



Department
for Business
Innovation & Skills

**SMALL BUSINESS SURVEY
2012: BUSINESSES WITH NO
EMPLOYEES**

A report by BMG Research

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Executive Summary

Introduction

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

The survey interviewed 5,723 Small and Medium Enterprises (SMEs), each employing fewer than 250 people, across the UK. 955 of these were enterprises without any employees; that is, they were operated by a single individual or by partners who did not employ anyone else in the business. Results for these 'no-employees businesses' are reported here, with a separate report for SME employers.

The survey asked business managers and owners about a range of issues including businesses' recent performance in sales turnover and employment, 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.

Throughout the report, results for businesses with no employees are compared with those for SME employers, that is, those employing between 1 and 249 people.

Profile of businesses

BIS's Business Population Estimates (BPE) show that, in 2012, there were 3,557,255 businesses with no employees in the UK, 74 per cent of all private businesses in the UK. They accounted for 18 per cent of all private sector employment in the UK. The BPE is the source of the targets used to weight the survey sample (by sector within nation).

Thus, the sector distribution of the sample accords with that of the population. The larger shares of businesses with no employees are in construction and professional/scientific. Compared to SME employers, those with no employees were less likely to be in retail/wholesale and food/accommodation.

Ninety four per cent of those with no employees operated from a single site and 70 per cent operated from the business owner's home. Sixty-four per cent were sole proprietorships and 23 per cent limited companies. Forty per cent were registered for VAT.

Businesses with no employees were, compared to SME employers, more likely to be six to 10 years' old and less likely to be over 20 years old.

Sixty-one per cent of businesses with no employees were entirely male-led compared with 49 per cent of SME employers. Five per cent were minority ethnic group-led compared with seven per cent of SME employers. Using BIS's definition of a social enterprise, six per cent of businesses with no employees were social enterprises compared with five per cent of SME employers.

Business performance

Eight per cent of businesses with no employees which had traded for at least a year, had employed at least one person twelve months previously. Nine per cent expect to employ someone in 12 months' time.

The average sales turnover in 2012 of businesses with no employees was £127,100, compared to the average for SME employers which was £1,033,000. Twenty-three per cent of businesses with no employees reported higher turnover in the most recent year compared with the previous year, whilst 37 per cent said turnover had reduced (the remainder reported stable sales). Businesses with no employees were less optimistic that their turnover would increase in 12 months' time than were SME employers.

Seventy-two per cent of businesses with no employees generated a profit in their last financial year.

Twenty per cent of businesses with no employees anticipate the closure of their business in the next five years. This is a much higher proportion than for SME employers (nine per cent).

Fifty-four per cent of businesses with no employees aimed to grow their business over the next two to three years. This compares to 68 per cent of SME employers.

Plans to grow are correlated with the age of the business, with younger businesses more likely to plan growth. Eighty-seven per cent of those aged up to three years aimed to grow, compared to 60 per cent of those aged between four and ten years, and 45 per cent of those aged more than ten years.

Business capability

Businesses with no employees were asked how capable their business was in performing a number of tasks which are usually considered important to running a successful business. They were less confident than SME employers for all tasks, and in particular for people management, introducing new products and services, and operational improvement.

Twenty-nine per cent of businesses with no employees had introduced new or significantly improved products or services in the last twelve months, and 20 per cent had introduced new or significantly improved purchases. Both these proportions were lower than for SME employers (43 and 33 per cent respectively).

Twelve per cent of businesses with no employees sold goods or services or licensed products outside of the UK. This compares to 19 per cent of SME employers.

Ninety-two per cent of businesses with no employees have internet access which they use for business purposes, the same proportion as SME employers.

Half of businesses with no employees had taken steps to reduce their environmental impact. This compares to 67 per cent of SME employers.

Access to finance

Thirteen per cent of businesses with no employees had sought finance in the twelve months preceding the interview. This compares to 24 per cent of SME employers.

Of those that applied for finance, 58 per cent did so to acquire working capital or for cash flow reasons, 25 per cent to acquire capital equipment or vehicles, eight per cent to buy land or buildings and four per cent to improve buildings. These were the same main reasons for needing finance as among SME employers.

Fifty-one per cent of those that applied for finance had some form of difficulty getting the money from the first source they approached. This compares to 47 per cent of SME employers. Forty-one per cent were unable to obtain any finance (32 per cent of SME employers), two per cent obtained some finance but not all they needed (six per cent of SME employers) and seven per cent obtained all they needed, but with some difficulties (nine per cent of SME employers).

Fifty-eight per cent of those that applied for finance said that they understood the way in which banks assess credit worthiness well,, while 41 per cent did not understand it well. Fifty-one per cent had a good relationship with their bank. Awareness of alternative types of finance among those with no employees was less than for SME employers.

Forty-two per cent of businesses with no employees had had a problem with customers paying them later than they require. SME employers were more likely to have this problem.

Obstacles to the success of the business

Seventy-three per cent of businesses with no employees said that the economy was an obstacle to the success of their business. Fifty-three per cent cited competition in the market, 43 per cent regulations, 43 per cent cash flow, 42 per cent taxation (including VAT, PAYE, NI and business rates), 28 per cent obtaining finance, 20 per cent the availability of suitable premises, 19 per cent pensions, and 17 per cent shortage of skills.

Compared with SME employers, the top five obstacles are the same

Business support

Across the UK, 34 per cent of businesses with no employees had sought external information or advice in the twelve months preceding interview. This is a lower proportion than that seen among SME employers (45 per cent). Accountants were the most frequently used source of advice and information.

Five per cent of all businesses with no employees had used a business mentor in the twelve months preceding interview. This compares to eight per cent of SME employers. Of those that did not use mentors in the last year, 21 per cent would be interested in using one in future.

Working for the public sector

Four per cent of businesses with no employees had bid for public sector contracts in the twelve months prior to the survey, with a further four per cent having expressed an interest but not actually submitted a bid. This compares to ten per cent and five per cent of SME employers respectively.

Twenty-two per cent of business with no employees had done work for the public sector in the previous twelve months. This compares to 26 per cent of SME employers.

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1. Introduction

Aims of the survey

This report sets out the key findings for businesses with no employees 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). 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 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, their recent turnover and employment performance, their capability (in terms of their ability to innovate, export, train staff, etc.), their access to finance and their use of business support.
- To gauge SME intentions, needs and concerns and the obstacles to fulfilling their potential.
- To create a database that can be used for follow-up studies among the general SME population, or sub-groups within it.

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 businesses 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 oversampling of sectors of particular interest.

¹ Defined here as having fewer than 250 employees

² Computer Assisted Telephone Interviews

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

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).

Note on the report

Please note that the findings presented in this report relate to businesses with no employees only. The definition of an 'employee' does not include owners or partners, people working for the business that work on a self-employed basis and agency or contract staff that are not paid directly by the business (i.e. their PAYE tax and National Insurance is paid by an agency).

SME employers, those with at least one employee in addition to the business' owner(s), have been excluded from the dataset on which this report is based. However, the dataset for businesses without employees has been compared with that of SME employers throughout the report. A separate report which focuses on the SME employer dataset is available. Separate reporting of the findings relating to SME employers is consistent with reporting of the 2010 SBS and of the Annual Small Business Surveys (ASBSs) that preceded this. This is the first time that a written report has been produced which focuses on the findings for businesses with no employees. The overall sample size for businesses with no employees, across the UK, is of 955 cases.

Statistical confidence

At the overall level, the sample size is sufficiently large to allow reporting on findings with a high degree of statistical reliability. For example, a difference between the findings for no employees and employers in SBS 2012 of +/- 2.1 per cent is significant for findings in which 10 per cent of respondents give one response and 90 per cent give the alternative and a difference of +/- 3.5 per cent is significant in cases where responses are equally split, 50 per cent of respondents giving one answer and 50 per cent giving the other.

Unless stated otherwise, all findings reported in the text are statistically significant at the 95 per cent confidence level. Findings reported in the tables are only statistically significant when highlighted in bold.

2. Profile of Businesses

This section explores the characteristics of businesses with no employees, for example in terms of their sector, legal status, age and the characteristics of their owners. SBS 2012 data is weighted⁴ to estimates derived from BIS's Business Population Estimates (BPE⁵). For that reason the data on sector is drawn from this source, but is shown here for information.

Population size (based on BPE 2012)

The 2012 Business Population Estimates calculate 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.

Seventy-four per cent of these businesses have no employees. The number of businesses with no employees in 2012 was 3,557,255. This was an increase of 193,235 on the 2011 estimate and 266,685 on 2010.

In terms of employment, businesses with no employees accounted for 18 per cent of all employment in the UK private sector.

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 are engaged. It has been revised several times, the latest revision producing the SIC 2007 classification. In SBS 2010, SIC 2003 was used. This has been subsequently recoded to match SIC 2007.

The most populous sectors among businesses with no employees in 2012 were construction (21 per cent) and professional/scientific (14 per cent).

⁴ The dataset is weighted according to 1 digit sector (SIC 2007) and Government Office Region (GOR). See the technical appendix for more detail.

⁵ <http://www.bis.gov.uk/analysis/statistics/business-population-estimates>. The figures are drawn from a combination of the Inter Departmental Business Register (IDBR) which contains all businesses operating VAT or PAYE schemes, or which are 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.

Table 2.1: Sector⁶

	All businesses with no employees	All SME employers
n=	955	4768
	%	%
ABDE Primary	3	5
C Manufacturing	4	7
F Construction	21	12
G Retail & wholesale	8	19
H Transport & storage	7	3
I Food & accommodation	1	10
J Information & communication	6	5
KL Finance & real estate	3	5
M Professional & scientific	14	13
N Administrative services	8	8
P Education	6	1
Q Health	7	5
R Arts & recreation	5	2
S Other services	6	5

Base = all businesses with no employees (n=955)

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. A4. Single answer only allowed at this question.

Compared with SME employers, there were a greater proportion of SMEs with no employees in the construction (21 per cent of no employees, 12 per cent of employers), transport & storage (seven per cent vs. three per cent), education (six per cent vs. one per cent), health (seven per cent vs. five per cent) and arts/recreation (five per cent vs. two per cent) sectors. There was a smaller proportion of SMEs with no employees in the manufacturing (four per cent vs. seven per cent), retail/wholesale (eight per cent vs. 19 per cent), food/accommodation (one per cent vs. ten per cent) and finance/real estate (three per cent vs. five per cent) sectors.

Among those with no employees, the sectorial profile by nation was similar except in the primary sector (agriculture, mining, utilities and waste management). Northern Ireland (17 per cent) and Wales (nine per cent) had a higher proportion of businesses with no employees in primary industries than was the case in the UK (three per cent).

⁶ Please note that some sectors have been amalgamated because of their relatively small proportions within the population. See technical appendix for more details on sector.

Table 2.2: Sector – by nation (based on BPE)

	All businesses with no employees in UK	England	Scotland	Wales	Northern Ireland
n=	955	572	167	135	81
	%	%	%	%	%
ABDE Primary	3	3	6	9	17
C Manufacturing	4	4	4	5	6
F Construction	21	21	16	23	26
GHI Transport, retail and distribution	16	15	19	15	13
J Information & communication	6	7	6	3	3
KLM Business services	17	17	18	18	10
N Administrative services	8	8	7	6	4
PQRS Other services	24	24	26	28	22

Base = all businesses with no employees (n=955)

Figures in bold are statistically significant at the 95% confidence level against the overall finding. 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).

In 2012, 94 per cent of businesses with no employers operated from a single site. This compares with 88 per cent of SME employers.

Table 2.3: Number of sites

	All businesses with no employees	All SME employers
n=	955	4768
	%	%
One (single site)	94	88
Two-three	6	10
Four or more	0	2

Base = all businesses with no employees

*= statistic of less than 0.5% but greater than zero. Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. A1. Single answer only allowed at this question.

Businesses with no employees in the other services sector (11 per cent) were more likely than average to provide their services at more than one site. This sector is made up of people working in education, health and the arts, who might be expected to travel to more than one location for work.

Whether main business/work premise is owner’s home

For 70 per cent of businesses with no employees, their main work premises were also their home. This proportion is considerably higher than that reported amongst SME employers (29 per cent).

Table 2.4: Whether main business/work premise is owner’s home – by sector

	All with no employees	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms	KLM Business service	N Admin.	PQRS Other service
n=	955	67	52	132	157	85	188	58	216
	%	%	%	%	%	%	%	%	%
Work/home as same address	70	92	45	84	50	84	75	80	61

Base = all businesses with no employees

Figures in bold are statistically significant at the 95% confidence level against the overall finding. A10. Single answer only .

Businesses with no employees in the primary (92 per cent), construction (84 per cent), and information/communications (84 per cent) sectors were more likely than average to have the same work and home premises. Those in manufacturing (45 per cent), transport, retail and distribution (50 per cent) and other services (61 per cent) were less likely to have this.

Seventy-two per cent of businesses with no employees worked at home at least one day a week on average. This proportion compares to 41 per cent of owners of SME employers.

Legal status

Sixty-four per cent of businesses with no employees were sole proprietorships. Twenty-three per cent were private limited companies limited by shares (Ltd) and ten per cent were partnerships.

Table 2.5: Legal status

	No employees	All SME employers
n=	955	4768
	%	%
Sole proprietorship	64	27
Private Ltd. Company, limited by shares	23	52
Partnership	10	12
Private company limited by guarantee	*	2
Limited liability partnership	*	2
Public limited company	*	1
Other	*	1

Base = all businesses with no employees. * = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. A5. Single answer only allowed at this question.

Compared to SME employers there was a much higher incidence of sole proprietorships, and fewer private limited companies, but similar proportions of partnerships.

Sole proprietorships were more likely to be found in the other service sector (75 per cent), while private limited companies were most likely to be found in information/communication (42 per cent) and business services (37 per cent) sectors. Partnerships were most likely to be found in primary (58 per cent) and transport, retail and distribution (16 per cent) sectors.

Incorporated companies (LTDs, CLGs, LLPs and private unlimited companies) were asked whether they had always operated under that legal form. Sixty-nine per cent said that this was the case, a similar proportion to that of SME employers (70 per cent).

VAT registrations

Forty per cent of businesses with no employees in SBS 2012 were VAT-registered. This compares with 78 per cent of SME employers.

The proportion of VAT-registered businesses with no employees was significantly higher in primary (89 per cent), information/communications (65 per cent), manufacturing (62 per cent) and business services (54 per cent). They were less common in other services (14 per cent).

Businesses with no employees in Northern Ireland were significantly more likely (70 per cent) than those in other nations to be VAT-registered.

By age of business, VAT registration rates varied little: thirty-five per cent of businesses established less than four years, 39 per cent of businesses established between four and ten years ago and 42 per cent of businesses established over ten years ago were VAT-registered.

Of those registered for VAT, 47 per cent registered at the time of start-up (compared to 52 per cent of SME employers) and 15 per cent registered prior to start-up (18 per cent of SME employers).

Age of business

Table 2.6 shows the age of businesses with no employees.

Table 2.6: Age of business

	All businesses with no employees	All SME employers
n=	955	4768
	%	%
Less than one ⁷	2	1
1 year	2	2
2 years	3	4
3 years	4	4
4 years	3	4
5 years	4	4
6-10 years	23	16
11-20 years	24	23
More than 20 years	36	41

Base = all businesses with no employees (n=955)

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. A6. Single answer only allowed at this question.

The survey defines start-ups as those businesses trading for less than four years – ten per cent of all business with no employees (11 per cent of SME employers).

Sixty-seven per cent of businesses with no employees were working as an employee within another business when they started their own business. This compares with 52 per cent of those operating businesses with employees. Three per cent were running another business, 19 per cent were self-employed and seven per cent were unemployed (24 per cent; 13 per cent and seven per cent respectively amongst SME employers).

Forty-five per cent of SMEs with no employees started their businesses to take advantage of a business opportunity, while a similar proportion (42 per cent) had no better choices for work; 12 per cent cited both these reasons. Compared to SME employers, where only 20 per cent cited no better choices for work as their reason for starting a business, necessity entrepreneurship among those with no employees is more prevalent.

⁷ 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.

Where respondents reported that they had started the business to pursue a business opportunity, the main reasons for this were having greater independence/wanted to be their own boss (38 per cent), to follow a passion/challenge (35 per cent), to get better working conditions (13 per cent) or to exploit demand or a new market (12 per cent).

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 (34 per cent), that they did not like working conditions in their previous job (19 per cent) or had otherwise lost their job (15 per cent).

Number of partners/directors

SMEs with no employees may still have other partners or directors that do not count as employees. Sixty-one per cent of businesses with no employees were sole proprietors with no-one else involved in running the business. A further 13 per cent were not sole proprietors but were running the business themselves under another legal status. Thus, 26 per cent of businesses with no employees reported having a partner of some description (i.e. not an employee). The majority of these jointly-led businesses involved two partners or directors (22 per cent of all businesses with no employees).

Table 2.7: Number of partners/directors

	All businesses with no employees	All SME employers
n=	955	4768
	%	%
One	74	45
Two	22	37
Three	3	9
Four	1	4
Five to eight	*	3
Nine to twelve	*	*
Thirteen or more	0	*

Base = all businesses with no employees

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. R4/R5. Single answer only allowed at this question.

Of multiple-management businesses with no employees, 78 per cent had at least one woman director/partner in day-to-day control of the business. Seventy-nine per cent had more than one person from the same family, 14 per cent had at least one director/partner with a disability or longstanding illness, nine per cent had at least one director/partner from an ethnic minority and 14 per cent had at least one director/partner born outside of the UK.

Businesses with no employees in multiple-management were more likely to have a woman director/partner than SME employers (78 per cent against 65 per cent of multiple-management SME employers) and to have a director/partner from the same family (79 per cent against 61 per cent).

Women-led businesses

Twenty-one per cent of businesses with no employees were women-led businesses, defined as controlled by a single woman, or having a management team of whom a majority are women. This compares to 19 per cent of SME employers. A further 16 per cent were led equally by men and women, meaning that overall, 37 per cent were at least 50 per cent female. The majority of SMEs with no employees were entirely male-led.

Table 2.8: Leadership by gender

	All businesses with no employees	All SME employers
n=	955	4768
	%	%
Majority-led by women	21	19
Equally-led	16	23
At least 50% female (majority led & equally led)	37	42
Women in a minority	2	8
Entirely male-led	61	49

Base = all businesses with no employees

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. R4/R5/R7/U5. Single answer only allowed at this question.

Twenty-two per cent of SMEs with no employees formed less than four years ago and 26 per cent of those formed four to ten years ago were women-led, compared to 18 per cent of businesses established for more than ten years. This result differs from that among SME employers where there was a higher than average proportion of women-led businesses in the 0-3 year age bracket, but not in the 4-10 year old age group.

There was a particularly high proportion of women-led businesses within the other services sector (39 per cent) and very few within primary (two per cent) and construction (seven per cent) sectors. In the primary sector businesses with no employees were more likely than average to be equally male/female led (42 per cent).

Table 2.9: Whether women led – by sector (SIC 2007)

	All businesses with no employees	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
n=	955	67	52	132	157	85	188	58	216
	%	%	%	%	%	%	%	%	%
Women-led	21	2	14	7	20	17	20	19	39

Base = all businesses with no employees

Figures in bold are statistically significant at the 95% confidence level against the overall finding. R4/R5/R7/U5. Single answer only allowed at this question.

MEG-led businesses

Five per cent of businesses with no employees 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. This compares to seven per cent of SME employers.

MEG-led businesses tended to be younger than businesses with no employees generally. They constituted 17 per cent of businesses with no employees formed in the last three years, but only seven per cent of those formed four to ten years ago and three per cent of those formed over ten years ago.

No sector was significantly more likely to be MEG-led among those with no employees, but construction was significantly less likely to be MEG-led (one per cent).

Social enterprises

Twenty-one per cent of businesses with no employees viewed their businesses as comprising a social enterprise: a business that has mainly social or environmental aims. This was a similar proportion to SME employers (24 per cent).

Table 2.10: Social enterprises

	All businesses with no employees	All SME employers
n=	955	4768
	%	%
Perceive themselves as social enterprises	21	24
Conform to BIS definition of a social enterprise	6	5

Base = all businesses with no employees

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. 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.

Under this definition, six per cent of businesses with no employees were considered to be social enterprises, a similar proportion to that seen amongst SME employers (five per cent).

Social enterprises were most likely to be found in the other services sector (16 per cent), which includes education, health and the arts.

Table 2.11: Whether conform to BIS definition of social enterprise – by sector (SIC 2007)

	No employ-ees	ABDE Primary	C Manu-facture	F Constr-uction	GHI TRAD	J Info-comms	KLM Busi-ness service	N Admin.	PQRS Other service
n=	955	67	52	132	157	85	188	58	216
	%	%	%	%	%	%	%	%	%
Social enterprise	6	1	7	2	3	2	3	2	16

Base = all businesses with no employees

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

3. Business Performance

This section explores how businesses with no employees have performed in the last twelve months in terms of turnover, whether or not they have recently employed people or have expectations of doing so and also their expectations for performance in the next twelve months.

Employment twelve months ago

Eight per cent of businesses with no employees that had been trading for at least a year employed someone twelve months earlier.

By sector, businesses with no employees in transport/communication were the least likely to have employed somebody a year previously.

Table 3.1: Businesses with no employees employing someone 12 months ago – by sector (SIC 2007)

	No employ-ees	ABDE Primary	C Manu-facture	F Constr-uction	GHI TRAD	J Info-comms	KLM Busi-ness service	N Admin.	PQRS Other service
n=	942	67	51	130	151	85	187	58	213
	%	%	%	%	%	%	%	%	%
Employed someone 12m ago	8	6	7	10	13	2	7	5	6

Base = all businesses with no employees trading for at least one year

Figures in bold are statistically significant at the 95% confidence level against the overall finding. B1/B2. Single answer only allowed at this question.

By nation, businesses with no employees in Northern Ireland (23 per cent) were more likely than average to have employed someone a year previously. It is also noteworthy that an above average proportion of those that sought finance in the previous 12 months (16 per cent) employed people a year before, but no longer did so.

Employment in twelve months' time

Nine per cent of businesses with no employees expected to employ people in twelve months' time.

Younger businesses were more likely than average to expect to employ someone in twelve months' time (27 per cent of those aged up to three years), and those aged more than 10 years were less likely (six per cent). There were no significant differences according to sector.

Turnover

The mean turnover (value of sales) of businesses with no employees in SBS 2012 was £127,100, which compares with the mean turnover of an SME employer of £1,033,000.

By sector, mean turnover for businesses with no employees was highest in manufacturing (£312,850) and lowest in the other services sector (£47,500).

The mean turnover for businesses with no employees aged up to 3 years was £80,200, compared to £94,400 for those aged between four and ten years and £153,200 for those aged more than ten years.

Turnover now compared to twelve months previously

Twenty-three per cent of businesses with no employees had greater turnover (value of sales) than a year previously, thirty-seven per cent had approximately the same turnover and 37 per cent had lower turnover. SMEs with no employees were less likely to have increased turnover, and were more likely to have decreased turnover, compared to SME employers.

Table 3.2: Turnover now compared to 12 months previously

	All businesses with no employees	All SME employers
n=	923	4736
	%	%
Turnover greater now	23	29
Same as 12m before	37	37
Turnover lower now	37	31

Base = all businesses with no employees trading for at least two years

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. P2. Single answer only allowed at this question.

By sector, businesses with no employees in the primary sector were more likely than average to report no change in turnover (59 per cent). Those in other services were more likely than average to report lower turnover.

Table 3.3: Turnover now compared to 12 months previously – by sector (SIC 2007)

	No employees	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms	KLM Business service	N Admin.	PQRS Other service
n=	923	67	50	128	148	82	184	56	208
	%	%	%	%	%	%	%	%	%
Turnover greater now	23	30	25	17	21	24	29	32	21
Same as 12m before	37	59	30	34	44	38	35	42	34
Turnover lower now	37	10	45	43	32	33	35	24	44

Base = all businesses with no employees trading for at least two years

Figures in bold are statistically significant at the 95% confidence level against the overall finding. P2. Single answer only allowed at this question.

Expectations of turnover in twelve months' time

Twenty-nine per cent of businesses with no employees expected turnover to increase in the next twelve months, 46 per cent thought it would remain roughly the same and 19 per cent thought it would be less. Compared to SME employers, businesses with no employees were less likely to expect an increase and more likely to expect a decrease.

Table 3.4: Expectations of turnover in 12 months' time

	All businesses with no employees	All SME employers
n=	955	4768
	%	%
More than now	29	37
Same as now	46	43
Less than now	19	14

Base = all businesses with no employees

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers.P7. Single answer only allowed at this question.

Those more likely than average to expect higher turnover were in the information/communications sector (41 per cent), whereas those in construction were less likely than average to expect an increase (22 per cent).

SMEs with no employees in the primary sector were more likely than average to expect similar turnover to the previous year (63 per cent), while those in manufacturing were less likely than average to think this (32 per cent). The construction sector was the most likely to think turnover would decrease (29 per cent), those in information/communication the least likely to expect a decrease (nine per cent).

Table 3.5: Expectations of turnover in 12 months' time – by sector (SIC 2007)

	No employees	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
n=	955	67	52	132	157	85	188	58	216
	%	%	%	%	%	%	%	%	%
More than now	29	22	41	22	28	41	34	28	31
Same as now	46	63	32	42	51	40	45	45	47
Less than now	19	15	24	29	18	9	19	20	13

Base = all businesses with no employees

Figures in bold are statistically significant at the 95% confidence level against the overall finding. P7. Single answer only allowed at this question.

Younger businesses were more likely to expect higher turnover in the next twelve months (70 per cent of businesses less than four years old), while half of those aged ten years or more did not anticipate any change (51 per cent).

Profit

Seventy-two per cent of businesses with no employees generated a profit in their last financial year, the same proportion as reported by SME employers.

By sector, those in the business services (83 per cent) sector were more likely than average to have made a profit, whilst those in manufacturing (56 per cent) were less likely than average to have done so.

Younger businesses were less likely to report a profit than those longer established: 57 per cent of those aged less than four years, 75 per cent of those aged between four and ten years and 73 per cent of those established for more than ten years reported that they made a profit.

Plans for closure or transfer of business

Twenty per cent of businesses with no employees anticipate the closure of their business in the next five years. This is a higher proportion than that reported among SME employers (nine per cent). Six per cent anticipate the full transfer of ownership (14 per cent of SME employers), while 66 per cent did not think either of these things would happen.

Table 3.6: Plans for closure or transfer of business in the next 5 years

	All businesses with no employees	All SME employers
n=	955	4768
	%	%
Yes – anticipate closure	20	9
Yes – anticipate full transfer	6	14
Neither	66	70
Don't know	8	7

Base = all businesses with no employees

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. R3. Single answer only allowed at this question.

The longer established the business, the more likely it was to contemplate closure, with 24 per cent of businesses established for more than ten years anticipating closure, compared to seven per cent of those aged less than four years and 17 per cent of those aged between four and ten years.

Of those anticipating the transfer of their business, 41 per cent will pass ownership to somebody within their own family. This is a higher proportion than amongst SME employers anticipating closure (26 per cent). Fifty-seven per cent anticipate selling outside of their family.

Plans for future growth

Fifty-four per cent of businesses with no employees aim to grow their business over the next two to three years. This compares to 68 per cent of SME employers.

By sector, those in information/communications (65 per cent); other services (65 per cent) and administrative services (66 per cent) sectors were more likely than average to aim to grow their businesses. Those in primary (27 per cent) and transport, retail and distribution (41 per cent) were less likely than average to aim to grow.

Table 3.7: Whether aim to grow business over the next 2-3 years – by sector (SIC 2007)

	No employees	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
n=	955	67	52	132	157	85	188	58	216
	%	%	%	%	%	%	%	%	%
Aim to grow	54	27	62	47	41	65	51	66	65

Base = all businesses with no employees

Figures in bold are statistically significant at the 95% confidence level against the overall finding. F1. Single answer only allowed at this question.

By nation, businesses with no employees in Scotland (42 per cent) and Wales (45 per cent) were less likely than average to aim to grow, compared to 55 per cent in England and 57 per cent in Northern Ireland.

Plans to grow are correlated with age of business, with younger businesses more likely to plan growth. Eighty-seven per cent of those aged 0-3 years aimed to grow, compared to 60 per cent of those aged between four and ten years and 45 per cent of those aged more than ten years.

Of those aiming to grow, six per cent were very likely to seek external finance to achieve this growth, with 13 per cent being fairly likely, 22 per cent not very likely and 57 per cent not at all likely. Therefore, approximately a fifth of those looking to grow (19 per cent) will seek external finance. This is a lower proportion than amongst SME employers with plans for growth (34 per cent).

How growth will be achieved

Businesses with no employees that aimed to grow were asked how this might be achieved.

This was a prompted question, meaning that possible ways of achieving growth were read out to the respondents.

Table 3.8: How growth will be achieved

	All businesses with no employees looking to grow	All SME employers looking to grow
n=	489	3577
	%	%
Increase turnover by exploiting new markets	70	69
Increase skills	58	74
Develop and launch new products or services	57	65
Increase productivity	39	65
Increase leadership capability	39	61
Employ (more) staff	38	64

Base = all businesses with no employees looking to grow in the next 2-3 years

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. F3. Single answer only allowed at this question.

Seventy per cent of those with no employees looking to grow aimed to increase turnover by exploiting new markets, 58 per cent aimed to increase skills, 57 per cent to launch new products or services, 39 per cent to increase productivity, 39 per cent to increase leadership capabilities and 38 per cent to employ staff. With the exception of exploiting new markets, SME employers were more likely to aim to undertake any of these measures than those with no employees.

4. Business Capability

This section explores how businesses with no employees perform on a range of different measures such as how strong or poor they felt they were across a range of business management tasks and in innovating, exporting, training, adapting to new technology and in reducing their environmental impact.

Perceptions of business capability

Respondents were asked how capable they felt they were in performing a number of tasks which are 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 4.1: Perception of whether the business is strong or poor at business activities

		All businesses with no employees	All SME employers
n=		955	4768
		%	%
Taking decisions on regulation and tax issues	Strong	54	62
	Poor	12	9
Operational improvement, e.g. adopting industry best practice	Strong	44	54
	Poor	19	12
Developing and implementing a business plan and strategy	Strong	41	55
	Poor	23	13
Using formalised business systems such as customer	Strong	33	42
	Poor	31	23
Developing and introducing new products and services	Strong	28	40
	Poor	31	22
People management, such as recruitment and delegation	Strong	27	57
	Poor	24	11
Entering new markets	Strong	19	23
	Poor	38	33
Accessing external finance	Strong	12	18
	Poor	49	42

Base = all businesses with no employees

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. F4. Multiple answers allowed at this question.

Of the tasks measured, those with no employees are most likely to consider themselves strong for taking decisions on regulation and tax (54 per cent), operational improvement (44 per cent) and developing and implementing business plans and strategy (41 per cent). They were as likely to consider themselves strong as poor for using formalised business systems, developing and introducing new products and services, and people management. They considered themselves particularly poor at entering new markets (38 per cent poor) and accessing external finance (49 per cent poor).

SME employers were more likely to think themselves strong, and less likely to think themselves poor, on all these tasks, and indeed the larger the employer in terms of employment size, the stronger they were for each of these tasks. The gap between SME employers and those with no employees was largest, unsurprisingly, for people management.

Table 4.2: Perception of whether the business is strong at business activities - trends by sector (SIC 2007)

	No employees	ABDE Primary	C Manufact	F Construction	GHI TRAD	J Info-comm	KLM Business serv.	N Admin	PQRS Other serv.
n=	955	67	52	132	157	85	188	58	216
	%	%	%	%	%	%	%	%	%
Regulation/tax	54	46	50	55	48	57	59	61	51
People management	27	27	14	28	26	28	28	37	23
Bus. plan/strategy	41	38	38	36	37	54	53	38	37
Operational improvement	44	47	33	36	42	60	52	42	43
Business systems	33	14	36	23	34	42	42	33	35
New product/service	28	13	46	21	25	38	32	39	27
New markets	19	18	19	15	11	26	26	32	18
External finance	12	28	14	13	14	2	15	20	6

Base = all businesses with no employees

Figures in bold are statistically significant at the 95% confidence level against the overall finding. F4. Multiple answers allowed at this question.

Among those with no employees, there were differences by sector. Those in the primary sector were less likely to be strong for business systems and introducing new products, but above average for accessing external finance, findings which were also the case among primary SME employers. Those in manufacturing were better than average for the introduction of products and services, but not so strong in people management. Those in business services generally considered themselves stronger than average in most respects. Those in information/communications were strong for business plans and strategy, and for operational improvement, but were less likely to consider themselves strong when it came to accessing finance.

Business Capability: Innovation

Twenty-nine per cent of businesses with no employees had introduced new or significantly improved *products or services* in the last twelve months. This compares to 43 per cent of SME employers. Twenty per cent had introduced new or significantly improved *processes* in the last twelve months, which was also lower than the proportion of SME employers that had done so (33 per cent).

Table 4.3: Whether introduced new or significantly improved products/services or processes in the last 12 months

	All businesses with no employees	All SME employers
n=	454	2367
	%	%
Products/services	29	43
Processes	20	33

Base = all businesses with no employees (half sample only)

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. J1/J3. Single answer only allowed at this question.

By sector, those in information/communications (46 per cent) and other services (41 per cent) sectors were more likely than average to have introduced new products or services, while those in construction (17 per cent) were less likely than average to have done so.

Table 4.4: Whether introduced new or significantly improved products/services in the last 12 months – by sector (SIC 2007)

	No employees	ABDE Primary	C Manu- facture	F Constr- uction	GHI TRAD	J Info- comms.	KLM Busi- ness service	N Admin.	PQRS Other service
n=	454	31	25	55	82	40	87	39	95
	%	%	%	%	%	%	%	%	%
Products/ services	29	18	48	17	24	46	26	24	41

Base = all businesses with no employees (half sample only)

Figures in bold are statistically significant at the 95% confidence level against the overall finding. J1. Single answer only allowed at this question.

For those introducing new products or services, 13 per cent of these products or services were completely new and 86 per cent just new to the business.

In terms of introducing new or improved processes in the last twelve months, by sector, this was more likely than average to have happened in the other services sector (30 per cent) and was least likely to have happened in construction (five per cent).

For those introducing new processes, 12 per cent of processes were completely new and 86 per cent just new to the business.

Sixteen per cent of businesses with no employees applied for tax credits in respect of innovation in the last three years, with 95 per cent of those that applied receiving them. These proportions were higher than those reported among SME employers where 11 per cent applied and ten per cent received them. Tax credits were most likely to have been received in the primary sector (33 per cent) and were least likely in the information/communication sector (five per cent).

Business Capability: Exporting

Twelve per cent of businesses with no employees sold goods or services or licenced products outside of the UK. This compares to 19 per cent of SME employers.

Among those with no employees, those in information/communications (29 per cent) and business services (19 per cent) were the most likely to be exporting, and those in primary (one per cent) and construction (two per cent) the least likely. A similar pattern is seen among SME employers where sectors J-M were again more likely than average to export.

Table 4.5: Whether sell goods or services or licence products outside of the UK – by sector (SIC 2007)

	All	ABDE Prim- ary	C Manu- facture	F Constr- uction	GHI TRAD	J Info- comms	KLM Busi- ness service	N Admin.	PQRS Other service
No employees n=	955	67	52	132	157	85	188	58	216
	%	%	%	%	%	%	%	%	%
Export	12	1	17	2	13	29	19	17	11
SME employers n=	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
Export	19	11	42	6	16	51	24	25	8

Base = all businesses with no employees/SME employers

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level against the overall finding. C1. Single answer only allowed at this question.

By nation, businesses with no employees in Northern Ireland were more likely than average to export outside of the UK (28 per cent compared to 12 per cent in England, 12 per cent in Scotland and 6 per cent in Wales). This is probably because of trade with the Republic of Ireland. Again, this pattern is similar to that observed amongst SME employers.

Four per cent of businesses with no employees that were not then exporting planned to do so in the next twelve months. This proportion was three per cent amongst SME employers.

For those not currently exporting and with no plans to do so, the main reason, given spontaneously (that is, unprompted by the interviewer) was not having a product or service

suitable for exporting (64 per cent). Twenty-three per cent said it was not part of their business plan and 12 per cent said that they had sufficient business in the UK already. Four per cent cited the lack of management time to pursue export opportunities and three per cent cited the cost, with the same proportion citing difficulties in finding overseas customers. Only a very small proportion spontaneously said that they did not have knowledge of how to export (two per cent), considered the business too small/newly started (also two per cent), had difficulties identifying opportunities, had concerns about paperwork, had fear or payment problems or had difficulties with language (one per cent in each case).

Of those not currently exporting, eight per cent had received unsolicited enquiries or orders from potential overseas buyers. This compares to nine per cent of the same subset of SME employers. However, of these (businesses with no employees not currently exporting and receiving unsolicited enquiries), only 13 per cent think it likely that they will make any export sales as a result of these enquiries.

Business Capability: Technology

Ninety-two per cent of businesses with no employees have internet access which they use for business purposes (the same proportion as SME employers). The vast majority of these (99 per cent) have broadband, meaning that 91 per cent of all businesses with no employees have broadband.

By sector, those in the primary (71 per cent) and transport, retail and distribution (82 per cent) sectors were the least likely to have broadband.

Table 4.6: Whether have broadband – by sector (SIC 2007)

	No employ-ees	ABDE Primary	C Manu-facture	F Constr-uction	GHI TRAD	J Info-comms.	KLM Busi-ness service	N Admin.	PQRS Other service
n=	495	33	29	74	80	44	93	29	113
	%	%	%	%	%	%	%	%	%
Broadband	91	71	100	91	82	99	98	99	89

Base = all businesses with no employees (half sample only)

Figures in bold are statistically significant at the 95% confidence level against the overall finding. O1a. Single answer only allowed at this question.

More than three-fifths of those with broadband access (63 per cent) use the internet for promoting goods and services through a website. A similar proportion (62 per cent) pay taxes online; just under three-fifths of those with broadband access (59 per cent) get advice on regulation while fewer (54 per cent) seek general business advice through it and just a third (34 per cent) use it to sell goods and service through a website.

Table 4.7: Uses of the internet

	All businesses with no employees	All SME employers
n=	443	2269
	%	%
Promoting goods and services through a website	63	70
Paying taxes online	62	74
Advice on regulation	59	64
Seeking general business advice	54	59
Selling goods and services through a website	34	41
None of these	8	5

Base = all businesses with no employees (half sample) that have broadband access

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. O1b. Multiple answers allowed at this question.

Those with no employees were less likely to use broadband for these purposes than SME employers in all cases, the biggest difference between the two being in the proportion using it to pay taxes online (62 per cent compared to 74 per cent).

More than half of businesses with no employees (57 per cent) had their own website. This compares to 71 per cent of SME employers. It is clear from this disparity and from SME employer data (showing that 68 per cent of micros, 86 per cent of small, and 97 per cent of medium-sized businesses have websites) that the propensity to have a website increases with business size.

Among those with no employees, those in information/communication were most likely to have their own website (78 per cent), those in construction (45 per cent) and primary industries (four per cent) the least likely.

Of those with internet access, 76 per cent had this access at their workplace and 91 per cent at home. Forty-three per cent had a smartphone with the facility to access the internet. Compared with SME employers fewer had internet access at work (the equivalent figure for SME employers being 88 per cent) or via a smartphone (51 per cent for SME employers, and more had internet access at home (84 per cent for SME employers).

Business Capability: Environment

Half of businesses with no employees (52 per cent) had taken any steps to reduce their environmental impact, such as reducing energy consumption, waste reduction or switching to recycled/sustainable materials. This compares to 67 per cent of SME employers.

Table 4.8: Whether taken any steps to reduce environmental impact

	All businesses with no employees	All SME employers
n=	467	2402
	%	%
YES – ANY	52	67
- A lot of steps	14	20
- A few steps	38	47
NO - NOTHING	47	33

Base = all businesses with no employees (half sample only)

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. M1. Single answer only allowed at this question.

By sector, those with no employees in the primary (72 per cent) sector were the most likely to have acted to reduce their environmental impact.

Those businesses that had reduced their environmental impact had done so by increased waste recycling (49 per cent), reduction in the energy used to heat and light their premises (40 per cent), reduction in paper consumption or starting recycling of paper (31 per cent), reduction in energy used in business processes (19 per cent), changes in their products and services to reduce waste (11 per cent) and/or increase in energy use from renewable sources (ten per cent). Improved fuel efficiency was achieved by nine per cent of these businesses with no employees, five per cent reduced usage of environmentally damaging products and three per cent reduced water consumption.

Of those reducing their environmental impact, 29 per cent did so to comply with regulations and 61 per cent took additional steps above those required by regulations.

5. Access to Finance

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

Whether sought finance in the last twelve months

Thirteen per cent of businesses with no employees had sought finance in the twelve months preceding the interview. This compares to 24 per cent of SME employers. Among employers the proportion that sought finance increases according to size, with 22 per cent of micros (1-9 employees), 32 per cent of small businesses (10-49 employees) and 34 per cent of medium-sized businesses (50-249 employees) having sought finance in the last 12 months.

Table 5.1: Whether sought finance in the last 12 months

	All businesses with no employees	All SME employers
n=	955	4768
	%	%
YES - ANY	13	24
- Once	9	16
- More than once	4	8
NO	87	75

Base = all businesses with no employees

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. H4. Single answer only allowed at this question.

By sector, businesses with no employees in the primary sector were the most likely to have sought finance (28 per cent) and those in administration services the most likely *not* to have sought finance (94 per cent). The primary sector's higher likelihood of applying for finance was also seen among SME employers.

Younger businesses were more likely to have applied for finance than older ones (21 per cent of those aged up to three years, 12 per cent of those aged over four years).

Table 5.2: Whether sought finance in the last 12 months – by sector (SIC 2007)

	No employees	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
n=	955	67	52	132	157	85	188	58	216
	%	%	%	%	%	%	%	%	%
ANY	13	28	20	15	18	9	9	6	11
- Once	9	22	11	11	14	8	8	4	7
- More	4	6	9	4	5	*	2	2	4
NO	87	72	80	85	81	91	91	94	89

Base = all businesses with no employees. Figures in bold are statistically significant at the 95% confidence level against the overall finding. H4. Single answer only allowed. * = a figure of less than 0.5% but higher than zero

Reasons for applying/not applying for finance

Of those that applied for finance, 58 per cent did so to acquire working capital or for cash flow reasons, 25 per cent to acquire capital equipment or vehicles, eight per cent to buy land or buildings and four per cent to improve buildings. These were the same main reasons for needing finance reported by SME employers, and there were no significant differences in the reasons for applying for finance between the two groups.

Table 5.3: Reason for applying for finance

	All businesses with no employees	All SME employers
n=	133	1409
	%	%
Working capital, cash flow	58	56
Capital equipment or vehicles	25	23
Buying land or buildings	8	9
Improving buildings	4	8
Refinancing	4	2
Marketing	3	2
Buying another business	2	2
Business expansion/growth	2	2
Research & development	1	5
Training/staff development	*	1
Other	*	1

Base = all businesses with no employees that applied for finance in the last 12 months

* = a figure greater than zero, but less than 0.5%. H5. Multiple answers allowed at this question.

Of those businesses with no employees not applying for finance in the previous twelve months, 11 per cent had a need for finance. This compares with 15 per cent for SME employers.

Among those with a need for finance, the reasons for not actually applying were because they did not want to take on additional risk (64 per cent), they thought it would be too expensive (59 per cent), they did not think it was the right time to seek finance because of economic conditions (47 per cent), they thought their application would be rejected (47 per cent) or they did not know where to find the appropriate finance (19 per cent). SME employers with a need for finance but who did not apply gave similar reasons.

Type of finance sought

Fifty per cent of businesses with no employees that sought finance in the previous twelve months applied for bank loans. This compares to 48 per cent of SME employers. Thirty-two per cent applied for bank overdrafts (35 per cent of SME employers) and nine per cent for leasing or hire purchase arrangements (eight per cent of SME employers). No more than three per cent of those that sought finance cited any other source.

Table 5.4: Type of finance sought

	All businesses with no employees	All SME employers
n=	133	1409
	%	%
Bank loan	50	48
Bank overdraft	32	35
Leasing or hire purchase	9	8
Grant	2	7
Factoring/invoice discounting	2	6
Mortgage	3	3
Loan from family/business	1	3
Credit card finance	3	3
Equity finance	3	2
Peer to peer/crowd funding	*	1
Loan from a CDFI	*	*

Base = all businesses with no employees that applied for finance in the last 12 months

* = a figure greater than zero, but less than 0.5%. H6. Multiple answers allowed at this question.

SME employers were more likely than those with no employees to apply for grants and factoring/invoice discounting (asset finance).

Amount of finance sought

Forty-one per cent of those that sought finance sought less than £10,000, while two per cent sought more than £1 million. The average amount sought was £89,450. A comparison with SME employers highlights the extent to which the amount of finance sought is determined by the size of the business.

Table 5.5: Amount of finance sought

	All businesses with no employees	All SME employers
n=	133	1409
	%	%
Less than £10,000	41	20
£10,000 - £24,999	31	26
£25,000 - £49,999	5	12
£50,000 - £99,999	5	13
£100,000 – £249,999	5	11
£250,000 - £499,999	3	4
£500,000 - £999,999	*	3
£1 million or more	2	3
Don't know/refused	6	7
Mean Average	£89,450	£294,130

Base = all businesses with no employees that applied for finance in the last 12 months

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. H7. Single answer only allowed at this question.. * = a figure of less than 0.5% but higher than zero

Difficulties in obtaining finance

Fifty-one per cent of those that applied for finance had some form of difficulty getting the money from the first source they approached. This compares to 47 per cent of SME employers. However, among employers, smaller businesses particularly likely to experience difficulties in obtaining finance (50 per cent for micros, 39 per cent for small businesses and 29 per cent for medium-sized businesses). Thus, the proportion with no employees experiencing difficulties was similar to that of micro businesses.

Forty-one per cent of SMEs with no employees that sought finance were unable to obtain any, two per cent obtained some finance but not all they needed, and seven per cent obtained all they needed, but with some difficulties. Overall among SME employers 32 per cent were unable to obtain any finance from the first source approached. However, this was also correlated with employment size; (micros 35 per cent, small 25 per cent, 14 per cent).

Table 5.6: Any difficulty obtaining finance from first source approached

	All businesses with no employees who applied for finance	All SME employers who applied for finance
n=	133	1409
	%	%
ANY DIFFICULTY	51	47
- Unable to obtain any finance	41	32
- Obtained some but not all	2	6
- Obtained all but with difficulty	7	9
NO DIFFICULTIES	49	49

Base = all businesses with no employees that applied for finance in the last 12 months

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. H9. Single answer only allowed at this question.

Of those that did not obtain finance from the first source they approached, some businesses with no employees went to alternative providers and were successful. Overall, of those that sought finance, 71 per cent obtained all that they needed (56 per cent from the first source, 15 per cent from another source). Five per cent obtained some but not all they needed and 23 per cent obtained none. The eventual outcome of their applications among those with no employees that sought finance was very similar to SME employers, and to micro businesses in particular.

Table 5.7: Eventual outcome of application for finance

	All businesses with no employees who applied for finance	All SME employers that applied for finance	Micros that applied for finance
n=	133	1409	447
	%	%	%
OBTAINED ALL THEY NEEDED	71	68	66
- From first source	56	58	56
- From another source	15	10	10
OBTAINED SOME BUT NOT ALL	5	7	7
OBTAINED NONE	23	21	23
Don't know/still pending/refused	2	4	3

Base = all businesses with no employees that applied for finance in the last 12 months

H9/H13. Single answer only allowed at this question.

Reasons for difficulties arranging finance

The main reason given by businesses with no employees for having difficulties with the first provider approached was that the business did not meet the lender's criteria (31 per cent). Other reasons given were that the business rejected the terms and conditions of the offer (14 per cent), had insufficient or no security (ten per cent) and/or had a poor credit history (nine per cent), while 17 per cent were not given a reason. The reasons given were similar to those given by SME employers that had had difficulties.

Table 5.8: Reasons for difficulties arranging finance (spontaneous – most mentioned)

	All businesses with no employees with difficulties	All SME employers with difficulties
n=	68	585
	%	%
Did not meet lender's criteria	31	38
No reason given	17	15
Terms and conditions of offer rejected	14	9
Insufficient or no security	10	6
Poor credit history	9	9
No credit history/not been in business long enough	6	5
Inadequate business plan	4	2
Recession/credit crunch	3	4
Applied for too much	2	2

Base = all businesses with no employees that had difficulties arranging finance in the last 12 months

* = a figure greater than zero, but less than 0.5%. H11. Multiple answers allowed at this question.

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

Fifty-eight per cent of those that applied for finance said that they understood the way in which banks assess credit worthiness well (18 per cent very well, 40 per cent quite well). Forty-one per cent did not understand it well. These findings suggest that businesses with no employees were less likely than SME employers (71 per cent) to feel confident in their understanding of the way in which banks assess business credit worthiness, and indeed it was the case that the larger the employer, the better they understood the ways in which banks assess credit worthiness.

Table 5.9: Extent to which businesses understand the way in which banks assess business credit worthiness

	All businesses with no employees who applied for finance	All SME employers that applied for finance
n=	133	1409
	%	%
UNDERSTAND WELL	58	71
- Very well	18	33
- Quite well	40	38
DO NOT UNDERSTAND WELL	41	29
- Not very well	26	17
- Not at all well	15	12
Don't know	1	1

Base = all businesses with no employees that applied for finance in the last 12 months

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. H15. Single answer only allowed at this question.

Relationship with bank

Fifty-one per cent of all businesses with no employees had a good relationship with their bank. This compares to 60 per cent of all SME employers. This shows that businesses with no employees are less likely to have a good relationship with their bank than SME employers, and again it is the case that the larger the employer the more likely they were to have a good relationship with their bank.

Table 5.10: Whether have a good relationship with bank

	All businesses with no employees	All SME employers
n=	955	4768
	%	%
GOOD	51	60
- Very good	28	33
- Fairly good	23	27
NEITHER GOOD NOR POOR	28	21
POOR	19	16
- Fairly poor	11	8
- Very poor	9	8
Don't know/refused	2	2

Base = all businesses with no employees

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. H1. Single answer only allowed at this question.

Among those with no employees, by sector, those in primary industries (79 per cent good) had the best relationship with their bank. Those in construction (29 per cent poor) had the worst relationships.

Younger businesses tended to have a worse relationship with their banks than more established ones. Thirty per cent of businesses aged up to three years had a good relationship and 32 per cent had a poor relationship. This compares to 56 per cent of businesses aged over ten years reporting a good relationship and just 18 per cent having a poor one.

Awareness of alternative types of external finance

Fifty-two per cent of businesses with no employees were aware of venture capital (58 per cent of SME employers were aware). However, only 30 per cent would know where to go to find this type of finance (34 per cent of SME employers).

Table 5.11: Awareness of alternative types of finance/know where to go to find them

	All businesses with no employees		All SME employers	
n=	955		4768	
	Aware	Know	Aware	Know
	%	%	%	%
Venture capitalists	52	30	58	34
Asset finance	35	22	47	32
Business angels	27	18	33	22
Peer to peer lending	24	16	28	18
Mezzanine finance	12	9	16	11
None of these	38	64	32	58

Base = all businesses with no employees

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. H2/3. Multiple answers allowed at this question.

Thirty-five per cent were aware of asset finance, with 22 per cent knowing where to find this kind of finance (47 per cent and 32 per cent of SME employers respectively). Twenty-seven per cent were aware of business angels, with 18 per cent knowing where to find them (33 per cent and 22 per cent of SME employers); 24 per cent were aware of peer-to-peer lending with 16 per cent knowing where to find this finance (28 per cent and 18 per cent of SME employers); and just 12 per cent were aware of mezzanine finance, with nine per cent knowing where to find it (16 per cent and 11 per cent of SME employers).

In general, the information/communications and business services sectors were most likely to be aware of these types of finance, with 82 per cent and 81 per cent respectively being aware of any of these. Within these sectors, 48 per cent and 55 per cent respectively know where to go to find any of these types of finance.

Advice on where to get finance

Only ten per cent of businesses with no employees in England and Wales had sought advice in the last twelve months specifically on how and where to obtain finance⁸. Those that did so tended to go to accountants and banks, with a minority 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 50 per cent of these businesses, accountants by 21 per cent and specialist financial advisers by seven per cent. These were similar proportions to those seen among SME employers.

Late payment

Forty-two per cent of businesses with no employees had had a problem with customers paying them later than they require. This was less likely to be the case than amongst SME employers.

Table 5.12: Whether have had a problem with customers paying later than required

	All businesses with no employees	All SME employers
n=	955	4768
	%	%
ANY PROBLEM	42	47
- Big problem	14	19
- Small problem	28	29
NO PROBLEM	58	48
Not relevant – do not give credit	5	4

Base = all businesses with no employees

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. H19. Single answer only allowed at this question.

Among those with no employees, late payment was more likely to be a problem in manufacturing (56 per cent), construction (54 per cent) and business services (54 per cent) sectors. It was less likely to be a problem in the transport, retail and distribution (74 per cent 'no problem'), primary (93 per cent 'no problem') and other services (71 per cent 'no problem') sectors.

⁸ This was an unprompted question, asked only in England and Wales, on the reasons for seeking advice. Had the question been prompted, the proportion mentioning this might well have been higher. See section 7 of this report for more information on where advice was sought.

6. Obstacles to the Success of the Business

This section explores the obstacles which businesses with no employees 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, 73 per cent of businesses with no employees said that the economy was an obstacle to the success of their business. Fifty-three per cent cited competition in the market, 43 per cent regulations, 43 per cent cash flow, 42 per cent taxation (including VAT, PAYE, NI and business rates), 28 per cent obtaining finance, 20 per cent the availability of suitable premises, 19 per cent pensions and 17 per cent shortage of skills.

Compared with SME employers, the top five obstacles are the same but the extent to which they are mentioned varies. Both were most likely to cite the economy (78 per cent of SME employers), but competition in the market is in second place for businesses with no employees, compared with third place among SME employers. Taxation is less likely to be reported as an obstacle to businesses with no employees (mentioned by 57 per cent of SME employers).

Respondents that cited obstacles were subsequently asked which of these constituted the main obstacles to the success of their business. The economy was cited by 43 per cent of businesses with no employees – compared to 38 per cent of SME employers. Competition in the market was the main obstacle for ten per cent – as it was among SME employers. Regulations and cash flow were mentioned by eight per cent each, while seven per cent considered taxation the main obstacle, compared with a higher proportion of SME employers (12 per cent).

Compared to SME employers, those with no employees were more likely to cite availability of suitable premises (three per cent) as the main obstacle to the success of their business. They were also more likely than average to consider that there were no obstacles (eight per cent, compared to five per cent of SME employers).

Table 6.1: Main obstacle to the success of the business

	All businesses with no employees	All SME employers
n=	955	4768
	%	%
The economy	42	38
Competition	10	10
Cash flow	8	10
Regulations	8	8
Taxation, VAT, PAYE, NI, rates	7	12
Obtaining finance	5	7
Availability of suitable premises	3	1
Shortage of skills generally	2	2
Recruiting staff	1	2
Shortage of managerial expertise	1	1
Pensions	*	*
Other	5	3
No obstacles	8	5
No opinion	1	1

Base = all businesses with no employees

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. G2. Single answer only allowed at this question.

The economy

The economy was the most frequently mentioned obstacle to the success of the business by businesses with no employees. 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 (75 per cent), the pressure to reduce prices (69 per cent), increased energy costs (54 per cent) and the increased cost of raw materials (49 per cent). A minority mentioned the general condition of the overseas economy (33 per cent), lower levels of inward investment (32 per cent), cheap imports (19 per cent), unfavourable exchange rates (16 per cent) and lower labour costs overseas (16 per cent).

Compared to SME employers, increased energy costs, increased costs of raw materials and the exchange rate were less likely to be issues that affected those with no employees.

Table 6.2: Specific issues that affect businesses that relate to the economy

	All businesses with no employees	All SME employers
n=	711	3802
	%	%
Reduction in demand	75	72
Pressure to reduce prices	69	70
Increased energy costs	54	59
Increased cost of raw materials	49	56
The overseas economy generally	33	36
Lower levels of inward investment	32	35
Cheap imports	19	22
Unfavourable exchange rate	16	20
Lower labour costs overseas	16	19

Base = all businesses with no employees considering the economy to be an obstacle to success

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. G3. Multiple answers allowed at this question.

There were differences by sector. Those in the primary sectors with no employees were more likely than average to mention most of the issues listed and increased energy and raw material costs in particular (92 per cent and 95 per cent respectively), but they were less likely than average to cite reductions in demand (44 per cent). Those in business and other services were less likely than average to mention most of the issues.

Manufacturers were more likely than average to mention the increase in raw material costs (77 per cent) and cheap imports (47 per cent), construction firms were more likely than average to mention pressure to reduce prices (91 per cent), increases in raw material costs (76 per cent) and lower labour costs overseas (28 per cent).

Transport, retail and distribution businesses were more likely than average to cite increased energy costs (73 per cent) and unfavourable exchange rates (24 per cent) but were less likely to mention lower levels of inward investment (20 per cent).

Regulations

Among those with no employees regulations were more likely than average to be cited as an obstacle by those in primary industries (72 per cent) and the transport, retail and distribution (53 per cent) sector.

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 6.3: Regulations considered to be obstacles to business success

	All businesses with no employees	All SME employers
n=	399	2679
	%	%
Sector specific	22	18
Health and safety	20	24
Tax-related	15	17
Employment	10	15
Planning, development etc.	9	7
Environmental	5	7
Fire regulations	2	3
Providing information/record keeping	2	2
Trading standards	2	2
Working time directive	2	2
Pensions	1	3
Export regulations	1	1
Food regulations	*	2
Minimum wage	*	2
None specifically/all regulations	14	11

Base = all businesses with no employees considering regulations to be obstacles to business success. Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. G5. Multiple answers allowed at this question.

Sector-specific regulations (22 per cent) were most frequently mentioned as an obstacle to business success, followed closely by health and safety regulations (20 per cent). Compared to SME employers, those with no employees were more likely to mention sector specific regulations.

Tax regulations (15 per cent) were the next most frequently mentioned and then employment regulations (ten per cent). The latter was less likely to be mentioned by businesses with no employees than by SME employers.

All businesses with no employees were prompted on specific health and safety issues and whether they thought each of these issues was covered by workplace health and safety regulations

Sixty-six per cent thought that prevention of people being killed, injured or made ill by work was covered by health and safety regulations. Fifty-seven per cent thought that maintaining a fire management plan was covered and 51 per cent that controlling workplace pollution through waste management was covered. Only 38 per cent thought that controlling risks to consumers of contamination of food was covered by health and safety regulations. These proportions were all lower than those reported by SME employers (76 per cent; 73 per cent; 63 per cent and 45 per cent respectively).

Taxation/VAT/PAYE

Taxation was more likely than average to be cited as an obstacle by businesses in the transport, retail and distribution sector (52 per cent).

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

Table 6.4: Types of taxation/VAT/PAYE considered to be obstacles to business success

	All businesses with no employees	All SME employers
n=	411	2668
	%	%
VAT	52	56
Income tax	20	18
Business rates	18	31
National insurance	13	22
PAYE	12	23
Corporation tax	12	20
Vehicle tax/fuel duty	12	9

Base = all businesses with no employees considering taxation/VAT/PAYE to be obstacles to business success

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. G6. Multiple answers allowed at this question.

Fifty-two per cent of those citing taxation as an obstacle mentioned VAT, with 20 per cent citing income tax, 18 per cent business rates, 13 per cent national insurance, while 12 per cent each mentioned PAYE, corporation tax and income tax.

SME employers were more likely to mention obstacles which affect larger companies, and those with a payroll in particular, such as national insurance, PAYE, corporation tax and business rates.

Cash flow

Cash flow was more likely than average to be cited as an obstacle by those in construction (59 per cent).

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 6.5: Causes of cash flow difficulties

	All businesses with no employees	All SME employers
n=	400	2221
	%	%
Income fluctuates while outgoings are steady	76	75
Late payment from individual customers	62	60
Late payment from other businesses	54	56
Individual customers expect credit	38	47
Timing of tax payments	35	48
Early payment required by suppliers	35	39
High levels of working capital required	33	51
Outgoings fluctuate while income is steady	30	41
Difficult/expensive to get credit from suppliers	28	31
High levels of investment required	25	38

Base = all businesses with no employees considering cash flow to be an obstacle to business success

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. G4. Multiple answers allowed at this question.

Those with no employees thinking that cash flow was an obstacle were most likely to say that this was caused by fluctuating income while outgoings were steady (76 per cent), by late payment from individual customers (62 per cent) and/or by late payment from other businesses (54 per cent). Other causes mentioned were: that individual customers expect credit (38 per cent), the timing of tax payments (35 per cent), early payment required by suppliers (35 per cent), high levels of investment required (33 per cent) and fluctuating outgoings but steady income (30 per cent).

Compared with SMME employers, those with no employees were less likely to mention individual customers expecting credit, tax payments, high levels of working capital, investment and fluctuating outgoings.

Those with no employees in construction mentioning cash flow as an obstacle were more likely than average to mention early payment required by suppliers (46 per cent); while transport, retail and distribution businesses were more likely than average to mention the requirement for high levels of working capital (53 per cent).

7. Business support

This section explores awareness and use 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.

Whether sought external information or advice in the last twelve months

Across the UK, 34 per cent of businesses with no employees had sought external information or advice in the twelve months preceding interview. This is a lower proportion than that seen among SME employers (45 per cent), consistent with the pattern observed among SME employers such that the propensity to seek external information or advice to increases by business size.

Businesses with no employees in primary (47 per cent) and other services (42 per cent) sectors were more likely than average to have sought information or advice. Less likely were those in the construction sector (21 per cent).

In England, 16 per cent had sought information only, nine per cent advice only and five per cent both, meaning that 14 per cent had sought any advice and 21 per cent any information. The proportions in Wales seeking any advice or any information were slightly but not significantly lower (11 per cent and 19 per cent respectively).

Table 7.1: Whether sought external information or advice in the last 12 months⁹ - by nation

	UK businesses with no employees	UK SME employers	Businesses with no employees			
			England	Scotland	Wales	Northern Ireland
n=	955	4768	572	167	135	81
	%	%	%	%	%	%
Yes - any	34	45	35	32	28	31
- Information only	n/a	n/a	16	n/a	16	n/a
- Strategic advice	n/a	n/a	9	n/a	8	n/a
- Both of these	n/a	n/a	5	n/a	3	n/a
- Neither/not sure which	n/a	n/a	4	n/a	3	n/a
No – none	66	54	65	67	71	69

Base = all businesses with no employees

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. K2/K3. Single answer allowed at this question.

Type of information or advice sought

Among those with no employees *advice* was mainly sought to support business growth (26 per cent of those that sought advice). Financial advice for the general running of the business was also commonly sought (24 per cent), marketing by 17 per cent. Twelve per cent sought advice on where to get finance, nine per cent sought advice on e-commerce/technology and eight per cent sought advice on legal issues. Compared to SME employers those with no employees were more likely to seek marketing advice.

Information was mainly sought on financial matters related to the general running of the business (31 per cent of those that sought information), while just seven per cent sought information on how and where to get finance. Nineteen per cent sought information on tax/national insurance law and payments, while 12 per cent sought information on legal issues. Compared to SME employers, those with no employees were more likely to seek information on e-commerce/technology and taxation/national insurance law and payments.

⁹ In Scotland and Northern Ireland, the need for information and advice is not treated separately.

Table 7.2: What did they seek information or advice about in the last 12 months (England & Wales) – main reasons only

	Strategic advice only		Information only	
	England & Wales businesses with no employees	England & Wales SME employers	England & Wales businesses with no employees	England & Wales SME employers
n=	105	1002	148	1244
	%	%	%	%
Business growth	26	29	6	9
Financial advice/info for general running of business	24	23	31	27
Marketing	17	8	6	3
Advice/info on where to get finance	12	10	7	8
E-commerce/technology	9	6	7	2
Legal issues	8	7	12	11
Tax/national insurance law and payments	5	8	19	11
Training/skills needs	3	2	3	2
Product development	3	2	*	*
Health and safety	3	3	-	5

Base = all businesses with no employees in England & Wales that received advice/information in the last 12 months

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. K4/K5. Multiple answers allowed at this question.

Those with no employees in Scotland and Northern Ireland were most likely to seek information or advice for the general running of their business (28 per cent), on taxation or national insurance (18 per cent) and on where to get finance (16 per cent). Compared to SME employers in Scotland and Northern Ireland they were more likely to seek information or advice on marketing (nine per cent), e-commerce/technology (six per cent), regulations (six per cent), improving business efficiency (four per cent) and selling/closing their businesses (four per cent).

Table 7.3: What did they seek information or advice about in the last 12 months (Scotland & Northern Ireland)

	Scotland & Northern Ireland businesses with no employees	Scotland & Northern Ireland SME employers
n=	85	755
	%	%
Financial advice/info for general running of business	28	29
Tax/national insurance law and payments	18	15
Advice/info on where to get finance	16	10
Business growth	13	21
Marketing	9	3
E-commerce/technology	6	2
Regulations	6	1
Legal issues	4	9
Health and safety	4	3
Improving business efficiency/productivity	4	1
Selling/closing the business	4	1
Environmental advice	3	3
Exporting	3	1

Base = all businesses with no employees in Scotland and Northern Ireland that received advice/information in the last 12 months

* = a figure greater than zero, but less than 0.5%. K5. Multiple answers allowed at this question.

Where information or advice was sought

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

In England and Wales, *advice* was sought from accountants by 38 per cent of those businesses with no employees that had sought advice, from business networks/trade associations by 11 per cent and from consultants/business advisers by nine per cent. Those with no employees were more likely than SME employers to consult colleagues, and charities/the voluntary sector, or to use internet searches, but were less likely to consult banks.

Table 7.4: Where did they seek information or advice from in the last 12 months (England & Wales) – main sources only

	Advice		Information	
	E&W no employees	E&W SME employers	E&W no employees	E&W SME employers
n=	105	1002	148	1244
	%	%	%	%
Accountant	38	39	39	34
Business networks/trade associations	11	10	11	8
Consultant/ business adviser	9	15	1	7
Work colleagues	7	3	1	2
Friend/family member	7	3	4	5
Bank	6	13	6	10
Internet search	6	3	10	6
Charities/ community/ voluntary sector bodies	6	*	0	*
Specialist financial adviser	5	4	1	1
Solicitor/lawyer	4	9	4	8
Other business organisations - general	4	3	0	1
Other business organisations - industry specific	4	1	2	1
Other government organisations	4	1	1	*
Mentor/mentoring organisation	3	2	0	*
BusinessLink.gov.uk	3	2	4	4
Professional bodies	3	2	3	*

Base = all business with no employees 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 are statistically significant at the 95% confidence level for businesses with no employees against SME employers.K6/K7. Multiple answers allowed at this question.

Information in the last twelve months was sought from an accountant by 38 per cent of those with no employees that had sought information, from business networks/trade associations by 11 per cent and from internet searches by ten per cent

Compared with SME employers, those with no employees were less likely to seek information from a consultant or business adviser.

Table 7.5: Where did they seek information or advice from in the last 12 months (Scotland & Northern Ireland) – main sources only

	Scotland & Northern Ireland Businesses with no employees	Scotland & Northern Ireland SME employees
n=	85	755
	%	%
Accountant	38	45
Bank	9	9
Business networks/trade associations	7	6
Friend or family member	7	1
Solicitor/lawyer	5	12
Internet search	5	2
HMRC	3	1
University or college	3	1
Consultant/business adviser	2	9
Enterprise agencies	3	*

Base = all businesses with no employees 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 are statistically significant at the 95% confidence level for businesses with no employees against SME employers. K7. Multiple answers allowed at this question.

In Scotland and Northern Ireland, as in England and Wales, accountants were consulted for information **or** advice in the highest proportion of cases (38 per cent), but banks were next most frequently cited (nine per cent), followed by business networks/trade associations (seven per cent), friends/family (seven per cent) solicitors/lawyers (five per cent) and internet searches (also five per cent). Businesses with no employees in Scotland and Northern Ireland were less likely to cite consultants/business advisers than were SME employers in these nations, and were more likely to mention HMRC, friends and family and enterprise agencies..

Un-met information and advice needs

In England and Wales, 53 per cent of those that had got advice said it fully met their needs and 31 per cent that it partially met their needs. It did not meet needs for sixteen per cent of those getting advice.

In England and Wales, 72 per cent of those that had received information said it fully met their needs and 24 per cent that it partially met their needs. It did not meet needs for four per cent of those receiving information.

In Northern Ireland, 49 per cent of those that had received information or advice said it fully met their needs, with 46 per cent saying it partially met needs and five per cent saying it did not meet needs.

Four per cent of businesses with no employees had had business difficulties or needs for important information or advice in the last twelve months but in relation to which they were unable to obtain external advice or support. This figure was five per cent among SME employers.

The reasons why these businesses had not sought information or advice was because they did not know where to find the information or advice (36 per cent; 30 per cent of SME employers), lacked time to get the information or advice (29 per cent; 12 per cent of SME employers), doubted that the right type of advice existed (18 per cent; 23 per cent of SME employers); considered it too expensive (13 per cent; nine per cent of SME employers) or had concerns over whether advice could be trusted (ten per cent; 13 per cent).

Business mentors

Five per cent of all businesses with no employees had used a business mentor in the twelve months preceding interview. This compares to eight per cent of SME employers.

Among those with no employees, mentors were more likely than average to be used in the information/communication sector (12 per cent) and were least likely to be used in primary and transport, retail and distribution sectors (both two per cent).

Of those with no employees using a mentor, 45 per cent identified them (from a prompted list) as being a 'specialist business mentor' and the same proportion as 'somebody who provides other services to businesses such as an accountant or lawyer', while 30 per cent identified them as a 'friend or peer' and just 12 per cent as 'somebody with a commercial interest in their business such as an investor'.

The ways in which business mentors have helped the businesses include help with developing business plans and strategy (85 per cent), with increasing sales or profit (61 per cent), with developing new products or services (54 per cent), with enhancement of leadership and management skills (41 per cent), with people management such as recruitment (17 per cent) and with obtaining finance (14 per cent).

Of those that did not use mentors in the last year, 21 per cent would be interested in using one in future (compared to 25 per cent of SME employers). This was most likely in the information/communications sector (43 per cent) and least likely in primary industries (3 per cent).

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 (30 per cent), lacked time (14 per cent), thought it would be too expensive (13 per cent), did not feel the appropriate type of assistance was available (also 13 per cent), or did not know where to find one (11 per cent). Sixteen per cent had not used one because their business was 'doing okay'.

8. Working for the public sector

This section looks at the work which businesses with no employees have done for public sector clients.

Whether expressed an interest or bid for public sector advertised contracts

Four per cent of SME employers had bid for public sector contracts in the twelve months prior to the survey, with a further four per cent having expressed an interest but not actually submitted a bid. This compares to ten per cent and five per cent of SME employers respectively.

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

Although only four per cent submitted a bid for a public sector contract in the previous twelve months, a much higher proportion of those with no employees had done business for the public sector in this period (22 per cent). This may be because of existing contracts, work that did not require contracts, or because they worked as part of a supply chain. This proportion compares to 26 per cent of SME employers. Twelve per cent of businesses with no employees had done at least some of this work as prime contractor and nine per cent only as part of a supply chain. These figures compare to 14 per cent and 11 per cent of SME employers respectively.

Forty-seven per cent of those working for the public sector had Local Authorities as their main customer, 21 per cent the Health Service, 14 per cent Higher or Further Education Institutions and six per cent Departments of State (including Central Government). These findings suggest that the profile of public sector clients among businesses with no employees is similar to that of SME employers.

Technical annex

Introduction

Overview of survey method

BIS commissioned 4,000 CATI¹⁰ 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.

¹⁰ 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 2012¹¹

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%)

¹¹ <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 band¹²:

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

¹² 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 table¹³.

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.

¹³ <http://www.companieshouse.gov.uk/infoAndGuide/sic/sicConversionTable.shtml>

Table M: Statistical confidence in survey findings¹⁴

	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%

¹⁴ 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

£									
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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
Accountants	1 27	1 27	1 27
(SCOTLAND ONLY) Scottish Government	2	2 28	2 28
(SCOTLAND ONLY) Business Gateway (via the website)	3	3 29	3 29
(SCOTLAND ONLY) Scottish Development International	4	4 30	4 30
(SCOTLAND ONLY) Trade Associations	5	5 31	5 31
(SCOTLAND ONLY) Cooperative Development Scotland	6	6 32	6 32
(SCOTLAND ONLY) The Prince's Scottish Youth Business Trust	7	7 33	7 33
(SCOTLAND ONLY) Scottish Funding Council	8	8 34	8 34
(SCOTLAND ONLY) Business Growth and Skills Advisory Service for Scotland (ICASS) Enterprise Agency	9	9 35	9 35
(SCOTLAND ONLY) Technology Strategy Board	10	10 36	10 36
(SCOTLAND ONLY) University or College (Specialist) financial adviser	11	11 37	11 37
(SCOTLAND ONLY) Energy Savings Trust	12	12 38	12 38
(WALES ONLY) Business.wales.gov.uk	13	13 38	13 38
(WALES ONLY) Finance Wales	14 28	14 39	14 39
Friend or family member			
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
(WALES ONLY) Welsh Government	26	26	26
	K6	K7	K8
(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

ASK IF AWARE OF PUBLIC CONTRACTS SCOTLAND OR SELL2WALES (L5 '1' OR L5a '1'). OTHERS GO TO FILTER BEFORE M1	
No	2
Don't know	3

~~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

M1) (Q134) ASK ALL SELECTED FOR SECTION M, OTHERS GO TO FILTER BEFORE N1
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

M2) (Q134a) ASK IF ANY STEPS TAKEN (M1 '1-2'). OTHERS GO TO FILTER BEFORE M4
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

£									
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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 / DK ...X

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?**

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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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