiatives which could be piloted.

### **Coaching**

It was acknowledged that coaching would be beneficial for small business managers in terms of developing their business and management skills. Yet, with so many unregulated providers it was highlighted that there needs to be an evaluation and identification of trusted partners.

### **Role models/buddy/ mentoring system**

Building on the comments around coaching, it was noted that a buddy or mentoring system could be useful so that newer small business owners can benefit from the knowledge and experience of more established small business managers operating in the region.

### **Building a small business community**

For small business owners new to the region, or located in more rural or remote settings, it can be important to develop shared values and identity amongst small business managers in order to create a sense of community. As small businesses are often time poor, sharing resources and knowledge exchange can prove beneficial, as well as increase opportunities for more informal support.

### **Support designed with small businesses in mind**

Guidance is often developed with larger businesses in mind, with the assumption that these can be 'scaled down' to be applicable to small businesses. However, such scaled down guidance might not meet the specific needs and challenges faced by small businesses. Instead, policies or support provision should be designed with the smallest businesses in mind.

### **One to one support**

One to one support sounds expensive, but is a crucial long term investment as it is an important mechanism to build trust and relationships. By engaging in conversations with small business managers, and allowing space to talk through their specific needs, learning on both sides is facilitated.

## **Part 2: Small business manager perspectives**

Part 2 of the findings explore themes from the 25 individual interviews conducted with a range of small business managers within the region, across a range of sectors and localities. Findings are presented in three sections: seeking and accessing support, skills support provision and wellbeing support provision.



## Seeking and accessing support

Interviewees reflected on how they access and seek support and what motivates or constrains their desire to do this. Some key themes were:

### Working well not just growth

Many managers emphasised how business development is not always or only about growth but about working well/efficiently. A key overall driver for seeking support related to developing business skills. A number of managers mentioned that their business came about because they had a good idea for a product or service which is how the business began, but few felt confident in their abilities to successfully run a business, in terms of strategic planning, diversifying, budgeting, leadership skills.

### A critical friend

A buddy system/critical friend role was highlighted as potentially useful. For example, one manager suggested partnering new small business owners with those in the region who have experience to better understand how to improve.

### Small, informal and local networks

Large networking events can feel daunting for solo business managers - local, smaller events can be more attractive, potentially leading to better localised informal networks, and greater likelihood of making strong relationships and feeling confident to seek advice from others present.

*"It can be quite intimidating walking in, because a lot of people go every month. So, if you're going just by yourself, which I would be, and there's lots of big tables there, you feel like everybody knows everybody. They don't necessarily, but that can be a bit, not so comfortable ... [I'd prefer] Something smaller, where you don't feel that everybody goes every month, and they all know each other, and you're just walking in as the odd one!"*

(Manager 10, manufacturing, 31 employees)

A small business manager in a more rural setting spoke of how they would be keen to collaborate with other nearby local businesses in order to work towards common goals that would help their business.

## Skills support provision

### What are the issues?

#### Recruitment and retention

Many managers reported relying on word of mouth for attracting employees, and use of informal channels to promote vacancies. With regard to more formal channels, 'Indeed' was frequently mentioned as a commonly used recruitment tool. Depending on the sector, participants responded that it can be challenging to attract, recruit and/or retain suitable staff. Access to a talent pool with relevant skills was particularly challenging for businesses relying on more technical/specialised skills. Some experienced issues with retention, in part due to Covid, but this was a common issue reported by managers in this research. When increasing salary is often not an option, many businesses mentioned seeking other ways to attract and retain staff.

## Training

Managers reported the use of both in-house training and external training. Training offered tended to relate to regulations (e.g. health and safety), and sector/role specific training. In terms of developing skills, managers emphasised difficulties in identifying appropriate training providers as well as the time required to source and organise training. A common theme related to issues with finding suitable training providers, particularly if technical expertise is needed.

*“We do all the standard training, health and safety, fire, that kind of thing. We're really struggling at the minute to find some suitable specialist training for our employees...I've researched everywhere, and it seems in North Yorkshire [it's difficult] trying to find something suitable. I've approached the colleges, and it's been a really rubbish response. If there was a go to person that you could, even if they didn't offer it, source it for you, then that would save a lot of time. Then if they could let you know if there's any funding available towards that, that would be great.”*

(Manager 10, manufacturing, 31 employees)

## Rural locations

Businesses in rural locations often require applicants to drive due to limited public transport, even if driving is not a requirement of the job role. Some managers reported how fewer young people were able to drive due to increasing cost of living. The lack of labour supply led one manager to reflect on the support needed regarding recruitment to roles in rural locations:

*“Everything takes time here. So when I'm looking at succession planning, if someone left on a Friday, you wouldn't have a new member of staff starting on the Monday. You need a much longer transition period than that. Yes, that would be my question, is there any sort of support maybe based on total company income or what salary you can offer...if it was a brand-new role or you were replacing somebody who was retiring, could they maybe support with additional funding for the first 12 months or something, to incentivise that person to take the job”*

(Manager 19, Charity, 14 employees)

## Work ethic

Finding people with the right 'attitude' who are willing to 'work hard' and who have a strong work ethic was noted by a few managers. Particularly since Covid, as there was a perception amongst some managers that this has declined.

*“I think they need to give young people a reality check, and maybe give them some skills or some heads up that let's get off the fence, you're not a genius, get out there and this is how you're going to have to earn a living...You're going to have to get out there, work hard, it's hard graft, get used to the idea”.*

(Manager 20, Skilled trade services, 21 employees)

## What would be useful?

### School and college leavers

A few managers highlighted the need for resources for advising school/college leavers about their futures. It was noted that alternative routes to University need to be normalised, and other options made visible/attractive, particularly more manual roles. Managing expectations for school leavers around the future of work and provision of vocational skills was emphasised.

### Identifying reliable training providers

Some managers wanted guidance on identifying quality training providers for standard training (e.g. first aid) and for more specialised training, for example on how to manage mental health.

### Funding

Guidance on funding opportunities to support recruitment and training for 'hard to fill' roles and employment in rural locations was highlighted as being beneficial.

### Attraction and retention in small business

A few managers emphasised the need for advice on what can be offered to make jobs more attractive when salary increases aren't possible.

## Wellbeing support provision

The comments around wellbeing tended to be similar across businesses, irrespective of location and sector. One exception was businesses with predominantly male workforces, who spoke of mental health issues being particularly prevalent but not well articulated, impacting the ability of managers to address these needs or signpost staff to appropriate resources. One further distinction was that some businesses seemed to be more familiar with formal support resources available (e.g. Mind), and/or Council initiatives, such as the Wellbeing Workplace Awards.

## What are the issues?

### The triple whammy of Brexit, Covid and Energy Crisis

While we entered this research with a focus on the Covid pandemic, managers emphasised how Brexit is having longer term consequences and still impacting small businesses.

*“When you talk about the three big business crises that we've had, you know, 2008/2009 the financial crash which bled into 2010, Brexit, which started very early, so we had three years of anxiety leading up to Brexit, the difficulties that Brexit has caused, and then obviously the pandemic, I think they all created different problems in terms of making sure that the team were happy and content”*

(Manager 12, Information technology, 23 employees)

Managers spoke of the “trauma” or “nightmare” of Brexit in terms of business management and sustainability, with several having to make major changes to the way they operated and staffed their businesses. This included having to move premises, devalue the business and giving up on future plans. The lingering uncertainty, anxiety and despondency that this had created was linked by several interviewees to implications for their own mental health, a phenomenon described as mourning the future (Grosz, 2011).

Several managers spoke of the seeping fear and anxiety continuing to impact their staff following Covid-19 and - mirroring national research on 'quiet quitting' - the reluctance of staff to return to what had been the pre-Covid norm (including the '9-5' or unsocial hours in the hospitality sector.

*"I think that during COVID it was one sort of mental health issue, and post-COVID I think it was something completely different, and almost coming to terms with the change, with the switchback."*

(Manager 12, Information technology, 23 employees)

### **A commitment to the importance of staff mental health and wellbeing**

Strikingly, the managers we spoke to are taking these issues very seriously. Managers described a strong sense of responsibility for the mental health and wellbeing of their staff. In a few cases specific reference was also made to neuro-diverity. What was notable was how they put their own mental health second to the needs of their staff, even though when encouraged to reflect on this they acknowledged the psychological and emotional strain that this put them under, in that "it all comes back to me".

*"[I have] 17 families relying on income from the business...you can't take it too seriously, because if you did it would be too much...It is about carrying that responsibility"*

(Manager 25, Engineering, 18 employees)

Managers revealed a number of examples of how they supported their workforce. Managers reported regularly checking in with their staff on how they were coping emotionally, alert to any potential concerns, and creating a space within their organisations to discuss mental health and wellbeing issues. Several managers acknowledged how a growing social awareness of mental health issues have enabled an environment where these issues can now be addressed. Both formal (e.g. a weekly pulse survey) to more informal (e.g. a daily morning walk around the factory floor) approaches to creating this space were mentioned. Some managers emphasised a high level of awareness of the relationship between working hours, work/life boundaries and flexibility in promoting good mental health. In a couple of cases managers spoke of funding mental health support and counselling for some members of staff through private sources.

A number of managers revealed participation in national programmes (e.g. Mind, Thriving at Work) and of funding staff to participate in mental health first aid (MHFA) and suicide awareness training, further illustrating the particular levels of awareness and pro-activity within our sample, and the seriousness of these managers towards addressing these issues within their businesses. Reflecting the statements made earlier in this report between making a distinction between mental health and broader issues of wellbeing, we encountered more references to suicide prevention than to mindfulness.

Traumas need to be processed, to be mourned (Garland, 2022). As this process happens mainly on an unconscious level, we would not expect to see this explicitly in our interviews but we did note attitudes which would appear to promote this approach, including encouraging teams to prepare for endings where circumstances had made these endings inevitable.

*"A trauma, yes definitely. I am conscious that I should be over it...I shout at the radio. I feel like an injustice has been done"*

(Manager 6, Arts and culture, 15 employees)

Beyond this managers portrayed a high level of goodwill, beyond each individual business to concerns for wider charity giving (towards mental health support) and local community building. Guidance from various mental health charities (e.g. [Mind](#)) clearly shows the importance of building and maintaining social networks for sustaining good mental health. This implies a potential for small business managers to play a broader role in sustaining mental health and wellbeing across their networks and business/social communities.

### **Support they have found helpful**

Managers spoke of useful support offered through national mental health charities (including Mind) and the Federation of Small Businesses (e.g. legal advice). They also spoke highly of suicide awareness training and other mental health support (including MHFA) offered by private training providers. Where managers had received business support from their local council they had also found this helpful, in some cases excellent. The same applies to examples of Peer-to-Peer networks (including through the University of York).

### **Support they would welcome**

A common theme was the feeling that the local authority did not know or understand their needs, generally and specifically in relation to mental health and wellbeing. They would welcome further attempts to understand who they are, what they do, and what they need (e.g. through visits, surveys or forums). Several spoke of having a local business adviser who would contact them on a regular basis, akin to 'dropping in for a cup of tea and a chat'. Overall, they would welcome more proactivity from NYCC and better articulation of the support available.

*"It has not occurred to me to ask them, and I don't know who I would ask. I don't know what department I would ask. I mean, I know they're going to be one council soon, but I wouldn't even know where to start, who to go to."*

(Manager 23, Charity, 20 employees)

To this end they would like NYCC to build upon some excellent business support practice in pockets and spread this across the region.

*"It is important to know that the Council is there as a point of call ... it's not so much about what they provide but just to know that they are there if needed."*

(Manager 4, Health and wellness services, 15 employees)

Managers also directly called for more local peer-to-peer problem sharing networks, a one-stop-shop of information and guidance, more specific guidance/access to appropriate knowledge on mental health and wellbeing concerns for small businesses and access to/funding for talking therapies.

*"I would like to see some sort of narrative for business owners to have some form of understanding of different disabilities / conditions e.g. Asperger's and autism. If business owners and managers don't understand that, how can they begin to work with their staff and colleagues and be inclusive to maximise production from all parties ... what are the signs you should be looking for and how to interpret that and how can it impact your business?"*

(Manager 16, Biotechnology, 31 employees)

Relating to the triple whammy of Brexit, Covid, and the energy crisis reported earlier, managers called for support relating to contextual issues, such as (post) Covid working practices and legislative changes to industry practices. It may be useful to think about a 'long Covid' effect on small businesses which goes beyond the immediate impact of the pandemic.

One manager told of the need to reach out and ask for help, a powerful message which speaks of the importance for small business owners and managers to take care of their own mental health and wellbeing.

*“Get in touch with someone. Reach out to somebody, whether it's another business, whether it's the council, whether it's an organisation like FSB. Whatever it may be, reach out and ask them because you don't have to just struggle on your own ... Ask for advice. It's no bad thing... It doesn't show any weakness...”*

(Manager 1, Food and drink production, 2 employees)

## Recommendations

Small businesses make up a large proportion of businesses across the North Yorkshire region. With factors such as post Covid recovery, Brexit and the energy crisis continuing to have an impact on the small business landscape, understanding the needs of small business owners and managers is paramount to the region's economy.

Key stakeholder interviews, combined with the data from the sample of small business managers inform recommendations. Broad recommendations to NYCC are made regarding how best to connect with other Council colleagues and departments to design, implement and evaluate support provision to local small businesses; and specific recommendations regarding what business, skills and wellbeing support provision small business managers would like to see.

### Recommendations for North Yorkshire County Council

A key issue identified by stakeholders and small business managers related to local authority departments **working in silos**. More explicit collaboration between key departments such as public health, education and business development would help to address this. Findings highlight lots of great business development work and initiatives are in place indicating a clear role for NYCC but **more needs to be done to communicate** within and between Council departments to increase awareness, minimise duplication, pool resources and maximise reach and outputs. There is a need to 'join the dots' across existing **established, but siloed, efforts**.

**Raising awareness of support provision to small businesses** so that work being done does not go to waste. It is not necessarily the case that support is not fit for purpose, more that it is not clear to SMEs what is on offer, or how to access it.

**Changing the mindset** of small business managers is needed as most in this research revealed the council would not come to mind when considering business support. There is an obvious role for the business engagement team here to change this perspective.

Small business managers in this research were more likely to draw on peer-to-peer, B2B support. NYCC has a role to play as a central **point of call** and in facilitating B2B networking and peer-to-peer support.

Small business managers called for NYCC to be more **proactive**, including meeting with business managers in their place of work to build relationships and observe issues in context. There is a valuable role here for the teams already working effectively 'on the ground' in developing this approach and extending their reach.

The **good business charter** is valued by those small business managers who have engaged with it. However, there appear to be a proliferation of different charters aimed at businesses and some confusion about which is which. We recommend extending the awareness of this more widely and thinking about ways to incentivise / encourage more small businesses to sign up to a single charter which incorporates advice and guidance in relation to mental health and wellbeing.

We note the high regard held for support from **intermediary organisations** (e.g. CIPD, ACAS, CMI, Make UK). We recommend that NYCC consider whether more be made of these organisations to provide a supporting role, through partnering or collaborating more closely.

How we **define success** can vary, especially for small businesses. We recommend that NYCC consider this concept more widely, beyond ambitions for growth. For example we have found that social justice can resonate with entrepreneurs and for many the key driver is about recovery from a challenging episode of multiple shocks and crises. This also turns attention directly to the issues of mental health and wellbeing that have become so prominent during this period of crisis.

**Piloting** is a useful way to test new initiatives, particularly if these pilots are evaluated in a formative way so that all stakeholders learn from the process. We recommend that NYCC consider this approach in developing any new initiatives and that regional small business managers are involved in this process to codesign initiatives and research.

## **Business development support**

We make the following recommendations in relation to business development support.

### **Build awareness**

It is important for NYCC to be aware of, and identify, generic and bespoke needs of regional businesses. This can best be done through one to one support, building relationships and helping local clusters of small businesses to connect with one another.

### **Increase communication**

Responses showed that many managers spend a great deal of time researching online for quality training, development, support advice, and/or for legal/HR providers. A 'one stop shop', that is clearly communicated, could save time for these managers, enabling them to focus more directly on their business.

### **Provide non-financial support**

For many small businesses funding is key and advice on what support is out there, and how to access this financial support can be beneficial. However a key theme in the findings is a desire to better understand non-financial support available, and where to access this support, for example, where to go for advice around developing management skills, or where to find suitable training providers. The Council can be valuable in being a 'one stop shop' that can signpost employers to both financial and non-financial support.

## Building relationships with rural business communities

Transport issues are affecting recruitment and retention of workers, particularly in rural locations. Building relationships with small businesses in rural settings who are particularly impacted if their business is not on a main road or public transport route will help to better understand the recruitment issues for these employers, and facilitate more bespoke support, or signposting to assist with their recruitment needs.

## Skills support

### Starting early

It is important that information about future work and employment opportunities and pathways is provided to young people early within their educational journey so that they are more aware of the options open to them when they leave school or college, including the non-university/vocational route.

### Recruitment and retention

Recruitment and retention issues are widespread, but particularly acute for rural businesses. A better understanding of the needs of rural small businesses would be helpful in terms of being able to tailor support for recruitment and retention of staff, either in terms of funding or signposting, especially when the roles to be filled are specialist in nature.

### Training

Findings indicated that identifying appropriate, high quality, training provision is a priority for small businesses, particularly for niche/specialist training. Training provision needs to be easily accessible - bite size, online or in-house. If small business clusters/networks were generated, cost savings could be made. NYCC can be integral here in signposting employers to suitable training providers and by facilitating clusters or networks of small businesses (either by location, or by sector) who share similar needs so the costs could be shared by a collective of small businesses.

## Wellbeing support

### Prevention *and* Management

The responses from small business managers highlighted a two fold issue with mental health and wellbeing support. For example, some spoke of the desire to create a working environment that was protective of staff mental health, thereby taking a preventative approach with the intention of protecting the wellbeing of employees. Others spoke of wanting to be better equipped to manage and support employees who were experiencing issues with their mental health. For many, this was an area of concern and one that they were keen to have more information on, even in terms of signposting to where they may be able to find appropriate guidance either for themselves, or to share with their employees.

### The spectrum of mental health, neuro diversity and wellbeing

It is important to acknowledge variations ranging from wellbeing to common and more severe mental health issues alongside specific issues in relation to neuro diversity. Each is specific to the individual and requires a different approach. More severe mental health issues will need more targeted and specialised support.

### Mental health and wellbeing of managers *and* employees

Small business owners and managers may also need support with their own mental health and/or wellbeing as they are responsible for their employees and navigating numerous roles within a small business which can take a toll, particularly given the broader contextual factors (e.g. Brexit, Covid, energy crisis).



### **Credible support resources**

Signposting to credible and recommended sources of formal and informal support is important. Particularly since Covid, 'wellbeing practitioners' have become prevalent, but not always credible.

### **Proactive promotion of initiatives**

Greater awareness of workplace wellbeing Council support and initiatives, such as the Workplace Wellbeing Award, should be promoted.

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## Appendix 1: Characteristics of small businesses participants

ID code	Job Role	Sector	Location	No. of employees
1	Managing Partner	Food and drink production	Malton	2
2	Privacy Lead	Education	NYCC region	50
3	CEO	Charity	NYCC region	40
4	Managing Director	Health and wellness services	Whitby	15
5	Founder	Health and wellness services	Richmond	9
6	Commercial Manager	Arts and culture	Richmond	15
7	Co-owner	Retail and hospitality	Northallerton	20
8	Managing Director	Manufacturing	Tholthorpe	18
9	Owner	Manufacturing	Sherburn In Elmet	9
10	PA to Managing Director	Manufacturing	Knaresborough	31
11	General Manager	Food or drink production	Harrogate	10
12	Managing Director	Information technology	Richmond	23
13	Director	Primary care	Knaresborough	42
14	General Manager	Charity	Richmond	27
15	Head of Administration	Manufacturing	Harrogate	14
16	Operations Manager	Biotechnology	Kirkbymoorside	31
17	Managing Director	Food and drink production	Barton Le Willows	16
18	Chief Executive	Leisure/education	Harrogate	28
19	Owner	Charity	Ripon	14
20	Owner-manager	Skilled trade services	Knaresborough	10
21	Project Manager & Associate Director	Arts and culture	Sherburn In Elmet	17
22	Business Manager	Recruitment services	Skipton	22
23	Chief Executive	Charity	Harrogate	20
24	Managing Director	Skilled trade services	Selby	16
25	Managing Director	Engineering	NYCC region	18

## Appendix 2: Interview topic guide

### **Background**

Tell me a bit about your business – how long/how long in this area/why this area?/how big/local only/no. of businesses/same industry? In what ways are you thinking of developing your business as this may impact the sort of support you'll seek. How do you perceive this affecting your business support needs/wellbeing needs

### **Accessing support**

Have you sought support since starting your business?

What sort of things would you seek support on? Personal development/business enquiries?

Do you initiate contact? What is your first line of contact? Which format – phone/social media/website/key contact?

What might prevent you from seeking support? What has your experience been of getting support

### **Awareness of support**

Are you aware of the various different resources available from local govt/council/LEP/Growth Hub where you can access support – can you give me some examples?

### **Effectiveness of support**

Are some topics better supported than others? If you have sought support, 'what works' and what challenges have you encountered?

To what extent do you think the nature and location of your business influence your experiences of and access to support?

### **Gaps/needs/challenges/barriers**

\*\*What has the focus of support tended to be? Has wellbeing of yourself/employees ever been a reason for seeking support? Wellbeing and mental health distinction - has this ever been an issue? if not, what sort of support would you want and who would you go to?

Are there any gaps you can identify based on your needs that would be useful for us to feedback to project sponsors? (issues around communication/engagement/where to find support/who to contact?)

Are there any particular skills you are missing that you feel would help you to run your business? E.g. role of technology/social media/anything else?

Access to suitable staff – barriers/issues/facilitators to recruiting and retaining staff (rural/urban/industry differences). Particular skills needed that are lacking? How could education/training facilitate? transport/access issues

### **Impact of Covid on business**

How have working practices changed? work intensification? things that were easy that are now hard

Pre-, during, post Covid experiences – what helped/what didn't/were you able to find answers to any questions you might have had during the early stages/height of Covid.

Have you had to adapt your working practices in light of Covid/Brexit/other economic or personal issues - how has this been for you? 'Covid Keeps' or want to get 'back to normal'?

**Future needs/directions**

What does the future look like for you, do you plan to close/continue/expand/diversify your business – what has/will influence your decisions?

Skills requirements – for self, and/or for staff - gateway to learning strategy? Involvement with any community groups re training/upskilling?

What support would you like to see in place (new or existing) going forwards to facilitate sustainability of your business?

**Any other comments?**

Is there anything we haven't covered that you would like to raise, any key message for us to feed back in our recommendations in the final report re what works/challenges/future needs?