



Cabinet Office

# SOCIAL ENTERPRISE: MARKET TRENDS

Based upon the BIS Small Business Survey 2012

A report by BMG Research  
May 2013

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# 1. Summary and conclusions

## Introduction

The Cabinet Office has commissioned a report on the theme of social enterprises based on the 2012 Small Business Survey (SBS). SBS is a large-scale telephone survey of business owners and managers, commissioned by the Department for Business, Innovation and Skills (BIS). A total of 5,723 computer assisted telephone interviews were conducted between June and September 2012. The dataset is representative of all UK Small and Medium-sized Enterprises (SMEs), i.e. enterprises with less than 250 employees.

This report is mainly based on SME employers only and focuses upon two differing classifications of social enterprises, with comparisons with equivalent measurements in SBS 2010.

## Numbers of social enterprises in the UK

Twenty-four per cent of SME employers in 2012 thought of themselves as social enterprises, defined as businesses that have mainly social or environmental aims). However, in order to be classified as a social enterprise, additional criteria are proscribed:

1. The enterprise must consider itself to be a social enterprise (as above)
2. It should not pay more than 50 per cent of profit or surplus to owners or shareholders
3. It should not generate more than 75 per cent of income from grants and donations
4. It should not generate less than 25 per cent of income from trading
5. It should agree that it is 'a business with primarily social/environmental objectives, whose surpluses are principally reinvested for that purpose in the business or community rather than mainly being paid to shareholders and owners'.

Those that conformed to criteria 1-4 and agreed they were 'a very good fit' at 5 are defined as 'very good fit' social enterprises in this report. Those that conformed to criteria 1-4 and agreed they were either 'a very good fit' or 'quite a good fit' at 5 are defined as 'good fit' social enterprises in this report, a new classification<sup>1</sup>.

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<sup>1</sup> Note that both these classifications for social enterprises differ slightly from BIS's classification, which requires no more than 25 per cent of income from grants and donations.

Six per cent of all SME employers conform to the very good fit classification, a total of around 70,000 enterprises when grossed up to Business Population Estimations. This proportion was slightly, but insignificantly, lower than that observed in 2010.

Fifteen per cent of all SME employers conform to the good fit classification, a total of 179,500 enterprises when grossed up. This proportion was lower than that seen in 2010.

When proportions are included for enterprises with no employees, the total number of very good fit SME social enterprises rises to 283,500, and the total number of good fit social enterprises to 688,200.

Very good fit SME social enterprises are estimated to employ 973,700 people in the UK. Good fit social enterprises are estimated to employ 2,136,600.

Very good fit SME social enterprises are estimated to have total annual incomes of £54.9 billion. Good fit SME social enterprises are estimated to have total annual incomes of £162.8 billion.

The GVA of very good fit SME social enterprises is estimated at £18.5 billion, and £54.9 billion for good fit SME social enterprises.

The figures in the paragraphs above exclude large social enterprises with 250 or more employees, which are likely to be significant in terms of numbers employed and turnover. However, there is no accurate way of estimating their impact in terms of employment, turnover or GVA.

## Profiles

Social enterprises under both classifications had similar profiles by employment size to SME employers generally, with 80 per cent of very good fit social enterprises, and 83 per cent of good fit social enterprises being micro businesses.

Social enterprises were no younger than SME employers overall.

Very good fit social enterprises were more commonly found in certain sectors such as food/accommodation, health and arts/leisure. They were less commonly found in manufacturing, construction, information/communications, business services and administrative services. By sub-sector, social enterprises were most commonly found in membership organisations, accommodation, sports and leisure, social work, food service, food manufacturing, the creative arts, residential care and human health. There were other sub-sectors where social enterprises were common, but sample sizes were too low for a conclusion to be drawn.

Social enterprises were more likely than SME employers to be Companies Limited by Guarantee (CLGs) and Community Interest Companies (CICs), but the majority of social enterprises were, as with SME employers, private limited companies or sole proprietorships.

Family businesses were less likely than average to be social enterprises under the very good fit classification, and under this definition women-led businesses were more likely than average to be social enterprises, as were disabled-led businesses, and those in the North East, South West and London regions. Very good fit social enterprises were also more likely to be located in the most deprived areas of England, and in rural areas.

Good fit classification social enterprises were no more likely than SME employers generally to be family businesses, or women-led, although they were less likely than average to be entirely male-led. In 2012 they were more likely than average to be minority ethnic group (MEG) led, and to be disabled-led. Good fit social enterprises were more likely than average to be found in the North East and South West, and to be located in rural areas.

Although the respondent interviewed in SBS need not have been the business owner in every case, it appeared that those running social enterprises tended to be older than the average for all SME employers, and in the case of good fit social enterprises, they were more likely to be women.

## **Business performance**

In terms of whether they had increased the numbers of people employed in the previous 12 months, social enterprises in 2012 performed worse than SME employers generally. This had not been the case in 2010 when the good fit social enterprises had performed better than average in this respect.

In terms of employment forecasts, good fit social enterprises were less confident than SME employers overall.

Social enterprises had much lower annual turnovers than SME employers generally. The mean average for a very good fit definition social enterprise in 2012 was £665,000, and £677,000 for a good fit social enterprise, compared to over £1 million for all SME employers.

Compared to 12 months previously social enterprises were no more or less likely than SME employers generally to have increased or decreased turnover. Forecasts for the next 12 months were also similar to those of SME employers generally.

Both very good fit and good fit social enterprises were less likely than SME employers overall to have made a profit or surplus in the previous 12 months.

Twenty-two per cent of very good fit social enterprises, and 15 per cent of good fit social enterprises, received some income through grants or donation in 2012. These proportions were much lower than they were in 2010.

Social enterprises were as likely to want to grow their businesses as SME employers overall. They were particularly likely to do this through increasing the capabilities of managers.

## **Business capability**

On management tasks such as taking decisions on regulations and tax, and for people management, social enterprises considered themselves more capable than SME employers generally. Good fit social enterprises also considered themselves more capable than SME employers for developing and implementing business plans, using formalized business systems, and developing and introducing new products and services.

Social enterprises were much more likely than SME employers overall to have introduced new or significantly improved products/services, or processes, in the last 12 months. However, their propensity to export was much lower than for SME employers overall.

## **Access to finance**

Twenty-seven per cent of very good fit social enterprises, and 28 per cent of good fit ones, sought finance in the previous 12 months. For good fit social enterprises, this proportion was slightly higher than that for all SME employers.

Good fit social enterprises were more likely to require finance to improve buildings than were SME employers overall. Both good fit and very good fit social enterprises were more likely than average to have sought grants, and very good fit definition social enterprises to have sought credit card finance. Overall, the levels of finance required by social enterprises was lower than those sought by SME employers overall.

Social enterprises appeared to have had more difficulty getting the finance they required compared to SME employers overall. Thirty-one per cent of very good fit social enterprises and 29 per cent of good fit social enterprises obtained no finance, compared to 21 per cent of SME employers that applied overall.

Rejections by the first source approached were most likely among good fit social enterprises that sought bank loans (53 per cent received nothing) and bank overdrafts (45 per cent received nothing).

## **Obstacles to success**

The obstacles to success for social enterprises were similar to those for SME employers generally, but social enterprises were more likely than average to cite obtaining finance as an obstacle.

## **Business support**

Social enterprises were no more or less likely than average to have sought information or advice in the previous 12 months. Very good fit social enterprises that did were less likely than average to seek information or advice from accountants.

Social enterprises were no more or less likely than SME employers overall to make use of business mentors.



## **Working for the public sector**

Social enterprises were no more or less likely than SME employers generally to have worked for the public sector in the previous 12 months. However, the proportion of social enterprises under both definitions working for the public sector decreased since 2010. This was due to decreased numbers working in the supply chain rather than those working as prime contractors.

Steve Lomax,  
BMG Research,  
May 2013

## 2. Introduction

### The Small Business Survey 2012

The Small Business Survey (SBS) is a large-scale telephone survey among business owners and managers, commissioned by the Department for Business, Innovation and Skills (BIS). This survey is the latest in a series of Annual Small Business Surveys and subsequently biennial Small Business Surveys dating back to 2003. The survey was conducted between June and September 2012 by BMG Research Ltd.

The survey has a number of remits and objectives. It monitors key performance indicators amongst small and medium-sized businesses (SMEs), and gauges their intentions, needs, concerns and obstacles to fulfilling their potential.

BIS commissioned 4,000 CATI<sup>2</sup> interviews for the SBS 2012 main stage survey distributed in proportion to the business populations of UK nations. The Welsh Government, the Scottish Government and the Northern Ireland Assembly commissioned additional interviews in their own nations to generate a total sample size of 5,723<sup>3</sup>.

Within each of the four UK nations the sample was stratified. Targets were set according to the employment size of enterprises and, within those targets, for sector<sup>4</sup>. Approximately one sixth of interviews in each nation were conducted with enterprises with no employees; one third with micro businesses (one to nine employees); one third with small businesses (10-49 employees); and one sixth with medium-sized businesses (50-249 employees). The sector targets, set within size bands, were intentionally disproportional with some over-sampling of sectors of particular interest.

The sample was drawn, according to these nation, size and sector targets, from the Dun & Bradstreet commercial database. No further sampling strata (e.g. on age of business or England region) were applied.

Survey findings were weighted to the 2012 Business Population Estimates (BPE), published by BIS, which are themselves based upon the Inter Departmental Business Register (IDBR) with supplementary estimates of the populations of self-employed and very small businesses drawn from the Labour Force Survey (LFS).

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<sup>2</sup> Computer Assisted Telephone Interviews.

<sup>3</sup> 3444 interviews in England, 1002 in Scotland, 765 in Wales and 512 in Northern Ireland.

<sup>4</sup> According to Standard Industrial Classification (SIC) 2007

## Social enterprise report

The Cabinet Office has commissioned a report based on SBS 2012 that examines social enterprises in greater detail. The report focuses on particular classifications of social enterprises that differ slightly from those currently employed by BIS. These are explained in the next chapter. Comparisons are made between these definitions, the equivalent definitions in the 2010 SBS, and comparisons with all SME employers in both surveys.

## Notes

Please note that most of the findings presented in this report relate to SME employers only - enterprises with no employees have been excluded from the dataset on which this report is based. This procedure is consistent with reporting of the 2010 SBS and of the Annual Small Business Surveys (ASBSs) that preceded this. The overall sample size for SME *employers*, excluding those enterprises without employees, across the UK is 4,768.

The reason for excluding those with no employees is that while they make up one sixth of all unweighted interviews in the 2012 dataset, they are weighted to 74 per cent of all SMEs. This means that high weighting factors are accrued by those with no employees when data is run on all SMEs, thus exaggerating their characteristics and behaviour. Furthermore, the sampling source for SBS (Dun and Bradstreet) contains records for registered businesses, while the estimates upon which the BPE is based are largely derived from the Labour Force Survey, a household survey that collects information on the self-employed, including those that do not register themselves as businesses. Therefore, those interviewed in SBS with no employees were not truly representative of no employee business.

## Statistical confidence

Unless stated otherwise, all findings reported are statistically significant, whether reported as a comparison between SBS 2010 and SBS 2012, or where findings for sub-groups are compared with the overall total. In this latter instance it should be noted that the comparison is between the sub-group, and the total minus that sub-group.

## 3. Numbers of social enterprises in the UK

This section explains how social enterprises have been defined in this report, and estimated the total numbers of social enterprises in the UK, and their contribution to the UK economy..

### The classification of a social enterprise

In SBS 2012, 24 per cent of SME employers thought of themselves as social enterprises (defined as a business that has mainly social or environmental aims). This figure was lower than in the 2010 SBS survey (26 per cent).

However, in order to be classified as a social enterprise, additional criteria are proscribed:

1. The enterprise must consider itself to be a social enterprise (as above)
2. It should not pay more than 50 per cent of profit or surplus to owners or shareholders
3. It should not generate more than 75 per cent of income from grants and donations
4. Therefore, it should not generate less than 25 per cent of income from trading
5. It should think itself 'a very good fit' with the following statement: 'A business with primarily social/environmental objectives, whose surpluses are principally reinvested for that purpose in the business or community rather than mainly being paid to shareholders and owners'.

This description is consistent with the way that social enterprises are defined in the 2010 SBS report. It is not, however, exactly the same as the BIS classification employed in the SBS 2012 report, or ASBS surveys prior to 2010. That classification proscribes that social enterprises must receive a maximum of 25 per cent income from grants and donations, rather than 75 per cent.

Under the BIS classification, 5.1 per cent of SME employers were social enterprises in 2012, down 0.4 per cent on 2010, an insignificant change.

Under the classification employed in this report, 5.7 per cent of SME employers were social enterprises in 2012, down 0.9 per cent on 2010, again an insignificant change.

## Further classification of a social enterprise ('good fit')

There has been some debate as to whether the classification truly reflects the definition of a social enterprise. To be a social enterprise an enterprise needed to have answered 'yes' to criteria 1-4 above, and agreed it was a 'very good fit' with the statement in 5. Some enterprises will have fitted all the criteria required to make them social enterprises as shown above, except that they will have considered their businesses 'quite a good fit' when the statement on social enterprises was read to them. Whether a business answers 'very good fit' or 'quite good fit' is perhaps a judgemental matter, dependent on how a particular individual chooses to express themselves.

For this reason, this report will focus on both those enterprises who consider themselves a very good fit to the social enterprise classification, and also those enterprises who consider themselves a 'good fit' to the social enterprise classification (which includes both those enterprises who think that are a 'very good fit' and 'quite a good fit', to the social enterprise definition). The 'good fit' classification is closer to that employed by Social Enterprise UK. Where sub-divisions of social enterprises are examined, e.g. according to employment size, the 'good fit' social enterprises will be used by virtue of its greater sample size.

## Proportions of SME employers that are social enterprises

The table below shows the proportion of SME employers that fit the various definitions of social enterprises discussed above.

**Table 3.1: Social enterprises - trends**

	SBS 2012	SBS 2010	ASBS 07/08	ASBS 06/07
n=	4768	3817	7783	8949
	%	%	%	%
Perceive themselves as social enterprises	<b>23.6</b>	25.7	28.6	25.8
A 'very good fit' with definition (25%+ of income from trading)	5.7	6.6	6.1	4.4
A 'good fit' with definition (25%+ of income from trading)	<b>14.6</b>	16.3	17.0	15.0

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010. D1/D2/D4/D5/D6. Single answer only allowed at this question.

The decrease from 2010 to 2012 in the proportion of SME employers perceiving themselves as social enterprises, and also the decrease in the proportion that were a good fit with the definition of a social enterprise, are statistically significant.

In addition to SME employers, 6.0 per cent of enterprises with zero employees corresponded to the very good fit definition of a social enterprise, and 14.3 per cent corresponded to the good fit definition.

## Total number of social enterprises in the UK

By grossing up the proportions classified as social enterprises to the Business Population Estimates, it is possible to gain an indication of their total numbers.

**Table 3.2: Total estimated number of UK SME social enterprises 2012 – very good fit definition**

	Total SME numbers <sup>5</sup>	% Social enterprises (very good fit def.)	Number of social enterprises (rounded)	Sample error	Number of social enterprises (range)
No employees	3,557,255	6.0%	213,400	+/-1.5%	160,100-266,800
Micro businesses (1-9 employees)	1,022,695	5.5%	56,200	+/-1.0%	46,000-66,500
Small businesses (10-49 employees)	177,950	6.3%	11,200	+/-1.1%	9,300-13,200
Mediums-sized businesses (50-249)	29,750	8.7%	2,600	+/-1.8%	2,100-3,100
<b>Total (all SMEs)</b>	<b>4,787,650</b>	<b>5.9%</b>	<b>283,500</b>		<b>217,400-349,500</b>
<b>Total (SME employers)</b>	<b>1,230,395</b>	<b>5.7%</b>	<b>70,000</b>		<b>57,400-82,700</b>

Under the very good fit definition it is estimated that there were 283,500 social enterprises in the UK in 2012. Allowing for sample error, there were between 217,400 and 349,500.

Most of these were enterprises with no employees. Among SME employers it is estimated that there were just over 70,000 social enterprises in the UK. Allowing for sample error, there were between 57,400 and 82,700.

Applying the same logic but using the good fit definition for social enterprises, we get an estimate of 688,200 SME social enterprises (179,500 SME employers).

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<sup>5</sup> Source = Business Population Estimates UK 2012 (private sector only).  
<https://www.gov.uk/government/publications/bis-business-population-estimates>

**Table 3.3: Total estimated number of UK SME social enterprises 2012 – good fit definition**

	Total SME numbers	% Social enterprises (good fit def.)	Number of social enterprises (rounded)	Sample error	Number of social enterprises (range)
No employees	3,557,255	14.3%	508,700	+/-2.2%	430,400-586,900
Micro businesses (1-9 employees)	1,022,695	14.5%	148,300	+/-1.6%	131,900-164,700
Small businesses (10-49 employees)	177,950	15.1%	26,900	+/-1.6%	24,000-29,700
Mediums-sized businesses (50-249)	29,750	14.7%	4,400	+/-2.2%	3,700-5,000
<b>Total (all SMEs)</b>	<b>4,787,650</b>	<b>14.4%</b>	<b>688,200</b>		<b>590,100-786,300</b>
<b>Total (SME employers)</b>	<b>1,230,395</b>	<b>14.6%</b>	<b>179,500</b>		<b>159,700-199,400</b>

Allowing for sample error, there were between 590,100 and 786,300 SME social enterprises in total under the good fit definition (159,700 and 199,400 among SME employers).

**Table 3.4: Total estimated number of UK SME employer social enterprises 2006/07 - 2012 very good fit and good fit definitions**

	Total number of employers	% Social enterprises (very good fit definition)	Number of social enterprises (very good fit definition, rounded)	% Social enterprises (good fit definition)	Number of social enterprises (good fit definition, rounded)
ASBS 2006/07 <sup>6</sup>	1,218,720	4.4%	53,600	15.0%	182,800
ASBS 2007/08 <sup>7</sup>	1,237,565	6.1%	75,500	17.0%	210,400
SBS 2010	1,193,965	6.6%	78,800	16.3%	194,600
SBS 2012	1,230,395	5.7%	70,000	14.6%	179,500
<b>Average 2006-2012</b>	<b>1,220,161</b>	<b>5.7%</b>	<b>69,500</b>	<b>15.7%</b>	<b>191,800</b>

The table above shows the total estimated number of UK SME employer social enterprises for the past four Small Business Surveys.

<sup>6</sup> 2007 BPE figures shown

<sup>7</sup> 2008 BPE figures shown

## Contribution of social enterprises to the UK economy - employment

Using the very good fit definition, the average number of staff employed by a SME employer social enterprise was 10.3 in 2012. This compares with 8.5 for all SME employers.

**Table 3.5: Numbers employed by SME employer social enterprises 2012 (very good fit definition)**

	Total numbers of social enterprises (very good fit definition, rounded)	Mean average number of employees	Total number of employees (rounded)
Micro businesses	56,200	3.8	213,700
Small businesses	11,200	20.0	224,200
Medium-sized businesses	2,600	110.2	286,200
<b>Total</b>	<b>70,000</b>	<b>10.3</b>	<b>723,200</b>

The SBS definition of numbers employed includes full and part-time employees, temporary and casual staff (but not from agencies), but it excludes owners and partners. We do not know how many owners and partners there were among those enterprises interviewed. However, the BPE 2012 does estimate that for the 1.22 million SME employers in the UK, there were 644,000 working proprietors, an average of 0.53 working proprietors for each enterprise. Applying the same logic for social enterprises, there would be an additional 37,100 working proprietors in social enterprises in 2012, giving a figure of 760,300 *employed* by SME employer social enterprises (as opposed to the number of employees).

This can be added to by the estimated 213,400 social enterprises (under the very good fit definition) that have no employees, making a new total of 973,700 people employed by SME social enterprises.

**Table 3.6: Numbers employed by SME employer social enterprises 2012 (good fit definition)**

	Total numbers of social enterprises (good fit definition, rounded)	Mean average number of employees	Total number of employees
Micro businesses	148,300	3.5	519,000
Small businesses	26,900	20.8	558,900
Medium-sized businesses	4,400	104.0	454,800
<b>Total</b>	<b>179,500</b>	<b>8.5</b>	<b>1,532,700</b>

Using the same logic as in the very good fit definition estimation of employment, the numbers employed using the good fit definition would be as follows:



- 1,532,700 employees in SME employers
- 95,200 working proprietors in SME employers
- 508,700 proprietors of SMEs with no employees

This makes an estimate of 2,136,600 employed by SME social enterprises in 2012.

## Contribution of social enterprises to the UK economy - turnover

The average annual turnover for a very good fit definition social enterprise in the 2012 SBS was £206,800 (£665,200 for social enterprise SME employers). This was almost half of that observed for all SMEs (£405,900), and 64 per cent of that seen for SME employers (£1,033,000).

**Table 3.7: Turnover of social enterprises 2012 (very good fit definition)**

	Total numbers of social enterprises (very good fit definition, rounded)	Mean average turnover (rounded)	Total turnover
No employees	213,400	£39,000	£8,300 million
Micro businesses	56,200	£247,000	£13,900 million
Small businesses	11,200	£1,264,000	£14,200 million
Medium-sized businesses	2,600	£7,160,400	£18,500 million
<b>Total (all SMEs)</b>	<b>283,500</b>	<b>£206,800</b>	<b>£54,900 million</b>
<b>Total (all SME employers)</b>	<b>70,000</b>	<b>£665,200</b>	<b>£46,600 million</b>

Multiplying the mean average turnover from SBS by the estimated number of social enterprises, under the very good fit definition we get an estimate that the total turnover generated is £46.6 billion for social enterprise SME employers, and £54.9 billion for all social enterprise SMEs.

The mean average annual turnover for a good fit definition social enterprise in the 2012 SBS was £236,600 (£676,500 for SME employers). This was 58 per cent of that observed for all SMEs (£405,900), and 65 per cent of that for all SME employers (£1,033,000).

**Table 3.8: Turnover of social enterprises 2012 (good fit definition)**

	<b>Total numbers of social enterprises (good fit definition, rounded)</b>	<b>Mean average turnover (rounded)</b>	<b>Total turnover</b>
No employees	508,700	£81,400	£41,400 million
Micro businesses	148,300	£297,500	£44,100 million
Small businesses	26,900	£1,738,200	£46,700 million
Medium-sized businesses	4,400	£7,005,500	£30,600 million
<b>Total (all SMEs)</b>	<b>688,200</b>	<b>£236,600</b>	<b>£162,800 million</b>
<b>Total (all SME employers)</b>	<b>179,500</b>	<b>£676,500</b>	<b>£121,500 million</b>

Again, multiplying the mean average turnover by the estimated numbers, under the good fit we get an estimate the total turnover generated by social enterprise SME employers is £121.5 billion, and £162.8 billion for all social enterprise SMEs.

## Gross Value Added (GVA)

To calculate the GVA of SME social enterprises we use the information provided on the UK business economy in the 2011 Annual Business Survey<sup>8</sup>. GVA has been calculated by applying a ratio of GVA to turnover as reported by businesses, and applying this ratio to SME social enterprise turnover. The ratio (0.337:1) was derived from the 2011 Annual Business Survey by taking total GVA and dividing by total turnover for firms employing up to 249 employees (including zero employees).

**Table 3.9: Gross Value Added by social enterprises**

	<b>Total numbers of SME social enterprises (rounded)</b>	<b>Total estimated turnover (rounded)</b>	<b>GVA (total turnover x 0.337)</b>
Very good fit definition – All SMEs	283,500	£54,900 million	£18,500 million
Very good fit definition – SME employers	70,000	£46,600 million	£15,700 million
Good fit definition – All SMEs	688,200	£162,800 million	£54,900 million
Good fit definition – SME employers	179,500	£121,500 million	£40,900 million

Therefore, the GVA for all SME social enterprises is £18.5 billion under the very good fit definition (£15.7 billion for SME employers), and £54.9 billion under the good fit definition (£40.9 billion for SME employers).

<sup>8</sup> <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-276587>

## Large social enterprises (250+ employees)

All figures in this report are based on SMEs and social enterprises as surveyed in the Small Business Survey, which is a survey of UK enterprises with less than 250 employees. However, recognising that there are a number of larger social enterprises we have applied some assumptions based on SBS and the BPE to provide an estimate of large social enterprises.

**Size:** Large enterprises were not surveyed in SBS, and no estimate exists of the proportion that might be social enterprises. There were only 6,455 large UK enterprises in 2012 according to the BPE, and if the proportion of these that are social enterprises was the same as for all SMEs there would be an additional 400 social enterprises under the very good fit definition, or an additional 900 under the good fit definition.

**Employment:** The 2012 BPE shows that large employers employ almost as many as all other SME employers put together (9,763,000 compared to 10,228,000). This means that large employers employ, as a mean average, just over 1500 people. It is unlikely that many of the very largest UK employers are social enterprises, so we have taken a median figure for the average numbers employed by large social enterprises instead, which is 450. Under the very good definition for social enterprises, this would mean that 171,500 are employed by large social enterprises, and 418,500 would be employed by large social enterprises under the good fit definition.

**Turnover:** To make an estimate of the turnover of large social enterprises is risky given that the proportion that are social enterprises is unknown, and the fact that social enterprise employers have lower turnover compared to non-social enterprises. We have therefore not estimated the contribution of large social enterprises to the economy through turnover and GVA.

## 4. Profiles of social enterprises

This section examines the characteristics of social enterprise SME employers (very good fit and good fit definitions), and how these have changed compared with the 2010 survey.

### Employment size

**Table 4.1: Employment size – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4768	344	767
	%	%	%
Micro (1-9 employees)	83.1	80.3	82.6
Small (10-49 employees)	14.5	16.1	15.0
Medium (50-249 employees)	2.4	3.7	2.4
SBS 2010 (n=)	3817	383	760
	%	%	%
Micro (1-9 employees)	84.0	<b>79.3</b>	83.3
Small (10-49 employees)	13.8	<b>18.2</b>	14.5
Medium (50-249 employees)	2.2	2.5	2.2

Base = all SME employers.

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). A2. Single answer only allowed at this question.

Eight-three per cent of SME employers in SBS 2012 were micro businesses with 1-9 employees, 14 per cent were small businesses with between 10 and 49 employees, and two per cent were medium-sized businesses with between 50 and 249 employees.

There were no significant differences between all SME employers and social enterprise SME employers in terms of size band, in SBS 2012, but in SBS 2010 very good fit definition social enterprises were less likely to be micros, and more likely to be small businesses..

SBS does not measure the number of employees that were part-time or temporary/casual. Therefore, it is unknown whether social enterprises were more likely than average to have employed these as opposed to full time staff.

## Age of business

Eleven per cent of all SME employers in 2012 were aged between zero and three years, 24 per cent were aged between four and ten years, and 64 per cent were aged over ten years.

The age profile of both the very good fit and good fit definition social enterprises was not different from SME employers in 2012. In 2010 good fit social enterprises were more likely than average to be young businesses (10 per cent aged up to three years)

**Table 4.2: Age of business – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4768	344	767
	%	%	%
0-3 years	11.3	10.3	13.7
4-10 years	23.9	22.8	22.0
Over 10 years	64.3	66.9	63.4
SBS 2010 (n=)	3817	383	760
	%	%	%
0-3 years	7.2	7.8	<b>9.8</b>
4-10 years	26.3	22.3	23.8
Over 10 years	66.1	69.2	65.7

Base = all SME employers.

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). A6. Single answer only allowed at this question.

## Sector

The table overleaf shows the business sectors that social enterprises fall into, compared to all SME employers.

Social enterprises, whether using the very good fit or good fit definition, appear in all sectors, although some sectors were significantly more likely than others to contain them. Higher than average proportions of social enterprises (very good fit and good fit) were observed in both the 2012 and 2010 surveys in the food/accommodation sector, health, and arts/leisure, whilst the manufacturing, construction, information/communications and business services sectors were less likely than average to contain social enterprises.

**Table 4.3: Sector (SIC 2007)<sup>9</sup> – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4768	344	767
	%	%	%
ABDE Primary	4.7	3.5	4.7
C Manufacturing	7.2	<b>2.9</b>	<b>2.8</b>
F Construction	12.3	<b>4.8</b>	12.5
G Retail/wholesale	19.4	<b>12.0</b>	19.0
H Transport	3.0	2.8	3.9
I Food/accommodation	9.8	<b>28.6</b>	<b>23.8</b>
J Information/communications	5.0	<b>0.1</b>	<b>0.5</b>
KLM Business services	17.6	<b>13.2</b>	<b>8.5</b>
N Administrative services	7.7	<b>3.0</b>	<b>4.3</b>
P Education	1.4	2.0	1.6
Q Health	4.7	<b>13.1</b>	<b>8.7</b>
R Arts/leisure	1.9	<b>6.4</b>	<b>4.2</b>
S Other services	5.4	7.7	5.7
SBS 2010 (n=)	3817	383	760
	%	%	%
ABDE Primary	2.1	0.7	2.3
C Manufacturing	10.1	<b>3.3</b>	<b>5.6</b>
F Construction	12.9	<b>7.4</b>	12.8
G Retail/wholesale	22.6	<b>12.7</b>	<b>16.9</b>
H Transport	3.5	3.5	4.3
I Food/accommodation	5.4	<b>12.4</b>	<b>10.3</b>
J Information/communications	5.9	<b>1.4</b>	<b>2.2</b>
KLM Business services	16.9	<b>10.8</b>	<b>12.2</b>
N Administrative services	7.4	7.2	6.9
P Education	1.2	<b>4.2</b>	<b>2.3</b>
Q Health	4.4	<b>14.2</b>	<b>8.7</b>
R Arts/leisure	1.9	<b>10.2</b>	<b>6.8</b>
S Other services	5.6	<b>12.2</b>	<b>8.7</b>

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). A4. Single answer only allowed at this question.

<sup>9</sup> Please note that the sampling and weighting targets for SBS 2010 were to SIC 2003 profiles, whereas the sampling and weighting of SBS 2012 was to SIC 2007 profiles. This explains why overall sector proportions between the two surveys differ. In the 2010 dataset SIC 2003 was recoded to conform to SIC 2007. The comparison between all SME employers and social enterprises within the 2010 dataset is still valid.

In 2010 the other service and education sectors were more likely than average to contain social enterprises. This was not so in 2012.

Looking at sector in more detail, it is possible to show sub-sector groups where the incidence of social enterprise was higher than average. This is done only for those sub-sectors in 2012 with sample sizes of 40 or more, and significant differences against the overall average are highlighted.

**Table 4.4: Two digit SIC (2007) – whether a social enterprise by selected sub-sector**

Rank (very good fit)	Sub-sector	n=	% social enterprises (very good fit definition)	% social enterprises (good fit definition)
1	Membership organisations (SIC 94)	44	<b>50.2%</b>	<b>53.6%</b>
2	Accommodation (55)	133	<b>21.3%</b>	<b>32.8%</b>
3	Sports and leisure (93)	123	<b>21.0%</b>	<b>35.8%</b>
4	Social work (88)	227	<b>19.6%</b>	<b>33.8%</b>
5	Food service (56)	265	<b>15.3%</b>	<b>36.2%</b>
6	Food manufacturing (10)	48	<b>15.1%</b>	16.1%
7	Creative arts (90)	44	<b>14.5%</b>	23.6%
8	Residential care (87)	76	<b>12.8%</b>	<b>34.7%</b>
9	Human health (86)	91	<b>10.8%</b>	13.3%
10	Computer manufacturing (26)	44	10.6%	11.5%
11	Education (85)	161	8.5%	17.2%
12	Management consultancy (70)	48	8.2%	9.0%
	<i>Overall average</i>	<i>4768</i>	<i>5.7%</i>	<i>14.6%</i>
13	Land transport (49)	108	5.7%	<b>21.7%</b>
14	Real estate (68)	116	5.2%	11.1%
15	Other services (96)	131	4.8%	12.8%
16	Retail trade (47)	284	4.6%	17.3%
17	Agriculture (01)	131	3.5%	11.3%
18	Civil engineering (42)	42	3.2%	23.3%
19	Printing (18)	58	3.1%	<b>3.1%</b>
20	Motor vehicle trade and repair (45)	126	2.7%	11.9%

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). A4. Single answer only allowed at this question.

Under both the very good fit and good fit definitions of social enterprises, those in membership organisations, accommodation, sports/leisure, social work, food service and residential care were significantly more likely than average to be social enterprises. Under the very good fit definition, those in food manufacturing, creative arts and human health were more likely than average to be social enterprises. Under the good fit definition, those in land transport were more likely than average to be social enterprises.

Sub-sectors where less than two per cent met the very good fit criteria for a social enterprise included manufacturing sub-sectors not mentioned above, wholesale, warehousing, publishing, computer programming, legal/accounting, architecture/engineering, recruitment/employment and office administration. Although sample sizes were not quite large enough to make a solid judgement, it appeared that those working in libraries/museums, veterinary, scientific research and insurance were also more likely than average to be social enterprises under the very good fit criteria.

## Legal status

Fifty-two per cent of SME employers were private limited companies, limited by shares (LTDs). Twenty-seven per cent were sole proprietorships and 12 per cent were partnerships.

**Table 4.5: Legal status – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4768	344	767
	%	%	%
Private limited company (LTD)	52.3	<b>30.8</b>	<b>38.8</b>
Sole proprietorships	27.0	28.8	30.4
Partnerships	11.9	13.3	13.8
Company limited by guarantee (CLG)	1.9	<b>7.8</b>	<b>4.1</b>
Limited liability partnership (LLP)	1.6	<b>0.01</b>	<b>0.2</b>
Public limited company (PLC)	1.5	1.6	2.2
Friendly society/IPS/Co-operative	0.6	<b>3.2</b>	1.3
Community interest company (CIC)	0.4	<b>4.9</b>	<b>1.9</b>
SBS 2010 (n=)	3817	383	760
	%	%	%
Private limited company (LTD)	59.1	<b>41.7</b>	<b>50.1</b>
Sole proprietorships	19.5	16.3	21.1
Partnerships	10.2	7.2	9.2
Company limited by guarantee (CLG)	2.6	<b>11.8</b>	<b>6.4</b>
Public limited company (PLC)	2.0	<b>0.2</b>	0.9
Limited liability partnership (LLP)	1.6	<b>0.0</b>	1.4
Friendly society/IPS/Co-operative	0.4	<b>4.5</b>	<b>1.9</b>
Community interest company (CIC)	0.3	<b>1.3</b>	0.6

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). A5. Single answer only allowed at this question.



Social enterprises (both definitions) were less likely than all SME employers to be private limited companies in both surveys. Also in both surveys, those conforming to either definition were more likely than average to be friendly societies/industrial and provident societies or co-operatives, or to be companies limited by guarantee. Those conforming to both definitions in 2012 also had a greater likelihood of being community interest companies.

It is noteworthy that, despite being more likely than other SME employers to have alternative legal statuses, the majority of social enterprises had traditional legal statuses such as limited company, sole proprietor or partnership.

The question on whether enterprises also had charitable status is not asked in any of the Small Business Surveys.

## Family businesses

Sixty-two per cent of SME employers in 2012 were family-owned businesses, defined as being majority-owned by members of the same family. Family-owned businesses tended to be smaller and older than the average SME employer.

**Table 4.6: Family businesses – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4768	344	767
	%	%	%
Family-owned	61.8	<b>48.7</b>	59.4
SBS 2010 (n=)	3817	383	760
	%	%	%
Family-owned	62.5	<b>41.8</b>	<b>56.0</b>

Base = all SME employers.

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). R1. Single answer only allowed at this question.

Social enterprises under the very good fit definition were less likely than all SME employers to be family businesses, in both SBS 2012 and SBS 2010. Under the good fit definition, social enterprises were less likely than average to be family businesses in 2010, but this was not so in 2012.

## Women-led businesses

Nineteen per cent of SME employers were women-led in SBS 2012, defined as controlled by a single woman, or having a management team of which a majority were women. A further 23 per cent were led equally by men and women, eight per cent had women directors in a minority, and 49 per cent were entirely male led. Women-led businesses tended to be younger than average, smaller, and more prevalent in particular sectors such as retail and other services. The proportion of SME employers that were women-led businesses rose between 2010 and 2012 by 4.5 percentage points.

**Table 4.7: Women-led businesses – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4768	344	767
	%	%	%
Women-led	19.0	<b>25.2</b>	21.6
Equally-led	22.9	<b>15.1</b>	21.7
Women in minority of directors	7.6	<b>14.9</b>	<b>11.6</b>
Entirely male-led	49.2	<b>41.7</b>	<b>43.6</b>
SBS 2010 (n=)	3817	383	760
	%	%	%
Women-led	14.5	<b>26.5</b>	<b>18.0</b>
Equally-led	25.0	20.7	23.2
Women in minority of directors	8.9	<b>19.3</b>	<b>15.2</b>
Entirely male-led	50.7	<b>31.3</b>	<b>42.1</b>

Base = all SME employers.

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). R4/R5/R7/U5. Single answer only allowed at this question.

Social enterprises under the very good fit definition were more likely than average to be women-led, to have women directors in a minority, and less likely than average to be entirely male-led. This was the case in both 2010 and 2012. In 2012 they were also less likely than average to be equally-led.

Under the good fit definition, social enterprises were no more likely to be women-led than average in 2012, although in 2010 they were more likely to be women led. In both surveys they were more likely than average to have women directors in a minority, and were less likely than average to be entirely male-led.

## MEG-led businesses

Seven per cent of SME employers were minority ethnic group (MEG)-led, defined as having a person from an ethnic minority in sole control of the business, or having a management team with at least half of members from an ethnic minority. There was little difference in this proportion by size of business, with seven per cent of both micros and small businesses being MEG-led, and six per cent of medium-sized ones, but MEG-led businesses were more likely than average to be found in the transport, retail, food service, health and other services sectors. MEG-led businesses tended to be younger than the average for SME employers.

**Table 4.8: MEG-led businesses – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4768	344	767
	%	%	%
MEG-led	7.2	6.6	<b>9.2</b>
SBS 2010 (n=)	3817	383	760
	%	%	%
MEG-led	8.5	6.4	9.2

Base = all SME employers.

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). R4/R5/R10/R15. Single answer only allowed at this question.

Under the very good fit definition, MEG-led businesses were no more likely than average to be social enterprises, in both surveys. Under the good fit definition there was a higher than average proportion of MEG-led social enterprises in 2012. Approximately half of these were in the retail and food service sectors.

## Disabled-led businesses

Nine per cent of SME employers were disabled-led, defined as having a person with any longstanding illness, disability or infirmity in sole control of the business, or having a management team with at least half of members with longstanding illnesses, disabilities or infirmities. In SBS 2012 these disabled-led businesses were more likely to be smaller SME employers (ten per cent of micros, five per cent of small businesses and two per cent of medium-sized ones).

In SBS 2012 13 per cent of both the very good fit social enterprises, and 12 per cent of the good fit social enterprises were disabled-led, higher than the proportion for all SME employers. In SBS 2010 social enterprises were no more likely than average to be disabled-led.

**Table 4.9: Disabled-led businesses – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4768	344	767
	%	%	%
Disabled-led	8.9	<b>12.6</b>	<b>11.6</b>
SBS 2010 (n=)	3817	383	760
	%	%	%
Disabled-led	9.0	8.9	10.8

Base = all SME employers.

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). R4/R5/R9/R17. Single answer only allowed at this question.

## Region

The table overleaf shows the breakdown of social enterprises by nation and region. Please note that the proportions by region differ between the two surveys because of different sampling and weighting techniques. Nonetheless, it is still valid to look at differences in the proportions of social enterprises by region, and how these differ between 2010 and 2012.

**Table 4.10: Region – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4768	344	767
	%	%	%
ALL ENGLAND	85.8	84.4	84.3
- North East	3.1	<b>5.4</b>	<b>4.6</b>
- Yorkshire & the Humber	9.2	<b>5.5</b>	7.0
- North West	11.0	11.3	10.5
- West Midlands	10.2	10.0	10.2
- East Midlands	8.8	<b>3.8</b>	<b>5.1</b>
- East of England	12.5	<b>7.0</b>	12.1
- South West	12.3	<b>19.7</b>	<b>17.5</b>
- South East	17.8	14.7	16.5
- London	15.1	<b>22.6</b>	16.5
WALES	4.2	3.9	4.5
SCOTLAND	7.3	8.3	8.0
NORTHERN IRELAND	2.7	3.3	3.2
SBS 2010 (n=)	3817	383	760
	%	%	%
ALL ENGLAND	85.4	84.0	83.3
- North East	3.0	4.2	4.6
- Yorkshire & the Humber	7.6	9.6	7.4
- North West	10.5	8.4	8.0
- West Midlands	8.5	7.6	10.4
- East Midlands	7.2	<b>10.8</b>	8.3
- East of England	10.1	10.1	10.9
- South West	9.5	7.8	7.7
- South East	15.1	14.3	12.6
- London	13.9	11.3	13.5
WALES	4.4	4.5	<b>6.3</b>
SCOTLAND	7.1	<b>10.1</b>	8.9
NORTHERN IRELAND	3.0	1.3	<b>1.4</b>

Base = all SME employers.

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). Single answer only allowed at this question.

There is little similarity between the profile of social enterprises by region between 2010 and 2012. Under the very good fit definition of a social enterprise, there were above average proportions in Scotland and the East Midlands in 2010. However, in 2012 the East Midlands has a below average proportion, and Scotland was no more likely than average to have social enterprises.

In 2012 there were also above average proportions of social enterprises (very good fit definition) in London, the North East, and South West, with below average proportions in Yorkshire and the East of England.

Under the good fit definition in 2012, the South West and North East also have higher than average proportions of social enterprises, with the East Midlands also having below average proportions.

## Index of multiple deprivation

The index of multiple deprivation (IMD) is a postcode-derived measurement that combines scores on a number of social indicators such as health, employment, income, education, crime, living environment and barriers to services. It is calculated differently in England, Scotland, Wales and Northern Ireland, and for this reason is best looked at within England only in terms of quintiles (most deprived to least deprived). This measure was only available on the SBS 2012 dataset.

**Table 4.11: Index of multiple deprivation (England only) – by whether a social enterprise**

	All SME employers in England	Social enterprises (very good fit definition)	Social enterprises (good fit definition)	All considering themselves social enterprises
SBS 2012 (n=)	2872	197	427	741
	%	%	%	%
Most deprived (1)	15.4	<b>27.2</b>	18.3	17.6
(2)	19.8	<b>12.2</b>	19.4	20.3
(3)	22.8	24.1	22.0	21.7
(4)	24.1	25.7	<b>28.3</b>	25.5
Least deprived (5)	17.3	<b>10.8</b>	<b>11.9</b>	14.9

Base = all SME employers in England.

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). Single answer only allowed at this question.

A higher than average proportion of very good fit defined social enterprise SME employers in England in 2012 were located in the most deprived quintile (27 per cent), with a lower than average proportion based in the second most deprived quintile and the least deprived quintile. For the good fit definition, fewer social enterprises than average were located in the least deprived quintile (12 per cent), and a higher than average proportion were in the fourth most deprived quintile. For those that just consider themselves to be social enterprises (but do not qualify under the very good fit or good fit definitions, there were no significant differences compared to all SME employers).

## Urban/rural classification

Another ONS postcode-based variable defines businesses according to their population density and proximity to urban settlements. The following groups the 18 official categories into three broad groups. This is shown for the whole of the UK for 2012 only.

**Table 4.12: Urban/rural classification – by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4768	344	767
	%	%	%
Urban	68.9	66.6	67.2
Small town	19.9	<b>15.1</b>	18.1
Rural	10.9	<b>18.3</b>	<b>14.7</b>

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). Single answer only allowed at this question.

Social enterprises (very good fit and good fit definitions) were more likely than average to be located in rural areas. Very good fit social enterprises were less likely to be located in small towns.

## Age of respondent

**Table 4.13: Age of respondent – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4768	344	767
	%	%	%
Under 35	11.0	<b>6.5</b>	9.6
35-44	21.7	16.9	17.5
45-54	29.8	34.5	30.1
55-64	25.4	29.5	27.7
65+	10.2	11.2	12.9
SBS 2010 (n=)	3817	383	760
	%	%	%
Under 35	9.7	6.9	9.5
35-44	20.6	<b>14.6</b>	<b>17.3</b>
45-54	32.8	36.8	32.5
55-64	27.2	28.9	28.4
65+	8.6	<b>11.5</b>	<b>11.6</b>

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). T3. Single answer only allowed at this question.

Most of the respondents in the Small Business Survey were working owners/proprietors of their businesses. However, this was not the case for all respondents, with some being non-owner Managing Directors, or other senior staff, and there was no way of knowing whether they were also owners. In addition to this, many SME employers had multiple ownership. Therefore, the age of respondent does not tell not give us definitive information on the ages of owners of social enterprises, but it does give an indication.

Under both the very good fit and good fit definitions it would appear that respondents in social enterprises were older than those in SME employers generally. Under the very good fit definition in 2012, 23 per cent were aged under 45 and 41 per cent over 55. This compares with 33 per cent aged under 45 for all SMEs, and 36 per cent aged over 55.

Under both the very good and good fit definition, social enterprises in 2010 were more likely than average to have respondents aged 65 or more.

## Gender of respondent

**Table 4.14: Age of respondent – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4768	344	767
	%	%	%
Male	67.6	<b>62.0</b>	64.4
Female	32.4	<b>38.0</b>	35.6
SBS 2010 (n=)	3817	383	760
	%	%	%
Male	72.5	<b>54.6</b>	<b>65.0</b>
Female	27.5	<b>45.4</b>	<b>35.0</b>

Base = all SME employers.

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). T3. Single answer only allowed at this question.

As with age, we cannot be sure that the gender of the respondent was also the gender of the main business leader, although in most cases this was likely to be the case.

Under both the very good and good fit definitions respondents were more likely than average to be women in both years. In 2010, the respondent was more likely to have been woman under the good fit definition, but this was not the case for 2012.



## 5. Business Performance of social enterprises

This section explores how SME employer social enterprises performed in the previous twelve months in terms of employment size and turnover, and their expectations for performance in the next twelve months.

### Numbers employed compared to twelve months ago

Nineteen per cent of SME employers employed more people than was the case twelve months earlier. Sixty-four per cent employed the same number and 17 per cent employed fewer.

**Table 5.1: Numbers employed now compared to 12 months ago – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4736	341	757
	%	%	%
More than 12m ago	18.8	<b>11.8</b>	<b>14.7</b>
Same as 12m ago	64.4	66.8	67.1
Fewer than 12m ago	16.9	<b>21.4</b>	18.2
SBS 2010 (n=)	3779	380	750
	%	%	%
More than 12m ago	17.5	21.1	<b>24.0</b>
Same as 12m ago	61.2	<b>66.4</b>	61.9
Fewer than 12m ago	21.2	<b>12.5</b>	<b>14.1</b>

Base = all SME employers trading for at least one year

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). B2. Single answer only allowed at this question.

Among all SME employers, 16 per cent in the most deprived IMD quintile in 2012 employed more than 12 months previously, and 18 per cent employed fewer people. This compares to 20 per cent employing more, and 14 per cent employing fewer in the least deprived IMD quintile. The other three quintiles were in between these figures, but generally the more deprived the more likely it was to have negative employment growth.

Positive employment growth (the proportion saying they employed more minus the proportion saying they employed fewer) among all SME employers was seen in the South West (plus ten per cent), East Midlands (plus eight per cent), East of England (plus seven per cent), South East (plus seven per cent) and London (plus five per cent). Negative employment growth was observed in the North West (minus two per cent), North East (minus three per cent), West Midlands (minus three per cent), Yorkshire/Humberside (minus four per cent), Wales (minus four per cent), Scotland (minus ten per cent) and Northern Ireland (minus 15 per cent)

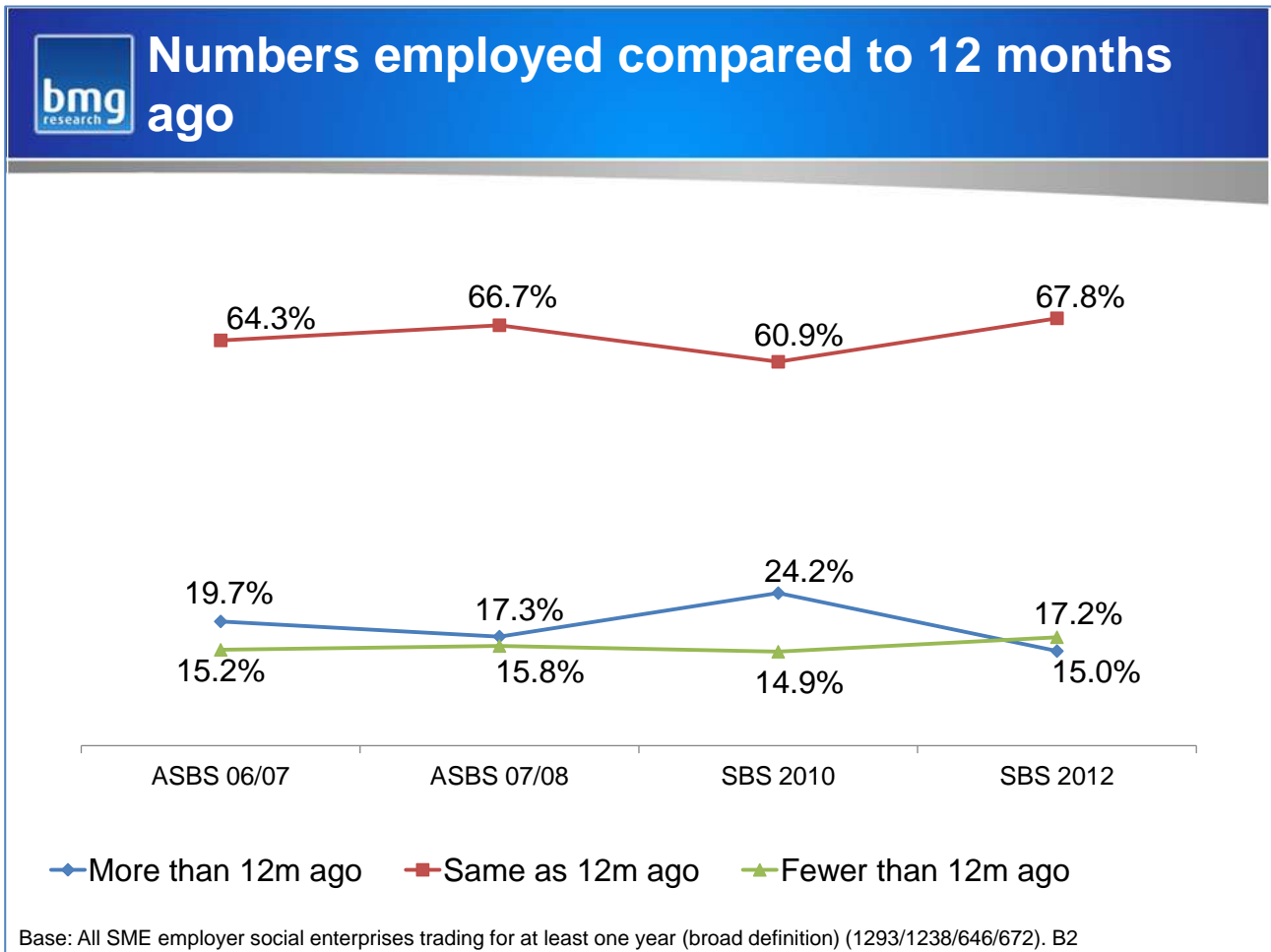
In 2012 social enterprises were less likely than SME employers generally to have increased employment levels compared with 12 months previously. Twelve per cent of very good fit definition social enterprises had increased numbers of employees, and 15 per cent of good fit definition social enterprises, compared to 19 per cent of SME employers overall. Very good fit social enterprises were also more likely than average to have had decreased employment (21 per cent).

In 2010 the situation was different. Good fit definition social enterprises were more likely than average to have increased employment (24 per cent vs. 17 per cent), and both very good fit (13 per cent) and good fit (14 per cent) definition social enterprises were less likely than average to have had decreased employment.

Among good fit definition social enterprises in 2012, there were differences by employment size band. 23 per cent of small (10-49 employees) and 25 per cent of medium (50-249 employees) employed more than 12 months previously, compared to 13 per cent of micros (1-9 employees). However, in terms of employing fewer people the differences between the size bands were less clear. Seventeen per cent of micros employed fewer, compared to 24 per cent of small social enterprises, and 16 per cent of mediums.

Among good fit definition social enterprises in 2012, 10 per cent in the most deprived quintile employed more than 12 months previously, and 27 per cent employed fewer. This compares to 16 per cent employing more in the least deprived quintile, and 12 per cent employing fewer.

**Figure A: Numbers employed now compared to 12 months ago – trends by whether a good fit social enterprise**



The proportion of good fit definition social enterprises that employed more people than a year previously in 2012 was the lowest in the past four Small Business Surveys, and the proportions employing fewer or similar numbers of people the highest.

## Numbers of people expected to be employed in twelve months' time

Twenty per cent of SME employers expected to employ more people in twelve months' time, 58 per cent expected to employ the same number and 21 per cent expected to employ fewer.

**Table 5.2: Numbers expect to employ in 12 months time – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4768	344	767
	%	%	%
More than currently	20.4	18.4	<b>17.2</b>
Same as currently	58.3	<b>64.5</b>	61.2
Fewer than currently	20.5	16.5	20.7
SBS 2010 (n=)	3817	383	760
	%	%	%
More than currently	23.0	18.8	<b>19.3</b>
Same as currently	61.9	61.3	60.3
Fewer than currently	13.8	<b>18.9</b>	<b>18.8</b>

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). B6. Single answer only allowed at this question.

In 2012, good fit definition social enterprises were less confident than average that they were likely to employ more staff (17 per cent compared to 20 per cent for all SME employers).

Among these good fit definition social enterprises, 15 per cent of the micros predicted employment growth, compared with 26 per cent of small social enterprises, and 30 per cent of the mediums. Twenty per cent of the micros predicted fewer employees in 12 months time, compared with 26 per cent of small social enterprises and 20 per cent of the mediums.

Among all SME employers in 2012, the pattern according to IMD quintiles was the opposite from recent employment growth. Twenty-six per cent of good fit social enterprises in the most deprived quintile said they were likely to employ more in 12 months time, compared to 15 per cent that said they would employ fewer. In the least deprived quintile, ten per cent said they would employ more, and 34 per cent fewer.

Positive employment growth (the proportion saying they were likely to employ more minus the proportion saying they were likely to employ fewer) among all SME employers was seen in the North East of England (plus 12 per cent), Northern Ireland (plus nine per cent), Scotland (plus eight per cent), the South East (plus four per cent), London (plus three per cent), and the East of England (plus one per cent). Negative employment growth was seen in the East Midlands (minus ten per cent), South West (minus seven per cent), Wales (minus six per cent), the West Midlands (minus five per cent), Yorkshire/Humberside (minus two per cent), and the North West (minus one per cent). The social enterprise sample is too small for a comparator breakdown.

## Turnover

As noted in Chapter 3, the mean average turnover of an SME employer in the 2012 survey was £1,033,000, compared to £665,168 for a very good fit definition social enterprise, and £676,518 for a good fit definition social enterprise. The following table shows how this has changed for social enterprises since 2010.

**Table 5.3: Reported turnover – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
SBS 2012 (n=)	4768	344	767
	%	%	%
Up to £249,999	45.1	<b>58.2</b>	<b>52.2</b>
£250,000-£499,999	13.7	17.1	15.5
£500,000-£999,999	12.2	<b>7.0</b>	<b>9.0</b>
£1,000,000-£4,999,999	12.8	<b>8.2</b>	<b>9.3</b>
£5,000,000 or more	3.3	1.7	<b>1.9</b>
Don't know/refused	12.8	<b>7.8</b>	12.3
SBS 2010 (n=)	3817	383	760
	%	%	%
Up to £249,999	35.6	38.5	<b>39.9</b>
£250,000-£499,999	16.5	17.1	16.9
£500,000-£999,999	13.2	13.4	14.3
£1,000,000-£4,999,999	15.0	11.3	<b>9.9</b>
£5,000,000 or more	3.4	2.0	2.2
Don't know/refused	16.3	17.6	17.0

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). B6. Single answer only allowed at this question.

In 2012, 58 per cent of very good fit social enterprises, and 52 per cent of good fit social enterprises had annual turnovers of less than £250,000. These were significantly higher proportions than for SME employers as a whole, and subsequently social enterprises were less likely than average to have turnovers in the higher ranges.

Good fit social enterprises in 2010 social enterprises were also more likely than SME employers overall to be in the lowest turnover range, but this was not so very good fit social enterprises. However, in general social enterprises in 2010 appear to have had high turnovers than was the case in 2012.

Please note that mean averages for 2010 cannot be calculated in the same way as those for 2012 can be. This is because 2010 used ranges for turnovers, whilst actual turnover was sought in 2012.

## Turnover now compared to twelve months previously

Twenty-nine per cent of SME employers had greater turnover (value of sales) than a year previously. Thirty-six per cent had approximately the same turnover and 31 per cent had lower turnover.

**Table 5.4: Turnover compared to 12 months previously – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	4682	339	749
	%	%	%
Turnover greater now	29.0	26.9	27.0
Same as 12m before	36.6	38.9	36.6
Turnover lower now	31.3	32.2	33.7
Don't know/refused	3.1	2.0	2.8
<b>SBS 2010 (n=)</b>	3751	380	749
	%	%	%
Turnover greater now	27.9	29.2	<b>31.8</b>
Same as 12m before	34.3	34.3	37.3
Turnover lower now	35.0	33.1	<b>28.4</b>
Don't know/refused	2.9	3.4	2.4

Base = all SME employers trading for at least two years

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). P2. Single answer only allowed at this question

Twenty-seven per cent of both very good fit and good fit definition social enterprises in 2012 had greater turnover at the time they were interviewed than they had 12 months previously. This proportion was very similar to that seen for all SME employers, and in terms of turnover social enterprises seem to have performed very similarly. In 2010 good fit social enterprises were more likely than average to have had increased turnover, and were less likely than average to have had reduced turnover.

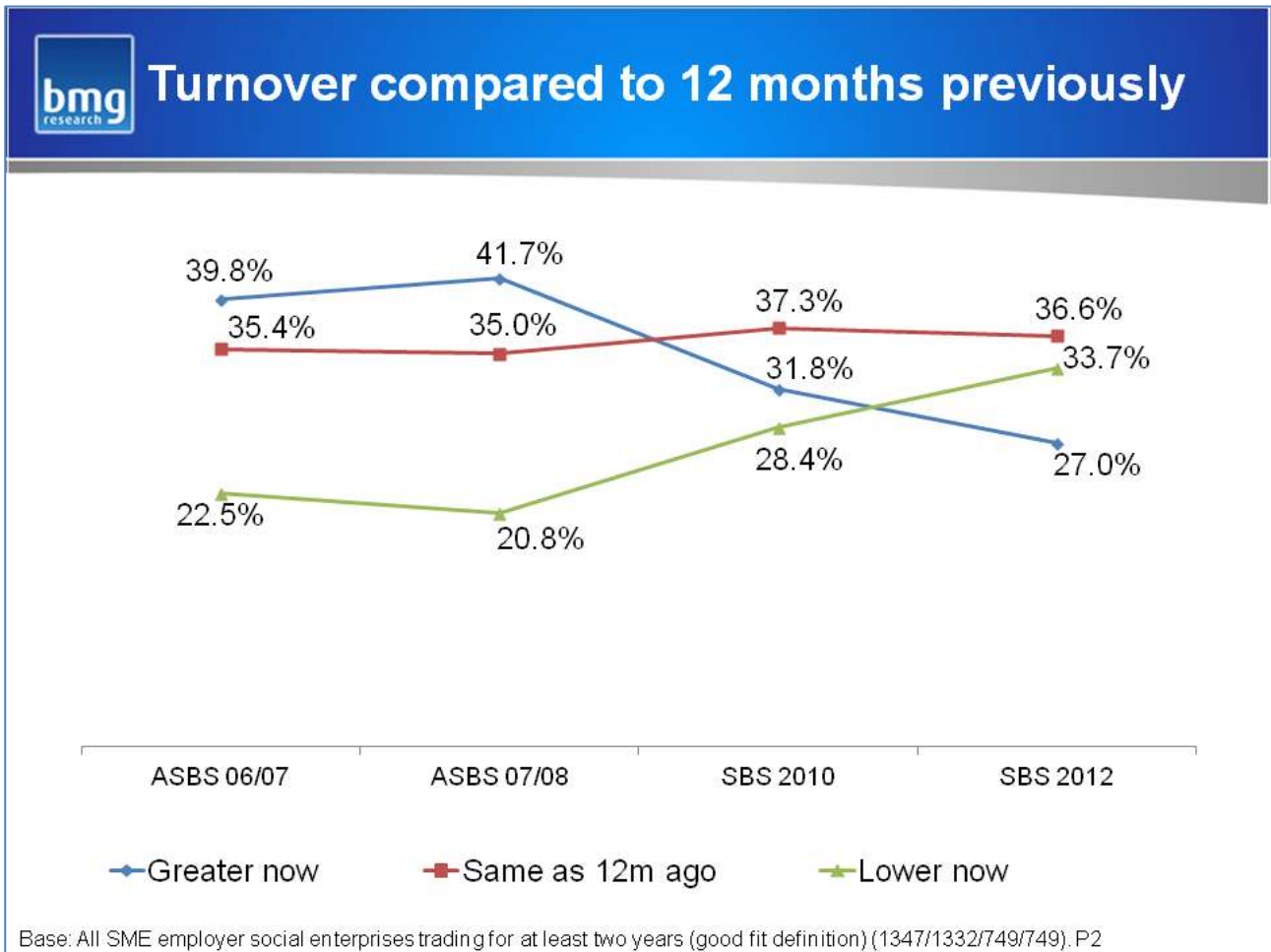
By employment size, 25 per cent of micro good fit definition social enterprises in 2012 had increased turnover, compared to 36 per cent of small social enterprises, and 40 per cent of medium sized ones. Thirty-five per cent of micro social enterprises had decreased turnover compared to 31 per cent of small ones, and 23 per cent of medium sized ones.

Among all SME employers in 2012, there was no particular pattern according to IMD quintile. Thirty-four per cent of those in the least deprived quintile had increased turnover, but 30 per cent had reduced turnover. For the most deprived quintile, 27 per cent had increased turnover and 28 per cent had reduced turnover. Most likely to have decreased turnover were those in the second most deprived quintile (38 per cent).

For good fit definition social enterprises, those in the least deprived quintile were the most likely to have increased turnover (43 per cent), and those in the most and second most deprived quintiles were the most likely to have decreased turnover (36 and 41 per cent respectively).

Positive turnover growth (the proportion saying they had increased turnover minus the proportion with decreased turnover) among all SME employers in 2012 was seen in the South West and West Midlands (both plus four per cent), North East (plus three per cent), and Scotland (plus one per cent). Negative turnover growth was seen in Northern Ireland (minus 12 per cent), the North West (minus nine per cent), Yorkshire/Humberside (minus eight per cent), Wales (minus eight per cent), the East Midlands (minus six per cent), London (minus three per cent), and the East of England (minus one per cent). The South East had equal proportions with positive and negative turnover growth.

**Figure B: Turnover now compared to 12 months ago – trends by whether a good fit social enterprise**



Since the 2006/07 Small Business Survey, the turnover trend for good fit social enterprises has been towards lower rather than greater turnover, with 2012 being the first year when there was a higher number reporting lower turnover than higher turnover.

Compared to all SME employers, good fit definition social enterprises performed slightly worse than average in 2012, although they performed somewhat better than average in 2010.



## Expectations of turnover in twelve months' time

Thirty-seven per cent of SME employers expected turnover to increase in the next twelve months, 43 per cent thought it would remain roughly the same and 14 per cent thought it would be less.

**Table 5.5: Expectations of turnover in 12 months' time – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012</b> (n=)	4768	344	767
	%	%	%
More than now	36.8	40.3	39.3
Same as now	42.7	39.5	41.5
Less than now	13.9	<b>8.9</b>	11.7
Don't know/refused	6.7	<b>11.3</b>	7.5
<b>SBS 2010</b> (n=)	3817	383	760
	%	%	%
More than now	41.5	<b>47.9</b>	41.9
Same as now	40.1	36.7	37.0
Less than now	14.3	12.4	<b>17.9</b>
Don't know/refused	4.1	3.0	3.3

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). P7. Single answer only allowed at this question.

In 2012 both very good fit and good fit definition social enterprises were no more likely than average to predict turnover growth in the next 12 months, but very good fit social enterprises were less likely than average to predict a decline in turnover.

In 2010 there was a different situation with very good fit definition social enterprises being more optimistic than average, and good fit definition social enterprises being more likely than average to think that turnover would decrease.

In 2012 among good fit definition social enterprises, 39 per cent of micros predicted increased turnover, as did 43 per cent of the smalls and 45 per cent of the mediums. Eleven per cent of the micros predicted a decrease in turnover, as did 13 per cent of the smalls and 18 per cent of the mediums

Among all SME employers in 2012, 33 per cent in the most deprived quintile expected to increase turnover, compared to 38 per cent in the least deprived quintile. There were no differences in the proportions expecting to decrease turnover by IMD quintile. Among social enterprises, no clear pattern emerged by IMD quintile in terms of expected turnover.

Positive turnover growth (the proportion saying they expect to increase turnover minus the proportion expecting decreased turnover) among all SME employers in 2012 was seen in all UK Government Office Regions, but the extent of this positively varied. The highest expected net growth was in London (plus 29 per cent), followed by Yorkshire/Humberside (plus 27 per cent), the South East and North West (both plus 25 per cent), South West (plus 24 per cent), East Midlands (plus 23 per cent), North East (plus 22 per cent), Scotland (plus 21 per cent), West Midlands (plus 18 per cent), Wales (plus 16 per cent) and Northern Ireland (plus four per cent).

## Profit

Seventy-two per cent of SME employers generated a profit in their last financial year, approximately the same proportion as in 2010.

**Table 5.6: Whether generated a profit or surplus in the last financial year – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012</b> (n=)	4768	344	767
	%	%	%
Yes – profit or surplus	71.8	<b>62.8</b>	<b>63.7</b>
<b>SBS 2010</b> (n=)	3817	383	760
	%	%	%
Yes – profit or surplus	71.2	68.6	74.0

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). D3. Single answer only allowed at this question.

Sixty-three per cent of very good fit definition social enterprises reported a profit, as did 64 per cent of good fit definition social enterprises, both these proportions being statistically lower than the average. This was in contrast to the 2010 survey when social enterprises under both definitions were no more less or more likely to have made a profit.

Sixty-three per cent of good fit definition micro social enterprises made a profit in 2012, compared to 65 per cent of smalls and 83 per cent of mediums.

## Grant/donations income

Just over seven per cent of all SME employers (including social enterprises) received income from grants or donations in 2012, a lower proportion than the ten per cent seen in 2010.

**Table 5.7: Percentage of income received from grants and donations – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)	All considering themselves social enterprises
<b>SBS 2012 (n=)</b>	4768	344	767	1282
	%	%	%	%
None	91.8	<b>77.5</b>	<b>84.9</b>	<b>82.7</b>
More than 0%, up to 25%	4.6	<b>11.6</b>	<b>10.2</b>	<b>8.2</b>
More than 25%, up to 50%	0.9	<b>5.2</b>	<b>2.4</b>	<b>1.6</b>
More than 50%, up to 75%	0.5	<b>5.7</b>	<b>2.5</b>	<b>1.8</b>
More than 75%, up to 100%	1.2	n/a	n/a	<b>3.9</b>
Don't know/refused	1.0	n/a	n/a	<b>1.8</b>
<b>SBS 2010 (n=)</b>	3817	383	760	1192
	%	%	%	%
None	89.2	<b>68.4</b>	<b>76.6</b>	<b>75.8</b>
More than 0%, up to 25%	5.7	<b>13.9</b>	<b>14.0</b>	<b>11.1</b>
More than 25%, up to 50%	1.4	<b>10.4</b>	<b>6.0</b>	<b>4.0</b>
More than 50%, up to 75%	0.9	<b>7.2</b>	<b>3.4</b>	<b>2.2</b>
More than 75%, up to 100%	2.1	n/a	n/a	<b>5.6</b>
Don't know/refused	0.7	n/a	n/a	1.1

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). D1. Single answer only allowed at this question.

The way that social enterprises are defined under both the very good fit and good fit criteria means that they cannot derive more than 75 per cent of income from grants and donations. However, the proportion deriving anything from grants and donations has declined from 2010 to 2012 under both definitions: from 32 to 22 per cent under the very good fit definition, and from 23 to 15 per cent under the good fit definition.

Looking at those that consider themselves to be social enterprises before further criteria restrict their numbers, 23 per cent gained income from grants and donations in 2010, compared with 16 per cent in 2012.

## Plans for closure or transfer of business

Nine per cent of SME employers anticipate the closure of their business in the next five years. Fourteen per cent anticipate the full transfer of ownership, while 70 per cent did not think either of these things would happen.

**Table 5.8: Plans for closure or transfer of business in the next 5 years – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	4768	344	767
	%	%	%
Yes – anticipate closure	8.5	6.7	6.7
Yes – anticipate full transfer	14.3	13.2	16.2
Neither	70.2	69.8	68.5
Don't know	7.0	<b>10.3</b>	8.6
<b>SBS 2010 (n=)</b>	3817	383	760
	%	%	%
Yes – anticipate closure	5.8	<b>2.5</b>	4.3
Yes – anticipate full transfer	16.5	13.7	14.2
Neither	70.6	<b>77.2</b>	72.9
Don't know	7.2	6.7	8.6

Base = all SME employers.

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). R3. Single answer only allowed at this question.

In 2012 the proportions of social enterprises under either definition anticipating closure or full transfer were not significantly different from the figures for all SME employers. In 2010 a lower than average proportion of very good fit social enterprises anticipated closure.

Under the good fit definition in 2012 seven per cent of micros anticipated closure, compared to four per cent of smalls and zero per cent of mediums. This pattern of micros being the most likely to close, was also seen among all SME employers.

Seventeen per cent of micro social enterprises anticipated full transfer, compared to 12 per cent of smalls and 11 per cent of mediums. These were also similar proportions to those seen for all SME employers.

## Plans for growth over the next two-three years

Sixty-eight per cent of all SME employers aim to grow over the next two to three years. This proportion was down from 74 per cent in 2010.

**Table 5.9: Whether aim to grow business over the next two-three years – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012</b> (n=)	4768	344	767
	%	%	%
Plan to grow	68.0	68.7	66.9
<b>SBS 2010</b> (n=)	3817	383	760
	%	%	%
Plan to grow	73.7	70.8	72.6

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). F1. Single answer only allowed at this question.

For social enterprises under either definition the proportions aiming to grow, and the trends on 2010 were similar to those for all SME employers. Under the good fit definition of a social enterprise in 2012, 65 per cent of micros aimed to grow, compared to 73 per cent of smalls and 79 per cent of mediums.

Of those looking to grow in 2012, 34 per cent of SME employers thought it likely that they would approach external finance providers to help fund this growth. The equivalent proportions among social enterprises was higher than average for very good fit definition social enterprises, but not different for good fit social enterprises (33 per cent).

**Table 5.10: How growth will be achieved – by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	3577	251	547
	%	%	%
Increase skills of the workforce	74.4	73.1	74.2
Increase turnover by exploiting new markets	69.3	69.2	70.7
Develop and launch new products/ services	65.5	65.8	68.2
Reduce costs by increasing the productivity of workers	65.3	67.4	63.7
Employ more staff	64.3	60.7	63.4
Increase the leadership capability of managers	61.3	<b>75.5</b>	<b>69.2</b>

Base = all SME employers looking to grow in the next 2-3 years.

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). F3. Multiple answers allowed at this question.

Of those looking to grow in 2012, three-quarters of all SME employers said they would increase skills in the workforce, 69 per cent that they would exploit new markets, 65 per cent that they would develop and launch new products and services, 65 per cent reduce costs by increasing productivity of workers, 64 per cent employ more staff, and 61 per cent increase the leadership capability of managers.

For social enterprises, the proportions saying they would undertake these measures were similar to those seen for all SME employers, except in one respect. Seventy-six per cent of very good fit definition social enterprises, and 69 per cent of good fit definition social enterprises said they would increase the leadership capabilities of managers.

## 6. Business Capability of social enterprises

This section explores how social enterprises perform on a range of different measures, such as how strong or poor they felt they were across a range of business management tasks, and in innovation and exporting.

### Perceptions of business capability

**Table 6.1: Perception of whether the business is strong or poor at business activities – trends**

		All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
n=		4768	344	767
		%	%	%
Taking decisions on regulation and tax issues	Strong	62.1	<b>68.4</b>	<b>70.2</b>
	Poor	9.1	9.0	8.7
		%	%	%
People management, such as recruitment and delegation	Strong	56.6	<b>75.5</b>	<b>68.9</b>
	Poor	11.0	<b>4.4</b>	<b>6.7</b>
		%	%	%
Developing and implementing a business plan and strategy	Strong	54.8	60.6	<b>61.7</b>
	Poor	12.7	10.4	<b>9.2</b>
		%	%	%
Operational improvement, e.g. adopting industry best practice	Strong	54.0	59.3	57.4
	Poor	11.5	10.6	12.1
		%	%	%
Using formalised business systems such as customer information records	Strong	42.4	45.8	<b>46.5</b>
	Poor	22.7	20.0	20.4
		%	%	%
Developing and introducing new products and services	Strong	40.2	47.1	<b>46.0</b>
	Poor	21.9	21.5	21.3
		%	%	%
Entering new markets	Strong	22.9	22.3	24.8
	Poor	33.1	34.7	31.9
		%	%	%
Accessing external finance	Strong	18.5	19.2	19.7
	Poor	41.6	41.4	42.9

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). F4. Multiple answers allowed at this question.

Overall, a majority of SME employers considered their businesses strong at taking decisions on regulation and tax issues (62 per cent), people management such as recruitment and delegation (57 per cent), developing and implementing business plans and strategy (55 per cent) and operational improvement e.g. adopting industry best practice (54 per cent). SME employers were more likely to think themselves poor rather than strong for entering new markets (23 per cent strong, 33 per cent poor), and accessing external finance (18 per cent strong, 42 per cent poor).

Social enterprises under both definitions were more likely than average to think themselves strong for taking regulation decisions and people management. Under the good fit definition they were significantly more likely than average in addition to think themselves strong for developing business plans, using formalised business systems and developing and introducing new products and services.

The larger the enterprise, the greater perceived capability, and this was also the case for social enterprises.

## Business Capability: Innovation

Forty-three per cent of SME employers had introduced new or significantly improved products or services in the last twelve months. Thirty-three per cent had introduced new or significantly improved processes in the last twelve months

**Table 6.2: Whether introduced new or significantly improved products/services or processes in the last 12 months – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	2367	179	380
	%	%	%
Products/services	43.1	<b>66.7</b>	<b>54.9</b>
Processes	32.9	<b>48.2</b>	<b>41.9</b>
<b>SBS 2010 (n=)</b>	1904	190	389
	%	%	%
Products/services	46.9	<b>59.4</b>	<b>54.1</b>
Processes	32.9	<b>45.0</b>	<b>38.1</b>

Base = all SME employers (half sample only)

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). J1/J3. Single answer only allowed at this question.

In both 2010 and 2012, social enterprises under both definitions were significantly more likely than average to have introduced new products and services, and also to have introduced new processes.



Of those introducing new products and services in 2012, 17 per cent of all SME employers said that these were completely new, i.e. not just new to their business. The proportions among social enterprises were similar (21 per cent for very good fit definition, 18 per cent for good fit definition).

Of those introducing new processes in 2012, 14 per cent of all SME employers said that these were completely new. Twenty-four per cent of the very good fit definition social enterprises that had introduced new processes said this (significantly higher than average), as did 19 per cent of the good fit definition group.

Because these questions were only asked of half the overall sample, it is not possible to look at the responses in greater sub-group depth.

## Business Capability: Exporting

Nineteen per cent of SME employers reported that they sell goods or services or licence products outside of the UK. This was a decrease of four percentage points on the 2010 survey.

**Table 6.3: Whether sell goods or services or licence products outside of the UK – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012</b> (n=)	4768	344	767
	%	%	%
Yes - export	18.9	<b>10.8</b>	<b>11.2</b>
<b>SBS 2010</b> (n=)	3817	383	760
	%	%	%
Yes - export	22.5	<b>11.7</b>	<b>13.6</b>

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). C1. Single answer only allowed at this question.

Social enterprises under both definitions were significantly less likely than average to be exporters, in both 2012 and 2010. This finding is related to the sectors where exporters are more commonly found, e.g. manufacturing, wholesale and information/communications – which were also the sectors least likely to contain social enterprises.

## 7. Access to Finance for social enterprises

This section deals with the subject of business finance and access to external finance in particular, and how social enterprises fare in this respect.

### Whether sought finance in the last twelve months

Twenty four per cent of SME employers had sought finance in the twelve months preceding interview. This was more likely to be the case for larger SMEs and less likely for micros.

**Table 7.1: Whether sought finance in the last 12 months – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	4768	344	767
	%	%	%
YES - ANY	24.0	27.2	<b>27.5</b>
- Once	16.2	18.2	17.3
- More than once	7.8	9.0	<b>10.2</b>
NO	74.6	70.5	<b>70.3</b>
Not sure/refused	1.5	2.3	1.8
<b>SBS 2010 (n=)</b>	3817	383	760
	%	%	%
YES - ANY	26.2	26.8	23.6
- Once	17.3	17.3	16.3
- More than once	8.9	9.5	7.3
NO	72.3	72.7	<b>76.0</b>
Not sure/refused	1.5	0.5	<b>0.3</b>

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H4. Single answer only allowed at this question.

In 2012 good fit definition social enterprises were more likely than average to have applied for finance in the previous 12 months. This was not the case in 2010 when good fit social enterprises were more likely than average to have not applied for finance.

Under the good fit definition in 2012, 25 per cent of micro social enterprises applied for finance, compared to 38 per cent of small social enterprises and 29 per cent of medium-sized ones. This pattern observed was unusual compared to all SME employees, where medium-sized businesses were the most likely to have applied.

## Reasons for applying for finance

Overall among all SME employers in SBS 2012, of those that applied for finance, 56 per cent did so to acquire working capital or for cash flow reasons, 23 per cent to acquire capital equipment or vehicles, nine per cent to buy land or buildings and eight per cent to improve buildings.

**Table 7.2: Main reasons for applying for finance – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	1409	108	252
	%	%	%
Working capital, cash flow	55.7	52.6	56.9
Capital equipment or vehicles	22.6	22.3	22.1
Buying land or buildings	8.8	6.5	9.3
Improving buildings	7.6	12.3	<b>12.1</b>
Research & development	4.6	9.1	5.5
<b>SBS 2010 (n=)</b>	1193	116	224
	%	%	%
Working capital, cash flow	56.0	49.9	<b>42.5</b>
Capital equipment or vehicles	20.7	17.4	25.5
Buying land or buildings	10.2	14.9	13.3
Improving buildings	8.7	<b>16.5</b>	<b>13.6</b>
Research & development	1.7	0.9	2.1

Base = all SME employers that applied for finance in the last 12 months

Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010. H5. Multiple answers allowed at this question.

Social enterprises under both definitions and in both surveys were more likely to have applied for finance in order to improve buildings. This was found to be a common reason for needing finance in the food service sector.

In 2010 good fit social enterprises were less likely than average to require finance for working capital or cash flow.

## Type of finance sought

**Table 7.3: Main types of finance sought – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012</b> (n=)	1409	108	252
	%	%	%
Bank loan	48.0	42.6	51.0
Bank overdraft	34.6	26.2	30.7
Leasing/hire purchase	8.5	10.7	8.3
Grant	6.6	<b>22.5</b>	<b>13.4</b>
Asset finance	5.7	1.5	2.6
Mortgage	3.2	1.1	0.8
Credit card finance	2.7	<b>6.0</b>	4.2
<b>SBS 2010</b> (n=)	1193	116	224
	%	%	%
Bank loan	40.0	35.9	39.6
Bank overdraft	34.7	<b>17.7</b>	<b>21.3</b>
Leasing/hire purchase	9.2	11.5	<b>16.4</b>
Grant	8.5	<b>21.9</b>	<b>14.5</b>
Mortgage	6.2	<b>11.6</b>	6.2
Asset finance	2.5	0.0	0.6
Credit card finance	1.5	0.0	2.6

Base = all SME employers that applied for finance in the last 12 months

\* = a figure greater than zero, but less than 0.5%. Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010 at the 95% confidence level. H6. Multiple answers allowed at this question.

Bank finance was the most commonly sought, with 48 per cent of all SME employers that sought finance seeking a loan, and 35 per cent seeking an overdraft.

Social enterprises were as likely as SME employers generally to seek bank loans. In 2010 they were less likely than average under both definitions to seek bank overdrafts, but this was not the case in 2012.

In both 2010 and 2012, social enterprises under both definitions were more likely than average to have sought grants. In 2010 very good fit definition social enterprises were more likely than average to seek mortgages, and good fit definition social enterprises were more likely than average to seek leasing/HP agreements.

It is also worth noting that the proportion of the very good fit definition social enterprises in 2012 that sought credit card finance was much higher than average.

## Amount of finance sought

**Table 7.4: Amount of finance sought – by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
n=	1409	108	252
	%	%	%
Less than £10,000	20.2	<b>41.7</b>	<b>29.5</b>
£10,000 - £24,999	26.3	20.4	31.6
£25,000 - £49,999	12.4	10.8	<b>7.4</b>
£50,000 - £99,999	12.7	11.0	9.4
£100,000 – £249,999	10.9	5.6	8.7
£250,000 - £499,999	3.8	2.5	3.6
£500,000 - £999,999	2.9	1.5	2.7
£1 million or more	3.2	3.2	2.0
Don't know/refused	7.5	3.3	5.3
Mean Average	£294,130	£239,225	£145,225
Median Average	£22,000	£10,000	£15,000

Base = all SME employers that applied for finance in the last 12 months

\* = a figure greater than zero, but less than 0.5%. Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010 at the 95% confidence level. H7. Single answer only allowed at this question.

Social enterprises tended to seek less finance in terms of value than SME employers generally. Forty-two per cent of the very good fit definition social enterprises, and 30 per cent of good fit definition social enterprises needed less than £10,000, compared with 20 per cent of all SME employers.

The mean average amount of finance required by very good fit social enterprises was greater than for good fit social enterprises, but mean values can be easily skewed by one or two in the sample that needed large amounts of money. The median average is a better guide, and this showed that the typical very good fit definition social enterprise required £10,000, and the typical good fit definition social enterprise required £15,000, compared to the median average for all SME employers which was £22,000.

## Difficulties in obtaining finance

Among all SME employers that had sought finance, 47 per cent had some form of difficulty getting the money from the first source they approached. Thirty-two per cent were unable to obtain any finance, six per cent obtained some finance but not all they needed and nine per cent obtained all they needed, but with some difficulties.

**Table 7.5: Any difficulty obtaining finance from first source approached – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	1409	108	252
	%	%	%
ANY DIFFICULTY	47.1	51.0	<b>55.2</b>
- Unable to obtain any finance	32.4	38.1	<b>41.5</b>
- Obtained some but not all	6.0	7.5	6.8
- Obtained all but with difficulty	8.7	5.5	7.0
NO DIFFICULTIES	49.3	45.5	<b>42.4</b>
Don't know/refused	3.6	3.5	2.4
<b>SBS 2010 (n=)</b>	1193	116	224
	%	%	%
ANY DIFFICULTY	51.1	46.0	47.7
- Unable to obtain any finance	35.1	28.6	29.3
- Obtained some but not all	6.6	<b>1.6</b>	4.4
- Obtained all but with difficulty	9.3	<b>15.8</b>	<b>14.1</b>
NO DIFFICULTIES	47.1	53.3	50.6
Don't know/refused	1.8	0.8	1.7

Base = all SME employers that applied for finance in the last 12 months

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H9. Single answer only allowed at this question.

Very good fit social enterprises were not more likely to have difficulties obtaining finance in 2012, but the relatively small sample size means that large differences in the results compared to all SME employers are required for the result to be significant. However, good fit social enterprises were more likely to have experienced difficulties. Forty-two per cent were unable to obtain any finance from the first source they applied to, compared with 32 per cent of all SME employers.

This state of affairs differs from 2010 when social enterprises were no more likely than average to have experienced any difficulties from the first source they approached, although a higher proportion that average did get all the finance they needed, but with difficulty.

Among all SME employers, evidence shows that those that sought information or advice on how and where to get finance were more likely to have been rejected by the first source they approached (39 per cent), suggesting that the information or advice was sought after the rejection. Sample sizes were not large enough to see if this was also the case for social enterprises.

Looking at success rates by type of finance sought for all SME employers, 42 per cent of those that sought a bank loan did not obtain any finance via the first source approaches, compared to 40 per cent for equity, 37 per cent for bank overdrafts, 34 per cent for grants, 22 per cent for asset finance and ten per cent for leasing/HP.

Among good fit definition social enterprises, 53 per cent of those seeking a bank loan obtained no finance, and 45 per cent of those seeking a bank overdraft received nothing.

**Table 7.6: Eventual outcome of application for finance – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	1409	108	252
	%	%	%
<b>OBTAINED ALL THEY NEEDED</b>	67.7	<b>58.0</b>	<b>57.8</b>
- From first source	58.0	51.0	<b>49.3</b>
- From another source	9.7	7.0	8.5
<b>OBTAINED SOME BUT NOT ALL</b>	6.8	7.0	9.8
<b>OBTAINED NONE</b>	21.4	<b>31.4</b>	<b>28.7</b>
Don't know/still pending/refused	4.1	3.6	3.7

Base = all SME employers that applied for finance in the last 12 months

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H9/H13. Single answer only allowed at this question.

Of those that did not obtain finance from the first source they approached, some went to alternative providers and were successful. Overall, of those that sought finance, 68 per cent of all SME employers obtained all that they needed (58 per cent from the first source, ten per cent from another source). Seven per cent obtained some but not all they needed from all the sources they went to and 21 per cent obtained none despite approaching other sources.

In 2012, the proportion of both very good fit and good fit definition social enterprises that obtained all they needed was lower than the average for all SME employers (58 per cent of both very good fit definition and good fit definition), and conversely the proportion obtaining nothing was above average (31 per cent for very good fit definition, 29 per cent for good fit definition).

The main reason given for being unable to secure finance by social enterprises were similar to those given by all SME employers, namely that they did not meet the lender's criteria for lending. No further detail is available on why this was.

## Extent to which social enterprises understand the way in which banks assess business credit worthiness

Seventy-one per cent of all SME employers that applied for finance said that they understood the way in which banks assess credit worthiness well (33 per cent very well, 38 per cent quite well). Twenty-nine per cent did not understand it well. Compared with 2010, those interviewed in 2012 were more likely to understand credit scoring well.

**Table 7.7: Extent to which SMEs understand the way in which banks assess business credit worthiness – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	1409	108	252
	%	%	%
UNDERSTAND WELL	70.5	71.5	68.8
- Very well	32.6	37.8	35.0
- Quite well	37.9	33.7	33.8
DO NOT UNDERSTAND WELL	28.5	28.1	31.0
- Not very well	16.8	<b>26.3</b>	21.6
- Not at all well	11.7	<b>1.8</b>	9.4
<b>SBS 2010 (n=)</b>	1193	116	224
	%	%	%
UNDERSTAND WELL	55.6	54.0	57.0
- Very well	20.3	<b>29.3</b>	22.5
- Quite well	35.3	<b>24.7</b>	34.5
DO NOT UNDERSTAND WELL	41.8	43.2	40.7
- Not very well	25.7	19.3	26.6
- Not at all well	16.1	<b>23.9</b>	14.1

Base = all SME employers that applied for finance in the last 12 months

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H15. Single answer only allowed at this question.

Very good fit social enterprises in 2012 were more likely than SME employers generally to say that they understood the way in which banks assess business credit worthiness 'not very well'. However, they were less likely than average to say they understood credit assessments 'not at all well'. As for SME employers as a whole, social enterprises were more likely to understand credit assessments in 2012 than was the case in 2010.



## Relationship with bank

Sixty per cent of all SME employers had a good relationship with their bank. Similar proportions of both very good fit and good fit definition social enterprises said likewise.

**Table 7.8: Whether have a good relationship with bank –by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	4768	344	767
	%	%	%
GOOD	60.5	62.8	60.9
- Very good	33.0	35.2	35.1
- Fairly good	27.5	27.6	25.8
NEITHER GOOD NOR POOR	21.2	17.0	22.2
POOR	16.1	15.7	14.1
- Fairly poor	8.2	8.6	8.5
- Very poor	7.9	7.1	<b>5.6</b>

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H1. Single answer only allowed at this question.

## Awareness of alternative types of external finance

Fifty-eight per cent of SME employers were aware of venture capitalists, 47 per cent of asset finance, 33 per cent of business angels, 28 per cent of peer to peer lending, and 16 per cent of mezzanine finance.

**Table 7.9: Awareness of alternative types of finance – by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	4768	344	767
	%	%	%
Venture capitalists	58.0	57.1	55.5
Asset finance	46.5	44.1	43.0
Business angels	33.2	33.4	<b>26.7</b>
Peer to peer lending	28.2	32.0	27.2
Mezzanine finance	15.6	<b>21.4</b>	14.2
None of these/ Don't know	31.6	33.1	<b>35.3</b>

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H2. Multiple answers allowed at this question.

Among very good fit definition social enterprises, the proportion aware of mezzanine finance was higher than average. Good fit definition social enterprises were less likely than average to be aware of business angels, and were more likely than average to not be aware of any of these types of alternative finance.

**Table 7.10: Know where to go to find alternative types of finance – by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	4768	344	767
	%	%	%
Venture capitalists	34.2	33.6	<b>29.6</b>
Asset finance	31.8	29.3	28.9
Business angels	21.9	24.6	<b>18.4</b>
Peer to peer lending	18.0	20.7	15.5
Mezzanine finance	11.4	<b>16.2</b>	11.3
None of these/ Don't know	57.6	57.7	61.3

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H3. Multiple answers allowed at this question.

As a follow up question, SME employers were asked whether they would know where to go to find these types of finance.

The rank order for where to find the finance is the same as for overall awareness, with SME employers being most likely to know where to find venture capitalists, and least likely to know where to find mezzanine finance.

Among very good fit definition social enterprises, an above average proportion (16 per cent) knew where to go to find mezzanine finance. Among good fit definitions social enterprises, knowledge of where to find venture capital and business angels was below average.

## 8. Obstacles for social enterprises

This section explores the barriers and obstacles that social enterprises report as restricting their business success.

### Obstacles to the success of the business

Respondents were read a list of issues and asked which, if any, represented obstacles to the success of their business.

Overall, 78 per cent of SME employers said that the economy was an obstacle to the success of their business. Fifty-seven per cent cited taxation (including VAT, PAYE, NI and rates), 56 per cent competition in the market, 52 per cent regulations, 50 per cent cash flow, 38 per cent obtaining finance, 28 per cent a general shortage of skills, 25 per cent recruiting staff, 22 per cent the availability of suitable premises, 17 per cent pensions and 15 per cent the lack of managerial skills and expertise.

**Table 8.1: Obstacles to the success of the business – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	4768	344	767
	%	%	%
The economy	78.1	80.7	<b>83.1</b>
Taxation, VAT, PAYE, NI, rates	56.7	52.8	54.1
Competition	56.3	<b>49.6</b>	54.4
Regulations	52.9	56.0	50.0
Cash flow	49.7	51.5	52.4
Obtaining finance	38.0	<b>47.9</b>	<b>44.5</b>
Shortage of skills generally	28.2	27.6	30.9
Recruiting staff	25.5	24.5	24.5
Availability/cost of suitable premises	22.0	24.7	25.5
Pensions	17.0	15.2	17.1
Shortage of managerial skills/expertise	14.9	15.1	<b>18.6</b>

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010. G1. Single answer only allowed at this question.

Very good fit definition social enterprises were more likely than average to have cited obtaining finance as an obstacle (48 per cent), and this was also the case for the good fit definition social enterprises (45 per cent). Good fit definition social enterprises were also more likely than average to claim that the economy (83 per cent) and shortage of managerial skills/expertise (19 per cent) were obstacles.

## The economy

The economy was the most frequently mentioned obstacle to the success of the business for all sub-groups of SME employers.

The majority of those citing the economy as an obstacle cited reduction in demand (72 per cent), the pressure to reduce prices (70 per cent), increased energy costs (59 per cent) and the increased cost of raw materials (56 per cent). A minority mentioned the general condition of the overseas economy (36 per cent), lower levels of inward investment (35 per cent), cheap imports (22 per cent), unfavourable exchange rates (20 per cent) and lower labour costs overseas (19 per cent).

**Table 8.2: Specific issues that affect businesses that relate to the economy – by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
n=	3802	280	635
	%	%	%
Reduction in demand	71.8	68.5	71.8
Pressure to reduce prices	70.0	68.6	73.8
Increased energy costs	58.9	<b>73.8</b>	<b>71.6</b>
Increased cost of raw materials	55.5	61.0	<b>64.3</b>
The overseas economy generally	36.2	33.6	31.9
Lower levels of inward investment	35.3	35.5	<b>40.5</b>
Cheap imports	21.8	23.2	24.8
Unfavourable exchange rate	20.0	22.6	22.9
Lower labour costs overseas	19.2	17.4	20.3

Base = all SME employers considering the economy to be an obstacle to success

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). G3. Multiple answers allowed at this question.

For very good fit definition social enterprises increased energy costs were more likely than average to be obstacles. Good fit definition social enterprises were also more likely than average to cite increased energy costs, but also the increased cost of raw materials, and lower levels of inward investment.

## 9. Business support for social enterprises

### Whether sought external information or advice in the last twelve months

Forty-five per cent of SME employers in 2012 had sought external information or advice in the twelve months preceding interview. The proportions of very good fit and good fit social enterprises saying this in 2012 was similar to SME employers. In 2010 an above average proportion of very good fit social enterprises had sought information or advice in the previous 12 months.

**Table 9.1: Whether sought information or advice in the last 12 months – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	4768	344	767
	%	%	%
Any information or advice	45.2	49.7	42.9
<b>SBS 2010 (n=)</b>	3817	383	760
	%	%	%
Any information or advice	48.5	<b>54.0</b>	48.4

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K2. Single answer only allowed at this question.

### Where to go for financial advice on how and where to access finance

Of those in England and Wales that sought advice in the previous 12 months<sup>10</sup>, ten per cent did so for advice on where to get finance (16 per cent of very good fit definition social enterprises that sought advice, nine per cent of good fit definition).

Those that had not sought advice in England and Wales were asked if they did want financial advice in the future about how and where to access finance, who they would approach.

<sup>10</sup> In the questionnaire, business support was dealt with differently in Scotland and Northern Ireland from England and Wales. In England and Wales 'advice' and 'information' were asked about separately, with no such distinction in Scotland and Northern Ireland. Certain questions, such as where people would go if they wanted financial advice in future, were not asked in Scotland and Northern Ireland.

**Table 9.2: Where would they go to get financial advice in future about how and where to access finance - by whether a social enterprise (England and Wales only)**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	3407	228	521
	%	%	%
Bank	48.1	43.0	49.1
Accountant	29.2	<b>20.6</b>	29.5
Specialist financial adviser	4.8	3.0	<b>2.7</b>
Friend or family	3.4	2.8	2.7
Business networks/trade associations	3.3	2.8	3.0
Work colleagues	3.3	<b>7.0</b>	<b>5.6</b>
Internet search	3.1	3.0	2.8
Business Link website	2.8	2.0	3.1
Business Link local service	2.3	2.9	3.0
Consultant/general business adviser	1.9	<b>4.4</b>	1.9
Would not seek financial advice	6.6	<b>3.1</b>	5.2
Don't know	8.1	<b>14.7</b>	7.0

Base = all SME employers who had not already sought financial advice about how and where to access finance

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K8. Multiple answers allowed at this question.

SME employers were most likely to think of banks and accountants as sources of financial advice in the future, and this was also the case for social enterprises. However, very good fit definition social enterprises were less inclined to approach accountants than SME employers generally were, and they were more likely than average not to know where to go for financial advice. Good fit definition social enterprises were also less likely than average to go to a specialist financial adviser.

Both very good fit and good fit social enterprises were more inclined than average to seek advice from work colleagues.

There were a number of other categories at this question which applied to proportions lower than one per cent, such as enterprise agencies, local authorities, chambers of commerce, the Federation for Small Businesses and mentoring organisations.

## Whether used a mentor in the last twelve months

**Table 9.3: Whether used a mentor in the last 12 months – trends by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012</b> (n=)	4768	344	767
	%	%	%
Any information or advice	8.1	8.5	9.2
<b>SBS 2010</b> (n=)	3817	383	760
	%	%	%
Any information or advice	10.9	<b>16.1</b>	12.7

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K15. Single answer only allowed at this question.

Eight per cent of all SME employers had used a business mentor in the last 12 months in 2012, a three percentage point decline on the 2010 survey. The proportion of social enterprises under both definitions using a mentor was not significantly different.

In 2010, 16 per cent of very good fit social enterprise had used mentors, significantly higher than for 2012.

## 10. Working for the public sector

This section looks at social enterprises' work for public sector clients.

### Whether expressed an interest or bid for public sector advertised contracts

Ten per cent of SME employers in 2012 had bid for public sector contracts in the twelve months prior to the survey, with a further five per cent having expressed an interest but not actually submitted a bid. The proportion bidding was down slightly (by two percentage points) on SBS 2010, with the proportion expressing interest but not bidding remaining the same.

The proportion of social enterprises bidding for public sector contracts was slightly but not significantly higher than for all SME employers at 14 per cent both under the very good fit definition, and 12 per cent under the good fit definition. Three per cent of very good fit social enterprises, and six per cent of good fit social enterprises had expressed an interest but not bid.

### Whether actually done business for the public sector in the previous twelve months

Although only ten per cent of SME employers in 2012 had submitted a bid for a public sector contract in the previous twelve months, a higher proportion than this had done business for the public sector in this period. This might be because of existing contracts, work that did not require contracts or because they worked as part of a supply chain.

Twenty-six per cent of all SME employers had done work for the public sector in the previous twelve months. Fourteen per cent had done at least some of this work as prime contractor and 11 per cent only as part of a supply chain.

The overall proportion was down four percentage points on SBS 2010. The main reason for this was the decline in those doing work as part of a supply chain, down by five percentage points, from 16 to 11 per cent.

Among social enterprises in 2012, the results were similar to all SME employers. Thirty-one per cent of very good fit and 28 per cent of good fit social enterprises had worked for the public sector. Eight per cent of good fit social enterprises had done so as part of the supply chain, which was a lower proportion than for SME employers.

The decline in the proportion of social enterprises between 2010 and 2012 that worked for the public sector was due to decreased numbers working in the supply chain rather than those working as prime contractors.



**Table 10.1: Work done for the public sector in the last 12 months – by whether a social enterprise**

	All SME employers	Social enterprises (very good fit definition)	Social enterprises (good fit definition)
<b>SBS 2012 (n=)</b>	4768	344	767
	%	%	%
ANY	26.2	31.3	28.1
- Prime contractor	14.3	<b>19.5</b>	<b>18.2</b>
- Supply chain only	11.0	8.1	<b>8.2</b>
NONE	73.5	68.7	71.4
<b>SBS 2010 (n=)</b>	3817	383	760
	%	%	%
ANY	29.7	<b>36.2</b>	32.9
- Prime contractor	12.5	14.4	13.0
- Supply chain only	15.6	18.1	18.0
NONE	69.4	<b>62.7</b>	66.7

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). L2/L3. Single answer only allowed at this question.

SME employers that worked for the public sector in 2012 were most likely to have Local Authorities as their main customers (53 per cent), followed by the Health Service (17 per cent), Higher or Further Education Institutions (ten per cent) and Departments of State (including Central Government – six per cent).

Very good fit social enterprises that worked for the public sector were more likely than average to have Departments of State as their main customers (16 per cent), and were less likely to have Local Authorities as main customers (40 per cent).

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