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**Exploring the link between training and innovation using the Longitudinal Small Business Survey**

**Marion Frenz**

Department of Management  
Birkbeck, University of London  
[m.frenz@bbk.ac.uk](mailto:m.frenz@bbk.ac.uk)

**Ray Lambert**

Department of Management  
Birkbeck, University of London  
[r.lambert@bbk.ac.uk](mailto:r.lambert@bbk.ac.uk)

**ABSTRACT**

This paper explores the link between different types of training and innovation outcomes using the Longitudinal Small Business Survey. Much of the evidence on innovation and the link to the capabilities of the workforce is based on evidence from the Community Innovation Surveys and as a result emphasis is on larger businesses and on formal skills acquired in Higher Education Institutions. This paper adds to the literature by focusing on a) micro businesses and b) on- and off-the-job training and manager vs. employee training. The main findings are that: a) there is a positive relationship between training and, in particular product innovation; b) that this relationship is strongest among micro-businesses with 1 to 9 employees; c) that the strength of the effect of on- and off-the-job training is similar; and that d) specific manager training in IT and 'financial management' shows relatively strong correlations with product and process innovation. Training leading to formal qualifications is not significantly associated with innovation. Novel – new-to-market – product innovation is also significantly enhanced by leadership training of managers, but not by other forms of training.