

IG6(o) - Federation of Small Businesses

## **FSB Wales February 2009**

### **Paper for Legislation Committee No. 5, the National Assembly for Wales : Welsh Language LCO**

#### **Introduction**

1.The Federation of Small Businesses (FSB) is the UK's largest business organisation which represents the interests of over 215,000 members across the UK, more than 10,000 of which are located in Wales. The FSB's membership is diverse and is therefore a sound reflection of the majority of SMEs in Wales. We welcome the opportunity to submit evidence to this committee, as we feel that as the vast majority of businesses in Wales are SMEs, it is important for the views of this sector to be strongly represented.

2.FSB Wales membership breakdown, taken from March 2008 Wales survey:

Type of premises that the main business is run from:

	Wales %	UK Average %
Home	26.7	32.7
Retail/shop unit	24.9	19.4
Office	13.2	15.1
Factory, workshop, business unit, work yard	21.0	22.3
Other	14.2	10.5

Location of main business premises:

	Wales %	UK Average %
City Centre	4.5	9.3
Town Centre	21.1	17.4
Village centre, farm, rural area	36.6	29.0
Business park/industrial estate	21.6	19.8
'High street'/commercial/residential district in suburb	16.3	24.6

Industry of main business:

	Wales%	UK Average
Agriculture, forestry, fishing	3.4	3.0
Mining & Quarrying	0.3	0.5
Manufacturing	7.1	9.9
Electricity, gas and water supply	1.1	0.6
Construction and building related activities	12.2	11.4
Sale, maintenance & repair of motor vehicles and fuel retail	2.4	2.7
Wholesale trade	4.2	3.3
Retailing	21.7	17.1
Hotels, restaurants, bars and catering	9.0	7.2
Transport and activities related to transport	5.8	5.1

Post, courier and telecommunications services	0.3	0.5
Financial services	2.9	3.7
Real estate activities	1.6	2.1
Renting of machinery, equipment, personal and household goods	0.5	0.4
Computer and related activities	2.6	4.1
Research and development activities	1.1	0.7
Business services	7.4	12.8
Education	2.4	2.8
Health and social work	3.7	3.6
Personal services	6.6	5.7
Other	3.7	2.8

Reliance on tourist trade:

	Wales%	UK Average
Directly reliant on tourist trade	15.4	8.3
Indirectly reliant on tourist trade	18.9	11.6
Not reliant on tourist trade	65.7	80.1

## The Welsh Language and SMEs

3.The Federation of Small Businesses' position regarding strengthening the language in SMEs is that we do not believe that it would be a positive move to try and strengthen the language through further legislation for these businesses, and in fact during our consultation with our membership we feel that we have evidence to show that it would actually be detrimental to the language itself, as well as having a potentially negative impact on SMEs.

4.The reality is that the vast majority of businesses in Wales are micro businesses; indeed 27% of FSB member businesses in Wales are home-based. This could mean that additional legislation would turn bilingualism in business from a potential competitive edge to a negative burden. If further legislation is only going to be targeting larger public service providers, then a dialogue needs to be opened between government and SMEs, asking how we strengthen the relationship between the majority of businesses in Wales and the Welsh language.

5.A FSB Wales survey earlier this year found that 28% of those surveyed were able to deal with customers/ each other in Welsh, and 12% were using bilingual signs/ literature, but only 1% was part of a language scheme. Add to this is the fact that 66% responded that they were not aware of the services offered by the Welsh Language Board or Mentrau Iaith, and there is perhaps a lot of untapped potential for use of Welsh in business.

6.We would welcome support for SMEs which encourages use of the Welsh language in business, as only 11% of businesses noted Government Legislation as the single measure most likely to generate use of Welsh. 15% noted financial incentives, 16% chose practical support and guidance, and a vast majority of 59%, chose customer demand as the single measure most likely to generate use of Welsh in their business.

7.FSB statistics clearly show that business will respond to customers more than legislation, and so an increase in demand will naturally lead to increased use of the Welsh language.

8. There needs to be better dialogue on the use of Welsh in business so far, as small businesses often report particular practical problems with regard to being able to function bilingually, including finding bilingual staff. We will continue to positively work with the Welsh Language Board, and have supported the approach that they had adopted with regard to engaging and supporting small businesses with the use of Welsh, to whatever extent a small business felt appropriate. There does seem a lot of work still to do to take advantage of the good will and build on the use of Welsh that is already happening in businesses.

9. Having said this, it has come to the attention of the FSB that the Mentrau Iaith no longer have a role to play in the development of bilingualism within business. Private sector involvement is now the work of the Welsh Language Board. Traditionally, the Mentrau Iaith have helped support businesses, for example speaking at National Assembly business support events and workshops, and working with individual businesses. Arguably the Mentrau Iaith are in a much stronger position to increase local small business' use of bilingualism than the Welsh Language Board.

10. The Mentrau Iaith work within the communities of each Local Authority and have strong links with local businesses, most of whom will be SMEs. While the Welsh Language Board have a role to play on a Wales level, dealing with companies such as Tesco and Aldi, the Mentrau Iaith are arguably much more equipped to deal with local SMEs.

11. The Business Grant from the Welsh Language Board will cease after March 09. This grant helped businesses increase bilingualism. The FSB is concerned with how quickly and quietly this grant has been phased out. This grant helped businesses with the cost of signs and materials for businesses up to a value of £1,000. This has always been a popular grant, despite a significant proportion of businesses being unaware of its existence. This grant would benefit SMEs, and in particular retail premises, which are visible throughout towns and villages across Wales. The grant, if properly supported, could increase the use of Welsh in business. This, along with practical support by the Welsh Language Board and the Mentrau Iaith, would encourage SMEs to adopt bilingualism.

12. Businesses which access the Welsh Government's FS4B programme should be advised of the help that is available to them to increase bilingualism. In the past, businesses have not been made aware of the help available. Often start-up businesses would purchase English-only signs without realising it would not cost any extra to buy bilingual signs with the use of the Business Grant. Businesses often overlook the Welsh language, not because they are against the language, but because it isn't a main priority when establishing a business. Increasing the use of Welsh in business should be a part of mainstream business advice to ensure that businesses are aware of the benefits of bilingualism and the help available.

13. We would welcome research into the potential economic benefits of using Welsh in SMEs, there has been anecdotal evidence that use of Welsh can boost business, but no current statistics which prove to business that it is beneficial to use Welsh in

business. The statistics that are available are years out of date. If the Welsh Government is serious about increasing the use of Welsh in business, then evidence is needed to highlight business advantage and therefore increase motivation with regard to bilingualism in business.

14. Following the opportunity to discuss these issues with the Minister we were encouraged by the reassurances given that SMEs will not be compelled to function bilingually through legislation. The FSB in Wales look forward to working with the Welsh Language Board and the Welsh Assembly Government to find ways of encouraging Welsh in Business.