



Department
for Business
Innovation & Skills

**SMALL BUSINESS SURVEY 2012:
SME EMPLOYERS**

A report by BMG Research

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1. Executive Summary

Introduction

The 2012 Small Business Survey (SBS 2012) is a large-scale representative telephone survey of business owners and managers in the UK commissioned by the Department for Business, Innovation and Skills (BIS) and the Devolved Administrations in Scotland, Wales and Northern Ireland. Interviews were undertaken between June and September 2012.

The survey interviewed 5,723 businesses, each employing fewer than 250 people, across the UK. Some of these were enterprises without any employees, i.e. operated by a single individual or by partners who did not employ anyone else in the business. Results for these 'no-employee businesses' will be reported elsewhere. This report is concerned only with the 4,768 businesses which employed at least one member of staff.

The survey asked business managers and owners about a range of issues including businesses' recent growth in sales turnover and employment, obstacles to business success, their capabilities (in terms of their ability to innovate, export, train staff and so on), their access to finance, and their use of business support.

The 2012 survey is the latest of a series of similar surveys. In this report, results from 2012 are compared with those from the last Small Business Survey in 2010.

Profile of businesses

The 2012 survey was weighted to estimates derived from BIS's Business Population Estimates which indicate that eighty-three per cent of SME employers were micro-businesses (1-9 employees), 14 per cent were small businesses (10-49 employees), and two per cent were medium businesses (50-249 employees).

Survey results then show that:

- Eighty-eight per cent of SME employers operated from a single site.
- Twenty-nine per cent were operated from the business owner's home.
- The main legal statuses of SME employers were private limited companies (52 per cent), sole proprietorships (27 per cent), and partnerships (12 per cent).
- Seventy-eight per cent of SME employers were registered for VAT.
- Nineteen per cent were aged up to five years, 16 per cent aged between six and ten years, 23 per cent aged 11 to 20 years, and 41 per cent had been in business for more than 20 years.
- Sixty-two per cent were family-owned (defined as being majority-owned by members of the same family).

- Nineteen per cent were ‘women-led’, defined as controlled by a single woman or having a management team, a majority of whom are women. A further 23 per cent were led equally by men and women.
- Seven per cent were minority ethnic group (MEG)-led, defined as having a person from an ethnic minority in sole control, or having a management team with at least half of its members from an ethnic minority.
- Using BIS’s definition, five per cent of SME employers were social enterprises.

There were frequent variations by business size across many of these profile characteristics, for example micro-businesses were significantly more likely than small and medium-sized SMEs to operate from a single site or from home, to have ‘single proprietorship’ status, to be young businesses aged up to five years, to be family businesses, and to be women-led.

Profile of businesses: key trends

Comparisons of survey results in 2010 and those in 2012 show:

Table 1.1: Profile of businesses: key trends

	2012	2010
n=	4768	3817
	%	%
Operating from a single site	88	86
Operating from home	29	22
Sole proprietorship	27	19
VAT-registered	78	83
Aged 0-5 years	19	16
Family business	62	62
Women-led	19	14
MEG-led	7	8
Social enterprise	5	6

Base = all SME employers (n=4768). Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010.

Business performance

Nineteen per cent of SME employers employed more people than was the case 12 months earlier. Sixty-four per cent employed the same number, and 17 per cent employed fewer. The manufacturing (26 per cent ‘more’) and information and communications (25 per cent ‘more’) sectors were particularly likely to report net job increases.

Asked to look forward, the proportions of SME employers expecting to employ more (20 per cent) or fewer (21 per cent) people in 12 months’ time were almost equal.

Twenty-nine per cent of SME employers had greater sales turnover than a year previously, thirty-seven per cent had approximately the same turnover, and 31 per cent had lower turnover. The sectors most likely to report lower turnover were construction (40 per cent 'lower') and transport, retail and distribution (35 per cent 'lower') against the average 'lower' proportion of 31 per cent.

Seventy-two percent of SME employers made a profit in their last financial year. This proportion was higher for medium-sized businesses (86 per cent) and small businesses (75 per cent) than for micro-businesses (71 per cent).

Nine per cent of SME employers anticipated closure of the business within the next 5 years.

Sixty-eight per cent of SME employers plan to grow their business over the next 2-3 years. Growth ambition was above-average in the manufacturing (77 per cent), information and communications (75 per cent), business services (76 per cent) and administrative services (79 per cent) sectors. Where businesses planned to grow, a number of strategies to support this were reported. The proportions of growth-oriented businesses reporting various strategies were: increase workforce skills (74 per cent); exploit new markets (69 per cent); increase productivity (65 per cent); launch new products or services (65 per cent); employ more staff (64 per cent); increase the leadership capability of managers (61 per cent).

Business performance: key trends

Key trends in business performance were:

Table 1.2: Business performance: key trends

	2012	2010
n=	4768	3817
	%	%
Employ more people now than 12 months previously	19	17
Employ fewer people now than 12 months previously	17	21
Expect to employ more people in 12 months' time	20	23
Expect to employ fewer people in 12 months' time	21	14
Sales turnover higher now than a year previously	29	28
Sales turnover lower now than a year previously	31	34
Expect higher sales turnover in 12 months' time	37	41
Expect lower sales turnover in 12 months' time	14	14
Generated a profit in the last financial year	72	71
Plan to close the business in next 5 years	9	6
Plan to grow the business in next 2-3 years	68	74

Base = all SME employers (n=4768). Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010.

Statistics on recent employment and sales performance were a little more positive in 2012 than they were in 2010; but optimism as to future performance as measured by expectation of employment and sales growth has declined somewhat and, correspondingly, the proportion of SME employers with growth plans has reduced.

Business capability

Businesses were asked how capable their business was in performing a number of tasks which are usually considered important to running a successful business. The proportions thinking themselves *strong* on the various tasks were:

- Taking decisions on tax and regulation issues: 62 per cent
- People management: 57 per cent
- Business strategy: 55 per cent
- Operational improvement: 54 per cent
- Using business systems: 42 per cent
- Introducing new products and services: 40 per cent
- Entering new markets: 23 per cent
- Accessing external finance: 18 per cent.

Medium-sized businesses were the most likely to see themselves as capable on most tasks, followed by small and micro-businesses.

Forty-three per cent of SME employers had introduced new or improved products or services in the last 12 months. Thirty-three per cent had introduced new or improved processes in the same period. The information and communications (72 per cent) and the manufacturing (51 per cent) sectors were the most likely to have innovated in respect of their products or services.

Nineteen per cent of SME employers exported goods or services. Again, the information and communications (51 per cent) and manufacturing (42 per cent) sectors were particularly strong in this respect.

Sixty per cent of SME employers had trained staff in the 12 months prior to survey. Forty-one per cent had supplied off-the-job training and 36 per cent had supplied on-the-job training. Training had been supplied to *managers* in 32 per cent of SME employers with key sources of this training being private training consultants or companies (in 70 per cent of cases), FE Colleges (21 per cent) and universities (10 per cent).

Ninety-two per cent of SME employers have internet access, with virtually all of these having broadband. Seventy-one per cent had their own website.

Sixty-seven per cent of SME employers report having taken steps to reduce their environmental impact by, for example, reducing energy consumption and waste or by switching to use of recyclable or sustainable materials.

Business capability: key trends

Some key trends in business capability between 2010 and 2012 were:

Table 1.3: Business capability: key trends

	2012	2010
n=	4768	3817
	%	%
Strong at accessing external finance	18	25
Innovate products or services	43	47
Innovated processes	33	33
Exporting	19	23
Trained staff	60	60
Have broadband	91	87
Have taken steps to reduce environmental impact	67	74

Base = all SME employers (n=4768)

Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010.

Over the last two years, process innovation and training have held up, and broadband access has increased, but other aspects such as product/service innovation, exporting and taking steps to reduce environmental impact show some decline. Broadly, declines were more pronounced for micro and small businesses than for medium-sized businesses (50 to 249 employees), which showed little or no change in the period.

Access to finance

Twenty-four per cent of SME employers had sought finance in the 12 months prior to the survey (22 per cent of micro-businesses, 32 per cent of small businesses, and 34 per cent of medium-sized businesses). Seeking finance was more likely for young businesses (33 per cent of those aged up to three years) than older ones.

Those SME employers that applied for finance did so mainly for working capital or cash flow (56 per cent of cases) or for capital equipment or vehicles (23 per cent of cases).

Of the 76 per cent *not* applying for finance, 15 per cent had a need for it. The reasons these businesses did not apply for it were risk (56 per cent), the cost of finance (51 per cent), unpropitious economic conditions (46 per cent), and expectation of rejection (45 per cent). Not knowing where to get finance was a factor in only a fifth (21 per cent) of cases.

About half of those that sought finance requested a bank loan (48 per cent), with around a third seeking an overdraft (35 per cent). Seeking leasing or hire purchase finance (8 per cent), grants (7 per cent) and asset finance (6 per cent) were less frequent, although the proportion seeking asset finance had increased since 2010.

Forty-seven per cent of those that applied for finance had some level of difficulty in getting the money they wanted from the first source they approached, including 32 per cent which were wholly refused. Difficulty was more frequently experienced by micro-businesses (50 per cent) rather than by small (39 per cent) and medium-sized (29 per cent) businesses

Where some difficulty was experienced in getting finance, the main sources of that difficulty were that the business did not meet the lender's criteria (38 per cent), a poor credit history (9 per cent), unacceptable terms or conditions (9 per cent), lack of security (6 per cent), and lack of credit history or status as a new business (5 per cent).

With some of those that were initially refused finance approaching other sources, 68 per cent of all who wanted finance eventually received all of it and a further 7 per cent received some of it. Twenty-one per cent received nothing, equivalent to five per cent of all SME employers in the UK.

Most of those that applied for finance (71 per cent) felt they understood how banks assess businesses' credit worthiness, but a significant minority (29 per cent) did not.

Forty-seven per cent of businesses had a problem with late payment. This was more likely (55 per cent) to be a problem for medium-sized businesses than smaller SMEs.

Access to finance: key trends

Some trends in survey findings on access to finance are shown in the following table:

Table 1.4: Access to finance: key trends

	2012	2010
All SME employers (n=)	4768	3817
	%	%
Whether sought finance in last 12 months	24	26
all SME employers applying for finance in last 12m (n=)	1409	1193
	%	%
Whether had difficulty from first source approached	47	51
Whether eventually obtained all finance needed	68	68
Whether understood well banks' methods of assessing credit worthiness	71	56

Base = all SME employers (n=4768)

Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010.

The data suggests a similar proportion of SME employers sought finance in 2012 than was the case in 2010, with similar levels of difficulties encountered, and the proportion eventually getting what they needed unchanged. Those that sought finance were more likely in 2012 to understand the banks' assessment of credit worthiness than was the case in SBS 2010.

Obstacles to business success: key trends

When asked to identify the main obstacle to the success of their business, SME employers identified these, in order, as follows:

Table 1.5: Main obstacles to business success: key trends

	2012	2010
n=	4768	3817
	%	%
The economy	38	33
Taxation	12	8
Cashflow	10	11
Competition	10	10
Regulations	8	7
Obtaining finance	7	8

Base = all SME employers (n=4768)

Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010.

It can be seen that the economy and taxation were more frequently perceived as obstacles to business success in 2012 than was the case in 2010, whilst other obstacles were broadly stable in their frequency of impact.

Business support

Forty-five per cent of SME employers had sought external information or advice in the 12 months prior to the survey. Medium-sized businesses (68 per cent) were more likely to seek advice or information than small (59 per cent) or micro-businesses (42 per cent).

The most frequent sources of advice or information were located in the private sector – accountants, consultants, banks, solicitors and lawyers, and business networks or trade associations.

Around half of those requiring advice or information in England had paid for at least some of it. The proportions paying in Wales and Northern Ireland were somewhat lower (question not asked in Scotland).

Five per cent of SME employers said they needed advice or information but didn't receive it. The main reasons were that they did not know where to find it (in 30 per cent of these cases), did not believe that the right kind of advice existed (23 per cent), did not believe it could be trusted (13 per cent), lacked the time to get it (12 per cent), or doubted whether it would be of benefit (11 per cent).

Eight per cent of SME employers had used a business mentor in the previous 12 months.

Business support: key trends

Some trends in business support were:

Table 1.6: Business support: key trends

	2012	2010
n=	4768	3817
	%	%
Sought external advice or information in the previous 12 months	45	49
Used a business mentor	8	11

Base = all SME employers (n=4768)

Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010.

The data suggests a lesser use of external support in 2012 than was the case in 2010.

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2. Introduction

Aims of the survey

This report sets out the key findings from the 2012 Small Business Survey (SBS), 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 main aims of the survey were:

- To monitor key enterprise indicators and how these have changed in comparison to previous surveys, the 2010 SBS in particular. The survey measures:
 - The characteristics of Small and Medium-sized Enterprises (SMEs¹) such as their type (size, sector, legal status and so on);
 - The characteristics of their owners and leaders;
 - Recent turnover and employment growth;
 - Capabilities (in terms of their ability to innovate, export, train staff, etc.);
 - Experience of accessing finance;
 - Use of business support;
 - Intentions to grow turnover and employment;
 - The needs and concerns, and the obstacles that prevent SMEs fulfilling their potential.
- The survey creates a database that can be used for follow-up studies among the general SME population, and sub-groups within it.

¹ Defined here as having fewer than 250 employees.

Survey method

BIS commissioned 4,000 CATI² 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 5,723³.

Within each of the four UK nations the sample was stratified. Targets were set according to the size of enterprises and, within those targets, for sector (SIC 2007). 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 database. No further sampling strata (e.g. on age of business or England region) were applied.

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

A review of the 2010 questionnaire was undertaken through consultations with stakeholders before the 2012 survey. Some alterations were made based on these consultations. However, changes necessarily reflected the need to balance a desire to meet stakeholders' emergent needs, and the requirement for consistency with previous SBS surveys.

Note on the report

Please note that 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* across the UK is 4,768. A separate report relating to enterprises with no employees is available.

² Computer Assisted Telephone Interviews.

³ 3444 interviews in England, 1002 in Scotland, 765 in Wales and 512 in Northern Ireland.

Statistical confidence

This overall sample is sufficiently large to allow reporting on findings with a high degree of statistical reliability. For example, a difference between SBS 2010 and SBS 2012 of +/- 1.3% is significant for findings in which 10% of respondents give one response and 90% give the alternative and a difference of +/- 2.1% is significant in cases where responses were equally split, 50% of respondents giving one answer and 50% giving the other.

Unless stated otherwise, all findings reported in bold in the tables were statistically significant, whether reported as a comparison between SBS 2010 and SBS 2012, or whether a finding for a sub-group is compared with the overall total. In this instance it should be noted that the comparison is between the sub-group (e.g. all micro employers), and the total minus that sub-group (which in the cases where comparisons are made between micros and others means a comparison between micros and small/medium-sized businesses combined).

Table 2.1 shows the differences required between the 2010 and 2012 surveys for findings to be statistically significant. This is shown where results in 2012 were at the 10%/90% level and where they were at 50%/50% (the most statistically sensitive level of finding). Standard errors were shown for the key sub-groups in this report.

Although the survey provides generally robust findings for the SME population overall and for many sub-groups, it should be noted that the achieved samples for some groups, for example those that have sought finance during the previous year, are smaller and the data relating to the groups needs to be considered with some caution.

Table 2.1: Statistical confidence in survey findings⁴

	2012 Sample size	2010 Sample size	Standard error at 10%/90%	Standard error at 50%/50%
All UK	4768	3817	+/- 1.3%	+/- 2.1%
England	2872	2879	+/- 1.6%	+/- 2.6%
Scotland	835	230	+/- 4.4%	+/- 7.3%
Wales	630	623	+/- 3.3%	+/- 5.5%
Northern Ireland	431	85	+/- 7.0%	+/- 11.6%
(table continues overleaf)				

⁴ The table presents the standard error margin for comparisons between 2012 and 2010, at the 95% confidence level, associated with findings of 10%/90% and findings of 50%.

Table 2.1 (continued): Statistical confidence in survey findings

	2012 Sample size	2010 Sample size	Standard error at 10%/90%	Standard error at 50%/50%
All UK	4768	3817	+/- 1.3%	+/- 2.1%
Micro businesses (1-9 employees)	1901	1528	+/- 2.0%	+/- 3.4%
Small businesses (10-49 employees)	1902	1530	+/- 2.0%	+/- 3.4%
Medium-sized businesses (50-249 employees)	965	759	+/- 2.9%	+/- 4.8%
ABDE Primary sector	204	63	+/- 8.5%	+/- 14.1%
C Manufacturing	671	497	+/- 3.5%	+/- 5.8%
F Construction	457	322	+/- 4.3%	+/- 7.1%
GHI Transport, retail and distribution	1220	1115	+/- 2.4%	+/- 4.1%
J Information & communications	255	155	+/- 6.0%	+/- 10.0%
KLM Business services	734	519	+/- 3.4%	+/- 5.6%
N Administrative services	302	202	+/- 5.3%	+/- 8.9%
PQRS Other services	935	910	+/- 2.7%	+/- 4.6%
Aged 0-3 years	305	183	+/- 5.5%	+/- 9.2%
Aged 4-10 years	959	744	+/- 2.9%	+/- 4.8%
Aged over 10 years	3484	2872	+/- 1.5%	+/- 2.5%

3. Profile of Businesses

This section explores the characteristics of SMEs which have at least one employee, for example in terms of their employment size, sector, legal status, age and the characteristics of their owners. SBS 2012 data is weighted⁵ to estimates derived from BIS's Business Population Estimates (BPE⁶). For that reason the data on employment size and sector is drawn from this source, but is shown here for information.

Employment size (based on BPE 2012)

The 2012 Business Population Estimates calculated that there were 4,794,105 businesses in the UK private sector. This was an increase of 251,340 on the 2011 estimates and of 309,570 on the 2010 estimates.

However, seventy-four per cent of these businesses had no employees⁷ and therefore fall out of the scope of this report. The number of private sector employers which were SMEs (that is, excluding enterprises with 250 or more employees, which make up a tiny fraction of all enterprises) in 2012 was 1,230,395. This was an increase of 57,970 on the 2011 estimate and 42,370 on 2010.

Of all SME employers in 2012, 83 per cent had between one and nine employees and were classified as micros. Fourteen per cent had between ten and 49 employees and were classified as small businesses and two per cent had between 50 and 249 employees and were classified as medium-sized businesses. These proportions were consistent with those reported in the 2010 SBS.

The micro-businesses therefore dominated overall findings for all SME employers. However, they accounted for only 34 per cent of all employees of SME employers, whereas the small businesses employed 35 per cent and the mediums 30 per cent.

⁵ The dataset is weighted according to employment size, 1 digit sector (SIC 2007) and Government Office Region (GOR). See the technical appendix for more detail.

⁶ <http://www.bis.gov.uk/analysis/statistics/business-population-estimates>. The figures were drawn from a combination of the Inter Departmental Business Register (IDBR) which contains all businesses operating VAT or PAYE schemes, or which were registered at Companies House and the household survey-based Labour Force Survey (LFS) which is the main source for estimating the number of the self-employed and very small businesses.

⁷ These will form the basis of a separate report.

Sector (data weighted to BPE 2012)

Standard Industrial Classification (SIC) is used as a means of classifying business establishments by the type of economic activity in which they were engaged. It has been revised several times, the latest revision producing the SIC 2007 classification. In SBS 2012, industrial sector classification was based on SIC (Standard Industrial Classification) 2007. In 2010, SIC 2003 was used. The data from SBS 2010 was re-analysed so that it matched SIC 2007 and allowed comparisons between the two surveys based on industry sector.

The most populous SME sectors in 2012 were retail/wholesale (19 per cent), professional/scientific (13 per cent), construction (12 per cent) and food/accommodation (ten per cent).

Table 3.1: Sector – by employment size⁸

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
n=	4768	1901	1902	965
	%	%	%	%
AB Agriculture & mining	4	5	2	1
DE Utilities & waste	1	1	1	1
C Manufacturing	7	6	12	20
F Construction	12	13	8	6
G Retail & wholesale	19	20	19	15
H Transport & storage	3	3	4	4
I Food & accommodation	10	10	11	8
J Information & communication	5	5	4	5
K Finance	2	2	2	2
L Real estate	2	2	2	2
M Professional & scientific	13	14	10	9
N Administrative services	8	8	7	12
P Education	1	1	2	2
Q Health	5	3	11	10
R Arts & recreation	2	2	2	2
S Other services	5	6	3	1

⁸ Please note that some sectors have been amalgamated because of their relatively small proportions within the SME population. See technical appendix for more details on sector.

Construction sector enterprises tended to have fewer employees than those in other sectors. They constituted just eight per cent of small businesses and six per cent of medium-sized ones. By contrast, manufacturing, administrative services and health enterprises tended to have larger numbers of employees.

Based upon Business Population Estimates, there has been a decline, between 2010 and 2012, in the proportion of SME employers in the manufacturing and construction sectors (down 0.5 and 1.2 per cent respectively). This decline has been largely made up by an increase in SMEs in the administrative service sector (up 1.2 per cent).

Table 3.2: Sector – change 2010-2012 (based on BPE)

	2010	2012	Change
	%	%	+/- %
AB Agriculture & mining	4.5	4.3	-0.2
DE Utilities & waste	0.4	0.4	=
C Manufacturing	7.7	7.2	-0.5
F Construction	13.5	12.3	-1.2
G Retail & wholesale	19.7	19.4	-0.3
H Transport & storage	3.1	3.0	-0.1
I Food & accommodation	9.6	9.8	+0.2
J Information & communication	4.8	5.0	+0.2
K Finance	1.8	1.7	-0.1
L Real estate	2.8	3.0	+0.2
M Professional & scientific	12.7	13.0	+0.3
N Administrative services	6.5	7.7	+1.2
P Education	1.3	1.4	+0.1
Q Health	4.4	4.7	+0.3
R Arts & recreation	1.9	1.9	=
S Other services	5.3	5.4	+0.1

Base = all SME employers

Single answer only allowed.

Certain sectors were more likely than average to be found in certain nations in the UK. Northern Ireland (ten per cent), Scotland (eight per cent) and Wales (seven per cent) had a higher proportion of SMEs in primary industries (agriculture, mining, utilities and waste management) than was the case in England. Construction SMEs formed a higher proportion of the population in Northern Ireland than in the rest of the UK, while transport, retail and distribution (TRAD) were proportionately most likely to be found in Wales and Northern Ireland. By contrast, SMEs in the information/communication, business and administrative services sectors were less common in Wales and Northern Ireland.

Table 3.3: Sector – by nation (based on BPE)

	All SME employers in UK	England	Scotland	Wales	Northern Ireland
n=	4768	2872	835	630	431
	%	%	%	%	%
ABDE Primary	5	4	8	7	10
C Manufacturing	7	7	6	7	8
F Construction	12	12	13	14	16
GHI Transport, retail and distribution	32	32	35	37	37
J Information & communication	5	5	3	3	2
KLM Business services	18	18	16	12	11
N Administrative services	8	8	6	7	4
PQRS Other services	13	13	13	14	12

Base = all SME employers (n=4768)

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.

Number of sites

From this point forward in this report, all results are based on the Small Business Survey 2012 (rather than, as above, on Business Population Estimates). Where possible, comparisons are made with the Small Business Survey 2010 and the Annual Small Businesses Surveys (06/07 and 07/08).

In 2012, 88 per cent of SME employers operated from a single site. This is a small but statistically significant increase on the 86 per cent seen in 2010.

Table 3.4: Number of sites - trends⁹

	SBS 2012	SBS 2010	ASBS 07/08	ASBS 06/07
n=	4768	3817	7783	8949
	%	%	%	%
One (single site)	88	86	86	86
Two-three	10	11	12	12
Four or more	2	3	2	2

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010. A1. Single answer only allowed at this question.

⁹ 'Don't know' responses (0.2 per cent in 2012) are not shown in this table

Ninety-one per cent of micro-businesses operated from a single site in 2012, an increase of five percentage points on the equivalent figure in 2010. This increase is largely responsible for the overall increase in single site enterprises. Seventy-five per cent of small businesses and 43 per cent of medium-sized ones operated from a single site – a similar proportion to 2010.

Whether main business/work premise is owner's home

For 29 per cent of SME employers, their main work premises were also their home. This proportion increased by seven percentage points on the 2010 survey. The increase was most notable among micros (up eight percentage points from 25 to 33 per cent).

Table 3.5: Whether main business/work premise is owner's home – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Work/home as same address	29	33	9	4
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Work/home as same address	22	25	7	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). A10. Single answer only allowed at this question.

SMEs in the primary (73 per cent), construction (51 per cent), information/communications (36 per cent) and administration services (40 per cent) sectors were more likely than average to have the same work and home premises.

Having the same work and home premises was more common in Wales (33 per cent) and England (29 per cent) than in Scotland and Northern Ireland (both 22 per cent).

Forty-one per cent of the owners of SME employers worked at home at least one day a week on average. This proportion increased by three per cent on the 2010 survey.

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. The remainder were comprised of private companies limited by guarantee (CLGs), limited liability partnerships (LLPs), public limited companies (PLCs) and community interest companies (CICs). Although 'charity' is not a legal status, one per cent of SME employers could only describe themselves as this. This should not be taken to mean that only one per cent of SME employers have charitable status.

The proportion of SME employers that were limited companies had declined by seven percentage points since 2010, but only back to a level that was seen in ASBS 07/08 and 06/07.

Table 3.6: Legal status - trends¹⁰

	SBS 2012	SBS 2010	ASBS 07/08	ASBS 06/07
n=	4768	3817	7783	8949
	%	%	%	%
Private Ltd. Company, limited by shares	52	59	51	53
Sole proprietorship	27	19	29	26
Partnership	12	10	16	17
Private company limited by guarantee	2	3	2	1
Limited liability partnership	2	2	1	1
Public limited company	1	2	1	0
Community Interest Company	*	*	*	0
Other (e.g. IPS, friendly society, co-operative, private unlimited, trust, unincorporated association)	1	1	*	1

Base = all SME employers

* = 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. A5. Single answer only allowed at this question.

Table 3.7: Legal status 2012 – by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
n=	4768	1901	1902	965
	%	%	%	%
Private Ltd. Company, limited by shares	52	48	72	75
Sole proprietorship	27	32	5	1
Partnership	12	13	10	4
Private company limited by guarantee	2	1	4	5
Limited liability partnership	2	2	2	3
Public limited company	1	1	2	5
Community Interest Company	*	*	1	2
Other	1	1	2	2
Don't know/refused	2	2	1	1

Base = all SME employers (n=4768)

* = a figure greater than zero, but less than 0.5%. 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.

¹⁰ 'Don't know' and refused responses (1.6 per cent in 2012) are not shown in this table

Micros were less likely to be limited companies than small and medium sized SMEs and were more likely to be sole proprietorships or partnerships. Medium and small businesses were more likely than average to have alternative legal statuses such as being private companies limited by guarantee, PLCs, LLPs and CICs.

Private limited companies were most likely to be found in the manufacturing (70 per cent), information & communications (77 per cent) and administrative (65 per cent) sectors. Compared to the 2010 survey there were fewer private limited companies in the construction sector (down 19 percentage points) and business services sector (down seven percentage points).

Sole proprietorships were most likely to be found in construction (35 per cent) and other services (31 per cent) sectors. Compared to the 2010 survey there were proportionally more sole proprietors in the construction sector (up 19 percentage points). There was a decrease of similar size in the proportion of private limited companies in this sector.

Partnerships were most likely to be found in primary (46 per cent) and TRAD (16 per cent) sectors.

The other services sector was the most likely to have alternative legal forms. Eight per cent of these were CLGs, two per cent were CICs, two per cent were private unlimited companies, two per cent were unincorporated associations and four per cent were only able to describe themselves as charities.

By employment size, the decrease in the proportion of private limited companies and the increase in sole proprietorships, has mainly occurred among micro-businesses, as the table below demonstrates.

Table 3.8: Legal status – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Private Ltd. Company, limited by shares	52	48	72	75
Sole proprietorship	27	32	5	1
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Private Ltd. Company, limited by shares	59	57	73	72
Sole proprietorship	19	22	5	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). A5. Single answer only allowed at this question.

Incorporated companies (LTDs, CLGs, LLPs and private unlimited companies) were asked whether they had always operated under that legal form. Seventy per cent said that this was the case, the same proportion as in 2010.

VAT registrations

Seventy-eight per cent of SME employers in SBS 2012 were VAT-registered. This was more likely to be the case for small (89 per cent) and medium (91 per cent) enterprises than for micros (75 per cent).

Compared with the 2010 survey there has been a significant decrease in the proportion of VAT-registered SME employers, down five percentage points. This decrease was largely caused within micro businesses, where VAT registrations were seen to decrease from 82 to 75 per cent.

Table 3.9: VAT registration – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
VAT registered	78	75	89	91
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
VAT registered	83	82	88	90
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
VAT registered	85	84	95	95
ASBS 2006/07 (n=)	8949	3721	3666	1562
	%	%	%	%
VAT registered	89	87	96	97

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). Q1. Single answer only allowed at this question.

VAT-registered SME employers were least likely in the other services sector (40 per cent). Compared to the 2010 survey, registration was proportionally less frequent in most sectors, but in particular in the construction (82 per cent, down ten percentage points) and information/communication (80 per cent, down 11 percentage points) sectors.

By age of business, VAT registration rates were lower for those businesses aged between two and five years (67 per cent), but higher for those aged up to one year (76 per cent).

Of those registered for VAT, 52 per cent registered at the time of start-up. Eighteen per cent registered prior to start-up, a higher proportion than that seen in SBS 2010 (ten per cent).

Age of business

The table below shows the age of the SME employers interviewed in SBS 2012 and in previous surveys. In 2012 there were a greater proportion of businesses aged up to five years (19 per cent, compared to 16 per cent in 2010 and 15 per cent in 07/08).

Table 3.10: Age of business - trends¹¹

	SBS 2012	SBS 2010	ASBS 07/08	ASBS 06/07
n=	4768	3817	7783	8949
	%	%	%	%
Less than one ¹²	1	1	1	1
1 year	2	1	1	1
2 years	4	2	2	2
3 years	4	3	2	4
4 years	4	4	4	3
5 years	4	4	4	3
6-10 years	16	18	17	16
11-20 years	23	26	26	26
More than 20 years	41	40	42	43

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010 at the 95% confidence level. A6. Single answer only allowed at this question.

As it usually takes time for start-up businesses to grow enough to become small or medium sized, age and size of business were closely correlated. Thus, 21 per cent of micros were aged up to five years in SBS 2012, compared to nine per cent of small businesses and three per cent of medium-sized ones.

There were certain sectors which, on average, were also likely to be 'younger' and 'older'. Twenty-three per cent of TRAD SME employers were aged up to five years (this was particularly the case for food/accommodation – 29 per cent), whereas only three per cent in primary industries and 13 per cent in manufacturing were in this 'young' age bracket.

¹¹ Don't know' responses (0.8 per cent in 2012) are not shown in this table

¹² Because Dun & Bradstreet was used as the sample source, it is likely that the proportion of businesses less than two years old is under reported. This is because Dun & Bradstreet chiefly relies on annual accounts and Companies House registrations to populate its database. However, the sampling method has been consistent for each year of the survey.

Table 3.11: Age of business – trends by sector (SIC 2007)¹³

	All SME emps.	ABDE Primary	C Manu- facture	F Constr- uction	GHI TRAD	J Info- comms.	KLM Busi- ness service	N Admin.	PQRS Other service
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
0-5 years	19	3	13	19	23	18	19	19	17
6-10 yrs	16	7	16	20	14	26	18	19	15
11-20 yrs	23	10	22	22	20	36	23	26	31
21+ yrs	41	78	49	39	43	20	39	37	35
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
0-5 years	16	3	9	23	20	18	11	11	13
6-10 yrs	18	6	15	14	16	34	21	36	12
11-20 yrs	26	13	29	29	22	33	30	20	30
21+ yrs	40	78	47	35	42	16	39	33	44

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.

The survey defines start-ups as those businesses trading for less than four years – 11 per cent of all SME employers. Of those, the survey respondent was involved with the decision to start up the business in 82 per cent of cases.

Just over half (52 per cent) of these founders were working as an employee of another business when they started their own; 24 per cent were running another business; 13 per cent were self-employed; and seven per cent were unemployed.

The majority (56 per cent) started their businesses to take advantage of a business opportunity, while 20 per cent had no better choices for work and 22 per cent cited both these reasons.

Where respondents reported that they had started the business to pursue a business opportunity, the main reasons for this were to make more money (29 per cent), so that they could be their own boss (29 per cent), to follow a passion/challenge (27 per cent), because they saw a demand/market for their product/service (18 per cent) and to get better working conditions (14 per cent).

¹³ Don't know' responses (0.8 per cent in 2012) are not shown in this table

Where respondents said that they had had no better choice for work, the main reasons for this were that they could not find a job that suited their skills (27 per cent), that they were made redundant (15 per cent) or otherwise lost their job (13 per cent), or that they did not like the working conditions in their previous job (15 per cent).

Number of partners/directors

Forty-five per cent of SME employers had only one partner/director in day-to-day control of the business. This is an increase on SBS 2010, but a similar proportion to that seen in ASBS 07/08. Thirty-seven per cent had two people in control of the business and nine per cent had three people.

Table 3.12: Number of partners/directors - trends¹⁴

	SBS 2012	SBS 2010	ASBS 07/08	ASBS 06/07
n=	4768	3817	7783	8949
	%	%	%	%
One	45	41	45	42
Two	37	39	38	41
Three	9	11	9	10
Four	4	4	4	4
Five to eight	3	4	2	2
Nine to twelve	*	1	1	*
Thirteen or more	*	1	*	*

Base = all SME employers

* = 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. R4/R5. Single answer only allowed at this question.

The number of directors/partners in a business is correlated with size. For micros the median average number was just one, rising to two for small businesses and four for medium-sized businesses. By sector, multiple leadership was most common in the primary sector (72 per cent) and in manufacturing (63 per cent).

¹⁴ Don't know' responses (1.0 per cent in 2012) are not shown in this table

Table 3.13: Whether any partners/directors from the following groups – by employment size (multi-management enterprises only)

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	3267	959	1469	839
	%	%	%	%
Any women	65	67	61	54
Any members of same family	61	64	54	38
Any disability/longstanding illness	11	12	8	10
Any from an ethnic minority	11	10	11	13
Any born outside of the UK	14	13	17	22

Base = all SME employers with more than one partner/director. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). R7/R8/R9/R10/R11. Multiple answers allowed at this question.

Of multiple-management enterprises, 11 per cent had at least one director/partner with a disability or longstanding illness in day-to-day control of the business, 11 per cent had a director/partner from an ethnic minority and 14 per cent had a director/partner born outside of the UK.

Family businesses

Of multiple-management enterprises, 61 per cent had more than person from the same family as a director/partner in day-to-day control of the business.

Sixty-two per cent of SME employers were family-owned businesses, defined as being majority-owned by members of the same family. Larger SMEs were less likely to be family businesses. The proportions in SBS 2012 were almost exactly the same as in SBS 2010, but the overall proportion of family-owned businesses has decreased since ASBS 07/08 (69 per cent).

Table 3.14: Family businesses – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Family business	62	63	56	46
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Family business	62	64	53	47
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
Family business	69	71	61	49

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.

Family-owned businesses tend to be older than other businesses. Seventy-one per cent of those founded over twenty years ago were family-owned, compared to 56 per cent of those aged between eleven and twenty years, 58 per cent of those aged six to ten years and 52 per cent of those aged up to five years. Among those businesses aged up to two years, only 49 per cent were family-owned.

Family-owned businesses were most frequent in the primary (86 per cent), construction (72 per cent) and transport, retail and distribution (70 per cent) sectors. They were less commonly found in the information & communications (42 per cent), business services (50 per cent) and other services (45 per cent) sectors. The findings in SBS 2010 were similar, except that in 2010 there were a greater proportion of family-owned businesses in manufacturing.

Table 3.15: Family businesses – trends by sector (SIC 2007)

	All SME emps.	ABDE Primary	C Manu- facture	F Constr- uction	GHI TRAD	J Info- comms.	KLM Busi- ness service	N Admin.	PQRS Other service
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
Family business	62	86	63	72	70	42	50	65	45
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
Family business	62	79	68	74	73	48	55	63	36

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.

Sixty-nine per cent of family-owned businesses had been in the control of the family for just a single generation, 21 per cent for two generations, seven per cent for three and three per cent for four or more generations. Family-owned businesses in primary industries were the most likely to stretch back more than one generation (84 per cent).

Women-led businesses

Of multiple-management enterprises, 65 per cent had any woman director/partner in day-to-day control of the business. Larger multiple-management enterprises were less likely to have women as directors/partners than micros. It should be noted that these figures do not take into account women who were in sole control of their businesses.

Nineteen per cent of SME employers were women-led businesses, 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, meaning that overall, 42 per cent were at least 50 per cent female. These proportions were significantly higher than those seen in SBS 2010.

Table 3.16: Leadership by gender - trends¹⁵

	SBS 2012	SBS 2010	ASBS 07/08	ASBS 06/07
n=	4768	3817	7783	8949
	%	%	%	%
Majority-led by women	19	14	14	14
Equally-led	23	25	24	26
At least 50% female (majority led & equally led)	42	40	39	40
Women in a minority	8	9	8	7
Entirely male-led	49	51	53	52

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010. R4/R5/R7/U5. Single answer only allowed at this question.

By employment size, women-led businesses were more prevalent in micros (20 per cent) than in small (15 per cent) or medium-sized businesses (11 per cent). Compared with SBS, 2010 the largest increase in women-led business has come within the 'micro' size band (up five percentage points, with two and one percentage point increases for small and mediums respectively).

The table below demonstrates that younger businesses were more likely to be women-led. Thirty-two per cent of those formed zero to one year ago were women-led and 26 per cent of those formed two to three years ago, compared to the 19 per cent overall average.

Table 3.17: Whether women led – trends by age of business

	All SME emps	0-1 Years	2-3 Years	4-5 Years	6-10 Years	11-20 Years	Over 20 Years
SBS 2012 (n=)	4768	86	219	244	715	1152	2332
	%	%	%	%	%	%	%
Women-led	19	32	26	22	21	19	16
Equally-led	23	15	15	17	23	24	25
Women in minority	8	*	5	3	8	6	10
Entirely male-led	49	52	53	56	46	50	48

Base = all SME employers.

* = a figure greater than zero, but less than 0.5%. 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.

¹⁵ Don't know' responses (1.4 per cent in 2012) are not shown in this table or at Table 3.17

However, it is also worth noting that younger SME employers were as likely to be entirely male-led businesses in 2012 as were older ones. Fifty-two per cent of SME employers aged zero to one year were entirely male-led, compared to 48 per cent of those aged over 20 years (i.e. no significant difference). The higher proportion of women-led newer businesses is because a smaller proportion of them were equally-led or ones where women were in the minority.

Women-led businesses were most likely to be in certain sectors. Twenty-two per cent of SME employers in transport, retail and distribution were women-led, as were 39 per cent in other services. Compared to SBS 2010, the biggest increases in women-led businesses have come in these two sectors.

Table 3.18: Whether women led – trends by sector (SIC 2007)

	All SME emps.	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
Women-led	19	11	12	9	22	10	13	19	39
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
Women-led	14	16	7	5	14	6	14	20	32

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.

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.

Table 3.19: Whether MEG led – trends by age of business

	All SME emps	0-1 Years	2-3 Years	4-5 Years	6-10 Years	11-20 Years	Over 20 Years
SBS 2012 (n=)	4768	86	219	244	715	1152	2332
	%	%	%	%	%	%	%
MEG-led	7	12	11	13	8	8	5
SBS 2010 (n=)	3817	66	117	212	532	942	1930
	%	%	%	%	%	%	%
MEG-led	8	16	10	12	10	10	5

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.

The proportion of MEG-led businesses in SBS 2012 was one per cent lower than in SBS 2010, an insignificant decrease and equal to the proportion seen in ASBS 2006/07.

MEG-led businesses tended to be younger than SME employers generally, with 12 per cent of businesses formed within the last year ago being MEG-led, 11 per cent of those aged two to three years and 13 per cent of those aged four to five years. This contrasts with only five per cent of those aged over twenty years being MEG-led.

There were differences according to UK nation. Only four per cent of SME employers in Scotland were MEG-led and three per cent in Wales. There were no MEG-led SME employers in the sample in Northern Ireland, although that does not mean that there none in the business population. These proportions compare to eight per cent in England. In particular, MEG-led businesses were proportionally most frequent in London (23 per cent), although this is a smaller proportion than the 28 per cent seen in SBS 2010.

By sector, MEG-led businesses were most common in transport, retail and distribution (ten per cent) and other services (nine per cent). Within these categories they were most likely to be found in transport/storage (12 per cent) and healthcare (ten per cent).

Table 3.20: Whether MEG led – trends by sector (SIC 2007)

	All SME emps.	ABDE Primary	C Manu- facture	F Constr- uction	GHI TRAD	J Info- comms.	KLM Busi- ness service	N Admin.	PQRS Other service
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
MEG-led	7	1	6	2	10	4	8	6	9
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
MEG-led	8	2	2	4	13	7	8	9	10

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.

Social enterprises

Twenty-four per cent of SME employers viewed their businesses as comprising a social enterprise: a business that has mainly social or environmental aims. This was a slightly lower proportion than in previous surveys.

Table 3.21: Social enterprises - trends

	SBS 2012	SBS 2010	ASBS 07/08	ASBS 06/07
n=	4768	3817	7783	8949
	%	%	%	%
Perceive themselves as social enterprises	24	26	29	26
Conform to BIS definition of a social enterprise	5	6	6	4

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 Department for Business, Innovation and Skills has a further definition of a social enterprise such that it requires the enterprise to consider itself a social enterprise as above, but also should not pay more than 50 per cent of profit or surplus to owners or shareholders, should not generate more than 25 per cent of income from grants and donations and, therefore, should not have less than 75 per cent of turnover from trading. In addition, they have to think themselves a very good fit with the statement ‘a business with primarily social or environmental objectives, whose surpluses were principally reinvested for that purpose in the business or community rather than mainly being paid to shareholders and owners. (This definition is consistent with that used in ASBS surveys up to 2008, but is slightly different from that used in SBS 2010 which required that 25 per cent or more of turnover was derived from trading).

Under this definition, five per cent of SME employers were considered to be social enterprises, a similar proportion to that seen in SBS 2010 and ASBS 07/08¹⁶.

There would appear to be little difference in the propensity to be considered as a social enterprise by employment size, with five per cent of both micros and small businesses and seven per cent of medium-sized businesses classifying themselves as social enterprises.

By sector, social enterprises were most likely to be found within the transport, retail and distribution (eight per cent) and other service (ten per cent) sectors. Within other service sectors they were most likely to be found in food/accommodation (17 per cent), education (eight per cent), health (12 per cent) and arts/recreation (17 per cent).

Table 3.22: Whether conform to BIS definition of social enterprise – trends by sector (SIC 2007)

	All SME emps.	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
Social enterprise	5	3	2	2	8	*	3	2	10
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
Social enterprise	6	2	2	4	6	1	3	4	14

Base = all SME employers

* = a figure greater than zero, but less than 0.5%. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). D1/D2/D4/D5/D6. Single answer only allowed at this question.

There were no significant differences in the proportion of social enterprises by UK nation, but a higher than average proportion was found in the North East (ten per cent), London and the South West (eight per cent each).

Thirty-four per cent of social enterprises were companies limited by shares, 31 per cent sole proprietorships, 15 per cent partnerships, four per cent community interest companies (CICs) and three per cent companies limited by guarantee (CLGs).

By age of business, those formed in the last three years were no more likely than average to be social enterprises.

¹⁶ The proportion of social enterprises under the BIS definition was 5.5 per cent in 2010 and 5.1 per cent in 2012. Based on the definition used in SBS 2010 that required just 25 per cent or more of turnover derived from trading, the proportions would be 6.6 per cent in 2010 and 5.7 per cent in 2012.

Table 3.23: Whether conform to BIS definition of social enterprise – trends by age of business

	All SME emps	0-1 Years	2-3 Years	4-5 Years	6-10 Years	11-20 Years	Over 20 Years
SBS 2012 (n=)	4768	86	219	244	715	1152	2332
	%	%	%	%	%	%	%
Social enterprise	5	6	4	7	5	4	6
SBS 2010 (n=)	3817	66	117	212	532	942	1930
	%	%	%	%	%	%	%
Social enterprise	6	6	8	3	5	4	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). D1/D2/D4/D5/D6. Single answer only allowed at this question.

4. Business Performance

This section explores how SMEs have performed in the last 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 4.1: Numbers employed now compared to 12 months ago – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4736	1879	1892	965
	%	%	%	%
More than 12m ago	19	17	27	37
Same as 12m ago	64	67	51	47
Fewer than 12m ago	17	16	22	15
SBS 2010 (n=)	3779	1502	1520	757
	%	%	%	%
More than 12m ago	17	16	26	29
Same as 12m ago	61	64	48	45
Fewer than 12m ago	21	20	26	26
ASBS 2007/08 (n=)	7700	3477	2925	1298
	%	%	%	%
More than 12m ago	19	16	30	38
Same as 12m ago	66	68	55	49
Fewer than 12m ago	15	15	16	13
ASBS 2006/07 (n=)	8856	3660	3635	1561
	%	%	%	%
More than 12m ago	19	17	29	42
Same as 12m ago	65	67	55	45
Fewer than 12m ago	16	16	16	13

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). B1/B2. Single answer only allowed at this question.

Compared to SBS 2010, there has been a small but statistically significant decrease in the proportion employing fewer people and a subsequent small increase in the proportion employing the same numbers as twelve months previously. This change was most likely to have occurred for micro-businesses (proportion employing the same numbers increasing from 64 to 67 per cent). However, fewer medium-sized businesses were employing fewer staff than was found in the 2010 survey (down from 26 to 15 per cent) and they were more likely to be employing more (up from 29 to 37 per cent).

By sector, increases in employment were more likely than average within the manufacturing and information/communications sectors, while reductions in employment were more likely than average in construction.

Table 4.2: Numbers employed compared to 12 months ago – trends by sector (SIC 2007)

	All SME emps.	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
SBS 2012 (n=)	4736	204	670	452	1208	254	719	299	930
	%	%	%	%	%	%	%	%	%
More than 12m ago	19	22	26	12	18	25	18	20	18
Same as 12m ago	64	65	55	65	65	56	69	68	64
Fewer than 12m ago	17	13	18	23	17	19	13	11	18
SBS 2010 (n=)	3779	63	492	319	1094	154	519	200	904
	%	%	%	%	%	%	%	%	%
More than 12m ago	17	14	21	19	16	25	18	16	15
Same as 12m ago	61	78	51	47	64	60	62	65	72
Fewer than 12m ago	21	8	29	34	20	15	20	20	13

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). B1/B2. Single answer only allowed at this question.

By nation, businesses in Scotland (24 per cent), Wales (22 per cent) and Northern Ireland (29 per cent) were more likely to be employing fewer staff than a year previously compared to those in England (16 per cent).

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 4.3: Numbers expect to employ in 12 months' time – trends by employment size¹⁷

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
More than now	20	19	29	33
Same as now	58	60	51	50
Fewer than now	21	21	20	16
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
More than now	23	22	29	34
Same as now	62	64	54	50
Fewer than now	14	13	16	14
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
More than now	24	22	31	38
Same as now	59	60	52	47
Fewer than now	16	17	16	14
ASBS 2006/07 (n=)	8949	3721	3666	1562
	%	%	%	%
More than now	25	23	33	41
Same as now	61	62	54	45
Fewer than now	13	13	12	14

Base = all SME employers

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). B5/B6. Single answer only allowed at this question.

By employment size, small and medium-sized businesses were more likely to think they would employ more than micros – a pattern seen in SBS 2010 and the previous ASBS surveys.

¹⁷ Don't know' responses (0.8 per cent in 2012) are not shown in this table

By sector, those in manufacturing (25 per cent), information/communications (28 per cent) and business services (26 per cent) sectors were more likely than average to think they would employ more, whilst those in construction (23 per cent) and administrative services (28 per cent) were more likely than average to think they would employ fewer people.

Table 4.4: Numbers expect to employ in 12 months' time ago – trends by sector (SIC 2007)¹⁸

	All SME emps.	ABDE Primary	C Manu- facture	F Constr- uction	GHI TRAD	J Info- comms.	KLM Busi- ness service	N Admin.	PQRS Other service
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
More than now	20	12	25	16	17	28	26	22	21
Same as now	58	67	58	60	59	56	59	49	57
Fewer than now	21	20	17	23	22	14	15	28	22
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
More than now	23	12	26	19	23	36	20	34	17
Same as now	62	76	58	63	63	49	67	52	65
Fewer than now	14	9	14	16	13	15	12	14	17

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). B5/B6. Single answer only allowed at this question.

It is noted that the sectors more likely than average to think they would employ more – manufacturing and information/communications – were also the sectors that reported employing fewer people in the last twelve months.

By nation, businesses in Scotland were more likely than average to think they would employ more people in twelve months' time (25 per cent, compared to 20 per cent in England, 18 per cent in Wales and 19 per cent in Northern Ireland).

Turnover

The mean turnover of an SME employer in SBS 2012 was £1,033,000, slightly down from that in SBS 2010 (£1,156,000). Turnover varied greatly according to employment size. In 2012, the mean turnover for a 'micro' was £408,000, £2,712,000 for a small business and £11,451,000 for a medium-sized business.

¹⁸ Don't know' responses (0.8 per cent in 2012) are not shown in this table

By sector, mean turnover was highest in manufacturing (£1,779,000) and lowest in the other services sector (£461,000). This result is very much linked to average employment size within sectors. The mean turnover for businesses aged up to three years was £321,000, compared to £768,000 for those aged four to ten years and £1,267,000 for those aged more than ten years. There was almost no difference in mean turnover by nation. It was £1,016,000 in England, £1,184,000 in Scotland, £1,097,000 in Wales and £1,064,000 in Northern Ireland.

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-seven per cent had approximately the same turnover and 31 per cent had lower turnover.

Table 4.5: Turnover now compared to 12 months previously – trends by size¹⁹

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4682	1844	1875	963
	%	%	%	%
Turnover greater now	29	27	38	50
Same as 12m before	37	37	34	31
Turnover lower now	31	33	25	16
SBS 2010 (n=)	3752	1482	1514	755
	%	%	%	%
Turnover greater now	28	27	33	44
Same as 12m before	34	35	30	30
Turnover lower now	35	36	34	24
ASBS 2007/08 (n=)	7633	3440	2905	1288
	%	%	%	%
Turnover greater now	42	40	51	61
Same as 12m before	35	36	32	26
Turnover lower now	21	22	16	11
ASBS 2007/06 (n=)	8772	3609	3607	1556
	%	%	%	%
Turnover greater now	40	39	47	60
Same as 12m before	35	36	34	25
Turnover lower now	21	22	17	12

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

¹⁹ 'Don't know' and 'refused' responses (3.1 per cent in 2012) are not shown in this table

Compared to SBS 2010, a lower proportion of SME employers reported lower turnover in the last twelve months, down four percentage points. This was the case for all sizes of business. Small and medium sized businesses were more likely than micros to report greater turnover than in 2010 (up five and six percentage points respectively). There was no increase in this proportion for micro- businesses.

Table 4.6: Turnover now compared to 12 months previously – trends by sector (SIC 2007)²⁰

	All SME emps.	ABDE Primary	C Manu- facture	F Constr- uction	GHI TRAD	J Info- comms.	KLM Busi- ness service	N Admin.	PQRS Other service
SBS 2012 (n=)	4682	203	665	451	1185	249	708	297	924
	%	%	%	%	%	%	%	%	%
Turnover greater now	29	29	39	24	26	37	35	28	25
Same as 12m before	37	40	36	33	37	27	37	40	38
Turnover lower now	31	26	21	40	35	32	25	31	30
SBS 2010 (n=)	3752	63	492	317	1079	149	516	199	902
	%	%	%	%	%	%	%	%	%
Turnover greater now	28	46	25	23	27	32	29	27	30
Same as 12m before	34	22	35	27	34	39	37	30	40
Turnover lower now	35	28	38	45	36	29	32	41	26

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.

By sector, businesses in manufacturing, information/communications and business services sectors were more likely than average to report a higher turnover than twelve months previously, while those in construction, transport, retail and distribution and other services sectors were less likely than average to report this. Compared to 2010, the proportion of manufacturing and business services SMEs with greater turnover has increased, whilst it has decreased for businesses in primary and other services sectors.

By nation, businesses in Scotland were most likely to report increased turnover compared with a year previously (34 per cent), whilst those in Wales (25 per cent) and Northern Ireland (24 per cent) were less likely than average to have increased their turnover. The proportion in England was 29 per cent.

²⁰ 'Don't know' and 'refused' responses (3.1 per cent in 2012) are not shown in this table

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 4.7: Expectations of turnover in 12 months' time – trends by employment size²¹

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
More than now	37	35	44	54
Same as now	43	44	39	34
Less than now	14	14	11	10
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
More than now	41	40	45	57
Same as now	40	41	37	31
Less than now	14	15	13	11
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
More than now	49	47	54	63
Same as now	35	35	32	26
Less than now	12	13	12	10
ASBS 2006/07 (n=)	8949	3721	3666	1562
	%	%	%	%
More than now	49	47	58	67
Same as now	36	37	31	24
Less than now	10	10	7	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). P7. Single answer only allowed at this question.

Medium-sized (54 per cent) and small businesses (44 per cent) were more likely to expect higher turnover than micros (35 per cent).

²¹ 'Don't know' and 'refused' responses (6.7 per cent in 2012) are not shown in this table

Compared to SBS 2010, the expectation for higher turnover has decreased overall by four percentage points. The proportion expecting lower turnover has remained the same, with a corresponding increase in the numbers expecting a similar turnover to their current one. While expectations for higher turnover were roughly the same for medium and small businesses as they were in 2010, this has declined among micro-businesses by five percentage points.

As with expectations for employment in the next twelve months, those most likely to expect higher turnover were in manufacturing (43 per cent), information/ communications (49 per cent) and business services (45 per cent) sectors, whereas those in construction and primary sectors were less likely to expect an increase.

Table 4.8: Expectations of turnover in 12 months' time – trends by sector (SIC 2007)²²

	All SME emps.	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
More than now	37	26	43	29	34	49	45	35	36
Same as now	43	48	40	44	45	39	39	42	43
Less than now	14	20	12	18	13	9	11	15	15
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
More than now	41	40	45	34	40	51	43	52	37
Same as now	40	31	36	43	41	37	40	37	43
Less than now	14	20	13	22	13	8	15	10	15

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.

SME employers in Northern Ireland were less likely than average to think that turnover would increase (27 per cent, compared to 37 per cent in England, 38 per cent in Scotland and 35 per cent in Wales).

²² 'Don't know' and 'refused' responses (6.7 per cent in 2012) are not shown in this table

Profit

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

Table 4.9: Whether generated a profit or surplus in the last financial year – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Yes - profit	72	71	75	86
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Yes - profit	71	71	72	81
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
Yes - profit	78	78	82	85
ASBS 2006/07 (n=)	8949	3721	3666	1562
	%	%	%	%
Yes - profit	78	77	82	85

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.

Small and medium-sized businesses were more likely to have generated a profit than micros. Compared to SBS 2010, both small and medium-sized businesses were more likely to have made a profit.

By sector, businesses in manufacturing (78 per cent) and business services (82 per cent) sectors were more likely than average to have made a profit, whilst those in transport, retail and distribution (67 per cent) and other services (63 per cent) were less likely than average to have done so.

There were no significant differences in the proportion making a profit according to nation.

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 4.10: Plans for closure or transfer of business in the next 5 years – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Yes – anticipate closure	9	10	3	1
Yes – anticipate full transfer	14	14	15	13
Neither	70	69	76	80
Don't know	7	7	6	6
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Yes – anticipate closure	6	6	3	1
Yes – anticipate full transfer	17	16	18	11
Neither	71	70	72	81
Don't know	7	7	7	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). R3. Single answer only allowed at this question.

As has been the case in previous surveys, micro-businesses were more likely to anticipate closure than small and medium-sized ones. There were no differences by employment size in the proportions anticipating full transfer.

Closure is linked to business success in the last year. Sixty-three per cent of those anticipating closure had a lower turnover than twelve months previously (compared with an average of 31 per cent) and 24 per cent had fewer employees (compared with an average of 19 per cent). Those anticipating the transfer of the business were no more likely to have decreased turnover and fewer employees than average, but were also not more likely than average to have grown.

By nation, there were no differences in the proportions anticipating closure, but those in Scotland (17 per cent) and Wales (20 per cent) were more likely than average (14 per cent) to anticipate transfer of ownership. Fourteen per cent in England anticipate this and the proportion in Northern Ireland was lower than average at nine per cent.

Of those anticipating the transfer of their business, 26 per cent will pass ownership to somebody within their own family. This was most likely to be the case for micro-businesses (27 per cent compared to 12 per cent of medium-sized businesses) and for those in construction (53 per cent). Sixty-nine per cent anticipate selling outside of their family, with those in transport, retail and distribution (80 per cent) and information/communications (95 per cent) most likely to do this.

5. Growth

This section shows a segmentation of SME employers based on employment or turnover growth, the characteristics of the segments, and plans for growth among all SME employers generally. This segmentation analysis is concerned with businesses achieving relatively high levels of growth. It does not capture all growth. In particular it does not capture much of the growth in very small businesses which, although modest in relative terms, may well be important to the businesses concerned and in aggregate terms.

Growth segmentation

In 2012 a growth segmentation has been devised which is based upon employment or turnover growth. This was based upon the distribution of SME employers in terms of the percentage increase or decrease in numbers employed in the last 12 months (subject to a threshold of the actual increase/decrease in numbers), or the percentage increase or decrease in turnover in the last 12 months (subject to a threshold of the actual increase/decrease in turnover). A detailed segmentation of ten groups was devised, which was further categorised into three broad groups:

- **Growers**, SME employers that had increased the numbers employed by five per cent or more in the last year with a minimum of three new employees, or SME employers that had increased turnover by five per cent or more in the last year, with a minimum increase of £50,000.
- **Stable**, SME employers that had the same numbers, or who employed up to two more or fewer employees than 12 months previously, and whose turnover increased or decreased by less than £50,000.
- **Shrinkers**, SME employers that had decreased the numbers employed by five per cent or more in the last year with a minimum of three employees lost, or SME employers that had decreased turnover by five per cent or more in the last year, with a minimum decrease of £50,000. In addition, this group could not have grown employment or turnover by five per cent or more.

A fourth group were those where employment or turnover information was incomplete (known as 'incomplete').

A sub-set of the growers segmentation were the **High Growers**, who were SME employers that had increased the numbers employed by 20 per cent or more in the last year with a minimum of ten new employees, or SME employers that had increased turnover by twenty per cent or more in the last year, with a minimum increase of £250,000.

The distribution within employee size of these four segments is shown in the table below.

Table 5.1: Growth segmentation – by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Growers	13	8	32	49
- High Growers	3	1	10	21
Stable	57	62	33	25
Shrinkers	13	11	21	16
(Incomplete)	18	19	14	10

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

Overall, thirteen per cent of SME employers were classified as growers. As the segmentation was dependent on minimum increases in actual numbers employed or actual turnover increase it is no surprise that this proportion was much higher among small (32 per cent) and medium-sized (49 per cent) employers.

Fifty-seven per cent of SME employers fell into the stable segment, with 62 per cent of micro businesses being in this category.

Thirteen per cent of SME employers were classified as shrinkers. Again, because the segment was dependent on minimum decreases in numbers employed and minimum turnover decreases, it is no surprise that a higher proportion of this group was found in the small and medium-sized sub-groups.

Twenty-one per cent of medium-sized SMEs and ten per cent of small employers were classified as high growers.

By sector, those in manufacturing were the most likely to be growers (24 per cent), those in other services the least likely (eight per cent). Those in information/communication (62 per cent), business services (60 per cent) and other services (61 per cent) were the most likely to be stable, and those in construction (21 per cent) were the most likely to be shrinkers.

By age of business, 14 per cent of those aged zero to three years were growers, 51 per cent were stable and five per cent were shrinkers. The proportion of 'incompletes' in this group was particularly high at 30 per cent, because a high number had not had two full financial years in which to measure turnover growth, which helps to explain why there were below average proportions of those in the stable and shrinkers groups. Fourteen per cent of those aged four to ten years were growers, 57 per cent stable and 13 per cent shrinkers. Twelve per cent of those aged over ten years were growers, 58 per cent stable and 14 per cent shrinkers.

Table 5.2: Growth segmentation – by age of business

	All SME employers	0-3 years old	4-10 years old	Over 10 years old
SBS 2012 (n=)	4768	305	959	3484
	%	%	%	%
Growers	13	14	14	12
- High Growers	3	4	4	3
Stable	57	51	57	58
Shrinkers	13	5	13	14
(Incomplete)	18	30	16	17

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

Plans for growth

Sixty-eight per cent of SME employers aimed to grow their business over the next two to three years. This was a lower proportion than that seen in SBS 2010, but a similar proportion to that seen in ASBS 07/08. The decrease in this proportion between 2010 and 2012 can be mainly seen among micro-businesses (down six percentage points).

Table 5.3: Whether aim to grow business over the next two-three years – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Aim to grow	68	66	78	87
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Aim to grow	74	72	80	89
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
Aim to grow	67	65	77	88
ASBS 2006/07 (n=)	8949	3721	3666	1562
	%	%	%	%
Aim to grow	65	62	76	88

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.

By sector, those in manufacturing (77 per cent), information/communications (75 per cent), business services (76 per cent) and administrative services (79 per cent) were more likely than average to aim to grow their businesses. Those in primary (54 per cent), construction (64 per cent), transport, retail and distribution (65 per cent) and other services (61 per cent) were less likely than average to aim to grow.

Compared to SBS 2010, the sectors that were less likely to aim to grow were construction (down 14 percentage points) and other services (down six percentage points).

Table 5.4: Whether aim to grow business over the next two-three years – trends by sector (SIC 2007)

	All SME emps.	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
Aim to grow	68	54	77	64	65	75	76	79	61
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
Aim to grow	74	56	79	78	69	80	78	80	67

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.

By nation, SME employers in Northern Ireland were more likely than average to aim to grow (74 per cent, compared to 68 per cent both in England and in Wales and 66 per cent in Scotland).

Plans to grow were correlated with age of business. Ninety-one per cent of those aged up to three years aim to grow, compared to 78 per cent of those aged four to ten years and 61 per cent of those aged more than ten years.

Of those aiming to grow, 16 per cent were very likely to seek external finance to achieve this growth, with 18 per cent being fairly likely, 21 per cent not very likely and 43 per cent not at all likely.

Most likely to do this were medium-sized businesses (40 per cent) and those in the primary (64 per cent) and other services (39 per cent) sectors. Thirty-nine per cent of those seeking growth in Northern Ireland would look for external finance, compared to 36 per cent in Scotland and Wales and 33 per cent in England.

How growth will be achieved

SME employers that aimed to grow were asked how this might be achieved.

Table 5.5: How growth will be achieved – trends by sector (SIC 2007)

	All SME emps.	C Manu- facture	F Constr- -uction	GHI TRAD	J Info- comms	KLM Busi- ness service	N Admin.	PQRS Other service
SBS 2012 (n=)	3577	562	307	879	210	584	253	633
	%	%	%	%	%	%	%	%
Increase skills of the workforce	74	67	72	70	78	79	78	77
Increase turnover by exploiting new markets	69	80	62	68	89	70	73	64
Reduce costs by increasing the productivity of workers	65	71	64	68	56	67	64	60
Develop and launch new products/ services	65	75	51	71	91	57	64	71
Employ more staff	64	68	69	63	69	63	63	67
Increase the leadership capability of managers	61	63	56	59	65	64	64	68
SBS 2010 (n=)	2922	425	251	837	132	424	167	625
	%	%	%	%	%	%	%	%
Increase skills of the workforce	75	77	76	72	85	71	73	83
Increase turnover by exploiting new markets	75	82	73	77	89	71	84	61
Reduce costs by increasing the productivity of workers	67	76	74	67	55	63	69	58
Employ more staff	64	73	65	60	70	63	66	60
Increase the leadership capability of managers	60	55	61	60	63	56	48	72
Develop new products	52	72	37	52	69	44	57	46

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.

This was a prompted question, meaning that possible ways of achieving growth were read out to the respondents. Seventy-four per cent said they would increase the skills of the workforce, 69 per cent would increase turnover by exploiting new markets, 65 per cent would reduce costs by increasing productivity, 65 per cent would develop and launch new products or services, 64 per cent would employ more staff and 61 per cent would increase the leadership capability of their managers.

The likelihood of taking any of these measures increases with employment size – micros being less likely to undertake any of them than small businesses, with medium-sized businesses being the most likely to take all of them. By sector, there were differences:

- The manufacturing sector was more likely than average to want to exploit new markets, increase productivity and develop new products, but was less inclined than average to seek to increase the skills of the workforce (though two-thirds of manufacturers seeking growth still said this would be a contributory factor).
- The transport, retail and distribution sector was more likely than average to want to develop new products or services, but less likely to seek to increase the skills of the workforce. The opposite was the case for business services.
- The information/communications sector was the most likely to aim to exploit new markets and develop new products and services, but the least likely to want to reduce costs by increasing productivity of workers.
- The other services sector was less likely than average to want to exploit new markets and reduce costs through productivity, but was more likely than average to seek to develop new services and increase their leadership capability.

Compared to SBS 2010, there was a lower proportion of businesses that wanted to increase turnover by exploiting new markets (down six percentage points), but a higher proportion that wanted to develop and launch new products and services (up 13 percentage points).²³

By nation, businesses in Scotland and Northern Ireland (71 per cent for both) were more likely than average to want to increase the skills of the workforce (63 per cent in both England and Wales) and to increase productivity (72 per cent in Northern Ireland, 61 per cent in Scotland, compared to 55 per cent in England and 56 per cent in Wales). SME employers in Northern Ireland were more likely than elsewhere to seek to undertake all the measures listed.

²³ This may be because the wording of the question has changed since SBS 2010 to include 'services'.

6. Business Capability

This section explores how SME employers perform on a range of different measures such as how strong or poor they feel they were across a range of business management tasks and in innovating, exporting, training, adapting to new technology and in reducing their environmental impact.

Perceptions of business capability

Respondents were asked how capable they felt their business was in performing a number of tasks which were usually considered important to running a successful business. Respondents answered on a five point numeric scale, with a score of one to two indicating that they thought they were poor at a task and a score of four to five indicating that they thought they were strong at the task.

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

		SBS 2012	SBS 2010
n=		4768	3817
Taking decisions on regulation and tax issues	Strong	62	63
	Poor	9	9
People management, such as recruitment and delegation	Strong	57	59
	Poor	11	10
Developing and implementing a business plan and strategy	Strong	55	56
	Poor	13	14
Operational improvement, e.g. adopting industry best practice	Strong	54	53
	Poor	12	11
Using formalised business systems such as customer information records	Strong	42	41
	Poor	23	26
Developing and introducing new products and services	Strong	40	42
	Poor	22	21
Entering new markets	Strong	23	26
	Poor	33	34
Accessing external finance	Strong	18	25
	Poor	42	38

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level for SBS 2012 against SBS 2010. F4. Multiple answers allowed at this question.

For most tasks medium-sized businesses were the most likely to think they were capable, followed by the small and then the micros. There are some differences by sector, which are discussed below.

Taking decisions on regulation and tax issues

Sixty-two per cent of SME employers considered themselves strong when taking decisions on regulation and tax issues, whilst nine per cent considered themselves poor at this. There was little change on this measure when compared to SBS 2010. Most likely to consider themselves strong for this measure were those in the business services sector (70 per cent), while those in construction (13 per cent) were most likely to consider themselves poor. SME employers in Scotland (66 per cent) and Northern Ireland (68 per cent) were more likely to consider themselves strong than those in England (62 per cent) and Wales (62 per cent).

People management, such as recruitment and delegation

Fifty-seven per cent of SME employers considered themselves strong at people management, such as recruitment and delegation, while 11 per cent considered themselves to be poor at this. Again, there was no significant change on the proportions seen in 2010. Most likely to consider themselves strong at this were those in transport, retail and distribution (60 per cent) and other services (63 per cent). Most likely to think they were poor at this were those in construction (20 per cent). Businesses aged up to three years were the most likely by age to think that they were strong at this (65 per cent), as were those in Scotland (62 per cent), Wales (63 per cent) and Northern Ireland (62 per cent) compared with England (56 per cent).

Operational improvement, e.g. adopting industry best practice

Fifty-four per cent of SME employers considered themselves strong at operational improvement, e.g. adopting industry best practice, while 12 per cent considered themselves poor at this. There was no change on 2010. Most likely to consider themselves strong at this were those in other services (58 per cent), while most likely to think they were poor were those in transport, retail and distribution (13 per cent). Businesses aged up to three years were the most likely by age to think that they were strong at this (63 per cent). SME employers in Northern Ireland were more likely to consider that they were strong (59 per cent) than those in Wales (57 per cent), Scotland (53 per cent) and England (54 per cent).

Using formalised business systems such as customer information records

Forty-two per cent of SME employers considered themselves strong at using formalised business systems such as customer information records, while 23 per cent considered themselves poor at this. The proportion thinking themselves poor at this decreased by three percentage points on 2010. Most likely to consider themselves strong were those in business services (46 per cent) and other services (53 per cent), while most likely to think they were poor were those in construction (30 per cent). There were no significant differences by age of business and nation.

Developing and introducing new products and services

Forty per cent of SME employers considered themselves strong at developing and introducing new products and services, while 22 per cent considered themselves poor at this. There was no change on 2010. Most likely to consider themselves strong were those

in manufacturing (51 per cent), information/communications (58 per cent) and transport, retail and distribution (46 per cent), while most likely to think they were poor were those in construction (32 per cent) and primary industries (30 per cent). Businesses aged up to three years were the most likely by age to think that they were strong at this (51 per cent). There were no significant differences by nation.

Entering new markets

Twenty-three per cent of SME employers considered they were strong at entering new markets, while 33 per cent considered they were poor at this. The proportion thinking they were strong at this decreased by three percentage points on SBS 2010. By sector, most likely to consider that they were strong were those in manufacturing (33 per cent), information/communications (34 per cent) and administrative services (30 per cent), while most likely to think they were poor were those in construction (40 per cent). There were no significant differences by age of business or nation.

Table 6.2: Perception of whether the business is strong at business activities - trends by sector (SIC 2007)

	All SME emps.	ABDE Primary	C Manu- fact	F Constr uction	GHI TRAD	J Info- comm	KLM Busi- ness serv.	N Admin	PQRS Other serv.
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
Regulation/tax	62	59	59	61	60	53	70	65	62
People management	57	42	56	51	60	52	54	57	63
Bus. plan/strategy	55	52	55	47	55	57	59	57	54
Ops. improvement	54	60	51	53	50	54	56	59	58
Business systems	42	28	45	38	38	47	46	47	53
New product/service	40	20	51	31	46	58	31	40	41
New markets	23	16	33	19	23	34	21	30	18
External finance	18	33	20	15	17	14	17	21	20
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
Regulation/tax	63	57	62	66	60	56	66	68	65
People management	59	51	56	58	58	52	57	62	69
Bus. plan/strategy	56	53	53	55	54	52	62	53	57
Ops. improvement	53	52	45	61	45	53	57	63	61
New product/service	42	23	48	28	44	57	38	49	40
Business systems	41	46	45	39	37	51	43	41	45
New markets	26	30	27	23	26	32	26	41	20
External finance	25	30	27	20	25	14	27	23	27

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.

Accessing external finance

Eighteen per cent of SME employers considered that they were strong at accessing external finance, while 42 per cent considered that they were poor at this. The proportion thinking that they were strong at this decreased by seven percentage points on 2010, with the proportion thinking they were poor increasing by four percentage points. Most likely to consider that they were strong were those in the primary sector (33 per cent), while most likely to think they were poor were those in construction (47 per cent) and information/communications (49 per cent). Businesses aged up to three years were the least likely to consider themselves strong (14 per cent), while those in Northern Ireland were more likely to think they were strong (23 per cent) than those in England (18 per cent), Scotland (17 per cent) and Wales (20 per cent).

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 6.3: Whether introduced new or significantly improved products/services or processes in the last 12 months – trends by size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	2367	955	921	491
	%	%	%	%
Products/services	43	42	47	55
Processes	33	31	42	52
SBS 2010 (n=)	1904	781	740	383
	%	%	%	%
Products/services	47	46	53	57
Processes	33	30	48	52
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
Products/services	46	45	51	60
Processes	33	30	43	55
ASBS 2006/07 (n=)	8949	3721	3666	1562
	%	%	%	%
Products/services	48	47	53	59
Processes	33	31	43	55

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.

New products and services

The proportion that introduced new products and services has declined significantly since 2010, by four percentage points. The decline was most significant among small businesses.

By sector, those in information/communications (72 per cent), manufacturing (51 per cent) and transport, retail and distribution (51 per cent) sectors were more likely than average to have introduced new products or services, while those in construction (34 per cent), business services (37 per cent) and administrative services (32 per cent) sectors were less likely than average to have done so.

Table 6.4: Whether introduced new or significantly improved products/services in the last 12 months – trends by sector (SIC 2007)

	All SME emps.	C Manu- facture	F Constr- uction	GHI TRAD	J Info- comms.	KLM Busi- ness service	N Admin.	PQRS Other service
SBS 2012 (n=)	2367	330	239	601	123	363	145	466
	%	%	%	%	%	%	%	%
Products/ services	43	51	34	51	72	37	32	42
SBS 2010 (n=)	1904	241	152	563	82	258	106	448
	%	%	%	%	%	%	%	%
Products/ services	47	51	51	47	54	46	40	42

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. Single answer only allowed at this question.

When compared to SBS 2010, the proportion introducing new or significantly improved products and services remained stable in manufacturing and transport, retail and distribution and increased for information/communications. However, there was a significant decline in the business services sector.

Younger businesses were the most likely by age to have introduced new products or services (57 per cent of those aged up to three years, 48 per cent of those aged four to ten years and 39 per cent of those aged over ten years). There were no differences by nation.

For those introducing new products or services, 17 per cent of these products or services were completely new and 82 per cent just new to the business. In SBS 2010, 26 per cent were completely new and 72 per cent just new to the business. In 2012 the other services sector was the most likely to have introduced completely new services (26 per cent of those who introduced any new services).

New processes

Overall, the proportion of businesses that introduced new or significantly improved processes in the last twelve months remained stable between 2010 and 2012 at 33 per cent. In 2012, the introduction of new or better processes was most likely to have happened in information/communications (52 per cent) and business services (39 per cent), and was least likely in construction (22 per cent). Younger businesses were more likely than older ones to have improved their processes (44 per cent of those aged up to three years, 40 per cent of those aged four to ten years and 29 per cent of those aged over ten years). There were no differences by nation.

For those introducing new processes, 14 per cent of processes were completely new and 86 per cent just new to the business. In SBS 2010 18 per cent were completely new and 81 per cent just new to the business.

Applying for tax credits in respect of innovation

Eleven per cent of SME employers applied for tax credits in respect of innovation in the last three years, with most of those that applied receiving them (ten per cent of all SME employers). These were most likely to have been received in the primary sector (22 per cent) and least likely in the manufacturing and construction sectors (six per cent each). Most likely to have applied for, but not received, tax credits were those in the other services sector (three per cent).

Eighteen per cent of businesses aged up to three years received tax credits, compared to just nine per cent of those aged over ten years. There were no significant differences by nation.

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 6.5: Whether sell goods or services or licence products outside of the UK – trends by size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Yes - export	19	17	26	40
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Yes - export	23	21	29	40
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
Yes - export	24	22	33	43
ASBS 2006/07 (n=)	8949	3721	3666	1562
	%	%	%	%
Yes - export	24	22	33	46

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.

This decrease occurred both among micro-businesses (down four percentage points) and small businesses (down three percentage points). For medium-sized businesses the proportion was stable.

By sector, those in information/communications (51 per cent), manufacturing (42 per cent), administrative services (25 per cent) and business services (24 per cent) show the greatest propensity to export. Businesses in the primary (11 per cent), construction (six per cent), transport, retail and distribution (16 per cent) and other services (eight per cent) were less likely than average to export.

The proportion exporting in the information/communications sector had increased since 2010, by seven percentage points. However, this was offset by a lower proportion exporting in the construction sector (down by seven percentage points from 13 per cent to six per cent).

Table 6.6: Whether sell goods or services or licence products outside of the UK – trends by sector (SIC 2007)

	All SME emps.	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
Yes - export	19	11	42	6	16	51	24	25	8
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
Yes - export	23	13	42	13	18	44	26	26	13

Base = all SME employers

* = a figure greater than zero, but less than 0.5%. 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.

By nation, SME employers in Northern Ireland were more likely than average to export (28 per cent compared to 19 per cent in England, 15 per cent in Scotland and 14 per cent in Wales), this was probably because of the land border with the Republic of Ireland.

Three per cent of those not currently exporting planned to do so in the next twelve months. This was a similar proportion to the four per cent seen in 2010 and the three per cent seen in ASBS 07/08.

For those not currently exporting and with no plans to do so, the main reason that was given spontaneously was not having a product or service suitable for exporting (66 per cent). Twenty per cent said it was not part of their business plan and 11 per cent stated that they had sufficient business in the UK already. Only a very small proportion spontaneously stated that they did not have knowledge of how to export (two per cent), had difficulties finding overseas customers (two per cent) or had difficulties identifying opportunities (one per cent). Four per cent mentioned that it was too costly and two per cent lacked the management time to pursue export opportunities.

Of those not currently exporting, nine per cent had received any unsolicited enquiries or orders from potential overseas buyers. However, of these, only ten per cent had plans to export in the next twelve months.

Business Capability: Training

Sixty per cent of SME employers had arranged or funded any training in the past twelve months – the same proportion as that seen in SBS 2010. Larger SME employers were more likely to have done this than smaller ones, but there has been a gradual decline in the propensity for medium-sized businesses to arrange or fund training since 2007/08.

Table 6.7: Whether business have arranged or funded training or development for staff in the last 12 months – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	2380	938	971	471
	%	%	%	%
Yes - any	60	54	86	92
SBS 2010 (n=)	1937	772	798	367
	%	%	%	%
Yes - any	60	56	85	94
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
Yes - any	57	52	86	96
ASBS 2006/07 (n=)	8949	3721	3666	1562
	%	%	%	%
Yes - any	60	55	84	93

Base = all SME employers (half sample)

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). N1. Single answer only allowed at this question.

Overall, 41 per cent of SME employers provided off-the-job training and 36 per cent provided informal on-the-job training.

Table 6.8: Whether business have arranged or funded training or development for staff in the last 12 months of different types – by sector (SIC 2007)

	All SME emps.	C Manu- facture	F Constr- uction	GHI TRAD	J Info- comms.	KLM Busi- ness service	N Admin.	PQRS Other service
SBS 2012 (n=)	2380	339	225	607	130	373	152	453
	%	%	%	%	%	%	%	%
Yes - any	60	63	69	50	61	61	59	70
- Off the job	41	42	55	29	43	43	42	49
- On the job	36	40	38	34	35	38	32	37
No - none	40	37	30	50	39	39	41	29

Base = all SME employers (half sample). Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). N1. Multiple answers allowed at this question.

Off-the-job training was most likely to have been provided by those in the construction (55 per cent) and other services (49 per cent) sectors. Those in the transport, retail and distribution sectors were the least likely to have provided any training (50 per cent).

Table 6.9 who received training in the last 12 months – by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	2380	938	971	471
	%	%	%	%
Yes - any	60	54	86	92
- Any managers	32	27	53	80
- Other employees only	28	27	33	12
No - none	40	46	14	8

Base = all SME employers (half sample)

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). N1/N2. Single answer only allowed at this question.

Thirty-two per cent of SME employers provided any training for managers. This was most likely to be the case for the larger SME employers and for those in business services (39 per cent) and other services (49 per cent) sectors.

Of those providing training for managers, 76 per cent provided off-the-job and 68 per cent informal on-the-job training. Forty-six per cent of this management training was designed to lead to a formal qualification.

Of those providing training to managers, 80 per cent provided technical, practical or job-specific skills training, 57 per cent training on health and safety, 37 per cent in leadership and management skills, 29 per cent in IT skills and 28 per cent in team working skills.

Eighty-six per cent of those providing training to managers used an external provider. Most likely to be used were private training consultants or companies (70 per cent) and Further Education colleges (21 per cent). Universities were used by ten per cent. In Northern Ireland, 11 per cent of those providing management training used the Department for Employment and Learning and seven per cent used Invest NI.

Eighty-five per cent of SME employers who provided management training funded the training themselves. In 13 per cent of cases, managers funded their own training and 16 per cent of SME employers received an external fund or grant. [Note: these funding arrangements were not mutually exclusive and some SMEs' management training was funded in more than one way.] By sector, grants were most likely to be received in other services (by 30 per cent of those providing management training in this sector).

Of those not providing training for managers, 14 per cent had considered it but had not done so. The main reasons for not providing management training were because this training was not considered a priority (58 per cent), because of lack of money for external courses (eight per cent), because no relevant training was available (seven per cent) and because managers were too busy to attend training (seven per cent).

Business Capability: Technology

Ninety-two per cent of SME employers had internet access which they used for business purposes. The vast majority of these (99 per cent) had broadband, meaning that 91 per cent of all SME employers had broadband. This was an increase of four percentage points (up from 87 per cent) on the 2010 survey.

Broadband was accessed by 97 per cent of small and 98 per cent of medium-sized businesses, but only by 90 per cent of micros. The proportion of micros with broadband has increased from 85 per cent in 2010.

By sector, businesses in manufacturing (94 per cent), information/communications (99 per cent) and business services (98 per cent) were the most likely to have broadband. Those in transport, retail and distribution (85 per cent) were the least likely to have it, but this proportion has nonetheless increased by six percentage points since 2010 and likewise the proportion in other services has increased by ten percentage points.

Table 6.10: Whether have broadband – trends by sector (SIC 2007)

	All SME emps.	C Manufacture	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
SBS 2012 (n=)	2387	352	208	618	131	360	148	461
	%	%	%	%	%	%	%	%
Yes - broadband	91	94	92	85	99	98	94	89
SBS 2010 (n=)	1901	261	180	555	79	247	102	435
	%	%	%	%	%	%	%	%
Yes - broadband	87	94	91	79	99	98	89	79

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). O1a. Single answer only allowed at this question.

By nation, the proportion of SME employers with broadband was higher in Scotland (94 per cent) and Northern Ireland (94 per cent) than in England (91 per cent) and Wales (88 per cent).

Perhaps surprisingly, SME employers in rural locations²⁴ (96 per cent) were more likely to have broadband than those in urban areas (91 per cent) or in small towns (90 per cent).

²⁴ This calculation is based on collapsing the 18 ONS urban/rural categories as follows: Urban= large urban area, urban, urban > 10k + less sparse, urban > 10k + sparse, other urban area; Small town= accessible small town, remote small town, town and fringe less sparse, town and fringe sparse, very remote small town, village and less sparse; Rural = accessible rural, hamlet and isolated dwelling less sparse, hamlet and isolated dwelling sparse, remote rural, rural, very remote rural, village and sparse.

Nearly three-quarters of those with broadband access (74 per cent) used the internet for paying taxes online. Seventy per cent promoted goods and services through a website, 64 per cent got advice on regulation, 59 per cent sought general business advice through it and 41 per cent used it to sell goods and service through a website. Compared to 2010, slightly fewer promoted their goods and services through a website. However, it must be borne in mind that in 2012 there were a greater proportion of SME employers with broadband and therefore the actual numbers of those promoting through a website has not fallen.

Table 6.11: Uses of the internet - trends²⁵

	SBS 2012	SBS 2010
n=	2269	1731
	%	%
Paying taxes online	74	75
Promoting goods and services through a website	70	73
Advice on regulation	64	62
Seeking general business advice	59	54
Selling goods and services through a website	41	44
None of these	5	4

Base = all SME employers (half sample) that have broadband access

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). O1b. Multiple answers allowed at this question.

Fifty-nine per cent of businesses used the internet to seek general business advice. This was an increase of five percentage points on the 2010 survey. This proportion was higher for business with broadband in Wales (69 per cent).

Seventy-one per cent of SME employers had their own website. This proportion was 68 per cent among micros, 86 per cent for small businesses and 97 per cent for medium-sized businesses. The proportion was highest in the information/communications sector (93 per cent), in manufacturing (77 per cent) and in administrative services (78 per cent), but lower in primary (38 per cent), transport, retail and distribution (65 per cent) and construction (65 per cent) sectors.

Of those with websites, 51 per cent used them to both sell goods and services and to promote their business and 38 per cent just to promote their business (10 per cent claimed to have a website but did neither, one per cent sold goods or service but did not promote their business).

Of those with internet access for business purposes, 88 per cent had this access at their workplace and 84 per cent at home. Fifty-one per cent had a smart phone over which they could access the internet for business purposes.

²⁵ 'Don't know' responses (0.2 per cent in 2012) are not shown in this table

Forty-five per cent had access at work, home and on a smart phone, with a further 27 per cent having it at work and home. Fourteen per cent had it at work only and nine per cent (mainly micros) at home only. Less than half a per cent only had smart phone access to the internet.

Business Capability: Environment

Two-thirds of SME employers (67 per cent) had taken any steps to reduce the environmental impact they make, such as reducing energy consumption, waste reduction or switching to recycled/sustainable materials. Small and medium-sized SMEs were more likely to have done this than micros.

Table 6.12: Whether taken any steps to reduce environmental impact – trends by size²⁶

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	2402	956	951	495
	%	%	%	%
YES – ANY	67	65	77	85
- A lot of steps	20	18	25	33
- A few steps	47	46	52	52
NO - NOTHING	33	35	22	14
SBS 2010 (n=)	1952	790	794	368
	%	%	%	%
YES – ANY	74	72	80	85
- A lot of steps	21	20	26	33
- A few steps	53	52	55	52
NO - NOTHING	25	27	19	15

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). M1. Single answer only allowed at this question.

Compared to SBS 2010, the proportion attempting to reduce their environmental impact decreased by seven percentage points. This was most apparent among micros. In sector terms, the proportion fell most steeply in the business services sector (down by 22 percentage points).

By sector, those in primary (86 per cent) and manufacturing (79 per cent) sectors were the most likely to have acted to reduce their environmental impact and those in information/communication (55 per cent) and other services (61 per cent) the least likely.

²⁶ 'Don't know' responses (0.3 per cent in 2012) are not shown in this table

Those businesses that had reduced their environmental impact had done so by increased waste recycling (56 per cent), reduction in the energy used to heat their premises (31 per cent), reduction in paper consumption or starting recycling of paper (25 per cent), reduction in energy used in business processes (21 per cent), changes in their products and services to reduce waste (13 per cent) and/or increase in energy use from renewable sources (13 per cent). Improved fuel efficiency was achieved by nine per cent of these SME employers, eight per cent reduced usage of environmentally damaging products and six per cent reduced water consumption²⁷.

Of those reducing their environmental impact, 27 per cent did so to comply with regulations and 64 per cent took additional steps above those required by regulations.

²⁷ This was an unprompted question. Because more items were included in the pre-codes in 2012, a comparison with SBS 2010 is not applicable.

7. Access to Finance

This section deals with the subject of business finance and access to external finance in particular.

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 have been the case for larger SMEs than for the micros.

Table 7.1: Whether sought finance in the last 12 months – trends by size²⁸

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
YES - ANY	24	22	32	34
- Once	16	16	19	18
- More than once	8	7	12	15
NO	75	77	65	61
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
YES - ANY	26	25	33	40
- Once	17	17	21	22
- More than once	9	8	13	17
NO	72	74	63	53
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
YES - ANY	23	21	32	40
- Once	16	15	19	23
- More than once	7	6	13	17
NO	76	78	66	56
ASBS 2006/07 (n=)	8949	3721	3666	1562
	%	%	%	%
YES - ANY	23	21	32	39
- Once	16	15	20	20
- More than once	7	6	13	18
NO	75	78	66	57

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.

²⁸ 'Don't know' and 'refused' responses (1.5 per cent in 2012) are not shown in this table

Compared to SBS 2010, fewer SME employers sought finance in the last twelve months (24 per cent, compared to 26 per cent). This was the case both for micros (down three percentage points) and medium-sized businesses (down six percentage points).

Table 7.2: Whether sought finance in the last 12 months – trends by sector (SIC 2007)²⁹

	All SME emps.	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
YES - ANY	24	43	21	25	23	21	22	27	23
- Once	16	31	15	19	17	13	13	13	14
- More than once	8	12	6	7	6	8	9	14	8
NO	75	56	78	73	76	78	76	72	75
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
YES - ANY	26	32	25	29	28	22	23	26	26
- Once	17	23	18	17	21	13	14	21	12
- More than once	9	8	7	12	8	9	9	5	12
NO	72	67	73	71	70	78	75	74	72

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.

By sector, businesses in primary industries were the most likely to have sought finance (43 per cent) and those in manufacturing the most likely *not* to have sought finance (78 per cent). Compared to SBS 2010, applications for finance were down in most sectors, but most notably in the transport, retail and distribution sector (down five percentage points).

Younger businesses were more likely to have applied for finance than older ones (33 per cent of those aged up to three years, 26 per cent of those aged four to ten years and 22 per cent of those aged over ten years). Finance applications in the past twelve months were proportionally more common in Northern Ireland (35 per cent) and Scotland (28 per cent) than in England (23 per cent) and Wales (24 per cent).

²⁹ 'Don't know' and 'refused' responses (1.5 per cent in 2012) are not shown in this table

Reasons for applying/not applying for finance

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. These were the same main reasons for needing finance in 2010. However, the proportion seeking finance to fund R&D rose significantly by three percentage points.

Table 7.3: Reason for applying for finance - trends

	SBS 2012	SBS 2010	ASBS 07/08	ASBS 06/07
n=	1409	1193	2247	2625
	%	%	%	%
Working capital, cash flow	56	56	43	35
Capital equipment or vehicles	23	21	26	31
Buying land or buildings	9	10	10	14
Improving buildings	8	9	8	7
Research & development	5	2	4	3
Buying another business	2	2	2	2
Marketing	2	2	1	1
Business expansion/growth	2	1	3	4
Refinancing ³⁰	2	n/a	n/a	n/a
Training/staff development	1	1	2	2
Management buy out	1	1	2	2
Acquiring intellectual property	*	0	*	1
Other	1	2	3	3
Don't know/refused	*	*	2	2

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. H5. Multiple answers allowed at this question.

Working capital/cash flow was more likely to be the reason for seeking finance among micros (58 per cent) than small (49 per cent) and medium-sized businesses (41 per cent). Conversely, medium-sized and small businesses were more likely than micros to seek finance to acquire equipment or vehicles (27 and 29 per cent respectively) than micro-businesses (21 per cent). Forty-one per cent of manufacturing businesses that sought finance did so to acquire equipment or vehicles.

³⁰ Not a category in previous surveys.

Of those businesses not applying for finance in the previous twelve months, 15 per cent had a need for finance. Among these, the reason for not actually applying were because they did not want to take on additional risk (56 per cent), they thought it would be too expensive (51 per cent), they did not think it was the right time to seek finance because of economic conditions (46 per cent), they thought their application would be rejected (45 per cent) or they did not know where to find the appropriate finance (21 per cent). All of these were more likely to be concerns for micro and small businesses (that needed finance but did not apply) than for medium-sized ones.

Table 7.4: Reason for not applying for finance – by employment size

	All with a need that did not apply	Micro (1-9)	Small (10-49)	Medium (50-249)
n=	449	233	153	63
	%	%	%	%
Did not want to take on additional risk	56	56	52	29
Thought it would be too expensive	51	52	46	30
Now is not the right time because of economic conditions	46	47	42	29
Thought would be rejected	45	46	43	27
Did not know where to find the appropriate finance	21	23	11	6
Other reasons	12	12	12	28
Don't know/refused	3	2	4	15

Base = all SME employers that had a need for finance but did not apply

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H17. Multiple answers allowed at this question.

Type of finance sought

Table 7.5: Type of finance sought - trends³¹

	SBS 2012	SBS 2010	ASBS 07/08	ASBS 06/07
n=	1409	1193	2247	2625
	%	%	%	%
Bank loan	48	40	44	46
Bank overdraft	35	35	26	22
Leasing or hire purchase	8	9	10	11
Grant	7	9	7	6
Factoring/invoice discounting	6	3	1	2
Mortgage	3	6	7	8
Loan from family/business	3	3	*	1
Credit card finance	3	1	n/a	n/a
Equity finance	2	2	2	2
Peer to peer/crowd funding	1	n/a	n/a	n/a
Loan from a CDFI	*	1	n/a	n/a
Mezzanine finance	*	n/a	n/a	n/a

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.

Forty-eight per cent of the SME employers that sought finance in the previous twelve months applied for bank loans. Thirty-five per cent applied for bank overdrafts, eight per cent for leasing or hire purchase arrangements, seven per cent for a grant and six per cent factoring or invoice discounting (asset based finance).

Compared to SBS 2010, the proportion that sought a bank loan increased significantly by eight percentage points. The proportion that sought asset based finance also rose significantly by three percentage points, whilst the proportion of businesses that applied for a commercial mortgage decreased by three percentage points.

Bank finance, including loans, overdrafts and mortgages, was more likely to be sought by micros (78 per cent) than by small (66 per cent) and medium-sized businesses (56 per cent). Medium-sized businesses were more likely than average to have sought asset finance (16 per cent), leasing/HP (17 per cent) and equity (five per cent).

³¹ 'Don't know' and 'refused' responses (1.5 per cent in 2012) are not shown in this table

Amount of finance sought

Table 7.6: Amount of finance sought - trends

	SBS 2012	SBS 2010	ASBS 07/08	ASBS 06/07
n=	1409	1193	2247	2625
	%	%	%	%
Less than £10,000	20	18	12	12
£10,000 - £24,999	26	23	24	20
£25,000 - £49,999	12	14	14	14
£50,000 - £99,999	13	11	12	13
£100,000 – £249,999	11	11	14	14
£250,000 - £499,999	4	6	6	6
£500,000 - £999,999	3	4	3	4
£1 million or more	3	5	4	5
Don't know/refused	8	9	11	13
Mean Average	£294,130	£240,450	£221,400	£237,150

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. H7. Single answer only allowed at this question.

Twenty per cent of those that sought finance sought less than £10,000. Only three per cent sought more than £1 million. The mean average amount sought was £294,000, more than £50,000 higher than in 2010.

Unsurprisingly, larger SMEs tended to apply for more finance – the mean amount for medium-sized businesses being £1,983,000, compared to £346,000 for small businesses and £210,000 for micros.

By type of finance³², the average amount sought by those who applied for a bank loan was £406,000, £379,000 for a bank overdraft, £729,000 for asset finance, £99,000 for leasing/HP, £139,000 for a grant and £6,557,000 for any kind of equity finance.

³² A minority applied for more than one type of finance, so the sums applied for may relate to more than one type of finance.

Difficulties in obtaining finance

Forty-seven per cent of those that applied for finance had some form of difficulty getting the money from the first source they approached. This was a significant improvement compared with SBS 2010 when 51 per cent reported difficulties. 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 7.7: Any difficulty obtaining finance from first source approached – trends by size³³

	All who applied for finance	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	1409	447	624	338
	%	%	%	%
ANY DIFFICULTY	47	50	39	29
- Unable to obtain any finance	32	35	25	14
- Obtained some but not all	6	6	5	6
- Obtained all but with difficulty	9	9	9	9
NO DIFFICULTIES	49	47	55	69
SBS 2010 (n=)	1193	383	529	282
	%	%	%	%
ANY DIFFICULTY	51	54	44	36
- Unable to obtain any finance	35	37	27	23
- Obtained some but not all	7	6	7	6
- Obtained all but with difficulty	9	9	9	7
NO DIFFICULTIES	47	45	52	59
ASBS 2007/08 (n=)	2247	765	961	521
	%	%	%	%
ANY DIFFICULTY	25	27	22	13
- Unable to obtain any finance	14	16	9	5
- Obtained some but not all	4	4	6	3
- Obtained all but with difficulty	7	7	7	4
NO DIFFICULTIES	73	72	76	86

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.

³³ 'Don't know' and 'refused' responses (3.6 per cent in 2012) are not shown in this table

The proportion that had difficulties getting finance from the first source has declined by four percentage points overall, which is a statistically significant finding. All sizes of SME employer were less likely to have encountered difficulties from the first source than was the case in SBS 2010..

By selected sectors (where there was a large enough sample size), those in manufacturing that applied for finance were less likely to encounter difficulties (60 per cent had no difficulties with the first source approached). Compared to SBS 2010 there were fewer difficulties in most sectors, the exception being other services, where the proportion encountering no difficulty dropped by 11 percentage points.

Table 7.8: Any difficulty obtaining finance from the first source – trends by sector (SIC 2007)³⁴

	All who applied for finance	C Manu- facture	F Constr- uction	GHI TRAD	KLM Busi- ness service	PQRS Other service
SBS 2012 (n=)	1409	229	144	353	198	247
	%	%	%	%	%	%
ANY DIFFICULTY	47	36	53	49	48	49
- Unable to obtain any finance	32	21	40	36	30	33
- Obtained some but not all needed	6	3	7	4	9	10
- Obtained all but with some difficulty	9	12	6	9	10	6
NO DIFFICULTIES	49	60	46	47	49	43
SBS 2010 (n=)	1193	161	107	373	151	252
	%	%	%	%	%	%
ANY DIFFICULTY	51	41	59	56	52	43
- Unable to obtain any finance	35	30	42	39	32	23
- Obtained some but not all needed	7	4	6	6	10	8
- Obtained all but with some difficulty	9	7	11	11	9	12
NO DIFFICULTIES	47	53	40	42	48	54

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.

³⁴ 'Don't know' and 'refused' responses (3.6 per cent in 2012) are not shown in this table

Looking at difficulties by the type of finance sought, 57 per cent of those that applied for bank loans had difficulties, with 42 per cent being unable to gain any finance from the first source. Those that sought asset finance and leasing/HP had fewer difficulties, with 64 per cent and 78 per cent respectively reporting no difficulties getting finance from the first source approached.

Table 7.9: Any difficulty obtaining finance from the first source – by type of finance sought³⁵

	All who applied for finance	Bank loan	Bank overdraft	Grant	Asset finance	Leasing/HP	Equity	Other
n=	1409	601	410	138	108	165	50	166
	%	%	%	%	%	%	%	%
ANY DIFFICULTY	47	57	53	52	34	22	50	47
- Unable to obtain any finance	32	42	37	34	22	10	40	34
- Obtained some but not all needed	6	7	7	10	2	1	6	3
- Obtained all but with some difficulty	9	9	9	7	10	10	4	10
NO DIFFICULTIES	49	39	45	43	64	78	47	48

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 against the overall finding (minus the sub-group tested). H9. Single answer only allowed at this question.

The proportions encountering difficulties or not getting finance from the first source was very similar to that seen in SBS 2010, but still much higher than ASBS 07/08.

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 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.

Micro-businesses had more difficulties gaining finance than small and medium-sized ones. Twenty-three per cent of micros did not get finance, compared to 16 per cent of small businesses and eight per cent of medium-sized businesses. Compared to SBS 2010, the proportion of small and medium-sized businesses getting finance increased slightly, but this was not the case for micros.

There were also some sector differences in the success rate. Of businesses that applied for finance in the other services and construction sectors, 30 per cent and 25 per cent

³⁵ 'Don't know' and 'refused' responses (3.6 per cent in 2012) are not shown in this table

respectively received no money. Only eight per cent in the primary sector that applied for finance received no money.

Table 7.10: Eventual outcome of application for finance – trends by size

	All who applied for finance	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	1409	447	624	338
	%	%	%	%
OBTAINED ALL THEY NEEDED	68	66	71	85
- From first source	58	56	64	78
- From another source	10	10	7	7
OBTAINED SOME BUT NOT ALL	7	7	5	4
OBTAINED NONE	21	23	16	8
Don't know/still pending/refused	4	3	7	3
SBS 2010 (n=)	1193	383	529	282
	%	%	%	%
OBTAINED ALL THEY NEEDED	68	67	68	76
- From first source	56	55	61	66
- From another source	11	12	6	10
OBTAINED SOME BUT NOT ALL	6	6	6	7
OBTAINED NONE	21	22	19	11
Don't know/still pending/refused	5	5	7	6
ASBS 2007/08 (n=)	2247	765	961	521
	%	%	%	%
OBTAINED ALL THEY NEEDED	89	88	89	94
- From first source	80	79	84	90
- From another source	8	9	6	4
OBTAINED SOME BUT NOT ALL	2	1	3	1
OBTAINED NONE	8	9	6	3
Don't know/still pending/refused	2	2	1	2

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.

Based on all SME employers, including those that did not apply for any finance, five per cent in the 2012 survey were unable to obtain any finance. This was the same proportion see in SBS 2010. In SBS 2012, this proportion was five per cent for micros, five per cent for small businesses, and 3 per cent for medium-sized businesses.

Reasons for difficulties arranging finance

The main reason given for having difficulties with the first provider approached was that the SME employer did not meet the lender's criteria (38 per cent). Other reasons given were having a poor credit history (nine per cent), having insufficient or no security (six per cent), having no credit history or not being in business long enough (five per cent). Nine per cent were made an offer, but they rejected the terms and conditions of the offer.

Table 7.11: Reasons for difficulties arranging finance (spontaneous) – by employment size

	All with difficulties	Micro (1-9)	Small (10-49)	Medium (50-249)
n=	585	222	257	106
	%	%	%	%
Did not meet lender's criteria	38	38	38	46
No reason given	15	16	13	7
Poor credit history	9	10	5	4
Terms and conditions of offer rejected	9	9	8	10
Insufficient or no security	6	5	8	15
No credit history/not been in business long enough	5	5	6	0
Recession/credit crunch	4	4	4	2
Too much red tape	3	2	5	5
Funding oversubscribed	3	3	3	5
Still pending	3	3	2	4
Applied for too much	2	2	3	3
Inadequate business plan	2	2	1	1
Too many outstanding loans/mortgages	2	3	1	1
Poor quality application	2	2	1	0
Other	1	1	4	4
Don't know	6	6	4	5

Base = all SME employers that had difficulties arranging 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 against the overall finding (minus the sub-group tested). H11. Multiple answers allowed at this question.

By the type of finance applied for, those applying for grants were more likely than average to have difficulties because they had not been in business long enough (12 per cent) or because the funding was oversubscribed (18 per cent).

Extent to which SMEs understand the way in which banks assess business credit worthiness

Seventy-one per cent of those 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. Larger SMEs were more likely than the micros to understand it well.

Table 7.12: Extent to which SMEs understand the way in which banks assess business credit worthiness – trends by size

	All who applied for finance	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	1409	447	624	338
	%	%	%	%
UNDERSTAND WELL	71	69	75	86
- Very well	33	32	32	43
- Quite well	38	36	43	42
DO NOT UNDERSTAND WELL	29	31	23	12
- Not very well	17	18	14	8
- Not at all well	12	13	9	4
Don't know	1	1	2	2
SBS 2010 (n=)	1193	383	529	282
	%	%	%	%
UNDERSTAND WELL	56	52	66	80
- Very well	20	18	27	32
- Quite well	35	34	39	48
DO NOT UNDERSTAND WELL	41	46	30	17
- Not very well	26	28	18	11
- Not at all well	16	18	12	6
Don't know	3	2	4	3

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.

Compared to SBS 2010, there was a significant increase in the proportion understanding it well – by 15 percentage points. This increase was apparent for all sizes of business, but particularly for micros (up 17 percentage points).

By sector, those in primary (81 per cent) and business services (79 per cent) sectors were more likely than average to understand it well, with those in the other services sector (58 per cent) being less likely to understand it well.

Relationship with bank

Sixty per cent of all SME employers had a good relationship with their bank. This was more likely to be the case for the medium-sized SMEs (73 per cent).

Compared to SBS 2010, the proportion claiming a good relationship decreased (by four percentage points). This was particularly evident in respect of micros and small businesses.

Table 7.13 Whether have a good relationship with bank – trends by size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
GOOD	60	60	63	73
- Very good	33	33	34	42
- Fairly good	27	27	29	31
NEITHER GOOD NOR POOR	21	22	20	15
POOR	16	17	14	9
- Fairly poor	8	8	7	5
- Very poor	8	8	6	4
Don't know/refused	2	2	3	3
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
GOOD	64	63	69	74
- Very good	36	35	41	46
- Fairly good	28	27	28	28
NEITHER GOOD NOR POOR	21	22	17	12
POOR	14	14	12	8
- Fairly poor	9	9	7	5
- Very poor	5	5	4	3
Don't know/refused	2	1	3	5

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.

By sector, those in primary industries (68 per cent good) had the best relationship with their bank. Those in information/communications (23 per cent poor) and administrative services (21 per cent poor) were the most likely to have had a poor relationship.

Younger businesses tended to have a worse relationship with their banks than the more established ones. Fifty-one per cent of businesses aged up to three years had a good relationship and 21 per cent had a poor relationship. This compared to 63 per cent of businesses aged over ten years reporting a good relationship and just 15 per cent having a poor one.

By nation, SME employers in Northern Ireland had the best relationships (66 per cent good, 14 per cent poor) and those in Scotland had the worst (55 per cent good, 21 per cent poor). In Wales 63 per cent had a good relationship and 16 per cent a poor one. In England, 61 per cent had a good relationship and 16 per cent a poor one.

Awareness of alternative types of external finance

Fifty-eight per cent of SME employers were aware of venture capitalists. However, only 34 per cent said they would know where to go to find this type of finance.

Forty-seven per cent were aware of asset finance, with 32 per cent knowing where to find this finance. A third were aware of business angels, with 22 per cent knowing where to find them; 28 per cent were aware of peer-to-peer lending with 18 per cent knowing where to find this finance; and just 16 per cent were aware of mezzanine finance, with 11 per cent knowing where to go to find it.

Table 7.14 Awareness of alternative types of finance/know where to go to find them – by size

	All SME employers		Micro (1-9)		Small (10-49)		Medium (50-249)	
SBS 2012 (n=)	4768		1901		1902		965	
	Aware	Know	Aware	Know	Aware	Know	Aware	Know
	%	%	%	%	%	%	%	%
Venture capitalists	58	34	56	32	68	44	81	61
Asset finance	47	32	43	29	60	43	75	61
Business angels	33	22	31	20	40	29	54	40
Peer to peer lending	28	18	27	16	35	24	45	33
Mezzanine finance	16	11	14	10	19	15	35	29
None of these/ Don't know	32	58	34	61	22	46	12	31

Base = all SME employers

* = a figure greater than zero, but less than 0.5%. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H2/3. Multiple answers allowed at this question.

For all these alternative types of finance the small and medium-sized SMEs were both more aware and had a better knowledge of where to find the finance than were the micros.

In general, the construction, transport, retail and distribution and other services sectors were the least likely to be aware of these types of finance, with 42 per cent, 38 per cent and 44 per cent respectively being unaware of any of these. By contrast, those in information/communications, business services and administrative services sectors were the sectors most likely to be aware of and to know where to find, finance of each type.

Advice on where to get finance

Only two per cent of SME employers in England and Wales had sought advice specifically on how and where to obtain finance in the last 12 months³⁶. Those that did so tended to go to accountants (60 per cent) and banks (21 per cent), with seven per cent going to a specialist financial adviser.

Those in England and Wales that had not sought advice on where to get finance were asked where they might go in future if they did want this kind of advice. Banks were mentioned by 48 per cent of these businesses, accountants by 29 per cent and specialist financial advisers by five per cent.

Late payment

Forty-seven per cent of SME employers reported customers paying them later than required. This was more likely to be the case for the small and medium-sized SMEs than for micros.

³⁶ This was an unprompted question, asked only in England and Wales, on the reasons for seeking advice. If prompted, the proportion mentioning this is likely to have been higher. See section 7 of this report for more information on where advice was sought.

Table 7.15: Whether have a problem with customers paying later than required – trends by size³⁷

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
ANY PROBLEM	47	46	53	55
- Big problem	19	18	21	18
- Small problem	29	28	32	37
NO PROBLEM	48	50	42	43
Not relevant – do not give credit	4	4	4	2
SBS 2010 (n=)³⁸	1934	767	759	408
	%	%	%	%
ANY PROBLEM	53	52	58	60
- Big problem	19	19	22	17
- Small problem	34	33	37	43
NO PROBLEM	40	41	36	33
Not relevant – do not give credit	7	7	5	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). H19. Single answer only allowed at this question.

Compared to SBS 2010, fewer businesses considered late payment to be a problem (down six percentage points). This difference was largely due to a reduction in the proportion stating that late payment was a small problem, not to a reduction in the proportion claiming it to be a big problem. The change between the two surveys was evident for all sizes of business.

Late payment was most likely to be a problem in manufacturing (60 per cent), construction (63 per cent), information/communications (60 per cent) and business services (60 per cent) sectors. It was less likely to be a problem in transport, retail and distribution (63 per cent no problem), primary (76 per cent no problem) and other services (66 per cent no problem).

Late payment was an issue for proportionately more SME employers in Northern Ireland (61 per cent) than it was in England (47 per cent), Wales (48 per cent) and Scotland (48 per cent).

³⁷ 'Don't know' and 'refused' responses (0.3 per cent in 2012) are not shown in this table

³⁸ Asked of a half sample in 2010, but all in 2012.

8. Obstacles to the Success of the Business

This section explores the barriers and obstacles that SME employers 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.

Compared to SBS 2010, more obstacles were mentioned in 2012. Although the proportion mentioning the economy fell by three percentage points (from 81 per cent in 2010), the numbers citing taxation increased by seven percentage points (from 50 per cent), mentions of regulation increased by five percentage points (from 47 per cent), mentions of skills shortages rose by four percentage points (from 24 per cent) and mentions of pensions increase by five percentage points (from 12 per cent).

Main obstacle

Respondents were asked which one of those mentioned was the main obstacle to the success of the business. The economy was cited by 38 per cent of SME employers (a five percentage point increase on SBS 2010); taxation was the main obstacle for 12 per cent – (a four percentage point increase on 2010); and cash flow and competition were mentioned by ten per cent each. Eight per cent identified regulations and seven per cent obtaining finance as their main obstacle.

Table 8.1: Main obstacle to the success of the business - trends³⁹

	SBS 2012	SBS 2010	ASBS 07/08	ASBS 06/07
n=	4768	3817	7783	8949
	%	%	%	%
The economy	38	33	16	10
Taxation, VAT, PAYE, NI, rates	12	8	12	12
Cash flow	10	11	9	10
Competition	10	10	14	15
Regulations	8	7	12	14
Obtaining finance	7	8	3	3

Base = all SME employers

* = 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. G2. Single answer only allowed at this question.

The economy

The economy was the most frequently mentioned obstacle to the success of the business for all sub-groups. However, it was more likely than average to be mentioned by medium-sized businesses (81 per cent), those in the construction (85 per cent) and transport, retail and distribution (82 per cent) sectors and those in Scotland (81 per cent), Wales (82 per cent) and Northern Ireland (86 per cent). The figure for England was 77 per cent. Those mentioning the economy were prompted as to whether a number of specific issues relating to the economy affected them.

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).

³⁹ Only the most commonly mentioned main obstacles are shown in this table

Table 8.2: Specific issues that affect businesses that relate to the economy – by sector (2007 SIC)

	All SME emps.	ABDE Prim	C Manufacture	F Construction	GHI TRAD	J Info-comm	KLM Business service	N Admin.	PQRS Other service
n=	3802	150	543	391	1010	191	554	243	720
	%	%	%	%	%	%	%	%	%
Reduction in demand	72	58	65	76	72	66	76	85	62
Pressure to reduce prices	70	75	74	73	74	66	64	73	58
Increased energy costs	59	75	74	52	74	34	34	42	64
Increased cost of raw materials	56	79	79	74	71	21	19	38	46
The overseas economy generally	36	52	51	28	39	39	32	40	26
Lower levels of inward investment	35	43	34	37	37	36	35	32	29
Cheap imports	22	51	42	21	28	15	9	10	11
Unfavourable exchange rate	20	48	27	16	25	15	13	17	12
Lower labour costs overseas	19	34	36	20	20	22	13	17	10

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.

As shown above, there were differences by sector. Those in the primary, manufacturing and transport, retail and distribution sectors were more likely than average to mention most of the issues listed and increased energy and raw material costs in particular, but they were less likely than average to think there was a reduction in demand. Those in business and administrative services were less likely than average to mention most of the issues, but more likely than average to point to a lack of demand.

The biggest issues relating to the economy for micro businesses (1-9 employees) were reduction in demand (72 per cent), the pressure to reduce prices (69 per cent) and increased energy costs (58 per cent). For small businesses (10-49 employees) it was the pressure to reduce prices (73 per cent), lack of demand (71 per cent) and increased energy costs (63 per cent), and for medium-sized businesses the top three issues were similarly the pressure to reduce prices (74 per cent), reduction in demand (68 per cent) and energy costs (59 per cent).

Regulations

Regulations were more likely than average to be cited as an obstacle by those in primary industries (77 per cent) and older businesses (56 per cent of those aged ten years or more, compared to 45 per cent of those aged up to three years). They were more likely than average to be mentioned in Scotland (58 per cent), Wales (60 per cent) and Northern Ireland (66 per cent) than in England (52 per cent).

Those that said regulations were an obstacle to their business success were asked which regulations in particular. The question was unprompted with multiple answers allowed.

Table 8.3: Regulations considered to be obstacles to business success - trends⁴⁰

	SBS 2012	SBS 2010	ASBS 07/08	ASBS 06/07
n=	2679	1917	4907	5701
	%	%	%	%
Health and safety	24	35	32	37
Sector specific	18	16	13	12
Tax-related	17	20	17	15
Employment	15	14	17	16
Planning, development etc.	7	7	5	7
Environmental	7	7	10	11
Fire regulations	3	n/a	n/a	n/a
Pensions	3	1	n/a	n/a
Food regulations	2	n/a	n/a	n/a
Providing information/record keeping	2	4	n/a	n/a
Trading standards	2	2	n/a	n/a
Minimum wage	2	2	n/a	n/a
Working time directive	2	1	n/a	n/a
Export regulations	1	n/a	n/a	n/a
None specifically/all regulations	11	11	11	13

Base = all SME employers considering regulations to be obstacles to business success.

Figures in bold were statistically significant higher at the 95% confidence level for SBS 2012 against SBS 2010. G5. Multiple answers allowed at this question.

Health and safety was the most mentioned regulation, by 24 per cent of those citing regulation as an obstacle. This was much less likely to be mentioned than was the case in previous SBS and ASBS surveys (down 11 percentage points on SBS 2010).

Sector-specific regulations were the next most frequently mentioned (18 per cent), followed by tax regulations (17 per cent) and employment regulations (15 per cent). Compared to SBS 2010 the proportion mentioning tax regulations has decreased (by three

⁴⁰ Only the most commonly mentioned regulations are shown in this and Table 8.4

percentage points). The proportion mentioning pensions increased slightly but significantly (from one to three per cent).

Health and safety was more likely than average to be mentioned by small businesses (30 per cent) and those in the construction (37 per cent) and manufacturing (32 per cent) sectors. It was more likely to be mentioned in Wales (32 per cent) than in the other nations.

Sector-specific regulations were most likely to be mentioned by businesses in primary (33 per cent), business services (25 per cent) and other services (24 per cent) sectors.

Tax regulations were most likely to be mentioned by businesses in the administrative services sector (32 per cent).

Employment regulations were most likely to be mentioned by small (22 per cent) and medium-sized (26 per cent) businesses rather than micros (13 per cent). They were most likely to be mentioned in manufacturing (19 per cent), administrative services (28 per cent) and other services (18 per cent) sectors.

Table 8.4: Regulations considered to be obstacles to business success – by employment size

	All SME Employers	Micro (1-9)	Small (10-49)	Medium (50-249)
n=	2679	1006	1120	553
	%	%	%	%
Health and safety	24	23	30	27
Sector specific	18	18	19	24
Tax-related	17	17	15	12
Employment	15	13	22	26
Planning, development etc.	7	8	4	6
Environmental	7	7	6	9
Fire regulations	3	3	2	1
Pensions	3	2	4	5
Food regulations	2	2	3	2
Providing information/record keeping	2	3	1	1
Trading standards	2	2	1	2
Minimum wage	2	2	3	2
Working time directive	2	2	2	2
Export regulations	1	1	2	4
None specifically/all regulations	11	11	9	10

Base = all SME employers considering regulations to be obstacles to business success.

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). G5. Multiple answers allowed at this question.

All SME employers were prompted on specific health and safety issues and which of these issues they believed to be covered by workplace health and safety regulations.

Seventy-six per cent thought that prevention of people being killed, injured or made ill by work was covered by health and safety regulations. Seventy-three per cent thought that maintaining a fire management plan was covered and 63 per cent that controlling workplace pollution through waste management was covered. Only 45 per cent thought that controlling risks to consumers of contamination of food was covered by health and safety regulations.

Taxation/VAT/PAYE

Taxation was more likely than average to be cited as an obstacle to the success of the business by micros (57 per cent) and small businesses (59 per cent) than by medium-sized ones (47 per cent). By sector, it was most likely to be identified as an obstacle in manufacturing (61 per cent), construction (62 per cent) and transport, retail and distribution (62 per cent).

Taxation was more likely than average to be an issue for younger businesses (63 per cent of those aged up to three years, 59 per cent of those aged four to ten years and 55 per cent of those aged ten years or more). It was more likely to be an issue in Northern Ireland (68 per cent), Scotland (63 per cent) and Wales (60 per cent) than in England (56 per cent).

Those that said that taxation was an obstacle to their business success were asked which types of taxation in particular. The question was unprompted and multiple answers were allowed.

Table 8.5: Types of taxation/VAT/PAYE considered to be obstacles to business success - trends⁴¹

	SBS 2012	SBS 2010
n=	2668	1812
	%	%
VAT	56	47
Business rates	31	19
PAYE	23	18
National insurance	22	15
Corporation tax	20	19
Income tax	18	10
Vehicle tax/fuel duty	9	3

Base = all SME employers considering taxation/VAT/PAYE to be obstacles to business success

* = a figure greater than zero, but less than 0.5%. Figures in bold were statistically significant higher at the 95% confidence level for SBS 2012 against SBS 2010. G6. Multiple answers allowed at this question.

Fifty-six per cent of those citing taxation as an obstacle mentioned VAT, with 31 per cent citing business rates, 23 per cent PAYE, 22 per cent national insurance, 20 per cent

⁴¹ Only the most commonly mentioned types of tax etc. are shown in this table

corporation tax, 18 per cent income tax and nine per cent vehicle tax or fuel duty. With the exception of corporation tax, the proportion mentioning each of these has increased on SBS 2010.

Of those saying that taxation was an obstacle, VAT was most likely to be an issue for those in the transport, retail and distribution sector (63 per cent). Business rates were also more likely than average to be an issue for those in this sector (37 per cent), as was vehicle tax/fuel duty (12 per cent).

National insurance was more of an issue in small (27 per cent) and medium-sized businesses (29 per cent) than in micros (22 per cent). It was also more likely than average to affect the information/communications sector (37 per cent), as was corporation tax (41 per cent in this sector).

Cash flow

Cash flow was more likely than average to be cited as an obstacle to the success of the business by micros (51 per cent) and small businesses (48 per cent) than by medium-sized ones (33 per cent). Those in construction (59 per cent) were particularly affected by cash flow and it was most likely to be mentioned by younger businesses (59 per cent of those aged up to three years, 55 per cent of those aged four to ten years and 46 per cent of those aged more than ten years). SME employers in Northern Ireland were more likely to mention cash flow (58 per cent) than businesses located in the rest of the UK.

Those that said that cash flow was an obstacle to their business success were read a list of possible causes of cash flow difficulties and asked which applied to them. Multiple answers were allowed.

Table 8.6: Causes of cash flow difficulties - trends

	SBS 2012	SBS 2010
n=	2221	1687
	%	%
Income fluctuates while outgoings were steady	75	77
Late payment from individual customers	60	60
Late payment from other businesses	56	60
High levels of working capital required	51	49
Timing of tax payments	48	42
Individual customers expect credit	47	39
Outgoings fluctuate while income is steady	41	24
Early payment required by suppliers	39	39
High levels of investment required	38	41
Difficult/expensive to get credit from suppliers	31	26

Base = all SME employers considering cash flow to be an obstacle to business success. Figures in bold were statistically significant higher at the 95% confidence level for SBS 2012 against SBS 2010. G4. Multiple answers allowed at this question.

Those reporting that cash flow was an obstacle were most likely to say that this was caused by fluctuating income while outgoings were steady (75 per cent), late payment from individual customers (60 per cent), late payment from other businesses (56 per cent) and high levels of working capital being required (51 per cent). Also mentioned were the timing of tax payments (48 per cent), individual customers expecting credit (47 per cent), outgoings fluctuating while income was steady (41 per cent), early payment required by suppliers (39 per cent), high levels of investment required (38 per cent) and the difficulty of getting credit from suppliers (31 per cent).

Compared to SBS 2010, the timing of tax payments (six percentage point increase), individual customers expecting credit (up eight percentage points), fluctuating outgoings (up 17 percentage points) and the difficulty of getting credit (up five percentage points) were more likely to be mentioned. Late payment from other businesses (down four percentage points) was less likely to be mentioned.

Those in the primary sector mentioning cash flow as an obstacle were more likely than average to mention high levels of working capital required (86 per cent), high levels of investment required (83 per cent) and fluctuating outgoings (58 per cent).

Those in manufacturing were more likely than average to cite late payment from individual customers (74 per cent) and other businesses (70 per cent), the expectation that they need to offer credit (58 per cent) and demands for early payment (49 per cent).

The construction industry was most affected by late payment from individual customers (80 per cent) and businesses (70 per cent).

The transport, retail and distribution sector was more likely than average to be affected by high levels of working capital required (56 per cent), the timing of tax payments (53 per cent), early payment requirements (49 per cent), fluctuating outgoings (48 per cent), high levels of investment required (42 per cent) and the difficulty of getting credit (37 per cent).

The information/communications sector was more likely than average to be affected by late payments from other businesses (82 per cent) and individual customers (79 per cent). This was also the case for the business services sector (late payment from businesses 71 per cent, from individuals 76 per cent) and the administrative services sector (late payment from businesses 72 per cent, from individuals 67 per cent).

9. Business support

This section explores awareness and usage of both private sector and Government-supplied business support. Please note that because the delivery of business support differs by nation, the questions in this section were asked in different ways:

- In England and Wales, the need for strategic advice and the need for information were asked about separately.
- In Scotland and Northern Ireland, no distinction between the two was made.

The 2012 SBS data collection period coincided with a period of change in the English business support system. At the time of fieldwork the BusinessLink.gov website, and services within it such as the Growth Improvement Services (GIS) and My New Business (MNB) were active. Some of this content migrated to the business section of the GOV.UK website late in 2012.

Awareness of Government organisations offering business support

Respondents were read a list of various Government-sponsored organisations and schemes and asked if they had heard of them before the interview.

Table 9.1: Awareness of UK-wide public sector organisations offering business support – by nation

	UK	England	Scotland	Wales	Northern Ireland
n=	4768	2872	835	630	431
	%	%	%	%	%
Any Business Link ⁴² /Business Gateway/Business.Wales/NI Business Info. service	74	74	90	64	63
- Website	70	68	90	58	63
- Telephone helpline	55	60	27	44	n/a
UK Trade & Investment (UKTI)	24	25	21	15	38
MentorSME	10	10	9	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). K1. Multiple answers allowed at this question.

⁴² Including those in England aware of Growth Improvement Service (GIS) and My New Business (MNB). Those in England were prompted on BusinessLink.gov, Business Link Helpline, My New Business and Growth Improvement Service; those in Scotland were prompted on BusinessLink.gov, Business Link Helpline and Business Gateway; those in Wales were prompted on BusinessLink.gov, Business Link Helpline, Business.wales.gov.uk; those in Northern Ireland were prompted on NI Business Info.co.uk only.

Overall, nearly three-quarters of SME employers had heard of Business Link or the equivalent organisations within the devolved administrations (see footnote below). Awareness of any of these services was at its highest in Scotland.

The proportion was highest in Scotland and lower in England, Wales and Northern Ireland.

Awareness of Business Link was higher among small (80 per cent) and medium-sized (81 per cent) than among micros (73 per cent). By sector, those in information/communications (91 per cent), manufacturing (78 per cent) and business services (79 per cent) sectors were the most likely to be aware, those in construction (69 per cent) the least likely to be aware.

Younger businesses were more likely than older ones to have heard of Business Link (81 per cent of those aged up to three years, 73 per cent of those aged over ten years).

Seventy per cent had heard of Business Link's website or equivalent services (Business Gateway in Scotland, Business.wales.gov.uk in Wales, NI Business Info.co.uk in Northern Ireland). Fifty-five per cent of SME employers had heard of the Business Link helpline.

Twenty-four per cent had heard of UK Trade & Investment (UKTI). This proportion was higher in Northern Ireland (38 per cent) and among larger SME employers (22 per cent micros, 32 per cent small businesses, 46 per cent medium-sized businesses). Businesses in manufacturing (33 per cent), information/communications (37 per cent), business services (30 per cent) and administrative services (30 per cent) sectors were most likely to be aware of UKTI, compared with businesses in other sectors.

Ten per cent of SME employers had heard of MentorSME. Awareness levels were slightly higher than average in manufacturing (13 per cent).

In Tables 9.2 to 9.5., awareness of publicly-provided business support services is analysed separately for each nation, as respondents were prompted on different services according to where they operated.

Business support in England

In England, 74 per cent of SME employers had heard of either BusinessLink.gov.uk or the Business Link helpline. In SBS 2010, 86 per cent of SME employers in England had heard of Business Link. Although the question asked was slightly different between the two surveys⁴³, it is nevertheless certain that awareness of the Business Link brand, which was phased out in 2012, fell between the two years.

⁴³ SBS 2010 just asked whether respondents had heard of Business Link and did not split out the website and helpline.

The Growth Improvement Service (GIS) and My New Business (MNB) were services housed within the BusinessLink.gov.uk website, that was still available at the time of fieldwork for SBS 2012. Only six per cent of SME employers had heard of each of these, with awareness of GIS slightly higher among larger SMEs. Businesses that had set up in the last two years were no more likely than average to have heard of MNB.

Growthaccelerator is a more intensive coaching package that offers face-to-face assistance for those selected to receive the support. Nine per cent of SME employers in England had heard of it. This proportion was slightly higher in manufacturing (12 per cent), information/communication (12 per cent) and business services (13 per cent), but the proportion aware of the service did not vary significantly by age of business.

Table 9.2: Awareness of services offering business support in England (prompted)

	All SMEs in England	Micro (1-9)	Small (10-49)	Medium (50-249)
n=	2872	1144	1151	577
	%	%	%	%
BusinessLink.gov	68	66	76	76
Business Link helpline	60	58	67	65
The GrowthAccelerator	9	8	11	11
Growth Improvement Service (GIS)	6	5	8	9
My New Business (MNB)	6	5	6	6
None of these	26	27	19	19

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). K1. Multiple answers allowed at this question.

Business support in Scotland

In Scotland, there was high awareness of Business Gateway (as opposed to BusinessLink.co.uk), with 88 per cent of SME employers having heard of the website. This proportion did not vary by employment size. Scottish Enterprise and/or the Highlands & Islands Enterprise were also known by the vast majority of SME employers in Scotland and again this proportion did not vary by size.

Sixty-two per cent had heard of The Prince's Scottish Youth Business Trust. Those in the other services sector (72 per cent) were more likely than average to have heard of it. The Energy Savings Trust was known by 52 per cent, with those in the primary sector (75 per cent) more likely than average to have heard of it.

Just under half of SME employers in Scotland (46 per cent) had heard of Skills Development Scotland. This was better known by small to medium sized enterprises than by micros, and best known by those in the primary sector (63 per cent). Scottish Development International, Business Mentoring Scotland and Just Enterprise were known by around one in five SME enterprises, with larger SMEs tending to have higher levels of awareness.

Fourteen per cent were aware of the Scottish Manufacturing Advisory Service. This figure was 31 per cent in the manufacturing sector.

Table 9.3: Awareness of services offering business support in Scotland (prompted)

	All SMEs in Scotland	Micro (1-9)	Small (10-49)	Medium (50-249)
n=	835	332	335	168
	%	%	%	%
Business Gateway	88	89	86	89
Scottish Enterprise/Highlands & Islands Enterprise	84	83	86	88
The Prince's Scottish Youth Business Trust	62	62	61	60
Energy Savings Trust	52	52	52	56
Skills Development Scotland	46	44	57	64
Scottish Development International	22	20	32	42
Business Mentoring Scotland	21	20	29	33
Just Enterprise	20	18	27	21
Scottish Manufacturing Advisory Service	14	13	18	31
Co-operative Development Scotland	13	13	13	11
Interface	9	9	10	8
None of these	2	2	2	2

Base = all SME employers in Scotland. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K1. Multiple answers allowed at this question.

Business support in Wales

In Wales, 41 per cent had heard of Business.wales.gov.uk. This was a slightly lower proportion than had heard of the UK-wide Business Link website. Small and medium-sized businesses were more likely than micros to have heard of either of these. Similarly, while 28 per cent had heard of the Wales Business Information Helpline, the awareness figure in Wales for the Business Link Helpline was higher at 35 per cent.

Table 9.4: Awareness of services offering business support in Wales (prompted)

	All SMEs in Wales	Micro (1-9)	Small (10-49)	Medium (50-249)
n=	630	251	244	135
	%	%	%	%
BusinessLink.gov website	44	41	55	69
Business.wales.gov.uk	41	38	54	67
Business Link helpline	35	33	41	56
Wales Business Information Helpline	28	28	29	34
None of these	36	38	27	15

Base = all SME employers in Wales. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K1. Multiple answers allowed at this question.

Business support in Northern Ireland

In Northern Ireland, there was very high awareness of most of the publicly funded business support organisations. Nearly all of the SME employers interviewed had heard of Invest Northern Ireland, with the vast majority also aware of the DELNI and DETINI. The Prince's Trust and Enterprise Northern Ireland were also known by more than three-quarters of SME employers surveyed.

Awareness of NI Business Info.co.uk was lower than these other organisations at 63 per cent. This was a lower awareness level than that seen for BusinessLink.gov.uk in England and Business Gateway in Scotland, but higher than awareness of Business.wales.gov.uk in Wales. Awareness of the service in Northern Ireland was highest in the transport, retail and distribution sector (74 per cent) and in other services (77 per cent).

Table 9.5: Awareness of services offering business support in Northern Ireland (prompted)

	All SMEs in Northern Ireland	Micro (1-9)	Small (10-49)	Medium (50-249)
n=	431	174	172	85
	%	%	%	%
Invest Northern Ireland	96	96	97	98
Department for Employment and Learning (DELNI)	88	87	92	95
Department for Enterprise, Trade and Investment (DETINI)	85	84	88	91
The Prince's Trust	82	82	83	91
Enterprise Northern Ireland	75	74	77	76
NI Business Info.co.uk	63	64	59	62
InterTrade Ireland	46	44	50	63
None of these	2	2	2	0

Base = all SME employers in Northern Ireland. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K1. Multiple answers allowed at this question.

Whether sought external information or advice in the last twelve months

Forty-five per cent of SME employers across the UK had sought external information or advice in the twelve months preceding interview. This is a slightly lower proportion than that seen in SBS 2010 (49 per cent).

Forty-two per cent of micros had sought information or advice, 59 per cent of small businesses and 68 per cent of medium-sized ones. For small and medium-sized businesses these were exactly the same proportions that were observed in SBS 2010. For micros the proportion decreased by four percentage points.

Table 9.6: Whether sought information or advice in the last 12 months – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Any information or advice	45	42	59	68
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Any information or advice	49	46	59	68

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.

More likely than average to have sought information or advice were those in primary (54 per cent), information/communications (52 per cent), business services (52 per cent) and other services (49 per cent) sectors. Less likely were those in the construction (36 per cent) and transport, retail and distribution (42 per cent) sectors.

Table 9.7: Whether sought information or advice in the last 12 months – trends by sector (SIC 2007)

	All SME emps.	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms	KLM Business service	N Admin.	PQRS Other service
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
Any	45	54	45	36	42	52	52	43	49
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
Any	49	46	47	53	39	58	56	54	52

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.

Compared to the 2010 SBS the proportion seeking information or advice in the construction sector decreased significantly.

Table 9.8: Whether sought external information or advice in the last 12 months⁴⁴ - by nation⁴⁵

	UK	England	Scotland	Wales	Northern Ireland
n=	4768	2872	835	630	431
	%	%	%	%	%
Yes - any	45	45	51	42	56
- Information only	n/a	18	n/a	18	n/a
- Strategic advice	n/a	12	n/a	11	n/a
- Both of these	n/a	11	n/a	11	n/a
- Neither/not sure which	n/a	3	n/a	3	n/a
No – none	54	55	49	57	44

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/K3. Single answer allowed at this question.

By nation, information and advice were more likely to have been sought in Northern Ireland (56 per cent) and Scotland (51 per cent) than in England (45 per cent) or in Wales (42 per cent).

In England, 18 per cent had sought information only, 12 per cent strategic advice only and 11 per cent both, meaning that 23 per cent had sought any advice and 30 per cent any information⁴⁶. The proportions in Wales were similar.

Advice in England and Wales was more likely to be sought by medium (38 per cent) and small (30 per cent) businesses than by micros (21 per cent). By sector, advice was more likely than average to be sought in the primary sector (32 per cent). There were no differences by age of business.

Information in England and Wales was more likely to be sought by medium (44 per cent) and small (39 per cent) businesses than by micros (28 per cent). By age of business, information was more likely to be sought by businesses aged up to three years (36 per cent) than by older businesses. There were no differences by sector.

⁴⁴ In Scotland and Northern Ireland, the need for information and advice is not treated separately.

⁴⁵ 'Don't know' and 'refused' responses (0.4 per cent in 2012) are not shown in this table.

⁴⁶ The proportion seeking information in England adds to 30 per cent because of rounding.

Type of information or advice sought

Advice was mainly sought to support business growth (29 per cent of those that sought advice). Financial advice for the general running of the business was also commonly sought (23 per cent). Ten per cent sought advice on where to get finance and eight per cent in each case sought advice on employment law/redundancies, marketing and tax/national insurance law and payments.

Information was mainly sought on financial matters related to the general running of the business (27 per cent of those that sought information), employment law/redundancy (14 per cent), tax/national insurance (11 per cent) and legal issues (11 per cent).

Table 9.9: What did they seek information or advice about in the last twelve months (England & Wales) – main reasons only⁴⁷

	Advice			Information		
	England & Wales	England	Wales	England & Wales	England	Wales
n=	1002	822	180	1244	1028	216
	%	%	%	%	%	%
Business growth	29	30	23	9	9	8
Financial advice/info for general running of business	23	23	25	27	27	34
Advice/info on where to get finance	10	10	12	8	8	9
Employment law/redundancies	8	9	4	14	14	13
Marketing	8	8	6	3	3	*
Tax/national insurance law and payments	8	8	11	11	11	6
Legal issues	7	7	10	11	11	14
E-commerce/technology	6	6	1	2	1	5
Exporting	3	3	*	1	1	0
Health and safety	3	3	1	5	5	3
Business planning/strategy	3	3	1	2	2	0
Regulations	2	2	2	4	5	2

Base = all SME employers in England and Wales that received advice/information 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 against the overall finding (minus the sub-group tested). K4/K5. Multiple answers allowed at this question.

⁴⁷ Only the most commonly mentioned reasons for seeking information or advice are shown in this table

In Scotland and Northern Ireland, financial information and advice for the general running of the business was sought by 29 per cent, with 21 per cent seeking advice on business growth, 15 per cent on tax and national insurance, ten per cent on where to get finance, ten per cent on employment law and redundancies and nine per cent on legal issues.

Table 9.10: What did they seek information or advice about in the last 12 months (Scotland & Northern Ireland)⁴⁸

	Information or advice		
	Scotland & Northern Ireland	Scotland	Northern Ireland
n=	755	491	264
	%	%	%
Financial advice/info for general running of business	29	27	33
Business growth	21	23	18
Tax/national insurance law and payments	15	14	17
Advice/info on where to get finance	10	9	12
Employment law/redundancies	10	9	12
Legal issues	9	11	6
Training/skills needs	4	4	5
Marketing	3	4	3
Health and safety	3	2	7
Environmental advice	3	4	1
E-commerce/technology	2	2	3
Exporting	1	1	2
Business planning/strategy	1	1	1
Regulations	1	1	1

Base = all SME employers in Scotland and Northern Ireland that received advice/information 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 against the overall finding (minus the sub-group tested). K5. Multiple answers allowed at this question.

Where information or advice was sought

Respondents that were seeking information or advice were asked where they sought it. This was an unprompted question that allowed for multiple responses.

In England and Wales, *advice* in the last twelve months was sought from an accountant by 39 per cent of businesses, from consultants/business advisers by 15 per cent, from banks by 13 per cent, from business networks/trade associations by ten per cent and from solicitors/lawyers by nine per cent.

⁴⁸ Only the most commonly mentioned reasons for seeking information or advice are shown in this table

Information was sought from accountants by 34 per cent, while 13 per cent went to banks, ten per cent to business networks or trade associations and nine per cent to solicitors or lawyers.

Table 9.11: Where did they seek information or advice from in the last 12 months (England & Wales) – main sources only⁴⁹

	Advice			Information		
	England & Wales	England	Wales	England & Wales	England	Wales
n=	1002	822	180	1244	1028	216
	%	%	%	%	%	%
Accountant	39	40	33	34	34	31
Consultant/business adviser	15	15	9	7	7	5
Bank	13	12	22	10	10	8
Business networks/trade associations	10	10	4	8	8	6
Solicitor/lawyer	9	9	8	8	8	7
Specialist financial adviser	4	4	5	1	1	*
Business Link local services (not website)	3	3	2	1	1	7
Work colleagues	3	3	1	2	2	5
Other business organisations	3	3	1	1	1	2
Friend/family member	3	3	*	5	5	3
Internet search	3	3	*	6	6	4
Local authority	3	3	12	2	2	2
Mentor/mentoring organisation	2	2	1	*	*	3
BusinessLink.gov.uk	2	2	*	4	4	2
UKTI	2	2	0	*	*	*
Welsh Government	n/a	n/a	10	n/a	n/a	8

Base = all SME employers in England and Wales that received advice/information 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 against the overall finding (minus the sub-group tested). K6/K7. Multiple answers allowed at this question.

An exact comparison cannot be made with SBS 2010 as, on that occasion, information and advice was not split in England and Wales. In that survey accountants were also the most commonly consulted source (37 per cent), followed by consultants (20 per cent), Business Link local services (12 per cent), solicitors/lawyers (ten per cent), trade/business associations (ten per cent) and then banks (six per cent). It would seem that accountants were still the most commonly consulted source in 2012 for both information and advice, but that banks were more likely to be used for information and advice than was the case in 2010. This was particularly likely to be the case for advice in Wales (22 per cent).

⁴⁹ Only the most commonly mentioned sources of information or advice are shown in this table

In Wales, 12 per cent of those seeking advice went to their local authority, with ten per cent going to the Welsh Government.

Table 9.12: Where did they seek information or advice from in the last 12 months (Scotland & Northern Ireland) – main sources only⁵⁰

	Information or advice		
	Scotland & Northern Ireland	Scotland	Northern Ireland
n=	755	491	264
	%	%	%
Accountant	45	45	46
Solicitor/lawyer	12	13	9
Consultant/business adviser	9	11	5
Bank	9	9	7
Business networks/trade associations	6	5	8
Federation of Small Businesses	3	4	*
Specialist financial adviser	2	2	2
Internet search	2	3	1
Invest NI	n/a	n/a	15
Scottish Enterprise/Highlands & Islands Enterprise	n/a	6	n/a
Business Gateway	n/a	5	n/a

Base = all SME employers in Scotland and Northern Ireland that received advice/information 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 against the overall finding (minus the sub-group tested). K7. Multiple answers allowed at this question.

In Scotland and Northern Ireland, there was a similar pattern with accountants consulted for information and advice in 45 per cent of cases, followed by solicitors/lawyers (12 per cent), consultants/business advisers (nine per cent) and banks (nine per cent).

In Northern Ireland, 15 per cent sought information or advice from Invest NI. In Scotland, six per cent sought information or advice from Scottish Enterprise or Highlands & Islands Enterprise, while five per cent used Business Gateway.

In England, 51 per cent of those that sought *information* paid for at least some of it and 52 per cent of those that sought *advice* paid for at least some of it. In Wales 48 per cent of those that sought information paid, but only 37 per cent of those seeking advice had done so. In Northern Ireland only 39 per cent of those seeking information or advice paid for it (the question was not asked in Scotland).

⁵⁰ Only the most commonly mentioned sources of information or advice are shown in this table

Table 9.13: Whether paid for information or advice (England, Wales and Northern Ireland only)

	England		Wales		Northern Ireland
	Information	Advice	Information	Advice	Information or advice
n=	1028	822	216	120	264
	%	%	%	%	%
Yes – paid	51	52	48	37	39
No – did not pay	48	47	52	59	57
Can't recall	1	1	*	4	4

Base = all SME employers in England, Wales and Northern Ireland that sought information or advice 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 against the overall finding (minus the sub-group tested). K12/K12a. Single answer allowed at this question.

Un-met information and advice needs

In England and Wales, 58 per cent of those that had got advice said it had fully met their needs and 33 per cent that it had partially met their needs. It did not meet needs for six per cent of those getting advice.

In England and Wales, 71 per cent of those that had received information said it had fully met their needs and 24 per cent that it had partially met their needs. It had not met the needs of four per cent of those receiving information.

In Northern Ireland, 60 per cent of those that had received information or advice said it had fully met their needs, with 32 per cent saying it had partially met needs and three per cent saying it had not met their needs.

Five per cent of SME employers had had business difficulties or needs for important information or advice in the last twelve months in relation to which they did not obtain external advice or support. This was most likely to have occurred in the administrative service sector (nine per cent), but there were no differences according to employment size, age of business, or nation.

The reasons why these SMEs had not sought information or advice were because they did not know where to find the information or advice (30 per cent), did not believe that the right type of advice existed (23 per cent), had concerns over whether the advice could be trusted (13 per cent), lacked time to get the information or advice (12 per cent), or doubted the benefit of the advice (11 per cent). Only nine per cent considered that it would be too expensive.

Business mentors

Eight per cent of all SME employers had used a business mentor in the twelve months preceding interview. This was significantly less than the equivalent proportion in 2010 (down three percentage points). Small and medium-sized SMEs were more likely than the micros to have had a mentor, but the decline in the proportion using one was lower across all employment size bands.

Table 9.14: Whether used a business mentor in the last 12 months – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Yes – used mentor	8	7	13	12
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Yes – used mentor	11	10	15	15

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.

Mentors were most likely than average to be used in the other services sector (12 per cent) and were least likely to be used in construction (four per cent). Fifteen per cent of businesses aged up to three years had used a mentor in the last twelve months, compared to seven per cent of those aged over ten years. There were no significant differences by nation.

Of those using a mentor, 49 per cent identified them (from a prompted list) as being a specialist business mentor, 33 per cent as a friend or peer, 31 per cent as somebody who provides other services to businesses such as an accountant or lawyer and 11 per cent as somebody with a commercial interest in their business such as an investor.

The ways in which business mentors helped the businesses included help with developing business plans and strategy (75 per cent), enhancing leadership and management skills (64 per cent), increasing sales or profit (61 per cent), developing new products or processes (45 per cent), people management such as recruitment (40 per cent) and obtaining finance (20 per cent).

Of those that did not use mentors in the last year, 25 per cent said they would be interested in using one in future. This was most likely in the other services sector (28 per cent) and least likely in construction (19 per cent). Younger businesses were more open to using mentors than older ones (38 per cent of those aged up to three years not currently using one, 33 per cent of those aged four to ten years and 20 per cent of those aged over ten years). Medium-sized businesses were less inclined to want to use one (19 per cent). Businesses in Northern Ireland that had not used a mentor in the last twelve months were

more likely to have considered using a mentor (34 per cent) than their equivalents elsewhere in the UK.

Thirty per cent of those that had not used a mentor in the past twelve months but who might be interested in doing so in future had not used one before because they had not previously thought about it, did not know where to find one (15 per cent), lacked time (12 per cent), thought it would be too expensive (nine per cent), did not feel the appropriate type of assistance was available (seven per cent), or did not understand what a mentor did (four per cent). Fifteen per cent had not used one because their business was 'doing okay'.

10. Working for the public sector

This section looks at SME employers' work for public sector clients.

Whether expressed an interest or bid for public sector advertised contracts

Ten per cent of SME employers 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.

Larger SMEs were more likely to have made a bid than smaller ones – eight per cent of micros, 17 per cent of small businesses and 23 per cent of medium-sized businesses had bid. By sector, bids were most common in the construction (17 per cent) and administrative services (15 per cent) sectors. There were no differences by age of business.

Businesses in Scotland (14 per cent), Wales (13 per cent) and Northern Ireland (19 per cent) were more likely to have made bids than those in England (nine per cent).

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

Although only ten per cent 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 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.

Businesses in Scotland (32 per cent), Wales (31 per cent) and Northern Ireland (32 per cent) were more likely to have worked for the public sector than those in England (25 per cent).

Thirteen per cent of micros had been prime contractors for the public sector in the previous twelve months, compared to 19 per cent of small businesses and 26 per cent of medium-sized businesses. Ten per cent of micros had only been part of a supply chain in this period, with the same being the case for 17 per cent of small businesses and 20 per cent of medium-sized ones.

Table 10.1: Work done for the public sector in the last 12 months – trends by sector

	All SME emps.	ABDE Primar	C Manu- facture	F Constr- -uction	GHI TRAD	J Info- comm	KLM Busi- ness servic	N Admin.	PQRS Other servic
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
ANY	26	16	34	32	19	32	25	36	31
- Prime contractor	14	10	16	19	7	20	15	19	21
- Supply chain only	11	6	17	13	11	12	9	14	9
NONE	74	84	66	68	81	68	75	64	69
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
ANY	30	15	32	45	22	31	25	40	30
- Prime contractor	12	12	13	18	7	20	12	17	15
- Supply chain only	16	3	18	27	15	11	11	22	11
NONE	70	85	68	55	78	69	75	60	70

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.

By sector, those in manufacturing (34 per cent), construction (32 per cent), information/communications (32 per cent), administrative services (36 per cent) and other services (31 per cent) sectors were the most likely to have worked for the public sector. With the exception of manufacturing, these sectors were more likely to have been prime contractors than part of the supply chain.

The decline in the proportion working for the public sector between 2010 and 2012 can be mainly traced to the construction industry. Forty-five per cent of these worked for the public sector in 2010, with 27 per cent being part of a supply chain. These figures changed to 32 per cent and 13 per cent respectively in the 2012 survey.

Fifty-three per cent of those working for the public sector had Local Authorities as their main customer, 17 per cent the Health Service, ten per cent Higher or Further Education Institutions and six per cent Departments of State (including Central Government). Compared to SBS 2010 these proportions were similar, except for the percentage working for Central Government which was down by four percentage points, although this may have been because the Departments for the devolved administrations were separated out this year.

Thirteen per cent of those working for the public sector in Wales worked for the Welsh Government. Nine per cent in Scotland worked for the Scottish Government and 23 per cent in Northern Ireland worked for Northern Ireland Government Departments.

Technical annex

Introduction

Overview of survey method

BIS commissioned 4,000 CATI⁵¹ 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.

Within each of the four UK nations the sample was stratified. Hard targets were set according to the size of enterprises. Approximately one sixth of interviews in each country 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 sample was drawn from the Dun & Bradstreet database, which is thought to be the most complete UK commercial database for enterprises, with 2.8 million listed. The database is compiled from multiple sources, including Companies House records, and is verified by a call centre.

Questionnaire development

There was a requirement to compare data collected in the 2012 survey with that of previous surveys. As a result, changes to question wording, deletion and re-ordering of questions had to be considered very carefully.

There was extensive consultation with BIS and other government departments to determine what was important to retain and what additional areas needed to be addressed. This consultation was undertaken by means of in-depth interviews conducted by staff within BMG Research and IES. The content of the questionnaire and specifics relating to how to address some issues, both those established in the survey and those new to the survey, were discussed at steering group meetings held at BIS offices.

Because of the need to cover a wide range of issues within a single interview, some question areas were only asked of half the sample, chosen at random. This was the case for the sections that dealt with innovation, environment, training and technology.

The questionnaire employed in the survey is included in the appendix to this report.

⁵¹ Computer Assisted Telephone Interviews

Interviewing methodology

Interviewing was carried out by telephone using CATI – Computer Assisted Telephone Interviewing. The contact sample was purchased from Dun & Bradstreet's commercial database.

Interviews were undertaken with owners, proprietors, partners, managing directors and other senior employees.

Fieldwork was undertaken between June 2012 and September 2012.

The average interview length was 28 minutes.

Reporting

The main Small Business Survey 2012 report is based on UK **SME employers** only. There is a separate report for businesses with zero employees, several thematic reports, and reports based on individual nations.

Sampling

UK SME population

To inform the distribution of the sample, the latest Business Population Estimates (BPE), published by BIS, were used. At the sample design stage the latest available was the 2011 BPE, although by the end of fieldwork the 2012 BPE became available, and these latter estimates were used to inform the weighting targets.

The BPE figures are drawn from the Inter Departmental Business Register (IDBR), which records the total number of UK businesses that pay VAT and/or PAYE, supplemented by data from the Labour Force Survey (LFS), and from HMRC to enable estimates of the total number of UK businesses that do not pay VAT and PAYE.

The 2012 BPE shows the following distribution of SMEs by size and sector across the UK:

Table A: UK SME Population

Sector (SIC 2007)	Zero	Micro	Small	Medium	Total
ABDE Agriculture/Mining	118,435	53,035	4,525	625	176,620
C Manufacturing	141,515	60,580	21,825	5,830	229,750
F Construction	755,765	134,690	14,960	1,780	907,195
G Wholesale/Retail	275,370	200,760	33,160	4,480	513,770
H Transport/Storage	233,295	28,375	6,650	1,275	269,595
I Accommodation/Food	45,585	98,415	19,710	2,410	166,120
J Information/Communication	227,250	52,750	7,415	1,340	288,755
KL Financial/Real Estate	106,045	49,050	7,350	1,240	163,685
M Professional/Scientific	505,660	138,335	18,320	2,770	665,085
N Administrative/Support	283,495	77,800	13,030	3,475	377,800
P Education	226,370	13,020	3,110	590	243,090
Q Health/Social Work	245,565	35,480	19,245	2,910	303,200
R Arts/Entertainment	186,335	18,935	3,265	695	209,230
S Other Service	201,795	61,245	5,385	330	268,755
Total	3,552,480	1,022,470	177,950	29,750	4,782,650

Source: BPE 2012⁵²

The SME population in each nation was as follows:

England;	4,162,285 (87.03%)
Scotland;	318,655 (6.66%)
Wales;	189,160 (3.96%)
Northern Ireland;	112,550 (2.35%)

⁵² <https://www.gov.uk/government/publications/bis-business-population-estimates>

Sample design

BIS commissioned 4,000 CATI interviews for the SBS 2012 main stage survey and these were distributed in proportion to the business populations of UK nations, within size band⁵³:

England;	3,434 (85.85%)
Scotland;	287 (7.18%)
Wales;	165 (4.13%)
Northern Ireland;	114 (2.85%)

The Welsh, Scottish and Northern Ireland Governments each commissioned additional interviews in their own nations to generate a total target sample size of 5,684. The resulting target sample sizes within each of these nations were as follows (England remaining at 3,434):

Scotland;	1,000 (287 + 713)
Wales;	750 (165 + 585)
Northern Ireland;	500 (114 + 386)

The size profile of the SME population within each nation is summarised in the table below. The table also shows the distribution of the UK SME population across each nation:

Table B: SME Population size profile by nation

	England	Wales	Scotland	Northern Ireland	UK
	%	%	%	%	%
Zero employees	75	72	72	71	74
Micro businesses (1-9)	21	23	23	24	21
Small businesses (10-49)	4	4	4	4	4
Medium-sized businesses (50-249)	1	1	1	1	1
	100	100	100	100	100
<i>Distribution by nation %</i>	87	4	7	2	

Source: BPE 2012

⁵³ Because the proportions were sampled within size band (i.e. zero employees, micro, small and medium), the proportions sampled by nation are not the same as the distribution for the total number of SMEs (a higher proportion of zero employee SMEs are in England).

The survey sample was stratified with targets set according to the size of enterprises. Approximately one sixth of interviews in each country 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 profile of the SME population within each nation is summarised in the table below.

Table C: SME Population sector profile by nation

Sector (2007 SIC)	England	Wales	Scotland	Northern Ireland	UK
	%	%	%	%	%
ABDE Agriculture/Mining/Utilities/Waste	3	8	6	15	4
C Manufacturing	5	5	5	6	5
F Construction	19	20	15	23	19
G Wholesale/Retail	11	12	9	12	11
H Transport/Storage	5	5	9	5	6
I Accommodation/Food	3	4	6	3	3
J Information/Communication	6	3	5	3	6
KL Financial/Real Estate	4	2	3	1	3
M Professional/Scientific	14	10	14	10	14
N Administrative/Support	8	6	7	4	8
P Education	5	5	5	4	5
Q Health/Social Work	6	6	6	6	6
R Arts/Entertainment	4	6	4	2	4
S Other Service	6	6	7	6	6

Source: BPE 2012

Hard (i.e. compulsory) quotas were set for employment size band within nation. In order to inform the sample order for the survey, loose (i.e. flexible) quotas were set for sector within employment size within nation based on the above BPE population stats. The number of interviews in certain sector of particular interest (e.g. information/communications) were boosted to ensure a suitable sample size for analysis.

A specified amount of sample was ordered from the Dun & Bradstreet commercial database for each of the target cells (sector within size within nation). The contact details were drawn at random within each of these cells.

Achieved interviews

The number of achieved interviews by nation, employment size and sector is based on information given in the interview by respondents (postcode, number of employees, sector), rather than information provided in the sample to enable targeting. The achieved sample profile is shown for all SMEs and for SME employers only

Table D: Interviews achieved (unweighted)

	All SMEs	SME employers
All UK	5723	4768
Nation		
England	3444	2872
Scotland	1002	835
Wales	765	630
Northern Ireland	512	431
Employment size		
Zero employees	955	-
Micro businesses (1-9 employees)	1901	1901
Small businesses (10-49 employees)	1902	1902
Medium-sized businesses (50-249 employees)	965	965
Sector (2007 SIC)		
ABDE Agriculture/Mining/Utilities/Waste	271	236
C Manufacturing	723	664
F Construction	589	432
G Wholesale/Retail	714	591
H Transport/Storage	240	192
I Accommodation/Food	423	399
J Information/Communication	340	243
KL Financial/Real Estate	253	201
M Professional/Scientific	659	480
N Administrative/Support	360	364
P Education	220	186
Q Health/Social Work	435	388
R Arts/Entertainment	247	181
S Other Service	249	183

The number of interviews achieved by nation and size is shown below:

Table E: Number of achieved interviews, nation by size (unweighted)

	Zero	Micro	Small	Medium	Total	SME employers only
All UK	955	1901	1902	965	5723	4768
England	572	1144	1151	577	3444	2872
Scotland	167	332	335	168	1002	835
Wales	135	251	244	135	765	630
Northern Ireland	81	174	172	85	512	431

The number of interviews achieved by sector and size is shown below:

Table F: Number of achieved interviews, sector by size (unweighted)

Sector (SIC 2007)	Zero	Micro	Small	Medium	Total	SME employers only
All UK	955	1901	1902	965	5723	4768
ABDE Agriculture/Mining	67	109	66	29	271	236
C Manufacturing	52	169	286	216	723	664
F Construction	132	233	153	71	589	432
G Wholesale/Retail	87	296	249	82	714	591
H Transport/Storage	45	77	70	48	240	192
I Accommodation/Food	25	115	216	67	423	399
J Information/Communication	85	131	102	22	340	243
KL Financial/Real Estate	33	102	77	41	253	201
M Professional/Scientific	155	246	186	72	659	480
N Administrative/Support	58	116	88	98	360	364
P Education	59	60	66	35	220	186
Q Health/Social Work	41	55	226	113	435	388
R Arts/Entertainment	63	77	63	44	247	181
S Other Service	53	115	54	27	249	183

Data weighting

Weighting the data

Because a quota sample was drawn by employment size that did not reflect the actual distribution of SMEs, and because there was further boosting by nation and sector, it was necessary to weight the data in order to make it representative of the UK SME population.

Data were weighted by sector within employment size within nation according to BPE 2012 targets.

The unweighted and weighted sample profiles are presented in the tables that follow. The table below presents the comparison of the unweighted and weighted sample across the UK; then the following tables present the comparison for each UK nation's samples. Figures in bold highlight cases where the weighted profile of businesses is significantly different from the unweighted profile.

Table G: UK: Unweighted v weighted comparisons, size by sector

	Zero		Micro		Small		Medium		Total	
	UW	W	UW	W	UW	W	UW	W	UW	W
	%	%	%	%	%	%	%	%	%	%
ABDE Agriculture/Mining	7	3	6	5	4	3	3	2	5	4
C Manufacturing	5	4	9	6	15	12	22	20	13	5
F Construction	14	21	12	13	8	8	7	6	10	19
G Wholesale/Retail	9	8	16	20	13	19	9	15	13	11
H Transport/Storage	5	7	4	3	4	4	5	4	4	6
I Accommodation/Food	3	1	6	10	11	11	7	8	7	4
J Information/Communication	9	6	7	5	5	4	2	5	6	6
KL Financial/Real Estate	4	3	5	5	4	4	4	4	4	3
M Professional/Scientific	16	14	13	14	10	10	8	9	12	14
N Administrative/Support	6	8	6	8	5	7	10	12	6	8
P Education	6	6	3	1	4	2	4	2	4	5
Q Health/Social Work	4	7	3	3	12	11	12	10	8	6
R Arts/Entertainment	7	5	4	2	3	2	5	2	4	4
S Other Service	6	6	6	6	3	3	3	1	4	6
Total	17	74	33	21	33	4	17	1	100	

Table H: England: Unweighted v weighted comparisons, size by sector

	Zero		Micro		Small		Medium		Total	
	UW	W	UW	W	UW	W	UW	W	UW	W
	%	%	%	%	%	%	%	%	%	%
ABDE Agriculture/Mining	3	3	4	5	3	2	2	2	3	2
C Manufacturing	5	4	8	6	16	12	22	19	13	19
F Construction	14	21	12	13	8	8	6	6	10	6
G Wholesale/Retail	9	8	16	19	14	19	8	15	13	15
H Transport/Storage	4	6	3	3	3	4	6	4	4	4
I Accommodation/Food	2	1	5	9	10	10	6	8	6	8
J Information/Communication	8	7	7	6	6	4	2	5	6	5
KL Financial/Real Estate	4	3	5	5	4	4	5	4	5	4
M Professional/Scientific	19	14	15	14	10	11	9	10	13	10
N Administrative/Support	7	8	7	8	5	8	12	12	7	12
P Education	8	6	4	1	4	2	4	2	5	2
Q Health/Social Work	4	7	3	3	12	11	11	10	8	10
R Arts/Entertainment	7	5	4	2	3	2	6	2	4	2
S Other Service	7	6	8	6	3	3	4	1	5	1
Total	17	75	33	21	33	4	17	1	100	

Table I: Scotland: Unweighted v weighted comparisons, size by sector

	Zero		Micro		Small		Medium		Total	
	UW	W	UW	W	UW	W	UW	W	UW	W
	%	%	%	%	%	%	%	%	%	%
ABDE Agriculture/Mining	8	6	8	9	5	4	5	4	7	4
C Manufacturing	4	4	8	5	12	10	21	21	11	21
F Construction	11	16	13	13	8	11	10	9	10	9
G Wholesale/Retail	7	5	13	20	9	17	13	14	11	14
H Transport/Storage	7	11	5	3	4	4	4	5	5	5
I Accommodation/Food	3	3	10	12	15	17	10	12	11	12
J Information/Communication	10	6	8	3	4	3	2	2	6	2
KL Financial/Real Estate	4	3	7	4	5	3	1	3	5	3
M Professional/Scientific	19	15	12	12	11	10	6	8	12	8
N Administrative/Support	7	7	4	6	6	6	11	9	6	9
P Education	4	7	2	1	3	1	2	1	3	1
Q Health/Social Work	4	7	4	3	13	9	11	8	8	8
R Arts/Entertainment	8	5	4	2	5	2	5	2	5	3
S Other Service	5	7	3	7	4	3	1	1	3	1
Total	17	72	33	23	33	4	17	1	100	

Table J: Wales: Unweighted v weighted comparisons, size by sector

	Zero		Micro		Small		Medium		Total	
	UW	W	UW	W	UW	W	UW	W	UW	W
	%	%	%	%	%	%	%	%	%	%
ABDE Agriculture/Mining	13	9	9	8	4	3	2	3	7	3
C Manufacturing	7	5	10	6	14	12	28	26	14	26
F Construction	12	23	14	15	9	9	9	7	11	7
G Wholesale/Retail	16	9	14	21	12	19	5	13	12	13
H Transport/Storage	5	5	8	4	3	4	4	4	5	4
I Accommodation/Food	6	1	8	13	14	14	10	8	10	8
J Information/ Communication	7	3	4	3	3	2	2	2	4	2
KL Financial/Real Estate	2	1	4	3	4	2	7	4	4	4
M Professional/Scientific	9	11	8	9	5	8	5	5	7	5
N Administrative/Support	4	6	8	7	5	6	6	10	6	10
P Education	4	7	2	1	5	1	4	1	4	1
Q Health/Social Work	7	6	2	4	15	14	14	15	9	15
R Arts/Entertainment	5	8	4	2	6	2	2	3	4	3
S Other Service	3	7	5	6	2	2	2	1	3	1
Total	18	73	33	23	32	4	18	*	100	

Table K: Northern Ireland: Unweighted v weighted comparisons, size by sector

	Zero		Micro		Small		Medium		Total	
	UW	W	UW	W	UW	W	UW	W	UW	W
	%	%	%	%	%	%	%	%	%	%
ABDE Agriculture/Mining	21	17	10	12	3	4	8	3	9	15
C Manufacturing	7	6	17	7	17	13	10	20	16	6
F Construction	22	26	10	17	11	11	11	8	12	23
G Wholesale/Retail	6	8	18	23	22	27	11	25	16	12
H Transport/Storage	4	5	2	4	6	4	4	5	4	5
I Accommodation/Food	4	*	3	8	8	13	4	13	5	3
J Information/ Communication	17	3	12	2	5	2	4	2	9	3
KL Financial/Real Estate	1	*	5	3	4	2	2	1	3	1
M Professional/Scientific	5	10	11	8	16	8	7	4	11	10
N Administrative/Support	4	4	3	4	2	3	6	6	3	4
P Education	1	6	2	1	1	1	6	1	2	4
Q Health/Social Work	3	7	1	4	4	9	14	11	4	6
R Arts/Entertainment	4	3	4	1	1	2	2	2	3	2
S Other Service	1	6	4	6	1	1	2	1	2	6
Total	16	70	34	24	34	4	17	1	100	

Zero employees

The main effect of the weighting was to increase representation of the zero employees from 17 to 75 per cent, an average weight of x 4.45 before adjustment by nation. The boosts by nation and for certain sectors meant that the highest weights occurring in the all SME dataset were for zero employee health businesses in England (x 11.2). Other zero employee businesses in England such as construction (x 9.97), administrative/support (x 8.09) and wholesale/retail (x 6.0) also had relatively high weights.

It is because of these high weights that care must be taken in the analysis and interpretation of data based on all SMEs (as an individual interview is capable of creating a finding). Rather, data for SME employers, where weights are no higher than x 1.75, may best be compared against data for zero employers separately.

Comparisons with previous datasets

SBS 2010 and the Annual Surveys of Small Businesses in 2006/07 and 2007/08 were weighted using different criteria.

Firstly, in these previous data sets SIC 2003 was used rather than SIC 2007 (which is the standard to use in 2012, and the BPE is published using this). Additional sector categories were created for SIC 2007, and there has been some reclassification of businesses between existing sector categories. However, overall all datasets are still representative of the SME populations for those particular years.

Secondly, the previous surveys weighted to targets based on sector within size within the 12 Government Office Regions (GOR). The reason for this was because of boosts within English region in the 06/07 and 07/08 surveys.

Such a weighting design means that 288 target cells were produced (12 GOR x 4 size bands x 6 sectors), as opposed to the 224 produced in 2012 (4 nations x 4 size bands x 14 sectors). The more target cells created, the greater the chance that some of these will be unpopulated, i.e. no interviews occurred in some of the cells. This was not the case in 06/07 and 07/08 where large sample sizes occurred (9,905 and 9,362 respectively), but was the case in 2010 when the overall sample size was 4,580.

Where there are unpopulated cells, the usual practice is to 'smooth' between categories, meaning that the targets for adjacent cells are combined. In 2010 there were unpopulated cells for the zero employees, meaning that target categories for primary and production businesses were combined. This means that the proportion of certain sectors such as manufacturing is overstated, meaning that certain data (e.g. for the proportion of zero employees exporting in 2010) is unreliable.

In summary, comparisons between 2012 and the previous datasets are robust for SME employers, but they are not recommended for all SMEs, or for those with zero employees.

Response rates

A total of 37,106 business records from Dun & Bradstreet were issued during the fieldwork period.

Of these, 2,358 were ineligible, as the business was reported as having closed, moved, been taken over by a larger business, or had 250 employees or more. A further 6,941 returned unobtainable (dead) numbers, indicating further closure or movement.

Table L: Response rates

	Total	Population in scope of study %	Population in scope of fieldwork %
	n	%	%
Total sample used	37,106		
Ineligible	2,358	-	-
Total in scope of study	34,748	100	
Appointment made but not achieved during fieldwork period	136	0.4	-
Business called 1-10 times but unable to reach target respondent	15,858	45.6	-
Not available in fieldwork period	729	2.2	-
Invalid cases	8,209	23.6	
Unobtainable number	6,941	20.0	-
Out of quota	1,268	3.6	-
Total in scope of fieldwork	9,816	29.5	100
Achieved interviews	5,723	16.5	58.3
Refusals	3,725	10.7	38.0
Terminated during interview	368	1	3.4
Response rate	15.4	16.5	58.3

15,858 contacts were still in the scope of the study when fieldwork was completed, with a further 136 being unfulfilled appointments and 1,268 being out of quota (e.g. wrong size band). 729 respondents were not available in the fieldwork period.

This left 9,816 records being in the scope of fieldwork. Of these, 5,723 were converted as interviews, a response rate of 58.3%. This is an improvement on the 2010 response rate of 52.3%.

Analysis and reporting

Data sets

The data were processed using Merlin software.

Data tables were produced containing a number of cross-tabulations, as shown below, indicating statistically significant differences between variables and the total sample at the 95% level of confidence.

The data for businesses with employees and those without employees were presented in separate data tables.

Standard data table variables:

- Employment size
- Industry sector
- Nation
- Age of business
- Whether export
- Business growth
- Whether sought finance
- Whether a start up (less than 4 years)

In addition, SPSS files based on all SMEs, all SME employers and zero employees were produced. These allow for more detailed analysis of the data.

Reporting

The main written report is based on SME employers and provides a time series comparison (where possible) with SBS 2010, ASBS 07/08 and ASBS 06/07. Further reports have also been produced, or are in the process of being written:

- Zero employees
- SME employers in Wales
- SME employers in Northern Ireland
- SME employer exporters
- SME employers by growth segmentation
- New SME employers (start ups)
- SME employers that are family businesses
- SME employers by Dun & Bradstreet credit score
- SME employer social enterprises (for the Cabinet Office)

Sector comparisons

The main SME employer report in 2012 contains sector comparisons with 2010. To make this possible, the 2003 SIC codes that were appended to businesses in 2010, were translated to SIC 2007 using a conversion table⁵⁴.

Statistical confidence

This section refers to statistical confidence in the SME employer dataset.

This overall sample is sufficiently large to allow reporting on findings with a high degree of statistical reliability. However, the degree of reliability relies on not only the sample size, but also the estimate being made. For example, a difference between SBS 2010 and SBS 2012 of +/- 1.3% is significant for findings in which 10% of respondents give one response and 90% give the alternative, while a difference of +/- 2.1% is significant in cases where responses are equally split, 50% of respondents giving one answer and 50% giving the other.

Unless stated otherwise, all findings reported are statistically significant, whether reported as a comparison between SBS 2010 and SBS 2012, or whether a finding for a sub-group is compared with the overall total (minus that sub-group).

The table overleaf shows the differences required between the 2010 and 2012 surveys for findings to be statistically significant. This is shown where results in 2012 are at the 10%/90% level, and where they are at 50%/50% (the most statistically sensitive level of finding). Standard errors are shown for the key sub-groups in this report.

⁵⁴ <http://www.companieshouse.gov.uk/infoAndGuide/sic/sicConversionTable.shtml>

Table M: Statistical confidence in survey findings⁵⁵

	2012 Sample size	2010 Sample size	Standard error at 10%/90%	Standard error at 50%/50%
All UK	4768	3817	+/- 1.3%	+/- 2.1%
England	2872	2879	+/- 1.6%	+/- 2.6%
Scotland	835	230	+/- 4.4%	+/- 7.3%
Wales	630	623	+/- 3.3%	+/- 5.5%
Northern Ireland	431	85	+/- 7.0%	+/- 11.6%
Micro businesses (1-9)	1901	1528	+/- 2.0%	+/- 3.4%
Small businesses (10-49)	1902	1530	+/- 2.0%	+/- 3.4%
Medium-sized (50-249)	965	759	+/- 2.9%	+/- 4.8%
ABDE Primary	204	63	+/- 8.5%	+/- 14.1%
C Manufacturing	671	497	+/- 3.5%	+/- 5.8%
F Construction	457	322	+/- 4.3%	+/- 7.1%
GHI Transport, retail etc.	1220	1115	+/- 2.4%	+/- 4.1%
J Information & communications	255	155	+/- 6.0%	+/- 10.0%
KLM Business services	734	519	+/- 3.4%	+/- 5.6%
N Administrative services	302	202	+/- 5.3%	+/- 8.9%
PQRS Other services	935	910	+/- 2.7%	+/- 4.6%
Aged 0-3 years	305	183	+/- 5.5%	+/- 9.2%
Aged 4-10 years	959	744	+/- 2.9%	+/- 4.8%
Aged over 10 years	3484	2872	+/- 1.5%	+/- 2.5%

⁵⁵ The table presents the standard error, at the 95% confidence level, associated with findings of 10%/90%, and findings of 50%/50%.

Appendix: Questionnaire

PRIVATE & CONFIDENTIAL	Small Business Survey 2012 Questionnaire	Pro_8687 Post Pilot V2 26th June 2012
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QUESTIONS HAVE BEEN RENUMBERED SINCE 2010 – 2010 QUESTION NUMBERS ARE GIVEN IN BRACKETS

SCREENER

ASK TO SPEAK TO OWNER/PROPRIETOR/MD/OTHER SENIOR DECISION MAKER

S1) **Good morning / afternoon. My name is XXX and I'm calling from BMG Research. We are an independent research company and we're doing some work on behalf of the Department for Business, Innovation and Skills (BIS)**

(ADD IF WALES)and the Welsh Government

(ADD IF SCOTLAND)and the Scottish Government

(ADD IF NORTHERN IRELAND)and the Northern Ireland Government

I would like to ask your opinion about a range of issues concerning small businesses; it will take about 20-30 minutes, depending on your responses.

The results of the survey will be fed back to government and will be used to inform government policy on small business. Is now a convenient time to talk?

ADD IF NECESSARY:

- **Your co-operation will ensure that the views expressed are representative of all small businesses**
- **Whether or not you like the government's actions this is your chance to influence them – everyone's views will be taken into account**
- **The results will be available next Summer and will be posted on the Department for Business, Innovation and Skills website www.bis.gov.uk [ADD IF SCOTLAND: and the Scottish Government website] [ADD IF WALES: and the Welsh Assembly Government website] [ADD IF NORTHERN IRELAND: and www.investni.com]**
- **All information collected will be treated in the strictest confidence. Responses will not be attributed to any individual or company. Results will be reported in the form of aggregated statistics.**
- **We work strictly within the Market Research Society Code of Conduct**
- **Contact at BMG Research is Emma Parry if you would like to find out more about the survey (0121 333 6006)**
- **(ENGLAND ONLY) Contact at Department for Business, Innovation and Skills is Ian Drummond on 0114 207 5065**
- **(WALES ONLY) Contact at the Welsh Government is Janet Owen Jones on 03000 625269.**
- **(SCOTLAND ONLY) Contact at the Scottish Government is Marina Curran on 0300 244 6813**

- (NORTHERN IRELAND ONLY) **Contact for Northern Ireland is Lynsay McConnell on 028 9069 8390**
- **Establishments have been randomly chosen from Dun and Bradstreet's commercial business directory**

- Continue 1
- Transfer to another respondent 2
- Refused 3
- Hard appointment 4
- Soft appointment 5
- Dead/unobtainable number 6
- Other (SPECIFY) 7

ASK ALL WELSH SAMPLE (SAMPLE CODE 2), OTHERS GO TO FILTER BEFORE S3

S2) **Would you prefer the interview to be carried out in Welsh or English?**

Welsh	1	AGREE CONVENIENT TIME FOR CALL BACK
English	2	CONTINUE

ASK ALL

S3) **Can I just check, are you one of the most senior person in day-to-day control of the business?**

Yes	1	CONTINUE TO A1
No/Uncertain	2	ASK TO SPEAK TO SENIOR PERSON IN THE ORGANISATION – TRANSFER, SET APPOINTMENT, REFUSED OR OTHER

SOME SECTIONS WILL ONLY BE ASKED OF HALF THE SAMPLE, SELECT AS FOLLOWS (TO BE REVIEWED DEPENDING ON OVERALL TIMING)

Interview number	Sections to ask			
	J	M	N	O
1	Y	Y		
2		Y	Y	
3			Y	Y
4	Y			Y
5	Y		Y	
6		Y		Y

SECTIONS TO ASK		
Innovation	J	J1-J5
Environment	M	M1-M5
Training	N	N1-N9
Technology	O	O1-O5

SECTION A: ABOUT THE BUSINESS

ASK ALL

A1) (Q1) **How many sites in the UK does your business operate from, including your head office?**

ENTER NUMBER (RANGE=1-9,999) _____

Don't know / Uncertain ...X

Refused ... Y

A2) (Q1A) **How many employees does your business currently employ across all sites, excluding owners and partners?**

- INCLUDE FULL AND PART TIME
- INCLUDE TEMPORARIES/CASUALS, BUT NOT AGENCY STAFF
- EXCLUDE SELF-EMPLOYED
- EXCLUDE OWNERS/PARTNERS, BUT OTHER DIRECTORS COUNT AS EMPLOYEES

ENTER NUMBER (RANGE=0-99,999) _____

IF MORE THAN 249 EMPLOYEES, THANK AND CLOSE

A2ADUM (Q1ADUM) CATI TO CODE AUTOMATICALLY TO FOLLOWING BANDS FOR QUOTAS:

QUOTAS	
None	1
1-9 employees (Micro)	2
10-49 employees (Small)	3
50-250 employees (Medium)	4

A3) (Q2) **I have [READ OUT SECTOR DESCRIPTION FROM SAMPLE] as a general classification of your organisation's principal activity. Bearing in mind this is a general classification only, does this sound about right?**

Yes	1
No	2

ASK IF NO AT A3. OTHERS GO TO A5:

A4) (Q3) **What is the principal activity of your organisation?** PROBE AS NECESSARY:

- **What is the main product or service of this organisation?**
- **What exactly is made or done at this organisation?**
- **What material or machinery does that involve using?**

PROBE FULLY. RECORD DETAILS AND CODE BELOW

ASK ALL

A5) (Q4) **What is the legal status of your organisation?** READ OUT AS NECESSARY. ALLOW MULTICODE ONLY IF 'OTHER' MENTIONED

INTERVIEWER NOTE: IF BUSINESS NAME CONTAINS 'LTD' OR 'LIMITED' THEY ARE USUALLY A LTD. COMPANY (CODE 2). IF 'PRIVATE LIMITED COMPANY' MENTIONED, CHECK WHETHER LIMITED BY SHARES OR BY GUARANTEE. FOR OTHERS RECORD ALL INFORMATION VERBATIM TO ESTABLISH OWNERSHIP. N.B. "CHARITY" IS NOT A LEGAL STATUS)

Sole proprietorship	1
Private limited company, limited by shares (LTD.)	2
Public Ltd Company (PLC)	3
Partnership	4
Limited liability partnership	5
Private company limited by guarantee	6
Community Interest Company (CIC, limited by guarantee or shares)	7
Friendly Society	8
A Co-operative	9
Industrial and Provident Society	10
Private Unlimited Company	11
Foreign Company	12
A trust	13
An unincorporated association	14
Other (SPECIFY)	15
Don't know	16
Refused	17

A6) (Q5) **And how many years has this firm been trading? This includes under all ownerships and all legal statuses.** SINGLE-CODE. PROMPT IF NECESSARY.

Less than one year	1
1 years	2
2 years	3
3 years	4
4 years	5
5 years	6
6 – 10 years	7
11 – 20 years	8
More than 20 years	9
Don't know	10

A7) (Q6) **Has there been a change of ownership of the business in the past three years?** SINGLE-CODE

Yes	1
No	2
Don't know	3

A8) (Q7) **Can I just confirm with you that the postcode of your present location is [READ OUT POSTCODE FROM DATABASE]?** SINGLE-CODE

Yes	1	GO TO A10
No	2	RECORD CORRECT POSTCODE (A8A), THEN ASK A9

ASK IF DATABASE POSTCODE NOT CORRECT (A8/2), OTHERS GO TO A10

A9) (Q8) **Is that in...?** SINGLE-CODE

England	1
Scotland	2
Wales	3
Northern Ireland	4
DO NOT READ OUT: None of the above (E.G. CHANNEL ISLANDS, ISLE OF MAN)	5
Don't know	6

IF NONE OF THESE (CODE 5), CLOSE

ASK ALL

A10) (Q9) **Is your main business or work premises also your home?**

Yes	1
No	2
Refused	3

A11) (Q10) **Do you personally work from home at least one day a week on average?**

Yes	1
No	2
Refused	3

SECTION B: EMPLOYMENT

ASK ALL TRADING FOR AT LEAST ONE YEAR (A6/NOT1), OTHERS GO TO B5

B1) (Q11) **You said earlier that your business currently employs [INSERT Q1A RESPONSE] people, excluding owners and partners. How many people did the business employ 12 months ago across all sites (still excluding owners and partners)?**

INCLUDE FULL AND PART TIME

INCLUDE TEMPORARIES/CASUALS, BUT NOT AGENCY STAFF

EXCLUDE SELF-EMPLOYED

EXCLUDE OWNERS/PARTNERS, BUT OTHER DIRECTORS COUNT AS EMPLOYEES

Enter Number (*RANGE 0-9,999*)

Don't know / Uncertain ...X

Refused ... Y

ASK IF UNCERTAIN HOW MANY EMPLOYEES EMPLOYED 12 MONTHS AGO (B1/X), OTHERS GO TO FILTER BEFORE B3

B2) (Q12) **Could you please tell me, was it... ? READ OUT. SINGLE-CODE**

More than currently	1
The same	2
Fewer	3
DO NOT READ OUT: Don't know	4

ASK IF NUMBER OF EMPLOYEES 12 MONTHS AGO IS LESS THAN NUMBER OF EMPLOYEES CURRENTLY EMPLOYED (B1<A2), OTHERS GO TO FILTER BEFORE B4

B3) (Q13) **Could I just check that you employed fewer staff a year ago than you do now?** SINGLE-CODE

Yes	1	CONTINUE
No	2	RE-ASK B1 (BUT THEN SKIP B3 AND B4)

ASK IF NUMBER OF EMPLOYEES 12 MONTHS AGO IS GREATER THAN NUMBER OF EMPLOYEES CURRENTLY EMPLOYED (B1>A2), OTHERS GO TO B5

B4) (Q14) **Could I just check that you employed more staff a year ago than you do now?** SINGLE-CODE

Yes	1	CONTINUE
No	2	RE-ASK B1 (BUT THEN SKIP B3 AND B4)

ASK ALL

B5) (Q17) **How many people do you expect the business to employ in twelve month's time (excluding owners and partners)?**

INCLUDE FULL AND PART TIME

INCLUDE TEMPORARIES/CASUALS, BUT NOT AGENCY STAFF

EXCLUDE SELF-EMPLOYED

EXCLUDE OWNERS/PARTNERS, BUT OTHER DIRECTORS COUNT AS EMPLOYEES

Enter Number (RANGE 0-9,999)

Don't know / Uncertain ...X

Refused ... Y

ASK IF UNCERTAIN HOW MANY PEOPLE EXPECT TO EMPLOY IN 12 MONTH'S TIME (B5/X), OTHERS GO TO B7

B6) (Q18) **Could you tell me whether you expect it to be...?** READ OUT. SINGLE-CODE

More than currently	1
About the same	2
Fewer	3
DO NOT READ OUT: Don't know	4

ASK ALL

B7) (Q19) **Have you recruited any new employees in the past 12 months?** SINGLE-CODE

Yes	1
No	2

SECTION C: EXPORTS

ASK ALL

- C1) (Q27) **I'd now like to ask you a few questions about the nature of your trading activity. So, first of all, does your business sell goods or services or licence your product outside the UK?**

Yes	1
No	2
Uncertain	3

ASK IF EXPORT OR LICENCE PRODUCTS (C1 '1'). OTHERS GO TO C3

- C2) (Q27a) **Approximately what percentage of your annual turnover do exports or overseas licensing account for? Please include any fees from overseas companies. IF UNSURE, ASK FOR APPROXIMATION OR TAKE MIDPOINT OF RANGE**

Enter Proportion (RANGE 0-100%)

Uncertain / DKX

Refused / Unwilling to answer ... Y

ASK IF DO NOT CURRENTLY SELL OUTSIDE UK (C1/2 or 3), OTHERS GO TO FILTER BEFORE C4

- C3) (Q28) **Do you have plans to start exporting or licensing your products or services outside the UK in the next 12 months? SINGLE-CODE**

Yes	1
No	2

ASK IF CURRENTLY SELL OUTSIDE UK (C1/1), OTHERS GO TO FILTER BEFORE C6

- C4) (NEW) **How many years has your business been selling goods and services or licensing its products overseas? SINGLE-CODE. PROMPT IF NECESSARY.**

As long as has been trading	1
Less than one year	2
1 years	3
2 years	4
3 years	5
4 years	6
5 years	7
6 – 10 years	8
11 – 20 years	9
More than 20 years	10
Don't know	11

ASK IF HAVE BEEN SELLING OUTSIDE UK FOR MORE THAN TWO YEARS (C4/4-10 OR (C4/1 AND A6/2+)), OTHERS GO TO D1

- C5) (NEW) **During the time you have been selling or licensing products overseas, have you had overseas sales every year or have there been some years where you haven't made any sales at all to overseas customers?**

SINGLE-CODE

Overseas sales every year (since started doing business overseas)	1
Some years with no overseas sales	2
Don't know	3

ASK IF NOT EXPORTING AND NO PLANS TO DO SO (C3 '2'). OTHERS GO TO FILTER BEFORE C7

- C6) (Q32) **What are the barriers that prevent your business exporting?** DO NOT PROMPT.

MULTICODE OK

Do not have a product or service suitable for exporting	1
Not part of business plan	2
Have sufficient business in the UK already	3
Little knowledge of how to export	4
Difficulty finding overseas customers	5
Difficulty identifying opportunities	6
Concerns about paperwork	7
Fear of payment problems	8
Too risky	9
Lack of management time to pursue export opportunities	10
Too costly	11
Other (SPECIFY)	12
Don't know	13
Refused	14

ASK IF DO NOT CURRENTLY SELL OUTSIDE UK (C1/2-3). OTHERS GO TO D1

- C7) (NEW) **Within the past 3 years, has your business received any unsolicited enquiries or orders from potential overseas buyers?** SINGLE-CODE

Yes	1
No	2
Don't know	3

ASK IF HAVE RECEIVED UNSOLICITED ENQUIRIES OR ORDERS AND IF PLANNING TO EXPORT (C7/1 AND C3/1), OTHERS TO FILTER BEFORE C9

- C8) (NEW) **Were these enquiries a factor in your decision to begin exporting?** SINGLE-CODE

Yes	1
No	2
Don't know	3

ASK IF HAVE RECEIVED UNSOLICITED ENQUIRIES OR ORDERS AND IF NOT PLANNING TO EXPORT (C7/1 AND C3/2), OTHERS GO TO D1

C9) (NEW) **Looking ahead over the next 3 years, how likely is your business to make any export sales as a result of any of these enquiries?** SINGLE-CODE

Very likely	1
Quite likely	2
Unlikely	3
Very unlikely	4
Don't know	5

SECTION D: SOCIAL ENTERPRISE

ASK ALL

D1) (Q34) **Approximately what proportion of your turnover is income generated from grants and donations?**

INTERVIEWER NOTE: IF NECESSARY, ADD "IN A TYPICAL YEAR" SINGLE-CODE.

Enter Number (RANGE 0-100%)

Uncertain / DKX

Refused / Unwilling to answer ... Y

ASK IF DON'T KNOW WHAT PROPORTION OF TURNOVER IS GENERATED FROM GRANTS AND DONATIONS (D1/X). OTHERS GO TO D3

D2) (Q34A) **Which of the following bands best represents the proportion of your turnover generated from grants and donations?** READ OUT

None	1
More than 0% up to 25%	2
More than 25% up to 50%	3
More than 50% up to 75%	4
More than 75% up to 100%	5
Don't know	6
Refused	7

ASK ALL

D3) (Q35) **Taking into account all sources of income in the last financial year, did you generate a profit or surplus?** SINGLE-CODE

Yes	1
No	2
Don't know	3
Unwilling to answer	4

- D4) (Q36) **Do you pay more than 50% of your trading profit or surplus [IF DID NOT / DON'T KNOW / UNWILLING TO SAY GENERATED A PROFIT IN THE LAST FINANCIAL YEAR, I.E. D3 '2-4': when you generate one] to owners/shareholders? SINGLE-CODE**
 INTERVIEWER NOTE: IF RESPONDENT IS SOLE OWNER / PROPRIETER: **Do they pay themselves more than 50% of the profit / surplus they make?**

Yes	1
No	2
Have never generated a trading profit or surplus	3
Don't know	4
Unwilling to answer	5

ASK IF DO NOT PAY MORE THAN 50% PROFIT OR SURPLUS TO OWNERS OR SHAREHOLDERS / HAVE NEVER GENERATED A TRADING PROFIT OR SURPLUS / DON'T KNOW / UNWILLING TO ANSWER (D4/2-5), OTHERS GO TO FILTER BEFORE E1

- D5) (Q37) **Do you think of your business as a social enterprise, by which I mean a business that has mainly social or environmental aims? SINGLE-CODE**

Yes	1
No	2
Don't know	3
Unwilling to answer	4

- D6) (Q38) **How well do you think your business fits the following definition of a social enterprise: "A social enterprise is an organisation whose main objective is to achieve or work towards a certain social or environmental goal. Any profits they make are principally put towards achieving their social objectives or back into the community, rather than being given to owners or shareholders"? IF RESPONDENT SAYS "GOOD FIT", PROBE FOR WHETHER "VERY" OR "QUITE". SINGLE-CODE.**

Yes, it is a very good fit	1
Yes, it is quite a good fit	2
No, it is not a good fit	3
DO NOT READ OUT: Don't know	4

SECTION E: START UPS

ASK IF HAVE BEEN TRADING FOR LESS THAN 4 YEARS (A6/1-4), OTHERS GO TO FILTER BEFORE E7

- E1) (Q39) **You said earlier that your business had been trading for only [A6 RESPONSE] years. May I just ask, were you involved with the decision to start up the business at that time? SINGLE-CODE**

Yes	1
No	2
Uncertain	3

ASK IF STARTED UP BUSINESS LESS THAN 4 YEARS OLD (E1/1). OTHERS GO TO FILTER BEFORE E7

E2) (Q39a) **What were you doing before you started this business? Were you...** READ OUT. SINGLE CODE ONLY

Running another business?	1
Self employed?	2
Working as an employee for another business?	3
Retired?	4
A homemaker?	5
Unemployed?	6
In full time education?	7
Other (SPECIFY)	8
Refused	9

E3) (NEW) **I would like to ask you about your reasons for starting a business, was it mainly to take advantage of a business opportunity or because you have no better choices for work?**
DO NOT PROMPT. SINGLE-CODE

Take advantage of business opportunity	1
No other choices for work	2
A combination of both	3
Another reason (SPECIFY)	4
Can't recall	5

ASK IF WANTED TO TAKE ADVANTAGE OF A BUSINESS OPPORTUNITY (E3 '1' OR '3'), OTHERS GO TO FILTER BEFORE E5

E4) (NEW) **What were the main motives for pursuing this opportunity?**
DO NOT PROMPT. MULTICODE 1-10

Better working conditions	1
Family commitments / wanted to work at home	2
Greater independence/wanted to be own boss	3
Increase personal income / more money	4
Just to maintain income	5
Joined the family business	6
Passion/challenge	7
Saw the demand / market	8
Took redundancy from previous job	9
Other (SPECIFY)	10
Can't recall	11
Refused	12

ASK IF HAD NO BETTER CHOICES FOR WORK (E3 '2' '3'), OTHERS GO TO E6

E5) (NEW) **What were the main reasons why you had no better choices for work?** DO NOT PROMPT.
MULTICODE 1-10

Did not like working conditions in previous job	1
Lost my job	2
My partner lost his/her job	3
Family commitments / needed to work at home	4
Found no job suiting my skills	5
Previous business closed	6
Took redundancy from previous job	7
Other (SPECIFY)	8
Can't recall	9
Refused	10

ASK IF STARTED BUSINESS LESS THAN 4 YEARS AGO (E1/1)

E6) (Q39b) **What would have made it easier for you to start your business?**
DO NOT PROMPT, BUT PROBE FULLY. MULTICODE 1-8 OK

Bank finance	1
Government finance/grants	2
General/other finance	3
Information on how to start a business	4
Advice on how to start a business	5
Better economy	6
Less bureaucracy/fewer regulations	7
(WALES ONLY) Availability of property/office space	8
(WALES ONLY) Test trading	9
Other (SPECIFY)	10
Nothing	11
Don't know	12

ASK IF THERE HAS BEEN A CHANGE OF OWNERSHIP IN THE PAST 3 YEARS (A7/1)
OTHERS GO TO FILTER BEFORE E8

E7) (Q40) **You said earlier that the business had changed ownership in the past three years, can I just clarify that it was you who took over the business?**

INTERVIEWER NOTE: CODE "YES" IF TOOK OVER BUSINESS JOINTLY WITH OTHER PEOPLE. SINGLE-CODE

Yes	1
No	2
Uncertain	3

SECTION F: GROWTH

ASK ALL

- F1) (Q49) **I'd now like to turn to the future that you foresee for your business. Over the next two to three years, do you aim to grow your business?** SINGLE-CODE

Yes	1
No	2

ASK IF LOOKING TO GROW BUSINESS OVER NEXT 2 TO 3 YEARS (F1/1); OTHERS GO TO F3

- F2) (NEW) **How likely is it that you will approach external finance providers to help fund this growth?**
PROBE FOR VERY/FAIRLY/NOT VERY LIKELY/NOT AT ALL LIKELY

Very likely	1
Fairly likely	2
Not very likely	3
Not at all likely	4
Don't know	5

ASK ALL

- F3) (Q50) **Does your business plan to do any of the following over the next two to three years?**
READ OUT. MULTICODE

Increase turnover by exploiting new markets	1
Increase the skills of the workforce	2
Increase the leadership capability of managers	3
Employ more staff	4
Reduce costs by increasing the productivity of your workers	5
Develop and launch new products/services	6
None of these	7
Don't know	8

F4) (Q53a) I'd now like to turn to the range of tasks that you need to do when running a business, and *for you to tell me* how capable you think your business *is* at doing them. I'm going to read out a list of business activities and I'd like you to rate your business from 1 to 5, where 1 is rated as very poor and 5 as very strong. You can include in your assessment any external expertise you use to achieve the task.

How capable would you say your business is at. READ OUT. ROTATE START POINT. REMIND RESPONDENT AS NECESSARY. On a scale of 1 to 5 where 1 is very poor for doing these, and 5 is very strong, how capable is your business..

	VPoor	Poor	Average	Strong	VStrong	DK
People management, such as recruitment and delegation	1	2	3	4	5	6
Developing and implementing a business plan and strategy	1	2	3	4	5	6
Using formalised business systems such as customer information records	1	2	3	4	5	6
Entering new markets	1	2	3	4	5	6
Developing and introducing new products or services	1	2	3	4	5	6
Accessing external finance	1	2	3	4	5	6
Operational improvement, e.g. adopting industry best practice	1	2	3	4	5	6
Taking decisions on regulation and tax issues	1	2	3	4	5	6

F5) (Q53b) **Do you have a formal written business plan? IF YES: Is this kept up to date? SINGLE-CODE**

Yes – kept up to date	1
Yes – but not kept up to date	2
No	3
Don't know	4
Refused	5

SECTION G: OBSTACLES

ASK ALL

G1) (Q55) **I am going to read you a list of issues and for each I would like you to tell me which, if any, represent obstacles to the success of your business?** READ OUT. RANDOMISE CODES 1-11. MULTICODE OK 1-12

ASK IF MORE THAN 1 OBSTACLE MENTIONED AT G1, OTHERS GO TO FILTER BEFORE G3

G2) (Q56) **So currently which represents the biggest obstacle to the success of your business?**
READ OUT THOSE MENTIONED AT G1. SINGLE-CODE.

	G1	G2
	ANY OBSTACLE (Prompted)	MAIN CURRENTLY
The economy	1	1
Obtaining finance	2	2
Cash flow	3	3
Taxation, VAT, PAYE, National Insurance, business rates	4	4
Recruiting staff	5	5
Regulations	6	6
Availability/cost of suitable premises	7	7
Competition in the market	8	8
Shortage of managerial skills/expertise	9	9
Shortage of skills generally	10	10
Pensions	11	11
Any other obstacles (SPECIFY)	12	12
No obstacles	13	13
No opinion	14	14
Unwilling to answer	15	15

ASK IF MENTION ECONOMY AS AN OBSTACLE (G1/1), OTHERS GO TO FILTER BEFORE G4.

G3) (NEW) **Which of these, if any, are specific issues that affect your business that relate to the economy?** READ OUT 1-10. RANDOMISE 1-9. MULTI-CODE

Reduction in demand for products or services	1
Pressure to reduce prices	2
Increased costs of raw materials	3
Increased energy costs	4
Lower levels of inward investment	5
Unfavourable exchange rate	6
Cheap imports	7
Lower labour costs overseas	8
The overseas economy generally	9
Other (SPECIFY)	10
Uncertain / Don't know	11

ASK IF MENTION CASH FLOW AS AN OBSTACLE (G1/3), OTHERS GO TO FILTER BEFORE G5.

G4) (Q60) **You mentioned earlier that cash flow is an obstacle to the success of your business. Which, if any, of the following do you consider to be causes of this cash flow difficulty?** READ OUT. MULTI-CODE 1-11. RANDOMISE 1-10

Difficult/expensive to get credit from your suppliers	1
Early payment required by your suppliers	2
High levels of investment required by business	3
High levels of working capital required by business	4
Income tends to fluctuate while outgoings are steady	5
Individual customers expect you to offer credit	6
Late payment from individual customers to whom you sell	7
Late payment from other businesses to whom you sell	8
Outgoings tend to fluctuate but income is steady	9
Timing of tax payments	10
Other (SPECIFY)	11
Uncertain / Don't know	12

ASK IF MENTION REGULATIONS AS AN OBSTACLE OR PROBLEM (G1/6), OTHERS GO TO FILTER BEFORE G6

G5) (Q62) **Which regulations do you consider to be obstacles to the success of your business? DO NOT READ OUT. MULTICODE OK**

Anti-discrimination	1
Employment regulations	2
Environmental regulations	3
Export regulations/paperwork	4
Fire regulations	5
Food regulations	6
Health and safety	7
Minimum wage regulations	8
Pensions	9
Planning/building/development	10
Providing information/record-keeping	11
Sector specific regulations	12
Tax-related	13
Trading Standards	14
Working time directive	15
No specific regulations/all regulations	16
Other (SPECIFY)	17
Don't know	18
None in particular	19
Refused	20

ASK IF MENTION TAX AS AN OBSTACLE (G1/4), OTHERS GO TO G7

G6) (Q63a) **Which types of taxation, VAT, PAYE, national insurance, business rates etc. do you consider to be obstacles to the success of your business?**

DO NOT READ OUT. MULTICODE OK 1-8

Business rates	1
Corporation tax	2
Income tax	3
National insurance	4
PAYE	5
VAT	6
Vehicle tax/fuel duty	7
Other (SPECIFY)	8
Don't know	9
None of them	10
Refused	11

ASK ALL

G7) (NEW) **Which of the following specific issues do you think are covered by workplace health and safety regulations?** READ OUT. MULTI-CODE 1-4. RANDOMISE 1-4

Maintaining a fire management plan	1
Controlling risks to consumers of contamination of food	2
Preventing people being killed, injured or made ill by work	3
Controlling workplace pollution through waste management	4
None of these	5
Don't know	6

SECTION H: FINANCE

ASK ALL

H1) (Q65) **How would you describe your business's relationship with its bank? Please answer on a scale of 1 to 5, where one signifies the relationship is very poor and 5 that it is very good.**

ADD IF NECESSARY: IF HAVE MORE THAN ONE BUSINESS BANK, PLEASE THINK ABOUT THE MAIN ONE YOU BANK WITH

1 – Very poor	1
2 – Fairly poor	2
3 – Neither poor nor good	3
4 – Fairly good	4
5 – Very good	5
Don't know	6
Refused	7

H2) (NEW) **Which of the following types of external finance are you aware of.** READ OUT. ROTATE ORDER OF READING 1-5

ASK IF ANY MENTIONED AT H2. OTHERS GO TO H4

H3) (NEW) **Would you know where to go to find these types of external finance?** READ OUT THOSE MENTIONED AT H2

	H2	H3
Peer to peer lending groups?	1	1
Business angels?	2	2
Venture capitalists?	3	3
Asset based finance providers (e.g. factoring/invoice discounting?)	4	4
Mezzanine finance providers?	5	5
None of these	6	6
Don't know	7	7

ASK ALL

H4) (Q66) **Now I'd like to ask you some questions about financing your business. Have you tried to obtain finance for your business in the past 12 months?**

SINGLE-CODE. IF YES, PROBE FOR NUMBER OF TIMES TRIED TO OBTAIN FINANCE

Yes, once only	1
Yes, more than once	2
No	3
Don't know	4
Unwilling to answer	5

ASK IF TRIED TO OBTAIN FINANCE IN THE PAST 12 MONTHS (H4/1-2), OTHERS GO TO H19

H5) (Q67) IF ONCE (H4/1): **I'd like to ask you about this... what did you try to obtain finance for?**

IF MORE THAN ONCE (H4/2): **I'd like to ask you about the most important of these occasions... What did you try to obtain finance for?**

DO NOT READ OUT. MULTI-CODE

Working capital, cashflow	1
Buying land or buildings	2
Improving buildings	3
Acquiring capital equipment or vehicles	4
Research & Development	5
Acquiring intellectual property	6
Protecting intellectual property	7
Training/staff development	8
Buying another business	9
Marketing	10
Other [PLEASE SPECIFY]	11
Don't know	12
Unwilling to answer	13

H6) (Q69) **What type of finance did you seek? Please include all types of finance including where you failed to obtain it.**

DO NOT READ OUT. MULTI-CODE. IF 'EQUITY INVESTMENT' PROBE FOR BUSINESS ANGEL, VENTURE CAPITAL OR OTHER SHAREHOLDERS

Bank loan	1
Bank overdraft	2
Credit card finance	3
Equity investment from business angel	4
Equity investment from venture capitalist (VC/private equity)	5
Equity investment from other shareholders	6
Factoring/invoice discounting (asset based finance)	7
Grant	8
Leasing or hire purchase	9
Loan from a Community Development Finance Institution (CDFI)	10
Loan from family/business partner/directors	11
Loan from peer to peer lending network/crowd funding	12
Mortgage for property purchase or improvement	13
(SCOTLAND ONLY) Scottish Investment Bank/Scottish Enterprise	14
(WALES ONLY) Welsh Government	15
(WALES ONLY) Finance Wales	16
Other (SPECIFY)	17
Don't know	18
Unwilling to answer	19

H7) (Q70) **How much finance did you seek?**

RECORD EXACT FIGURE BELOW, IF NOT SURE, ASK FOR AN APPROXIMATE FIGURE.
ALLOWED RANGE £0-£99,999,999

£									
---	--	--	--	--	--	--	--	--	--

Don't know X

Refused Y

TO COMPLETE IF FIGURE GIVEN AT H7. OTHERS GO TO FILTER BEFORE H8
 H7A) (NEW) INTERVIEWERS TO RE-ENTER TURNOVER INTO RANGE. DO NOT ASK. SINGLE CODE ONLY

£0-£9	1
£10-£99	2
£100-£999	3
£1,000-£9,999	4
£10,000-£99,999	5
£100,000-£999,999	6
£1,000,000-£9,999,999	7
£10,000,000-£99,999,999	8

ASK IF DK OR REF AT H7. OTHERS GO TO H9
 H8) (NEW) **Which of these ranges does the amount of finance that you sought fall into?** READ OUT UNTIL ANSWER GIVEN. SINGLE CODE ONLY

Less than £1,000	1
£1,000 to £4,999	2
£5,000 to £9,999	3
£10,000 to £24,999	4
£25,000 to £49,999	5
£50,000 to £99,999	6
£100,000 to £249,999	7
£250,000 to £499,999	8
£500,000 to £999,999	9
£1 million to £1,999,999	10
£2 million to £3,999,999	11
£4 million to £9,999,999	12
£10 million to £19,999,999	13
£20 million or more	14
Don't know	15
Unwilling to answer	16

ASK ALL THAT SOUGHT FINANCE

H9) (Q72) **Did you have any difficulties in obtaining this finance from the first source you approached?**

DO NOT READ OUT. SINGLE-CODE. IF YES, PROBE FOR EXTENT OF DIFFICULTIES

Yes, was unable to obtain any finance	1
Yes, obtained some but not all of the finance required	2
Yes, obtained all the finance required but with some problems	3
No, had no difficulties in obtaining finance	4
Don't know	5
Unwilling to answer	6

ASK IF HAD ANY DIFFICULTIES OBTAINING FINANCE FROM THE FIRST SOURCE (H9/1-3 AND H6 MULTICODED AT 1-12), OTHERS GO TO FILTER BEFORE H11

H10) (Q73) **Which type of finance did you have problems obtaining?**

SHOW ONLY THOSE THAT WERE MENTIONED PREVIOUSLY AT H6. MULTI-CODE.

Bank loan	1
Bank overdraft	2
Credit card finance	3
Equity investment from business angel	4
Equity investment from venture capitalist (VC/private equity)	5
Equity investment from other shareholders	6
Factoring/invoice discounting (asset based finance)	7
Grant	8
Leasing or hire purchase	9
Loan from a Community Development Finance Institution (CDFI)	10
Loan from family/business partner/directors	11
Loan from peer to peer lending network/crowd funding	12
Mortgage for property purchase or improvement	13
(SCOTLAND ONLY) Scottish Investment Bank/Scottish Enterprise	14
(WALES ONLY) Welsh Government	15
(WALES ONLY) Finance Wales	16
Other (SPECIFY)	17
Don't know	18
Unwilling to answer	19

ASK IF HAD ANY DIFFICULTIES OBTAINING FINANCE FROM THE FIRST SOURCE (H9/1-3)
 H11) (Q74) **What reasons were given by the financial institution (IF H9 '1') for your application for finance being turned down (IF H9 '2') for receiving less finance than you sought (IF H9 '3') for the problems raising all the finance?**

DO NOT READ OUT. MULTI-CODE1-13.

Applied for too much	1
Did not meet financial institution's criteria for lending (e.g. bank credit score/business sector too risky)	2
Inadequate business plan	3
Poor business or personal credit history	4
No credit history/not in business long enough	5
No/insufficient security	6
Too many outstanding loans/mortgages	7
No reason given	8
Poor quality application	9
Recession/credit crunch	10
Respondent rejected terms and conditions of offer	11
Still pending	12
Other (SPECIFY)	13
Don't know	14
Refused	15

ASK IF SOUGHT OR ACCESSED BANK OVERDRAFT, BANK LOAN, MORTGAGE FOR PROPERTY PURCHASE OR IMPROVEMENT, OR CREDIT CARD FINANCE (H6 = 1-3,13), AND DIFFICULTIES GETTING FINANCE (H9 '1-3'). OTHERS GO TO FILTER BEFORE H13

H12) (Q74b) **Did your bank discuss whether a loan backed by a government guarantee such as the Enterprise Finance Guarantee was suitable for your business?**

Yes	1
No	2
Don't know	3
Refused	4

ASK IF DID NOT OBTAIN ALL THE FINANCE NEEDED AT H9 (CODE '1' & '2'). OTHERS GO TO H16

H13) (Q75) **Did you eventually go on to obtain finance you needed for your business, for example, from another external source? DO NOT READ OUT. SINGLE CODE. IF YES, PROBE FOR EXTENT OF DIFFICULTIES**

No, was unable to obtain any finance	1
Obtained some but not all of the finance required	2
Obtained all the finance required but with some problems	3
Yes, had no difficulties in obtaining finance from other source	4
Don't know	5
Unwilling to answer	6

ASK IF DID NOT OBTAIN ANY FINANCE AT H13 (CODE '1'). OTHERS GO TO H16

H14) (NEW) **Were you unable to obtain any finance because...? READ OUT. SINGLE CODE ONLY**

Your applications were turned down?	1
Or because you rejected the terms and conditions (including fees or interest rates) that were offered to you?	2
Other (SPECIFY)	3
Don't know	4
Refused	5

ASK ALL WHO TRIED TO GET FINANCE

H15) (Q77) **To what extent would you say you understand the way finance providers assess business credit worthiness? Do you....READ OUT. SINGLE CODE ONLY**

Understand it very well	1
Quite well	2
Not very well	3
Not at all well	4
Don't know	6

ASK ALL WHO HAVE NOT APPLIED FOR FINANCE IN THE LAST 12 MONTHS (H4 NOT '1-2'). OTHERS GO TO H19

H16) (NEW) **Although you did not apply for it, have you had a need for finance in the last 12 months?**

Yes	1
No	2
Don't know	3

ASK IF HAD A NEED FOR FINANCE BUT DID NOT APPLY (H16 CODE 1). OTHERS GO TO H19

H17) (Q79) **Which of these, if any, are reasons why you have not applied for finance in the last 12 months? READ OUT. MULTICODE OK**

ASK IF MORE THAN ONE ANSWER AT H18. OTHERS GO TO H19

H18) (Q79) **And which of these is the main reason for not applying for finance? READ OUT IF NECESSARY. SINGLE CODE ONLY**

	H17	H18
You thought you would be rejected	1	1
You thought it would be too expensive	2	2
You don't want to take on additional risk	3	3
Now is not the right time because of economic conditions	4	4
You didn't know where to find the appropriate finance you needed	5	5
Other (SPECIFY)	6	6
Don't know	7	7
Refused	8	8

ASK ALL

H19) (Q80) **Do you have a problem with customers paying you later than you require them to in your normal terms of business?** PROMPT AS NECESSARY.

Big problem	1
Small problem	2
No problem	3
Not relevant, as don't provide them with credit	4
Don't know	5
Unwilling to answer	6

SECTION J: INNOVATION

ASK ALL SELECTED FOR SECTION J, OTHERS GO TO FILTER BEFORE K1

J1) (Q86) **I'd now like you to think about innovation within your business i.e. new products and processes. Have you introduced new or significantly improved products or services in the past twelve months?**

Yes	1
No	2
Don't know	3
Unwilling to answer	4

ASK IF INTRODUCED NEW OR SIGNIFICANTLY IMPROVED PRODUCTS (J1/1), OTHERS GO TO J3

J2) (Q87) **Are these new to your business, or completely new (i.e. not introduced by anybody before you?)** SINGLE-CODE.

New to the business	1
Completely new	2
Don't know	3
Unwilling to answer	4

ASK ALL SELECTED FOR SECTION J

J3) (Q88) **Have you introduced new or significantly improved processes in the last twelve months?**

Yes	1
No	2
Don't know	3

ASK IF INTRODUCED NEW OR SIGNIFICANTLY IMPROVED PROCESSES (J3/1), OTHERS GO TO J5
 J4) (Q89) **Are these new to your business, or completely new (i.e. not introduced by anybody before you)?** SINGLE-CODE.

New to the business	1
Completely new	2
Don't know	3
Unwilling to answer	4

ASK ALL SELECTED FOR SECTION J

J5) (NEW) **Have you applied for or received tax credits in the last 3 years?** SINGLE-CODE.

Applied for, not received	1
Received	2
Neither applied for nor received	3
Don't know	4
Unwilling to answer	5

SECTION K: BUSINESS SUPPORT

ASK ALL

K1) (NEW) **Which of the following are you aware of?** READ OUT. MULTICODE OK.
RANDOMISE ORDER

UK Trade and Investment (UKTI)	1
(DO NOT ASK IN NORTHERN IRELAND) BusinessLink.gov website	2
(DO NOT ASK IN NORTHERN IRELAND) Business Link Helpline	3
(ENGLAND ONLY) Growth Improvement Service	4
MentorSME	5
(ENGLAND ONLY) My New Business	6
(ENGLAND ONLY) The GrowthAccelerator	7
(SCOTLAND ONLY) Business Gateway	8
(SCOTLAND ONLY) Scottish Enterprise or Highland and Islands Enterprise	9
(SCOTLAND ONLY) Scottish Development International	10
(SCOTLAND ONLY) Skills Development Scotland	11
(SCOTLAND ONLY) Business Mentoring Scotland	12
(SCOTLAND ONLY) Just Enterprise	13
(SCOTLAND ONLY) Interface	14
(SCOTLAND ONLY) Co-operative Development Scotland	15
(SCOTLAND ONLY) The Prince's Scottish Youth Business Trust (PSYBT)	16
(SCOTLAND ONLY) Scottish Manufacturing Advisory Service	17
(SCOTLAND ONLY) Energy Savings Trust	18
(WALES ONLY) Business.wales.gov.uk	19
(WALES ONLY) Wales Business Information Helpline	20
(NORTHERN IRELAND) NI Business Info.co.uk	21
(NORTHERN IRELAND) Invest Northern Ireland	22
(NORTHERN IRELAND) The Prince's Trust	23
(NORTHERN IRELAND) Enterprise Northern Ireland	24
(NORTHERN IRELAND) Department for Enterprise, Trade and Investment	25
(NORTHERN IRELAND) Department for Employment and Learning	26
(NORTHERN IRELAND) InterTrade Ireland	27
None of the above	28

K2) (Q90) **Now I would like to move on to discuss the sources of advice and information you use when running your business. In the last 12 months have you sought external advice or information on matters affecting your business? We are only interested when this has been more than a casual conversation.**

Yes	1
No	2
Don't know	3

ASK IF YES (K2/1), DO NOT ASK IN SCOTLAND OR NORTHERN IRELAND. OTHERS GO TO FILTER BEFORE K5

K3) (NEW) **Was the assistance or support that you used** READ OUT 1-3. SINGLE CODE ONLY

Information relating to the day to day running of your business?	1
Strategic advice to help introduce a stepped change to grow your business in terms of profitability or numbers employed?	2
Both of these?	3
Neither of these	4
Don't know	5

ASK ALL WHO HAVE RECEIVED STRATEGIC ADVICE (K3 '2-3'). DO NOT ASK IN SCOTLAND OR NORTHERN IRELAND. OTHERS GO TO FILTER BEFORE K5

K4) (Q91) **What did you seek strategic advice about in the last year?**

DO NOT READ OUT. MULTICODE 1-16

ASK ALL WHO HAVE RECEIVED INFORMATION (K3 '1 OR 3'), OR INFORMATION/ADVICE IN SCOTLAND OR NORTHERN IRELAND (SCOTLAND OR NI AND K2 '1'). OTHERS GO TO FILTER BEFORE K6

K5) (NEW) (IF K3 '1' OR IF SCOT/NI) **What did you seek information (ADD IF SCOTLAND OR NORTHERN IRELAND or advice) about in the last year? (IF K3 '3') And what else, if anything, did you seek information about in the last year?**

DO NOT READ OUT. MULTICODE 1-20

ASK ALL IN SCOTLAND WHO RECEIVED MORE THAN ONE TYPE OF ADVICE I.E. K5 MULTICODED. OTHERS GO TO FILTER BEFORE K6

K5a) (NEW) **Of those you mention, which was the main reason for seeking information or advice in the last year?** READ OUT THOSE MENTIONED AT K5 AGAIN IF NECESSARY. SINGLE CODE ONLY

	K4	K5	K5a
Business growth	1	1	1
E-commerce/technology	2	2	2
Employment law/redundancies	3	3	3
Equal opportunities/discrimination	4	4	4
Exporting	5	5	5
Financial advice e.g. how and where to get finance	6	6	6
Financial advice e.g. accounting, for general running of business	7	7	7
Health and Safety	8	8	8
Innovation	9	9	9
Legal issues	10	10	10
Marketing	11	11	11
Regulations	12	12	12
Starting a business	13	13	13
Tax/national insurance law and payments	14	14	14
Training/skills needs	15	15	15
(SCOTLAND, WALES AND NORTHERN IRELAND ONLY) Environmental advice (e.g. energy efficiency, renewable energy)		16	16
(SCOTLAND AND NORTHERN IRELAND ONLY) Improving business efficiency/productivity		17	17
(SCOTLAND AND NORTHERN IRELAND ONLY) Management/leadership development		18	18
(SCOTLAND ONLY) Relocation		19	19
Other (SPECIFY)	16	20	20
Don't know	17	21	21

- ASK ALL WHO HAVE RECEIVED STRATEGIC ADVICE (K3 '2-3'). DO NOT ASK IN SCOTLAND OR NORTHERN IRELAND. OTHERS GO TO FILTER BEFORE K7
- K6) (Q90a) **Where have you been for strategic advice during the last 12 months?** DO NOT READ OUT. MULTICODE 1-29 OK
- ASK ALL WHO HAVE RECEIVED INFORMATION (K3 '1 OR 3'). OR INFORMATION/ADVICE IN SCOTLAND OR NORTHERN IRELAND (SCOTLAND OR NI AND K2 '1'). OTHERS OTHERS GO TO FILTER BEFORE K8
- K7) (NEW) IF K3 '1' OR IF SCOT/NI) **Where have you been for information** (ADD IF SCOTLAND OR NI **or advice**) **on the running of your business in the last 12 months?** (IF K3 '3') **And where else, if anywhere, have you been for information on the running of your business in the last year?** DO NOT READ OUT. MULTICODE 1-29 OK
- ASK ALL IN SCOTLAND IF MORE THAN ONE MENTIONED AT K7 AND IF [K5a '1-20' OR K5 '1-20 AND SINGLE PUNCHED]. OTHERS GO TO FILTER BEFORE K8
- K7a) (NEW) **And of those you mentioned, who was the main source of information or advice on** [ANSWER AT K5a IF CODED 1-20. IF NOT, USE SINGLE CODE AT K5 1-20]? READ OUT THOSE MENTIONED AT K7 AGAIN IF NECESSARY. SINGLE CODE ONLY

	K6	K7	K7a
(WALES ONLY) Welsh Government	26	26	26
Bank colleagues	27	27	27
(SCOTLAND ONLY) Scottish Government website	3	28	28
(SCOTLAND ONLY) Business Gateway	4	29	29
(SCOTLAND ONLY) Scottish Development International	5	30	30
(SCOTLAND ONLY) Just Enterprise	6	31	31
(SCOTLAND ONLY) Co-operative Development Scotland	7	32	32
(SCOTLAND ONLY) The Prince's Scottish Youth Business Trust	8	33	33
(SCOTLAND ONLY) Scottish Funding Council (BIS)	9	34	34
(SCOTLAND ONLY) Innovators Counselling and Advisory Service for Scotland (ICASS)	10	35	35
Environment Agency	11	11	11
(SCOTLAND ONLY) Technology Strategy Board (Specialist financial adviser)	12	36	36
(SCOTLAND ONLY) University or College	13	37	37
(WALES ONLY) Business.wales.gov.uk	13	13	13
(SCOTLAND ONLY) Energy Savings Trust	14	38	38
Friend or family member	14	14	14
Health and Safety Executive (HSE)	15	15	15
Intellectual Property Office	16	16	16
Internet search/google/other websites	17	17	17
HMRC	18	18	18
Local Authority	19	19	19
Local Enterprise Partnerships	20	20	20
Mentor/mentoring organisation	21	21	21
Solicitor/lawyer	22	22	22
(SCOTLAND ONLY) Scottish Enterprise/Highlands and Islands Enterprise	23	23	23
Suppliers	24	24	24
UK Trade & Investment (UKTI)	25	25	25
	K6	K7	K8
(WALES ONLY) Finance Wales	28	39	
(WALES ONLY) Wales Business Information Helpline	29	40	
(WALES ONLY) Regional Centre Service	30	41	
(NORTHERN IRELAND) NI Business Info.co.uk		42	
(NORTHERN IRELAND) Invest NI		43	
(NORTHERN IRELAND) The Prince's Trust		44	
(NORTHERN IRELAND) Enterprise Northern Ireland		45	
(NORTHERN IRELAND) Department for Enterprise, Trade and Investment		46	
(NORTHERN IRELAND) Department for Employment and Learning		47	
(NORTHERN IRELAND) InterTrade Ireland		48	
Other (SPECIFY)	31	49	39
None/have not sought information or advice/will not seek it	32	50	40
Don't know	33	51	41

ASK ALL WHO HAVE NOT SOUGHT FINANCIAL ADVICE ON HOW/WHERE TO GET FINANCE (NOT K4 '6'). DO NOT ASK IN SCOTLAND OR NI. OTHERS GO TO FILTER BEFORE K9

K8) (NEW)

If you did want financial advice in the future about how and where to access finance, who would you approach? DO NOT READ OUT. MULTICODE 1-29 OK

	K8
Accountant	1
Bank	2
Business Link local services (i.e. not the website)	3
Business Link.gov website	4
Business networks/trade associations	5
Consultant/general business adviser	6
Chamber of Commerce	7
Customers	8
Department for Business, Innovation and Skills (BIS)	9
Enterprise Agency	10
Environment Agency	11
(Specialist) financial adviser	12
(WALES ONLY) Business.wales.gov.uk	13
Friend or family member	14
Health and Safety Executive (HSE)	15
Intellectual Property Office	16
Internet search/google/other websites	17
HMRC	18
Local Authority	19
Local Enterprise Partnerships	20
Mentor/mentoring organisation	21
Solicitor/lawyer	22
(SCOTLAND ONLY) Scottish Enterprise/Highlands and Islands Enterprise	23
Suppliers	24
UK Trade & Investment (UKTI)	25
(WALES ONLY) Welsh Government	26
Work colleagues	27
(WALES ONLY) Finance Wales	28
(WALES ONLY) Wales Business Information Helpline	19
(WALES ONLY) Regional Centre Service	30
Other (SPECIFY)	31
Would not seek financial advice	32
Don't know	33

ASK ALL WHO HAVE RECEIVED INFORMATION OR ADVICE (K3 '1-3'). OR INFORMATION/ADVICE IN SCOTLAND/NI (SCOTLAND/NI AND K2 '1'). OTHERS GO TO K13

- K9) (Q92) **How did you mainly access (IF K3/1 OR IF SCOT/NI): the main piece of information (ADD IF SCOT/NI or advice)? IF K3/2-3 the main strategic advice? Was it... READ OUT.**
SINGLE CODE ONLY

Face to face	1
Through a website	2
By email	3
On the phone	4
Other (SPECIFY)	5
Don't know	6

ASK ALL WHO HAVE RECEIVED INFORMATION (K3 '1 OR 3') OR INFORMATION/ADVICE IN NI (NI AND K2 '1'). DO NOT ASK IN SCOTLAND OTHERS GO TO FILTER BEFORE K10a

- K10) (NEW) **Has the information (ADD IF NI or advice) you received met your needs?** IF YES, PROBE FOR FULLY OR PARTIALLY

ASK ALL WHO HAVE RECEIVED ADVICE (K3 '2 OR 3'). DO NOT ASK IN SCOTLAND OR NORTHERN IRELAND OTHERS GO TO FILTER BEFORE K10b

- K10a) (NEW) **Has the strategic advice you received met your needs?** IF YES, PROBE FOR FULLY OR PARTIALLY

Yes - fully	1
Yes – partially	2
Not met	3
Don't know	4

- K10b) (NEW) ASK IF INFORMATION/ADVICE USED IN SCOTLAND (SCOTLAND AND K2 '1) OTHERS GO TO FILTER BEFORE K11

How beneficial has the advice or information provided been to your business? READ OUT

Of significant benefit	1
Of some benefit	2
Of little benefit	3
Of no benefit at all	4
Or is it too early to say	5
Don't know	6

K10c) (NEW) ASK IF INFORMATION/ADVICE USED IN SCOTLAND (SCOTLAND AND K2 '1).

Overall how satisfied or dissatisfied are you with the advice or information you received? PROBE FOR VERY/FAIRLY (DIS) SATISFIED

Very satisfied	1
Fairly satisfied	2
Neither satisfied nor dissatisfied	3
Fairly dissatisfied	4
Very dissatisfied	5
Don't know	6

ASK IF AWARE OF NI INVEST, BUT NOT USED (NORTHERN IRELAND, AND K1 '22' AND NOT K7 '43'). OTHERS GO TO FILTER ABOVE K11.

K10d) (NEW) **Have you ever approached Invest NI for any form of assistance, including information or guidance, to help develop your business?**

Yes	1
No	2
Don't know	3

ASK IF NO AT K10d. OTHERS GO TO FILTER ABOVE K11

K10e) (NEW) **Is there any particular reason why you have not approached Invest NI?**

No particular reason	1
Other (SPECIFY)	2
Don't know	3

ASK IF USED FACE TO FACE SOURCE OF INFORMATION OR ADVICE (K9/1). OTHERS GO TO K12

K11) (Q93) **Did you first use an online information source to find out more about the area of advice that you needed?**

Yes	1
No	2
Don't know	3

ASK ALL WHO HAVE RECEIVED INFORMATION (K3 '1' OR '3') OR INFORMATION/ADVICE IN NI (NI AND K2 '1'). DO NOT ASK IN SCOTLAND OTHERS GO TO FILTER BEFORE K12a

K12) (NEW) **Did you pay for the external information (ADD IF NI or advice) you received? ADD IF NECESSARY If you received funding or a grant which fully or partially paid for the information or advice this counts as paying for it...**

ASK ALL WHO HAVE RECEIVED ADVICE (K3 '2-3'). DO NOT ASK IN SCOTLAND OR NORTHERN IRELAND. OTHERS GO TO K13

K12a) (NEW) **Did you pay for the external advice you received? ADD IF NECESSARY If you received funding or a grant which fully or partially paid for the information or advice this counts as paying for it... SINGLE CODE ONLY**

	K12	K12a
Yes	1	1
No	2	2
Can't recall	3	3

ASK ALL

K13) (NEW) **Have you had any difficulties, or important information or advice needs that you did not get external advice or support for in the last 12 months?**

Yes	1
No	2
Don't know	3

ASK ALL IN SCOTLAND WHO HAD ANY DIFFICULTIES (SCOTLAND AND K13 '1'). OTHERS GO TO FILTER BEFORE K14

K13a) (NEW) **What sort of advice did you require?** DO NOT READ OUT. MULTICODE 1-20

Business growth	1
E-commerce/technology	2
Employment law/redundancies	3
Equal opportunities/discrimination	4
Exporting	5
Financial advice e.g. how and where to get finance	6
Financial advice e.g. accounting, for general running of business	7
Health and Safety	8
Innovation	9
Legal issues	10
Marketing	11
Regulations	12
Starting a business	13
Tax/national insurance law and payments	14
Training/skills needs	15
(SCOTLAND ONLY) Environmental advice (e.g. energy efficiency, renewable energy)	16
(SCOTLAND ONLY) Improving business efficiency/productivity	17
(SCOTLAND ONLY) Management/leadership development	18
(SCOTLAND ONLY) Relocation	19
Other (SPECIFY)	20
Don't know	21

ASK ALL WHO HAVE HAD ANY DIFFICULTIES (K13 '1'). OTHERS GO TO K15

K14) (NEW) **Why have you not sought information or assistance for these difficulties or needs?** DO NOT READ OUT. MULTICODE OK CODES 1-8.

Concerns over whether advice could be trusted	1
Did not know where to find it	2
Doubt benefit of advice	3
Lack of time	4
Right type of advice does not exist	5
Sufficient expertise/resource within own business	6
Too expensive	7
Other (SPECIFY)	8
None	9
Don't know	10

ASK ALL

K15) (Q95) **In the last 12 months have you used a business mentor – that is somebody with business expertise who supports you through the development and running of your business on a continuous basis?**

Yes	1
No	2
Don't know	3

ASK IF NOT USED A BUSINESS MENTOR (K15 '2-3'), OTHERS GO TO K17

K16) (NEW) **Would you be interested in using a business mentor in the future?**

Yes	1
No	2
Don't know	3

(K15 '1'), OTHERS GO TO FILTER BEFORE K19

K17) (NEW) **Which of these best describes your business mentor? READ OUT.**
ROTATE ORDER OF READING CODES 1-4. MULTICODE OK (1-5)

A specialist business mentor	1
A friend or peer	2
Somebody who provides other services to businesses, such as an accountant or lawyer	3
Somebody with a commercial interest in your business, e.g. an investor	4
Another sort of mentor (SPECIFY)	5
Don't know	6

ASK IF HAVE USED A BUSINESS MENTOR.

K18) (NEW) **Has the business mentoring helped your business in any of the following ways? READ OUT.**
ROTATE ORDER OF READING CODES 1-6. MULTICODE OK 1-7

People management such as recruitment	1
Developing business plans and strategy	2
Increasing sales or profit	3
Developing new products or processes	4
Enhancing leadership or management skills	5
Obtaining finance	6
Other sort of help (SPECIFY)	7
Don't know	8

ASK IF NOT USED A BUSINESS MENTOR BUT INTERESTED (K16 '1'),. OTHERS GO TO L1
 K19) (NEW) **Are there any reasons why you have not sought a business mentor already?**
 DO NOT READ OUT. MULTICODE OK

Haven't thought about it until now	1
Do not know where to go to find one	2
Lack of time	3
Think it might be expensive	4
Do not feel the appropriate type of assistance is available	5
Don't understand what a mentor does	6
Another reason (SPECIFY)	7
Don't know	8

SECTION L: PUBLIC SECTOR

ASK ALL

L1) (Q131) **In the past 12 months, have you expressed an interest in, or bid for, any contract advertised by the public sector?**
 SINGLE-CODE

Have expressed an interest but not bid	1
Have bid	2
Neither expressed interest nor bid	3
Don't know	4
Refused	5

L2) (Q131a) **In the past 12 months, have you actually done any business for the public sector?**
 SINGLE-CODE

Yes	1
No	2
Don't know	3
Refused	4

ASK IF HAVE DONE BUSINESS FOR PUBLIC SECTOR (L2/1), OTHERS GO TO FILTER BEFORE L5

L3) (Q132c) **Has any of this work for the public sector in the last six months been as the prime contractor, or has it only been as part of the supply chain?** SINGLE CODE ONLY.
 INTERVIEWER: IF 'BOTH', CODE AS 'PRIME CONTRACTOR'

Prime contractor	1
Part of the supply chain only	2
Other (SPECIFY)	3
Don't know	4
Refused	5

L4) (Q133) **What part of the public sector was your main customer?**
 READ OUT. SINGLE-CODE

Ministry of Defence	1
UK Departments of State (but not Ministry of Defence), including Central Government	2
(WALES ONLY) National Assembly for Wales/Welsh Government	3
(SCOTLAND ONLY) Scottish Government	4
(NI ONLY) Northern Ireland Government Departments	5
Local authorities e.g. local council	6
Health Service, including Primary, secondary trusts etc.	7
Higher/further education institutions	8
Other [PLEASE SPECIFY]	9
Don't know	10
Refused	11

L5) (NEW) ASK ALL IN SCOTLAND ONLY (SEE A8/A9). OTHERS GO TO FILTER BEFORE L5a
Are you aware of the Public Contracts Scotland website, which is used to advertise public sector tender opportunities?
 SINGLE-CODE

Yes	1
No	2
Don't know	3

L5a) (NEW) ASK ALL IN WALES ONLY. OTHERS GO TO FILTER BEFORE L5b
Are you aware of the Sell2Wales website, which is used to advertise public sector tender opportunities?
 SINGLE-CODE

Yes	1
No	2
Don't know	3

~~ASK IF AWARE OF PUBLIC CONTRACTS SCOTLAND (L5 '1'). OTHERS GO TO FILTER BEFORE M1~~

L5b) (NEW) ASK ALL IN NORTHERN IRELAND ONLY. OTHERS GO TO FILTER BEFORE L6
Are you aware of the e-Sourcing NI website, which is used to advertise tender opportunities?
 SINGLE-CODE

Yes	1
No	2
Don't know	3

~~ASK IF AWARE OF PUBLIC CONTRACTS SCOTLAND OR SELL2WALES (L5 '1' OR L5a '1'). OTHERS GO TO FILTER BEFORE M1~~

~~ASK IF YES AT L5, L5a OR L5b. OTHERS GO TO FILTER BEFORE M1~~

L6) (NEW) **Have you used the website in the last 12 months?**
SINGLE-CODE

Yes	1
No	2
Don't know	3

SECTION M: ENVIRONMENT

ASK ALL SELECTED FOR SECTION M, OTHERS GO TO FILTER BEFORE N1
M1) (Q134) **Has your business taken any steps to reduce the environmental impact it makes, such as reducing energy consumption, waste reduction or switching to recycled/sustainable materials? IF YES, PROBE FOR WHETHER TAKEN A LOT OR A FEW STEPS**
SINGLE-CODE

Yes – a lot of steps	1
Yes – a few steps	2
No	3
Don't know	4
Unwilling to answer	5

ASK IF ANY STEPS TAKEN (M1 '1-2'). OTHERS GO TO FILTER BEFORE M4
M2) (Q134a) **What steps have you taken so far? DO NOT READ OUT. MULTICODE OK 1-8**

Changed products/services to reduce waste	1
Increased energy use from renewable sources	2
Improved fuel efficiency for business vehicles	3
Increased waste recycling	4
More business travel by public transport/car sharing	5
More teleconferencing/Skyping with clients/colleagues	6
Reduced energy used in business processes	7
Reduced energy used to heat and light premises	8
Reduced paper consumption/recycled paper	9
Reduced water consumption	10
Reduced usage of environmentally damaging products	11
Other (SPECIFY)	12
Don't know	13

M3) (NEW) **Have you taken these steps purely to comply with regulations, or have you taken additional steps which are above those required by regulations?** SINGLE CODE

To comply with regulations	1
Additional steps	2
Other (SPECIFY)	3
Don't know	4
Refused	5

ASK ALL SELECTED FOR SECTION IN SCOTLAND ONLY (SEE A8/A9). OTHERS GO TO FILTER BEFORE

ASK ALL SELECTED FOR SECTION M

M4) (Q135) **Which of these describe your actions to reduce your businesses' environmental impact in the future?** READ OUT. SINGLE-CODE

You will do more than you do currently	1
You will do as much as you do currently	2
You will do less than you do currently	3
Don't know	4
Unwilling to answer	5

ASK ALL IN SCOTLAND WHO WILL NOT DO MORE THAN THEY ARE CURRENTLY (M4 '2-3'). OTHERS GO TO FILTER BEFORE N1

M5) (NEW) **Why are you unable to reduce your businesses' environmental impact more than you do currently?** DO NOT PROMPT. MULTICODE OK 1-8

Have done enough already	1
Lack of time	2
Cost of making changes	3
Need permission from landlord	4
Not their responsibility	5
Home or mobile worker/office too small	6
In a conservation area/listed building etc.	7
Other (SPECIFY)	8
Don't know	9
Refused	10

SECTION N: TRAINING

ASK ALL SELECTED FOR SECTION N, OTHERS GO TO FILTER BEFORE O1

ASK ALL SELECTED THAT EMPLOY STAFF (A2>0), OTHERS GO TO FILTER BEFORE O1

- N1) (Q137) **Over the past 12 months have you arranged or funded any formal off-the-job, or informal on-the-job, training or development for employees? By off-the-job training we mean training away from the individual's immediate work position, whether on your premises or elsewhere.** IF YES: PROBE FOR WHETHER FORMAL OFF THE JOB, INFORMAL ON THE JOB, OR BOTH. SINGLE CODE ONLY

Yes – formal off the job	1
Yes – informal on the job	2
Yes - Both	3
No	4
ASK WHETHER OFF-THE-JOB TRAINING N1 '1', OTHERS GO TO N3:	

ASK IF YES (CODES 1-3) AT N1. OTHERS GO TO N8

- N2)(NEW) **Did any of the managers in the business receive this formal off-the-job or informal on-the-job training or development during the last 12 months?** IF YES: PROBE FOR WHETHER FORMAL OFF THE JOB, INFORMAL ON THE JOB, OR BOTH. SINGLE CODE ONLY

Yes – formal off the job	1
Yes – informal on the job	2
Yes - Both	3
No	4
Don't know	5

- N3 (Q138) **And was any of this training and development designed to lead to a formal qualification, regardless of whether this has been achieved or not?** SINGLE CODE ONLY

Yes, most	1
Yes, some	2
No	3
Don't know	4
Unwilling to answer	5

ASK IF TRAINING LED TO QUALIFICATIONS (N3 '1-2') AND MANAGERS ARE TRAINED (N2 '1-3'). OTHERS GO TO FILTER BEFORE N5

N4 (NEW) **Was this the case for managers, for other staff, or for both of these?** SINGLE CODE ONLY

Yes, managers only	1
Yes, other staff only	2
Both managers and other staff	3
No	4
Don't know	5
Unwilling to answer	6

ASK WHERE MANAGERS HAVE RECEIVED ON OR OFF-THE-JOB TRAINING (N2 '1-3') OTHERS GO TO FILTER BEFORE N9:

N5) (NEW) **Thinking now about the training or development that managers in the business have received in the last 12 months, what subjects or disciplines did that training or development cover?** READ OUT. MULTICODE OK 1-6. RANDOMISE 1-5

Leadership and management skills	1
IT skills	2
Health and Safety	3
Technical, practical or job-specific skills	4
Team working skills	5
Other (SPECIFY)	6
Don't know	7

N6) (NEW) **Which of the following external providers, if any, have you used to deliver training to managers?** READ OUT. MULTICODE OK 1-4

Private training consultant or company	1
Further education college	2
University	3
(NI ONLY) Invest NI	4
(NI ONLY) Department for Employment and Learning	5
Other (SPECIFY)	6
None	7
Don't know	8

- N7) (NEW) **Thinking of all the training which was undertaken by your managers in the last year, can you say which of the following were involved in funding that training?** READ OUT.
MULTICODE OK

The business	1
Managers themselves	2
An external fund or grant	3
Other (SPECIFY)	4
Don't know	5

ASK IF NO TRAINING ARRANGED FOR MANAGERS IN PAST 12 MONTHS (NOT N2 '1-3'),
OTHERS GO TO FILTER BEFORE O1

- N8) (NEW) **You mentioned that you have not funded or arranged training for management staff at this location over the past 12 months. Have you considered providing any training for managers in the last 12 months?**

Yes	1
No	2
Don't know	3

- N9) (NEW) **What are the reasons for not providing any training for managers in the last 12 months?**
PROBE: **What other reasons have there been?** DO NOT READ OUT. MULTICODE OK 1-10

Dates or times of the courses are inconvenient	1
Don't know what is available	2
Lack of money available for external courses	3
No need for training/not a priority	4
No relevant training available	5
Senior managers are too busy <u>to give or organise</u> training	6
Managers are too busy <u>to undertake</u> training	7
Quality of courses available is not satisfactory	8
Courses are too expensive/no money available for training managers	9
Other (SPECIFY)	10
No particular reason (ALLOW SINGLE CODE ONLY)	11
Don't know	12

SECTION O: TECHNOLOGY

ASK ALL SELECTED FOR SECTION O. OTHERS GO TO P1

O1) (NEW) **Does your business have its own website?**

READ OUT. SINGLE-CODE.

Yes	1
No	2
Don't know	3

O1a) (Q145) **Can I check, do you have internet access that you use for business purposes? IF YES: Is this broadband?** SINGLE-CODE.

Yes - broadband	1
Yes – but not broadband	2
None	3
Don't know	4

ASK IF HAVE INTERNET ACCESS (O1a '1-2'). OTHERS GO TO FILTER BEFORE O5

O1b) (Q143) **Does your business use the Internet for the following?** READ OUT 1-5. MULTICODE OK.
NB: IT IS POSSIBLE THAT BUSINESSES MAY SELL AND PROMOTE GOODS VIA WEBSITES, EVEN IF THEY ARE NOT THEIR OWN

Paying taxes online	1
Seeking general business advice	2
Selling goods and services through a website	3
Promoting your goods and services through a website	4
Advice on regulation	5
None of these	6
Don't know	7
Refused	8

ASK IF HAVE INTERNET ACCESS

O4) (NEW) **Where do you have (IF O3 '1') broadband (IF O3 '2') internet access?**

READ OUT 1-4. .

At work?	1
At home?	2
Via a smart phone (e.g. Blackberry/Iphone/Android)?	3
Somewhere else?	4
Don't know	5

ASK IF DO NOT HAVE BROADBAND (O1a '2-4). OTHERS GO TO P1

O5) (NEW) **Why do you not have broadband for business purposes?** DO NOT PROMPT. MULTICODE
OK

Don't need it/want it	1
Not available in my area	2
Too expensive	3
Other (SPECIFY)	4
Don't know	5

SECTION P: TURNOVER

ASK ALL

P1) (Q148) **Can you please tell me the approximate turnover of your business in the past 12 months?**
RECORD EXACT FIGURE BELOW, IF NOT SURE, ASK FOR AN APPROXIMATE FIGURE.
ALLOWED RANGE £0-£99,999,999

£										
---	--	--	--	--	--	--	--	--	--	--

Don't know X

Refused Y

TO COMPLETE IF FIGURE GIVEN AT P1. OTHERS GO TO FILTER BEFORE P1b

P1a (NEW) INTERVIEWERS TO RE-ENTER TURNOVER INTO RANGE. DO NOT ASK. SINGLE CODE

£0-£9	1
£10-£99	2
£100-£999	3
£1,000-£9,999	4
£10,000-£99,999	5
£100,000-£999,999	6
£1,000,000-£9,999,999	7
£10,000,000-£99,999,999	8

ASK IF DK OR REF AT P1. OTHERS GO TO P2

P1b) (NEW) **Which of these ranges does your turnover fall into?** READ OUT UNTIL ANSWER GIVEN.
SINGLE CODE ONLY

Less than £73,000	1
£73,000 - £99,999	2
£100,000 - £249,999	3
£250,000 - £499,999	4
£500,000 - £999,999	5
£1m – £1.49m	6
£1.5m - £2.8m	7
£2.81m - £4.99m	8
£5m - £9.99m	8
£10m - £14.99m	10
£15m - £24.99m	11
£25m or more	12
Don't know	13
Unwilling to answer	14

ASK ALL TRADING FOR AT LEAST ONE YEAR (A6/NOT '1'). OTHERS GO TO B5

P2) (Q149) **Compared with the previous 12 months, has your turnover in the past 12 months increased, decreased or stayed roughly the same?** SINGLE-CODE

Increased	1
Decreased	2
Stayed the same	3
Don't know	4
Unwilling to answer	5

ASK IF TURNOVER HAS INCREASED / DECREASED (P2/1-2), OTHERS GO TO FILTER ABOVE P4

P3) (Q150) **By approximately what percentage did your turnover (IF P2/1) increase (IF P2/2) decrease in the past 12 months, compared with the previous 12 months?**

Enter percentage (IF DECREASED P2 '2', RANGE = 0-100%; IF INCREASED P2 '1', RANGE = 0-999%)

Uncertain / DKX

Refused /Unwilling to answer ... Y

- ASK IF DECREASED BY MORE THAN 50% (P2 '2' AND P3 '51-100'). OTHERS GO TO FILTER AT P5
- P4) (Q150i) **You said that your turnover decreased by (ANSWER AT P3)%. That means your turnover decreased by more than half compared with the previous 12 months. Is that correct?**

Yes	1
No	2
Not sure	3
Refused	4

IF NO AT P4, REASK P3. OTHERS GO TO P7

ASK IF INCREASED BY MORE THAN 100% (P2 '1' AND P3 '101-999'). OTHERS GO TO FILTER AT P6

- P5) (Q150ii) **You said that your turnover increased by (ANSWER AT P3)%. That means your turnover has more than doubled compared with the previous 12 months. Is that correct?**

Yes	1
No	2
Not sure	3
Refused	4

IF NO AT P5, REASK P3. OTHERS GO TO P7

ASK IF DON'T KNOW HOW MUCH TURNOVER INCREASED/DECREASED AT P3 (P3 'x'). OTHERS GO TO P7

- P6) (Q150a) **Would you say it [TEXT SUBSTITUTION: (IF P2/1) increased (IF P2/2) decreased] by up to 10%, up to 20% or by more than 20%?**

Up to 10%	1
Up to 20%	2
More than 20%	3
Don't know	4

ASK ALL

- P7) (Q151) **In the next 12 months do you expect your turnover to increase, decrease, stay roughly the same? SINGLE-CODE**

Increase	1
Decrease	2
Stay the same	3
Don't know	4
Unwilling to answer	5

ASK IF EXPECT TURNOVER TO INCREASE / DECREASE (P7/1-2), OTHERS GO TO Q1
 P8) (Q152) **By approximately what percentage do you expect your turnover (IF P7/1) increase (IF P7/2) decrease in the next 12 months?** SINGLE-CODE
 INTERVIEWER NOTE: IF DON'T KNOW, PROMPT WITH BANDS

Enter percentage (IF DECREASE P7 '2', RANGE = 0-100%; IF INCREASE P7 '1', RANGE = 0-999%)

Uncertain / DKX

Refused / Unwilling to answer ... Y

ASK IF EXPECT TO DECREASE BY MORE THAN 50% (P7 '2' AND P8 '51-100'). OTHERS GO TO FILTER AT P10

P9) (Q152i) **You said that you expect your turnover to decrease by (ANSWER AT P8). That means you expect your turnover to decrease by more than half what it is now. Is that correct?**

Yes	1
IF NO AT P9, REASK P8. OTHERS GO TO Q1 No	2
Not sure	3
Refused	4

ASK IF EXPECT TO INCREASE BY MORE THAN 100% (P7 '1' AND P8 '101-999'). OTHERS GO TO FILTER AT P11

P10) (Q152ii) **You said that you expect your turnover to increased by (ANSWER AT P3. That means you expect your turnover to more than doubled compared with what it was in the last 12 months. Is that correct?**

Yes	1
No	2
Not sure	3
Refused	4

IF NO AT P10, REASK P8. OTHERS GO TO Q1

ASK IF DON'T KNOW HOW MUCH TURNOVER WILL INCREASE/DECREASE AT P8 (P8 '2'). OTHERS GO TO Q1

P11) (Q152a) **Would you say it will [TEXT SUBSTITUTION: (IF P7/1) increase (IF QP7/2) decreased] by up to 10%, up to 20% or by more than 20%?**

Up to 10%	1
Up to 20%	2
More than 20%	3
Don't know	4

SECTION Q: VAT AND LEGAL FORM

ASK ALL

Q1) (Q153) **Is your business VAT registered?** SINGLE-CODE

Yes	1
No	2
Unwilling to answer	3

ASK IF BUSINESS IS VAT REGISTERED (Q1/1), OTHERS GO TO FILTER BEFORE Q3

Q2) (Q154) **How long after start up was the business registered for VAT?** SINGLE-CODE

Prior to start up	1
At the time of start up/when VAT was introduced	2
Within 6 months of start up	3
7 – 12 months	4
After 1 year but no more than 2 years	5
After 2 years but no more than 4 years	6
After 4 years	7
Don't know	8
Unwilling to answer	9

ASK IF BUSINESS IS AN INCORPORATED COMPANY (A5/2, 5, 6, 7, 9, 10, or 11). OTHERS GO R1

Q3) (Q156a) **You mentioned earlier that your business is a [TEXT SUBSTITUTION, ANSWER AT Q4]. Have you always operated under that legal form?**

Yes	1
No	2
Unwilling to answer	3

ASK IF BUSINESS HAS NOT ALWAYS BEEN INCORPORATED (Q3/2), OTHERS GO TO R1

Q4) (Q156b) **In which year did you incorporate your business?**ADD IF NECESSARY: **That is, in which year did you register your business through Companies House?**

--	--	--	--

Don't know X

Refused Y

ASK IF DON'T KNOW/REFUSED AT Q4. OTHERS GO TO R1
 Q5) (NEW) **Was it incorporated.... ?** READ OUT BANDS. INGLE-CODE

Before 1990	1
1991-1995	2
1996-2000	3
2001-2005	4
2006 or more recently	5
Don't know	6
Refused	7

SECTION R: OWNERSHIP

ASK ALL

R1) (Q158) **Is your business a family owned business? (A family business is majority owned by members of the same family)** SINGLE-CODE

Yes	1
No	2
Unwilling to answer	3

ASK IF FAMILY-OWNED BUSINESS (R1/1), OTHERS GO TO R3

R2) (Q159) **And for how many generations has the business been in the control of your family?** SINGLE-CODE

1	1
2	2
3	3
4	4
Other [PLEASE SPECIFY]	5
Don't know	6
Unwilling to answer	7

ASK ALL

R3) (Q161) **Do you anticipate the closure, or a full transfer of the ownership of your business in the next 5 years?** SINGLE-CODE, PROMPT AS NECESSARY

Yes, I anticipate the closure of the business	1
Yes, I anticipate a full transfer of the ownership of my business	2
No	3
Don't know	4

ASK BUSINESSES THAT WILL TRANSFER (R3/2). OTHERS GO TO FILTER ABOVE R4
 R3a) (NEW) **Will the ownership of your business transfer partly or wholly to somebody within your own family, or to somebody else?** SINGLE-CODE, PROMPT AS NECESSARY

Own family	1
Somebody else	2
Don't know	3
Refused	4

ASK IF SOLE PROPRIETORSHIP (A5=1), OTHERS GO TO FILTER ABOVE R5

R4) (Q163) **You said earlier that your business is a sole proprietorship. Can I just confirm that there are no other managers involved in running the business except yourself?** SINGLE-CODE

There are no others involved	1
There are others involved	2

ASK ALL EXCEPT SOLE PROPRIETORSHIP WITH NO OTHER MANAGERS (R4/NOT1), OTHERS GO TO R14

R5) (Q164) **How many partners or directors are there in day-to-day control of the business now, including yourself?**

ENTER NUMBER (RANGE=1-999,999) _____

Don't know / Uncertain ...X

Refused ... Y

IF MULTI-MANAGEMENT (R4/NOT1 AND R5 = 2+) AND NUMBER OF DIRECTORS / PARTNERS GIVEN (R5 NOT X or Y), OTHERS GO TO R11

- R6) (Q165b) **Of your** [TEXT SUBSTITUTION: NO OF DIRECTORS AT R5] **partners or directors, how many work full time in running the business?** ENTER NUMBER (RANGE = ZERO UP TO VALUE AT R5)
- R7) (Q166) **How many, if any, are women?** ENTER NUMBER (RANGE = ZERO UP TO VALUE AT R5)
- R8) (NEW) **How many, if any, are members of the same family?** ENTER NUMBER (RANGE = ZERO UP TO VALUE AT R5)
- R9) (Q195) **How many, if any, have any longstanding illness, disability or infirmity? By 'long-standing' I mean anything that has troubled you/them over a period of time or that is likely to affect you/them over a period of time.** NUMBER (RANGE = ZERO UP TO VALUE AT R5)
- R10) (Q171) **How many, if any, are from ethnic minority groups?** ENTER NUMBER (RANGE = ZERO UP TO VALUE AT R5)
- R11) (Q190) **How many, if any, were born outside of the UK?** ENTER NUMBER (RANGE = ZERO UP TO VALUE AT R5)

	Enter number	DK	REF
R6 (full time)		X	Y
R7 (women)		X	Y
R8 (family)		X	Y
R9 (disability)		X	Y
R10 (ethnic minority)		X	Y
R11 (born outside of UK)		X	Y

ASK IF ANY BELONG TO ETHNIC MINORITY GROUPS (R9>0), OTHERS GO TO R13

R12) (Q172) **Which ethnic groups do the owners, partners or directors belong to?**

READ OUT UNTIL ANSWER GIVEN. MULTI-CODE.OK

Mixed White and Black Caribbean	1
Mixed White and Black African	2
Mixed White and Asian	3
Any other mixed background [PLEASE SPECIFY]	4
Indian	5
Pakistani	6
Bangladeshi	7
Any other Asian background [PLEASE SPECIFY]	8
Black Caribbean	9
Black African	10
Any other Black background [PLEASE SPECIFY]	11
Chinese	12
Arab	13
Gypsy or Irish Traveller	14
Any other ethnic group [PLEASE SPECIFY]	15
Don't know	16
Unwilling to answer	17

ASK ALL WITH MULTI-MANAGEMENT (R4/NOT1 AND R5 = 2+)

R13) (Q167) **Is more than 50% of the business owned by women? SINGLE-CODE**

Yes	1
No	2
Don't know	3

ASK IF SOLE PROPRIETORSHIP WITH NO OTHER MANAGERS (R4/1 or R5/1), OTHERS GO TO T1

R14) (Q165a) **Can I ask, do you work full time or part time in running the business?**

Full-time	1
Part-time	2
Refused	3

R15) (Q170) **Which ethnic group do you consider you belong to?**
 READ OUT UNTIL ANSWER GIVEN. SINGLE-CODE.

White British (including white English, Scottish, Welsh or Northern Irish)	1
White Irish	2
Any other white background (PLEASE SPECIFY)	3
Mixed White and Black Caribbean	4
Mixed White and Black African	5
Mixed White and Asian	6
Any other mixed background [PLEASE SPECIFY]	7
Indian	8
Pakistani	9
Bangladeshi	10
Any other Asian background [PLEASE SPECIFY]	11
Black Caribbean	12
Black African	13
Any other Black background [PLEASE SPECIFY]	14
Chinese	15
Arab	16
Gypsy or Irish Traveller	17
Any other ethnic group [PLEASE SPECIFY]	18
Don't know	19
Unwilling to answer	20

R16) (Q190) **Were you born outside the UK?**

Yes	1
No	2
Don't know	3
Refused	4

R17) (Q195) **Do you have any longstanding illness, disability or infirmity? By 'long-standing' I mean anything that has troubled you/them over a period of time or that is likely to affect you/them over a period of time.**

Yes	1
No	2
Refused	3

SECTION T(S): PERSONAL DEMOGRAPHICS

ASK ALL

T1) (Q193) **Can I ask do you currently hold any qualifications?** SINGLE-CODE

Yes	1
No	2
Unwilling to answer	3

ASK IF HAVE QUALIFICATIONS (T1/1), OTHERS GO TO T3

T2) (Q194) **From the following list I am going to read out, can you tell me when we come to a qualification that you hold?** READ OUT. SINGLE-CODE

A postgraduate degree or doctorate, NVQ / SVQ Level 5 or equivalent	1
A degree or higher degree, HND, HNC, NVQ / SVQ Level 4 or equivalent	2
A levels, SCE higher, NVQ / SVQ Level 3 or equivalent	3
GCSE, O Levels, SCE standard, NVQ / SVQ Level 2 or equivalent	4
Other [PLEASE SPECIFY]	5
No formal qualifications	6
Unwilling to answer	7

ASK ALL

T3) (Q197) **Please could you tell me your age?**

ENTER NUMBER)

Don't know / Uncertain ...X

Refused ... Y

ASK IF DK or REFUSED AT T3 (T5 =X or Y), OTHERS GO TO U1

T4) (Q197b) **Would you be able to tell me if you are ...?**

Under 25	1
Between 25 and 34	2
Between 35 and 44	3
Between 45 and 49	4
Between 50 and 54	5
Between 55 and 64	6
Over 64	7
Refused	8

SECTION U (T): END

ASK IF ALL

U1) (Q199) (IF ENGLAND) **The Department for Business Innovation and Skills (BIS)...**

(ADD IF WALES)and the **Welsh Government**

(ADD IF SCOTLAND)and the **Scottish Government**

(ADD IF NORTHERN IRELAND)and the **Northern Ireland Government**

.....may want to carry out further research in the future. Would you be willing to help with that research? SINGLE-CODE

Yes	1
No	2

ASK ALL

U2) (Q202a) **Would it be possible for BIS.....**

(ADD IF WALES)and the **Welsh Government**

(ADD IF SCOTLAND)and the **Scottish Government**

(ADD IF NORTHERN IRELAND)and the **Northern Ireland Government**

.....to link your responses to other information that you have provided previously to the Government? By this data linkage, we can reduce the burden of our surveys on your business and can improve the evidence that we use.

ADD IF NECESSARY

Data will only be used to inform research on businesses in aggregate - we will never release information that identifies any individual business - and your survey responses remain strictly confidential. Do you give your consent for us to do this?

Yes	1
No	2

ASK ALL

U3) (Q206) RECORD RESPONDENT'S NAME

U4) (Q207) RECORD RESPONDENT'S JOB TITLE

ALL

U5) (Q208) INTERVIEWER TO RECORD WHETHER THE RESPONDENT IS A MAN OR A WOMAN
SINGLE-CODE

Man	1
Woman	2

THANK RESPONDENT AND CLOSE INTERVIEW

I declare that this survey has been carried out under BMG instructions and within the rules of the MRS Code of Conduct.		
Interviewer signature:	Date:	
Finish time:	Interview Length	mins

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