



Longitudinal Small Business Survey: panel report – UK, 2018-2020

30 September 2021

Official Statistics

This report documents selected findings from a panel of businesses that participated in the Longitudinal Small Business Survey (LSBS) in each of the years 2018, 2019 and 2020.

The longitudinal data provided by the LSBS panel is interesting because it shows how businesses' attitudes, behaviours and performance have changed over the three-year period. Importantly, it also allows us to see associations between these attitudes and business behaviours and subsequent business performance.

The timing of the 2020 survey was such that it occurred following the UK's exit from the EU and the onset of the coronavirus (COVID-19) pandemic and the associated constraints on social and economic activities. Accordingly, it is very likely that responses to the 2020 survey were shaped by this evolving context.

- The proportion of businesses in the panel that reported having undertaken either product or service innovation rose in 2019 but declined in 2020.
- The majority of UK SMEs in the panel that reported exporting in 2018 persisted in exporting in both 2019 and 2020.
- Almost three quarters of SMEs in the panel reported no imports in 2018 and nine out of ten of these businesses continued to report no imports in 2019.
- Approximately ten percent of firms in the panel reported using external finance in each of the years 2018 to 2020.
- The panel data shows an ongoing decline in the proportion of SMEs using business support.
- Most firms providing training in 2018 continued to do so in 2019 and 2020. Almost half of the businesses not providing training in 2019 did so in 2020.
- Overall, the proportion of businesses reporting that their sales have increased has declined consistently over this period.
- In the majority of cases, expected growth in employment and turnover are not achieved in practice.
- The panel data confirm that sustained growth is unusual.
- Firms that reported accessing capital, exporting, providing training, and using business support in 2018 were generally more likely to report performance gains in 2019 and 2020 than businesses that did not undertake these activities. However, there was no clear association between undertaking innovation in 2018 and subsequent performance.

- The proportion of firms reporting UK exit from the EU as a major obstacle to the success of their business was lower in 2020 than it had been in 2018 and 2019.
- The proportion of businesses undertaking growth related behaviours was generally lower in 2020 than it had been in 2019.
- Levels of growth ambition are very persistent amongst the panel businesses.

What you need to know about these statistics

The statistics in this report cover the period from 2018 to 2020 and follow a panel of 3,497 businesses from across the UK. These businesses have taken part in all three of these waves of the Longitudinal Small Business Survey.

The survey covers all industries and the full range of Small and Medium Enterprise (SME) sizes, including unregistered businesses that are often excluded from official surveys and all other businesses that employ up to 249 people. (A handful of large businesses with 250 or more employees are included in this panel, because they were SMEs in 2018.) Because the survey has been explicitly designed to allow for longitudinal analysis, many questions are repeated across the years.

In this report when we refer to business size this is defined entirely in terms of number of employees. Levels of turnover or assets are not part of our definition, though there are definitions of business size which include these.

We have survey weights that can be used in analysis of the panel which make the weighted panel representative of the UK SME population in 2018, though this will be representative in terms of business size, country, and broad industrial sector only, and not necessarily in terms of behaviours and performance. In this report some of the analysis is based on the unweighted data, as the panel should not be thought of as representative of the wider business population anyway, especially when looking at changes in certain variables over time.

The unweighted panel is described as 'balanced' in this report, to remind you that the distribution of business sizes is fairly even within the panel – there are comparable numbers of panellists in each size category, even though in the actual SME population the smaller that businesses are, the more common they are.

Contents

Introducing the LSBS Longitudinal Sample	5
Introduction	5
Structure of the report	7
Trends in the drivers of SME growth	8
Introduction	8
Innovation	8
Exporting	9
Imports	10
External finance	11
Business support	12
Training	13
Associations between business behaviours and future performance	14
Growth and expected growth	15
Introduction	15
Profiling SME growth	15
Expected growth over the next year	16
From expected to achieved growth in employment and turnover	17
Achieving continuous growth	19
Changes in business behaviours and performance following EU exit and the onset of the coronavirus (COVID-19) pandemic	20
Ambition and future growth plans	22
Introduction	22
Sales growth ambition	22
Detailed tables	24
Technical information	34
Definitions	35
Further information	37
Future updates to these statistics	37
Related statistics	37
Uses of these statistics	37
User engagement	38
Revisions policy	38
Pre-release access to statistics	38
Contact	38

Introducing the LSBS Longitudinal Sample

Introduction

In this report we provide an overview of data drawn from the most recent three years of the Longitudinal Small Business Survey (LSBS). In keeping with the overall objective of the LSBS – to explore the causal influences on small business growth and performance – we examine both key trends in the data and the relationships between business growth and some of its antecedents. We explore whether businesses which expressed significant growth expectations subsequently went on to achieve these. We also briefly consider the factors associated with sustained growth.

For the purposes of the analysis in this report it is important to bear in mind that in each table we are considering the responses of the balanced panel of 3,497¹ businesses that participated in the survey in each of the years 2018, 2019 and 2020. In practice, it is possible to analyse panels spanning different numbers of years. This report is based on a panel covering just three years - this has several advantages; not the least of which is that the panel is larger, and hence more reliable, than it would be if a longer period had been used.

LSBS is designed to be representative of the SME population and each cross-sectional survey is weighted to provide representative results. Ensuring representativeness in each year is more difficult when considering the type of longitudinal sample used here as this would require different weights were applied to each observation in each year. This approach is feasible but may distort any year-on-year comparisons in the behaviours or performance of our balanced panel of businesses. Therefore, we have adopted a procedure of weighting the balanced panel to be representative of the SME population in 2018 and retained those weights for 2019 and 2020. Year-on-year changes in behaviour or performance observed therefore reflect differences in businesses' responses rather than any change in weighting.

Table compares key performance indicators for the panel sample of businesses - those that responded in all three LSBS waves (2018, 2019 and 2020) - with the non-panel sample, that is businesses that were interviewed in the first year (2018) but did not respond consistently in other years. Panel firms are seen to differ from non-panel firms in a number of respects. They are significantly more likely to be aiming to grow their business, to be exporting, innovating, and accessing business support. The panel respondents are less likely to be women-owned or MEG-owned.

¹ This longitudinal report is based on all the 3,497 respondents to the 2018, 2019 and 2020 surveys. This group is marginally different to the 'Full Panel' referred to in the 2020 Technical Report which is the number of current (2020) panel members (not including past panel members).

Table 1: Key differences between the panel and the overall SME population

	Non-panel firms	Firms in the longitudinal panel
Percentages	N=11,518	N=3,497
Aiming to grow turnover (3 years)	70.9***	74.7
Women-owned firms	24.7***	20.2
MEG-owned firms	5.1***	3.7
Exporting firms	21.1***	25.8
Innovating firms	25.8***	29.3
Accessing business support	27.3***	32.0
Accessing external finance	13.6	13.5
Providing training	61.3*	63.3

Notes: Comparison relates to firms inside and outside the longitudinal panel in 2018. *** indicates significant difference at the 1% level, ** significant difference at the 5% level and * at the 10% level. Observations are unweighted and are therefore unrepresentative of the population of firms.

Businesses in the LSBS panel sample are interesting as we can see how their attitudes, behaviours and performance have changed over the three-year period and because we can see associations between these attitudes and business behaviours and subsequent business performance. The group is special, however, both in terms of their survival and their willingness to respond to repeated requests for information. Their survival may mean that our respondent businesses are, in some sense, ‘stronger’ than the average business. It is difficult *a priori* to know how any response bias is likely to work in influencing businesses’ responses. In any case, the panel sample offers valuable insights as to how businesses respond to changes in a dynamic economic setting while data from cross sectional surveys can only provide snapshots.

One other aspect of the LSBS is worth noting. The survey is undertaken in the latter half of each calendar year with the majority of responses collected in quarter four. Macro-economic conditions and the political environment at the time of each survey may influence businesses’ responses, particularly indicators of ambition or anticipated growth. A key point here is that the 2018 and 2019 surveys were undertaken before EU exit and before the onset of the coronavirus (Covid-19) pandemic. Conversely, the 2020 survey was undertaken after EU exit (although either side of the end of the transition period) and after the onset of coronavirus (Covid-19) pandemic and the associated restrictions on social and economic activities.

The proportion of women-owned businesses are fairly stable. For example, 19.1% of our longitudinal sample of companies were women-owned in 2018 and 19.9% were women owned in 2020. However, these proportions vary significantly by sector: in 2018 nearly 40.0% of ‘other services’ businesses are women-owned compared to only 11.5% of businesses in Production and Construction.

Another aspect of the longitudinal sample that is worth consideration is whether some year-on-year differences are due to the maturing process in the respondent businesses. In 2018, 60.7% of the businesses in the longitudinal sample had been established for more than 20 years and only 4.0% were less than three years old. In 2020 these proportions were 64.1% and 0.4% respectively.

Structure of the report

The LSBS contains a wide range of data on SME characteristics and performance and this report provides just a selective overview of the movement and interaction of some of the key indicators. Each table is based on the longitudinal sample, that is the same group of businesses, and therefore provides an indication of changing strategy, business behaviours and performance among that group of businesses. Beyond this, the analysis also shows associations, if not necessarily evidence of causality, between business behaviours and subsequent performance. The sections are as follows.

- *Trends in the drivers of SME growth*, which focuses on a range of variables which previous research studies have linked to business growth and productivity including exporting, innovation and training and considers how these changed during the three years of the longitudinal sample.
- *Growth and expected growth*: What proportion of SMEs seek and anticipate growth? Are these expectations realised? How do the factors considered in the previous section influence whether businesses are able to sustain growth from year to year?
- *Ambition and future growth plans*, focussing on businesses' growth ambitions over a longer, three-year horizon.
- *Detailed tables* with weighted estimates for some key measures for the panel using our longitudinal weights.

Previous panel reports have included analyses of high growth firms. This analysis has not been included this year because the conditions engendered by the coronavirus (COVID-19) pandemic mean that the findings would be unrepresentative of the established pattern of high growth within the SME population.

Trends in the drivers of SME growth

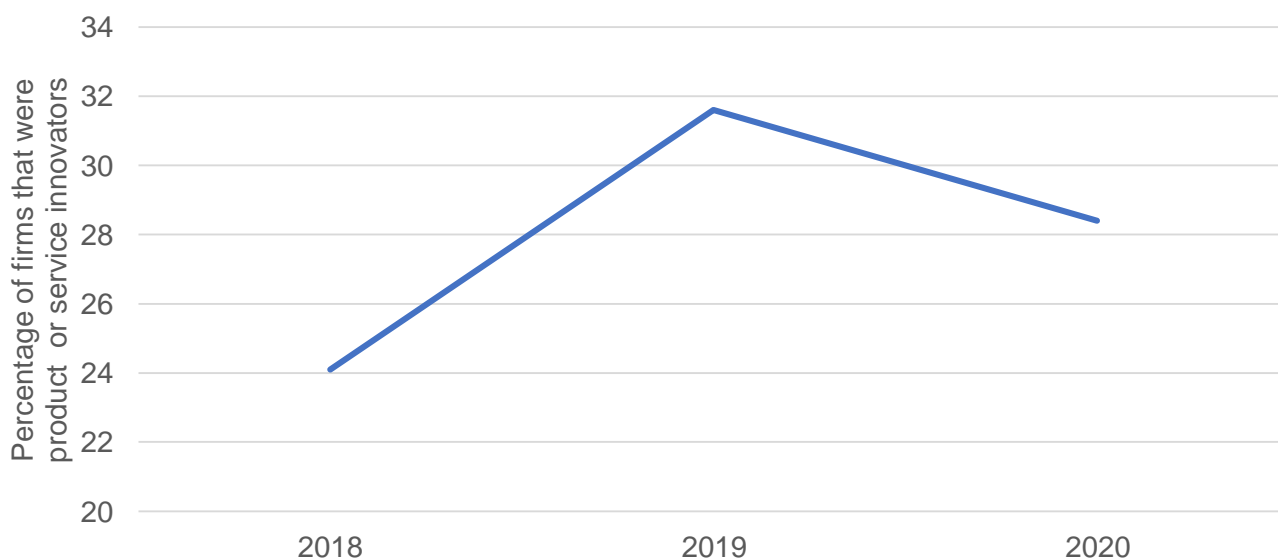
Introduction

In this section we consider the influence of a range of factors normally assumed to shape business performance comparing these with the actual experiences of the panel business. Specifically, we delve into key aspects of SMEs' paths to growth associated with innovation and export performance, external finance acquisition, use of business support and employee training. The three-year window available for observing the 3,497 UK SMEs which comprise the LSBS balanced panel offers interesting insights into their behaviours and strategic dynamics over a period spanning the onset of the coronavirus (COVID-19) pandemic.

Innovation

In the LSBS, businesses are asked a series of questions about their innovation activities including their adoption of process innovations² and product or service innovations. This question is aligned with the UK Innovation Survey³ and the OECD Oslo Manual⁴ and asks about businesses' innovation activity in the three-year period prior to the survey. The proportion of firms reporting either product or service innovation rose from 24.1% in 2018 to 31.6% in 2019 before falling to 28.4% in 2020.

Figure 1: Percentage of firms⁵ reporting product or service innovation over the period 2018 to 2020



² The LSBS also asks about product and service activity, but this question has changed during the lifetime of the survey making longitudinal comparisons less useful.

³ <https://www.gov.uk/government/collections/community-innovation-survey>

⁴ <http://www.oecd.org/sti/inno/oslomanualguidelinesforcollectingandinterpretinginnovationdata3rdedition.htm>

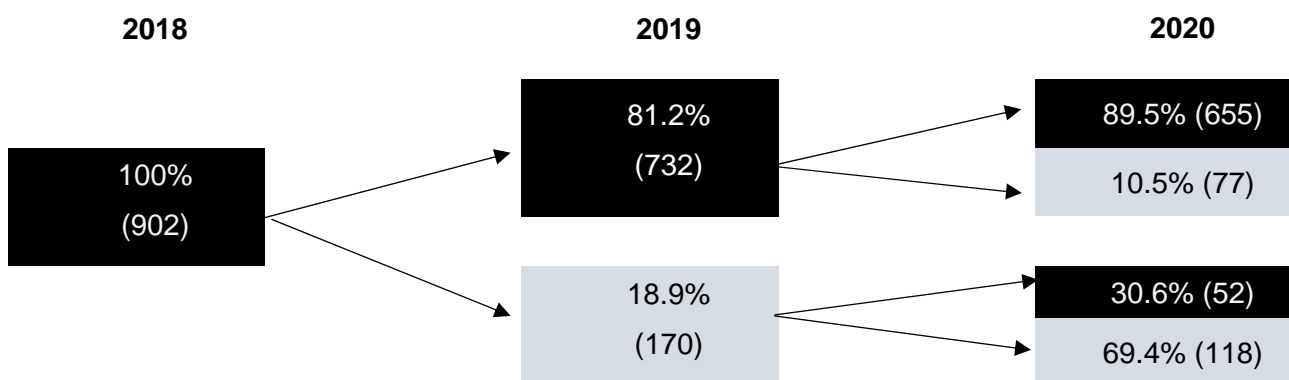
⁵ Note that in 2019 and 2020, the question relating to process innovation was only asked of a randomly chosen third of respondents.

Exporting

The weighted data shows that in 2018, 18.3% of firms in the panel reported exporting either goods or services. This proportion rose marginally to 19.3% in 2019 and remained relatively stable in 2020 (18.8%).

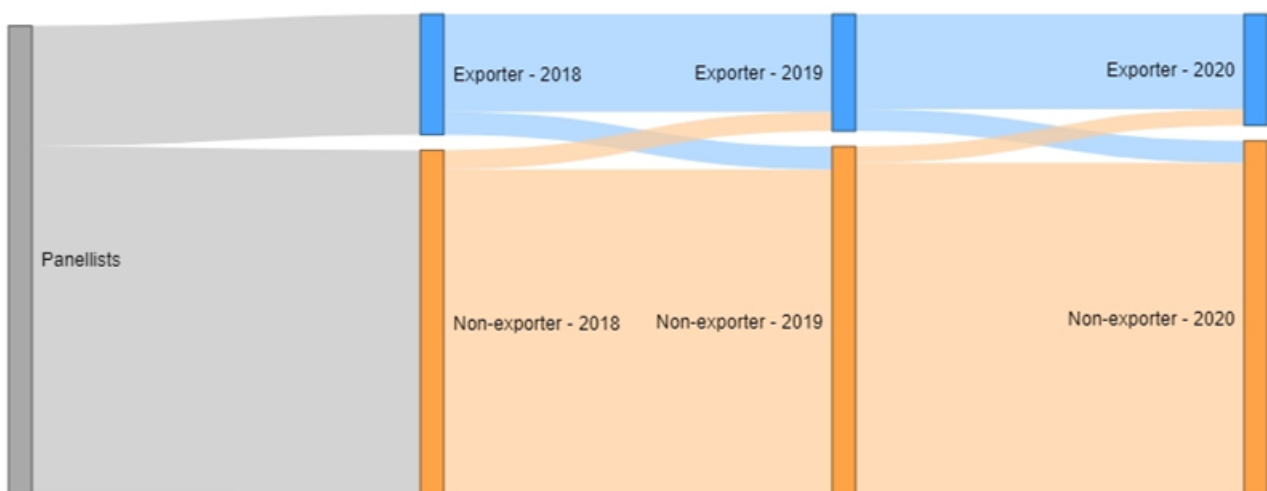
Figure 2 and 3 shows that the majority of SMEs in the panel that reported exports in 2018 persisted in exporting both in 2019 (81.2%) and 2020 (89.5% of the 2019 proportion). It is perhaps interesting to note that of the 170 businesses (18.9%) that ceased their exporting activities in 2019, almost a third (30.6%) had resumed exporting again in 2020.

Figure 2: Exporters persistence for the period 2018 to 2020



Notes: Using businesses that exported in 2018 as the starting point. Arrows indicate year to year transitions between groups. Darker boxes indicate businesses continuing to export, lighter ones indicate non-exporting businesses. Based on unweighted data.

Figure 3: Exporters and non-exporters for the period 2018 to 2020

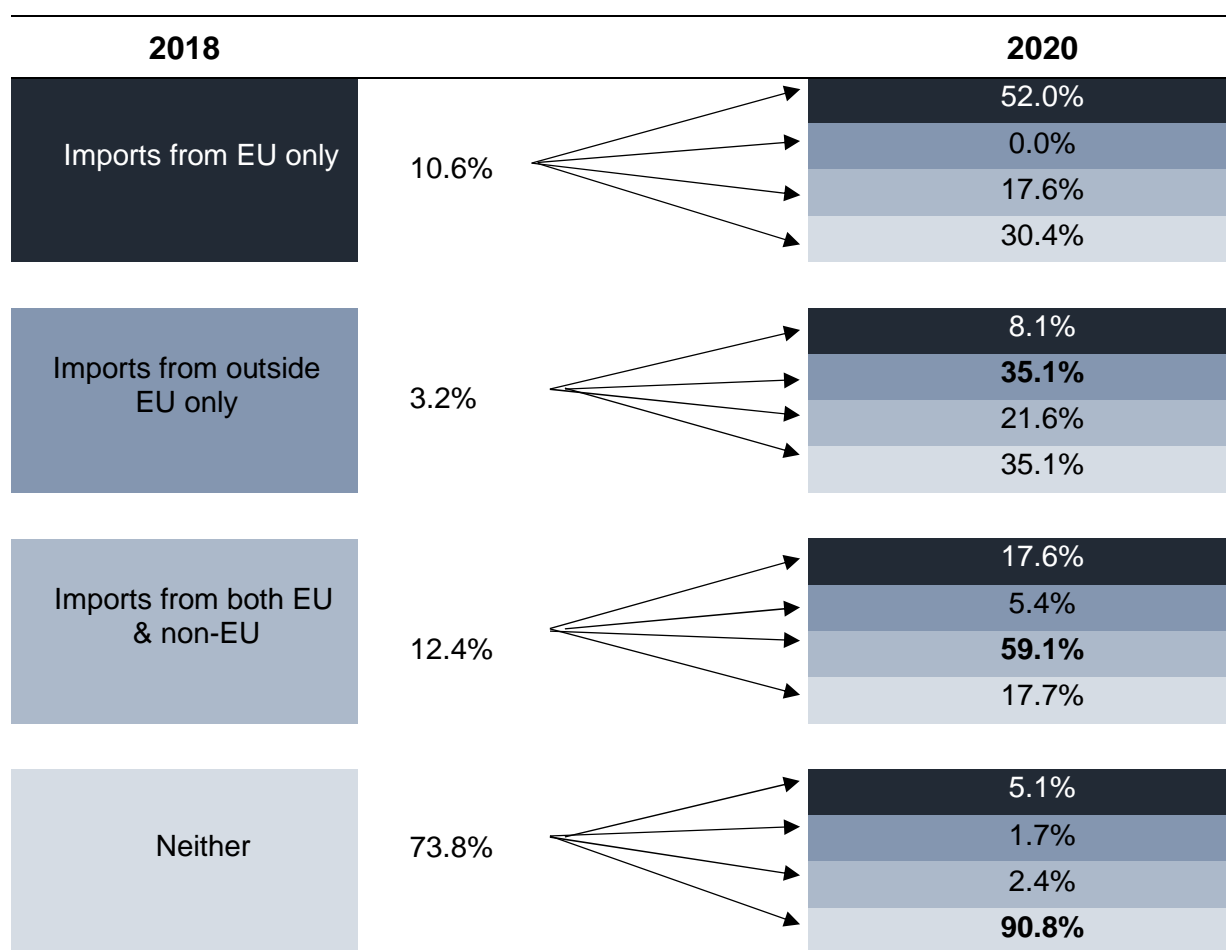


Notes: Using all panellists as the starting point. Based on unweighted data.

Imports

Complementary to exporting activities, imports amongst UK SMEs present an interesting pattern of change (see Figure 4). Out of the 10.6% of businesses in the panel which reported imports exclusively from EU countries in 2018, approximately half of them (52.0%) continued to import goods and services only from the EU, while 17.6% of them diversified and sought additional markets outside the EU in 2020. Almost three quarters (73.8%) of business in the panel had no imports from either EU or non-EU countries in 2018. More than nine out of ten of these businesses (90.8%) continued to have no imports in 2020.

Figure 4: Import persistence for the period 2018 to 2020



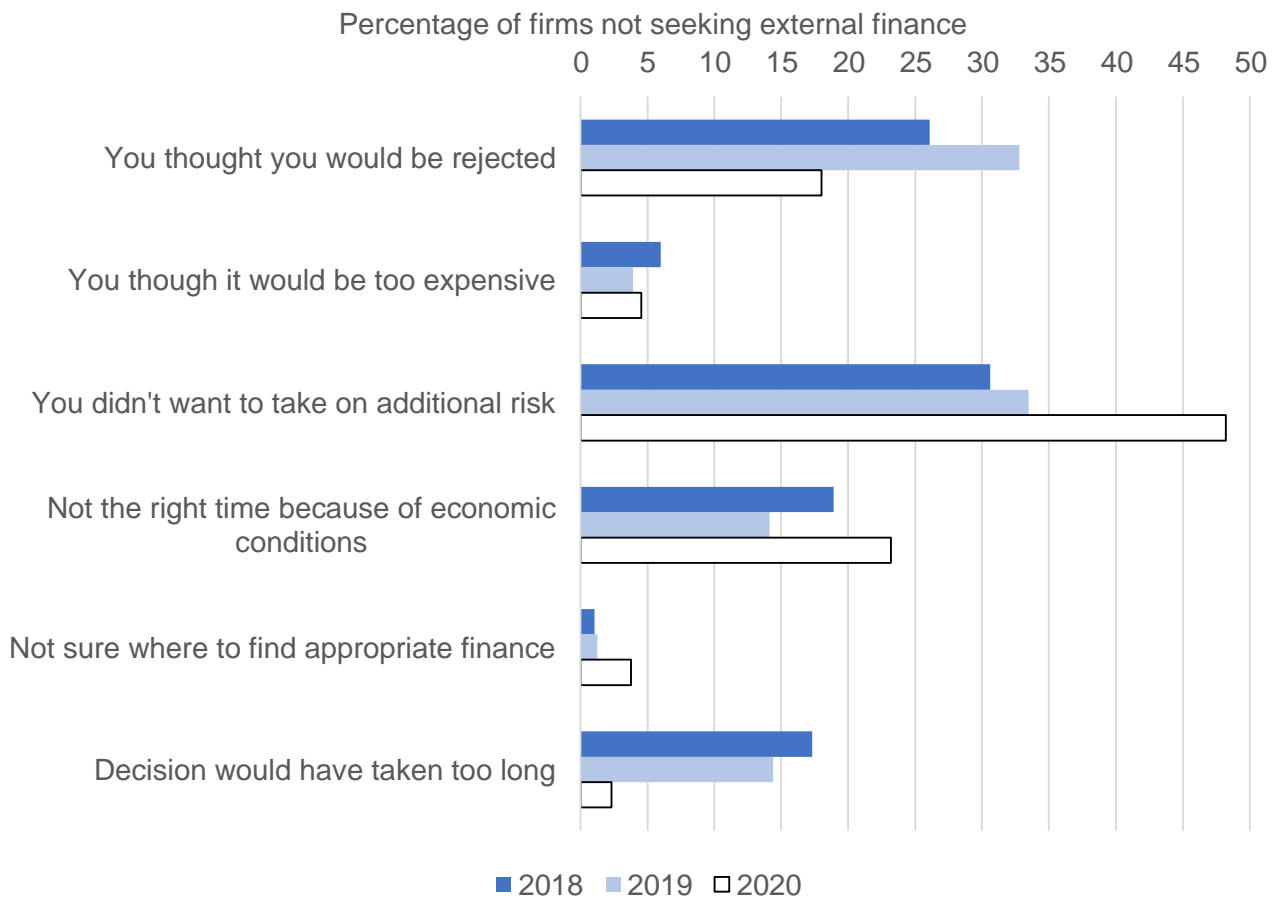
Notes: Arrows indicate year-to-year transitions between groups. Dark boxes relate to imports from the EU only; mid-dark to imports from outside the EU only; mid-light to imports from the EU and externally; and light blue no imports. Figures relate to the cohort of firms (N=1180) asked the importing question in 2020.

External finance

External finance – whether debt or equity – has often been linked to business growth and performance. In the LSBS, respondents are asked whether they have sought external finance in the 12 months prior to the survey. The proportion of firms in the panel using external finance remained relatively stable between 2018 and 2020. Specifically, 10.2% of businesses in the longitudinal panel acquired external finance in 2018, falling to 9.2% in 2019 before rising slightly to 10.7% in 2020.

Figure 5 shows the reasons which businesses gave for not seeking external finance. The relative significance, or the ranking, of these factors remain relatively stable throughout the period up to 2020. Uncertainty and risk remain the most important factors driving businesses' decisions not to seek for external finance. The proportion of SMEs in the panel reporting not wanting to take on additional risks increased markedly in 2020, rising from 33.5% in 2019 to 48.2% in 2020.

Figure 5: Main reasons for not seeking external finance, 2018 to 2020



Note: unweighted estimates, each year's percentages based on number of panellists not seeking finance that year.

Business support

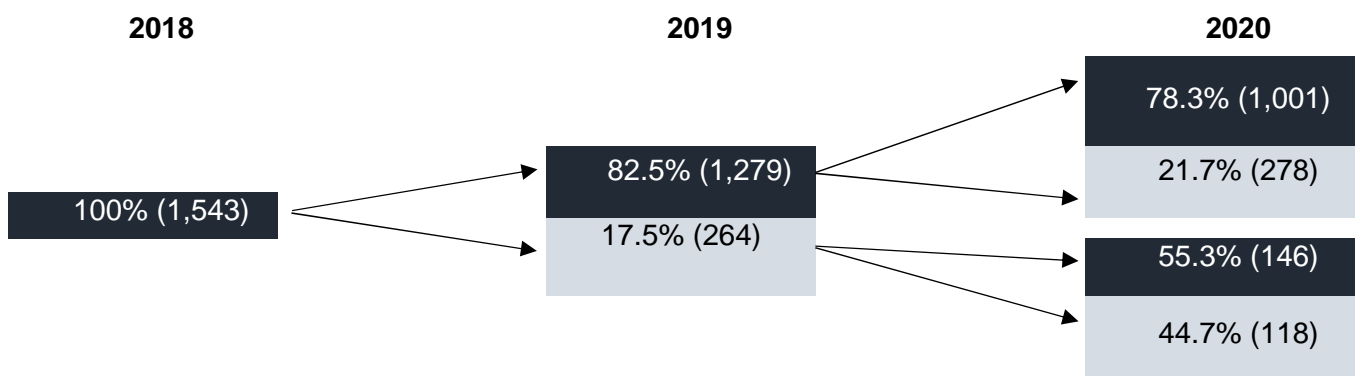
Another important theme in LSBS is business support. Respondents are asked whether, in the last 12 months, they have sought 'external advice' or information on matters affecting their business which involved more than a 'casual conversation'.

The panel data show an ongoing decline in the proportion of SMEs using business support. Almost a quarter (24.7%) of the longitudinal sample had sought business support in 2018. By 2019, just one in five businesses (20.7%) had sought such support and by 2020 this proportion had fallen to 17.2%. The proportion of SMEs seeking external support was consistently highest in Business Services and among larger SMEs.

Training

Employee training is considered an important driver of productivity gains and business growth. In 2018, 1,646 (47.1%) of the overall panel of 3,497 SMEs reported having invested in training for their employees. The majority of firms providing training in 2018 continued to do so in 2019 (82.5%) and 2020 (78.3%). However, 17.5% of those that provided training in 2018 did not do so in 2019 and 21.7% of those providing training in both 2018 and 2019 failed to do so in 2020. Conversely, 146 (55.3%) of the 264 firms that provided training in 2018 but not in 2019 did so in 2020.

Figure 6: Training investment commitment for the period 2018 to 2020



Notes: Using businesses who provided training in 2018 as the starting point. Arrows indicate year to year transitions between groups. Darker boxes indicate businesses continuing to provide training. Lighter boxes indicate a firm not providing training. Breakdowns are not complete due to some missing values or some firms becoming non-employed businesses. Based on unweighted data.

Figure 7: Training investment commitment for the period 2018 to 2020



Notes: Using all panellist employers in 2018 as the starting point. Based on unweighted data.

Associations between business behaviours and future performance

Table 2 describes how firms in the panel that reported a range of business behaviours that are generally considered to be associated with growth in 2018 subsequently performed in terms of employment and turnover growth in 2019 and 2020. For each of the five behaviours considered, performance outcomes in firms that reported such behaviours in 2018 are compared to the outcomes in those firms that did not report these behaviours in that year.

Table 2: Business behaviours and subsequent performance

	2018	2019		2020	
	Number of businesses	Increased employment %	Increased turnover %	Increased employment %	Increased turnover %
Innovation	1,015	14.3	27.4	12.2	14.3
No innovation	2,452	10.6	28.6	16.2	12.7
Accessed capital	464	21.3	40.5	24.4	21.5
Did not access capital	2,969	10.4	26.9	14.2	12.2
Provided training	1,646	19.6	39.0	22.5	23.6
Did not provide training	953	9.9	27.3	19.7	11.3
Exported	902	16.4	30.9	15.5	12.2
Did not export	2,595	10.4	27.7	15.1	13.3
Used business support	1,109	12.0	35.3	16.7	19.9
No business support	2,362	11.3	26.0	14.7	10.8

The associations shown in Table 2 vary markedly between the behaviours considered. The strongest effects are seen in those firms that accessed external capital in 2018. These firms were markedly more likely than those firms that did not access capital in 2018 to report gains in both employment and turnover in both 2019 and 2020.

Firms that provided training for their employees and those that used business support also generally reported a higher likelihood of improved performance outcomes than businesses that did not report these behaviours.

In 2019, exporting businesses generally performed better than non-exporters. For example, 30.9% of exporters increased their turnover while just 27.7% of non-exporting businesses did so. However, this pattern was reversed in 2020 with 12.2% of exporters and 13.3% of non-exporters increasing their turnover.

Perhaps surprisingly, firms that undertook innovation in 2018 reported no clear pattern of performance gains.

Growth and expected growth

Introduction

A key theme in the LSBS is business growth, measured by employment and sales. In this section we profile the growth performance of our longitudinal sample of businesses over the period 2018 to 2020. We then consider how their growth expectations have changed and finally we consider whether their growth expectations were actually achieved.

One of the strengths of the longitudinal data available as part of the LSBS is that it provides a means to relate businesses' aspirations and expectations of growth to subsequent performance outcomes. Again, however, it is important to acknowledge that this is an analysis based on a highly balanced panel of respondents and may be subject to biases either due to survival and non-survival and/or patterns of non-response.

Profiling SME growth

The LSBS asks questions about levels of employment and turnover and whether these have changed over the year prior to the survey. We consider each measure in turn. Detailed tables are included later in the report. Clearly, the 2020 data need to be understood in the light of challenging conditions created by the coronavirus (COVID-19) pandemic.

The majority of businesses in our longitudinal sample report no change in employment each year. However, this proportion declined consistently in the three years covered by this panel; falling from 88.5% in 2018 to 78.4% in 2019 and 66.9% in 2020. This fall reflects a pattern of increased employment over this period; 6.6 % of firms increased their employees in 2018, 11.5% did so in 2019 and 15.2% did so in 2020. Within this, there are notable variations in the proportions reporting growth by region. For example, just 4.8% of businesses based in London reported employment gains in 2020 compared with 35.6% in Wales and over 20% in the East of England, the North West and the South West (see tables 11 and 15).

LSBS asks a similar question relating to businesses' turnover growth over the year prior to the survey and again asks businesses to indicate whether their sales have increased, decreased or remained the same (see Table 13). Overall, the proportion of businesses reporting that their sales have increased has declined consistently over this period, falling from 31.4% in 2018 to 28.3% in 2019 and 13.1% in 2020. This trend is relatively consistent across business sectors. However, there are notable spatial variations. For example, the devolved administrations reported particularly large declines in the proportion of businesses reporting turnover growth. Small and medium sized businesses in the panel were consistently the most likely to report turnover growth (see Table 14).

The proportion of businesses reporting a decline in sales grew consistently in the three years to 2020; rising from 21.5% in 2018 to 56.8% in 2020 (see Table 14).

Expected growth over the next year

The LSBS survey also asks businesses about expected changes in their employment and turnover over the next 12 months⁶.

In 2018, 12.6% of businesses in the panel expected to increase the number of employees over the coming year (see table 19). In 2019, this proportion was somewhat higher at 18.5% (see table 20). In both years, expectations of employment growth were highest amongst small businesses.

In terms of turnover, the proportion of businesses anticipating growth throughout the 2018 to 2020 period has remained relatively stable (35.9% in 2018, 32.2% in 2019 and 36.1% in 2020 (see Table 16). The proportion of businesses anticipating an increase in sales is consistently highest in medium-sized businesses (see Table 17).

By region we also see considerable variation in the proportion of longitudinal respondents anticipating employment or turnover growth. For example, in terms of employment, in 2019 these proportions vary from 21.9% in London to just 12.8% in the North West (see Table 20).

⁶ The response to this question inevitably reflects the respondent's own assessment as well as the broader context within which the firm operates.

From expected to achieved growth in employment and turnover

One of the most significant benefits of having longitudinal data is being able to track firm growth through time. Here we consider whether businesses in the longitudinal sample which anticipated employment and turnover growth over the next year were able to realise these expectations. This comparison is pertinent as the research literature suggests that business owners and entrepreneurs tend to be over optimistic about these changes.

One note of caution is relevant in considering these results. Overall, the subset of businesses in the longitudinal sample that anticipated growth over the next 12 months in 2018 is only 922 businesses. Breaking this sample down further, for example by region, reduces sample sizes suggesting a degree of caution is necessary in interpreting regional and business size differences. It is worth noting that expectations of future performance are likely to have been particularly affected by the onset of coronavirus (COVID-19) pandemic.

In 2018, 12.6% of all businesses in the longitudinal sample anticipated employment growth over the next twelve months. In 2019, this figure was higher at 18.5% of businesses in the panel.

As shown in tables 3 and 4, expectations of employment growth were unrealised for most of the panel businesses. In both years, employment remained unchanged in more than a half of those businesses that had anticipated growth. Just over a quarter (27.2%) of the businesses that expected employment growth in 2018 achieved this over the following year. The expected growth was achieved over the following year in less than a third (31.7 %) of businesses that reported such expectations in 2019.

In 2018/2019, panel businesses were somewhat more likely to report achieving anticipated turnover growth than they were for anticipated employment growth. Almost half (46.6 %) of the panel businesses expecting turnover growth in 2018 reported achieving this in 2019. However, the outcomes in 2019/2020 were less positive. Over this year, 26.5% of the businesses expecting turnover growth achieved this. In practice, over half (56.4%) of the businesses that expected turnover in 2019 growth experienced a decline in turnover during the following year (see Tables 5 and 6).

Table 3: From anticipated employment growth to outcomes: 2018 to 2019

Expected Growth 2018	Growth outcomes among firms anticipating growth		
	Employment Declined	Employment Stable	Employment Increased
12.6 of all businesses	20.4%	52.4%	27.2%

Table 4: From anticipated employment growth to outcomes: 2019 to 2020

Expected Growth 2019	Growth outcomes among firms anticipating growth		
	Employment Declined	Employment Stable	Employment Increased
18.5 % of all businesses	17.3%	51.0%	31.7%

Table 5: From anticipated turnover growth to outcomes: 2018 to 2019

Expected Growth 2018	Growth outcomes among firms anticipating growth		
	Turnover Declined	Turnover Stable	Turnover Increased
35.9 % of all businesses	21.7%	31.7%	46.6%

Table 6: From anticipated turnover growth to outcomes: 2019 to 2020

Expected Growth 2019	Growth outcomes among firms anticipating growth		
	Turnover Declined	Turnover Stable	Turnover Increased
32.9 % of all businesses	56.4%	17.1%	26.5%

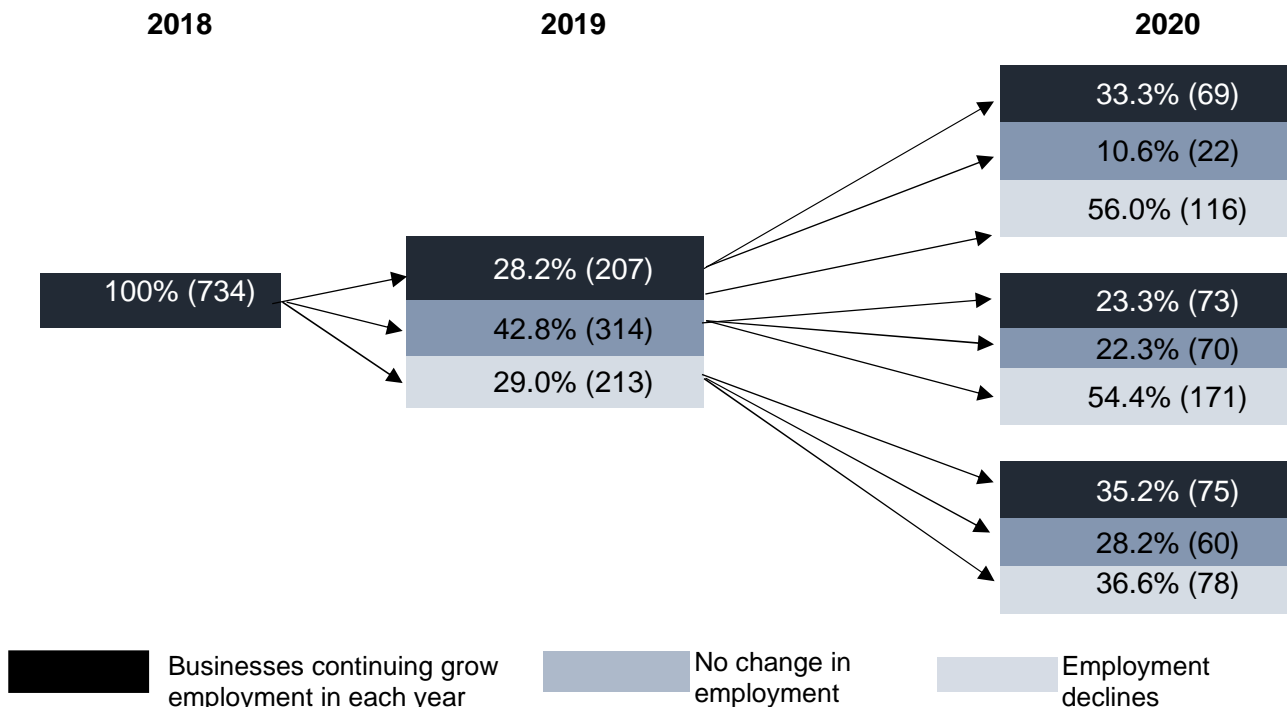
Achieving continuous growth

Other longitudinal datasets such as the [Business Structure Database](#) provide detailed information on the growth histories of individual businesses. LSBS allows us to consider what proportion of businesses are able to sustain growth in either employment or turnover and also to compare the characteristics of businesses in each group. Here we focus on the group of businesses in the longitudinal sample with ten or more employees and their record of sustained jobs growth.

Figure 8 and 9 illustrates the continuity of growth over the three years of this LSBS survey for the 734 businesses in the longitudinal panel which reported growth in the year preceding the 2018 survey. Of these, 207 (28.2%) also experienced growth in jobs in 2019. Of these 69 businesses (33.3% of the 2019 number) had sustained growth in 2020. These data confirm that sustained growth is unusual; overall, just 69 (9.4%) of the original sample of 734 businesses reporting growth in the year prior to the 2018 survey experienced growth throughout the three years. However, it is again important to recognise that the 2020 data reflect a period when businesses were being affected by the coronavirus (COVID-19) pandemic.

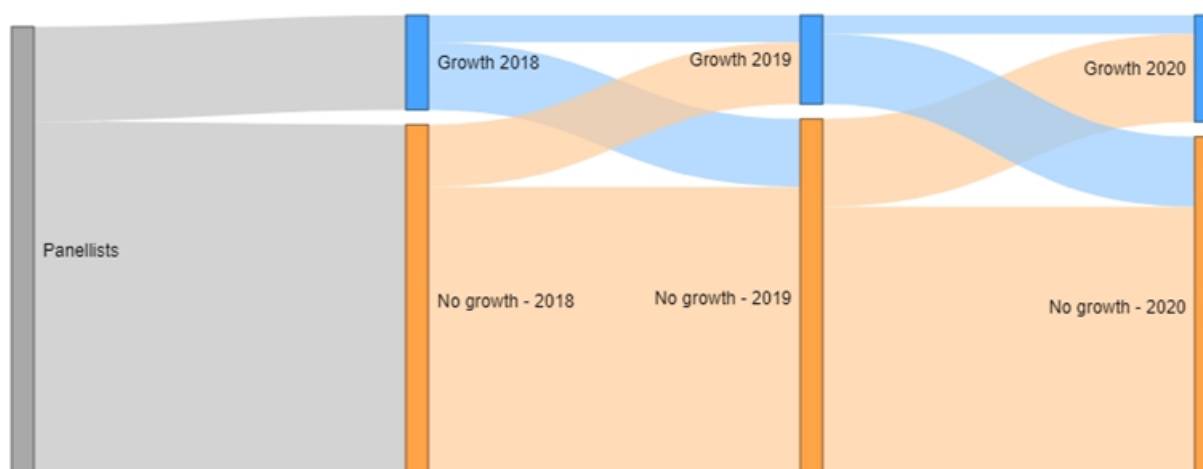
It is notable that the probability of experiencing growth in jobs in subsequent years is only weakly related to prior growth. For example, more than a third (35.2%) of those businesses that had experienced growth in 2018 and a reduction in their employee numbers in 2019 subsequently increased employment in 2020.

Figure 8: Employment growth trajectories of businesses over the previous 12 months, 2018 to 2020



Notes: Using businesses who showed employment growth in 2018 as the starting point. Arrows indicate year-to-year transitions between groups. Totals do not add exactly due to some missing values. Based on unweighted data.

Figure 9: Employment growth over the previous 12 months, 2018 to 2020



Notes: Using all panellists as the starting point. Based on unweighted data.

Changes in business behaviours and performance following EU exit and the onset of the coronavirus (COVID-19) pandemic

The 2018 and 2019 LSBS surveys predate both EU exit and the Covid pandemic while the 2020 survey occurred after EU exit and the onset of coronavirus (COVID-19) pandemic and its associated constraints on business.

In this section, we consider changes in business behaviours and performance in 2019 and 2020 to illustrate trends that may reflect the effects of these changes to the context in which UK SMEs operate. These changes relate to firms which were part of the survey in 2018, 2019 and 2020 and therefore provide an indication of how the same firms were responding to changing conditions over this period.

As part of the survey a cohort of firms (around a third of the total sample) were asked whether UK exit from the EU was a major obstacle to the success of their business. The proportion of firms regarding EU exit as a major obstacle declined somewhat from 27.2% in 2018 to 25.4% in 2019 and 22.2% in 2020.

Tables 7 and 8 describe business performance in 2019 and 2020. Both employment and turnover were markedly less likely to remain stable in 2020 compared with 2019; the percentage of businesses reporting no change in employment or turnover fell by 11.5 and 15.8 percentage points respectively.

Over this period there was a marked reduction in the percentage of businesses reporting turnover growth, 13.1% in 2020 compared with 28.3% in 2019; a fall of 15.2 percentage points. The percentage of businesses reporting a decline in turnover was 56.8%; 30.9 percentage points higher than the 2019 proportion.

Somewhat conversely, respondent businesses were more likely to report a modest increase in employment (11.5% in 2019 and 15.2% in 2020).

These changes in performance reflect modest but widespread reductions in the percentages of respondent businesses reporting behaviours that are normally associated with growth. As shown in Table 9, respondent businesses were less likely to report Innovation, providing training, exporting or using business support in 2020 than they were in 2019. For example, the percentage of businesses investing in training fell from 82.5% in 2019 to 78.3% in 2020. Conversely, there was an increase in the proportion of businesses reporting having accessed capital in 2020; 10.7% in 2020 up from 9.2% in 2019.

Table 7: Business performance - employment and turnover in 2019 and 2020

	2019			2020		
	Declined	Stayed the same	Increased	Declined	Stayed the same	Increased
Employment	10.2	78.4	11.5	17.9	66.9	15.2
Turnover	25.9	45.9	28.3	56.8	30.1	13.1

Table 8: Percentage point change in employment and turnover 2019 to 2020

	Declined	Stayed the same	Increased
Employment	7.7	-11.5	3.7
Turnover	30.9	-15.8	-15.2

Table 9: Growth-related business behaviours 2019 to 2020

	2019	2020	Percentage point change
Innovation	31.6	28.5	-3.1
Accessed capital	9.2	10.7	1.5
Provided training	82.5	78.3	-4.2
Exported	19.3	18.8	-0.5
Used business support	20.7	17.2	-3.5

Ambition and future growth plans

Introduction

The survey also includes questions relating to businesses’ growth ambition and strategic intentions over the next three years. These indicators – discussed in this section – provide an indication of levels of optimism about future growth among the balanced panel of respondents. Note here that the time horizon over which ambitions and businesses’ strategic intent is measured is three years rather than the single year asked of anticipated growth discussed earlier in this report.

Sales growth ambition

LSBS asks a question as to whether businesses’ aim to grow the sales of the business over the next three years. Overall, levels of growth ambition have remained broadly stable in the panel of businesses over three years with 58.6% of businesses aiming to grow in 2018, 56.9% in 2019 and 60.8 % in 2020.

When respondents to the LSBS survey indicate, they are aiming to grow their sales over the next three years they are then asked by how much. These results are summarised in Table 10.

The profile of growth ambition is rather stable through 2018 and 2019 with most panel business reporting relatively modest levels of ambition. Figures for 2020 suggest more volatility with a higher proportion of firms envisaging higher levels of future turnover growth. This may reflect an anticipated bounce back from market conditions in 2020.

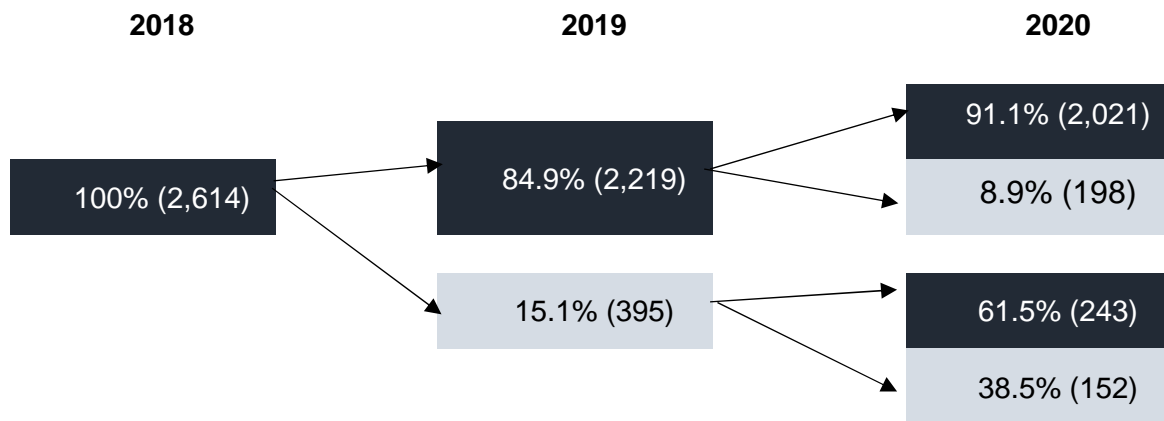
Table 10: Sales growth objective over the next three years (percentage of businesses with a growth ambition)

Size of growth in sales	2018	2019	2020
1-9%	23.8	21.1	11.8
10-24%	40.6	42.6	39.3
25-49%	17.6	12.2	19.6
50-74%	6.8	9.9	9.0
75-99%	1.3	0.8	3.0
100% or more	9.9	13.5	17.3

Notes and Sources: Based on longitudinal respondents’ sample who indicated an ambition to grow sales over the next three years. Responses are weighted to give representative results. Source: LSBS 2018 to 2020.

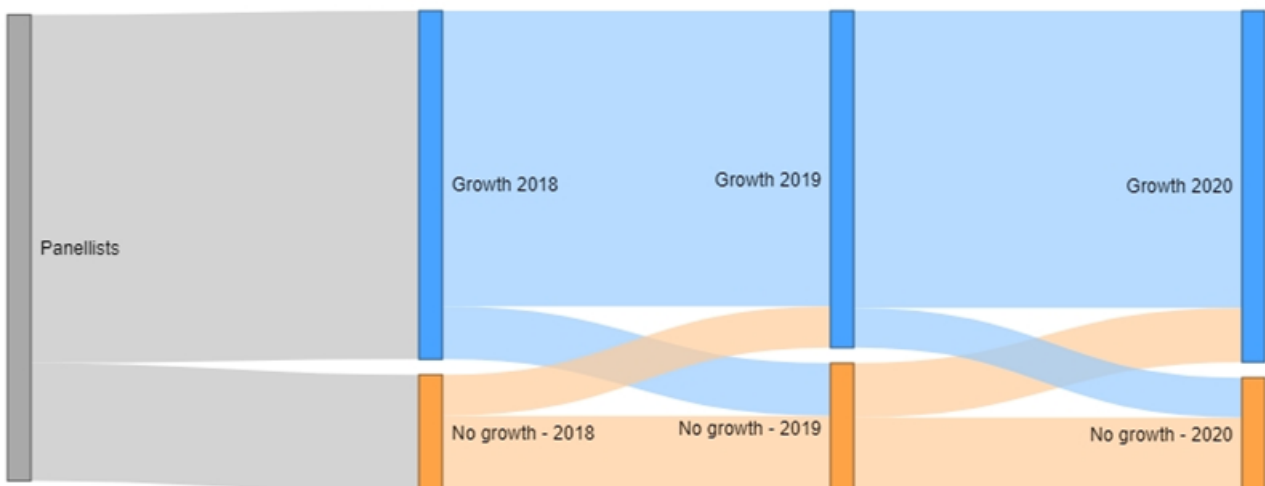
Figures 10 and 11 presents the evolution of UK SMEs growth ambition for the period 2018-2020. These data suggest that ambition tends to be persistent; of the 2,614 businesses reporting ambition in 2018, 2,219 (84.9%) retained this in 2019 and 2021 businesses (91.1% of the 2019 proportion) remained ambitious in 2020. However, these findings also show that non-ambitious businesses can become ambitious. Almost two thirds (61.5%) of the businesses that reported having ambition in 2018 but no ambition in 2019, reported being ambitious in 2020.

Figure 10: Three-year evolution of growth ambition (turnover) for the period 2018-2020



Notes: Using businesses who had an ambition to grow in 2018 as the starting point. Arrows indicate year-to-year transitions between groups. Dark blue boxes indicate businesses continuing to have an ambition to grow the firm’s turnover over the next three years. Light blue indicates no growth ambition. Based on unweighted data.

Figure 11: Sales growth expectation for the next 3 years, 2018 to 2020



Notes: Using all panellists as the starting point. Based on unweighted data.

Detailed tables

Table 11: Employment growth over the previous year: By sector

	Decreased %	Stayed the same %	Increased %
	2018		
Production and construction (ABCDEF)	5.0	85.6	9.4
Transport, retail and food service (GHI)	8.9	83.6	7.5
Business services (JKLMN)	3.8	90.0	6.2
Other services (PQRS)	3.8	93.9	2.4
All businesses	4.9	88.5	6.6
	2019		
Production and construction (ABCDEF)	9.9	79.2	10.9
Transport, retail and food service (GHI)	10.8	72.4	16.8
Business services (JKLMN)	10.5	77.8	11.8
Other services (PQRS)	9.5	82.6	7.9
All businesses	10.2	78.4	11.5
	2020		
Production and construction (ABCDEF)	20.5	64.8	14.7
Transport, retail and food service (GHI)	28.1	51.0	20.9
Business services (JKLMN)	16.8	65.8	17.5
Other services (PQRS)	8.1	84.4	7.5
All businesses	17.9	66.9	15.2

Notes and Sources: Based on longitudinal respondents' sample (N=3497). Responses are weighted to give representative results. Source: LSBS 2018-2020.

Table 12: Turnover growth over the previous year: By sector

	Decreased %	Stayed the same %	Increased %
	2018		
Production and construction (ABCDEF)	22.3	48.8	29.0
Transport, retail and food service (GHI)	27.8	40.1	32.1
Business services (JKLMN)	23.3	40.7	36.1
Other services (PQRS)	11.8	62.2	26.0
All businesses	21.5	47.1	31.4
	2019		
Production and construction (ABCDEF)	23.0	50.2	26.9
Transport, retail and food service (GHI)	30.3	38.2	31.6
Business services (JKLMN)	26.0	45.1	28.9
Other services (PQRS)	26.9	46.3	26.7
All businesses	25.9	45.9	28.3
	2020		
Production and construction (ABCDEF)	47.8	35.9	16.4
Transport, retail and food service (GHI)	61.0	22.6	16.4
Business services (JKLMN)	55.4	29.8	14.8
Other services (PQRS)	70.7	27.2	2.1
All businesses	56.8	30.1	13.1

Notes and Sources: Based on longitudinal respondents' sample (N=3,497). Responses are weighted to give representative results. Source: LSBS 2018-2020.

Table 13: Employment growth over the previous year: By size-band

	Decreased %	Stayed the same %	Increased %
	2018		
No employees	2.4	97.6	0.0
Micro (1 – 9)	8.3	76.5	15.2
Small (10 – 49)	12.7	56.7	30.6
Medium (50 – 249)	17.8	49.1	33.0
All businesses	4.9	88.5	6.6
	2019		
No employees	0.0	90.3	9.7
Micro (1 – 9)	26.0	62.3	11.7
Small (10 – 49)	33.3	39.7	27.0
Medium (50 – 249)	41.7	18.5	39.8
All businesses	10.2	78.4	11.5
	2020		
No employees	5.5	82.7	11.8
Micro (1 – 9)	35.8	44.4	19.9
Small (10 – 49)	53.0	20.5	26.5
Medium (50 – 249)	65.4	11.7	22.9
All businesses	17.9	66.9	15.2

Notes and Sources: Based on longitudinal respondents' sample (N=3,497). Responses are weighted to give representative results. Source: LSBS 2018-2020.

Table 14: Turnover growth over the previous year: By size-band

	Decreased %	Stayed the same %	Increased %
	2018		
No employees	23.2	49.7	27.1
Micro (1 – 9)	18.3	44.0	37.8
Small (10 – 49)	19.7	38.6	41.8
Medium (50 – 249)	21.7	26.9	51.3
All businesses	21.5	47.1	31.4
	2019		
No employees	28.8	45.6	25.6
Micro (1 – 9)	21.4	47.2	31.4
Small (10 – 49)	17.5	43.5	39.1
Medium (50 – 249)	25.4	30.5	44.1
All businesses	25.9	45.9	28.3
	2020		
No employees	60.9	28.7	10.4
Micro (1 – 9)	49.5	32.6	17.9
Small (10 – 49)	50.4	32.6	17.1
Medium (50 – 249)	69.8	16.8	13.4
All businesses	56.8	30.1	13.1

Notes and Sources: Based on longitudinal respondents' sample (N=3,497). Responses are weighted to give representative results. Source: LSBS 2018-2020.

Table 15: Percentage of businesses reporting employment and turnover increases: By region

	Percentage of businesses reporting employment growth			Percentage of businesses reporting turnover growth		
	2018	2019	2020	2018	2019	2020
East Midlands	11.3	10.4	5.5	46.5	49.9	21.4
East of England	11.1	14.5	22.2	34.1	26.0	17.4
London	4.3	7.7	4.8	32.9	21.7	14.2
North East	1.6	1.5	16.0	17.3	24.2	12.4
North West	7.2	14.4	20.6	28.7	28.4	10.9
South East	5.5	12.7	12.5	27.7	24.0	12.9
South West	3.7	10.1	20.4	35.9	24.0	14.4
West Midlands	11.3	18.9	7.2	25.2	29.6	15.4
Yorkshire & the Humber	4.6	9.4	17.0	32.7	32.9	9.8
Scotland	4.1	6.7	19.3	25.3	32.8	5.3
Wales	3.9	12.7	35.6	27.9	33.1	0.7
Northern Ireland	15.4	1.4	2.6	33.8	30.3	7.6
All businesses	6.6	11.5	15.2	31.4	28.3	13.1

Notes and Sources: Based on longitudinal respondents' sample (N=3,497). Responses are weighted to give representative results. Source: LSBS 2018-2020.

Table 16: Percentage of businesses expecting turnover increases or decreases: By sector

	Decreased %	Stayed the same %	Increased %
	2018		
Production and construction (ABCDEF)	10.0	52.0	38.0
Transport, retail and food service (GHI)	20.2	45.3	34.5
Business services (JKLMN)	15.3	44.9	39.8
Other services (PQRS)	7.8	65.5	26.7
All businesses	13.0	51.1	35.9
	2019		
Production and construction (ABCDEF)	14.1	55.0	31.0
Transport, retail and food service (GHI)	19.8	49.7	30.5
Business services (JKLMN)	13.1	49.7	37.2
Other services (PQRS)	8.9	65.4	25.8
All businesses	13.6	54.3	32.2
	2020		
Production and construction (ABCDEF)	17.0	50.6	32.5
Transport, retail and food service (GHI)	27.2	38.5	34.3
Business services (JKLMN)	21.2	42.0	36.8
Other services (PQRS)	19.7	38.1	42.2
All businesses	20.6	43.4	36.1

Notes and Sources: Based on longitudinal respondents' sample (N=3,497). Responses are weighted to give representative results. Source: LSBS 2018-2020.

Table 17: Percentage of businesses expecting employment increases or decreases: By size-band

	Decreased %	Stayed the same %	Increased %
	2018		
No Employees	13.5	53.6	32.9
Micro (1 – 9)	12.2	47.7	40.1
Small (10 – 49)	12.0	45.1	42.9
Medium (50 – 249)	10.5	26.2	63.3
All businesses	13.0	51.1	35.9
	2019		
No Employees	13.8	57.3	29.0
Micro (1 – 9)	13.6	48.9	37.5
Small (10 – 49)	11.4	53.6	35.1
Medium (50 – 249)	12.8	26.9	60.3
All businesses	13.6	54.3	32.2
	2020		
No Employees	21.0	44.7	34.3
Micro (1 – 9)	19.1	42.3	38.5
Small (10 – 49)	24.0	36.1	40.0
Medium (50 – 249)	14.1	24.2	61.7
All businesses	20.6	43.4	36.1

Notes and Sources: Based on longitudinal respondents' sample (N=3,497). Responses are weighted to give representative results. Source: LSBS 2018-2020.

Table 18: Percentage of businesses anticipating turnover increases: By region

	2018	2019	2020
East Midlands	46.2	18.7	37.0
East of England	45.1	27.4	33.9
London	38.5	45.0	41.2
North East	26.7	10.1	13.2
North West	42.1	40.0	36.6
South East	25.0	29.7	30.6
South West	35.9	33.9	42.4
West Midlands	27.5	31.8	37.0
Yorkshire & the Humber	27.2	39.5	40.1
Scotland	42.3	34.2	41.5
Wales	37.9	16.2	22.4
Northern Ireland	58.5	37.5	51.1
All businesses	35.9	32.2	36.1

Notes and Sources: Based on longitudinal respondents' sample (N=3,497). Responses are weighted to give representative results. Source: LSBS 2018-2020.

Table 19: From anticipated employment growth to outcomes: 2018 to 2019

		Growth outcomes among firms anticipating growth		
		Expected Growth	Employment Declined	Employment Stable
Production and construction (ABCDEF)	12.5	21.4	59.8	18.8
Transport, retail & food service (GHI)	14.1	15.7	33.2	51.2
Business services (JKLMN)	15.5	22.1	54.3	23.6
Other services (PQRS)	6.4	17.1	53.3	29.6
All businesses	12.6	20.4	52.4	27.2
East Midlands	19.6	24.9	45.1	30.1
East of England	19.3	27.0	42.7	30.3
London	10.2	36.6	54.9	8.5
North East	2.3	7.5	43.1	49.5
North West	15.8	29.7	35.5	34.8
South East	10.7	24.3	54.3	21.4
South West	11.2	11.0	62.2	26.8
West Midlands	15.4	3.8	87.8	8.4
Yorkshire & the Humber	13.0	3.6	39.6	56.8
Scotland	8.2	0.0	67.0	33.0
Wales	5.8	0.0	40.2	59.9
Northern Ireland	3.6	33.8	49.5	16.8
All businesses	12.6	20.4	52.4	27.2
No Employees	4.8	0.0	79.8	20.2
Micro (1 – 9)	24.3	27.7	45.9	26.4
Small (10 – 49)	32.8	19.7	40.0	40.3
Medium (50 – 249)	49.4	45.5	16.4	38.1
All businesses	12.6	20.4	52.4	27.2

Notes and Sources: Based on longitudinal respondents' sample (N=3,497). Responses are weighted to give representative results. Source: LSBS 2018-2019.

Table 20: From anticipated employment growth to outcomes: 2019 to 2020

		Growth outcomes among firms anticipating growth		
		Expected Growth 2019	Employment Declined	Employment Stable
Production & construction (ABCDEF)	18.6	14.5	52.4	33.1
Transport, retail & food service (GHI)	22.8	20.0	51.8	28.2
Business services (JKLMN)	18.0	22.6	42.4	35.0
Other services (PQRS)	15.8	8.4	65.7	25.8
All businesses	18.5	17.3	51.0	31.7
East Midlands	24.8	15.4	76.2	8.4
East of England	32.2	21.6	46.8	31.6
London	21.9	30.9	51.6	17.4
North East	13.8	1.2	75.0	23.9
North West	12.8	7.8	43.2	49.0
South East	14.3	12.6	56.8	30.6
South West	14.1	18.9	51.9	29.2
West Midlands	16.2	26.9	31.4	41.7
Yorkshire & the Humber	18.3	8.2	74.6	17.2
Scotland	14.9	10.8	36.9	52.4
Wales	24.3	8.0	7.8	84.2
Northern Ireland	19.6	3.6	88.2	8.2
All businesses	18.5	17.3	51.0	31.7
No Employees	14.0	0.6	73.7	25.7
Micro (1 – 9)	24.3	29.4	34.0	36.6
Small (10 – 49)	34.5	42.9	17.1	40.0
Medium (50 – 249)	33.1	55.5	14.1	30.4
All businesses	18.5	17.3	51.0	31.7

Notes and Sources: Based on longitudinal respondents' sample (N=3,497). Responses are weighted to give representative results. Source: LSBS 2018-2020.

Technical information

We have published a separate technical report outlining the sampling and weighting methodology for the survey, with detailed information on sample sizes and response rates, and a copy of the questionnaire. The report is available at <https://www.gov.uk/government/collections/small-business-survey-reports#2020>

The main aim of the survey is to collect a range of information on SMEs. The survey measures:

- recent turnover and employment growth
- capabilities (in terms of their ability to innovate, export, train staff, etc.)
- experience of accessing finance
- use of business support
- expectations of growing turnover and employment
- the major obstacles that prevent SMEs fulfilling their potential
- the characteristics of SMEs such as the number of sites they occupy, the number of owners, whether they have separate business premises, etc.
- the characteristics of their owners and leaders

There are three main reports based on the 2020 LSBS:

- a **cross-sectional report** based on **SME employers**. A cross-sectional report is a snapshot of the state of SMEs at any particular stage in time, this one being the latter half of 2020 to early 2021 (this was published on 18 August 2021)
- a cross-sectional report based on businesses with no employees (this was also published on 18 August 2021)
- a longitudinal report based on those businesses that responded in the last three years of the survey. This looks at the main changes that apply to the ‘panellists’ from year to year, and what appears to influence these changes (this report).

Please note that the findings presented in this report relate to ‘full panellists’ only – the 3,487 businesses that have taken part in all 3 waves of the LSBS 2018 - 2020. There are a handful of large businesses included because they were SMEs in 2018 but have since become large enterprises.

Definitions

Balanced	In this report this is used to describe the panel of firms that is the focus of the report. The panel is balanced in the sense that there are roughly equal numbers of business of each of the main size categories in the survey. This is unlike the real population of SMEs in the UK, where the larger businesses are much rarer than smaller ones.
Business, enterprise, firm	In this report these terms all mean the same – they are interchangeable.
EU, the UK's exit from the EU	The EU is the European Union. During the fieldwork period for the 2019 survey the UK left the EU (informally but widely referred to as 'Brexit') and entered into a transition period which lasted until the end of 2020. The last three months of fieldwork for the 2020 survey was undertaken once the UK had completely left the EU. Usually in this report when we refer to the EU we actually mean the EU members apart from the UK as we are talking about international trade – a British business 'exporting to the EU'
Exports	In this report this means a UK business selling goods or services to a customer outside the UK. An English business selling to a Northern Irish business is not exporting, but a Northern Irish business selling to a customer in the Republic of Ireland is exporting.
Family-owned business	This means a business where a majority of the owners are in the same family. A business with a single owner is automatically a family-owned business, although a business with no owners is not. 'Majority' means more than half, but ultimately, we require the respondent to the survey to interpret this: where a business has more than one working owner or partner, they are simply asked if the business is family-owned and this is defined in the questionnaire as 'majority-owned by members of the same family'.
Finance	In this report when we talk about businesses accessing finance or applying for finance, we usually mean borrowing money for business reasons. This might be from banks or other financial institutions or might be less formal arrangements such as money borrowed from friends and family.
Imports	In this report this means a UK business buying goods or services from a business outside the UK. A Northern Irish business buying from a Welsh business is not importing, but a Northern Irish business buying from a business in the Republic of Ireland is importing.
Innovation	This refers to a business implementing a new or significantly improved product or process (which can also include new marketing methods or organisational methods). The international manual on collecting data about innovation is known as the Oslo Manual .
Longitudinal	A longitudinal study is one which collects data from the same unit at different times. We call this survey longitudinal because each year we try to re-interview businesses that took part in the survey in previous years. Analysts have specific methods for analysing longitudinal data. This report focusses on longitudinal analysis, and the dataset is available to approved researchers to perform their own longitudinal analysis if they wish. The dataset can also be used for cross-sectional analysis, which takes each year of data separately.

Medium-sized business	A business which has between 50 and 249 employees (whether they are full-time or part-time). These are the largest SMEs, since businesses with 250 or more employees are defined as large businesses in this survey. Alternative definitions of business size are sometimes used by other studies (which might include consideration of annual turnover or total assets belonging to a business).
Micro business	A business which has between one and nine employees (whether they are full-time or part-time).
Panel	In this report, the panel (sometimes referred to as the <i>longitudinal panel</i> or the <i>full panel</i>) means the 3,497 firms that have taken part in all three waves of the LSBS so far. As shown in Table 1 the panellists are rather different in a number of ways from the original full sample of SMEs in the 2018 survey, and they are also different from the general population of SMEs in 2018.
R&D	This stands for ‘research and development’ and in this survey is usually referred to in the context of ‘R&D spending’, meaning spending on creative and systematic work to increase the stock of knowledge or to devise new applications of existing knowledge. The international manual on collecting data about R&D is known as the Frascati Manual .
SIC 2007	This is the specific version of the Standard Industrial Classification that is used for this survey, in common with most official statistics in the UK. This is a useful page from the Office for National Statistics website for more detail on SIC 2007.
Small business	A business which has between 10 and 49 employees (whether they are full-time or part-time). In some contexts, people use the term ‘small business’ to refer to all businesses that are smaller than large and medium-sized businesses (in other words all businesses with fewer than 50 employees) but in the LSBS we always use the narrower definition when referring to small businesses specifically.
SME	This stands for ‘Small and Medium Enterprises’, but this is commonly meant to refer to all businesses, firms and enterprises that have fewer than 250 employees, including those that have no employees at all. This means that in the LSBS ‘SMEs’ actually comprise business with no employees, micro businesses, small businesses and medium-sized businesses.
Turnover	In the LSBS this term is usually synonymous with ‘sales’. Although for the purposes of preparing accounts ‘turnover’ may be defined differently from ‘revenue’ or ‘sales’ we do not specify a particular definition in our questionnaire and assume that respondents interpret it to mean revenue from sales which do not take account of costs.
Weighted, unweighted	We have longitudinal weights which apply to the panel to give the businesses the same distribution as the general population of SMEs in the UK in 2018 with respect to size, industry and country. In practice this makes the smallest businesses relatively more important, since in the SME population there are far more smaller businesses than larger ones. When we refer to <i>weighted estimates</i> , we are describing the results of calculations that give more weight to the smaller businesses. In contrast, <i>unweighted estimates</i> treat all members of the balanced panel equally.

Further information

Future updates to these statistics

BEIS intends to continue the survey for at least one further wave. The original plan was to have interviewing begin in July 2020 and continue to February 2021, but the department decided in April 2020 to delay the start of interviewing at least to September because of the uncertainty and upheaval caused by the coronavirus (COVID-19) pandemic. Interviewing took place between 11th September 2020 and 1st April 2021. At this stage we cannot confirm when the 2021 survey will start.

Related statistics

The related reports on [SME employers](#) and [SMEs with no employees](#) were published on 18 August 2021. BEIS has published the [technical report](#) (which includes the questionnaire used for the 2020 survey) at the same time as this panel report.

The Scottish Government usually produces its own publication based on the same data but focussed on Scottish businesses.

BEIS publishes the [Innovation Survey](#) which covers the topic of innovation in much greater detail and covers large businesses (which the LSBS excludes) but not micro businesses and non-employers (which the LSBS includes). As outlined elsewhere in this report BEIS also publishes the [Business Population Estimates](#) (BPE) which details the structure of the UK's business population (and which the LSBS uses for determining sample sizes and for weighting). The BPE contains information about employment and turnover in different sectors and includes information at regional level as well as nationally.

The Office for National Statistics conducts many surveys of businesses, many of which cover topics that the LSBS examines too. A good starting place is the [Annual Business Survey](#), which does not cover all the sectors of the economy but has very good coverage of large businesses.

Uses of these statistics

As a wide-ranging survey of SMEs, the LSBS is of interest to many Government departments and agencies. BEIS makes use of the questions on energy use by SMEs to develop policies on business energy such as non-domestic smart meters. Statistics are used by the Government Equalities Office to monitor rates of women-led businesses in the SME population. The figures for MEG-led SMEs are published by the Government's Race Disparity Unit as part of its [Ethnicity Facts and Figures](#) service. Government also uses the LSBS data to understand more about the export and import behaviour of UK SMEs and the operation of the UK internal market. As mentioned above DCMS makes use of the social enterprises data and the Scottish Government uses the data for evidence and analysis on a broad range of policy areas. In the past the Department for the Environment, Food and Rural Affairs (Defra) has analysed rural SMEs, and the Low Pay Commission has looked at what businesses say about the National Minimum Wage and National Living Wage. Her Majesty's

Revenue and Customs has sponsored questions looking at SME preparedness for the Making Tax Digital Programme. Innovate NI looks at Northern Irish companies and their innovation activities. The British Business Bank is a major sponsor of the survey and makes use of the data on access to finance.

The LSBS is increasingly widely used in the academic and research community, in the UK and abroad. We will run a mini competition later in 2021 for research teams to apply for small grants to conduct research using the latest LSBS data, and the data will continue to be made available by the ONS [Secure Research Service](#) and the [UK Data Service](#) for approved researchers. These [slides](#) are from an event hosted by the [Enterprise Research Centre](#) in 2019 showcasing findings from projects that were sponsored by BEIS in 2018, but there are many other [papers and reports](#) that make use of the data. The [Institute for Family Business](#) makes use of the survey in its 'State of the Nation' reports. The Federation for Small Businesses has used the LSBS in its research work, for example the Unlocking Opportunity report <https://www.fsb.org.uk/resource-report/unlock.html>

User engagement

Users are encouraged to provide comments and feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and should be sent to business.statistics@beis.gov.uk.

The BEIS statement on [statistical public engagement and data standards](#) sets out the department's commitments on public engagement and data standards as outlined by the [Code of Practice for Statistics](#).

Revisions policy

The [BEIS statistical revisions policy](#) sets out the revisions policy for these statistics, which has been developed in accordance with the UK Statistics Authority [Code of Practice for Statistics](#).

Pre-release access to statistics

Some ministers and officials receive access to these statistics up to 24 hours before release. Details of the arrangements for doing this and a list of the ministers and officials that receive pre-release access to these statistics can be found in the [BEIS statement of compliance](#) with the Pre-Release Access to Official Statistics Order 2008.

Contact

- Responsible statistician: Jayshree Varsani
- Email: business.statistics@beis.gov.uk
- Media enquiries: 020 7215 1000
- Public enquiries: 020 7215 1179



© Crown copyright 2021

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available from: <https://www.gov.uk/government/collections/small-business-survey-reports>

If you need a version of this document in a more accessible format, please email business.statistics@beis.gov.uk. Please tell us what format you need. It will help us if you say what assistive technology you use.