Stakeholder Confidence Research 2013/2014

Executive Summary

Prepared for: The Insolvency Service

Prepared by: Quadrangle

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Preface

This document is an executive summary of the quantitative and qualitative findings for the Stakeholder Confidence project undertaken by Quadrangle on behalf of the Insolvency Service.

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1 Background and research objectives

Aiding the Insolvency Service in propagating confidence within the regime.

The basic essence of this work has been to assist the agency into being a more customer centric, more effective and more efficient organisation. As the Insolvency Service five year plan stipulates, the aim is to position the organisation to be *“recognised and respected as leaders delivering outcomes valued by our stakeholders”.*

As part of this overall plan, Quadrangle was commissioned to:

- carry out a shorter, simplified piece of quantitative research to provide a 2013/14 measure of confidence allowing top-line comparison with previous years;
- conduct a qualitative study with stakeholders with a view to understanding the main drivers of confidence among stakeholder groups and the necessary evidence required to shape a customer strategy that will enhance confidence in the future.

Findings from the qualitative research will also be used to help develop and refine some new, more targeted quantitative measures for the 2014/2015 Confidence survey.

2 Methodology & Sampling

Quantitative Survey

- 364 Computer Assisted Telephone Interviews with stakeholders of the Insolvency Service*
- Interviews conducted between 14th and 20th February
- Interviews typically lasted 8-10 minutes, depending on the answers given
- A range of sample sources were used; some supplied by the Insolvency Service, others purchased from the Experian database

A breakdown of the final stakeholder sample interviewed is as follows:

	Number	% sample
Institutional creditors	73	20%
Non-institutional creditors	51	14%
Insolvency Practitioners	73	20%
Company Directors	69	19%
Accountants**	35	10%
Solicitors**	33	9%
Other stakeholders	30	8%
Total	**364**	**100%**

* In 2013/14 there are fewer survey completes for the non-institutional creditor stakeholder group compared with Institutional Creditors, Insolvency Practitioners and Company Directors. In 2012/13 the number of interviews completed across each of these groups was identical. This difference between 2012/13 and 2013/14 does not impact the overall confidence score – reweighting the sample sizes in 2013/14 to be the same across these groups delivers the same overall confidence score (69%). During the fieldwork period all available sample was used for the non institutional creditor group.

**For the purposes of 2013/14 Quadrangle have split out accountants and solicitors in order to show any possible differences in terms of confidence between these sub groups.

Qualitative fieldwork

- 26 in-depth interviews across stakeholder groups (excluding Company Directors) lasting between 45 minutes and an hour, depending on length of discussions and individual responses
- 4 x 90 minute discussion groups with SME Company Directors held in Birmingham and London
- Fieldwork took place between 25th March and 2nd May 2014

Sample framework for in-depth interviews and SME discussion groups:

In-depth interviews

26 x 45-60 minute interviews

- UK coverage
- 2/3 tele-depth interviews, 1/3 face-to-face
- Mix of confidence levels in the Insolvency Service

Stakeholder Type	Total number interviewed	Level of confidence
Creditors (institutional and non-institutional)	8	High – 4 Low – 4
Insolvency Practitioners	6	High – 3 Low – 3
Accountants / Solicitors	6	High – 3 Low – 3
Other stakeholders	6	High – 3 Low – 3

SME Focus Groups

4 x 2 hour sessions

- Mix of business life-stages
- Mixed level of understanding of the Insolvency Service

Location	Size of business (no. of employees) & level of understanding	Number of attendees
London	0-4 Very good / fair	7
	5-49 Very poor / poor	8
Birmingham	0-4 Very poor / poor	8
	5-49 Very good / good	7

3 Main Findings

3.1 Quantitative survey results on confidence

(a) Chart illustrating stakeholders' confidence in the Insolvency Service.

Increasing levels of confidence overall.

The quantitative data indicates that overall confidence in the *Insolvency Service's investigation and enforcement regime* continues to rise, a trend since 2010. 69% of stakeholders claim they are very or quite confident - up 3 percentage points overall on the previous year. However, levels of confidence among the different stakeholders vary considerably.

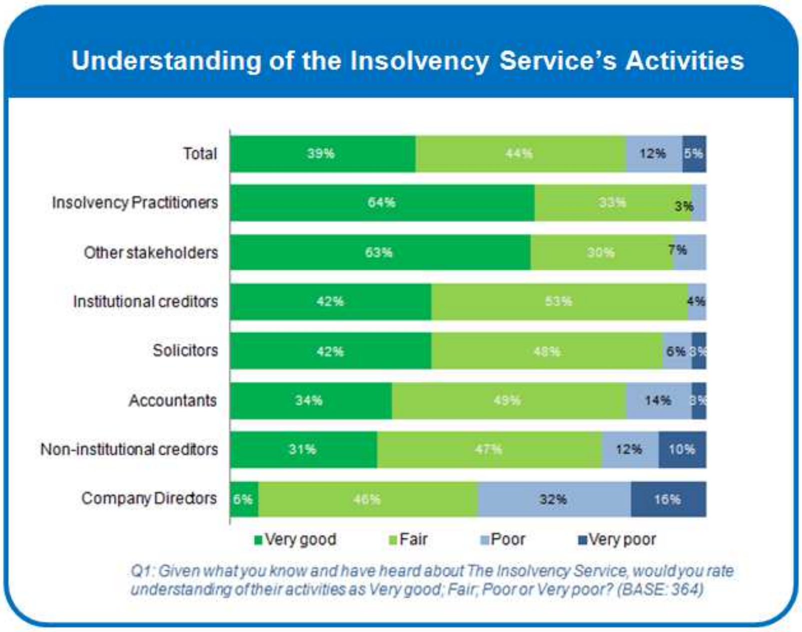
Solicitors hold the highest confidence levels with 85% saying they are confident; and Company Directors the lowest levels, with only one in two (52%) describing themselves as confident.

	% very/ quite confident			
	Including DK		Excluding DK	
	2013/14	2012/13	2013/14	2012/13
Total	**69%**	**66%**	**74%**	**71%**
Institutional creditors	79%	82%	82%	85%
Non-institutional creditors	76%	66%	81%	69%
Insolvency Practitioners	62%	60%	62%	61%
Company Directors	52%	47%	68%	63%
Accountants	74%	-	76%	-
Solicitors	85%	-	85%	-
Accountants /Solicitors (combined)	79%	69%	79%	74%
Other stakeholders	63%	81%	68%	77%

Table showing overall confidence in the Insolvency Service's investigation and enforcement regime 2012/ 2013 vs 2013/ 2014

As the above table demonstrates, whilst the overall trend in year on year confidence and across most sub-groups has been upwards, there has been a decrease in confidence amongst Institutional creditors and 'Other' stakeholders, though neither of these dips are statistically significant.

3.2 Understanding and awareness of the Insolvency Service's activities



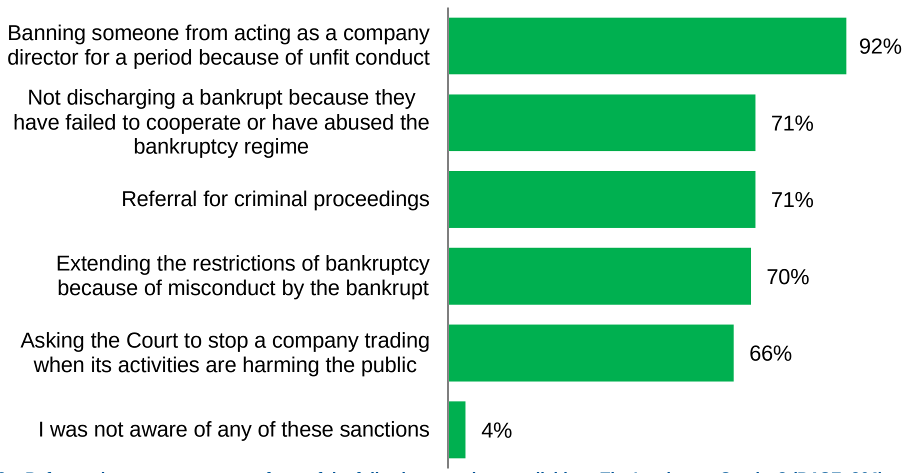
(b) Chart showing stakeholders' understanding of the Insolvency Service's activities.

Varying levels of understanding between stakeholder groups

Levels of understanding of the Insolvency Service's activities varies between stakeholder groups. Unsurprisingly, Insolvency Practitioners claim to have the greatest level of understanding (97% claiming a 'very good' or 'fair' understanding), whilst Company Directors are much less well informed (only 52% claiming a 'very good' or 'fair' understanding).

Awareness of sanctions varies

Awareness of the possible sanctions is high, with only 4% of stakeholders interviewed stating they are unaware of the sanctions available to the Insolvency Service.



Q2a: Before today, were you aware of any of the following sanctions available to The Insolvency Service? (BASE: 364)

(c) Chart showing stakeholders' awareness of the sanctions available to the Insolvency Service.

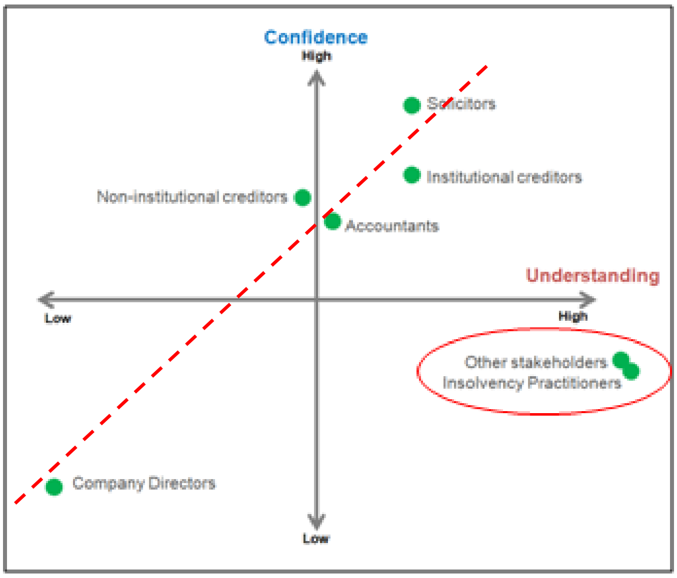
Of all the sanctions tested, 'Banning an individual from acting as a Company Director for a period of time' had the highest awareness at 92% overall. Meanwhile, one in three (34%) were unaware that the Insolvency Service could 'ask the Court to stop a company trading when its activities are harming the public'.

There is a correlation between understanding and confidence but it is not the whole story.

Typically the trend indicates that the more you understand about the activities of the Insolvency Service the greater confidence you have in the regime.

However, whilst broadly true, the chart adjacent provides an indication that there is more contributing to confidence than just understanding, as Insolvency Practitioners and 'Other' stakeholders fall outside of this trend.

This should provide an early indicator that simply raising communication levels and improving understanding about what the agency does will not, in isolation, mean that confidence in the regime is improved.



(d) Diagram mapping levels of confidence and understanding by each Stakeholder group

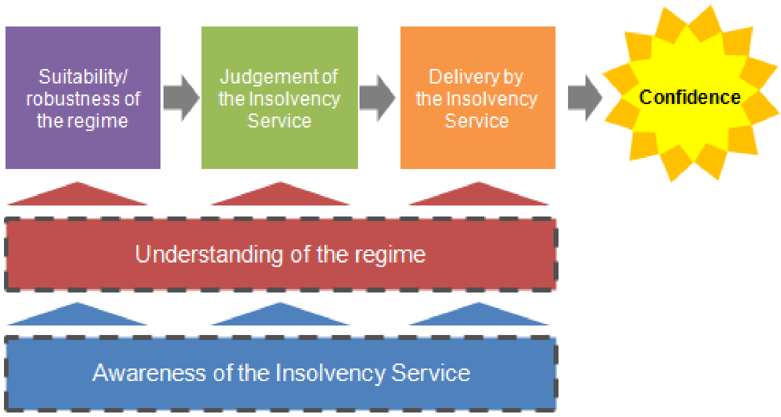
3.3 Qualitative findings: understanding the drivers of confidence

The qualitative research shows that confidence in the insolvency regime is underpinned by five critical factors, all of which contribute in different ways to stakeholder's reported confidence in the Insolvency Service.

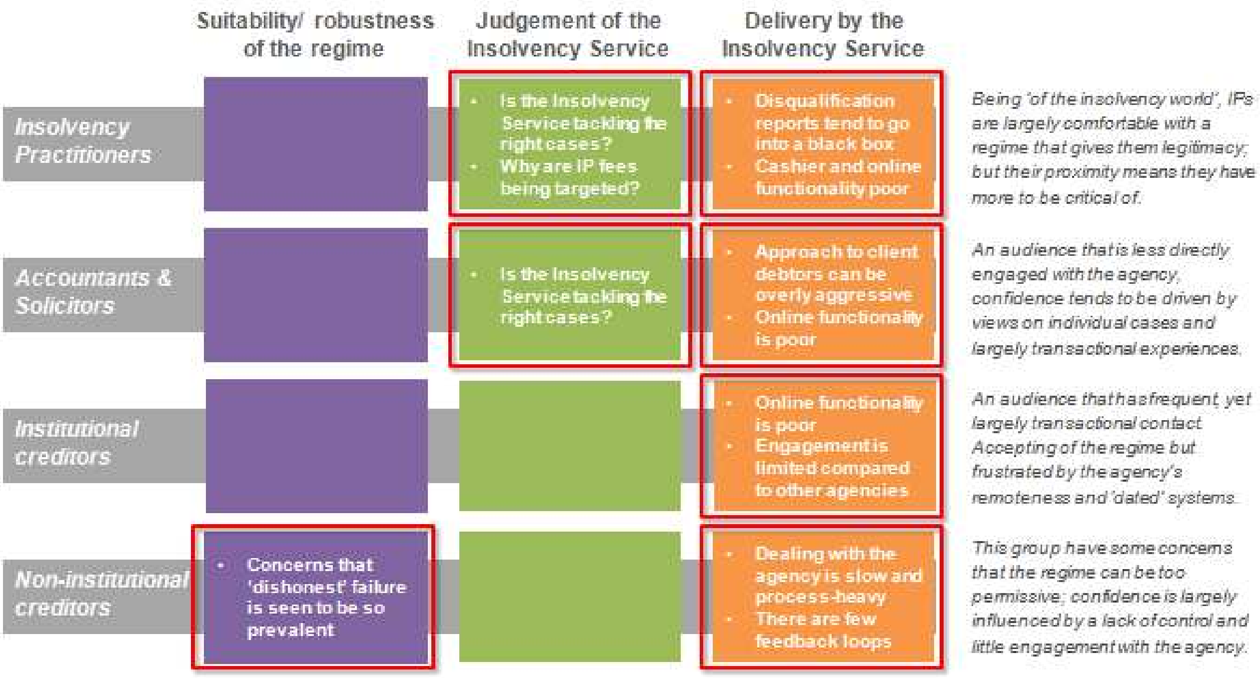
- **Awareness** – the extent to which I am broadly aware of the regime's existence and its overall purpose/role.
- **Understanding** – the extent to which I understand what insolvency is all about.
- **Suitability / robustness** – the extent to which I believe that the regime is fit for purpose.
- **Judgement** – the extent to which I believe that the agency makes and communicates the right decisions.
- **Delivery** – the extent to which I believe the agency delivers effectively at an operational level.

The impact and perceived performance with each of these factors (and across them) has a bearing on the extent to which customers have confidence in the regime.

The Confidence Model:



The diagram below indicates where issues lie for four of the six stakeholder groups.



For Company Directors and 'Other' stakeholders the picture is a little different.

SME Directors

For the most part, confidence among SME Directors is more a function of awareness and understanding; few can credibly report their confidence. A starting point would be to better understand what they believe (if anything) is in place to provide a protective measure for the economy and a safety net for businesses and individuals that get into honest financial difficulty.

This may be achieved with a clearer and more succinct articulation of what 'regime' is in place, and how it operates. Until such times when SME Directors have a better awareness and understanding of the Insolvency Service's role and activities, it may be difficult for them to confidently assert their feelings of confidence, or otherwise.

'Other' stakeholders

The breadth of individuals and organisations under this banner means that what impacts confidence varies significantly across the group. Those that make up the group range from High Court Judges, to other organisations that will occasionally be required to petition for bankruptcy.

It's apparent that there are some very prominent opinion leaders in this group, alongside some very low level 'transactional' stakeholders and therefore, trying to manage and improve confidence levels at a group level will be very challenging.

3.4 Implications for measuring confidence in the future

The qualitative research has, more broadly, identified that confidence is impacted by a variety of factors that can differ according to stakeholder group. In addition, although the 'confidence' measure is focused on the *'Insolvency Service's investigation and enforcement regime'*, we've seen evidence that:

- For some, although complaints are made about operational touchpoints, confidence that the regime is 'fit for purpose' means confidence remains high
- For others, operational touchpoints are all that matter; simple issues like the time taken for payments made to the cashier service to update means that confidence is dented

It is suggested that future confidence surveys include measures that target the range of specific issues identified across stakeholder groups, e.g. website functionality, communicating reasons for decision made. This allows us to monitor the issues that matter to stakeholders (even where they may be different across groups) and better diagnose, and therefore manage, their overall impact upon confidence.